

**Building
Industry
Authority**



Quarterly Report: October – December 2003

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Chairman's Foreword

In the first quarterly report for 2003/04 I flagged a number of areas that would be important for the Building Industry Authority (BIA) during the year. These included preparing for the new building controls regime as outlined in the Building Bill, managing a range of issues and continuing to build closer relationships with stakeholder groups. The second quarter saw good progress on all of these areas.

An important development was the appointment of a permanent Chief Executive, John Ryan, in November. John comes to the BIA with a strong background in general management, strategic planning and change management in complex environments. He also has proven experience engaging with diverse stakeholder groups. I believe his combination of private and public sector experience will be ideal in providing leadership to the BIA and industry.

In terms of preparation for the new building control regime, a group was set up within the BIA to develop and oversee a work programme that will ensure the organisation has the appropriate structure and resources for its expanded role. The BIA also continued to contribute to the work of the Joint Building Controls Task Force, which is seeking to ensure that territorial authorities are well prepared for the changes.

In December the BIA announced its final decision on amendments to B2/AS1, the Acceptable Solution that deals with the use of treated and untreated timber. In short, the decision was to require the use of treated timber in higher-risk situations for those building to the Acceptable Solution. New requirements for the identification and colour coding of treated timber were also introduced.

I believe these changes, when viewed alongside the upcoming changes to E2/AS1 which deal with managing external moisture, will provide consumers with an appropriate level of protection from weathertightness problems, while at the same time balancing the needs of industry.

Overall the quarter has seen progress on a wide range of work programmes, including the BIA's ongoing work of reviewing the Building Code.

Barry Brown
Chairman

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Chief Executive's Report

Introduction

The second quarter was another period of intense activity at the BIA. As in the first quarter, this was the result of a number of internally and externally driven initiatives, including:

- responding to proposed changes to the Building Act
- work to strengthen stakeholder relationships
- ongoing work on a number of industry issues
- a greater focus on providing guidance to industry and consumers
- a significant business-as-usual workload based around maintaining and updating the Building Code and Approved Documents.

The BIA's need to show greater industry leadership also added to the organisation's workload.

Building Bill

The Building Bill sets out a number of highly important changes for the BIA, the broader building sector and for consumers. In the second quarter the BIA put significant resources into contributing to the Bill's review, to the understanding of its implications for our stakeholders and to preparing itself for the likely changes.

In terms of preparing for the Bill, work began on developing regimes for the accreditation of Building Consent Authorities, for product accreditation, for new powers and for providing a higher level of consumer information and guidance to industry.

A related change will be the relocation of the BIA into a government department. At the time of printing this report no final decision had been made on the 'host' department but the BIA had continued to work on adjusting its systems, such as finance, to fit a core government department model.

Stakeholder Relationships

The BIA's interaction with industry in the quarter took a number of forms. The Chief Executive and members of the senior management team spent considerable time meeting with representatives of industry groups, territorial authorities and other stakeholders. These provided not just an opportunity to discuss particular issues but also reinforced stronger communication channels that will be vital over the coming months and years.

That said, relationships with industry and territorial authorities were not always positive over the quarter. For its part the BIA was concerned that a number of territorial authorities were taking inappropriate approaches to a number of issues, including the issuing of code compliance

certificates. The BIA's approach was to ensure that all parties had a clear understanding of their rights and responsibilities under the Building Act and that they were discharging those responsibilities in a proper fashion.

For the territorial authorities there was industry concern about the BIA's proposals for timber treatment and the management of external moisture. Their concerns centred around the BIA putting too much emphasis on consumer protection ahead of the interests of industry. The BIA believes the final changes properly balance the needs of these two groups.

Inevitably there will be disagreements between the BIA and some of its stakeholders over the issues of the day. The important thing is that both sides understand the imperatives of the other, have good communication channels and are honest with each other. The BIA's imperative, as defined in the Act, is to ensure that all buildings are safe.

In the second quarter independent research was commissioned on the relationship between the BIA, Standards NZ and BRANZ. The aim was to explore possible areas of greater cooperation and also existing areas of overlap.

Industry Issues

Weathertightness remained the most significant issue of the quarter. The BIA announced in December its final amendments to Approved Document B2/AS1 which deals with the use of treated and untreated timber. In short, the new requirements require the use of treated timber in those parts of a building more at risk of leaking, in other words the external framing. The only outstanding issue with this is the timing of its implementation, which will be subject to feedback from industry.

