

Beyond Regulatory Reform: the missing role of incentives in New Zealand's earthquake-prone building policy

Abstract

This article examines recent reforms to New Zealand's earthquake-prone building (EPB) system and argues that, while the reforms improve proportionality and risk targeting, they do not adequately address persistent financial barriers to seismic remediation. International evidence shows that regulatory regimes addressing public safety risks are more effective when complemented by financial and institutional incentives that reduce upfront costs, liquidity constraints and capability barriers. The article concludes that the absence of incentives within the reformed EPB framework raises questions about whether timely and consistent compliance can be achieved for the highest-risk buildings.

Keywords earthquake-prone buildings, seismic risk management, financial incentives, New Zealand

Olga Filippova is an associate professor specialising in property at the University of Auckland and associate director at QuakeCoRE. Her research examines how natural hazards influence property markets, with a focus on risk perception, investment behaviour, and policy responses. *Amanda Perera* is a PhD candidate in the Department of Property at the University of Auckland. Her research interests include climate change, seismic resilience, and applied microeconomics and macroeconomics.

Seismic resilience has long been a policy concern in New Zealand, given the country's exposure to significant seismic risk arising from its existing building stock and the associated risks to life and safety. In response to persistent concerns about the effectiveness and workability of the earthquake-prone building (EPB) system, the government recently undertook a comprehensive review of the existing regulatory framework (Ministry of Business, Innovation and Employment, 2025). The review was led by the Ministry of Business Innovation and Employment, overseen by an independent steering group, and informed by contracted technical experts, external peer review and inter-agency consultation, with a broad remit covering regulatory design, implementation experience, cost-benefit considerations and barriers to compliance (Ministry of Business Innovation and Employment, 2024a). Following the findings of the review, Cabinet has agreed to implement a set of reforms that narrow the scope of the EPB regime and adjust compliance requirements.

The proposed reforms primarily seek to improve proportionality and reduce regulatory burden by refocusing the system on a smaller subset of higher-risk buildings. This includes limiting regulatory attention to buildings assessed as posing the greatest life-safety risk, alongside adjustments to mitigation requirements and statutory time frames to better align regulatory effort with risk (Cabinet Economic Policy Committee, 2025).

However, the reformed system continues to operate within a framework in which the cost of seismic mitigation is largely borne by building owners, despite the review's explicit recognition of cost as one of the key barriers to timely remediation (Ministry of Business Innovation and Employment, 2025). As a result, the policy response relies predominantly on revised regulatory obligations rather than enabling mechanisms as the primary means of improving compliance.

This article examines whether the absence of a structured incentive framework risks undermining the effectiveness of the reformed EPB system, drawing on Cabinet decisions, international experience, and New Zealand evidence relating to incentive-based approaches to seismic risk mitigation.

Why the earthquake-prone building system was reviewed

Despite more than a decade of regulatory reform, progress in reducing seismic risk across the existing building stock had remained slow and uneven, raising doubts about whether the system was delivering meaningful life-safety outcomes. The ministry review therefore examined how seismic risk is identified, measured and mitigated in practice; whether the EPB framework had been implemented and operationalised as originally designed; and how barriers to remediation, particularly financial and funding constraints, were influencing owner behaviour and compliance.

The review identified several structural issues that were limiting the effectiveness of the existing EPB system. While approximately 1,500 earthquake-prone buildings had been strengthened or demolished, progress with the remaining

stock of around 5,800 buildings proved significantly more challenging. Remediation was often disruptive, beyond the financial means or technical capability of building owners, or simply uneconomic. In some cases, buildings were vacated or strengthened disproportionately to their actual risk due to misunderstandings of percentage of New Building Standard (%NBS) ratings. The review also found that buildings were being captured by the regime in ways not originally intended, including through the 'identify at any time' pathway.¹ Enforcement of remediation obligations was costly and impractical for territorial authorities, while heritage

exclusion of buildings in low seismic risk zones, such as Auckland, Northland and the Chatham Islands. Under the agreed reforms, EPB status will apply only to unreinforced masonry (URM) buildings and pre-1976 high-risk three-storey-and-above buildings of heavy construction, typically concrete. All buildings located in low seismic zones will be removed from the EPB system, and existing EPB notices in those areas will be revoked (Office of the Minister for Building and Construction, 2025). As a result, approximately 55% of currently designated earthquake-prone buildings (around 2,900 buildings) will be removed from the system. These changes

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protections imposed additional constraints on feasible strengthening options.

