

**IN THE EMPLOYMENT COURT OF NEW ZEALAND  
AUCKLAND**

**I TE KŌTI TAKE MAHI O AOTEAROA  
TĀMAKI MAKĀURAU**

**[2024] NZEmpC 105  
EMPC 443/2023**

IN THE MATTER OF            a challenge to a determination of the  
   Employment Relations Authority

AND IN THE MATTER OF    an application for security for costs

BETWEEN                      NICOLA WATKINS  
   Plaintiff

AND                                HIGHMARK HOMES LIMITED  
   Defendant

Hearing:                      3 May 2024  
   (Heard at Auckland)

Appearances:                Plaintiff in person  
   R Upton, counsel for defendant

Judgment:                    13 June 2024

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**INTERLOCUTORY JUDGMENT OF JUDGE KATHRYN BECK  
(Application for security for costs)**

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**Background**

[1] This judgment resolves an application by Highmark Homes Ltd (Highmark Homes) for an order that Ms Watkins pay security for costs.

[2] The substantive proceeding to which this application relates involves a challenge to a determination of the Employment Relations Authority in which the Authority declined to reopen two of its previous determinations issued on 30

November 2022 and 1 December 2022 respectively.<sup>1</sup> The determination issued on 30 November 2022 rejected Ms Watkins' claims of a personal grievance for unjustified disadvantage along with wage arrears and awarded damages to Highmark Homes on its counterclaim.<sup>2</sup> The determination issued on 1 December 2022 declined Ms Watkins' application to reopen a previous determination in which the Authority had found some of Ms Watkins' grievances were not raised within the correct timeframe.<sup>3</sup>

[3] Ms Watkins' substantive grievances along with her applications to reopen the Authority's determination have all to this point been unsuccessful, and costs awards have been made against her.<sup>4</sup> Further, Ms Watkins has only sought to challenge the Authority's decision not to reopen its previous determinations. She has not sought to challenge the Authority's determinations which dealt with her substantive claims and is now out of time to do so.

[4] Highmark Homes seeks security for costs of \$20,315 on the basis that if Ms Watkins' challenge is unsuccessful, that is the amount she will likely be ordered to pay.<sup>5</sup> It says that there is reason to believe that Ms Watkins will be unable to pay such an award of costs if she is unsuccessful, that the merits of her challenge are dubious, and that it is just in all the circumstances to order security.

[5] Ms Watkins says that Highmark Homes has not established that she does not have the financial means to pay security for costs. However, she acknowledges that an order for security would cause her family additional hardship and that it would severely impede her family's ability to keep their business open. Further, Ms Watkins says that her challenge has merit and that this application by Highmark Homes is an attempt to shut down her claim, which constitutes an attempt to abuse the court's processes. Finally, she submits that Highmark Homes' actions have forced her into financial hardship and that she would be in a better financial position if she had never been employed by them.

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<sup>1</sup> *Watkins v Highmark Homes Ltd* [2023] NZERA 418.

<sup>2</sup> *Watkins v Highmark Homes Ltd* [2022] NZERA 632.

<sup>3</sup> *Watkins v Highmark Homes Ltd* [2022] NZERA 638; and *Watkins v Highmark Homes Ltd* [2020] NZERA 467.

<sup>4</sup> *Watkins v Highmark Homes Ltd* [2023] NZERA 506; and *Watkins v Highmark Homes Ltd* [2023] NZERA 611.

<sup>5</sup> Calculated on the basis of a one-day hearing.

## The law

[6] There are no particular provisions relating to security for costs in the Employment Court. Accordingly, pursuant to reg 6(2)(a)(ii) of the Employment Court Regulations 2000, the Court looks to the provisions of the High Court Rules 2016 when dealing with applications for security for costs.

[7] Under r 5.45(1)(a)(i) and (b) of the High Court Rules, the Court has a discretion to order the giving of security for costs if a plaintiff is resident outside New Zealand or there is reason to believe that the plaintiff would be unable to pay the costs of the defendant if the plaintiff is unsuccessful in their proceeding.

