Mayor's Insurance Taskforce

Discussion Document
November 2019

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Contents

Background

From a natural hazards perspective, the communities of Greater Wellington have evolved in tandem with nature over several generations. Earthquakes and a maritime climate have shaped Wellington's urban development and informed its building practices. Unlike Christchurch before September 2010, Wellington has for more than a century anticipated the long-run potential consequences of a severe earthquake. However, as in most New Zealand communities during the seismically quiet, late 20th century, insurance has increasingly been relied upon to mitigate or facilitate recovery from rare natural hazard impacts.

This may be changing.

The Mayor's Insurance Taskforce was convened recently in response to concerns around affordability and accessibility of insurance for building and home owners. Its purpose was to gather information for the Minister of Finance about concerns around insurance pricing and accessibility raised at the Wellington Insurance Forum in June 2019.

This paper has been prepared by the Wellington City Council to capture the themes and ideas that have come out of the Taskforce meetings.

The Minister of Finance posed four questions to the Taskforce:

1

What changes to property insurance[1] pricing and availability have occurred in Wellington for residential, commercial and multi-unit buildings?

2

What is the current uptake of property insurance in Wellington for residential, commercial and multi-unit buildings?

How common is it for property owners to be unable to secure full replacement or indemnity cover?

3

What are the main hazard and vulnerability factors driving rising property insurance premiums?

4

What other problems are contributing to insurance affordability or access issues?

1 The Taskforce focusses on vertical structures rather than horizontal infrastructure. Business interuption, contract works and contents insurance were not within scope.

Context

It has quickly become evident that questions about insurance need to be framed within a broader context of risk. Insurers sometimes liken themselves to the "canary in the coalmine". In the context of this metaphor, the canary's singing is faltering and the Taskforce has recognised the need to explore the reasons behind this, and what it really means.

Typically, risk is managed through one of four treatments:

Avoid

Usually where the frequency or consequences of hazard events makes alternative solutions for managing the risk uneconomic.

Control

Where there are practical and cost-effective measures that can mitigate the impact of a hazard event.

Transfer

Where the residual risks posed by a hazard can be quantified and traded efficiently to reduce potential financial impacts.

Accept

Where the hazard events are either too frequent (seasonal) or too rare and uncertain to price efficiently or treat by other means.

In recent decades prior to the Canterbury earthquake sequence, New Zealand enjoyed relative seismic and volcanic quiet and the transfer of seismic risk to insurers could be described with hindsight as very efficient. Understandably, global risk markets have experienced a recalibration since 2010-2011, continuing throughout the current decade with repeated earthquakes affecting central New Zealand and ex-tropical cyclones affecting the northern regions. A closer look at Wellington reveals some contributing local drivers to this correction as it affects Wellington:

- Understanding of **natural hazard risk**. Wellington is fortunate to host some of New Zealand's leading natural hazard scientists and engineers and the Region is served by an increasingly sophisticated knowledge-base for natural hazard risk. However, the City is lagging behind in its use of that knowledge to avoid, mitigate or accept risk.
- New Zealand's building codes and policies are aimed primarily at assuring **life safety**. Though these have been effective (loss of life was minimal in the 8000 houses destroyed by liquefaction in Christchurch), the vulnerability of our buildings and infrastructure to damage has resulted in far greater and more prolonged economic and social disruption than previously contemplated. This poses a threat not only to continuing insurance coverage but calls into question the fundamental resilience of our urban communities.
- On the specific matter of insurance there is an abundance of anecdotes concerning **affordability and accessibility**, but there is little or no data or evidence to inform policy. Insurance pricing is influenced by many factors, most of which are invisible to the consumer.
- Many local and central agencies have roles that influence the insurance picture, but there is **no common view** and no single agency has the levers to address what is reportedly happening with certain classes of building, particularly apartments in the Wellington market.

These drivers are explored in further detail in the following pages.

Note: these are strategic and long-term problems to solve, but many apartment owners face relatively short-term problems - they have problems now, accessing what they consider to be appropriate insurance at a realistic cost.

