



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Building and Construction
Title of Cabinet paper	Building (Earthquake-prone Buildings) Amendment Bill Approval for policy changes to be included in Amendment Paper	Date to be published	20 August 2026

List of documents that have been proactively released

Date	Title	Author
June 2026	Building (Earthquake-prone Buildings) Amendment Bill Approval for policy changes to be included in Amendment Paper	Office of the Minister for Building and Construction
24 June 2026	Building (Earthquake-prone Buildings) Amendment Bill: Policy Approvals for Amendment Paper ECO-26-MIN-0111 Minute	Cabinet Office

Information redacted

YES / NO (please select)

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In Confidence

Office of the Minister for Building and Construction

Cabinet Economic Policy Committee

Building (Earthquake-prone Buildings) Amendment Bill: Approval for policy changes to be included in Amendment Paper

Proposal

- 1 To seek agreement to five policy proposals for inclusion in an Amendment Paper for the Building (Earthquake-prone Buildings) Amendment Bill (EPB Bill).

Relation to government priorities

- 2 The proposals in this paper will enable reduced compliance costs for earthquake-prone building (EPB) owners, over and above those already being achieved through the EPB Bill.

Background

- 3 In September 2025, Cabinet agreed that the *Building Act 2004* be amended to give effect to changes to the EPB system [ECO-25-MIN-0139]. In December 2025, Cabinet approved the EPB Bill's introduction [LEG-25-MIN-0259]. The Bill had its first reading on 16 December 2025 and was referred to the Transport and Infrastructure Committee, which reported back to the House on 9 June 2026.

Executive summary

- 4 This paper sets out five changes that would improve the EPB Bill's workability:
 - 4.1 enable EPBs to be granted a seismic work exemption by virtue of impermanent risk mitigation measures such as street level containers
 - 4.2 give an automatic five-year compliance period to EPBs whose seismic work exemption is revoked after their deadline has expired, to ensure that owners are not immediately non-compliant and have time to remediate
 - 4.3 enable overlooked high-risk EPBs to be captured through the 'identify at any time pathway'
 - 4.4 clarify which unreinforced masonry buildings are within scope of the EPB system, to ensure the system's focus remains on mitigating life-safety risk
 - 4.5 ensure the EPB Methodology's empowering provisions are sufficiently clear and robust.
- 5 For transparency, this paper also notes that the Bill features no requirement to secure 'one building taller than its neighbour' overhanging walls as part of

façade securing for two-storey unreinforced masonry EPBs, despite this originally being signalled to Cabinet.

Proposals

Enable certain EPBs with risk mitigation measures to be granted a seismic work exemption

- 6 EPB owners can get an exemption from the requirement to carry out seismic work (seismic work exemption) if they meet prescribed characteristics in regulations. These essentially indicate that the building poses a low risk because few people use it or walk around it. The Building Act's existing exemption provisions are carried over into the EPB Bill.
- 7 Some measures to mitigate the risk posed by EPBs could mitigate life-safety risk while they are in place, but would not be sufficient to permanently remove the building's EPB status. For example, placing a container in front of a one-storey unreinforced masonry building. This would give the building a low risk profile, similar to that of buildings that may currently be granted an exemption.
- 8 As drafted, however, the EPB Bill would not enable an exemption to be granted on this ground because the exemption provisions refer to characteristics of the building, not risk mitigation measures. I therefore propose to amend the Bill to allow EPBs with specified mitigation measures that reduce a building's risk profile to be granted a seismic work exemption on that ground.
- 9 I also propose that the Bill be amended to empower the making of regulations for the purpose of this kind of exemption, such as setting out the types of risk mitigation measures that are considered suitable for seismic work exemptions (as opposed to permanently removing EPB status), their minimum requirements and the types of buildings they can be used for.
- 10 As currently, the territorial authority could revoke the exemption at any time if the requirements for that mitigation measure are no longer met (for example, if the container were removed).