[8] In exercising this discretion, the Court must consider all the circumstances and balance the interests of both the plaintiff and the defendant.<sup>6</sup> An order may be made if it is just in all the circumstances.<sup>7</sup> Where an order for substantial security may effectually prevent a plaintiff from pursuing their claim, security should only be ordered where the plaintiff's claim has little chance of success.<sup>8</sup> If the defendant's actions, being the subject of the litigation, have caused the plaintiff's impecuniosity, that will count as a factor against security being granted.<sup>9</sup>

## Analysis

*Is there reason to believe Ms Watkins will be unable to pay costs if unsuccessful?*

[9] In an affidavit, Ryan Hunt, a director of Highmark Homes, says that when Ms Watkins worked for the company, she had some financial difficulties which led to the company lending her money. He says there is no reason why her financial position would have improved since then.

[10] Of more relevance, the affidavit also notes that Ms Watkins still owes the company large sums of money. Originally, the Disputes Tribunal ordered that she pay the company \$23,996.<sup>10</sup> When she refused to pay, the company served her with a

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<sup>6</sup> *McLachlan v MEL Network Ltd* (2002) 16 PRNZ 747 (CA) at [15]–[16].

<sup>7</sup> High Court Rules 2016, r 5.45(2).

<sup>8</sup> *McLachlan v MEL Network Ltd*, above n 6, at [15].

<sup>9</sup> *Bell-Booth Group Ltd v Attorney-General* (1986) 1 PRNZ 457 (HC) at 461.

<sup>10</sup> See *Highmark Homes Ltd v Watkins* [2023] NZHC 353 at [2].

bankruptcy notice, which led to her making payment at the last moment after being given a final opportunity to pay by the High Court.<sup>11</sup> Subsequently, the High Court issued a costs minute ordering her to pay Highmark Homes \$14,426.50 in costs.<sup>12</sup> The Authority has also ordered remedies and costs totalling \$16,500.25 against her.<sup>13</sup> Together, the orders of the High Court and Authority come to a total of \$30,926.75; that sum remains unpaid. Mr Hunt's evidence is that these unpaid awards make Highmark Homes believe that Ms Watkins would be unable to meet any costs awards that the Employment Court may grant.

[11] Ms Watkins states that she does not have \$20,000 in her bank account to pay any order for security for costs. She indicates that finding a sum of that amount would cause her serious hardship, would undermine the cash-flow of her family business, and could bankrupt her. However, she submitted that she would be able to find the money in the future if she was required to do so by the Court; it just may take some time.

[12] I accept that Ms Watkins may be able to find such a sum if necessary. She has done so in the past. In the current circumstances, however, Ms Watkins also faces substantial other liabilities. She owes \$30,926.75 to Highmark Homes. If paying \$20,000 would cause her serious hardship, paying \$30,926.75 is likely to cause her even greater difficulties. If, after paying off her outstanding liabilities, she was then ordered to pay an additional \$20,000, I find that there is a real risk that she will not be able to comply.

[13] Therefore, I find that there is reason to believe that Ms Watkins will not be able to comply with an order of costs should she be unsuccessful in her challenge to the Authority's determination.

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<sup>11</sup> At [35].

<sup>12</sup> *Highmark Homes Ltd v Watkins* HC Auckland CIV-2021-404-002268, 4 September 2023. Ms Watkins has provided a document to the Court – “Interlocutory application to set aside bankruptcy notice on notice”, indicating that the High Court costs award is now the subject of further bankruptcy proceedings in the High Court as of April 2024.

<sup>13</sup> *Watkins v Highmark Homes Ltd* [2022] NZERA 632; *Watkins v Highmark Homes Ltd* [2023] NZERA 506; and *Watkins v Highmark Homes Ltd* [2023] NZERA 611. However, that sum does not include the unquantified interest that was ordered on the remedies.