Understanding natural hazard risk

Our recent earthquakes have resulted in a leap forward in scientific research and understanding, but this is not yet reflected in our policy documents. Insurers seem to be responding to this new knowledge about natural hazards though their loss modelling, which appears to be resulting in insurers pricing risk rather than what is reflected in the Building Code, Bridge Manual and Earthquake Prone Building Regulations. The Building Code serves a purpose from a life safety perspective, but does not provide for post-event occupancy, or insurability.

For Wellington, there is also a gap in addressing secondary perils such as tsunami, liquefaction and landslides.

Even after these recent earthquakes, which have increased the public's expectations of safety and resilience, New Zealanders lack an informed understanding of seismic risk. New Zealanders don't have a collective understanding of what our communities can and can't live with, and we don't have a consensus on how to deal with emerging risks in buildings.[2]

As mentioned above, Wellington has been well served in terms of cutting-edge science as a result of long-term investment in hazards research by Crown agencies (e.g. ACC and EQC) and Local Government (e.g. WCC and GWRC), and internationally-respected earthquake engineering expertise. However, this knowledge remains relatively inaccessible to the wider community in a form that is digestible and useful for household risk awareness and decision-making. Nor is it directly reflected in current Council planning documents. It is not clear how insurers use the available technical information either, or how it is weighted against some of the other drivers of insurance price. Some of these other drivers include:

- The solvency capital requirements for catastrophe risk administered by the RBNZ and linked explicitly to a severe Wellington earthquake - this influences the potential reinsurance capacity required and its cost to insurers, which is globally driven.
- The claims history and profile of individual clients.
- The impact of recent losses on insurer profitability.
- Insurers' commercial strategies and risk management policies.
- Loss modelling that does not appear to account for owners investing in mitigation (for example quality of retaining walls and well-maintained subfloor structure).

These issues mean that it is impossible for consumers of property insurance to understand how insurers calculate the actual risk and pricing. Consequently consumers are not able to effectively modify their behaviours and decision making in a way that optimises the cost and availability of insurance.

Further, the City Council finds it difficult to reflect knowledge in Land Information Memoranda (LIMs). The threshold for information to be on a LIM is high; it is not a particularly useful mechanism for communicating risk. The LIM is seen as a mechanism to discharge a Council's legal obligations, rather than a mechanism to communicate risk to a property owner.

In a sense, the same threshold applies to the Council's ability to make land use planning decisions to reflect underlying natural hazard risks. District Plan requirements must be defensible in the Environment Court. The threshold to incorporate natural hazards risk management in a District Plan is very high and rightly should be anchored by the best science.

In Wellington, about 41% of residents rent their homes, against a national average of 35% [2013 census]. Traditionally these residents (such as students) are not party to the planning conversations about risk, and must rely on their landlords to represent them. Renters tend not to have a voice in land use decisions.

The concerns described above are not new. Following the Canterbury earthquake series key agencies collectively developed the Built Environment Leaders Forum[3] and in 2015 set the following priorities, based on the lessons learned.

Governance and leadership

1. Develop stronger collaboration between agencies in the public and private sector to improve built environment performance.
2. Identify and improve the resilience of New Zealand's most critical infrastructure components/systems.
3. Revisit and re-emphasise the roles and responsibilities of Lifeline Utilities and Lifeline Groups in achieving more resilient infrastructure networks.

Decision-making frameworks

4. Clarify the decision-making frameworks for built environment resilience, including those for investment, land use planning, research, decision points and likely trade-offs.
5. Improve consistency in approach across regulations, standards, codes and guidelines applicable to the built environment.
6. Support central and local government capability to effect positive change in the built environment.

Incentives and tools

7. Assess if the right financial and non-financial instrument are in place to support built environment resilience improvement and optimise risk management.
8. Support a targeted approach to making community building stock more resilience by providing communities a framework to prioritise action in towns and cities.

