

**Building
Industry
Authority**



Quarterly Report: January – March 2004

Published in June 2004 by
Building Industry Authority
PO Box 11846
Wellington
New Zealand

ISBN: 0-478-18410-7

Chairman's Foreword

The third quarter of the 2003/04 year saw the Building Industry Authority (BIA) make progress on a number of ongoing projects as well as new issues.

Importantly, the revisions to Acceptable Solution E2/AS1 were significantly progressed and we expect to release the new Acceptable Solution in June. Building Code Clause E2 deals with managing external moisture and so the revisions will make an important contribution to resolving the weathertightness issue.

In the third quarter the BIA also published a number of weathertightness-related Determinations. Territorial Authorities in particular need to review these carefully and take on board the principles and processes outlined. By identifying and addressing a number of weathertightness risk factors these Determinations provide guidance on appropriate practices from consenting through to issuing code compliance certificates. For example, one of the Determinations makes it clear that the absence of a drained, ventilated cavity behind a monolithic cladding does not in itself preclude a house from being code compliant. This reinforced the view we have been expressing to councils that they must assess each building on a case-by-case basis.

Preparation for implementing the Building Bill continues. A significant work programme is now under way, spanning a range of topics, and the BIA is staffing this area within the resources it has allocated. The BIA released the first in a suite of discussion papers late in the third quarter seeking feedback on one of the proposals in the Bill – BCA accreditation.

Also, in March the Government announced the formation of the Trans-Tasman Building Regulatory Reform Council. The Council will promote greater mutual understanding and cooperation in building regulatory reform and work to achieve improved building control systems in both countries. It recognises the similarities between the building sectors in the two countries, the increasing trans-Tasman trade in building-related products and services, and a growing number of building firms operating on both sides of the Tasman.

Finally, while there is still much work to be done on weathertightness issues, it has been pleasing to see in this quarter that enough has been achieved for many within the sector to feel the initial burden lifting somewhat. Not only is this freeing up resources to focus on other important areas, but it is also contributing to a much-needed sense of forward momentum.

Barry Brown
Chairman

Contents

Chief Executive's Report	6
Output Classes	11
Output Class 1 – Maintain and actively update building controls	12
Output Class 2 – Provide guidance on meeting the requirements of the Building Code	16
Output Class 3 – Oversee and improve administration of building controls	18
Output Class 4 – Inform consumers	20
Financial Statements	22

Chief Executive's Report

Introduction

The third quarter saw the BIA scale up its efforts in preparation for implementing the changes signalled in the Building Bill 2003. The BIA also addressed training and education issues around the introduction of new treated timber requirements, and progressed the introduction of new requirements to manage external moisture (and a number of other weathertightness-related issues). The BIA also managed a range of other issues, along with the ongoing work of reviewing and updating various Building Code Clauses and Approved Documents.

Building Bill

The Building Bill Implementation Programme is well under way, and significant progress was made in the third quarter. A programme manager has been appointed and the overall programme plan has been drafted. Sub-plans have also been developed around Frontline Building Controls, Product Certification and the full Building Code review.

This work is being carried out under the supervision of a steering group comprising representatives of the BIA, Ministry of Economic Development (MED) and an independent chairperson.

As mentioned in the Chairman's Foreword, a discussion document has been released on the accreditation of Building Consent Authorities (the name given in the Bill to those who will perform building consent and certification activities). This work is currently undertaken by staff in territorial authorities, and by private building certifiers. This is the first in a suite of discussion papers the BIA will issue on implementing the proposals in the Bill.

Consultation with interested parties is a key part of this process and we have been pleased with the input provided to date by territorial authorities and others. A full communications plan is being finalised which will ensure that all parties are kept abreast of progress and given appropriate opportunities to have their say.

The BIA continues to increase the resource going into this area as the workload increases.

Weathertightness initiatives

In January the BIA announced the transition timing that would apply to the new timber treatment requirements (Acceptable Solution B2/AS1) and commenced a programme of education and training around these changes. The new requirements apply to all consent applications received on or after 1 April 2004. Existing building projects have until 31 March 2005 to be completed under the old Acceptable Solution.

In February the BIA announced, with immediate effect, an interim amendment to the part of Acceptable Solution E2/AS1 that deals with stucco. The requirement to have a drained, ventilated cavity behind stucco on a rigid backing was introduced. A cavity was already required for stucco on a non-rigid backing.