*Is an order for security for costs just in all the circumstances?*

[14] Having been satisfied that the threshold test is satisfied, I now turn to consider the other factors stated by the parties, which concern the following issues:

- (a) What are the merits of Ms Watkins' challenge?
- (b) Is the application for security an abuse of process?
- (c) Were Ms Watkins' financial circumstances caused by Highmark Homes?

*What are the merits of Ms Watkins' challenge?*

[15] Schedule 2 cl 4 of the Employment Relations Act 2000 (the Act) permits the Authority to reopen an investigation upon such terms as it thinks reasonable. The overarching principle is that a reopening will be granted where it is necessary to avoid a miscarriage of justice. A miscarriage of justice can occur where new credible evidence is found that could not have been obtained with reasonable diligence prior to the investigation and that, if given, would probably have an influence on the result of the case.

[16] However, certainty in litigation is important. The jurisdiction is not to be exercised for the purposes of re-agitating arguments or providing a backdoor method by which unsuccessful litigants can seek to re-argue their case. Where a party is dissatisfied with an Authority determination on grounds that may be the subject of a challenge under s 179 of the Act, the Authority will normally be reluctant to grant a reopening. There must ultimately be an end to litigation.<sup>14</sup>

[17] The statement of claim filed by Ms Watkins in these proceedings claims that the Authority erred when it refused to reopen its investigation on the basis that:

- (a) the Authority failed to consider the skills and ability of the plaintiff to present her case;

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<sup>14</sup> *Randle v The Warehouse Ltd* [2019] NZEmpC 68 at [13]–[18].

- (b) the Authority failed to comply with s 157 of the Act and allowed the defendant to use the processes of the Authority to further disadvantage the plaintiff;
- (c) the Authority failed to properly consider matters, such as an agreement relating to the construction of a spec house and an invoice for car repairs, that were part of the employment relationship;
- (d) the Authority failed to consider the high volume of offensive emails received by the plaintiff that had an impact on her;
- (e) the Authority failed to address the defendant's defamation of the plaintiff even though it acknowledged that defamation had likely occurred in its determination dated 8 May 2022; and
- (f) the Authority wrongly directed the plaintiff to remove information in respect of her claim that she had been dismissed.

[18] The first two alleged failures, (a) and (b), by Ms Watkins are not matters that would normally justify reopening an investigation. If a party is concerned that they did not get a fair hearing in the Authority, the appropriate pathway is to challenge the Authority's determination and then, if necessary, to file judicial review proceedings. Reopening an investigation can do little to amend procedural defects such as those alleged.

[19] The third and fourth alleged failures, (c) and (d), relate to evidentiary matters. The existence of such evidence would only justify reopening where that evidence was not reasonably available to the parties prior to the investigation meeting. It appears some of the evidence was before the Authority but was not, in Ms Watkins' view, properly considered. Such a claim is a matter for a challenge and is unlikely to support an application to reopening. If it was not before the Authority, then it is information to which Ms Watkins had access at the time or could likely have been obtained if reasonably diligent efforts had been made prior to the Authority's investigation; therefore, it is unlikely that such evidence could support an application for reopening.

[20] The fifth alleged failure, (e), relates to a determination of the Authority that is not the subject of these proceedings. It is not even clear that such a determination exists. However, the Authority indicated in its determination dated 30 November 2022 that it did not have jurisdiction to consider a claim for defamation that arose outside of the work context.<sup>15</sup> If Ms Watkins considers that the Authority erred in reaching that conclusion about its jurisdiction, the appropriate pathway to review that determination was to challenge it. Attempting to re-argue jurisdictional issues through an application for reopening is inappropriate. Therefore, it is not clear how this could constitute a basis for reopening the determination.

[21] The sixth alleged failure, (f), relates to a direction of the Authority. It relates to whether the Authority was correct to make a direction. The proper way to have such a direction overturned is to file a challenge in the Court. The mere fact that the Authority made such a direction could not be a basis for reopening its investigation.