In the second quarter the BIA also released a report it commissioned into concerns raised by engineer John Scarry about design and construction standards in structural engineering. The Institute of Professional Engineers (IPENZ) also released their report at the same time, which was part-funded by the BIA. Many of the recommendations to emerge have been dealt with or are in the BIA's work plan and some will be addressed by changes proposed to the Building Act. However, both reports pinpointed the need for some further research and some areas where specific guidance information is required. The BIA will be involved in leading this work.

Another issue to emerge in the quarter was a decision by some Auckland territorial authorities to not issue code compliance certificates for buildings constructed with monolithic claddings but without a drained and ventilated cavity. The BIA issued advice to the territorial authorities on the requirements of the Act in this regard and fielded a large number of calls from affected people. The main thrust of the advice was that territorial authorities were required to make these decisions on a case-by-case basis and could not make a blanket decision. Each house's code compliance had to be assessed on its own merits.

A concern at the BIA is that territorial authority decisions in this and other areas are increasingly being driven by factors related to potential liability rather than strict Building Code compliance.

This may have been in part prompted by a Weathertight Homes Resolution Service finding that territorial authorities can be liable for costs associated with a weathertightness failure. This issue is likely to continue into future quarters.

Concerns about the performance of a number of private building certifiers and the insurance regime they work under also became apparent in this quarter. A paper was presented to the Authority outlining a number of options the BIA could consider to improve the situation.

In response to the emerging trend towards medium- and high-density housing, the BIA began a research project that is scheduled to be complete by the end of the financial year.

Work on most of these issues will continue in subsequent quarters.

Output Classes

Later in this report are summaries of progress against each of the areas of activity set out in the 2003/04 Statement of Intent under the four Output Classes. In summary, the BIA's performance by Output Class is as follows.

1. Maintain and actively update building controls

Of the 12 Building Code or Approved Document reviews initially planned, some will be completed by the end of the year but most will require extra time. As stated, progress is also being made on a number of issues that have Building Code implications, for example, weathertightness. An additional work area has been added around airborne and impact sound.

2. Provide guidance on how to meet the requirements of the Building Code

Significant progress was made on upgrading the BIA's website as a source of guidance. It was rated the best among all government agency websites for compliance with New Zealand Government Web Guidelines by an independent website analyst. A framework was established for providing other guidance information. Preparations also commenced for a review of the BIA's education programme.

3. Oversee and improve administration of building controls

The programme of technical and levy audits of territorial authorities and building certifiers is on track. Four territorial authority and one building certifier audits were completed in the quarter. Four territorial authority levy audits were also completed. Work is also continuing on identifying and disseminating best practice to territorial authorities and on developing a framework for reporting on the performance of the building controls regime.

4. Inform consumers

The Web portal strategy is well advanced. Two of the scheduled 10 *BIA News* editions were published in the quarter and the second of six scheduled *Weathertightness News* was published. BIA Updates were issued as required.

Determinations

At the beginning of the quarter there were 11 determinations in the BIA system. During the quarter a further 35 new applications for determination were received. The Authority issued one determination and two applications were withdrawn, leaving 43 determinations at the end of the quarter.

These figures represent a significant increase in the number of determinations received by the BIA in a 'normal' quarter. This was a result of the first adjudication decision issued by the Weathertight Homes Resolution Service (WHRS). In response to being found liable, the Waitakere City Council and other territorial authorities in the region began to refuse to issue code compliance certificates for monolithic-clad homes that had been built without a drained and ventilated cavity. At the same time they began advising affected homeowners to apply for a BIA determination.

In response to this increase in determination requests the BIA has introduced a process for handling determinations faster and is reviewing the outputs of the determination process with a view to providing more guidance to other parties in similar situations. The increase in the number of determinations primarily related to weathertightness issues is likely to continue for some time.

Litigation

The Authority is one of a number of defendants in High Court lawsuits. They allege negligence on the part of the Authority regarding its performance on weathertightness issues. The Authority has been cited in four proceedings before the High Court and in several cases before the WHRS. Further proceedings are likely to be brought against the BIA in both the High Court and the WHRS. The Authority had no direct involvement with any of the buildings concerned. The outcome of the claims essentially depends on questions of law relating to the Authority's performance of its statutory duties.

The volume of litigation involving the BIA is steadily increasing. This is not so much a result of any new or different actions being taken by the BIA, but is more a function of parties involved in weathertightness disputes exploring all possible avenues open to them to resolve their concerns. It is also a function of the BIA becoming more active in its regulatory role.