In the third quarter the overall revisions to Acceptable Solution E2/AS1 were significantly progressed and we expect to release the new Acceptable Solution in June. As Building Code Clause E2 deals with managing external moisture, the revisions will make an important contribution to resolving the weathertightness issue. Like B2/AS1 these changes will be accompanied by an extensive information and education programme for industry, territorial authorities and others.

In the third quarter the BIA also published a number of weathertightness-related Determinations. Territorial Authorities in particular need to review these carefully and take on board the principles and processes outlined. By identifying and addressing a number of weathertightness risk factors these Determinations provide guidance on appropriate practices from consenting through to issuing code compliance certificates. For example, one of the Determinations makes it clear that the absence of a drained, ventilated cavity behind a monolithic cladding does not in itself preclude a house from being code compliant. This reinforced the view we have been expressing to councils that they must assess each building on a case-by-case basis.

Also in this quarter the BIA completed work on a new set of guidelines to assist territorial authorities and building certifiers assess residential buildings clad with solid plaster, fibre-cement sheets or exterior insulation and finishing systems (EIFS). The publication – called *Critical Requirements for the Assessment of 'Monolithic' Claddings* – was developed to support the assessment processes and decision-making of building officials before the new Acceptable Solution for managing external moisture in buildings (E2/AS1) is published. The publication will be distributed early in the fourth quarter.

Industry issues

Apart from weathertightness, three other areas were addressed in the third quarter.

The first was the BIA's growing concern about a range of issues related to private building certifiers. The Building Act allows private building certifiers to provide building inspection and certification services. One particular area of concern centred on the scheme of insurance required to cover their activities. During the quarter, concerns regarding private certifier insurance reached a point where it was deemed appropriate to review the insurance regime. The purpose of the review will be to determine whether any changes are required to the current scheme, with a view to protecting the interests of certifiers and their clients going forward.

It is important to note that this review is being driven by changes in the insurance market. The review will begin early in the fourth quarter and is expected to take up to six months to complete. It will involve consultation with private building certifiers and other interested parties.

The second focus area was the BIA's ongoing concern about how some territorial authorities were issuing, or not issuing, code compliance certificates. The issue, which arose in the second quarter, involved some territorial authorities introducing new policies around the consenting and approvals processes for buildings using monolithic claddings. Some made blanket decisions as to when they would and would not issue code compliance certificates, as opposed to addressing each building on a case-by-case basis. The BIA continued to issue advice to all territorial authorities regarding the appropriate processes to use, and followed up directly with those specific territorial authorities that had been brought to its attention.

Also, in March the Government announced the formation of the Trans-Tasman Building Regulatory Reform Council. The Council has been formed to promote greater mutual understanding and cooperation in building regulatory reform between New Zealand and Australia, and will work to achieve improved building control systems in both countries. It recognises the similarities between the building sectors in the two countries, the increasing trans-Tasman trade in building-related products and services, and a growing number of building-related firms operating on both sides of the Tasman.

Output Classes

Later in this report are summaries of progress against each of the areas of activity set out in the BIA's 2003/04 Statement of Intent (SOI) 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 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.

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

Progress was made on further upgrading the BIA's website as a source of guidance. A framework was established for providing other guidance information. A review of the BIA's education programme was initiated.

3. **Oversee and improve administration of building controls**

The programme of technical audits of territorial authorities and building certifiers is on track. Four territorial authority and two building certifier audits were completed in the quarter. Work is also continuing on identifying and disseminating best practice to territorial authorities. The first draft quarterly report on the performance of the building controls regime was produced, as required under SOI Output 3.3.

4. **Inform consumers**

The Web portal strategy is progressing. Two of the scheduled 10 *BIA News* editions were published in the quarter, and the third of six scheduled *Weathertightness News* was published. The electronic email information service, *BIA Update*, was issued as required.

Determinations

At the beginning of the quarter there were 43 Determinations in the BIA system. During the quarter a further 23 new applications for determination were received. The Authority issued 11 Determinations and five applications were withdrawn, leaving 50 Determinations at the end of the quarter.

These figures represent a significant increase on the number of Determinations received by the BIA in previous years. The previous record for Determinations on hand was 16. This continues to be driven by weathertightness-related factors and the ongoing practice of some territorial authorities to refuse to issue code compliance certificates for monolithic-clad homes that had been built without a drained, ventilated cavity.

