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Annual Report of the Building Industry Authority for the year ended 30 June 2001.
Presented to the House of Representatives pursuant to Section 44 of the Public Finance Act 1989.

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*Building
Industry
Authority*

**Building
Confidence**

Our mission: To be the single focus for efficient and effective building controls that promote health and safety.

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*Built to last. Building Code Clause B2
Durability ensures that a building will
continue to satisfy all other Building
Code requirements throughout its life.*



Chairman's and Chief Executive's Report

The past year has been notable for the changes that have been made to the membership of the Authority, to the Authority's office accommodation and to the Authority's Approved Documents. Each of these is mentioned later in this report.

What did not change was the Authority's consistent policy of ensuring that the health and safety of all building users is protected by means which are economical and effective. Nor was there change to the Authority's recognition that the Building Act requires it to consider the national cost and benefit of any proposed amendments to the Act, the Building Code or the Approved Documents.

That approach provided the basis of the Authority's recommendations to the Minister of Internal Affairs in 1996 to amend Code Clause H1 Energy Efficiency and the Authority was therefore pleased when the amendment came into effect in December 2000. This cleared the way for the release for public comment in August 2000 of a revised draft Approved Document for H1. Over 140 draft documents were sent to interested parties and 23 responses were received. These were carefully studied and some amendments made before the Approved Document was finally approved. Amongst the measures taken to inform the industry and the public

of the significance of the new Approved Document were explanatory articles in *BIA News* and on the Authority's website. These complemented the work done by BRANZ in mounting a nationwide seminar series on building efficiency which explained not only the good practice required to comply with the minimum requirements of the new Clause H1 but also promoted the best practice for those wishing to exceed the requirements of the Building Code.

The Authority has taken an active interest in the emerging National Energy Efficiency and Conservation Strategy developed by the Energy Efficiency and Conservation Authority (EECA). The implications for the building sector are significant and will focus fresh attention on Code Clause H1 which was last reviewed in 1996.

The Authority delivered its own seminar series on fire safety in 18 different cities from mid-February until early April. The new Approved Document for Fire Safety came into force in June by which time territorial authority officials, building certifiers, independent qualified persons (IQPs), designers, architects, commercial building owners, fire engineers, and New Zealand Fire Service personnel had had the opportunity to attend the day-long seminar in their region.

Faced with an ongoing shortage of office space, at the beginning of the year

the Authority considered a range of options. These included a move to a large floor-plate in another building and the occupation of further floor space in its existing location in Greenock House. After carefully weighing up the advantages and disadvantages of several options available to it, and taking into account the offer of a generous contribution to fit-out costs from the landlord, the Authority elected to remain in Greenock House and to fit-out another floor to match the existing office space. The lowest of four tenders was accepted and the fit-out completed comfortably within budget. The opportunity was taken to include accessible bathroom facilities within the expanded office area, indicating the Authority's belief that accessibility must be considered during building alterations.

During the year the Authority continued to encourage suitably qualified people to apply to become building certifiers and to support the careful development of the scope and experience of building certifiers already approved. The Authority has no disciplinary powers over territorial authority building officials but it does over those few building certifiers who make errors and provoke complaints. The outcome of disciplinary investigations and hearings are frequently helpful to both certifiers and territorial authorities and form part of the process

of gradual strengthening of the numbers and skill of building certifiers.

As the year ended the media drew attention to problems with some leaking buildings. The Authority had been alerted to some concerns months earlier and by August was calling for submissions on a review of Clauses B2 Durability, E2 External Moisture and E3 Internal Moisture. The review of these clauses has given rise to further collaboration with BRANZ, which has the capacity to provide considerable scientific background to the work.

Interest in the settlement of technical disputes by the process of determination continued this year. The numbers of determinations received in a year is inevitably unpredictable, but the Authority succeeded in completing determinations with a minimum of avoidable delay and presumably to the satisfaction of the parties since no determinations were appealed to the High Court. The Authority is conscious that building work worth thousands if not millions of dollars is held up by technical disputes and that the significant advantage of the determination process to the building industry is that it avoids the consequences of months of waiting for a fixture in the Courts.

The review of the Building Act announced in the 1999 Budget and conducted by the Department of Internal Affairs gathered momentum during

the year. The Authority welcomed the review when it was first announced and Authority staff have provided background information and support. As the year ended the Discussion Document being prepared by the Department for distribution to the interested public was close to completion.

