



Annual Report
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Building Professionals Board

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1. Charter

The NSW Building Professionals Board (the Board) is established under the *Building Professionals Act 2005* (the *BP Act*) to accredit certifiers, investigate their conduct and promote the provision of reliable services by certifiers.

Contact details for the Board

PO Box 972, Parramatta NSW 2124 / 10 Smith Street Parramatta NSW 2150

Phone: (02) 8522 7800 | TTY: 1300 555 727 | www.bpb.nsw.gov.au

Business hours: 8.30am – 4.30pm Monday – Friday

2. Aims and objectives

The objectives of the Board are to:

- be a high performing and delivery-focused organisation
- improve the certification system and confidence in it
- respond effectively to complaints against accredited certifiers
- increase the supply of accredited certifiers
- improve certifiers' competence and statutory compliance
- implement an audit and advisory regime for significant risks in certification.

3. Operations and achievements 2017-18

Fast, efficient services

In 2017-18, the Board determined 98 per cent of all accreditation applications it received, and determined 108 complaints about certifiers. The Board cancelled one certifier's accreditation, and fined another certifier \$50,000. Other penalties included conditions on accreditation and/or mandatory education courses.

Data reporting for greater accountability

The *Building Professionals Regulation 2007* (the *BP Regulation*) was amended in December 2017 to require data reporting by certifying authorities on their certification work. Data reporting was mandatory from 1 July 2018. The data, which is state-wide, real-time, and includes important details of construction activity, builders and buildings, will inform and improve policy and enforcement outcomes.

Significant investigation into Griffith City Council

In July 2017, the Board completed a significant investigation into Griffith City Council's (Council's) certification practices. Council staff who were not accredited certifiers had issued certificates on behalf of the Council, in contravention of the law. The Council was given one year to address the recommendations in the Board's final report.

Improving legislative framework for regulating certifiers

In 2017-18, the Board significantly contributed to the Building and Development Certifiers Bill 2018 (the Bill), exhibited from 7 August 2018 to 4 September 2018. The Bill will replace the *BP Act* as a stronger, more flexible and streamlined statute to regulate certifiers, prevent conflicts of interest and protect consumers.

Overseeing NSW Swimming Pool Register and helping homeowners

In January 2018, administration of the *Swimming Pools Act 1992* and the NSW Swimming Pool Register (the Register) transferred to the Department of Finance, Services and Innovation (DFSI), with the Board handling day-to-day administration of the Register. The Board helps pool owners and certifiers to understand their general statutory obligations. In mid-2018, the Board commissioned priority upgrades to the Register to make it easier for stakeholders to use and to enable more accurate reporting.

Audit program for A3 certifiers

In 2017-18, the Board developed a new program for proactive audits of certifiers to help them understand and meet their obligations. The focus was on category A3 certifiers who are new to the industry. A3 certifiers certify developments where the applicant is often an average homeowner who may have limited knowledge of the certification system. The program commenced in mid-2018.

Consulting certifiers across NSW

In December 2017 and February 2018, the Board consulted with private and council certifiers across NSW, and conducted an online survey on the quality of the Board's services to certifiers. Certifiers were generally satisfied with the Board's services but identified areas for improvement which are being addressed.

In April 2018, the Board and IT partners, OneGov, held a series of workshops across NSW to help certifiers and councils prepare for their data reporting requirements.

4. Board membership, meetings and structure

The Board met once during the 2017-18 financial year, on 30 January 2018.

Board member	Number of meetings attended	Board member as at 30 June 2018
Rosemary Ann (Rose) Webb	0	Yes – President
Lynelle Collins	1	Yes – Deputy President
John Tansey	1	Yes – Member
Andrew Gavrielatos	0	No
Anthony Lean	0	No
Yolande Nyss	1	No
Rod Stowe	0	No
Gabrielle Wallace	1	No

Board members are appointed by the Minister in accordance with Part 7 of the *Building Professionals Act 2005* ('Constitution and management of Board'). The current members are appointed until 30 January 2019 or until the Act is repealed, whichever is sooner.

The Board's secretariat is employed by DFSI (figure below).

