



Cabinet Policy Committee

POL Min (02) 17/4, 5 & 6

Copy No:

Minute of Decision

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The Crown's Response to Issues Relating to the Weathertightness of Buildings

On 16 October 2002 the Cabinet Policy Committee, having been authorised by Cabinet with Power to Act [CAB Min (02) 27/7, 8 & 9]:

Design of the Government's Weathertightness Mediation and Adjudication Service

- 1 **noted** the preliminary report of officials on the design of the assessment and mediation service to assist homeowners affected by leaky buildings, set out in the paper under POL (02) 164;
- 2 **noted** the latest draft outline of the proposed mediation and adjudication service, tabled by the Attorney-General;
- 3 **agreed** in principle, subject to further detailed design work and consideration, that the process be along the lines in the attached draft outline, but that:
 - 3.1 mediation would be voluntary in the first instance;
 - 3.2 an adjudication process would follow the investigation process similar to the process in the Employment Relations Act;
 - 3.3 further consideration is required of the nature of the adjudication process and any appeal rights;
- 4 **agreed** that should legislative authority be required to implement the mediation and adjudication service, then the Construction Contracts Bill be used as the vehicle for that;

Ministerial oversight

- 5 **noted** that on 7 October 2002 Cabinet established a group of Ministers comprising the Minister of Finance, Minister for Economic Development, Attorney-General (Convenor), Minister of Commerce, Minister of Internal Affairs and Minister of Local Government to direct the government's response to the various aspects of the leaky buildings issue [CAB Min (02) 26/12];
- 6 **noted** that, due to the wider economic concerns arising from this issue, the Deputy Prime Minister would lead on the issue and on any public communications;

- 7 **agreed** that the Associate Minister of Health (Hon Damien O'Connor) should be kept informed of the work of the Ministerial group referred to in paragraph 5 above, and of any developments in this issue, given his environmental health portfolio responsibilities;

Next steps

Mediation and adjudication process

- 8 **directed** the Department of Internal Affairs, Ministry of Justice, Department for Courts, and other agencies as appropriate, to report to the group of Ministers in the week beginning 21 October with a fully developed mediation and adjudication process, including advice on the costs and the funding options, and the legislative changes required;
- 9 **invited** the group of Ministers to submit to the Cabinet Business Committee meeting on 30 October proposals arising from the work in paragraph 8 above;

Other work

- 10 **noted** that other work is proceeding, including the review of the Building Act and potential amendments to the Act, an investigation of issues associated with the regulatory framework of the building sector, insurance issues, the potential effect on the home lending market and other financial sector implications, and the likely impact on individual councils;
- 11 **directed** officials to report to the Cabinet Business Committee on 30 October on progress with the other work being undertaken, including the items covered in paragraph 10 above, and with a work plan for its completion;

Appropriation

- 12 **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/(decrease)					
	2001/02	2002/03	2003/04	2004/05	Outyears	GST
<i>Vote Internal Affairs</i>						
Departmental Output Class: D1 – Policy Advice (funded by revenue Crown)	0.787					Incl.
Total Operating	0.787					

- 13 **agreed** that the changes referred to in paragraph 12 be included in the 2002/03 Supplementary Estimates and in the interim be met from Imprest Supply.

Sarah Egan
Secretary

Reference: POL (02) 164, 165, 166
Paper tabled by the Attorney-General entitled

“Design of Government's Weathertightness [Advisory Assessment/Mediation/Adjudication] Service

Present:

Rt Hon Helen Clark (Chair)
Hon Dr Michael Cullen
Hon Jim Anderton
Hon Steve Maharey (part of item)
Hon Annette King
Hon Jim Sutton
Hon Trevor Mallard
Hon Pete Hodgson
Hon Margaret Wilson
Hon Parekura Horomia
Hon Lianne Dalziel
Hon Mark Burton
Hon Chris Carter

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Copies to:

Cabinet Policy Committee
Chief Executive, DPMC
Mary Anne Thompson, DPMC
Secretary to the Treasury
Chief Executive, Ministry of Economic Development
Secretary for Justice
Director-General of Health
State Services Commissioner
Solicitor-General
Chief Executive, Department for Courts
Secretary of Labour
Chief Executive, Te Puni Kokiri
Chief Executive, Ministry of Economic Development (Commerce)
Minister of Internal Affairs
Secretary for Internal Affairs
Minister for the Environment
Secretary for the Environment
Minister of Housing
Chief Executive, Housing New Zealand Corporation
Minister of Local Government
Secretary for Internal Affairs (Local Government)
Minister with Responsibility for Auckland Issues
Head, Ministry of Consumer Affairs
Associate Minister of Health (Hon Damien O'Connor)
Chief Parliamentary Counsel
Legislation Coordinator
Controller and Auditor-General