The estimated legal costs of the weathertightness litigation if all of the current cases involving the BIA proceed could be as high as \$1.168 million in the current year. Litigation costs were not included in the BIA's budget for 2003/04. This was flagged in the BIA's first Quarterly Report that showed the litigation costs outside the estimates of expenditure.

Financial statements

The Minister of Commerce, in conjunction with the Minister of Finance, significantly increased the BIA's Estimates of Expenditure for 2003/04 to \$10 million to enable the BIA to undertake its enhanced role. The attached financial statements show that in the second quarter the BIA's expenditure was less than budgeted. The management team is actively managing the business plan and budget, and the forecast expenditure for 2003/04 is in accord with the Estimates of Expenditure, excluding weathertightness litigation costs. Forecast revenues from building consent levies are about 20 percent higher than originally budgeted reflecting increased activity in the building sector. Uncertainty about the future of the BIA and the difficulty in recruiting suitable staff meant that some projects planned for the second quarter were not started which has contributed to the under-expenditure. We anticipate a catch-up in the third quarter.

As reported in the first quarterly report, the attached financial statements show that the BIA is incurring weathertightness litigation defence costs that are additional to the BIA's original budget. The litigation defence costs are substantial and were unforeseen, and so were not provided for in the original budget for the BIA. The Authority, in conjunction with the MED, has sought Ministers' approval for Crown funding to cover these costs, together with approval to incur additional expenditure.

John Ryan
Chief Executive

Output Classes

Based on the four Output Classes identified in the 2003/04 Statement of Intent the following specific outputs were agreed.

1. Maintain and actively update building controls

- Output 1.1: Review Building Code clauses and Approved Documents
- Output 1.2: Respond to major issues in the building industry, new technologies and emerging industry developments

2. Provide guidance on how to meet the requirements of the Building Code

- Output 2.1: Make the BIA's knowledge base accessible to stakeholders
- Output 2.2: Define the approach and objectives for guidance information and publish this information
- Output 2.3: Delivery of education programmes

3. Oversee and improve administration of building controls

- Output 3.1: Conduct technical and levy audits of territorial authorities (TAs) and technical audits of building certifiers
- Output 3.2: Work in partnership with TAs and building certifiers to achieve best practice for effective management of the building controls regime
- Output 3.3: Develop and implement a measurement framework to score the performance of the building controls regime

4. Inform consumers

- Output 4.1: Implement a Web portal strategy
- Output 4.2: Establish a consumer liaison group to ensure consumer feedback to the BIA
- Output 4.3: Publish *BIA News* and *Weathertightness News*

Output Class 1 – Maintain and actively update building controls

The BIA operates a process of continuous review of the Building Code and Approved Documents to ensure their ongoing adequacy and relevance. It also undertakes reviews in response to issues that arise, and in response to new technologies or industry developments.

Output 1.1: Review Building Code clauses and Approved Documents

SOI requirement

Reviews are completed and any amendments to the Building Code or the Approved Documents are finalised by 30 June 2004. This is subject to the caveat that priorities will be reassessed according to the requirements of the new legislation.

The following reviews are scheduled for 2003/04. Progress is reported below, with the following categories used to describe their status:

- Business case stage.
- Proposal development stage.
- Consultation stage.
- Analysis stage.
- Authority consideration stage.
- Order in Council stage (for Code Clause changes)
- Final drafting stage.
- Complete.

Playground Standard Development

Analysis stage

Public comment on a draft Standard, based on the European playground Standard, closed in December. The Standards New Zealand committee, with a BIA representative, has a meeting planned to evaluate the public comment in February. This New Zealand Standard is being developed as a guidance document, is unlikely to be referenced in an Approved Document and will be published this financial year.

Safety from Falling

Analysis stage

Public comments on the proposed amendments to Building Code Clause F4 Safety from Falling, as well as on the draft Acceptable Solution, have been considered by the working group. It is expected that the changes will be put in front of the Authority's March meeting for approval to proceed to Order in Council by the end of the financial year and publish in 2004/05.

CCA Treatment of Timber

Proposal development stage

The BIA has engaged the Institute of Environmental Science and Research to monitor and advise on overseas developments on an ongoing basis. A paper on the subject will be put before the Authority's February meeting. Any change to the Code or Approved Documents would occur only after research findings demonstrated that this was necessary.