Late in the year the Minister of Internal Affairs announced changes to the composition of the Authority. A new Chairman was appointed along with six other new Members, and one Member from the previous Authority was reappointed for a further term. The new Authority took office from 1 June 2001. One of its first actions was to arrange an opportunity for the outgoing Authority to meet the new Members and Chairman, to ensure a smooth transition and to take advantage of the knowledge and experience of the former Members. The incoming Chairman paid tribute to the work of the outgoing Authority noting particularly that the former Acting Chairman, Frank Allen, had held that position for well over a year following the retirement of the former Chairman.

As Chairman and Chief Executive respectively we acknowledge the carefully considered contribution to the work of the past year made by the Members of the Authority. We are also pleased to take the opportunity to acknowledge

the enthusiasm and loyalty of the Authority's staff who continue to provide an exemplary level of professional support to the Authority.

We also take this time to acknowledge with gratitude the valued assistance of consultants and other practitioners in the building industry whose queries, comments and criticisms have contributed enormously to the quality of the work completed and the service provided.



Barry Brown
Chairman



Dr Bill Porteous
Chief Executive

Weathering the elements. Building Code Clause E2 External Moisture safeguards people from illness or injury which could result from rain or snow entering a building.



Our place in the industry

The Building Industry Authority is an independent Crown entity established by the Building Act 1991. Its fundamental purpose is to manage New Zealand's building legislation.

At present the Authority comprises eight members who have been appointed by the Minister of Internal Affairs for a specified term. Authority members are supported in their work by a small team of technical and professional staff.

Members of the Authority meet every month in Wellington and also regularly consult with industry groups.

Our activities

The Authority is funded by a levy on building consents to:

- Review the New Zealand Building Code, and produce Approved Documents that specify detailed methods of complying with the New Zealand Building Code.
- Make recommendations to the Minister of Internal Affairs on changes to the Building Act and Regulations.
- Provide information and advice on building controls to all sectors of the building industry and public.
- Determine matters of interpretation or dispute relating to compliance with the Building Code or the issuing of consents and certificates.

- Accredite specific products, systems or methods as complying with the Building Code.
- Approve building certifiers to check building plans and specifications and building work during and after construction.
- Monitor the operation of territorial authorities and building certifiers.

Goals and Objectives

The following goals and objectives guide the Authority's work:

Goals

- Safe and healthy buildings.
- A useful legislative framework for buildings.
- Building controls that are understood and applied as intended.

Objectives

- A building control framework that is well understood by the building industry and building owners.
- Legislation that provides safe and sanitary buildings for the New Zealand community.
- Building controls that are efficient, necessary, and cost effective.
- Building solutions that arise from choice, certainty, and innovation.

Authority Members

Chairman

Barry Brown (*Auckland*)

Director of Fraser Thomas Consulting Engineers of Auckland; extensive experience in structural engineering, specialising in building design for earthquake-prone areas.

Members

Kemp Broughton (*Stratford*) Part-time engineering consultant; ex-Chief Executive of Stratford District Council and a member of the Institution of Professional Engineers New Zealand; of Ngarauru, Ngati Ruanui and Ngaruahine descent.

Peter Fehl (*Wellington*) A founding principal of the civil engineering company McKee Fehl; now a construction and strategic planning consultant.

John Hill (*Auckland*) An architect who has had a long involvement with local body and community work; past examiner for the Architects Education and Registration Board and tutor at the Auckland School of Architecture.

Stephen Meredith (*Wellington*) Architectural designer with Opus International.

Alexia Pickering (*Hamilton*) Operates her consultancy 'Accessible Options'; has been an advocate for disabled people in the areas of access and design since 1970.

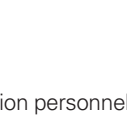
Bill Wrightson (*Wellington*) Principal of Wrightson Associates; has extensive professional and consumer experience in the design and construction of barrier free and safe built environments.

Helena Horswell (*Auckland*) Justice of the Peace with a special interest in access and facilities for people with disabilities, works in the security industry.

Executive Staff

Chief Executive: Dr Bill Porteous

Manager Services: Boyd Dunlop



The Authority has a small and efficient core of technical and communication personnel with appropriate expertise to undertake its statutory functions. Staff numbers were increased by one during the year to a total of 15, including one part-time employee.