Another key observation regarding the NBS-based EPB framework is its disproportionate impact on small and predominantly rural towns. These centres typically have small EPB inventories, low pedestrian activity, and building stock dominated by low-use assets, many of which already operate under structural economic pressure. In such contexts, the cost of seismic strengthening often exceeds local building values and adds a further layer of financial complexity for building owners (Beca Limited, 2025).

Cabinet-approved reform direction Narrowing the scope to higher-risk buildings

Cabinet agreed to substantially narrow the scope of the EPB system by limiting its application to a defined subset of higher-risk buildings located in medium and high seismic risk zones, resulting in the

are estimated to generate cost savings of approximately NZ\$8.2 billion for building owners, including government agencies (ibid.).

The revised framework also departs from the use of seismic assessment and %NBS ratings for building identification, shifting instead to typology-based screening and identification of specific structural deficiencies. Although this approach is expected to reduce assessment costs and simplify implementation, it represents a trade-off between administrative efficiency and diagnostic precision. Simplified classification approaches may not fully capture building-specific vulnerabilities or atypical construction features, some of which are not externally apparent. As a result, there is a recognised risk that a small subset of seismically vulnerable buildings may not be identified for further assessment or intervention under a typology-focused regime.

Another significant change introduced by the reforms relates to how priority buildings are identified within the EPB system. Priority buildings are those considered to pose elevated risks to life safety or to have the potential to affect emergency response during an earthquake. Under the revised framework, priority status is limited to unreinforced masonry buildings with unsecured elements that could collapse onto high-traffic pedestrian or vehicle thoroughfares, and buildings whose collapse could obstruct critical emergency service routes. Priority status based solely on building use, such as hospitals or fire stations, has been removed

category of high-risk post-1976 multi-storey heavy-construction buildings in medium or high seismic risk zones.

Addressing financial barriers: what the policy settlement does not resolve

The Cabinet-approved reforms significantly reshape the EPB system by narrowing its scope, reducing mitigation requirements, and increasing flexibility in remediation time frames. In doing so, the reforms explicitly recognise that cost, complexity and owner capability have constrained compliance under the previous regime. However, while these barriers are

primarily on regulatory obligation to prompt action, despite the review's acknowledgement that financial and capability barriers influence owner behaviour.

Cabinet's response to cost barriers is therefore largely indirect. Rather than enabling compliance through financial or institutional support, the reforms focus on reducing exposure by removing buildings from the regime, decoupling seismic work from other regulatory requirements,² and allowing longer time frames for compliance. While these measures lower overall system costs, they do not directly address the challenges faced by owners who remain within the EPB system and are still expected to undertake mitigation without targeted assistance. This creates an incentive gap within the reformed EPB framework. The system depends on regulatory obligation and flexibility to drive compliance but does not provide positive inducements, such as grants or concessional finance, to encourage or accelerate remediation. As a result, there remains a risk that delayed compliance will persist, particularly where owners face high upfront costs.

Importantly, the absence of incentives reflects a policy choice rather than an oversight. The review explicitly considered financial barriers to remediation, and the Cabinet papers recognise cost as a central implementation challenge. As part of the review process, the Ministry of Building, Innovation and Employment commissioned research into societal willingness to pay to mitigate the risk. This research found strong public prioritisation of life safety, a willingness to pay tax and a social licence for some tax-funded partial contributions to achieve improved seismic performance (ResOrgs & JCDR, 2025b). Despite this evidence, the adopted reforms stop short of incorporating incentives into the regulatory toolkit. This raises a critical question: whether narrowing scope alone is sufficient to achieve timely seismic risk reduction for the buildings that continue to pose the greatest life-safety risks.