Acoustic Performance

Proposal development stage

Research on improving the acoustic performance of classrooms (Building Code Clause G6) is complete. Proposed Code Clause amendments and Acceptable Solutions are nearing completion. Recommendations will go to the Authority in the fourth quarter for release for public comment. The Building Code Clause change will be sent for approval by Order in Council and the publication of the Code and the Approved Documents in 2004/05.

Safety in Day Care Centres

Proposal development stage

Research is ongoing and trials have been completed. Amendments to the Acceptable Solution are being drafted. Recommendations will go to the Authority in the fourth quarter for release for public comment. The Approved Document changes will be published in 2004/05.

Minimum Fire Rating Values

Proposal development stage

The project was approved and a working group was established to address the outcome research and fire testing in relation to the performance of dry wall fire separations in fast fires for two fire load situations. The working group had its first meeting on 11 August 2003 and is scheduled to have its final meeting on 10 March 2004. The proposed amendments and the Regulatory Impact Statement (RIS) and Cost Benefit Analysis (CBA) are expected to be complete by May 2004 for the Authority's approval to go out to public comment. The Approved Document changes will be published in 2004/05.

Lighting for Emergency

Proposal development stage

The production of an RIS and CBA is complete and the Authority has approved the release for public comment of the RIS, CBA, proposed amendments to the Building Code and Approved Documents. The Building Code Clause change will be sent for approval by Order in Council and the publication of the Code and the Approved Documents in 2004/05.

Industrial Waste

Order in Council stage

On 28 November 2003 the Authority approved that the Building Code Clause G14, now called Liquid Waste, be sent to the Minister to be passed by Order in Council, and the Approved Document sent to the publisher for publishing once the Clause is passed.

Durability

Complete

The proposed amendments to Building Code Clause B2 Durability were approved at the December Authority meeting and announced just prior to Christmas 2003. They have an effective date of 1 April 2004 for new consents and 31 March 2005 for existing building projects.

External Moisture

Final drafting stage

Submissions from the consultation stage on proposed amendments to the Approved Document E2 External Moisture have been received and analysed. A team to update the drawings for final approval was organised and a meeting date for the working group to reconvene was arranged. Testing will be commissioned to trial the new verification method using details from the draft Acceptable Solution E2/AS1. Work will proceed, aiming at having a post public comment draft to the Authority by 31 March. It is anticipated that the revised Approved Document will be published this financial year.

Timber Structures Standard (includes Timber-Framed Buildings)

Proposal development stage

This work is dependent on the outcome of Standards New Zealand's review of NZS 3603. If the Standards Committee completes its review of NZS 3603 in a manner satisfactory to the BIA, no further action will be necessary. If they do not, the BIA will amend its citation of the Standard. Preparatory work for this amendment is under way. The proposed amendments have been drafted, a draft cost-benefit has been received and a RIS is to be prepared. If necessary, these will be submitted to the Authority, seeking approval for a consultation process to be undertaken.

Energy Efficiency

Proposal development stage

A draft report has been received as part of the external contract to review the performance index for housing in Building Code Clause H1 Energy Efficiency. The housing and small building Standard is being reviewed by Standards New Zealand, with the assistance of the BIA and the Energy Efficiency and Conservation Authority. A draft is due to be finalized in February for public comment. The Building Code Clause change will be sent for approval by Order in Council and the publication of the Code and the Approved Documents in 2004/05.

Airborne and Impact Sound

Analysis stage

Work on an RIS is ongoing. The CBA is complete and the Authority has approved its release for public comment along with the proposed amendments to the Building Code Clause G6 and its Approved Document (once the RIS is complete). New clauses addressing environmental sound have been introduced to the Building Code as part of a major review of the Code and Approved Document. The Building Code Clause change will be sent for approval by Order in Council and the publication of the Code and the Approved Documents in 2004/05.

Output 1.2: Respond to major issues in the building industry, new technologies and emerging industry developments

SOI requirement

The BIA proactively investigates major issues in the building industry. It also evaluates new technologies and reviews emerging industry developments.

Weathertightness

In the financial year 2002/03 a series of projects were initiated to address the recommendations of the Hunn Report on weathertightness issues. Most of these projects were completed in that year, but a few ongoing weathertightness issues were incorporated in the BIA's business-as-usual work plan.

The main ongoing weathertightness project is the review of Building Code Clauses B2 Durability and E2 External Moisture. A consultation round on proposed amendments to both Clauses has been completed and submissions analysed. The proposed amendment to B2 was approved at the Authority meeting in December, but Authority approval of E2 documents is not expected until the end of the final quarter of the 2003/04 financial year.

