

9. FURTHER REPORT ON WEATHERTIGHTNESS ISSUES

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The purpose of this report is to inform the Committee of developments on the above issues since the report to the Committee in October 2002.

The Government has passed the Weathertight Homes Resolution Services Act 2002. The purpose of the Act is to provide the owners of affected homes with access to a speedy, flexible and cost effective procedure for assessment and the resolution of claims arising out of the weathertightness issue.

CLAIMS PROCEDURE

The owner of any building, apartment or flat that is intended to be occupied as a private residence and that is less than ten years old may make an application to use the service.

The Weathertight Homes Resolution Service (WHRS) will make an initial assessment of whether the claim is eligible. If eligible, the WHRS will commission an assessor's report which is then referred to an evaluation panel, with any submissions made by the claimant. The panel will decide whether to refer the claim to mediation or adjudication. For adjudication, the owner serves written notice on the other party and on the WHRS.

The assessors who are appointed by the WHRS are to provide a report setting out whether or not the building met the defined criteria and must set out a view as to the cause, the nature and extent of damage, the work needed to make the dwelling watertight and to repair the damage, the estimated cost of the work and the persons who should be parties to the claim. The assessors are not expected to determine the claim and provide their expertise to evaluate the claim. The assessors are paid directly by WHRS.

The claims will then go to mediation or adjudication. The use of mediation has to be agreed to by the parties involved. The cost has been set at a fee of \$200 for mediation and \$400 for adjudication.

The timeframes for the service are short and an adjudicator must determine a claim within 35 working days of service of the respondent's written response to the adjudication claim.

To-date we have not been formally notified of any claims but the WHRS report that they have had 37 applications to use the service from the Christchurch area. Some of these claims could involve private certifiers and 37 claims involving 94 units can be compared with 20,000 dwelling units built since 1991.

When we are advised of a claim it will be referred to our insurers and legal advisers for advice.

PROCEDURE CHANGES

The Building Industry Authority and the Ministry of Commerce are working on producing guidelines for consent review and inspection. In the interim we have asked consent review staff to make sure flashing details are fully described on drawings and have required extra inspection of plaster cladding systems.

Manufacturers of plaster systems are producing enhanced designs and most are including a drainage cavity behind the cladding to allow drainage of any moisture that penetrates the outer skin.

Chairman's

Recommendation: That the information be received.