

NELSON PROPERTY INVESTORS ASSOCIATION
JULY 2018 NEWSLETTER
PO Box 198 Nelson
NelsonPIA@xtra.co.nz

Our fifth meeting of the year is being held at Honest Lawyer Monaco on Tuesday 3rd July 7:30 pm. Due to popular demand and member requests we have Mike Jones from BNZ Markets returning to speak. His topic is “Mr Market and Mr Economy, need a new script?” Mike is a member of the BNZ Markets, Interest Rate Solutions team. Mike has 42 years’ experience in the banking industry. Appointed to a role within Markets in 1985, he has specialised in providing risk management to customers from small private businesses through to corporate entities. Interest is our single biggest expense by a country mile. Take your eye off the big picture and you will soon hit the wall at the end of the tunnel. I have the pre meeting meal sorted now. Get your meal bookings into me ASAP. I will send out a menu a couple of days before the meeting. Things worked well last month with the new meal booking system.

DID PHIL TWYFORD HAVE A LIGHT BULB MOMENT

I was delighted to hear that science and common sense was now back in vogue. The Meth myth has been busted according to the Minister of Housing. This is by far the best landlord news I have heard for a long time. The media has been full of back slapping stories. Below is the best article I have read. It comes from Muriel Newman’s NZCPR weekly web site. Some might have read Prime Minister Jacinda has been reported as saying that compulsory testing was never required. Perhaps I was just imagining it when I heard Tenancy Adjudicator Jenny Leith say at a public meeting in Nelson that she would not make a judgement on any Meth claim unless pre tenancy tests were presented in court. I rang Tenancy Services call centre today to find out if landlords are still required to carry out Meth tests between tenancies. Their answer was I would need to ask the Principle Tenancy adjudicator! As of last week I have already stopped doing between tenancy tests for my rental properties.

In my opinion what Phil has done is unlawful. The law around things like contamination is based on standards. Standards are set by the Standards Association and other regulatory authorities such as MBIE who have the authority to issue regulations. I wonder if Minister Phil was only issuing this directive with respect to Housing New Zealand social housing? MBIE seem to be unclear what the law is and were not quoting Phil’s directive as applying to the 450,000 private rental properties when I rang them.

The dangerous precedent has been set. Watch this space for more law making on the hop from Ministers of the crown.

Posted on June 10, 2018

By Mike Butler

The big methamphetamine clean-up scam that was spectacularly busted last week is a story of a government’s failure to use evidence to create policy. It is also a story of politics.

The bust came from the Prime Minister's chief science adviser, Sir Peter Gluckman, who reported that there's never been a documented case of someone getting sick from third-hand exposure to meth.

National Housing spokeswoman Judith Collins rather lamely told The AM Show that when in government they had no idea the meth-testing industry was bogus.[1]

Reasoning by Collins appears disingenuous when considering a simple question, which is this: How could a substance, if smoked in a property, be so toxic to warrant evicting tenants, tearing out gib linings, dumping carpets, stoves, electrical fittings, and placing warnings on property titles?

I asked the question four years ago because as a rental property owner I was exposed to a new risk of having to spend tens of thousands of dollars to refurbish a property after an allegation that meth had been smoked there. The question was under the Official Information Act and the reply took 20 days.

If Judith Collins and Paula Bennett, who was the Minister in charge of evicting state tenants on suspicion of smoking meth, had asked the question, they would have got the answer in a matter of hours.

In 2014, someone claimed that the police were finding a new clandestine meth-manufacturing lab every 45 hours. I wanted to see the evidence so I asked the Minister of Health, Tony Ryall:

1. The numbers illnesses, hospitalizations, and deaths resulting from methamphetamine contamination from P labs throughout NZ from 2003 to 2013 inclusive, and;
2. The numbers of fires and injuries resulting from P lab explosions during that period.

The reply: The P-lab claim turned out to be rubbish. Police dismantled just 77 of such labs in 2013, or one every five days, and 94 in 2012, and 211 in 2005, when most were found.

The police revealed that there had been 66 clan lab fires since 2004, with 10 each year occurring in 2004, 2006, and 2011.

As to illnesses, hospitalizations and deaths resulting from methamphetamine contamination or fires from P labs during that year – there were none!

The results were published at NZCPR under the headline "P-lab risk vastly exaggerated" at <https://breakingviewsnz.blogspot.com/2014/05/mike-butler-p-lab-risk-vastly.html>

Since then I saw a single report of hospitalisation as a result of third-hand contact with meth — a couple of loons who cooked a boil-up in a pot used for meth manufacture got sick and had to spend a night in hospital.

The decontamination industry was going strong at that time. In 2013, 28 state homes were decontaminated, which rocketed to 174 homes in the first quarter of the 2015 financial year.

The cost of "remediation" or decontamination could range from \$5000 to \$35,000.[2] Local councils could take steps under the Building Act 2004 and the Health Act 1956.

There was still no standard of what level of residual meth could be deemed hazardous. Decontaminators were making it up as they went along. In 2016, the Ministry of Health contracted ESR to undertake a review which resulted in a benchmark for remediation of 0.5 micrograms per 100 square centimetres.