2 *Engineering a Better New Zealand, Engineering New Zealand 2018*

3 *Built Environment Leaders Forum 2015*. Steering Group: NZ Lifelines Council, EQC, BRANZ, MBIE, LGNZ, MCDEM, MfE, DPMC, Treasury, CCC, WCC, GNS, RNC, University of Canterbury, University of Auckland and Kestrel

Public engagement and communication

Information: data and evidence

9. Lift building owners' and occupants' understanding of hazards and resilience.
10. Improve community involvements when considering built environment hazard and risk management mechanisms.
11. Engage public on levels of service expectations for infrastructure.
12. Develop the evidence required to inform improved governance and leadership, decision-making frameworks, incentives and tools, and public engagement and communication that lead to improvements in the resilience of New Zealand's built environment.
13. Identify effective strengthening measures (in codes and guidance) within the built environment that deliver the most effective benefit-cost resilience gains.
14. Examine systems approaches to understand interdependencies within and among infrastructure services to improve understanding of the broader direct and indirect costs.

The majority of these actions have not been progressed through central Government agencies, and momentum was lost, despite the compounding effects of the 2016 Kaikoura earthquake. As a result, despite the massive economic cost of multiple earthquakes during the past decade, New Zealand has not substantially rethought its approach to seismic risk, and the lessons learned from those earthquakes have been applied piecemeal. Insurers by contrast have learned their lessons, and markets are responding.

For Wellington, there have been some improvements in lifelines investments (water and electricity distribution especially), and there are examples of low-damage design solutions entering the commercial market. These are welcome developments but none of this has occurred in a systematic or thorough fashion. In view of Wellington's seismic profile the Taskforce does not accept that we should continue without an integrated and deliberate approach to the resilience of the city's built environment.

Insuring for damage or life?

Traditionally our commercial buildings have been designed using probability models focused on life-safety in a *moderate* earthquake. In some areas like Wellington, the models are unlikely to reconcile with the actual risk. In Wellington the probability that we will have a *severe* earthquake is actually 100%; we just don't know exactly when. Further, the models don't take account of the cumulative effects of multiple tremors, and are based around a 50-year design life. It is rare in New Zealand for a building to have only a 50-year life, we tend to make our buildings last longer.

As a community Wellingtonians have tended to zero in on the figure of 33% NBS as a kind of de facto definition representing an acceptable level of risk. In reality, it is not as simple as that, and our focus on life safety as the basis for the framework must be challenged. The community understanding of what 33% means is at odds with the reality, and this has given an unwarranted sense of security that insurers now recognise.

We have traditionally designed for a one-off seismic event and not for the recovery from that event, or for multiple, smaller events.

Our focus on protecting lives has created a Building Code that only requires building designers to ensure people can evacuate after a moderate earthquake. When seismic design was in its infancy, this made sense. It kept building costs affordable and made sure building inhabitants were reasonably protected.[2]

In the Christchurch and Kaikoura earthquake sequences, many of the damaged commercial and residential buildings were not economic to repair. That had not been anticipated, nor had the loss of large pieces of land affected by liquefaction. The long-term economic effects of that continue to be felt and will persist. Wellington City also expects impacts from secondary perils such as landslides and liquefaction.

Insurers are signalling that they are uncomfortable with their exposure to Wellington's risk and it is increasingly clear that risk transfer alone is no longer sufficient or viable as a default treatment methodology.

The commercial market is responding. Some developers are investing in base isolated new buildings such as the PWC building, the City Convention Centre, Victoria Lane Apartments and the Children's Hospital. Previously Te Papa, Victoria University, the Ministry of Health and Parliament Buildings were among notable examples of early base isolation in Wellington.

The current refurbishment of the Town Hall is an example of retrofitting base isolation. New buildings are being designed with low damage in mind. However, this is not linked to any policy or legislation; it is an ad-hoc market response to the Kaikoura earthquake. Though each building is different, several studies have shown the additional construction cost of base isolation to be relatively low - perhaps as low as 3%.[4]

Although the market direction in low-damage design is pleasing, there are still some major issues:

- Some developers and owners state that their investment in low-damage design does not result in relief from insurers. Others have noted that while there is an increase in premiums, in some cases insurers have reduced premiums where strengthening has occurred. While there are understandably loud complaints about increases, there is little data or analytical evidence to underpin the actual, city-wide state of affairs.