The Director, Building Services, Fair Trading Specialist Services, NSW Fair Trading, is also the Director of the Board.

5. Principal legislation

5.1 Legislative changes during 2017-18

The Board is established under the *BP Act*.

The *BP Act* was amended on 23 November 2017 by the *Environmental Planning and Assessment Amendment Act 2017* and, on 15 June 2018, by the *Miscellaneous Acts Amendment (Marriages) Act 2018*.

The *BP Regulation* was amended on 15 December 2017 by the *Building Professionals Amendment (Provision of Information) Regulation 2017*.

The Building Professionals (Provision of Information) Order 2018 was gazetted on 22 June 2018 and commenced on 1 July 2018.

5.2 Significant judicial decisions

None in 2017-18.

6. Activities

6.1 Accrediting certifiers

At 30 June 2018, there were 687 council certifiers, 1,246 private certifiers and 11 accredited bodies corporate.

In 2017-18, the Board received 1,993 accreditation applications and determined 1,963, or 98 per cent, of the applications it received. The Board received 55 fewer new applications and 104 more renewal applications in 2017-18 than in 2016-17.

6.2 Investigations

In 2017-18, 34 per cent of complaints were dismissed by the Board or withdrawn by the complainant. The Board issued a written warning to the certifier in 59 per cent of complaints.

Complaints are most commonly dismissed or withdrawn due to the complainant not understanding what a certifier is and isn't responsible for in the construction process.

Complaints	2014-15	2015-16	2016-17	2017-18
Received	121	145	113	150
Determined	140	226	161	108
Outstanding	150	71	21	63

6.3 Communication and online services

The Board's website (www.bpb.nsw.gov.au) received 455,561 page views in 2017-18. The electronic newsletter had 5,549 subscribers as at 30 June 2018.

From 1 January 2018, the Board has administered the Register, online at www.swimmingpoolregister.nsw.gov.au.

A data validation review, in conjunction with DFSI Spatial Services, indicated that there were 364,041 swimming pools and spa pools registered in NSW as at 1 July 2018. An accredited certifier or local council had certified 63,993 pools as compliant with legislative standards for swimming pool barriers. In 2017-18, 27,770 pools were inspected. Of these, 23,193 were found to be compliant and 4,577 non-compliant.

7. Other statutory reporting requirements

The *Annual Reports (Statutory Bodies) Act 1984* requires reporting as follows.

7.1 Outline budget for 2018-19

Outline budget 2018-19	Current forecast (\$'000)
Operating Revenue	
Sale of goods and services	1,800
Investment revenue (estimated)	24
Retained taxes, fines and fees	356
Grant revenue	0
»»TOTAL REVENUE	
Employee related expenses	
Salaries and wages (incl. on-costs)	2503
Contractors	0
Superannuation	208
Long service leave	22
Workers compensation insurance	7
Payroll tax and fringe benefits tax	144
Computer related expenses	0
Operating expenses	
Occupancy costs	239
Maintenance	0
Fees and charges	112
Postage and telephones	25
Printing and stationery	14
Travel and motor vehicles	7

Training and staff development	3
HABS direct costs	0
State fleet motor vehicles expense	0
Grants and subsidies	0
Insurance	4
Advertising	0
Depreciation	0
Finance costs	6
Other operating expenses	12
ServiceFirst and ERP costs	0
Corporate cost allocation	0
»»TOTAL EXPENSES	3,306
Net profit / (Loss) on sale of assets	0
»»» Net surplus / (cost) of services incl. recharges and allocation	-1,126
Crown acceptance of employee liability	54
Net surplus	-1,072

7.2 Consumer response

In 2017-18, most complaints about the Board were about the time taken to determine applications for accreditation, and about decisions to refuse accreditation. Other complaints, from certifiers and local councils, were about the requirement to report certification data to the NSW Government.

7.3 Credit card use

Martin Hoffman, Secretary, Department of Finance, Services and Innovation provided certification in the following terms: *I certify that corporate credit card use in the DFSI during 2017-18 has been in accordance with Premier's Memoranda and Treasurer's directions.*

7.4 Disability inclusion action plans

DFSI's *Disability Inclusion Action Plan* applies to the Board and implementation is reported in DFSI's Annual Report of 2017-18.