*Degrees of comfort. Building Code
Clause H1 Energy Efficiency facilitates
efficient use of energy in buildings.*



Review of activities

Objective: A building control framework that is well understood by the building industry and building owners

Activity: Advice and Education

Projects:

Commentary:

Respond to individual requests for advice and information

Telephone and written responses to industry and public queries take up a very significant portion of staff time, particularly legal and technical staff

Present at seminars and speaking engagements

Staff addressed 1684 people on 36 occasions

Provide seminars on any changes to the Building Act, Building Code and Approved Documents

Fire Safety Seminars held in 22 locations throughout NZ, attended by 970 people from the industry

Undertake joint education initiatives with organisations where a specific training need has been identified

Support for BRANZ Weathertightness Seminars (BIA was a major sponsor) and BRANZ H1 Seminar series

Earthquake Prone Building Seminar undertaken with Society for Earthquake Engineers

Training of building officials and certifiers on particular topics
Seminars listed above were well attended by building officials

BOINZ Conference, NZIA Conference

Sponsorship of industry and professional groups

Publish newsletter

Target number of 11 issues of *BIA News* published; June print run was 11,500

Maintain website

Website was updated constantly, usually several times a month

Enhance the website to provide information more proactively

New features added

Implement communications activities (including publications, specific promotions and publicity)

Advertising campaigns for the website and Codemark; 11 media releases; production of large format technical poster and application pack for building certifiers

Host a one-off event for building certifiers

Did not take place this year

Develop a resource on property management for clubs & societies	24-page A4 booklet published, and following widespread publicity we received requests for approximately 14,000 copies, which were distributed free-of-charge
Promote alternative solutions through the NZ Institute of Building/James Hardie Awards for Excellence	BIA participated for the third year running with sponsorship of the BIA Alternative Solutions category

Objective: Legislation that provides safe and sanitary buildings for the New Zealand community

Activity Class: Policy Advice

Projects:	Commentary:
Correspondence and parliamentary papers and reports	Timely response to all requests for advice to the Minister's office
Speech notes	No requests
Official committee participation	No invitations received
Departmental reports	Participation in the review of the Building Act
Review of compliance schedule and building warrant of fitness regime	Preliminary report is complete; territorial authority audits will proceed next year
Publish new Approved Document for Fire Safety	Document published and came into force on 1 June 2001
Participate in electricity and gas reviews with MED and MCA	One staff was on the working party that dealt with ongoing issues concerning gas and electricity
Assist with the review of the Water Supply Protection Regulations with MoH	One staff was on the working party to ensure compatibility of the new regulations with the Building Act; our involvement will continue
Develop requirements for Building Code compliance for DoC structures	A proposed amendment to Building Code Clause F4 Safety from Falling was submitted to the Minister of Internal Affairs

Review of activities

Objective: Building controls that are efficient, necessary and cost effective

Activity Class: Building Controls

Projects:

Commentary:

Monitor the administrative procedures in the Building Act and Building Regulations

Systematically conducted on a risk basis

Review the technical requirements of the Building Code clauses and their supporting documents (See page 29 for list of clauses)

C1, C2, C3 and C4 – new Approved Document published 1 December 2000 and effective from 1 June 2001
D2 – European lift requirements were evaluated and public comment sought; next year the Authority's approval will be sought to include these requirements in D2/AS1
F1 – review showed that no changes were necessary
F6 and F7 – new Approved Documents published 1 December 2000 and effective from 1 June 2001
F8 – ongoing
G2 and G3 – ongoing
G6 – ongoing
G7 – at early investigation stage
G9 – ongoing in relation to overhead powerlines and lighting conductors
G12 and G13 – new Approved Documents published 1 July 2001
G14 – ongoing
H1 – amendments came into effect in December 2000

Complete the technical provisions for compliance schedule regime for dams

Work was suspended because it is dependent on passage of recommended amendments to the Building Act

Investigate reported problems with chemical-free radiata pine

Ongoing work with BRANZ and Forest Research

Investigate mandatory installation of smoke detectors in residential buildings

Resulted in recommended amendments to the Building Act for the mandatory installation of single-station battery operated smoke alarms in new dwellings