Seismic strengthening generates benefits that extend beyond individual building owners to the wider economy and society. Investments in seismic retrofitting therefore often produce public benefits that exceed private returns, meaning that

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from the EPB system (Cabinet Economic Policy Committee, 2025; Office of the Minister for Building and Construction, 2025).

Changes to mitigation requirements and time frames

Cabinet has agreed to replace remediation requirements based on minimum %NBS thresholds with mitigation obligations that vary according to the level and nature of seismic risk posed by each building. This approach aligns the EPB system more closely with international best practice and addresses longstanding problems associated with the interpretation and use of %NBS ratings (Office of the Minister for Building and Construction, 2025).

To improve workability and reduce compliance pressure, the reforms introduce greater flexibility in remediation time frames by allowing building owners to apply for extensions of up to five years, including for expired deadlines. At the same time, the use of the 'identify at any time' pathway has been significantly narrowed to apply only to a limited

addressed through reduced regulatory obligations, the policy settlement does not introduce incentives as an active mechanism to support remediation for buildings that remain subject to the system.

For the smaller subset of higher-risk buildings still captured, particularly unreinforced masonry buildings, multi-storey heavy-construction buildings, and buildings in dense urban settings, the financial burden of seismic work remains substantial. Even under more proportionate mitigation requirements, retrofit projects can be costly, disruptive and technically demanding, especially for owners facing limited access to capital, fragmented ownership (multi-unit owners) or heritage constraints. In some cases, insurers and banks impose lending thresholds above regulatory minimums (e.g., around 67% of NBS), meaning that high remediation costs and restricted access to finance prevent some owners, particularly low-income and non-profit owner-occupiers, from undertaking seismic upgrades (ResOrgs & JCDR, 2025a). The reformed framework continues to rely

government financial support for such interventions is unlikely to be inefficient or wasted. Empirical evidence demonstrates that natural hazard mitigation yields substantial social benefits, including reduced casualty losses, lower emergency response and recovery costs, and reduced non-market damage such as environmental degradation and damage to historic buildings (FEMA, 2011; Godschalk et al., 2009). These avoided losses accrue largely to the public sector and the community rather than being fully captured by property owners, resulting in positive externalities that justify public financial intervention. This rationale is particularly strong in the case of heritage buildings, where seismic retrofitting safeguards multiple forms of value beyond market returns, including cultural and symbolic value, social value, environmental value, and broader economic value associated with tourism and place identity (Giaretton et al., 2018; Mason, 2008). Despite these clear public benefits, significant economic barriers continue to inhibit seismic retrofitting of EPBs (Egbelakin et al., 2014).

Evidence from international experience and New Zealand

Incentive mechanisms

Grant funding

Direct grants aim to lessen the financial burden on building owners by contributing directly to a proportion of retrofit costs. These grants are typically used where the public safety benefits of seismic retrofitting are significantly greater than the private costs faced by owners, particularly for buildings that pose a high hazard to occupants or the public in the event of collapse.

In the United States, direct grant-based support for seismic retrofitting is primarily delivered through programmes supported by the Federal Emergency Management Agency (FEMA). FEMA-supported initiatives provide funding and technical guidance to state and local governments to enable seismic retrofitting in situations where private investment alone is unlikely to occur (FEMA, 1994). Empirical evaluations of FEMA-funded mitigation programmes indicate that seismic retrofit projects can deliver particularly strong life-safety and loss-reduction benefits (Rose et

al., 2007). At the local level, some jurisdictions have complemented federal support with targeted grant schemes. For instance, the City of Berkeley has offered seismic retrofit grants covering both design and construction stages, with partial funding subject to capped amounts (Filippova et al., 2025).

In Japan, seismic retrofitting is supported through a formal cost-sharing framework in which retrofit costs are shared between the central government, local governments and building owners. Subsidy levels vary according to building importance and risk profile, with higher

Moreover, seismic rehabilitation rebate schemes are used in some jurisdictions to reimburse retrofit-related costs after work has been completed. For example, under the City of Upland, California's URM ordinance, building owners were eligible for reimbursement of engineering and architectural design costs, council fees, and a capped proportion of construction costs, subject to specified percentage limits (ibid.; Filippova et al., 2025).