In the third quarter the BIA appointed a Determinations Manager to oversee this function and put in place a dedicated team to assist him. The organisation is seeking to turn around Determinations in three months and be at a steady state by the end of the year.

Litigation

The BIA is currently involved in eight cases in the High Court, all of which are weathertightness related. Three of the eight are as a result of Auckland City Council joining the BIA as a third party to the action. The plaintiffs in these cases did not join the BIA.

The claims against the BIA are as follows.

- It was negligent in failing to act (before it did) as regards the monolithic/leaky building issue.
- It was negligent in the way it monitored building certifiers and territorial authorities.
- It failed to ensure that building certifiers were adequately insured.
- Its conduct was misleading and in breach of the Fair Trading Act.

The BIA has also been named in nine Weathertight Homes Resolution Service (WHRS) adjudication cases. In most cases the relevant territorial authority has joined the BIA. The BIA successfully applied to have one joining struck out but was unsuccessful in another case.

Litigation costs were not included in the BIA's budget for 2003/04, and so litigation costs are shown 'below the line'. The current forecast of 2003/04 litigation costs is now \$1.4 million. Given the large projected cost for the upcoming year, the BIA is moving to implement a more substantial project monitoring and cost forecasting model.

Business planning

In this quarter business planning required a significant level of management resource. This was due to an increased focus on organisational transition issues, implementing the Building Bill and addressing a range of issues. This trend is expected to continue in future quarters.

Financial Statements

Although expenditure is less than budgeted on a year-to-date basis, forecast expenditure for 2003/04 is in accord with the Estimates of Expenditure, excluding weathertightness litigation costs. Personnel and Programme expenditure is below budget, which reflects current vacancies in technical roles. Conversely but related, Transition and Integration costs are above budget because of delays and uncertainty surrounding the future of the BIA, that is, temporary positions have been filled for longer than budgeted. Management has also reprioritised resources to ensure enough is available to plan for and implement the changes proposed in the Building Bill.

Revenues are forecast to be approximately 10 percent above the SOI budget, reflecting increased activity in the building sector.

As reported in the first two quarterly reports, 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 BIA anticipates incurring \$1.4 million in weathertightness litigation costs in 2003/04. Ministers have agreed to provide Crown funding to cover these costs, together with approval to incur additional expenditure.

Capital expenditure for 2003/04 is forecast to be \$90,000 above the budgeted \$300,000, which results from a requirement to provide accommodation and workspaces for additional staff working on Building Bill Implementation projects.

John Ryan
Chief Executive

Output Classes

Based on the four Output Classes identified in the 2003/04 Statement of Intent (SOI), 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 and technical audits of building certifiers
- Output 3.2: Work in partnership with territorial authorities 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 Building Code Clause changes).
- Final drafting stage.
- Complete.

Playground Standard Development

Complete

The new Standard will be issued shortly and will run in conjunction with the previous Standard for a year – effectively as an interim Standard that will enable comment on its use in practice to be incorporated before it is published as a final version. There is no intention at this time for it to be referenced in the Approved Documents.

Safety from Falling

Authority consideration stage

A working group has considered public comments on the proposed amendments to Clause F4 Safety from Falling, as well as on the draft Acceptable Solution (F4/AS1). The draft F4/AS1 was considered by the Authority's technical subcommittee at its March meeting. Some changes were requested and a revised draft will be put forward for the April meeting. The Authority approved the recommendation to the Minister for a change to Clause F4 in regard to barriers that can be used as seats, and this recommendation has been passed to the Minister.

CCA Treatment of Timber

Proposal development stage

The draft report from the Institute of Environmental Science and Research has been received and commented on. The final report is expected in mid-April. The public consultation on CCA timber use by the Australian Pesticides and Veterinary Medicines Authority closed on 29 February but no results have yet been published.

Acoustic Performance

Proposal development stage

Research on improving the acoustic performance of classrooms (Building Code Clause G6) is complete. Work on the proposed Code Clause amendments and Acceptable Solutions is ongoing, and it is anticipated that the recommendations will go to the Authority in May/June. A working group member review of the full draft has been completed. Comments have been considered and amendments are being prepared prior to a final check and sign-off in May.