[22] Accordingly, while it is normally problematic to consider the merits of a proceeding before it has been heard and evidence called, in this instance, given Ms Watkins' claims as set out in the statement of claim, it is possible to say that, on the face of it, the merits are not strong.

[23] Further, there are more fundamental concerns with the claims in the statement of claim.

[24] Because she did not file this challenge within the statutory timeframe, Ms Watkins was required to file an application for leave to extend the time to file a challenge. In the Court's decision on that issue, it was noted that the remedies<sup>16</sup> sought in the draft statement of claim were not available.<sup>17</sup>

[25] The Court emphasised that leave to extend the time to file a challenge was only granted in relation to the Authority's determination dated 4 August 2023 declining to

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<sup>15</sup> *Watkins v Highmark Homes Ltd* [2022] NZERA 632 at [21].

<sup>16</sup> The remedies sought are findings on personal grievances, payment for loss in relation to a spec house, reimbursement of fees, payment of unpaid wages and holiday pay and compensation under s 123(1)(c)(i) of the Employment Relations Act 2000.

<sup>17</sup> *Watkins v Highmark Homes Ltd* [2023] NZEmpC 194 at [19]. In her statement of claim, Ms Watkins seeks remedies that relate to her earlier substantive claims (not the application to reopen).

reopen its investigations.<sup>18</sup> Leave to extend the time did not relate to a challenge to the substance of those determinations, nor was it sought by Ms Watkins.

[26] However, despite being told that those remedies were unavailable, the remedies currently sought in Ms Watkins' statement of claim remain as in her initial draft.

[27] Her focus on the broader substantive issues, rather than on the issues relating to her (relatively narrow) challenge,<sup>19</sup> indicates a misconception which flows through her proceeding.

[28] As none of the remedies sought in the statement of claim are available to her on this challenge, that also indicates that the merits of her claim are not strong.

[29] That is not to say that the Court cannot set aside the Authority's determination which has been challenged, but even if successful in that challenge, the Court cannot grant the remedies Ms Watkins seeks.

[30] Overall, Ms Watkins' challenge, as pleaded, has difficulties. I accept the submission from Highmark Homes that the merits of Ms Watkins' claim are likely weak. This factor weighs in favour of granting the application for security for costs.

*Further observations on the merits*

[31] In the High Court's decision on the bankruptcy issue, Associate Judge Gardiner found that there was a risk that Ms Watkins was trying to "relitigate claims" and that there was no "realistic possibility" of her ultimately succeeding in her claims.<sup>20</sup> She went on to conclude with the following observations:

[36] At the hearing I heard from Ms Watkins and her son, Jonathan, about the emotional toll the dispute with Highmark has had on their family since around the time of her termination in 2017. I am sorry to hear how difficult things have been for them.

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<sup>18</sup> At [21]–[22].

<sup>19</sup> The Authority's decision not to reopen its investigations.

<sup>20</sup> *Highmark Homes Ltd v Watkins* [2023] NZHC 353 at [30].

[37] Plainly Ms Watkins does not accept, and may never accept, the decisions of the Tribunal and the ERA. Despite that, I urge Ms Watkins to accept the finality of the Tribunal decision concerning Wheatstone Road, pay the sum the Tribunal ordered if she is able, and thereby take a step towards putting the dispute with Highmark behind her.

[32] I echo those observations. Ms Watkins has (in the main) represented herself throughout these proceedings and I acknowledge the challenges that a self-represented person faces in dealing with legal processes. However, the Authority has clear information on its website about the right to challenge a determination if you are not happy with the outcome. If Ms Watkins was dissatisfied with the Authority's initial determinations, she ought to have filed challenges (as she has done now by challenging the determination to decline to reopen the investigations). Although she is entitled to pursue claims in the Court, the manner in which she is seeking to pursue those claims cannot result in the outcome she seeks. Further, as already noted, the merits of her applications to reopen have difficulties.