Development controls

Development control incentives, such as transfer of development rights (TDR), are

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public contributions provided for priority buildings such as those located on evacuation routes or designated for emergency management purposes, and grant funding covering up to approximately 50% of retrofit costs. Similar approaches have been adopted in Taiwan, where the Private Building Seismic Weak-Storey Retrofit Program provides grants covering up to 45% of eligible retrofit costs, targeting buildings with identified structural vulnerabilities (ibid.).

Local government budget measures

Instead of directly financing retrofit works, local governments sometimes use indirect financial measures such as consent fee waivers, discounts and seismic rehabilitation rebate schemes to ease the financial burden faced by building owners. These measures focus on reducing administrative and transaction costs associated with seismic retrofitting, helping to improve the feasibility of compliance. For instance, fee waivers and permit discounts have been widely used in Californian jurisdictions with mandatory retrofit programmes to reduce indirect compliance costs for building owners (FEMA, 1994).

used in some jurisdictions to offset the financial impacts of seismic retrofitting without direct public expenditure. For example, Seattle's TDR programme allows owners of constrained or vulnerable buildings to transfer unused development capacity to other sites, creating a market-based revenue stream that can support retrofit investment (FEMA, 1994; Filippova et al., 2025).

While development controls and property rates relief are exercised by territorial authorities rather than central government, they remain directly relevant to the operation of the national EPB framework. The EPB regime is established through central government legislation, but its implementation is delegated to territorial authorities, which are responsible for maintaining the EPB register and enforcing remediation requirements (Ministry of Building, Innovation and Employment, 2024b).

Property rates relief

Property rates relief can operate as an indirect incentive by limiting the extent to which seismic retrofitting increases ongoing ownership costs. In California, Proposition 13 caps property tax rates and restricts the

reassessment of property values following improvements, meaning that building owners who undertake retrofit works are not exposed to significant increases in annual property rates. Although this mechanism was not designed specifically to incentivise seismic strengthening, it reduces financial uncertainty associated with retrofit investment and removes a potential disincentive to undertaking such work, particularly for long-held properties. By effectively locking in pre-retrofit rates, owners can capture long-term savings from their investment, improving the financial viability of seismic retrofitting over the life of the building (Filippova et al., 2025).

provide upfront funding that is repaid through property-based assessments, reducing reliance on personal borrowing and allowing repayment obligations to transfer with the property rather than as personal loan obligation. PACE is a financing mechanism designed to support a wide range of building improvements permanently affixed to residential and commercial properties, including energy and water efficiency measures, renewable energy systems, and hazard-reduction upgrades. The primary purpose of PACE financing is to enable investments that generate environmental or hazard risk-reduction benefits while addressing

offering discounted or tailored loan products for seismic retrofits (FEMA, 1994; Filippova et al., 2025).

New Zealand schemes

The Kaikōura earthquake response

The Kaikōura earthquake response provides a rare New Zealand example of a targeted seismic risk mitigation programme that achieved a high level of compliance within a short time frame. Following the 2016 Kaikōura earthquake, the government introduced the Hurunui/Kaikōura Earthquake Recovery (Unreinforced Masonry Buildings) Order 2017, which required the urgent securing of unreinforced masonry façades and parapets in affected areas. Rather than mandating full structural strengthening, the order focused on addressing the most hazardous building elements: those most likely to collapse onto public spaces during aftershocks (Tong et al., 2022).

To support compliance, the government established the Unreinforced Masonry Buildings Securing Fund, which provided grants covering up to 50% of remediation costs, subject to capped amounts. Territorial authorities complemented this financial support by waiving consent fees, providing technical guidance, and assigning dedicated case managers to assist building owners through the remediation process. Together, these measures reduced both cost uncertainty and capability barriers, particularly for smaller and less experienced owners.

Although initial uptake was slow, compliance increased sharply as deadlines approached, especially after councils adopted a more intensive, case-managed delivery approach. By the conclusion of the programme, all but one of the identified dangerous façades and parapets had been remediated, representing a very high compliance rate for a mandatory seismic intervention. Independent evaluations found that government funding was critical to this outcome, alongside active council facilitation and credible enforcement.