7.5 Government Information (Public Access) Act 2009

In 2017-18, three applications were made for information held by the Board. These applications were determined by DFSI and are reported in DFSI's Annual Report of 2017-18.

7.6 Implementation of price determination

Some of the recommendations made in the *Licence Rationale and Design* review were considered during development of the Building and Development Certifiers Bill 2018.

7.7 Multicultural policies and services program

DFSI's *Diversity and Inclusion Strategy 2015-2019* applies to the Board and implementation is reported in the DFSI's Annual Report of 2017-18.

7.8 Numbers and remuneration of senior executives

Three Senior Executive staff from DFSI carried out the role of Director of the Board at various periods during 2017-18. The first two were remunerated by the Board. The third (and current) Director is remunerated by Fair Trading, so is not listed below.

Director, Building Professionals Board	Period as Director	Remuneration for period as Director
Gabrielle Wallace	1/7/17 – 1/11/17	\$74,760
Siobhan Flores-Walsh	2/11/17 - 13/4/18	\$121,760

7.9 Payment of accounts

Value of invoices paid	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
Before due date	\$54,849.03	\$89,908.19	\$109,290.70	\$94,428.28	\$348,476.20
<30 days overdue	\$1,466.80	\$1,250.00	\$90.95	\$81,056.58	\$83,864.33
30-59 days overdue		\$248,954.43	\$92,775.19	\$170.06	\$341,899.68
60-89 days overdue	\$11.48			\$2,801.33	\$2,812.81
90 or more days overdue				\$3,270.74	\$3,270.74
Total value of invoices paid	\$56,327.31	\$340,112.62	\$202,156.84	\$181,726.99	\$780,323.76
% paid on time, by value	97.38%	26.43%	54.06%	51.96%	44.66%
No. of invoices paid	35	34	38	40	147
No. paid before due date	31	31	33	35	130
No. paid when overdue	4	3	5	5	17
Total value of invoices paid	\$56,398.28	\$340,180.88	\$202,233.38	\$181,807.51	\$780,618.21

Value of invoices paid	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
% paid on time, by number	88.57%	91.18%	86.84%	87.50%	88.44%
Interest paid*	-	-	-	-	-
No. payments for interest on overdue invoices	-	-	-	-	-
Interest paid on overdue invoices	-	-	-	-	-

7.10 Privacy

DFSI's privacy management plan applies to the Board and implementation is reported in DFSI's Annual Report of 2017-18.

7.11 Requirements arising from employment arrangements

The financial statements in this report provide information on salaries, wages, long service leave and superannuation.

7.12 Risk management and insurance liability

The Board's analysis of its key risks informs its Corporate and Business Plans. In 2017-18, assets and risks were insured through the NSW Treasury Managed Fund.

7.13 Waste

The Board supports DFSI's implementation of the *Government Resource Efficiency Policy*, which is explained in DFSI's Annual Report of 2017-18.

7.14 Workforce diversity

Diversity reporting for the Board is covered in DFSI's Annual Report of 2017-18.

7.15 Work health and safety

The Board did not have any reportable workplace injuries during 2017-18.

8. Reporting requirements with 'not applicable' or 'nil' response

The Board reports a nil response, or as otherwise indicated, for the following reporting requirements under the *Annual Reports (Statutory Bodies) Act 1984*:

- after balance date events having a significant effect on operations and clientele
- agreements with Multicultural NSW – nil;
- consultants costing \$50,000 or more – nil;
- consultants costing less than \$50,000 – nil;
- disclosure of controlled entities and subsidiaries – not applicable;
- external costs incurred in the production of this report – nil;
- funds granted to non-government community organisations – nil;
- human resources – refer to DFSI's Annual Report of 2017-18;
- investment performance – nil;
- land disposal – nil;
- liability management performance – Board debt is less than \$20 million;
- promotion – nil;
- public interest disclosures – nil; and
- research and development.

Appendix 1 – Digital information security policy attestation

The Board's operational activities, including those that relate to and/or make use of information and communications technology, are provided by DFSI.

