



Petition 2014/58 of Duncan Alexander Webb

Report of the Finance and Expenditure
Committee

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Petition 2014/58 of Duncan Alexander Webb

Recommendation

The Finance and Expenditure Committee has considered Petition 2014/58 of Duncan Alexander Webb and recommends the House take note of its report.

Introduction

We have considered Petition 2014/58 of Duncan Alexander Webb, requesting

That the House note that 3,054 people have signed a petition calling for a Royal Commission to be established to investigate the standards of repairs to properties following the Christchurch earthquakes, and that the House support the request for the terms of reference for the commission to be as follows:

- Identify the causes of the defective repairs;
- Recommend steps to prevent such defective repairs being carried out in the future;
- Provide advice to the Earthquake Commission, private insurers, and territorial authorities to ensure that in future the risk of defective repairs is substantially reduced.

Issues raised by the petitioner

The petitioner raised concerns about the quality of repairs to homes undertaken in response to the Canterbury earthquakes. While the petitioner acknowledged that repairs were carried out thoroughly in many cases, he said that repairs were defective in a significant minority of cases.

The petitioner said there is considerable anecdotal evidence to suggest that defective repairs are a widespread problem in Canterbury. He drew attention to a 2015 Ministry of Business, Innovation and Employment (MBIE) survey, which sampled the structural repairs undertaken on 101 homes. The survey found that repairs to 32 of the homes did not comply with the building code, and repairs to a further 23 homes were assessed as having minor defects.¹

The petitioner expressed concern about the lack of a proactive approach to resolving these issues. He also pointed to the potential risks to residents' health and wellbeing, and the risk of a reduction in Christchurch's effective housing stock as a result of such defective repairs.

The petitioner said that an inquiry by a Royal Commission is needed to establish how relevant organisations, such as the Earthquake Commission (EQC) and local councils, can identify lessons to be learned from these events. It could also establish what the systemic response to future disasters should be in the future. The petitioner would also like to see homeowners more deeply involved in the repairs to their homes in future.

¹ Ministry of Business, Innovation and Employment, "Earthquake Repairs to Canterbury Homes: Home Inspection Survey Report", August 2015.

Earthquake Commission's view

EQC said it is committed to meeting its obligations to its customers, as set out in the Earthquake Commission Act 1993. Accordingly, any repairs found to be inadequate will be remediated. EQC said it is allocating extra resources to remedial work as the final first-time home repairs near completion. EQC said that the number of repairs under the Canterbury Home Repair Programme (CHRP) that were found to need remediation is in line with, or better than, rates for new builds in the wider building sector.

We heard that EQC has started its own investigation into home repairs in response to the MBIE survey. It is assessing underfloor repairs to 2,174 properties. Of the assessments completed so far, it has found that 476 met the building code, and 839 required remedial repairs. EQC was awaiting results from 844 assessments at the time of our hearing, but its intent is to settle all remaining Canterbury-related remedial requests by 1 June 2017.

EQC also pointed out the unprecedented scale of the Canterbury rebuild. As a result of the earthquake sequence between 2010 and 2012, EQC had received 167,020 valid claims. As at 31 May 2016, it had 68,006 properties scheduled for repair under the CHRP, and had completed 67,591 at a cost of about \$2.5 billion. We heard that EQC had never before undertaken a managed home repair programme, and that it is unique in disaster response internationally. EQC said that it would be unrealistic to expect no remedial work to be needed within such a large project.

Committee view

We are concerned about the poor quality of some of the repairs undertaken in response to the Canterbury earthquakes. It is clear from the evidence we received that there have been repairs in Canterbury that did not meet the building code. However, the majority of us do not think that the scale of the problem warrants an inquiry. We note that three reports have been compiled considering the quality of repairs: the above-mentioned MBIE report, and the Office of the Auditor-General's 2013 report into the CHRP and its 2015 follow-up report.²

The Labour Party and the Green Party support the petitioner's call for a Royal Commission. We do not accept that there has been a review that is comprehensive enough, nor had the mandate to get the evidence and information that is needed. The experience of Canterbury homeowners has significant implications and they, and other New Zealanders, deserve better than what has happened to this point. This is particularly important given recent events, and the incidence of other disasters, such as large fires, floods, and further earthquakes.

We support EQC's efforts in remediating poor-quality repairs, and are satisfied with its commitment to settle all remedial claims by 30 June 2017. We will observe EQC's efforts in this area with interest.

² Office of the Auditor-General, "Earthquake Commission: Managing the Canterbury Home Repair Programme", 2013, and "Earthquake Commission: Managing the Canterbury Home Repair Programme – follow-up audit", 2015.

Appendix

Committee procedure

Petition 2014/58 was referred to the Finance and Expenditure Committee on 12 April 2016. We received evidence from the petitioner and from the Earthquake Commission.

Committee members

Chris Bishop (Chairperson)
Andrew Bayly
Hon Clayton Cosgrove
Hon Craig Foss
Rt Hon Winston Peters
Grant Robertson
Jami-Less Ross
Eugenie Sage
Alastair Scott
David Seymour
Michael Wood