Automatic five-year compliance period for EPBs whose seismic work exemption is revoked after their deadline expires

- 11 Territorial authorities may review EPB exemptions at any time and revoke them if satisfied that the building no longer has the prescribed characteristics. And so, a building could have its exemption revoked by the territorial authority after its deadline to complete seismic work has expired. This would mean that, due to reliance on the exemption, the building owner is immediately non-compliant with the requirement to carry out seismic work by that deadline, which is an offence and could make the owner subject to enforcement action. For example, a building with a deadline that expired in August 2031 could have its exemption revoked in 2036.
- 12 While the Bill enables EPB owners to apply for, and be granted, deadline extensions of up to 15 years in total, this is not open to buildings with deadlines

that expired after commencement. Even if this were possible, the building owner would still be non-compliant unless and until an extension is granted.

- 13 To ensure that building owners in this position have sufficient time to remediate, I propose to amend the Bill so that, where a seismic work exemption is revoked after a building's deadline has expired and the reason for the revocation is not attributable to the conduct of the building owner (such as an increase in the number of passersby, as opposed to a failure to maintain a risk mitigation measure), EPB owners are given five years to comply with the requirement to carry out seismic work on their buildings. The period would commence immediately from the date the seismic work exemption is revoked.
- 14 Where an exemption is revoked but there is still time left before the building's remediation deadline, the owner will be able to apply for a deadline extension.

Enable overlooked EPBs to be captured through the 'identify at any time pathway'

- 15 This pathway is used by territorial authorities to identify EPBs after the applicable timeframe for identifying EPBs in that area has passed. It was intended to capture the highest risk buildings like the CTV Building in Christchurch, but has been used much more frequently than was intended, including to capture low risk buildings. The EPB Bill therefore narrows the pathway so that it may only be used to identify a building as an EPB if it:
 - 15.1 was designed on or after 1 January 1976, and
 - 15.2 was completed before 1 July 2027, and
 - 15.3 is three or more storeys high and built of concrete or other heavy materials.
- 16 After 1 July 2027, the 'identify at any time' pathway will be the only way territorial authorities outside of coastal Otago can designate buildings as EPBs. This is because the applicable timeframes for identifying potential EPBs in other areas will have passed.
- 17 Submitters on the Bill raised concerns about narrowing this pathway, as it could prevent other high risk building types from being designated as EPBs. This includes unreinforced masonry buildings and pre-1976 3+ storey high concrete/heavy material buildings that were inadvertently missed during the applicable identification period.
- 18 Building officials advise me that there may be approximately 20 such buildings that pose a high risk in an earthquake, but were not picked up during the identification timeframe. A typical example would be an unreinforced masonry building that is clad in stucco or timber, and thus is not obviously recognisable.
- 19 I consider that the EPB Bill should provide a pathway to identify this very small number of high risk buildings as EPBs. I propose to amend the Bill so that buildings within scope (unreinforced masonry buildings and pre-1976 3+ storey high concrete/heavy material buildings in medium and high seismic zones) can be designated as EPBs once the applicable identification timeframe that area

has passed, in addition to 3+ storey high post-1976 concrete/heavy material buildings.

- 20 This would be subject to strict limitations, however. Namely, a territorial authority must never have previously identified the building as a potential EPB and subsequently determined it to be earthquake prone, or not, in accordance with the EPB methodology. This will prevent re-litigation of past decisions. The requirements under this pathway for building completion prior to 1 July 2027, consultation with the building owner and MBIE CE's agreement to the proposed designation would also apply.
- 21 This is still a significant narrowing of the current pathway and will still achieve the original intent of targeting regulation to high risk buildings only.

Clarify which unreinforced masonry buildings are within scope of the EPB system

- 22 As drafted, some unreinforced masonry buildings (URMs) could become, or remain, EPBs under the new system even though they do not present the type of external life-safety risk that the EPB regime is intended to address. In particular, some URMs do not have exterior unreinforced masonry walls that could pose a material risk to people outside the building in an earthquake.
- 23 I therefore propose that the Bill be amended so that, in the case of 1-2 storey URMs within a medium or high seismic zone and located in an urban centre, and all URMs that are within a medium or high seismic zone but are located outside urban centres, the EPB regime only applies where those buildings have exterior unreinforced masonry walls that face onto streets, roads, footpaths or places that are intended, designed, or ordinarily used as places where people congregate.
- 24 I further propose that the Bill be amended to ensure that the provisions empowering the EPB methodology are sufficiently clear and robust enough to support this policy intent, including by enabling the methodology to provide appropriate detail and requirements where required.