DFSI met the requirements of the *NSW Government Digital Information Security Policy* in 2017-18. Refer to DFSI's Annual Report of 2017-18.

Therefore, I, Martin Hoffman, am of the opinion that the Board had an Information Security Management System in place during the 2017-18 financial year that is consistent with the core requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Board are adequate.

There is no agency under the control of the Board which is required to develop an independent Information Security Management System in accordance with the *NSW Government Digital Information Security Policy*.



Martin Hoffman

Secretary

Date: 31 October 2018

Appendix 2 – Internal audit and risk management attestation statement for 2017-18

I, Rosemary Ann Webb, Commissioner for Fair Trading, am of the opinion that the Board has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	Compliant, non-compliant or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

Chair and members of the Audit and Risk Committee for 2017-18:

- Carol Holley (Chair): 2 December 2015 to 1 December 2020;
- Nirmal Hansra: 21 December 2017 to 20 December 2020;
- Dianne Hill: 1 February 2016 to 31 January 2019;
- Mark O'Sullivan: 25 January 2015 to 24 January 2018; and
- Bruce Turner: 22 January 2016 to 21 January 2019.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- DFSI;
- Rental Bond Board;
- Fair Trading Administration Corporation;
- Mine Subsidence Board;
- NSW Government Telecommunications Authority; and
- State Archives and Records Authority of NSW.



Rose Webb

Commissioner for Fair Trading

Date: 4 October 2018

Agency contact officer

Geoff Campbell Chief

Audit Executive

Internal Audit, DFSI

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Appendix 3 – Independent audit report



INDEPENDENT AUDITOR'S REPORT

Building Professionals Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Building Professionals Board (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Other information comprises the information included in the Board's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Member's Statement.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

The Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Board will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Nathan Carter
Director, Financial Audit Services

24 September 2018
SYDNEY

BUILDING PROFESSIONALS

BOARD MEMBERS'

STATEMENT

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* we declare, on behalf of the Board, that in our opinion:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Board as at 30 June 2018 and transactions for the year ended 30 June 2018;
- (2) the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards and the Treasurer's Directions.

Further, the Members of the Board are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Board.



Rose Webb
President, Building Professionals Board
1 September 2018

Appendix 4 – Financial and audit statements

BUILDING PROFESSIONALS BOARD
START OF AUDITED FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses			
Personnel services	2(a)	2,660	3,470
Other operating expenses	2(b)	523	600
Depreciation and amortisation	2(c)	-	2
TOTAL EXPENSES EXCLUDING LOSSES		3,183	4,072
Revenue			
Investment revenue	3(a)	27	17
Grants and contributions	3(b)	1,129	2,900
Personnel services revenue	3(c)	47	79
Other revenue	3(d)	1,850	1,805
TOTAL REVENUE		3,053	4,801
Net result		(130)	729
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(130)	729

BUILDING PROFESSIONALS BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,187	1,752
Receivables	5	66	73
Total Current Assets		1,253	1,825
Non-Current Assets			
Property, plant and equipment	6	-	-
Intangible assets		-	-
Total Non-Current Assets		-	-
TOTAL ASSETS		1,253	1,825
LIABILITIES			
Current Liabilities			
Payables	7	832	1275
Provisions	8	276	269
Total Current Liabilities		1,108	1,544
Non-Current Liabilities			
Provisions	8	2	8
Total Non-Current Liabilities		2	8
TOTAL LIABILITIES		1,110	1,552
NET ASSETS		143	273
EQUITY			
Accumulated funds		143	273
TOTAL EQUITY		143	273

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds \$'000	Total \$'000
Balance as at 1 July 2017	273	273
Net result for the year	(130)	(130)
Other comprehensive income	-	-
Total comprehensive income for the year	(130)	(130)
Transactions with owners in their capacity as owners	-	-
Balance as at 30 June 2018	143	143

	Accumulated Funds \$'000	Total \$'000
Balance as at 1 July 2016	(456)	(456)
Net result for the year	729	729
Other comprehensive income	-	-
Total comprehensive loss for the year	729	729
Transactions with owners in their capacity as owners	-	-
Balance as at 30 June 2017	273	273