The Kaikōura experience demonstrates that incentives are most effective when combined with non-financial support measures. While grants reduced the direct cost burden, clear guidance, flexible retrofit options and sustained case management were equally important in enabling action.

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Personal tax credits

Personal tax credits are used in some jurisdictions to encourage private investment in the rehabilitation of existing buildings, including seismic retrofitting where this forms part of a broader upgrade programme. In the United States, the federal historic tax credit provides a 20% credit against federal tax liability for qualifying rehabilitation works undertaken on certified historic buildings. As an indirect incentive, the historic tax credit improves project feasibility by offsetting tax liabilities for income-producing properties (FEMA, 1994; Filippova et al., 2025).

Financing mechanisms

Financing mechanisms are used in some jurisdictions to address liquidity constraints associated with seismic retrofitting by enabling building owners to spread retrofit costs over time. Property-assessed financing loans, such as through the Property Assessed Clean Energy (PACE) scheme in the United States,

liquidity and credit constraints faced by property owners (Liaw, 2024; Rose and Wei, 2020) we summarize the concerns raised after the programs have been implemented. Those concerns include consumer protection, audit after program implementation, and lien-related risks for lenders. We discuss those concerns and suggest measures to continue to grow PACE financing. The success of PACE programs will contribute to reducing carbon emissions, mitigating climate change and to achieving six of the seventeen United Nations Sustainable Development Goals (SDGs). PACE schemes were initially introduced to support energy efficiency and renewable energy investments, but their scope has since expanded in some jurisdictions to include seismic and resilience retrofitting (City of Los Angeles, 2023) the City in 2015 included seismic retrofits in the state's successful Property Assessed Clean Energy (PACE).

In addition, some jurisdictions have facilitated private lending consortiums or partnerships with financial institutions

Heritage grants

Heritage EQUIP was a targeted New Zealand government funding programme designed to support the seismic strengthening of privately owned earthquake-prone heritage buildings. The programme provided \$12 million in funding to partially offset the costs of seismic retrofitting, with a particular focus on supporting regional heritage building owners located in medium and high seismic risk zones (Ministry for Culture and Heritage, 2024).

A key feature of Heritage EQUIP was the introduction of professional advice grants, which supported owners at the early stages of the retrofit process by covering up to 50% of the costs of professional services such as engineering and architectural advice. To encourage wider participation, regional applicants were eligible for increased support of up to 67% where neighbouring heritage building owners collaborated on joint projects. The programme also provided enhanced funding for construction works, with eligible regional owners able to receive grants covering up to 67% of seismic strengthening costs, assessed through three competitive funding rounds per year (ACE, 2019).

While Heritage EQUIP has enabled 77 successful retrofit projects between 2016 and 2020, its overall reach has been constrained by capped funding levels, periodic application rounds and eligibility criteria. As a result, it operated as a targeted and ad hoc incentive rather than a system-wide mechanism. This highlights both the potential effectiveness of grant-based incentives for overcoming retrofit barriers and their limitations within New Zealand's current seismic risk policy framework.

Wellington City Council's Heritage Resilience and Regeneration Fund provides targeted funding to support the conservation and seismic strengthening of heritage buildings where strengthening is unlikely to occur without financial assistance. The fund focuses on priority earthquake-prone areas in Wellington and also contributes to broader urban regeneration objectives. Funding is allocated across both conservation and strengthening activities, with approximately 15% reserved for conservation-specific

work and the remaining 85% directed towards earthquake strengthening. Eligible strengthening support includes initial engineering assessments, detailed design, and grants towards the cost of strengthening works (Wellington City Council, 2025)

Residential earthquake-prone building loan scheme

The Residential Earthquake-prone Building Financial Assistance Scheme was introduced by the New Zealand government to address financial hardship faced by owner-occupiers required to remediate residential earthquake-prone buildings, particularly in high seismic

Under the Unit Titles Act 2010, owners of multi-unit apartment buildings are collectively bound through the body corporate to maintain building insurance (s135(1)). This statutory obligation creates a non-discretionary requirement for insurance coverage, regardless of market affordability or risk pricing. However, in practice, apartment owners, particularly in high seismically active zones, have encountered escalating insurance premiums and increasing difficulty securing cover. For instance, some media reports indicate that insurance premiums have increased up to 320% for earthquake-

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risk areas such as Wellington. Under the scheme, it would provide below-market, deferred-repayment loans of up to \$250,000 to eligible owner-occupiers who were unable to secure sufficient finance from commercial lenders (Office of the Minister for Building and Construction, 2020).