Safety in Day Care Centres

Proposal development stage

The trial evacuations have been completed and research is ongoing. Data analysis is being completed prior to a final meeting in April to complete the proposal. Amendments to the Acceptable Solution are being drafted. It is anticipated that the recommendations will go to the Authority in May/June.

Minimum Fire Rating Values

Proposal development stage

A working group was established to address the outcome of research and fire testing in relation to the performance of dry wall fire separations in fast fires for two fire load situations. The group met twice in March and over the next month will write up the proposed amendments. A final meeting has been scheduled for 14 April 2004. The proposed amendments and the Regulatory Impact Statement (RIS) and cost benefit analysis are expected to be complete by June 2004. It is anticipated that the recommendations will go to the Authority in June/July with a request to release for public comment.

Lighting for Emergency

Consultation stage

The amended Building Code Clause F6 and Approved Documents are out for public comment. Public comment closes in mid-April 2004.

Industrial Waste

Order in Council stage

On 28 November 2003 the Authority gave approval for Building Code Clause G14, now called Liquid Waste, to be sent to the Minister to be passed by Order in Council, and for the Approved Document to be sent to the publisher for publishing once the Clause is passed. In March 2004 the Minister advised that she has recommended progress to Cabinet.

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.

External Moisture

Final drafting stage

A draft Acceptable Solution for Building Code Clause E2 (E2/AS1) has been circulated to the Authority, relevant BIA staff, and the working group. The draft is nearing completion and is now in the final format. Some technical issues are still being worked through, and these are expected to be finalised so that the Authority can sign off the final document in June.

Timber Structures Standard (includes Timber-Framed Buildings)

Proposal development stage

Following the 23 March Standards New Zealand meeting various action points were assigned to committee members. Those action points are due to be completed by 16 April 2004, and it is hoped the amendments to NZS 3603 and the new NZS 3622 can then be finalised.

Energy Efficiency

Proposal development stage

A draft report has been received and commented on as part of the external contract to review the performance index for housing in 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 was issued for public comment in February with comment closing 20 April. The Building Code Clause change will be sent for approval by Order in Council, and the publication of the Code and the Approved Documents will occur in 2004/05.

Airborne and Impact Sound

Consultation stage

The cost benefit analysis and proposed amendments to Building Code Clause G6 and Approved Document G6 – including Clauses addressing environmental sound – have been approved for release for public comment. The RIS has been finalised and placed before the Management Committee. It is anticipated that the documents will go out for public comment in April. The Building Code Clause change will be sent for approval by Order in Council, with the publication of the Code and the Approved Documents to occur 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.

Structural issues

The first round of Grade 500E steel testing has been carried out with the only major issue being the ease of correctly identifying bars. Steel performance has generally been satisfactory. Some minor issues are being addressed with further testing under way at the moment. Preparation has begun for publishing results for industry.

The Hollowcore floor survey is nearing completion for Christchurch, with no major issues identified to date. The first stage of the Hollowcore FEA has been completed but recommendations and improvements are still required. Progress is being made with John Scarry in addressing and informing industry in regard to structural issues.

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

A survey of existing buildings and interviews with occupants, developers, designers and territorial authorities has been completed. BIA staff are analysing the report with a view to programming future projects for Building Code and Approved Document amendments, and input into the Building Code Review. A paper has been prepared for the April Authority meeting.

International Fire Safety Guidelines

Work is ongoing with this document, and has involved effective collaboration with the other countries involved. The New Zealand section of the Guidelines is now in draft form and is evolving in line with the proposed timeframes. A non-technical overview group is due to review the document early in the fourth quarter. The document is due for final drafting in October 2004. The release date is scheduled for 1 December 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*, the BIA's flagship publication for communicating with industry stakeholders, was published twice. *Weathertightness News* was published once, and the email update service, *BIA Update*, was issued as required. Seven of 10 planned *BIA News* publications have been produced in the first three quarters. Three of six planned *Weathertightness News* publications have been produced.

The BIA website is a key vehicle for communicating with stakeholders. To improve the effectiveness of the site, an initial upgrade of the BIA website was undertaken in the second quarter, and in the third quarter we consolidated on the upgrade with content refinements, and our work-as-usual publishing. New functionality was introduced: two new subscriber mailing lists were created (Determination notifications and published amendment notifications), and a secure section for BIA Authority members was also built. Work was also undertaken on a BIA Web strategy to guide and prioritise further work on the site. This document will be complete in the fourth quarter.