4 *Costs of Base-isolation and Earthquake Insurance in New Zealand* - Charleson and Allaf, 2012 NZSEE Conference

- Some buildings that would not be assessed as “earthquake prone” under the guidance in force (such as some with precast concrete floor systems) have the potential to collapse in a severe earthquake, and potentially pose a greater threat to life than earthquake prone buildings because of the nature of building use. Insurers, owners and many occupants are acutely aware of this issue.
- Recently there have been some moves to address the vulnerabilities around non-structural elements of buildings. These are known to contribute significantly to fatalities and economic losses, more so in most cases than the structure of buildings in moderate earthuqakes. This is an area of weakness that requires better coordination of regulatory compliance *and* trade practices, including procurement, training, oversight and certification. With few exceptions (i.e. specialised facilities and sophisticated clients) where there is progress in this area it is again focused on life safety and not the mitigation of economic losses or recovery.
- Many owners are investing in instrumentation as a relatively cheap and quick way of assessing seismic damage, reducing downtime and allowing quicker reoccupation. This ought to be common practice, but it is patchy in Wellington, and is not supported by systems and protocols that could benefit the whole city.
- Some developers are concerned that uncertainty around insurance could stymie investment in Wellington’s building stock at the very juncture where many buildings should be upgraded or even replaced.
- Business continuity insurance hardly rates a mention, yet the economic losses of an earthquake commonly can be substantial.

Affordability of insurance

This is another area that features an abundance of anecdote but little concrete evidence to underpin or inform strategic decisions. There are stories of massive increases in premiums on residential properties, and of commercial buildings where insurers have refused to extend cover, resulting in sales falling through. The Taskforce does not know the veracity of these stories, or the wider context around why insurers have behaved in this way. We have had mixed messages from the insurers themselves. There is a lack of evidence in this area and further research is required.

The Canterbury and Kaikoura earthquakes have given New Zealanders greater insight and understanding around insurance. We have moved from 'total replacement' to 'sum insured', although we know that for many Wellingtonians this is not well understood. We think that 85% of houses are underinsured by 28%.[5]

Inner City Wellington surveyed its members in May 2019:

'Our insurance has tripled due to estimations for rebuilding costs doubling. The annual insurance cost for our building is $300k to insure $20m. Even if we did strengthen, it seems quite possible we won't be able to get full cover insurance.

'The insurance went from about $7000 p.a. to about $130,000 p.a. and may not even be available next renewal if strengthening has not proceeded.'

5 Residential Risk Analysis Report Feb 2019

While there are anecdotes of bodies corporate actively deciding not to buy insurance, no owners would admit to this, as this would be self-incriminating. (This does raise an issue; if it is unlawful not to take out insurance, who is monitoring compliance?) The Taskforce is aware that some Wellington developers have formed a protected cell in a captive insurance company. The Taskforce doubts that options like this have been sufficiently explored in Wellington, although some Taskforce members have questioned how workable solutions like this may be in the City.

There has been a suggestion that the insurance market may lack competition, and that this may have contributed to reported price rises. That is by no means clear however, and it is beyond the ability of the Taskforce to form a view.

We know that the Christchurch and Kaikoura earthquakes will pale into insignificance compared to the complexities of claims for a major Wellington earthquake. About half of Wellington's homes have shared property items (i.e. retaining walls or driveways), half have retaining walls, and more than half contain asbestos. In Christchurch, the 'hard' claims that took the longest to resolve (or remain unresolved) tended to be the ones with complex property ownership, including bodies corporate.

Wellington cannot assume that we will see the same level of insurance cover for future events. Assumptions that are made now, when insurance is widely available and reasonably priced, may not hold true in the future. We believe that it would be prudent for Wellingtonians to make long-term decisions on risk and building performance without over reliance on insurance cover being hardwired into our thinking. We need to think beyond risk transfer, to better balance the treatments of mitigation, avoidance and acceptance.