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Payments			
Personnel services		(2,660)	(3,435)
Other payments		(1,041)	(735)
Total payments		(3,701)	(4,170)
Receipts			
Contributions received		1,129	2,900
Interest received		27	18
Other revenue		1,980	2,165
Total receipts		3,136	5,083
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	(565)	913
NET INCREASE/(DECREASE) IN CASH		(565)	913
Opening cash and cash equivalents		1,752	839
CLOSING CASH AND CASH EQUIVALENTS	4	1,187	1,752

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD
FOR THE YEAR ENDED 30 JUNE 2018
NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Building Professionals Board (the Board) is a NSW government entity. The Building Professionals Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The administrative functions for the Board are performed by the Department of Finance, Services and Innovation. Employee related expenses and office accommodation costs were recharged to the Board.

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Board on 21 September 2018.

(b) Basis of Preparation

The Board's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions mandated by the Treasurer

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund

Manager based on past claims experience.

(e) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where:

- The amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(ii) Grants and contributions

Contributions from other bodies (including grants and donations) are generally recognised as revenue when the Board obtains control over the contributions. The Board is deemed to have assumed control over the contributions upon receipt of cash.

(iii) Rendering of services

Revenue from the rendering of services is recognised as revenue when the services are provided. Revenue received from building certifiers is recognised over the period to which the fees are applicable.

(g) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 (GST exclusive) and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

All the assets held by the Board are non-specialised assets with short useful lives which are measured at depreciated historical cost, as an approximation of fair value. The Board has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(iv) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material.

The Board assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result.

(v) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Board.

All material separately identifiable components of assets are depreciated over their shorter useful lives. The following is the depreciation rate:

Category	Depreciation rate
Office Equipment	20%

(vi) Major inspection costs

When major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(viii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. Any changes are accounted for in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Board and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Personnel services and other provisions

(a) Salaries and Wages, Long Service Leave and Superannuation

The Board's accounts include a provision for personnel services. This reflects the Board's liability to the Department of Finance, Services and Innovation for the recreation leave entitlements due to personnel services provided to the Board.

The Board's accounts do not include Provision for Long Service Leave or Superannuation, nor is there any comparable Provision for Personnel Services to reflect these liabilities. All of the Board's liabilities for long service leave and superannuation up to the end of the financial year have been paid. As staffs are employed by the Department of Finance, Services and Innovation, any unfunded liability for these items have been transferred to the State, in accordance with relevant Treasury guidelines.

(b) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, worker's compensation insurance premiums and fringe benefits tax.

(c) Other provisions

Other provisions exist when the Board has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Board is in the opinion that the time value of money is immaterial and hence other provisions are not discounted.

(i) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value in measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Board's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Board categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets/liabilities that the Board can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Board holds non-specialised assets with short useful lives. The entity has assessed that any difference between the fair value and the depreciated historical costs is immaterial. Plant and equipment is measured at depreciated historical cost as a surrogate for fair value.

G) Equity

Accumulated funds

The category "Accumulated Funds" includes all current and prior retained funds.

(k) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(I) Changes in Accounting Policy, including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. There are no new or revised Australian Accounting Standards that have been applied for the first time in 2017-18.

(ii) Issued but not yet effective

The following new Australian Accounting Standards have not been applied and are not yet effective. These new Standards will not have any direct impact on the financial performance or position of the Authority.

- *AASE 9 Financial Instruments*
- *AASE 15, AASE 2014-5, AASE 2015-8 and 2016-3 regarding Revenue from Contracts with Customers*
- *AASE 1058 Income for Not-for-profit Entities*
- *AASE 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- *AASE 16 Leases*

It is considered that the implementation of these Standards will not have any material impact on the Board's financial statements. The board is also currently assessing the impact of AASB 15 and AASB1058.

2. EXPENSES EXCLUDING LOSSES

As mentioned in Note 1(a) and (h), the Department of Finance, Services and Innovation (DFSI) has applied Personnel Services charge for the recovery of employee related expenses that it has incurred on behalf of the Building Professionals Board.