Toxicologist Dr Nick Kim criticised this benchmark as being 24 times lower than "the lowest level that could you could plausibly have a health risk". See "Scientist says P risk over hyped" at <https://breakingviewsnz.blogspot.com/2016/06/mike-butler-scientist-says-p-risk-over.html>

New guidelines of 1.5 micrograms per 100 square centimetres were instituted. Property management consultants Real IQ NZ said:

The working group of 21 who developed the standards, nearly half of this group had a financial interest in keeping the standards as low as possible. It wasn't until the 11th hour that REINZ came onto the committee and even this was after late petitioning. Dr Nick Kim, the person who seems to have the most knowledge on the subject, with absolutely no financial gain or conflict of interest in regards to the setting of standards was not even invited onto the committee.[3]

This was not the first time that the Government was captured by interest group. This has happened with the earthquake building saga (see Earthquake strengthening bad policy at <https://breakingviewsnz.blogspot.com/2013/03/mike-butler-earthquake-strengthening.html#more>), PM10 and fireplaces (Here come the wood-burner police at <https://breakingviewsnz.blogspot.com/2014/03/mike-butler-here-come-woodburner-police.html>), insulation (Insulation benefit grossly overstated at <https://breakingviewsnz.blogspot.com/2016/02/mike-butler-insulation-benefit-grossly.html>), not to mention the Resource Management Act tinkering that made matters worse.

Those readers keeping track of the numbers would have noticed that the new standard of 1.5 micrograms remained eight times lower than “the lowest level that could you could plausibly have a health risk”. A toddler would have to lick every wall of a dwelling to get a reaction.

Then we were told that the standard was supposed to be the standard of remediation, that a decontaminated clan lab should be cleaned to a level to show residual meth no greater than 0.5 micrograms or 1.5 micrograms per 100 square centimetres. How the switcharoo occurred is yet to be explained. These failures show the need for some regulatory responsibility legislation that requires, at least, that “experts” with vested interests should be kept far away from advisory panels.

Evidence of harm should be the basis of any policy intended to prevent harm but there was still not evidence of harm of residual meth in buildings where meth had allegedly been smoked. But there was abundant evidence of harm resulting from the moral panic stirred up by vested interests.

Hundreds of Housing NZ homes have been left empty and more than 100 tenants evicted over meth fears, and \$100 million of taxpayer money spent cleaning homes.

The multi-millions spent by private property owners forced into clean-ups has not been quantified. Insurance premiums have risen to include decontamination cover. Meth safety warranties are required in the sale of rental properties. The meth tag on property titles reduces the value of properties.

The industry has opened the door to property owners getting an insurance-paid refurbishment based on a positive meth test. Neighbours at war could use the P allegation to get rid of someone or to put a landlord in deep strife.

Housing New Zealand will now use a new standard of 15 micrograms of meth detected per 100 square centimetres after cleaning, expecting to save \$30m a year in remediation and testing. That's 10 times the current limit of 1.5 micrograms. It used to be 0.5 micrograms after cleaning.[4]

The fact that continuation of cleaning is implied in the revised measure shows that Housing New Zealand still doesn't get it because there is still no actual evidence of harm from residual methamphetamine.

I wondered what expensive and special chemicals the clean-up specialists were using and found that a good wipe-down with ammonia-based Handy

Andy would remove the residue, if it was in any way harmful, which has yet to be proven. Others said sugar soap.

Methamphetamine ingestion for pleasure undoubtedly damages health and causes a raft of social problems, and I have dealt with some consequences of such use and abuse. But 28 years in rental properties I have experienced few incidents in which meth has been involved. The drug that does the most harm is alcohol.

Who is liable for the horrendous losses caused by this epic regulatory failure? Is there going to be compensation. I'm waiting for the class action.

Credit should go to the new Housing Minister Phil Twyford for recognising the problem and doing something about it, and to Sir Peter Gluckman, who used his stellar position to tell the truth.

At least that was the position before considering politics and not-so-hidden agendas.

Twyford heavily promoted a housing crisis in the run-up to last year's election. As new Housing Minister he has to be seen as implementing a solution. Busting the meth scam both provided a solution and tarred the former government.

But Sir Peter Gluckman, the science advisor for this government also advised the former government. He should explain why he was silent when National apparently presided over a giant meth hoax and emptied out state houses.

The meth hoax is an incarnation of the big lie, which is a gross distortion or misrepresentation of the facts, especially when used as a propaganda device by a politician or official body.

Along with that we have the spectacle of a government being unable to do effectively the one thing it specialises in, that is to regulate.

We have evidence of harm caused by policy that was not based on evidence. We are still awaiting evidence of someone getting sick from third-hand exposure to meth.

FOOTNOTES:

[1] National had no idea meth guidelines were wrong, <https://www.newshub.co.nz/home/politics/2018/05/national-had-no-idea-meth-guidelines-were-wrong-judith-collins.html>

[2] More than \$1.1 million for Auckland state house, decontaminated for P and still affected by lead, <https://i.stuff.co.nz/life-style/home-property/80641462/more-than-11-million-for-auckland-state-house-decontaminated-for-p-and-still-affected-by-lead>

[3] The year the meth myth finally gets busted, <https://www.realiq.nz/news/2018/1/16/is-2018-the-year-the-meth-myth-finally-gets-busted>

[4] Meth tester knew, <https://www.msn.com/en-nz/news/national/meth-tester-already-knew-contaminated-houses-had-little-health-impact/ar-AAxZxsu?ocid=ob-fb-ennz-313>