All significant BIA work programme developments in the quarter were publicised via the channels discussed above.

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 how to achieve the levels of performance required by the Building Code and Approved Documents. A framework for guidance information has been completed and includes processes for developing guidance information and appropriate distribution channels.

The first guidance document, *Critical Requirements for the Assessment of 'Monolithic' Claddings*, was signed off in this quarter and is due to be sent to building officials, certifiers and relevant industry organisations in April. Other intended documents covering producer statements, the processing of Alternative Solutions, and weathertightness risk factors are currently being progressed.

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 and industry requirements to guide ongoing education activity. A key focus will be the education needs of territorial authority building officers in light of proposed changes to the Building Act.

A review of the BIA's education programme, along with territorial authority and industry education needs, was commissioned in the third quarter and will be completed in the fourth quarter. Additional recruitment for the BIA's education function is also under way.

In the meantime the BIA continues to deliver education programmes around a range of issues. In the third quarter this primarily focused on the recently announced changes to treated timber requirements. Also, preparation began on a major education programme for the Building Code Clause E2 Acceptable Solution (E2/AS1) announcement, scheduled for the fourth quarter. Both of the education programmes are being carried out in partnership with other organisations, for example, the Building and Research Association of New Zealand (BRANZ) and Standards New Zealand.

Output Class 3 – Oversee and improve administration of building controls

Territorial authorities (TAs), building certifiers and the BIA are all key participants in the building controls regime. The BIA will audit TAs and building certifiers to ensure their performance is satisfactory, and will 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 audit work was undertaken on Auckland City Council, Waitakere City Council, North Shore City Council, Ruapehu District Council, Nationwide Building Certifiers and Bay Building Certifiers during the third quarter. The BIA will easily meet its target of 12 technical audits by the end of the year. In total, completed audits will have covered councils handling 65 percent of all consents issued.

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.

In the third quarter the BIA's Building Industry Performance Group has been:

- developing policies to manage the approval and regulation of private building certifiers, and taking a more active monitoring role. Progress was also made towards a review of the private building certifiers' insurance regime.
- monitoring the management of Alternative Solution, monolithic cladding and code compliance certificate issues by building officials, and providing guidance
- following up with TAs 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 building officials, including attending and speaking at the Building Officials Institute of New Zealand (BOINZ) national conference in Nelson.

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.

A first quarterly performance report was prepared in the third quarter and will be considered by the Authority at its April meeting. Refinements may be made to the structure and content of future reports following this.

Output Class 4 – Inform consumers

Providing information about the building controls regime to consumers¹ 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.

An initial upgrade of the BIA website was completed in the second quarter, and in the third quarter the BIA consolidated the upgrade with content refinements, and work-as-usual publishing. New functionality was introduced: two new subscriber mailing lists were created (Determination notifications and published amendment notifications), and a secure section for BIA Authority members was established. Work was also undertaken on a BIA Web strategy to guide and prioritise further work on the website. This document will be complete in the fourth quarter.

In another substantial initiative, 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. Note: The BIA website will complement the joint BIA/Consumers' Institute New Zealand project, that is, it will continue to cater to its main traditional audiences – industry stakeholders and users with a technical background and subject expertise – whereas the joint BIA/Consumers' Institute site will be firmly consumer focused.

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 (for example, fire) so that consumer issues are dealt with in an integrated manner.

¹ 'Consumer' may be defined as the first owner of the building.

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 this quarter *BIA News* was published twice, *Weathertightness News* once and *BIA Updates* were issued as required. Seven of 10 planned *BIA News* editions have been produced in the first three quarters. Three of six planned *Weathertightness News* publications have been produced. The full number will be achieved by the end of the year.