Ensuring the EPB Methodology is empowered to achieve the policy intent

- 25 Under the Bill, the MBIE chief executive is required to set the EPB Methodology within 6 months of 1 July 2027. The Bill contains consultation requirements before setting the Methodology. As drafted, the provisions in the Bill that empower the Methodology to set out certain information may not be sufficiently clear and robust to support the intended policy outcomes.
- 26 I therefore propose that the Bill be amended to ensure that the EPB Methodology empowering provisions are sufficiently clear and robust to support the policy intent of the EPB system in the Bill, including to clarify the relationship and intent between the Bill's high-level framework for things such as required remediation measures, and the level of detail appropriately dealt with in the EPB Methodology.

- 27 For example, so that, if necessary, the Methodology may include matters such as requirements, descriptions, or specifications in relation to:
- 27.1 the building elements or structural deficiencies requiring remediation;
 - 27.2 additional criteria to be an unreinforced masonry or 3+ storey high concrete/heavy material building;
 - 27.3 what it means for a building to be a relevant number of storeys high; and
 - 27.4 what is meant by a street, footpath, road, or places intended, designed or ordinarily used as places where people congregate.

No requirement to remediate overhanging walls on two-storey unreinforced masonry (URM) buildings

- 28 Under the EPB Bill, two-storey URM buildings will require façade securing (tying the façade back to the building frame with cables and bolts), which was agreed to by Cabinet in September 2025.
- 29 MBIE subsequently commissioned work to further develop the detail on exactly which façades (exterior walls) should be secured. This revealed the incidence of two-storey URM buildings overhanging an adjacent building is more common, and the cost of remediating overhanging walls more expensive, than expected. The work revealed that securing these overhanging walls would be expensive because:
- 29.1 most URM buildings are rectangular, and the ‘overhang’ portion is the long part where an adjacent building may exist
 - 29.2 securing these overhanging walls may involve putting scaffolding on top of the neighbouring roof, which is not straightforward
 - 29.3 it is not possible to use a more cost-effective solution like strengthening the balcony (as can be done at street level) instead of façade securing.
- 30 As such, MBIE has advised me that it will not be possible to achieve an 80 per cent cost saving for remediating these URMs, as was signalled to Cabinet, if their overhanging walls must be secured. The Bill (as introduced) features no requirement to secure overhanging walls of two-storey URM buildings.
- 31 This is not without risk. In the 2011 Christchurch earthquake, three people died because the overhanging walls of neighbouring URM buildings fell onto two neighbouring buildings. The risk may be mitigated to some extent, however, due to protection provided by the roof (the masonry may slide off or be caught instead of falling through).
- 32 This issue presents an unavoidable trade off. Either these overhanging walls must be secured meaning the 80 per cent cost reduction cannot be achieved, or life safety risk is left unaddressed. On balance, I intend to maintain the Bill’s status quo. Most owners of two storey URM buildings do not have significant

financial reserves, and imposing theoretically desirable yet practically unaffordable remediation requirements on them is the antithesis of the EPB Bill's intent.

- 33 I bring this matter to Cabinet's attention for transparency only. No amendment to the Bill is required.

Cost-of-living implications

- 34 Overall, I do not expect any of the proposals in this paper to significantly impact the cost of living. They are technical changes with very limited impact.

Financial Implications

- 35 There are no financial implications for the Crown.

Legislative Implications

- 36 These proposals require an Amendment Paper to amend the Building (Earthquake-prone Buildings) Amendment Bill.

Impact Analysis

Regulatory Impact Statement

- 37 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

Climate Implications of Policy Assessment

- 38 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the thresholds for significance are not met.

Population Implications

- 39 The proposals in this paper are not expected to have significant impacts on specific population groups.

Human Rights

- 40 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and Human Rights Act 1993.

