



# **Rental Bond Board**

## Annual Report 2020-2021

Rental Bond Board Annual Report 2020–2021

ISSN:

**Author**

**Department of Customer Service (DCS) Copyright**

© 2021 Crown in right of New South Wales through the Department of Customer Service. You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Department of Customer Service as the owner.

However, you must obtain permission if you wish to:

1. charge others for access to the work (other than at cost)
2. include the work in advertising or a product sale, or
3. modify the work.

**Creative Commons**

This copyright work is licensed under a Creative Commons Australia Attribution 4.0 licence.

**More information**

Any inquiries relating to consents and use of this publication, including by NSW Government agencies, must be addressed to DCS Internal Communications at: [InternalComms@customerservice.nsw.gov.au](mailto:InternalComms@customerservice.nsw.gov.au)

# Table of contents

---

Table of contents .....	3
1. Charter, aims and objectives .....	5
2. Board membership, meetings and structure .....	6
2.1 Membership and meetings .....	6
3. Highlights and achievements 2020-21 .....	7
3.1 Digital Services .....	7
3.2 Custodial Service .....	7
3.3 Customer Support .....	8
3.4 Community Grants .....	8
3.5 Open Data .....	8
4. Rental bond custodial service .....	9
4.1 Community access to independent custodial function for rental bonds .....	9
4.2 Rental bonds held .....	9
4.3 Rental bond statistical information .....	10
4.4 Rental bond lodgements .....	11
4.5 Rental bond refunds .....	11
4.6 Bond refunds paid to tenants and landlords .....	12
4.7 Length of tenancy .....	12
5. Tenancy Services .....	13
5.1 Tenancy dispute resolution services .....	13
6. Grants programs .....	14
6.1 Programs funded by the Board to Non-Government Community Organisations .....	14
6.2 Mascot Towers Assistance Package .....	15
7. Statutory reporting requirements .....	16
7.1 Workforce diversity .....	16
7.2 Multicultural policies and services program .....	16
7.3 Payment of accounts .....	16
7.4 Internal Controls .....	16
7.5 RBB Funding Arrangement .....	16
7.6 Government Information (Public Access) Act 2009 (GIPA) .....	16
7.7 Privacy and Personal Information Protection Act 1998 (PPIPA) .....	17
7.8 Public Interest Disclosures .....	17
7.9 Nil or NA to report .....	17
7.10 Events after the reporting period .....	18

Appendix 1 - Digital information security policy attestation .....19  
Appendix 2 - Internal audit and risk management attestation statement for 2020-2021 .....20  
Appendix 3 - Independent Auditors Report.....25  
Appendix 4- Rental Bond Board Financial Statements..... 27

# 1. Charter, aims and objectives

---

The Rental Bond Board (the Board) is a statutory body established in 1977 to act as an independent and impartial custodian of rental bonds on private residential tenancies in New South Wales. In performing its role, the Board is subject to the control and direction of the Minister responsible for NSW Fair Trading. The *Residential Tenancies Act 2010* (the Act) is the governing legislation. Prior to the establishment of the Board, landlords in NSW held rental bonds in trust. Legislation was introduced to address concerns that tenants often had difficulties in contesting the refund of their bond at the end of the tenancy. This service provides a fair and equitable system in which tenants and landlords have equal access to claiming the bond. Any dispute over the payment of bond money can be determined by the NSW Civil and Administrative Tribunal (the Tribunal). Meanwhile the Board retains custody of the funds pending resolution of the matter.

Bond monies are held in trust and invested with the NSW Government through TCorp. Interest earned from the investment funds the following payments.

- Costs or expenses incurred in administering the Act;
- Half the costs or expenses incurred in administering residential and social housing matters in the Consumer and Commercial Division of the NSW Civil and Administrative Tribunal (NCAT); and
- the provision of grants and loans for:
  - tenancy advisory services;
  - schemes for the provision of residential accommodation;
  - education about tenancy laws and the rights and obligations of landlords and tenants;
  - research into matters relevant to the relations of landlord and tenant; and
  - other activities of benefit to landlords and tenants.

NSW Fair Trading administers the day-to-day functions on behalf of the Board, providing rental bond lodgement, custody, refund and information services. The Department of Customer Service (DCS), within which NSW Fair Trading operates, provides policy and legislative support, financial administration, corporate and general business support. Information on the related management, human resources, business systems and financial administration is found in the DCS Annual Report 2020-2021

DCS also provides policy and legislative support, financial administration, corporate and general business support.