Structural issues

In 2002/03 structural engineer John Scarry raised a number of issues relating to concrete design and construction practices that could affect the performance of some – mainly commercial – buildings in a major earthquake. The BIA commissioned its own independent review of the Scarry claims. The Sinclair Knight Mertz report was finalised and issued, including a briefing to the Minister. The Institution of Professional Engineers New Zealand report was finalised, coordinated with the BIA and a media release issued. We are working on follow-up issues with a view to posting alerts on significant issues raised in the Scarry open letter.

The Beca report on Standards for design, manufacture and welding of 500E steel is progressing and is due in February 2004. Product tender bid documents for the testing of representative samples were issued to five testing agencies and are due back in January 2004.

Preliminary in-house discussions have been held on the establishment of a Structural Advisory Panel, in conjunction with other advisory panels, and on the relationships, structure and membership of these panels.

Beca is proceeding with an investigation into hollow core and their report is due in February 2004.

The BIA's commitment to support analytical research into hollow core issues at the University of Canterbury by Dr R Fenwick was made in December 2003. The second full-scale test was completed and viewed by BIA staff.

Emerging trend for medium- and high-density multi-unit residences

In recent years the number of major multi-unit residential developments built in central city areas has grown rapidly. The BIA has identified some regulatory issues that can arise from such developments. The planning, design and construction issues relating to this building form are inherently complex and need to be considered holistically. The BIA will give priority to a review of all aspects of this building form in the New Zealand environment.

A research contract has been signed. A survey of existing buildings and interviews with occupants, developers, designers and territorial authorities is being undertaken. A draft report is due in mid-March 2004.

Output Class 2 – Provide guidance on meeting the requirements of the Building Code

The BIA is charged with providing guidance to consumers, industry and territorial authorities on what the requirements of the Building Code are and how to fulfill them. A number of mechanisms will be used to achieve this.

Output 2.1: Make the BIA's knowledge base accessible to stakeholders

SOI requirement

The BIA makes its knowledge base accessible to stakeholder groups through appropriate publications and via the BIA website.

In this quarter *BIA News* was published monthly, *Weathertightness News* bi-monthly and BIA Updates were issued as required.

An initial upgrade of the BIA website was completed. The goal is to provide more information and advice, and to provide it in a more accessible way. The BIA has begun developing a Web portal strategy to maximise the accessibility of the BIA's knowledge base. This will include a greater emphasis on networking with stakeholder websites and online resources to facilitate intra-industry information sharing.

A research project to review and analyse the information needs of the BIA's stakeholders was ongoing during the quarter. The project will also consider the most effective means of supplying information to stakeholders.

Output 2.2: Define the approach and objectives for new guidance information and publish this information

SOI requirement

The BIA will publish a new category of information – guidance information.

Guidance information is intended to guide industry and consumers on ways and means to achieve the performance required by the Building Code and Approved Documents. The recommendation for guidance information was first made in the Hunn Report on weathertightness issues. The framework for guidance information is well progressed and will be complete by the end of the third quarter. It will include processes for developing guidance information and the distribution channels for this information.

Output 2.3: Delivery of education programmes

SOI requirement

The BIA will continue to deliver education programmes during 2003/04, but will also conduct a review of territorial authority (TA) and industry requirements to guide ongoing education activity. A key focus will be the education needs of TA building officers in light of proposed changes to the Building Act.

In the second quarter the BIA organised and participated in the Joint Building Controls Taskforce education roadshow. This was designed to inform territorial authorities around the country about the new Building Act and seek their feedback on issues they saw arising from it.

Reviews of the BIA's education programme and TA and industry education needs are planned, and will be completed by the end of the third quarter. Additional recruitment for the BIA's education function is also planned. Work on these is commencing.

In the meantime the BIA will continue to deliver education programmes around a range of issues, such as the changes announced to the timber treatment requirements.

Output Class 3 – Oversee and improve administration of building controls

The territorial authorities (TAs), building certifiers and the BIA are co-regulators of the building controls regime. The BIA will audit TAs and building certifiers to ensure that their performance is satisfactory and support the development of improved processes and performance.

Output 3.1: Conduct technical/levy audits of TAs and technical audits of building certifiers

SOI requirement

The BIA will complete a minimum of 12 technical audits and seven levy audits of TAs in 2003/04, supplemented by a new process for self-assessment for building consent levies. The BIA will complete annual or biennial reviews of all building certifiers in conjunction with the renewal of their accreditation.