(a) Personnel Services

	2018	2017
	\$'000	\$'000
Salaries and wages (including recreation leave)	1,924	1,773
Contractors	396	1,265
Superannuation	157	152
Long service leave	58	22
Payroll tax and fringe benefits tax	125	118
Voluntary Redundancy	-	140
	<u>2,660</u>	<u>3,470</u>

(b) Other Operating Expenses

	2018	2017
	\$'000	\$'000
Auditor's remuneration	9	21
Board and Committee remuneration & expenses*	-	65
Operating lease rental expense	237	245
Consultants	23	182
Fees for services	207	44
Staff training and conferences	7	5
Travel costs	6	6
Minor equipment purchases	12	5
Other	22	27
	<u>523</u>	<u>600</u>

*There is no Board and Committee remuneration to be disclosed under the other operating expenses for the financial year 2017/18 (2017: \$65,000). The external Board members' term expired in September 2016; the new Board members are DFSI's senior officers and are not remunerated separately.

There were no recharges for the Board's Corporate Cost and GovConnect Service Fee from DFSI during the financial year 2017-18 (nil for 2016-17).

There is a recharge of Board's accommodation from Fair Trading during the financial year 2017-18.

(c) Depreciation and Amortisation Expense

	2018	2017
	\$'000	\$'000
Depreciation - plant and equipment	-	2
	<u>-</u>	<u>2</u>

3. REVENUE**(a) Investment Revenue**

	2018	2017
	\$'000	\$'000
Bank interest	27	17
	<u>27</u>	<u>17</u>

(b) Grants and Contributions

	2018	2017
	\$'000	\$'000
Contribution from NSW Fair Trading*	1,129	2,900
	<u>1,129</u>	<u>2,900</u>

* Effective from January 2018, NSW Fair Trading ceased its contribution to Building Professional Board due to sufficient cash available in the Board's bank account.

(c) **Personnel Services Revenue**

	2018	2017
	\$'000	\$'000
Superannuation	16	55
Long service leave	30	21
Payroll tax	1	3
	<u>47</u>	<u>79</u>

(d) **Other Revenue**

	2018	2017
	\$'000	\$'000
Accreditation revenue	1,750	1,772
Other revenue	100	33
	<u>1,850</u>	<u>1,805</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2018	2017
	\$'000	\$'000
Cash at Bank	<u>1,187</u>	<u>1,752</u>
	<u>1,187</u>	<u>1,752</u>

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes money deposited with banks and cash on hand.

Cash and cash equivalent assets recognised in the Statement of Financial Position is reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	<u>1,187</u>	<u>1,752</u>
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>1,187</u>	<u>1,752</u>

Refer to Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2018	2017
	\$'000	\$'000
Debtors	37	43
GST receivable	1	18
Accrued revenue	-	12
Prepaid expenses	28	-
	<u>66</u>	<u>73</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired, are disclosed in Note 12.

6. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000	Total \$'000.
At 1 July 2017 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(45)	(45)
Net carrying amount	<u>-</u>	<u>-</u>
At 30 June 2018 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(45)	(45)
Net carrying amount	<u>-</u>	<u>-</u>

Reconciliation

A reconciliation of the carrying amounts at the beginning and end of the current reporting period is set out below:

	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2018		
Net carrying amount at beginning of year	-	-
Depreciation expense	-	-
Net carrying amount at end of year	<u>-</u>	<u>-</u>
At 30 June 2017 - fair value		
Net carrying amount at beginning of year	2	2
Accumulated depreciation	(2)	(2)
Net carrying amount	<u>-</u>	<u>-</u>

7. CURRENT/NON-CURRENT LIABILITIES - PAYABLES

	2018 \$'000	2017 \$'000
Creditors	39	249
NSW Fair Trading	58	239
Revenue received in advance	727	781
Accrued personnel services	8	6
	<u>832</u>	<u>1,275</u>

Refer to Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2018	2017
	\$'000	\$'000
Personnel services provision (current)	276	269
Personnel services provision (non-current)	2	8
	<u>278</u>	<u>277</u>

Current Personnel Services provisions expected to be settled:

Within 12 months from reporting date	182	171
After 12 months from reporting date	94	98
	<u>276</u>	<u>269</u>

Aggregate Personnel Services

	2018	2017
	\$'000	\$'000
Provisions	278	277
	<u>278</u>	<u>277</u>

9. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

	2018	2017
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	-	134
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST) *	<u>-</u>	<u>134</u>

*The lease for Building Professional Board has expired on 1st May 2018.