However, the loan scheme proved ineffective as a mechanism for providing financial support, with no apartment owners applying during its initial period of operation. Reporting on the scheme highlights that complex eligibility criteria, the requirement to demonstrate an inability to access commercial finance, and a general reluctance among owners to take on additional debt significantly limited uptake. This outcome suggests that, even where concessional finance is available, loan-based mechanisms may be insufficient to overcome behavioural, governance and risk-related barriers faced by owners of earthquake-prone buildings, particularly in multi-owner apartment contexts (MacManus, 2022).

prone apartment buildings (Campbell, 2020). In addition, insurers have, in some cases, indicated that the continuation of coverage may depend on whether seismic strengthening is undertaken within prescribed timeframes. These pressures have prompted some body corporates to collectively seek alternative insurance arrangements due to affordability concerns (Campbell, 2024). Insurance is mandatory, yet its availability and cost are increasingly contingent on seismic performance, while the scale of required retrofit investment simultaneously constrains borrowing capacity. These insurance pressures further undermine the effectiveness of loan-based support mechanisms for earthquake-prone apartment buildings.

Broader evidence on the role of financial incentives in regulatory policy

Where regulation alone is unlikely to achieve the desired outcomes, particularly in contexts where public benefits exceed private returns, incentive-based schemes

are widely used as complementary policy tools. Such approaches are commonly observed in regulatory frameworks addressing public safety, infrastructure provision and environmental protection.

Outside the seismic policy context, extensive literature on energy efficiency demonstrates that cost-effective retrofit measures are often not adopted by private actors, even where lifetime savings exceed upfront investment costs. This phenomenon is widely referred to as the energy efficiency gap. In response, governments commonly employ financial incentives to address market and behavioural failures that inhibit private investment. These incentives typically include rebates, grants, tax incentives and low-cost

studies in this field emphasise that incentives are most effective when they are carefully designed and embedded within a wider policy framework, rather than applied in isolation (Clement and Hansen, 2003; Durmishi et al., 2025; Xiang et al., 2025).

Taken together, evidence from seismic retrofitting programmes, energy efficiency policy, and environmental and climate regulation shows that financial incentives are a well-established and widely accepted complement to regulatory frameworks in situations where public benefits are substantial and private costs are concentrated. Across these policy domains, incentives are not intended to replace regulation, but to address persistent

financial barriers faced by building owners. High-risk buildings that remain subject to the EPB regime, particularly unreinforced masonry and multi-storey heavy-construction buildings, may still require substantial retrofit works, whether full or targeted. While the reforms acknowledge cost as a key barrier, they do not introduce direct financial incentives to support these remediation activities; consequently, the fundamental issue of access to capital remains unaddressed. Instead, the Cabinet-approved measures aimed at lowering costs are primarily regulatory in nature. These include decoupling seismic remediation from additional Building Code upgrade requirements, limiting the seismic standard required when buildings undergo a change of use, and signalling further exploration of regulatory adjustments to reduce compliance complexity. Collectively, these measures reduce costs by removing ancillary regulatory triggers and preventing the escalation of remediation requirements, rather than by subsidising retrofit works or sharing costs with building owners. However, for some building owners, reduced regulatory retrofit requirements are effectively overridden by lender and insurer thresholds. This reinforces the need for financial incentives and/or access to capital mechanisms that operate independently of market-driven constraints.