Technical audits of Dunedin City Council, Christchurch City Council, South Wairarapa District Council, Grey District Council and Inspect Building Certification Ltd were completed during the second quarter. Follow-up work was undertaken with the Rodney and North Shore councils during the quarter. This makes a total of eight technical audits for the first two quarters.

Plans are in place for a further seven territorial authority and private certifier audits during the remainder of the year. This will mean that by the end of the year councils handling 65 percent of all consents issued will have been audited. Four territorial authority levy audits were completed in the second quarter with the balance due in the third and fourth quarters. An internal review of levy receipts for the period December 2001 to December 2003 found \$65,000 not paid by one territorial authority from October 2003 and this amount has been collected.

Output 3.2: Work in partnership with TAs and building certifiers to achieve best practice for effective management of the building controls regime

SOI requirement

The BIA will identify and carry out projects with TAs and building certifiers to address issues with the current regulatory processes, and to improve their performance.

The Building Industry Performance Group has been working actively with TAs and building certifiers. This work includes:

- developing policies to manage the approval and regulation of private building certifiers, and taking a more active monitoring role
- providing guidance to building officials on managing the TA / building certifier relationship and their respective duties under the Building Act

- monitoring the management of Alternative Solutions / monolithic cladding / code compliance
- certificate issues by building officials, and providing guidance
- following up with territorial authorities after technical reviews have been delivered, including reviewing process improvements, and providing ongoing guidance / feedback on policy development and ongoing technical advice
- developing ongoing relationships with senior building officials, including attending the BOINZ senior building officials forum in Christchurch.

Output 3.3: Design and implement a measurement framework to score the performance of the building controls regime

SOI requirement

The BIA will develop a framework for the systematic reporting of information on the performance of the building controls regime and publish quarterly performance reports.

Work has been scoped to develop the framework for this. The first stage design work is under way and will be completed during the second half of 2003/04. A system will be available for reporting the outcomes of the new building controls regime coinciding with the likely implementation of the Building Bill. Further work past the first design stage will be initiated once greater certainty is developed into the final form of the new legislation. Work is under way to collect and collate building industry performance information in preparation for publication of two quarterly performance reports, commencing with a third-quarter report of industry performance to 31 March 2004.

Output Class 4 – Inform consumers

Providing information about the building controls regime to consumers is a key BIA function. This information is primarily about how building control processes operate and the roles and responsibilities of the parties involved. This will enable consumers to successfully navigate the building control process.

Output 4.1: Implement a web portal strategy

SOI requirement

The BIA will develop a web portal as the primary means for consumers to access information they need on the building controls regime.

The initial redevelopment of the BIA's website was completed in the second quarter. It enables the organisation to provide access to the most important information consumers require on the building controls regime. Further upgrade work is under way to enhance content and functionality.

Significantly, in December 2003 the BIA's upgraded website was ranked number 1 out of 65 audited government agency websites for compliance with the New Zealand Government Web Guidelines, the public sector's best-practice benchmark for online accessibility and user-friendliness.

Output 4.2: Establish a consumer liaison group to ensure consumer feedback to the BIA

SOI requirement

The BIA will establish a consumer liaison group.

This work has been discontinued. It has been decided instead to include consumer representatives within other advisory groups (eg, fire) so that consumer issues are dealt with in an integrated manner.

In addition, the BIA is working with Consumers' Institute New Zealand to create a joint website that offers consumer-focused building information and advice, with extensive links to other useful online information and resources.

Output 4.3: Publish BIA News and Weathertightness News

SOI requirement

The BIA will publish 10 issues of BIA News, and six supplementary issues (focusing on topics such as weathertightness, new legislation, etc) in 2003/04.

In the second quarter two editions of *BIA News* were published and one *Weathertightness News*.

