



Media information: Trust begins legal action over structural integrity of buildings

Masterton Trust Lands Trust has begun High Court action seeking to recover the costs involved with remediating structural shortcomings of two of its buildings that have been found not to meet the seismic design standard for new buildings.

The trust has filed court action against the company which undertook the structural design of the buildings, Kevin O'Connor & Associates Limited, as well as the consenting authority, Masterton District Council, and the peer reviewer engaged by the council to review structural aspects of the building designs, Spencer Holmes Limited.

The claim is for the estimated costs of remediating the trust's buildings at 61 and 73 Dixon Street Masterton, built in 2011 and 2007 respectively.

The trust is considering its options in relation to a further nine of its buildings, all of which were structurally designed by Kevin O'Connor & Associates. Of these, four buildings have been assessed as not meeting the New Building Standard. The remaining five buildings are undergoing detailed reviews by independent engineers after initial assessments identified potential structural design issues.

Overall the 11 buildings, built between 2003 and 2016, make up about 20 percent of the value of the trust's total property assets, owned on behalf of the Masterton community.

The trust's chairperson, Leanne Southey, said the decision to take legal action had been carefully considered by the trustees after receiving independent advice from structural engineering and legal experts.

"We have a duty to our owners, the Masterton community, to make sure that the costs of resolving these issues are met by those responsible for designing and signing off the buildings."

Trust general manager, Andrew Croskery, said the claim for the two buildings needed to be made now in order to preserve the trust's ability to seek remediation costs without encountering timing issues.

"The design deficiencies that have been identified in the first six buildings mean that the cost of remediation will be significant," Mr Croskery said. "While the legal process will take some time, we expect to start remediation works in mid-2017."

Miss Southey said these costs would, at least, in the short term affect the level of trust grants to the community. "There is also likely to also be a negative impact on the trust's property portfolio valuation."

The trust has already confirmed its financial commitment to Aratoi for the next 12 months and will be giving priority to education grants in the coming year. Miss Southey said community grants in the coming year were likely to be significantly reduced.

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Background information

- Masterton Trust Lands Trust is a 145-year-old community-owned lands trust formed to own and manage surplus land not sold to Masterton's working class settlers.
- Income from the trust's property investments is distributed in the form of grants to assist educational, cultural and community activities within Masterton.

- The original 165-pound value of the trust lands has now grown into assets valued at more than \$71 million. This concept has played a key role in the evolution of the town since 1872 and continues to do so today.

May 2016

- Masterton Trust Lands Trust (MTLT) was advised by the Ministry for Business Innovation and Employment (MBIE) that the Institute of Professional Engineers NZ (IPENZ) had asked MBIE to review the design documents for six trust buildings after an IPENZ member had raised concerns.
- MTLT agreed to MBIE commissioning Initial Seismic Assessments (ISAs) of the six buildings and assisted MBIE in the review process.
- The six affected buildings, built between 2003 and 2014, are at 408 Queen Street, 47 Chapel Street, 57 Dixon Street, 61 Dixon Street, 73 Dixon Street, and 174 Dixon Street Masterton.

Late June 2016

- Initial Seismic Assessments on the six buildings identified were received by MTLT. One building was assessed as potentially 'earthquake prone' (less than 33 percent of the New Building Standard - NBS). The other five were assessed as potentially 'earthquake risk' (between 34 and 67 percent of the NBS).

Late July 2016

- MTLT commissioned Initial Seismic Assessments of five additional buildings that had been structurally designed by the same structural engineering firm.
- The five additional buildings, built between 2004 and 2016, are at 49 Dixon Street, 100 Queen Street, 27 Lincoln Road, 115 Chapel Street and 203 Chapel Street.

Late August 2016

- Detailed Seismic Assessments by independent structural engineers of the first six buildings, found that three of the buildings are earthquake prone (below 34 percent of the NBS) and three are earthquake risk (34-67 percent of the NBS).
- Initial Seismic Assessments of the additional five buildings assessed the buildings as potentially between 50 and 70 percent of the NBS. None are potentially earthquake prone.

September 2016

- The trust commissioned Detailed Seismic Assessments of the additional five buildings and is awaiting the results.