Specify the control of internal surface finishes in terms of heat release rates

Ongoing; awaiting research results

Examine the suitability of AS 1691 for use as an acceptable solution for oil-burning appliances	Completed; the Standard will be included in the next amendments to the Approved Document for Fire Safety
Develop approved design and construction solutions for flashings and sealants	BRANZ is now undertaking this work as its own project
Produce an acceptable solution on the use and application of building papers	Completed; will be included in the review of E2/AS1 which starts next year
Obtain field data on occupant behaviour leading to condensation	Completed; will be included in the review of E3/AS1 which starts next year
Extend the acceptable solution for natural light to cater for inner city apartments and townhouses	Ongoing
Introduce provisions in the Building Code to protect residential buildings from environmental sound and write an acceptable solution	Proposed Building Code clauses have been drafted; working group is continuing its work on the acceptable solution
Research the effects of downlights	Currently underway; research findings will be incorporated in a future amendment to Approved Documents for E3 and H1.
Support organisations in the development of documents that could be cited in the Approved Documents	Two organisations have received technical and financial support

Objective: Building solutions arising from choice, certainty and innovation

Activity Class: Services

Projects:

Commentary:

Determine matters of doubt and dispute relating to compliance with the Building Code or the issuing of building consents or certificates

8 determinations made

Approve and renew building certifiers

2 new corporate certifiers approved; 0 individual certifiers approved; 21 certifiers renewed

Projects:**Commentary:**

Accredit specific products, systems or methods as complying with the Building Code

1 new accreditation; 11 renewed accreditations

Monitor territorial authorities (includes both technical and levy audits) and review building certifiers

22 territorial authorities monitored; 7 building certifiers reviewed

Statement of Performance

Performance Indicator	Target set	Target achieved	
		2001	2000
Percentage of advice provided that meets set quality criteria	Minimum of 95%	100%	100%
Percentage of information and advice provided that meets set deadlines	Minimum of 95%	95.4%	95.5%
Number of justified written complaints that relate to delivery of services	Nil	Nil	Nil
Number of clauses of the Building Code and supporting documents reviewed or amended (or in progress)	7	14 (15)	10 (9)
Provision of information, advice and Building Code administration made within resources approved by the Government	Total expenditure stays within resources approved	Achieved	Achieved

Safe in an emergency. Building Code Clauses C1 to C4 Fire Safety safeguard people from illness or injury caused by the outbreak and spread of fire in a building.



fire safety

Financial Statement

The financial information presented in the Statements and Notes to the Accounts pursuant to Section 42 of the Public Finance Act 1989, set out the financial results for the Authority for the year 1 July 2000 until 30 June 2001. Comparative figures are available for 1999/2000.

The internal accounting procedures are designed to ensure reasonable assurance of the integrity and reliability of financial reporting undertaken by the Authority in conjunction with Graeme Fountain, Chartered Accountant. In our opinion the attached financial statements are a fair reflection of the financial position for the year ended 30 June 2001.

Barry Brown
Chairman
20 December 2001

Dr Bill Porteous
Chief Executive
20 December 2001

Statement of Costs of Services for the year ended 30 June 2001

	Note	2001 (\$)	2000 (\$)
Personnel costs			
Staff Salaries and Wages		1,100,242	939,221
Staff Recruitment and Training		14,585	41,732
Members' Fees		80,300	106,305
		1,195,127	1,087,258
Other costs			
Education and Training		581,276	536,790
Consultancy and Advisory Services		763,101	960,103
Travel and Accommodation		111,073	107,744
Printing and Stationery		16,980	11,873
Audit		6,300	4,250
Depreciation	2	32,995	30,657
Office Accommodation		92,288	78,751
Bank Charges		9,362	1,522
Communications		39,677	43,727
Postage and Couriers		5,822	7,101
Administration Support		48,626	70,725
Energy		20,627	4,140
Fringe Benefit Tax		5,197	4,429
Insurance		45,035	88,007
Library Services, Magazines and Subscriptions		49,031	35,603
Maintenance and Repairs		1,417	14,552
International Levies		2,069	6,993
		3,026,003	3,094,225
Less	Cost and fee recoveries	(26,161)	(38,004)
	Royalties and document sales	(61,833)	(35,362)
		(87,994)	(73,366)
		2,938,009	3,020,859
Add	Work in progress – opening	14,002	36,404
Less	Work in progress – closing	(14,537)	(14,002)
	Net cost of services	\$ 2,937,474	\$ 3,043,261

The attached notes form part of and should be read in conjunction with these financial statements.