Financial Statements

Building Industry Authority: Actual and Budgeted Statement of Financial Performance for the Period Ending 31 December 2003

	Actual	Budget	Variance	Budget	Forecast
	31 Dec 2003	31 Dec 2003		30 June 2004	30 June 2004
Income					
Building Levy	2,832,291	2,324,426	507,865	5,197,307	5,244,020
Other Income	30,551	11,000	19,551	22,000	39,251
Interest on Reserves					
Total Income	2,862,842	2,335,426	527,416	5,219,307	5,283,271
Operating Expenditure					
Personnel and Recruitment	1,281,650	1,385,393	103,743	3,031,993	3,090,802
Programmes and Projects	1,012,719	1,692,930	680,211	3,366,400	3,518,914
Technical and Professional Advice	186,976	341,400	154,424	727,400	162,807
Occupancy Costs	106,220	98,000	(8,220)	196,000	211,806
Printing and Publications	234,584	431,500	196,916	916,500	421,784
Information Technology and Communications	66,387	43,000	(23,387)	86,000	125,777
Travel and Accommodation	111,350	231,700	120,350	450,788	373,904
Governance, Insurance and Audit	227,522	185,000	(42,522)	385,000	484,522
Transition and Integration	879,971	363,156	(516,815)	426,312	1,163,068
Seminars and External Training	95,627	103,734	8,107	263,607	251,634
Administrative Costs	43,938	44,000	62	88,000	65,787
Depreciation, Maintenance and Repairs	44,294	31,000	(13,294)	62,000	129,195
Total Operating Costs	4,291,238	4,950,813	659,575	10,000,000	10,000,000
Weather-tightness Litigation	264,773	-	(264,773)	-	1,168,310
Net Operating Surplus (Deficit)	(1,693,169)	(2,615,387)	922,218	(4,780,693)	(5,885,039)
Interest on Reserves	-	-	-	-	-
Net Change in Reserves	(1,693,169)	(2,615,387)	922,218	(4,780,693)	(5,324,457)

Operating Expenditure by Functional Areas of Responsibility Centre

Chief Executive Office and Board Governance	1,410,330	1,215,447	(194,883)	2,281,215	3,367,346
Programme and Administration	597,229	539,742	(57,487)	1,119,154	1,082,826
Operations	1,260,713	1,630,475	369,762	3,409,761	3,002,880
Building Industry Performance Management	524,874	533,479	8,605	1,068,435	1,436,806
Stakeholder Relations and Education	498,092	1,031,669	533,577	2,121,436	1,110,142

Operating Expenditure by Output Class

Maintain and Proactively Update Building Controls	1,831,153	1,766,616	(64,537)	3,616,615	4,061,983
Provide Guidance on How to Meet the Requirements of the Building Code	1,084,989	1,799,768	714,779	3,640,557	2,729,517
Oversee Administration of Building Controls	650,363	579,038	(71,325)	1,133,252	1,614,222
Inform Consumers	663,454	805,391	141,937	1,609,577	1,467,972
Respond to Building Act	61,279		(61,279)		126,305

Building Industry Authority: Actual and Budgeted Statement of Cash Flows for the Period Ending 31 December 2003

	Actual 31 Dec 2003	Budget 31 Dec 2003	Budget 30 June 2004	Forecast 30 June 2004
Cash Flow from Operating Activities				
Cash was provided from:				
Interest and Other Income	30,551	11,000	22,000	39,251
Consent Levies	2,832,291	2,324,426	5,197,307	5,244,020
	<u>2,862,842</u>	<u>2,335,426</u>	<u>5,219,307</u>	<u>5,283,271</u>
Cash was disbursed to:				
Net Payments to Suppliers	(3,477,181)	(3,675,791)	(6,847,377)	(7,890,232)
Payments for Members' Fees	(137,103)	(185,000)	(385,000)	(385,000)
Payments for Personnel Costs	(1,137,875)	(1,385,393)	(3,031,993)	(3,031,993)
	<u>(4,752,160)</u>	<u>(5,246,184)</u>	<u>(10,264,370)</u>	<u>(11,307,225)</u>
Net Cash Flow from Operating Activities	<u>(1,889,318)</u>	<u>(2,910,758)</u>	<u>(5,045,063)</u>	<u>(6,023,954)</u>
<hr/> Cash Flow from Investing Activities <hr/>				
Cash was provided from:				
Capital Contribution from the Crown	500,000	1,492,641	3,472,621	4,000,000
Sale of Fixed Interest Funds	2,000,000	1,800,000	5,272,621	6,000,000
Interest Earned on Fixed Interest Funds	217,274			560,582
	<u>2,717,274</u>	<u>3,292,641</u>	<u>8,745,242</u>	<u>10,560,582</u>
Cash was disbursed to:				
Purchase of Fixed Assets	(188,700)	(165,000)	(300,000)	(300,000)
Repayment of Capital Contribution to the Crown			(3,472,621)	(4,000,000)
Purchase of Fixed Interest Funds	(217,274)			(560,582)
	<u>(405,974)</u>	<u>(165,000)</u>	<u>(3,772,621)</u>	<u>(4,860,582)</u>
Net Cash Flow from Investing Activities	<u>2,311,300</u>	<u>3,127,641</u>	<u>4,972,621</u>	<u>5,700,000</u>
Net Increase/(Decrease) in Cash	421,982	216,883	(72,442)	(323,954)
Opening Cash	375,545	375,545	375,545	797,527
Closing Cash	797,527	592,428	303,103	473,573

