

## ICW SEISMIC PROJECT UPDATE July 2021

### Earthquake-prone buildings legislation

#### ***Select Committee report on ICW petitions for action on impacts of EQ-prone Building legislation.***

After 21 months, the Select Committee reported back on Thursday 20 May - just before the Budget speech. Sadly, the committee only recommended that Parliament 'take note of its report'. The Committee Clerk has advised that the Government is not required to respond to this type of recommendation. The [report](#) does highlight the costs (from May 2019 survey) and the different approaches being taken in Italy, California, Oregon and Washington, which is good as this has been hidden in the MBIE analysis.

National members of the Select Committee noted 'the firm commitment made by Hon Grant Robertson to Wellington apartment owners that the earthquake-prone building regime would be reviewed but has not yet happened'. ICW is pleased that this has been highlighted. The Select Committee's response that 'we appreciate the earthquake-prone building system can be complicated and may seem inaccessible' could be the understatement of the decade. It is a disappointing outcome after a lot of work to pull the submission together, along with owners submitting their own experiences.

### MBIE's Early Insights - Initial Evaluation of the Earthquake-prone Building System

The [report](#) on this initial evaluation, undertaken by MBIE's evaluation team, was finally released - nearly 18 months after it was due. As one affected owner said 'MBIE is very pleased with MBIE'. We do not agree with a number of statements.

- ***'There are some early indications that outcomes could be poor for some groups, particularly around the affordability and feasibility of seismic strengthening for some building owners.'*** The evidence that ICW has provided to MBIE, WCC and the Government provides clear evidence of poor outcomes occurring. ICW's 2020 survey, which documented the impacts on owners, was provided in August after the initial interviews and was not used in the report. However, an MBIE report collated in late 2020 and published in March 2021 and data provided by WCC in November 2020 was used.
- ***'Remediation costs may be higher than the initial policy projections. One factor contributing to increased costs cited by stakeholders was the choice to remediate above the minimum regulatory threshold.'*** MBIE's own papers state that the policy was to increase awareness and understanding among the public to use market forces to raise the seismic rating threshold (%NBS) above the minimum required. To imply that owners have a choice is disingenuous given that clear policy driver, along with

engineers, council officers, other professionals, banks and insurers saying to owners 'strengthen as high as you can in case the regulations. This is an attempt to recast the policy to put the burden on owners.

- ***'Overall, the evidence indicates the implementation of the EPB system is adequate. Evidence indicates the EPB system is reasonably workable and easy to implement...'*** In our view the implementation is *poor* (if not irresponsible) as there was no support provided at all for owners from the outset- either under the Building Act 2004 or under the 2016 amendments. This rating primarily reflects how the councils feel about the implementation. Eight owners were interviewed, including five apartment owners; 13 council staff were interviewed, and a survey sent to all 67 councils with a 57% response rate. ICW raised the need for financial and advisory support in all our submissions. The Financial Assistance Scheme was only open for applications late Sept 2020.

MBIE's press release states that a programme of work will focus on 'how to best support owners to comply, how to improve information and guidance to owners of earthquake-prone buildings, and how to continue to monitor the system'. We will continue to lobby for effective financial, technical, and advisory support. There has been limited coverage of this report to date, with one item on [TV1 News](#) and a brief snippet on Jim Mora's RNZ Sunday show (4/7/21). We are considering how best to respond to the report.

**Geraldine Murphy**  
PROJECT LEAD