

## LOCAL GOVERNMENT NEW ZEALAND REMIT – EARTHQUAKE PRONE BUILDINGS

### 1. Purpose of report

This report seeks agreement on a remit to be put forward at the 2014 Local Government New Zealand (LGNZ) Annual General Meeting.

### 2. Recommendations

Officers recommend that the Committee:

1. *Receive the information.*
2. *Agree to the draft remit for the Local Government New Zealand 2014 AGM.*
3. *Agree to delegate to the Chief Executive and the Buildings Portfolio Leader, the authority to amend the proposed remit to the 2014 Local Government New Zealand AGM to include any amendments agreed by the Committee and any associated minor consequential edits.*

### 3. Background and discussion

LGNZ calls for remits each year to be voted on at its AGM and which, if agreed, become part of the LGNZ work programme priorities. The criteria for considering remits are included as an Appendix.

The LGNZ policy agenda includes developing a proactive agenda of regulatory reform concerning legislation affecting local government which imposes high and unnecessary costs on local communities. The regulatory reform agenda is to be progressed hand in hand with building a stronger relationship with central government policy setters to ensure that new initiatives are appropriate and able to be implemented without raising costs to communities.

The impact of the earthquake prone building regulatory framework is a major issue for local communities across New Zealand and both councils and LGNZ are currently involved in the Select Committee legislative process.

The attached remit proposes that LGNZ takes on an advocacy role with Central Government in relation to options to assist building owners strengthen their buildings.

In the Council's submission to the Select Committee, the point was raised that the successful implementation of any new regulatory framework for earthquake prone buildings required the barriers to strengthening to be also addressed. This is a sector wide issue and it is recommended that a coordinated advocacy approach is taken by LGNZ on behalf of the sector.

### ***3.1 Consultation and Engagement***

The draft remit will be circulated to local authorities within the region for their support and will be considered by the Metro Sector Mayors on 23 May and on 20 June by the regional Mayoral Forum.

**Contact Officer:** *Neville Brown, Manager Building Resilience*  
*Geoff Lawson, Principal Adviser Policy.*

## **Annual General Meeting 2014**

### **Remit application**

<b>Council Proposing Remit:</b>	Wellington City Council
<b>Contact Name:</b>	Andy Foster: Councillor
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<b>Remit passed by:</b> (zone/sector meeting and/or list 5 councils as per policy)	
<p><b>Remit</b> - That LGNZ advocate to Government that it considers the new Earthquake prone building legislation will impose high costs on local communities. Councils are already employing a number of tools such as rate rebates, grants, and provision of advice. The Government should develop policy options to assist building owners to strengthen their buildings. This would recognise the public and national benefit of earthquake strengthening and increased community resilience.</p> <p>These options could include;</p> <ul style="list-style-type: none"> <li>• allowing tax deductions for expenditure by building owners on earthquake strengthening.</li> <li>• providing additional grant funding for heritage buildings in private ownership.</li> <li>• addressing issues with accessing insurance and/or finance including tools such as loan guarantees.</li> <li>• providing enabling tools such as targeted rates to be used by local government to assist in earthquake strengthening repayments.</li> </ul>	

## Background Information

<p>The nature of the issue.</p>	<p>Many councils support the changes to earthquake prone buildings that enhance life safety but they have raised a number of issues around the implementation of the Earthquake Prone regulatory changes in discussions with the Government.</p> <p>The current focus is on the regulations surrounding earthquake prone building assessment. The barriers to undertaking the strengthening work also need to be considered to ensure that those buildings assessed as earthquake prone are strengthened, and the risk to local economies and communities is mitigated. In particular, the costs to strengthen buildings needs to be carefully considered and solutions found to support some owners who will struggle to meet the new standards.</p>
<p>Costs and benefits of greater resilience</p>	<p>Many of these issues and options concern the whole sector and need to be addressed jointly by local government.</p> <p>As there are national public benefits from having resilient buildings so Central Government should share in the implementation costs of the regulatory framework.</p> <ul style="list-style-type: none"> <li>• The direct and indirect costs of the Christchurch earthquake to Government and the country have been and continue to be enormous (i.e. the financial, economic, social and human costs). The country has lost two cities in earthquakes over the last 80 years, and has suffered 12 earthquakes of sufficient magnitude to cause fatalities since 1840. There is little doubt that there will be serious earthquakes in future and that these will affect the whole of New Zealand society. These will also financially affect the Government both directly and indirectly.</li> <li>• Without a proactive strengthening stance, the Government is likely to be called on to stand alongside other Councils in the instance of similar disasters in the future. There is national value in having earthquake resilient communities which protect human life and mitigate other economic and social costs.</li> <li>• If policy options are not offered, some strengthening may not happen and this will result in increased economic risk and less economic activity in the interim associated with this building activity. There is additional economic value from buildings being used rather than unused or underused.</li> </ul>
<p>New or confirming existing policy</p>	<p>This is an extension of existing policy work being undertaken by LGNZ and the sector.</p> <p>The current focus is on the Earthquake prone regulations however the successful implementation of the legislation needs to be considered i.e. ensuring that buildings are strengthened and the earthquake risk to the economy and</p>

	communities is mitigated.
How does the issue relates to objectives in the current Work Programme	<p>The National Council has set the following strategic policy themes for LGNZ work over the next three years.</p> <p>This includes developing a proactive agenda of regulatory reform concerning legislation affecting local government which imposes high and unnecessary costs on local communities. – The regulatory reform agenda is to be progressed hand in hand with building a stronger relationship with central government policy setters to ensure that new initiatives are appropriate and able to be implemented without raising costs to communities.</p> <p>Earthquake Prone Building legislation has been identified as a key regulatory change that is impacting on local government and local communities.</p>
What work or action on the issue has been done, and what was the outcome	<p>A number of Councils have developed their own responses and tools to respond to this in their local area.</p> <p>Wellington City Council has raised with the Government to the need for seismic strengthening costs to be deductible for tax purposes. The Council's position supports others who are lobbying the Government to get a change in legislation to this effect, but increased advocacy will add more weight noting that Councils cannot gain any financial benefit from these changes.</p> <p>At this point, there has been no assurance from the Government that concrete solutions are being considered around the affordability of earthquake strengthening for owners. The focus has been on revising the earthquake prone building provisions of the Building Act 2004. This focus is in response to the findings of the Royal Commission Enquiry into the Christchurch earthquake.</p>
Any existing relevant legislation, policy or practice	<p>The primary legislation is contained in the Building Act 2004 and the Building (Earthquake-prone Buildings) Amendment Bill.</p> <p>Associated legislation includes the</p> <ul style="list-style-type: none"> <li>• Local Government Act 2002</li> <li>• Income Tax Act 2007.</li> </ul> <p>A number of local councils have developed initiatives and policies that could be shared to benefit all.</p>
Outcome of any prior discussion at a Zone or Sector meeting;	
Evidence of support from Zone/Sector meeting or five councils	
Suggested course of action envisaged.	

**We are.  
LGNZ.**