Consultation

- 41 The Ministry for Regulation and the Parliamentary Counsel Office were consulted on the Cabinet paper. The Department of Prime Minister and Cabinet was informed of the proposals in the Cabinet paper.

Communications

- 42 The policy proposals in this paper will be announced at the appropriate time following the release of the Amendment Paper. The approach to communicating decisions will be determined closer to the time.

Proactive Release

- 43 This paper will be proactively released, subject to redactions consistent with the Official Information Act 1982.

Recommendations

The Minister for Building and Construction recommends that the Committee:

- 1 **note** that on 10 September 2025, following a review of seismic risk management in existing buildings, Cabinet agreed that the Building Act 2004 be amended to give effect to changes to the earthquake-prone building system [ECO-25-MIN-0139];
- 2 **note** that, on 11 December 2025, Cabinet approved the introduction of the Building (Earthquake-prone Buildings) Amendment Bill [LEG-25-MIN-0259];
- 3 **agree** that the Bill be amended to allow exemptions from carrying out seismic work to be granted where specified mitigation measures that reduce a building's risk profile are in place;
- 4 **agree** that the Bill be amended to empower the making of regulations for the purpose of the exemption in recommendation 3, such as setting the types of risk mitigation measures that are considered suitable, their minimum requirements and the types of buildings they can be used for;
- 5 **agree** that the Bill be amended so that where an exemption is revoked after an EPB's remediation deadline expires, and the reason for the revocation is not attributable to the conduct of the building owner (such as an increase in the number of passersby, as opposed to a failure to maintain a risk mitigation measure), its owners are given five years from the date of revocation to comply with the requirement to carry out seismic work;
- 6 **agree** to rescind the previous Cabinet decision that the 'identify at any time' provisions be amended such that this pathway can only be used to identify post-1976 3+ storey buildings of heavy construction as an earthquake-prone building [ECO-25-MIN-0139];
- 7 **agree** that the Bill be amended so that any building within scope, in addition to 3+ storey high post-1976 concrete/heavy material buildings, can be designated as an earthquake-prone building once the applicable identification timeframe for that area has passed, provided that the building has never been identified as a potential EPB and subsequently determined to be earthquake prone, or not, in accordance with the EPB methodology by a territorial authority previously; was completed prior to 1 July 2027; and building owner consultation and MBIE CE approval of the proposed designation has taken place;

- 8 **agree** that the Bill be amended so that, in the case of 1-2 storey URMs within a medium or high seismic zone and located in an urban centre, and all URMs that are within a medium or high seismic zone but are located outside urban centres, the EPB regime only applies where those buildings have exterior unreinforced masonry walls that face onto streets, roads, footpaths or places that are intended, designed, or ordinarily used as places where people congregate;
- 9 **agree** that the Bill be amended to ensure that the provisions empowering the EPB methodology are sufficiently clear and robust enough to support the policy intent in recommendation 8, including by enabling the Methodology to provide appropriate detail and requirements where required;
- 10 **agree** that the Bill be amended to ensure that the EPB Methodology empowering provisions are sufficiently clear and robust to support the policy intent of the EPB system in the Bill, including to clarify the relationship and intent between the Bill's high-level framework for things such as required remediation measures, and the level of detail appropriately dealt with in the EPB methodology;
- 11 **note** that façade securing on two-storey unreinforced masonry buildings will not require remediation of overhanging walls;
- 12 **agree** to introduce an Amendment Paper to make the changes in recommendations 3-10, above, to the Building (Earthquake-prone Buildings) Amendment Bill;
- 13 **invite** the Minister for Building and Construction to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions;
- 14 **authorise** the Minister for Building and Construction to make decisions, consistent with the above decisions and the overall policy framework described in the paper and underpinning the Bill, on any issues that arise during the drafting process;
- 15 **authorise** the Minister for Building and Construction to release the Amendment Paper referred to in recommendation 12 ahead of the Committee of the whole House stage of the Building (Earthquake-prone Buildings) Amendment Bill, without further Cabinet consideration.

Authorised for lodgement

Hon Chris Penk

Minister for Building and Construction