The Board is self-funding, deriving its income from the investment of rental bond trust funds and from retained earnings prior to distribution. The Board does not have employees and management of the Board's functions are provided by DCS. In performing its role, the Board is subject to the control and direction of the Minister responsible for NSW Fair Trading.

## 2. Board membership, meetings, and structure

---

### 2.1 Membership and meetings

---

The Board is comprised of the Deputy Secretary of the Better Regulation Division and Commissioner for Fair Trading (as Chairperson), representatives of the Secretary of the Department of Communities and Justice formerly Family and Community Services and the Secretary of the Treasury, and two persons with experience in real estate or tenancy matters appointed by the Minister for Better Regulation and Innovation. The term of appointment is three years but Board members are eligible for reappointment in accordance with Clause 2 of Schedule 1 of the *Residential Tenancies Act 2010*.

<b>Principal officers</b>			
The Board is responsible for providing advice to the Minister, defining policy, considering applications for funding and monitoring, and reviewing the performance of the custodial services, investments and funded programs. The Board is required to meet at least once each quarter.			
<b>Rental Bond Board members</b>		<b>Term of appointment</b>	<b>Meetings attended</b>
Ms. Rose Webb, Chairperson	Deputy Secretary of BRD and Commissioner for Fair Trading	Ex officio	3
Mr. Ranit Ram	Nominee for NSW Treasury	Ex officio	4
Mr. Humair Ahmad	Nominee for Department of Communities and Justice, formerly Family and Community	Ex officio	4
Ms. Charmaine Jones	Tenants' Union of NSW	Ministerial appointment	4
Mr. Miles Felstead	Real Estate Institute of NSW	Ministerial appointment	3

### 3. Highlights and achievements 2020-2021

---

The reporting year has seen continued progress against the NSW Government's key priorities and outcomes – services, innovation, regulation, finances and people.

During the continued challenges presented by the COVID19 pandemic, NSW Fair Trading continued to meet Guarantee of Service requirements by implementing changes to processes to enable staff to work from home.

In June 2021 the successful upgrade to the Rental Bonds platform was completed. The new cloud based platform gives customers and staff faster and more secure rental bond services and enabled NSW Fair Trading to digitise 95 percent of the rental bond paper-based processes. This has improved remote accessibility, allowing more staff to work flexibly.

Key highlights and achievements for 2020-2021 demonstrate a continued commitment to deliver efficient and contemporary digital services and an accessible, regulated custodial bond service to the NSW public.

#### 3.1 Digital Services

---

In the reporting year, 79 percent of residential rental bonds were lodged and 88 percent of bonds were claimed using Rental Bonds Online, representing a 8 percent and 5 percent increase respectively from the previous reporting period. Use of the service within the property industry remains high with over 15,300 real estate agencies and property management offices registering since launch in October 2015. Exceptional uptake in registration of self-managing landlords was again observed in this reporting period with registrations increasing from 19,691 to 26,427.

#### 3.2 Custodial Service

---

A record number of 929,015 residential rental bonds valued at \$1.7 billion was held in custody by the Board at 30 June 2021, representing an increase of approximately 1.6 percent in new bonds lodged from the previous reporting period.

Custodial and transactional services to tenants in NSW include public housing and Aboriginal Housing Office bonds paid to Department of Communities and Justice, formerly Family and Community Service.

### 3.3 Customer Support

---

In June 2020 the Rental Bonds Online support calls were transitioned to Service NSW as part of the Department of Customer Service, Customer Experience Integration.

Service NSW provide support services to tenants, agents and self-managing landlords requiring assistance with rental bonds online transactions and enquiries. In the reporting period the team assisted over 80,000 agents, landlords and tenants via phone enquiries.

The Rental Bonds Online Security and Support team provides subject matter expertise to Service NSW, as required, and continues to take escalated calls transferred from Service NSW for rental bonds online enquiries from customers that Service NSW does not have the expertise or system access to provide.

In addition, the Rental Bonds Online Security and Support team assisted over 14,000 agents, landlords and tenants with rental bonds online transactions and enquiries via online enquiries and emails.

