



Office of Hon Dr Nick Smith

MP for Nelson

Minister for the Environment

Minister for Building and Construction

- 5 OCT 2017

Ms Geraldine Murphy

geraldine.murphy@xtra.co.nz

Dear Geraldine

Thank you for your emails of 5 June 2017 and 7 July 2017 relating to your proposal for a Government lending facility for seismic strengthening of earthquake-prone buildings, and to my announcement that the Government will explore options for assisting some people who cannot afford to pay their share of earthquake strengthening costs.

As you are aware, the Building (Earthquake-prone Buildings) Amendment Act 2016 (the Act) introduces a new system for managing earthquake-prone buildings, effective on 1 July 2017. The requirements of the Act aim to make all New Zealanders safer in an earthquake, while balancing the risks of earthquake-prone buildings with the costs of upgrading them and the impacts on our history and heritage.

I appreciate the costs associated with earthquake strengthening can be significant. This is why Government has committed hundreds of millions to replacing and upgrading public buildings, and established the \$12 million Heritage Earthquake Upgrade Incentive Programme (Heritage EQUIP), to provide financial support and advice for owners of earthquake-prone heritage buildings.

I am also exploring options for Government assistance in multi-unit complexes where some parties may struggle to raise the finance for their share of strengthening costs. Officials are considering whether we could extend other Government housing guarantee products schemes to assist in these circumstances.

You may also be aware that many councils offer a range of financial support options for owners of earthquake-prone buildings and Wellington is one such council.

However, the primary responsibility for improving buildings rests with building owners. This applies whether upgrades are required to address risks from fire, for example, or general maintenance. Earthquake strengthening costs can be considered part of the expenses of building ownership.

I agree that earthquake strengthening delivers public benefits, in terms of life safety and confidence in our buildings. It also delivers benefits to building owners, including reduced operating costs, maximising return on investment, maintaining capital value and supporting business continuity.

Thank you for taking the time to write to me.

Kind regards

A handwritten signature in blue ink, appearing to read 'N. Smith', written in a cursive style.

Hon Dr Nick Smith
Minister for Building and Construction