Building Industry Authority: Actual and Budgeted Statement of Financial Position as at 31 December 2003

	Actual	Budget	Budget	Forecast
	31 Dec 2003	31 Dec 2003	30 June 2004	30 June 2004
Current Assets				
Cash at Bank	797,527	592,428	303,103	473,573
Debtors and GST Receivable	196,495	30,745	23,431	23,431
Managed Funds and Cash at Call	10,726,809	11,136,666	8,096,327	7,070,117
Total Current Assets	<u>11,720,832</u>	<u>11,759,839</u>	<u>8,422,861</u>	<u>7,567,121</u>
Current Liabilities				
Provisions, Project Commitments	7,099	1,000	1,000	1,000
Creditors and PAYE	871,352	537,151	529,837	1,061,123
Building Certifier Bonds	45,000	15,000	15,000	45,000
Employee Entitlements	143,775	100,000	100,000	195,000
Accrued Expenses		5,000	5,000	5,000
Total Current Liabilities	<u>1,067,225</u>	<u>658,151</u>	<u>650,837</u>	<u>1,307,123</u>
Net Working Capital/(Deficit)	<u>10,653,606</u>	<u>11,101,688</u>	<u>7,772,023</u>	<u>6,259,999</u>
Total Fixed Assets	<u>363,517</u>	<u>382,232</u>	<u>486,232</u>	<u>408,564</u>
Net Assets	<u>11,017,123</u>	<u>11,483,920</u>	<u>8,258,255</u>	<u>6,668,563</u>
Represented by:				
Retained Surpluses B/Fwd	5,614,550	5,044,224	5,614,550	5,614,550
Surplus/Deficit - From Income and Expenditure	(1,693,171)	(2,615,387)	(4,780,693)	(5,324,457)
Capital Contribution from the Crown	500,000	1,492,641	3,472,621	4,000,000
Capital Contribution from the Crown Repaid			(3,472,621)	(4,000,000)
Interest Earned on Accumulated Funds B/Fwd	217,274	427,130	859,413	560,582
Retained Surpluses Carried Forward	3,921,379	2,428,837	1,122,943	290,093
Levy Reserve B/Fwd	6,378,470	7,135,312	7,135,312	6,378,470
Total Accumulated Funds	<u>11,017,123</u>	<u>11,483,920</u>	<u>8,258,255</u>	<u>6,668,563</u>

Building Industry Authority: Actual and Budgeted Statement of Capital Expenditure for the Period Ending 31 December 2003

	Actual 31 Dec 2003	Budget 31 Dec 2003	Budget 30 June 2004	Forecast 30 June 2004
Fixed Assets				
EDP Equipment at Cost B/Fwd	256,684	256,431	256,431	256,431
EDP Equipment - Additions	53,528	55,000	85,000	85,000
Less: Accumulated Depreciation	<u>(148,963)</u>	<u>(119,406)</u>	<u>(129,739)</u>	<u>(209,142)</u>
EDP Equipment @ Net Book Value	161,249	192,025	211,692	132,289
Furniture and Fittings Cost B/Fwd	177,810	177,810	177,810	177,810
Furniture and Fittings - Additions	66,055	35,000	85,000	85,000
Less: Accumulated Depreciation	<u>(130,208)</u>	<u>(127,115)</u>	<u>(137,449)</u>	<u>(142,208)</u>
Furniture and Fittings @ Net Book Value	113,657	85,695	125,361	120,602
Leasehold Improvements at Cost B/Fwd	49,265	49,265	49,265	49,265
Leasehold Improvements - Additions	69,117	75,000	130,000	130,000
Less: Accumulated Depreciation	<u>(29,771)</u>	<u>(19,753)</u>	<u>(30,086)</u>	<u>(23,592)</u>
Leasehold Improvements @ Net Book Value	88,611	104,512	149,179	155,673
Total Fixed Assets	<u>363,516</u>	<u>382,232</u>	<u>486,232</u>	<u>408,564</u>