Statement of Financial Performance for the year ended 30 June 2001

	Note	2000 (\$)	2001 (\$)	Forecast 2001 (\$)
Income				
Consent Levies		3,429,986	3,594,599	3,500,000
Interest Earned		522,706	690,150	685,000
Total Income		3,952,692	4,284,749	4,185,000
Expenditure				
Net Cost of Services		(3,043,261)	(2,937,474)	(3,185,000)
Net Surplus for the Year		\$ 909,431	\$ 1,347,275	\$ 1,000,000

Statement of Movements in Accumulated Funds for the year ended 30 June 2001

	2000 (\$)	2001 (\$)	Forecast 2001 (\$)
Accumulated Funds			
at Start of the Year	9,001,598	9,911,029	9,911,029
Net Surplus for the Year	909,431	1,347,275	1,000,000
Total Recognised Revenues and Expenses for the Year	909,431	1,347,275	1,000,000
Accumulated Funds at End of the Year	\$ 9,911,029	\$ 11,258,304	\$ 10,911,029

The attached notes form part of and should be read in conjunction with these financial statements.

Statement of Financial Position as at 30 June 2001

	Note	2000 (\$)	2001 (\$)	Forecast 2001 (\$)
Accumulated Funds				
Retained Surpluses		4,427,158	4,879,834	4,627,155
Levy Reserve	3	5,483,871	6,378,470	6,283,871
Total Accumulated Funds		9,911,029	11,258,304	10,911,026
<i>Represented by:</i>				
Current Assets				
Bank	4	9,799,792	3,807,780	11,135,000
Work in Progress		14,002	14,537	15,000
Accounts Receivable		455	210,900	50,000
Interest Receivable		293,839	208,960	50,000
Prepayments		17,520	9,895	10,000
AMP Henderson Fixed Interest Funds		0	7,194,746	0
Total Current Assets		10,125,608	11,446,818	11,260,000
Fixed Assets	5	132,040	298,012	297,000
Total Assets		10,257,648	11,744,830	11,557,000
Less Current Liabilities				
Accounts Payable		337,519	471,970	620,974
GST Payable		989	14,556	15,000
Deposits Received		8,111	0	10,000
Total Current Liabilities		346,619	486,526	645,974
Net Assets		\$ 9,911,029	\$ 11,258,304	\$ 10,911,026

Barry Brown
Chairman

Dr Bill Porteous
Chief Executive

Statement of Cash Flows for the year ended 30 June 2001

	2000 (\$)	2001 (\$)	Forecast 2001 (\$)
Cash Flow From Operating Activities			
Cash was Provided from:			
Interest Earned	459,856	775,029	625,000
Sale of Publications/Royalties	35,362	48,240	60,000
Cost Recoveries	57,409	26,616	0
Consent Levies	3,429,986	3,594,599	3,500,000
	3,982,613	4,444,484	4,185,000
Cash was Disbursed to:			
Payments to Suppliers	1,979,148	1,675,954	2,109,000
Payments for Goods and Services Tax	12,534	(13,567)	0
Payments for Members' Fees	106,305	80,300	0
Payments for Personnel Costs	960,914	1,102,788	1,041,000
	3,058,901	2,845,475	3,150,000
Net Cash Flow From Operating Activities	\$ 923,712	\$ 1,599,009	\$ 1,035,000
Cash Flow From Investing Activities			
Cash was Provided from:			
Sale of Fixed Assets	0	0	0
	0	0	0
Cash was Applied to:			
Purchase of Fixed Assets	(20,981)	(396,275)	(200,000)
Purchase of Fixed Interest Funds	0	(7,194,746)	0
Net Cash Flow From Investing Activities	(20,981)	(7,591,021)	(200,000)
Net Increase/(Decrease) in Cash	902,731	(5,992,012)	835,000
Opening Cash	8,897,061	9,799,792	10,300,000
Closing Cash	\$ 9,799,792	\$ 3,807,780	\$ 11,135,000

The attached notes form part of and should be read in conjunction with these financial statements.