[33] In her memorandum filed on 6 May 2024, Ms Watkins has written about the impact on her and her children of the ongoing litigation. I am sorry to hear about the financial struggle being experienced by the Watkins family.

[34] Ms Watkins has said that she is waiting to see what the Court says about her best option.<sup>21</sup> It is not the role of the Court to provide the advice she seeks. However, it can comment on the apparent merits of the proceedings before it. Given the concerns outlined above about the merits of these proceedings, there is a risk that the financial burden being experienced by herself and her family could worsen if she was unsuccessful and there was a costs award against her.

*Is the application for security for costs an abuse of process?*

[35] Ms Watkins submits that Highmark Homes is seeking to undermine her challenge with this security for costs application. She submits that it constitutes an abuse of process.

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<sup>21</sup> Memorandum of Nicola Watkins for plaintiff (6 May 2024) at [37].

[36] I accept that it is improper for a defendant to use an application for security for costs to stifle a claim that it would rather not defend.<sup>22</sup> However, there is no evidence that Highmark Homes wishes to achieve that through this application. The company went so far as to concede in its submissions that if the claimed sum could have the effect of preventing the claim, the Court could consider ordering a lower sum than that applied for. That concession indicates to me that Highmark Homes is not using this application to stifle Ms Watkins' claim.

[37] In *McLachlan v MEL Network Ltd*, the Court of Appeal stated: "defendants ... must be protected against being drawn into unjustified litigation, particularly where it is over-complicated and unnecessarily protracted."<sup>23</sup> Counsel for Highmark Homes submitted that the description fits these proceedings.

[38] The manner in which Ms Watkins has approached this application for security for costs has been complicated by a focus on irrelevant matters through the persistent filing of memoranda and documents, even after the hearing had concluded. While that is, in part, explained by the plaintiff representing herself in a formal legal environment, her approach to the proceeding has resulted in the litigation becoming protracted.

[39] The challenge relates to a determination of the Authority in which the Authority declined to reopen two determinations; one of those determinations which it declined to reopen was itself a determination declining to reopen a previous determination in which Ms Watkins was unsuccessful. This has unfortunate financial implications for both parties.

[40] I accept that Highmark Homes has a legitimate interest in seeking security for costs in the face of a challenge which on its face is likely to cause it further costs. There is no evidence that this application is an attempt to abuse the processes of the Court.

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<sup>22</sup> *Tri Media International Ltd v The Wellington Co Ltd* HC Wellington CIV-2008-485-2768, 6 August 2009 at [24].

<sup>23</sup> *McLachlan v MEL Network Ltd*, above n 6, at [16].

### *Perjury allegations*

[41] For completeness, I observe that various documents filed by Ms Watkins also make allegations of perjury in respect of various individuals who have given evidence for Highmark Homes in the past, including Mr Hunt who has provided an affidavit in support of this application. In her affidavit filed on 25 March 2024, Ms Watkins stated, in support of her proceedings, that if a judgment is obtained by fraud, it should be unravelled. It is not clear which judgment Ms Watkins is referring to, but it does not appear to be the determinations of the Authority that are the subject of this challenge.

[42] I accept this is a genuine and strongly held concern by Ms Watkins. She has previously made complaints to the New Zealand Police. However, these have not been taken any further. Additionally, Ms Watkins' statement of claim for her challenge does not plead that perjury occurred or that the Authority should reopen its investigation as a result of perjury. That means that those claims are not before the Court, and as such, the Court is not in a position to assess whether the merits of those claims are strong or weak. Therefore, I do not propose to take them any further.

[43] The allegations made by Ms Watkins are serious. If she wishes to have her allegations of perjury before the Court as part of her challenge on the reopening issue, she will need to seek leave to amend her statement of claim.

### *Were Ms Watkins' financial circumstances caused by Highmark Homes?*

[44] Ms Watkins submits that security for costs should not be ordered against her because even if she is not likely to be able to pay an adverse costs award, her poor financial position was caused by Highmark Homes. In response, Highmark Homes submits that her financial situation was caused by the proceedings she brought against Highmark Homes in the Authority.

