

CSG POSITION ON:	Weather tightness STRAW MAN
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Statement of Agreed CSG Position as Agreed at CSG meeting on 6 December 2010

The proposed CSG position is for all buildings, residential and non residential and has been developed with an awareness of the proposed Government funding package.

The straw man is based on:

- 1) A clearly **defined scope** for remedial works.
- 2) A **quarantining** of risks of the design and remediation for the defined scope.
- 3) An independent professional scope **assessment capability**.
- 4) A design and remedial capability established as **an LBP plus/or** accreditation.

Note: LBP refers to the present status of accreditation in the residential sector. The LBP plus would include specific weather tightness process education and maybe required to satisfy the insurers and bankers to insure and approve loans for the leaky home repairs. Accreditation is for the more complex non-residential leaky-building repairs.

- 5) A **commercial, no fault** approach to remediation.
- 6) A process that **minimises non productive litigation** and has a **bias to timely repair**.

Key Attributes of Agreed Position

Plank 1 **Clearly defined remedial scope of works**

The scope needs to assess current damage and the likelihood of further damage which could reasonably be foreseen at the time of the assessment to occur within the extended 10 year warranty period. Any damage arising from the non-repaired elements of the building would constitute a second claim and would be subject to the original 10 year warranty constraints.

Limit betterment to that paid for by the homeowner.

Be explicit re the appropriate building code. Remedial work, other than weather tightness, to be to the building code applicable at the time of the original construction.

Betterment ie double-glazing to be at the discretion and cost of the owner.

Hybrid outcomes need to be accommodated, ie remedial repairs require cavity and no cavity for the portion not requiring repair?

No recourse beyond the 10 year term for the non repaired portion.

The consent and CCC is for the defined remedial scope only.

The historic CCC remains for the balance of the home.

Plank 2 **Quarantining of risks**

An accredited designer or builder (defined below) does not expose themselves to risks beyond the defined remedial scope. If the accredited parties are the original parties their liability for the non remediated portion is as if the remediation did not take place, i.e. the balance of the building subject to any existing warranty.

Plank 3 **Assessment capability**

Independent accredited assessors will need to be trained. They will be contracted to DBH. A feedback loop from initial assessment to interim/final assessment once the building has been opened up is required.

Training and capacity needs to be addressed.

Plank 4 **LBP plus/or accreditation**

The design and physical remediation will be complex. The consumer needs unequivocal assurance of competence in the remedial design and construction parties. Insurers need to have confidence to cover the risks. We need an aligned accreditation for design and construction. This requirement may break the homeowner link to the initial designer and or builder and make continuity of parties less likely; (issue re entity, individual vs company needs to be addressed).

Plank 5 **A commercial no fault approach**

It is assumed that the original builder will be notified that there is a claim before the WHRS and given the option to repair the leaks where that Builder has LBP plus/ or accreditation.

There have been suggestions that builders will discount their time and suppliers their products to subsidise the remediation process.

On the builders' side, some builders who achieve the LBP plus/or accreditation may choose to remediate their own work.

This is a way of them managing their own liability directly and would allow no further recourse beyond the remediation contract. This would be a negotiated settlement with the owner/RC.

There should be no option for a non accredited design or build party to participate in the scheme.

In other cases LBP plus/or accredited designers and builders will remediate work done by others. In these instances the contracts need to be commercial and marketable.

Owners are free to pursue the original designers and builders under their original terms.

The same concept applies to materials supply. Manufactures will not be able to ID remedial deliveries as these will be ex stock from merchants and merchants will price in accordance with competitive pressures and normal business risk.

Plank 6 **Warranties**

Accredited parties will offer a 10 year warranty on the defined remedial scope of work.

The original CCC date is applicable to non repaired work warranties.

Plank 7 **Minimisation of litigation and a bias to active remediation**

All remedial under the scheme to be effected by accredited parties.

Owners option to engage with original builder if accredited.

The option exists to move to new accredited parties to facilitate a timely solution with recourse to original parties if this is more acceptable to them.