The total commitments above include input tax credits of \$0 (\$12,000 in 2017) that are expected to be recovered from the Australian Taxation Office.

There are no commitments for capital expenditure as at 30 June 2018 (nil for 30 June 2017).

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Board is not aware of any contingent liabilities or contingent assets at the date of these financial statements.

11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2018	2017
	\$'000	\$'000
Net Cash from Operating Activities	(565)	913
Depreciation and amortisation	-	(2)
Changes in Assets and Liabilities		
(Decrease) Increase in Receivables	(7)	(264)
Decrease/(Increase) in Payables	443	32
Decrease/(Increase) in provision	(1)	50
Net result	<u>(130)</u>	<u>729</u>

12. FINANCIAL INSTRUMENTS

The Board's principal financial instruments are outlined below. These financial instruments arise directly from the Board's operations or are required to finance its operations. The Board does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board's main risks arising from financial instruments are outlined below, together with the Board's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a regular basis.

The Building Professionals Board's financial instruments include cash, receivables and payables.

(a) **Financial Instrument Categories**

Financial Assets	Note	Category	2018 \$'000 Carrying Amount	2017 \$'000 Carrying Amount
Class: Cash and cash equivalents	4	Not applicable	1,187	1,752
Receivables*	5	Loans and receivable (at amortised cost)	37	55
Financial Liabilities				
Class: Payables**	7	Financial liabilities measured at amortised cost	105	488

* Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

** Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) **Credit Risk**

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations, resulting in a financial loss to the Board. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Board, including cash and receivables. No collateral is held by the Board. The Board has not granted any financial guarantees.

Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counter parties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are generally made on 30-day terms.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

	Total^{1, 2} \$'000	Past Due But Not Impaired^{1, 2} \$'000	Considered Impaired^{1, 2} \$'000
2018			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	37	37	-
2017			
< 3 months overdue	43	43	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes:

- I. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) **Liquidity Risk**

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 9.77% (2017: 9.78%).

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2017. The analysis assumes that all other variables remain constant.

Interest Rate Risk

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest rate risk is set out below.

	\$'000				
2018 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	1,187	(12)	(12)	12	12

	\$'000				
2017 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	1,752	(18)	(18)	18	18

* Payables and Receivables are excluded as the Board deems there exists no interest exposure.

(e) Fair Value Measurement

Financial Instruments are recognised at cost. The amortised cost of financial instruments recognised in the statements of financial position approximates the fair value due to a short-term nature. They are recognised in the Statement of Financial Position at amortised cost.

The Board is of the opinion that the values at which these instruments are recognised in the Statement of Financial Position reflect their fair value.

13. RELATED PARTY DISCLOSURES

The board does not have any key management personnel compensations for the financial year 2017-18.

During the year, the Board has not entered into any transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

The board does not have any key management personnel compensations for the financial year 2017-18.

During the year, the Board entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services.

Other related party transactions- 2018

Nature of transaction	Transaction value \$'000	Net receivable/ (payable) \$'000
Accommodation - Fair Trading	237	(58)
Grant Received - Fair Trading	1,129	-
Interest Income - TCorp	27	-
Audit Fee - NSW Audit Office	9	(4)
OneGov minor system enhancement		
- Department of Finance, Services & Innovation	10	(10)
	1,412	(72)

Other related party transactions-2017

Nature of transaction	Transaction value \$'000	Net receivable/ (payable) \$'000
Accommodation -Fair Trading	239	(239)
Grant Received - Fair Trading	2,900	
Interest Income -.TCorp	17	11
Audit Fee -NSW Audit Office	21	(6)
	3177	(234)

14. AFTER BALANCE DATE EVENTS

The Board is not aware of any circumstances that occurred after balance date that would render particulars included in the financial statements to be misleading.

END OF AUDITED FINANCIAL STATEMENTS