[45] Where a defendant's actions, that are the subject of the cause of action, caused a plaintiff's financial situation, that is a strong consideration against awarding security.<sup>24</sup> However, it is not sufficient for Ms Watkins to argue her impecuniosity is

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<sup>24</sup> *Bell-Booth Group Ltd v Attorney-General*, above n 9, at 461.

the fault of Highmark Homes merely because it does not accede to her claims and pay damages.<sup>25</sup> For example, in *DK Kelsey Ltd v Matakana 2008 Ltd*, the High Court held:<sup>26</sup>

[10] As part of its opposition to the security for costs application, DK Kelsey Ltd says that the defendants caused its impecuniosity. On that, I accept the defendants' submission that at best DK Kelsey Ltd's case shows that they breached warranties and made misrepresentations with the result that DK Kelsey Ltd paid too much for the business. But that does not by itself show that the defendants' conduct resulted in impecuniosity. Consistent with that, DK Kelsey Ltd appears to have kept trading and paid its rent until the expiry of the lease in 2014. DK Kelsey Ltd needs to show more to make out a case for impecuniosity caused by the defendants.

[46] Highmark Homes submitted that the Authority has already determined that any loss suffered by Ms Watkins was not caused by unlawful or unjustified action by the company. Therefore, the argument does not apply to these circumstances.

[47] Likewise, it submits any loss suffered as a result of the Disputes Tribunal proceedings was caused legitimately by awards that were made to Highmark Homes as part of a court process. It says they cannot be used to count against it.

[48] I note that Ms Watkins' submission is that that action arose out of the employment relationship and so should have been dealt with in the Authority, not the Disputes Tribunal. However, the Authority disagreed and advised it was outside its jurisdiction. The Disputes Tribunal considered it did have jurisdiction, heard the matter and made orders against Ms Watkins. Those awards have been upheld by the High Court in the bankruptcy proceedings.<sup>27</sup> There is no outstanding jurisdictional issue; the matter has concluded. It cannot be relitigated in this Court.

[49] The evidence before the Court does not support a submission that Highmark Homes, through its (unlawful) conduct, caused Ms Watkins' financial situation.

[50] I consider that this factor is neutral.

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<sup>25</sup> *Birnie Capital Property Partnership Ltd v Birnie* HC Auckland CIV-2010-404-3000, 29 October 2010 at [31].

<sup>26</sup> *DK Kelsey Ltd v Matakana 2008 Ltd* [2016] NZHC 2634 at [10].

<sup>27</sup> *Highmark Homes Ltd v Watkins* [2023] NZHC 353 at [27]–[28].

*Other factors*

[51] At the hearing of this application, Ms Watkins handed up additional documents which she considered supported her case. This included:

- (a) a lengthy affidavit from 2020 that had been filed in the Authority relating to whether her personal grievances were raised within time;
- (b) a LawTalk article titled: “Compensation for Loss of Dignity: the illusive search for a principled approach”;
- (c) documents from early 2023 relating to her bankruptcy proceedings;
- (d) pleadings with related annexures from early 2021 relating to one of the matters before the Authority;
- (e) correspondence between various individuals from 2017 and 2018;
- (f) documents from 2017 relating to the sale of her property at Wheatstone Road;
- (g) documents from 2024 relating to the new bankruptcy proceedings in the High Court;
- (h) an extract from a conference paper from the New Zealand Law Society Employment Law Conference;
- (i) a paper by Chief Judge Inglis titled: “Defining good faith (and Mona Lisa’s smile)”;
- (j) a letter from the New Zealand Law Society to the Rules Committee discussing the issue of access to justice; and
- (k) a determination of the Authority.<sup>28</sup>

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<sup>28</sup> *Price v Pinevale Farms Ltd* [2023] NZERA 45.

[52] After the hearing, Ms Watkins also filed a memorandum on 6 May 2024 outlining various issues that she wished the Court to consider. I have taken that memorandum into account.