Evidence from international experience suggests that regulatory reform alone is often insufficient to achieve timely and widespread retrofit compliance where private costs are high and public benefits are diffuse. Many jurisdictions combine mandatory seismic requirements with financial incentives to address cost, liquidity and capability constraints. Examples from the United States, Japan and Taiwan illustrate how grants, cost-sharing arrangements, and other incentive mechanisms have been used to complement regulation and improve compliance outcomes. New Zealand's own experience following the Kaikōura earthquake further demonstrates that when targeted regulation is combined with financial support and active facilitation, high levels of retrofit compliance can be achieved within relatively short time frames.

Against this backdrop, the absence of an incentive framework within the

International experience and New Zealand evidence consistently show that where public safety benefits are high and private costs are concentrated, regulation is most effective when supported by incentives that reduce upfront costs, manage risk and address capability constraints.

loans designed to ease high upfront costs and credit constraints associated with energy-efficient retrofits. Such measures are explicitly justified where private decision making leads to systematic under-investment relative to the social optimum (Allcott and Greenstone, 2012; Fan and Shi, 2025; Gillingham and Palmer, 2014).

Another policy domain in which financial incentives have been shown to play an effective role is environmental and climate regulation. These incentives commonly take the form of grants, soft loans and tax concessions, and are used to encourage private actors to undertake actions that generate broader public benefits. However, evidence suggests that the effectiveness of incentives varies across contexts and is influenced by micro-level factors, such as organisational capacity, access to finance and firm size. As a result,

barriers such as high upfront costs, credit constraints, information gaps and risk aversion that can limit compliance when regulatory obligations operate alone.

Discussion

The Cabinet-approved reforms following the review of the EPB system represent a significant shift towards a more proportionate and targeted regulatory framework. By narrowing the scope of the system to higher-risk buildings and simplifying identification and mitigation requirements, the reforms are intended to reduce regulatory burden and improve clarity for building owners and territorial authorities. In this respect, the reforms respond directly to several structural weaknesses identified in the review.

However, a more focused and better-targeted EPB system does not eliminate the

Cabinet-approved EPB reforms appears to reflect a deliberate policy choice rather than an oversight. While the reforms significantly reduce the number of buildings subject to regulation and lower compliance costs through regulatory relief, they rely primarily on revised obligations and extended time frames to encourage remediation. As a result, the risk of delayed or incomplete compliance by owners of the remaining high-risk buildings may persist.

This risk is amplified by the fact that seismic strengthening generates benefits that extend significantly beyond individual building owners. While private owners capture gains relating to asset safety and continuity of use, evidence from heritage-led retrofit initiatives indicates that seismic remediation also produces wider economic, social and fiscal benefits at local and national scales, including urban revitalisation, employment, tourism activity and increased tax revenues (Whanganui Regional Heritage Trust, 2026a, 2026b). Where these public benefits exceed the private returns available to owners, reliance on regulatory obligations alone creates a risk of systematic under-investment. This multi-scale benefit

structure reinforces the case for financial support mechanisms that share retrofit costs across building owners, territorial authorities and central government, particularly for high-risk buildings remaining within the EPB regime.

Conclusion

This article has shown that the recent Cabinet-approved reforms to New Zealand's EPB system represent a meaningful shift towards a more proportionate, risk-based regulatory framework. However, regulatory refinement alone is unlikely to resolve the core financial barriers faced by owners of the remaining high-risk buildings. International experience and New Zealand evidence consistently show that where public safety benefits are high and private costs are concentrated, regulation is most effective when supported by incentives that reduce upfront costs, manage risk and address capability constraints.

The absence of a structured incentive framework within the reformed EPB system therefore represents a significant policy gap. While the reforms reduce overall system costs, they do not provide

mechanisms to actively enable compliance for those buildings that continue to pose the greatest life-safety risks. Without complementary incentives, there remains a risk that delayed or incomplete remediation will persist, undermining the objectives of the reform.

¹ The 'identify at any time' pathway allows a territorial authority to require a building to be assessed as potentially earthquake-prone outside the standard profile-based identification timeframes, where the authority has reason to suspect that the building may be earthquake-prone (Ministry of Building, Innovation and Employment, 2017).

² Decoupling seismic work from other regulatory requirements refers to reforms that allow seismic strengthening to be undertaken without triggering additional fire safety, accessibility or higher seismic upgrade requirements, particularly in the context of alterations and changes of use.

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