The Earthquake Commission

In 1993 the EQC cap was set at $100,000 in order to reflect the cost of rebuilding a modal-value home following an earthquake. If the cap set in 1993 had kept pace with inflation, it would now be at $400,000. Bearing in mind that the establishment of EQC was to sustain a viable insurance market and reduce the volatility of pricing for natural disasters, increasing the cap beyond the modest recent adjustment would seem an obvious step to contemplate. But the Taskforce is wary of any attempt to simply retain the status quo. In our view, it would be sensible if price signals from insurers were taken into account in land use decisions and improved building designs - if the EQC cap were to be increased it should not be allowed to mask deficiencies in land use planning or to perpetuate the occupancy of vulnerable buildings that cannot recover from an earthquake.

The Taskforce has questioned whether it is feasible that the Crown (through EQC) in partnership with Local Government could develop practical and fresh approaches to hazard risk management, in order to better manage risk before an event, and deliver the financial and economic necessities for swift recovery. It makes sense that those who carry the risk should have a voice in mitigation decisions. This could even involve reinsurers, who tend to take a longer term view.

In this vein, a signal from the banking sector would be useful. Most banks require comprehensive insurance as a mortgage condition, but the banking industry has not engaged in the risk debate despite being exposed potentially to the same risks as asset owners.

6 David Middleton *Returning to Affordable Insurance in Wellington,* 9 September 2019

Government levers

While there is no common view of how to address risk and insurance, it would be unfair not to recognise valuable work and thinking that has taken place in various pockets around Central and Local Government and industry bodies. Many have their own Resilience Strategies - although implementation plans for these strategies are not always evident:

Earthquake Commission
Resilience Strategy, loss modelling

Insurance Council of New Zealand
Representing insurers, but not brokers, reinsurers or EQC: see *Protecting NZ from Natural Hazards*

Engineering NZ
Aspirations outlined in
Engineering a Better New Zealand

Treasury
EQC policy and *Thirty Year Infrastructure Plan* ('by 2045 New Zealand's infrastructure will be resilient and coordinated')

Land Information New Zealand
Owner of key datasets and land valuation

Ministry for the Environment
RMA reforms around land use planning and natural hazards, *Active Fault Guidelines 2003*

Ministry of Civil Defence & Emergency Management
National Disaster Resilience Strategy

Wellington City Council
Resilience Strategy, land use planning decisions and Building Control Authority, also major asset owner

GNS Science
Steward of most natural hazard research; *It's Our Fault*

QuakeCoRE
Funnel for seismic research

Ministry of Business Innovation & Employment
Building Code, Built Environment Leaders Forum

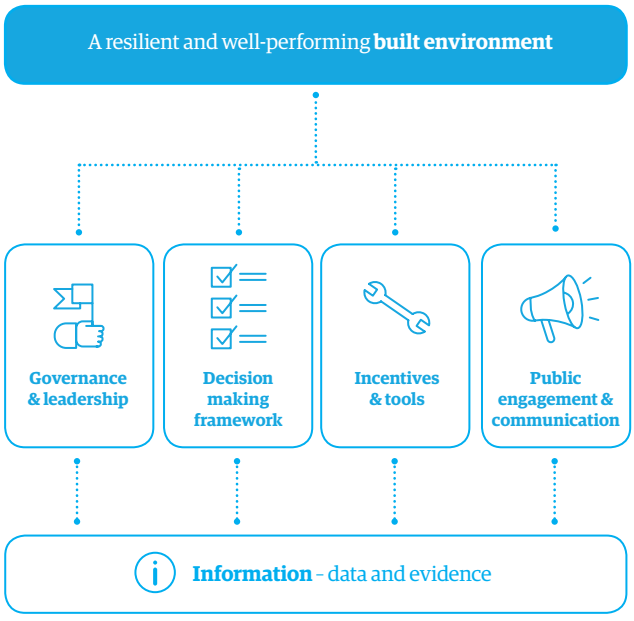
Department of Internal Affairs
Community resilience

NZ Transport Agency
Resilience Strategy

Reserve Bank of New Zealand
Solvency requirements for insurers

While it is positive to have such a high number of entities involved, inherently that is part of the problem. There is no common understanding of the problem and how to fix it, and building owners are not always at the heart of debate. Each player has datasets, but these are not being brought to bear where they matter the most. Although well-intentioned effort is evident across agencies, it is not focused and is not actively addressing the challenges that insurers appear to have highlighted through 'risk-based pricing'.