Financial Statements

Building Industry Authority: Actual and Budgeted Statement of Financial Performance for the Period Ending 31 March 2004

	Actual 31 Mar 2003	Budget 31 Mar 2004	Variance	Budget 30 June 2004	Forecast 30 June 2004
Income					
Building Levy	4,158,601	3,681,476	477,125	5,197,307	5,559,246
Other Income	36,913	16,500	20,413	22,000	41,263
Interest on Reserves					
Total Income	4,195,514	3,697,976	497,538	5,219,307	5,600,509
Operating Expenditure					
Personnel and Recruitment	1,855,893	2,214,339	358,446	3,031,993	2,633,481
Programmes and Projects	1,696,934	2,502,055	805,121	3,366,400	2,436,410
Technical and Professional advice	555,511	581,900	26,389	727,400	783,973
Occupancy Costs	159,504	147,000	(12,504)	196,000	210,797
Printing and Publications	392,040	659,000	266,960	916,500	627,675
Information Technology and Communications	96,335	64,500	(31,835)	86,000	135,830
Travel and Accommodation	149,223	354,300	205,077	450,788	271,081
Governance, Insurance and Audit	319,448	277,500	(41,948)	385,000	495,648
Transition and Integration	1,179,371	413,156	(766,215)	426,312	1,731,607
Seminars and External Training	154,719	143,584	(11,135)	263,607	260,781
Administrative Costs	64,224	66,000	1,776	88,000	98,327
Depreciation, Maintenance and Repairs	96,420	46,500	(49,920)	62,000	150,221
Total Operating Costs	6,719,622	7,469,834	750,212	10,000,000	9,835,831
Weather-tightness Litigation	657,879	-	(657,879)	-	1,229,050
Net Operating Surplus (Deficit)	(3,181,987)	(3,771,858)	589,871	(4,780,693)	(5,464,372)
Interest on Reserves	-	-	-	-	-
Net Change in Reserves	(3,181,987)	(3,771,858)	589,871	(4,780,693)	(4,959,293)
Operating Expenditure by Functional Areas of Responsibility Centre					
Chief Executive Office & Board Governance	1,902,360	1,857,125	(45,235)	2,281,215	2,772,589
Programme and Administration	837,690	820,116	(17,574)	1,119,154	1,114,218
Operations	1,839,747	2,436,817	597,070	3,409,761	2,633,723
Building Industry Performance Management	1,019,982	790,851	(229,131)	1,068,435	1,571,075
Stakeholder Relations and Education	729,585	1,564,923	835,338	2,121,436	955,925
Weather-tightness Litigation	795,016	-	(795,016)	-	1,413,466
Building Act Implementation	253,123	-	(253,123)	-	603,883

Operating Expenditure by Output Class

Maintain and Proactively Update Building Controls	2,288,731	2,656,950	368,219	3,616,615	3,256,864
Provide Guidance on How to Meet the Requirements of the Building Code	1,956,272	2,726,623	770,351	3,640,557	2,724,661
Oversee Administration of Building Controls	1,225,540	863,219	(362,321)	1,133,252	1,941,969
Inform Consumers	858,820	1,223,042	364,222	1,609,577	1,124,038
Weathertightness Litigation	795,015	-	(795,015)		1,413,466
Implementation of the Building Act	253,123		(253,123)		603,883

Building Industry Authority: Actual and Budgeted Statement of Cash Flows for the Period Ending 31 March 2004

	Actual 31 March 2004	Budget 31 March 2004	Budget 30 June 2004	Forecast 30 June 2004
Cash Flow from Operating Activities				
Cash was provided from				
Interest and Other Income	36,913	16,500	22,000	41,263
Consent Levies	4,158,601	3,681,476	5,197,307	5,559,246
	4,195,514	3,697,976	5,219,307	5,600,509
Cash was disbursed to:				
Net Payments to Suppliers	(5,053,340)	(5,257,865)	(6,847,377)	(8,547,993)
Payments for Members' Fees	(193,043)	(277,500)	(385,000)	(247,200)
Payments for Personnel Costs	(1,712,414)	(2,214,339)	(3,031,993)	(2,781,993)
	(6,958,797)	(7,749,704)	(10,264,370)	(11,577,186)
Net Cash Flow from Operating Activities	<u>(2,763,283)</u>	<u>(4,051,728)</u>	<u>(5,045,063)</u>	<u>(5,976,677)</u>
Cash Flow from Investing Activities				
Cash was provided from				
Capital Contribution from the Crown	1,500,000	2,734,112	3,472,621	4,000,000
Sale of Fixed Interest Funds	2,000,000	1,800,000	5,272,621	2,000,000
Interest Earned on Fixed Interest Funds	385,079			505,079
	3,885,079	4,534,112	8,745,242	6,505,079
Cash was disbursed to				
Purchase of Fixed Assets	(277,755)	(250,000)	(300,000)	(390,000)
Repayment of Capital Contribution to the Crown			(3,472,621)	
Purchase of Fixed Interest Funds	(385,079)			(505,079)
	(662,834)	(250,000)	(3,772,621)	(895,079)
Net Cash Flow from Investing Activities	<u>3,222,245</u>	<u>4,284,112</u>	<u>4,972,621</u>	<u>5,610,000</u>
Net Increase/(Decrease) in Cash	458,962	232,384	(72,442)	(366,677)
Opening Cash	375,545	375,545	375,545	834,507
Closing Cash	834,507	607,928	303,103	467,830