Reconciliation of Net Surplus with Net Cash Flows from Operating Activities for the year ended 30 June 2001

	2001 (\$)	2000 (\$)
Net Surplus	1,347,275	909,431
Add/(Less) Non-cash Items:		
Depreciation	32,995	30,657
	1,380,270	30,657
Add/(Less) Movements In Working Capital Items:		
Decrease/(Increase) in Accounts Receivable	(13,138)	19,405
Decrease/(Increase) in Work in Progress	(535)	22,402
(Decrease)/Increase in Accounts Payable	134,451	12,475
Decrease/(Increase) in Interest Receivable	84,879	(62,850)
(Decrease)/Increase in Net GST Payable	13,567	(12,534)
Decrease/(Increase) in Prepayments	7,625	5,764
(Decrease)/Increase in Deposits Received	(8,111)	(1,039)
	218,739	(16,377)
Net Cash Flow From Operating Activities	\$ 1,599,009	\$ 923,711

Notes to Accounts for the year ended 30 June 2001

Note 1: Accounting Entity

The Building Industry Authority (the Authority) was established under the Building Act 1991 ("the Act") on 15 February 1992. The functions of the Authority are defined by that Act.

Note 2: Statement of Accounting Policies

General Accounting Policies

- (a) The measurement base adopted is that of historical cost.
- (b) Reliance is placed on the fact the Authority is a going concern.
- (c) Accrual accounting is used to match expenses against revenue.

Particular Accounting Policies

Fixed Assets

Fixed Assets are valued at cost less accumulated depreciation. They are depreciated as follows:

Office Equipment	20-40 % DV
Furniture and Fittings	20-33 % DV
Motor Vehicles	20 % DV
Leasehold Improvements	11.11% Straight line

Work in Progress

Work in progress is stated at the lower of cost and net realisable value.

Work in progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

Accounts Receivable

Accounts receivable are stated at estimated realisable value, after due allowance for amounts which are not considered recoverable.

Investment Income

Interest income is accrued at balance date.

Accounts Payable

Costs to complete research projects in progress at balance date have been accrued in the Statement of Financial Position.

Goods and Services Tax (GST)

All revenue and expense transactions have been recorded net of GST. Where applicable, all assets and liabilities have been stated net of GST, with the exception of receivables and payables which are stated inclusive of GST.

Levy Income

In accordance with the Building Act levy income is recognised on a cash basis.

Levy Reserve

Amounts in excess of the budget surplus as approved by the Ministers of Internal Affairs and Finance are transferred to the Levy Reserve throughout the period.

Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (a) Cash is considered to be cash on hand, current accounts in banks and short term deposits, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- (c) Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policy

There have been no changes in accounting policy during the year. All policies have been applied on a consistent basis with previous years.

Note 3: Levy Reserve

The Levy Reserve Account represents the uncommitted surplus from payment of levy to the Authority in excess of the net estimates of expenditure, as approved by the Ministers of Internal Affairs and Finance. The amount will be taken into account in calculating the estimates of expenditure for the succeeding year.

	2001 (\$)	2000 (\$)
Opening Balance	5,483,871	4,753,885
Transfer to Levy Reserve During the Year	894,599	729,986
Closing Balance	\$ 6,378,470	\$ 5,483,871

Retained Surplus

The Retained Surplus Account represents uncommitted surplus from non-levy income to the Authority.

	2001 (\$)	2000 (\$)
Opening Balance	4,427,158	4,247,713
Transfer to Retained Surplus During the Year	452,676	179,445
Closing Balance	\$ 4,879,834	\$ 4,427,158
Total Accumulated Funds	\$ 11,258,304	\$ 9,911,029

Note 4: Bank

	2001 (\$)	2000 (\$)
Petty Cash Imprest	100	100
Bank of New Zealand – Cheque Account	157,680	249,692
Bank of New Zealand – Money Market on Call	0	350,000
Bank of New Zealand – Money Market Fixed Deposit	2,150,000	2,650,000
ASB Bank Term Deposit	500,000	3,500,000
National Bank Short Term Deposit	1,000,000	3,050,000
	\$ 3,807,780	\$ 9,799,792

Note 5:Fixed Assets

	2001 (\$)	2000 (\$)
Office Equipment		
Cost	322,890	189,341
Accumulated Depreciation	(129,009)	(111,408)
Book Value	\$ 193,881	\$ 77,933
Furniture and Fittings		
Cost	151,755	126,966
Accumulated Depreciation	(98,333)	(88,768)
Book Value	\$ 53,422	\$ 38,198
Motor Vehicles		
Cost	25,280	25,280
Accumulated Depreciation	(12,552)	(9,371)
Book Value	\$ 12,728	\$ 15,909
Leasehold Improvements		
Cost	40,629	0
Accumulated Depreciation	(2,648)	0
Book Value	\$ 37,981	\$ 0
Total Fixed Assets	\$ 298,012	\$ 132,040

Note 6:Financial Instruments

Credit

In the normal course of its business the Authority incurs credit risk from trade debtors and financial institutions.

