



Cabinet

CAB Min (02) 31/3A

Minute of Decision

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Minister of Internal Affairs

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Hon Jim Anderton
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Attorney-General
Minister for Courts
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Minister for the Environment
Minister of Housing
(Ministry of Housing)
(HNZC)
Minister of Local Government
Minister with Responsibility for Auckland Issues
Minister of Consumer Affairs
Associate Minister of Health
(Hon Damien O'Connor)
Controller and Auditor-General
Secretary, POL

Weathertight Homes Resolution Services: Financial Implications and Communications

On 18 November 2002, following reference from the Cabinet Policy Committee, Cabinet:

Funding Requirements: Weathertight Homes Resolution Service

- 1 **noted** that the Weathertightness Expert Panel estimated the cost of running the proposed Weathertight Homes Resolution Service for the 26 months to 31 December 2004 at \$27 million excluding GST, based on a “most likely demand” scenario, with a range from \$15 million to \$50 million excluding GST respectively in situations of “low” and “high” demand;

- 2 **noted** that early estimates by officials suggest that the cost noted above associated with the “most likely demand” scenario appears reasonable. However, there are risks associated with the estimates due to uncertainties regarding the appropriate mix of costs and demand loadings;
- 3 **noted** that officials will be in a position to estimate the likely costs of the Weathertight Homes Resolution Service more precisely with the passage of time. As such it is prudent to only fund the service for the remaining of the 2002/03 financial year and refine the costings for the outyears;
- 4 **agreed** to the creation of a new departmental output class titled *Vote Internal Affairs: Weathertight Homes Resolution Service*;
- 5 **approved** the following changes to appropriations to fund the Weathertight Home Resolution Service:

Vote Internal Affairs	\$m – increase/(decrease)					GST
	2002/03	2003/04	2004/05	2005/06	2006/05 & Outyears	
Departmental Output Class: <i>Weathertight Home Resolution Service</i> (funded by revenue Crown)	6.174	-	-	-	-	Incl.

- 6 **noted** that:
- 6.1 income received from fees charged for using the mediation and adjudication services in the current year is likely to be small and uncertain and is, therefore, not taken into account in the appropriations sought; and
- 6.2 fee income will be taken into account in future bids;
- 7 **agreed** that officials hold discussions with Local Government New Zealand, and building industry representatives regarding potential funding contributions;
- 8 **agreed** that the use of the Building Industry Association’s reserves be considered in the context of the Department of Internal Affairs’ wider policy review of the statutory powers and funding of the Authority;

Funding Requirements: An Enhanced Policy Capability

- 9 **noted** that, in addition to the funding requirements for the Weathertight Homes Resolution Service, funds are required to enhance the policy capability to address building policy matters that have arisen as a consequence of the weathertightness issue;
- 10 **noted** that the policy related funds previously appropriated to the Weathertight Establishment Unit are helping to meet the costs of an expanded building programme until December 2002;
- 11 **noted** that post December 2002 an estimated \$0.913 million is required to fund the additions to the building policy workload;

- 12 **approved** the following changes to appropriations to increase funding for the building policy programme:

Vote Internal Affairs	\$m – increase/(decrease)					GST
	2002/03	2003/04	2004/05	2005/06	2006/05 & Outyears	
Departmental Output Class: Internal Affairs Policy Advice (funded by revenue Crown)	0.913	-	-	-	-	Incl.

- 13 **agreed** that increases in appropriations identified in paragraphs 5 and 12 above be included in the 2002/03 Supplementary Estimates and that in the interim the expenses for 2002/03 be met from Imprest Supply;
- 14 **noted** that Cabinet on 18 November 2002 made decisions on the most suitable location of the building policy work [CAB Min (02) 31/14];

Communications Strategy

- 15 **noted** that, a Communications Plan attached under POL (02) 184, has been developed to raise public awareness of weathertightness issues and to publicise the Weathertight Homes Resolution Service.

Secretary of the Cabinet

Reference: CAB (02) 476; POL Min (02) 19/7

Secretary's Note: The minute was amended to record that Cabinet has now made a decision on the location, within the public service, of building policy work (paragraph 14) refers. This minute accordingly replaces POL Min (02) 19/7.