Some of these gaps were identified by the BELF in 2015, and a model was developed. However, little tangible progress seems to have been made.



Summary

Frankly, while some insurers' actions and models might be questionable, the signals they are sending cannot be ignored. Further evidence would be useful and must be gathered, but it is clear that insurers are reacting to knowledge about natural hazard risks in Wellington (and elsewhere). Wellingtonians should no longer take for granted our cultural assumption that risk can be transferred on to insurers.

That means the City needs to rethink how we manage risk, with a better balance of transfer, mitigation, acceptance and avoidance. This is not uncommon overseas.

How do we make progress?

Wellington has some challenges around the way risk is managed and - currently at least - transferred to insurers. There is no silver bullet, no easy way to solve the problem, if indeed it can be 'solved'.

The Taskforce does not see this as an excuse to do nothing. The Taskforce prefers to see this as an opportunity to mobilise and realign effort to achieve a better outcome for Wellingtonians (and New Zealanders - these issues are not unique to Wellington).

The desired outcome is to build confidence that Wellington and New Zealand manage risks well and that related investment and planning are credible and the community becoming more resilient.

First and foremost, the Taskforce sees that there is a lack of unified and coordinated leadership. Wellington's challenge represents a genuine opportunity for cross-sector leadership. The status quo will not suffice in Wellington's next seismic event, and our view is that the City needs to collectively do better than previous efforts. Managing our risk is a collective responsibility that requires more effective integration of knowledge, sustained sponsorship, unified purpose and effective communication and engagement.

The Taskforce considered the establishment of an integrated Wellington risk leadership group to oversee an agreed implementation plan. This could be co-chaired by the Mayor of Wellington and the Minister with responsibility for the Earthquake Commission and membership would be adapted from that of the Mayor's Taskforce. Wellington is keen to be a living laboratory for better management of risk.

Overall, the implementation plan could:

- In the short term, promote strategies which property owners can use to maximise the availability of cost effective insurance cover.
- Commission research to obtain sufficient data to assess the scope of the insurance "problem".
- Review the building regulatory framework with a view to giving more attention to the resilience of the buildings to damage.
- Review the way in which city plans address the interaction between natural hazards and building, including how best to obtain input from insurers, financial institutions, and the science community.
- Review the way in which natural hazard risk is assessed and communicated to the community with a view to improving the information available, and thereby improving the quality of investment decision making.
- Identify options to maximise competition and transparency in the insurance market
- Review the role of the state in the insurance market via EQC.
- It would be useful to organise work streams into residential, commercial and multi-unit residential, as the challenges for these building types are related but not identical.
- The Taskforce felt that the leadership group could oversee a shift away from simply transferring risk towards a more balanced blend of transfer, mitigate, accept and avoid.
- Against that background the Taskforce has identified the following specific actions.

Recommendations of the Taskforce to the Minister of Finance

Establish an integrated Wellington Risk Leadership Group to lead a shift of focus to a holistic approach to risk management and resilience. The Group would facilitate better coordination of effort in the Wellington community and actively sponsor the appropriate balance of transferring, mitigating, accepting and avoiding risk.

The group would oversee the design of an implementation plan based on the following elements:

Transfer

- With Treasury, insurers, brokers, EQC, RBNZ and building owners, develop a pragmatic mechanism to monitor:
  - o Dynamics in market pricing of insurance and the drivers related to market risk appetite.
  - o Actual limitations on the availability of insurance in Wellington.
  - o If building owners (and particularly bodies corporate) are not taking out insurance because of price or availability issues.
  - o Trends or factors that might indicate systematic under-insurance of Wellington households.