### 3.4 Community Grants

---

The Board contributed \$34.1 million to community grants programs. The largest contribution was \$13.45 million provided to the Tenants' Advice and Advocacy Program. Refer to the Board's financial statements for further details.

### 3.5 Open Data

---

The NSW Government's Open Data Policy promotes the release of data which supports a range of outcomes, including; social, enhanced service delivery, agency core business, economic opportunity, generates efficiencies or reduced costs, supports evidence-based research or policy.

As part of the NSW Governments commitment to improve transparency and increase efficiency, NSW Fair Trading continues to publish deidentified rental bond data providing details of lodgements, refunds and total holdings on its website.



## 4. Rental bond custodial service

---

### 4.1 Community access to independent custodial function for rental bonds

---

A rental bond is money paid by the tenant as security for the landlord against breaches of the tenancy agreement. The bond is intended to be refunded to the tenant at the end of the tenancy unless there is rent owing or damage to the property.

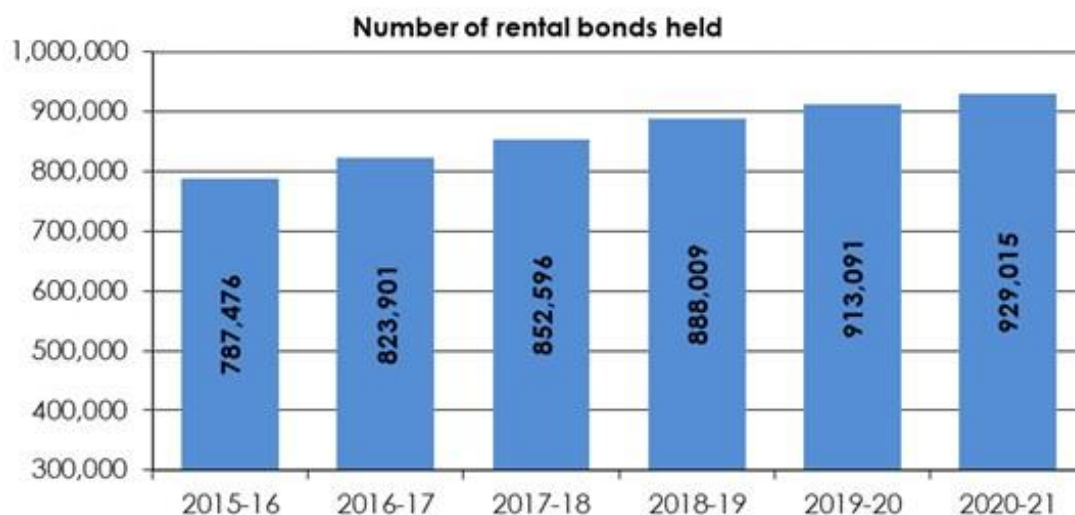
The custodial service enables bond monies to be held independently of both parties and ensures that tenants can be certain their bond is available for refund at the end of their tenancy, while allowing landlords to recover funds, where appropriate.

### 4.2 Rental bonds held

---

At 30 June 2021, the Board held 929,015 residential rental bonds in trust. These were valued at \$1.7 billion. The total number of bonds held increased by 1.6 percent over the number held at 30 June 2020.

During the year, 359,604 new residential rental bonds were lodged with the Board – an increase of 1.1 percent from the previous financial year. The number of bonds refunded also increased this year by 3.9 percent to 343,764.



## 4.3 Rental bond statistical information

---

Rental bond lodgement details include a statistical section requesting information on:

- a) dwelling type;
- b) number of bedrooms;
- c) weekly rent;
- d) date the tenancy commenced; and
- e) date the previous tenancy of the dwelling ended.