There are no significant concentrations of credit risk.

The Authority does not require any collateral or security to support financial instruments due to the quality of the financial institutions.

All financial instruments are carried out at cost which equates to fair values in the Statement of Financial Position.

All financial instruments will mature within twelve months of balance date. The effective interest rate on bank deposits varies from 6.95 to 7.18%.

Note 7:Lease Commitments

At 30 June 2001 the Authority was committed to a lease on premises in Wellington.

At 1 May 2001 the Authority entered into a lease for additional space and renewal of the current lease. The new lease is for 9 years incorporating 2 rights of renewal of 3 years.

The lease costs \$ 10,777 per month plus GST and expires on 30 April 2010.

The future lease commitments are as follows:

	2001 (\$)	2000 (\$)
Not later than 1 year	129,329	59,712
Later than 1 year but not later than 8 years	1,013,077	19,904

Note 8:Contingencies

The Authority had no contingent liabilities at 30 June 2001 (2000 \$ Nil).

There were no capital expenditure commitments at 30 June 2001 (2000 \$ Nil).

Note 9:Remuneration Disclosure

Salary Range	\$ 110,000 - \$ 119,999	1 employee
	\$ 140,000 - \$ 149,999	1 employee

Fees paid to Members of the Authority

Mr F B Allen	Acting Chairman	\$ 29,700
Hon C D Matthewson	Member	\$ 14,200
Mr J La Grouw	Member	\$ 15,000
Ms H Horswell	Member	\$ 11,400
Mrs J G Mahoney	Member	\$ 8,000
Mr B Brown	Chairman	\$ 1,200
Mr P Fehl	Member	\$ 0
Mr P K Broughton	Member	\$ 0
Mr J Hill	Member	\$ 400
Mr S Meredith	Member	\$ 0
Mrs A Pickering	Member	\$ 400
Mr W Wrightson	Member	\$ 0

Audit report

To the readers of the financial statements of the Building Industry Authority

We have audited the financial statements on pages 17 to 26. The financial statements provide information about the past financial performance of the Authority and its financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 22 and 23.

Authority Members' responsibilities

The Authority Members are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Authority as at 30 June 2001 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Authority and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Authority Members in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out consultancy projects for the Building Industry Authority. The firm has no other interest in the Authority.

Unqualified opinion

We have obtained all the information and explanations we have required. In our opinion:

- proper accounting records have been kept by the Authority as far as appears from our examination of those records;
- the financial statements on pages 17 to 26:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Authority as at 30 June 2001 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 20 December 2001 and our unqualified opinion is expressed as at that date.

Wellington

List of abbreviations

- BOINZ** Building Officials Institute of New Zealand
BRANZ Building Research Association of New Zealand
DoC Department of Conservation
ERMA Environmental Risk Management Authority
HSNO Act Hazardous Substances and New Organisms Act
LGITO Local Government Industry Training Organisation
MCA Ministry of Consumer Affairs
MED Ministry of Economic Development
MfE Ministry for the Environment
MoH Ministry of Health
NZIA New Zealand Institute of Architects
TA Territorial authority

List of Building Code Clauses

B1 Structure
B2 Durability
C1 Outbreak of fire
C2 Means of escape
C3 Spread of fire
C4 Structural stability during fire
D1 Access routes
D2 Mechanical installations for access
E1 Surface water
E2 External moisture
E3 Internal moisture
F1 Hazardous agents on site
F2 Hazardous building materials
F3 Hazardous substances and processes
F4 Safety from falling
F5 Construction and demolition hazards
F6 Lighting for emergency
F7 Warning systems
F8 Signs
G1 Personal hygiene
G2 Laundering
G3 Food preparation and prevention of contamination
G4 Ventilation
G5 Interior environment
G6 Airborne and impact sound
G7 Natural light
G8 Artificial light
G9 Electricity
G10 Piped services
G11 Gas as an energy source
G12 Water supplies
G13 Foul water
G14 Industrial liquid waste
G15 Solid waste
H1 Energy efficiency

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*Building
Industry
Authority*

**Building
Confidence**