[The Property Council has already helpfully initiated a survey that we anticipate will at least partially address some of these gaps in our knowledge]

- Undertake further analysis to determine what, if any, monitoring and interventions are required to maintain an understanding of the state of the property insurance market and the drivers of cost and availability.
- Consider options for increasing the competition in, and transparency of the insurance market.
- Investigate options for addressing the affordability of insurance for some classes of residential buildings in Wellington. The Taskforce identified that one of the options is the possibility of increasing the EQC first-loss limit to $400k, and considers that should be one of the options considered by Treasury. Another option is to investigate EQC going back to providing some form of insurance for commercial property. The ICNZ does not agree with this recommendation.
- Clarify the Government's and Local Government's respective position and capacity for funding repairs to horizontal infrastructure damaged by natural hazard events.
- Facilitate dialogue with insurance brokers about alternative insurance products (protected cells for example) for those who do not currently have access to such products, and where that might result in lower premiums.
- Facilitate dialogue with the banking sector's Risk Manager group to clarify that sector's perspectives on portfolio exposure of lending institutions to Wellington risk.
- Most of the above are medium term initiatives. In the short term, Government, Local Government and the insurance sector could:
  - o Provide advice to building owners on options to help consumers test whether they are receiving the best value insurance available.
  - o Promote strategies for optimising premium cost.
  - o Investigate the potential for pooling buying power and access to off-shore insurance (through brokers, or a Crown entity such as EQC).
  - o Investigate the possibility of multi-unit building owners purchasing insurance layers to spread insurer risk.
  - o Investigate potential for purchasing private insurance excluding earthquake perils to at least secure EQC cover. This option would require careful communication management in regards to transparency with EQC's reinsurers.

If private insurance cannot be obtained, investigating the availability of voluntary insurance from EQC.

Mitigate

- The Crown is requested to urgently facilitate an update of the National Seismic Hazard Model to integrate the lessons learned from the past decade of earthquakes into the Earthquake Loadings Standard NZS1170.5. Global risk markets are well-aware of the scientific and engineering lessons learned from recent earthquakes. This is not a research problem. It is an operational priority to communicate and apply existing knowledge to support seismic design and construction practice and to assure future investor confidence in Wellington and New Zealand.
- With equal urgency, the Crown and trade associations are requested to facilitate a systematic analysis to achieve consistent, practical compliance around the seismic performance of non-structural or "internal fit-out" building elements. The vulnerability of these parts of buildings in particular contributes greatly to social and economic disruption following strong earthquakes and to the tightening of terms for insurance coverage in certain classes of building in New Zealand.
- The Crown is requested to facilitate through GNS and NIWA on a basis to be worked out with input from EQC, ICNZ and WCC, the development of a publicly accessible hazard and risk portal to underpin transparent assessment of natural hazards.
- Wellington City Council would undertake to use the models supporting the portal to inform and support land use planning decisions.
- Wellington City Council would welcome the opportunity to consider how the insurance sector including EQC could be consulted on hazard risk in relation to land use planning decisions.

Accept

- Ensure that Wellingtonians have easy access to the best available science and information, so that they can take better-informed decisions.
- Investigate the consequences for Wellington City Council if people are prepared to tolerate risk.
- With the Property Council and ICNZ, determine how best to support building owners to install building health monitoring systems (such as accelerometers) to to achieve rapid, accurate assessment of buildings following strong earthquakes in order to prioritise recovery action and maintain public confidence.
- Make better linkages between known natural hazards and LIMs, ensuring that all hazards are noted on LIMS to consistent criteria.
- Request that the Crown formally review the adequacy of the current building regulatory framework's focus solely on life safety. Modern expectations of economic continuity and social recovery following natural hazard events demands a more holistic view of resilience incorporating functional recovery, low damage, enhancing repairability, continued occupancy and business function.

Avoid

- Ensure the Wellington City District Plan constrains development in inherently risky areas, or decision makers formally accept the risk of their decisions.
- As new science and knowledge is confirmed, ensure it is reflected in planning.
- Investigate a requirement that the Rating Valuation Rules 2008 include a natural hazards statement for all transactions.
- Investigate requiring real estate transactions to require a building inspection and a natural hazards statement.

"Sometimes it does us a power of good to remind ourselves that we live on two volcanic rocks where two tectonic plates meet, in a somewhat lonely stretch of windswept ocean, just above the roaring forties. If you want drama you've come to the right place."

Sir Geoffrey Palmer

The Mayor's Taskforce

Mayor Justin Lester, Chair

Mayor Andy Foster

Wendy Booth, Body Corporate Chairs Group

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