

Kāinga Ora picks winners in plasterboard kerfuffle



Brent Melville
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Simplicity Living's Shane Brealey is importing cheaper board from Bangkok. (Image: Simplicity Living)

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Kāinga Ora is paying for compliance testing of a substitute plasterboard from Thailand in the wake of political pressure to wean itself off its dependence on Fletcher Building's Gib product.

The housing agency confirmed it's working with Bangkok gypsum producer Gypmantech and has handed an external consultant the job of testing the product to make sure it meets the P21 bracing standard, in line with the structural standards set for New Zealand homes.

That's the same, cheaper product being brought in by Simplicity Living, the housing unit of KiwiSaver provider Simplicity, for use in its 550 build-to-rent homes planned for the Auckland suburbs of Mt Albert, Mt Wellington, Point England and Onehunga.

The firm's managing director, Shane Brealey, said the group had 'fired' Fletcher's in June after the two plants operated by subsidiary Winstone Wallboards had been unable to keep up with the demand created by NZ's frenzied home building over the past few years – led by the cheaper cost of money and the move to more multi-unit homes.

After Winstone – which controls about 94% market share in NZ – was forced to move to an 'allocation model' in February, the supply bottleneck was contributing to the failure of **hundreds of building businesses**, Brealey said.

That, he said, was because the gypsum product is at the front of the building queue. Without its installation, subcontractors tasked with joinery, painting, electrical or plumbing are left twiddling their thumbs.

So, in response to the supply 'crisis', in June building and construction minister Megan Woods set up a ministerial 'plasterboard taskforce', a group including both Brealey and Naylor Love's Rick Herd, who is also known to be importing products from Australia.

That led to the publication of a 'product substitution' guide by the Ministry of Business, Innovation and Employment (MBIE), outlining the "appropriate way to apply the Building (Minor Variation) Regulations 2009 with respect to the substitution of plasterboard wall and ceiling linings".

MBIE has now added British Plaster Board Gyproc and Proroc, Elephant Board, also from Thailand, USG Boral's Aussie-made Sheetrock and Aquastop, and Saveboard to its list.

Saveboard uses packaging waste materials and is part-owned by listed logistics company Freightways. It's produced at its new plant near Hamilton.

Retrofitting

In July, Kāinga Ora also signed a supply contract with Australian-owned Bunnings for the supply of Proroc for use across its \$500 million, two-year retrofit programme.

That programme is a significant one, extending to the complete refurbishment of 1,500 homes around the country, many to a Homestar 6 rating, at an average cost of more than \$300,000 a job.

The average home uses between 700 to 750 square metres of wall and ceiling plasterboard. By Statistics NZ estimates, about 2,600 code compliance certificates are being issued each month. That translates to about 1.8m square metres of plasterboard.

Fletcher's head of building products, Hamish McBeath, said it had geared its two manufacturing plants to 100% capacity and was dispatching enough plasterboard for installation in 1,000 new average-sized homes every week. Its new \$400m plant, now being built in Tauranga, is expected to come on stream by next June.

In the meantime, Woods and the taskforce said they had secured about 100 containers of product from about a dozen importers. That was about 220,000 sqm of plasterboard or enough for a few days of demand.

Winners and losers

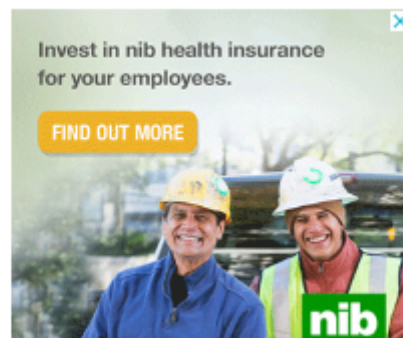
Rohan Bush, Kāinga Ora's director of building sustainability, innovation and standards, said the Gypmantech testing would allow it to be added to MBIE's list of "acceptable" solutions, though it wasn't specifically being done on behalf of any of its building or development partners.

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development partners.

The agency is also trialling Saveboard as an option for its new builds, given its sustainable and low-carbon properties, she said.

And while the product wasn't yet in its wider scale build programmes, it was also contributing to Saveboard's CodeMark product certification.

Auckland-based building consultant Louise Swann said product certification or Codemark appraisal costs for a one-off product would come in at about \$25,000, plus consulting fees, which can add another \$20,000 to the bill.

Swann said she had no issue with funding from the public purse, but it needed to be "transparent" because it provides a significant private benefit for both Saveboard and the plasterboard being used by Simplicity.

"They also need to be clear as to what criteria they apply when picking 'winners', and what criteria is applied when deciding to pay for the Codemark testing and certification cost."

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ABOUT THE AUTHOR

Brent Melville
Senior Journalist
+64 27 579 9118
brent@businessdesk.co.nz

Brent is a senior reporter in the Auckland newsroom. He previously worked for the Otago Daily Times, after a return to business journalism in 2018. Brent had an extensive career in corporate communications and strategic consulting, including for a range of public listed companies. You can follow him on Twitter @BrentMelville or connect with him on LinkedIn here.

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