Building Industry Authority: Actual and Budgeted Statement of Financial Position as at 31 March 2004

	Actual	Budget	Budget	Forecast
	31 Mar 2004	31 Mar 2004	30 June 2004	30 June 2004
Current Assets				
Cash at Bank	834,507	607,928	303,103	467,830
Debtors and GST Receivable	127,736	20,952	23,431	135,000
Managed Funds and Cash at Call	10,894,614	11,352,159	8,096,327	11,014,614
Total Current Assets	11,856,857	11,981,040	8,422,861	11,617,444
Current Liabilities				
Provisions, Project Commitments	10,520	1,000	1,000	9,250
Creditors and PAYE	963,383	527,358	79,837	384,596
Building Certifier Bonds	45,000	15,000	15,000	45,000
Employee Entitlements	143,479	5,000	100,000	155,000
Accrued Expenses	400,000	100,000	450,000	450,000
Total Current Liabilities	1,562,381	648,358	650,837	1,043,846
Net Working Capital /(Deficit)	10,294,476	11,332,681	7,772,023	10,573,598
Total Fixed Assets	401,636	451,732	486,232	460,128
Net Assets	10,696,111	11,784,414	8,258,255	11,033,727
Represented by:				
Retained Surpluses B/Fwd	5,614,550	5,044,224	5,614,550	5,614,550
Surplus/(Deficit) - From Income & Expenditure	(3,181,987)	(3,771,858)	(4,780,693)	(5,464,372)
Capital Contribution from the Crown	1,500,000	2,734,112	3,472,621	4,000,000
Capital Contribution from the Crown Repaid		-	(3,472,621)	
Interest Earned on Accumulated Funds B/F	385,079	642,624	859,413	505,079
Retained Surpluses Carried Forward	2,432,562	4,649,102	1,122,943	4,655,257
Levy Reserve B/Fwd	6,378,470	7,135,312	7,135,312	6,378,470
Total Accumulated Funds	10,696,111	11,784,414	8,258,255	11,033,727

Building Industry Authority: Actual and Budgeted Statement of Capital Expenditure for the Period Ending 31 March 2004

	Actual 30 June 2003	Actual 31 Mar 2003	Budget 31 Mar 2003	Budget 30 June 2004	Forecast 30 June 2004
Fixed Assets					
EDP Equipment at Cost B/Fwd	191,072	256,684	256,431	256,431	256,431
EDP Equipment - Additions	65,612	136,510	55,000	85,000	220,000
Less: Accumulated Depreciation	<u>(132,181)</u>	<u>(144,980)</u>	<u>(119,406)</u>	<u>(129,739)</u>	<u>(224,224)</u>
EDP Equipment @ Net Book Value	124,503	248,214	192,025	211,692	252,207
Furniture and Fittings Cost B/Fwd	173,667	177,810	177,810	177,810	177,810
Furniture and Fittings - Additions	4,143	32,800	35,000	85,000	40,000
Less: Accumulated Depreciation	<u>(122,024)</u>	<u>(187,067)</u>	<u>(127,115)</u>	<u>(137,449)</u>	<u>(143,823)</u>
Furniture & Fittings @ Net Book Value	55,786	23,543	85,695	125,361	73,987
Leasehold Improvements at Cost B/Fwd	44,515	49,265	49,265	49,265	49,265
Leasehold Improvements - Additions	4,750	108,446	75,000	130,000	130,000
Less: Accumulated Depreciation	<u>(13,390)</u>	<u>(27,831)</u>	<u>(19,753)</u>	<u>(30,086)</u>	<u>(45,331)</u>
Leasehold Improvements - Net Value	35,875	129,879	104,512	149,179	133,934
Total Fixed Assets	<u>216,164</u>	<u>401,636</u>	<u>382,232</u>	<u>486,232</u>	<u>460,128</u>