



# Cabinet Policy Committee

POL Min (02) 15/11

Copy No:

## Minute of Decision

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### Leaky Buildings: Establishing a Mediation Service

On 2 October 2002 the Cabinet Policy Committee, having been authorised by Cabinet with Power to Act [CAB Min (02) 25/4]:

- 1 **noted** that the report of the Overview Group on the Weathertightness of Buildings identified that the problem of weather tightness is widespread and substantial and it is still very difficult to assess the full extent and impact of the problem;
- 2 *(This information has been withheld under section 9 of the Official Information Act 1982)*
- 3 **noted** that an assessment and mediation process may be more efficient in settling some disputes over leaking buildings than leaving the parties to rely on litigation and court related settlement negotiations;
- 4 **agreed** that the Government establish an assessment and mediation process which is to be available to users for a modest application fee;
- 5 **noted** that an assessment and mediation process of the kind described in paragraph 4 above, will be effective only if it receives significant support from the parties involved in the leaking building problem;
- 6 **agreed** that if relevant parties do not fully co-operate in the mediation process, the Government will look at further options for assisting home owners to obtain redress;
- 7 **noted** that officials have talked to Local Government New Zealand (LGNZ) and they have indicated support for working in partnership with central government on this issue, and for the idea of a dispute resolution service along these lines. LGNZ is considering what contribution it may be able to make to the service;

### Financial implications

- 8 **approved** the following changes to appropriations in 2002/03 to provide the Department of Internal Affairs with capacity to design and establish a mediation service for the resolution of disputes arising from leaky buildings, with a negative impact on the Government's operating provisions:

	\$m - increase				GST
	2002/03	2003/04	2004/05	2005/06 & Outyears	
<b>Vote Internal Affairs</b> Departmental Output Class: D1 - Policy Advice – Internal Affairs (funded by Revenue Crown)	0.315		-	-	Incl

- 9 **agreed** that the changes referred to in paragraph 8 above, be included in the 2002/03 Supplementary Estimates and in the interim be met from Imprest Supply;
- 10 **noted** that the increase in appropriation above does not include any costs associated with administering the proposed mediation service;
- 11 **noted** the estimated cost of the mediation service of approximately \$4 million (GST inclusive);

#### Further work

- 12 **directed** officials from the Department of Internal Affairs to provide a progress report to the Cabinet Policy Committee on 9 October 2002 on:
- 12.1 the detailed design of the proposed mediation service, including funding mechanisms for the mediation service;
- 12.2 possible options for assisting home owners to obtain redress should relevant parties not fully co-operate in the mediation process (paragraph 6 above refers);
- 13 **agreed** that work urgently proceed on considering:
- 13.1 ways in which the building certification process can be improved to ensure standards are upheld;
- 13.2 whether there is a need for any further action to ensure insurance cover is able to be maintained in the building industry;
- 14 **invited** the Minister of Internal Affairs, the Minister of Finance and the Minister of Commerce to provide for the Cabinet meeting on 7 October a work plan and progress report for the work referred to in paragraph 13 above;
- 15 **invited** the Minister of Local Government to provide advice to the Cabinet meeting on 7 October on whether the Local Government Bill, which is currently before the Local Government and Environment Committee, makes any changes to the current processes that may address some of the leaky building issues;

16 **noted** that the Local Government Bill may be a vehicle for progressing any amendments that are identified as being required to address the issues.

Sarah Egan  
Secretary

Reference: POL (02) 153

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**Present:**

Rt Hon Helen Clark (Chair)  
Hon Jim Anderton  
Hon Steve Maharey  
Hon Phil Goff  
Hon Annette King (part of item)  
Hon Jim Sutton  
Hon Trevor Mallard  
Hon Pete Hodgson  
Hon Parekura Horomia  
Hon George Hawkins  
Hon Paul Swain  
Hon Marian Hobbs  
Hon Chris Carter

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet  
Treasury  
Department of Internal Affairs

**Copies to:**

Cabinet Policy Committee  
Chief Executive, DPMC  
Mary Anne Thompson, DPMC  
Secretary to the Treasury  
Chief Executive, Ministry of Economic Development  
State Services Commissioner  
Solicitor-General  
Chief Executive, Te Puni Kokiri  
Chief Executive, Ministry of Economic Development (Commerce)  
Minister of Internal Affairs  
Secretary for Internal Affairs  
Minister of Local Government  
Secretary for Internal Affairs (Local Government)  
Chief Parliamentary Counsel  
Legislation Coordinator  
Controller and Auditor-General