[53] I have reviewed all of these documents. Some of them have been of assistance to the Court in providing context to the parties' dispute and a greater understanding of Ms Watkins' submissions in opposition to the application for security for costs. I have taken this relevant material into account in making this decision. However, some of the documents were not relevant in that they could not have any bearing on whether the Court should order security for costs or whether the Court should order the Authority's investigation to be reopened. Accordingly, I have set those documents to one side for the purposes of this judgment.

#### *Balance of convenience*

[54] I have already found that there is a real risk that if Ms Watkins is unsuccessful in her challenge, she may not be able to comply with any costs award issued against her.<sup>29</sup> Further, the merits of her challenge at this stage do not appear to be strong. There is no evidence to indicate that the application for security has been brought with improper motives, and the Court is unable to reliably assess, on the evidence before it, whether Ms Watkins' situation was caused by relevant unlawful conduct of Highmark Homes.

[55] Having assessed these factors, I consider that it is in the interests of justice for security for costs to be ordered.

#### **What security should be ordered?**

[56] Highmark Homes seeks security for costs of \$20,315. It provided a schedule to its application which outlines how that figure was reached using the Court's guideline scale for costs. The calculations appear to be accurate on the basis of a one-day hearing. However, this is a challenge to a determination declining to reopen Authority proceedings, and \$20,315 seems high in the circumstances. Highmark

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<sup>29</sup> See above at [13].

Homes also conceded in submissions that a lesser sum may be sufficient if there were concerns that an order of security would prevent Ms Watkins from pursuing her challenge.

[57] I am concerned that an order of \$20,315 would be unnecessarily high given the impact it may have on Ms Watkins' challenge. Ms Watkins has indicated that she may be able to find such a sum but that it would cause her some difficulty. This could lead to unnecessary delay, particularly if Ms Watkins is at first unable to pay the sums ordered but then at some later point is able to do so. Such delay would not be in the interests of justice. Overall, I consider that a sum of \$10,000 is sufficient in the circumstances of this case.

[58] I also observe that r 7.45 of the High Court Rules provides that the Court may make an interlocutory order subject to any just terms or conditions. In this case, any order for security for costs must rest on the foundation of the threshold issue of Ms Watkins' inability to pay. There is reason to believe that Ms Watkins may not be able to comply with an adverse costs award because she has other outstanding sums owing to Highmark Homes which are substantial. If, however, those sums were to be paid, the basis for Highmark Homes' application would be weakened. Therefore, I consider that this order ought to be made subject to a condition that if Ms Watkins pays those outstanding liabilities, the order will lapse.

[59] Finally, given that Ms Watkins has indicated that she will be able to meet a costs award but that it may take some time to find the sums, I consider that it is appropriate to provide her with a longer period than is normal to meet the security for costs application.

## **Outcome**

[60] Accordingly, I make the following orders:

- (a) Ms Watkins is to pay the amount of \$10,000 to the Employment Court registry, as security for costs, within six weeks of the date of this judgment. That sum is to be held by the Registrar of the Court in an interest-bearing account until further order of the Court.

(b) If payment is not made within six weeks, these proceedings are stayed.<sup>30</sup>

[61] However, the orders at [60] above will lapse if Ms Watkins pays the sums owing to Highmark Homes (being \$14,426.50 and \$16,500.25 and the additional sum of interest) within six weeks of the date of this judgment.<sup>31</sup> Counsel for the defendant is to advise the registry if this occurs.

[62] If Ms Watkins complies with her other obligations after six weeks has elapsed, I reserve leave for her to apply on notice for the orders at [60] above to be discharged.

[63] In the circumstances, costs on this application are reserved for consideration at the resolution of this proceeding.

Kathryn Beck  
Judge

Judgment signed at 5.40 pm on 13 June 2024

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<sup>30</sup> High Court Rules 2016, r 5.45(3)(b).

<sup>31</sup> See above at [10].