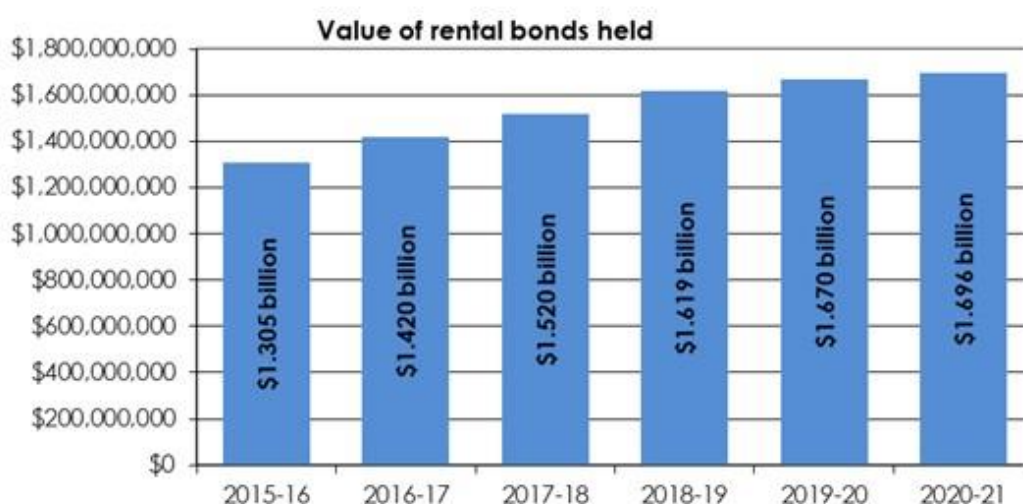
Although provision of the statistical information is voluntary, the completion rate is high. The question on weekly rent is answered by landlords or their agents in about 98 percent of lodgements.

For some years, the collected rental data has been collated and analysed, under agreement, by the Housing Analysis and Research Unit of Department of Communities and Justice, formerly Family and Community Services. This information is available to the public in summary form in the Rent and Sales Report on the website: [www.facs.nsw.gov.au](http://www.facs.nsw.gov.au).

Summary tables of bonds held and median rentals are included in this report.

In 2020-2021 this data was also made available publicly as part of the NSW Government's commitment to improve transparency and increase efficiency. NSW Fair Trading publishes deidentified rental bond data providing details of lodgements, refunds, and total holdings on its website.

It should be noted that, in accordance with NSW privacy legislation, no information on individual rental bonds or tenancies, or individual rented premises is released to members of the public who are not a party to the rental bond, unless required and permitted by law to do so.



## 4.4 Rental bond lodgements

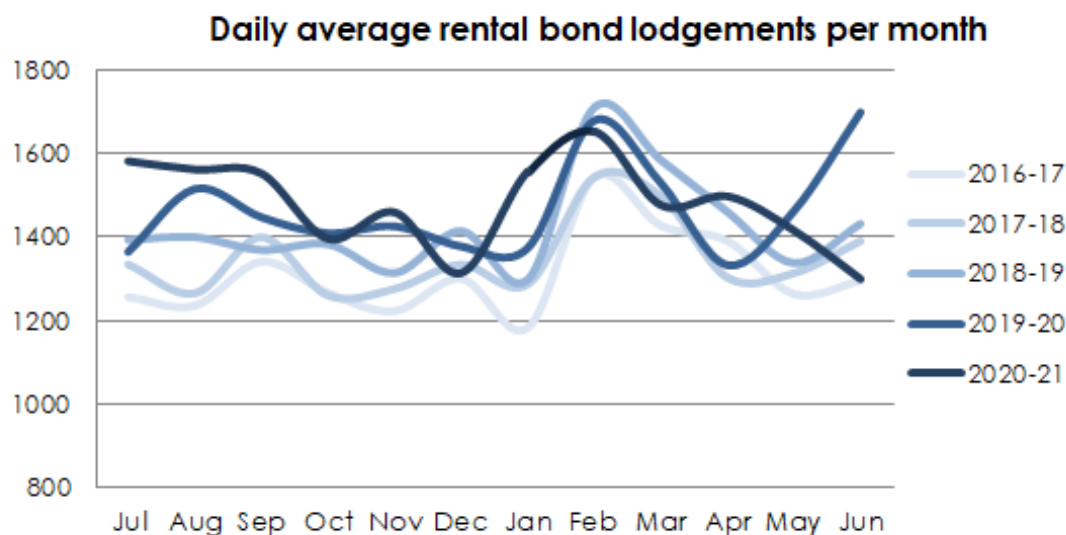
---

During the year, 359,604 new rental bond lodgements and 18,971 additional bonds (where a bond is paid by instalments) were received by the Board.

The total value of bonds receipted was \$730.6 million. Ninety-nine percent of all bond lodgements were receipted and banked the day they were received.

Rental Bonds Online (RBO) allows agents and private landlords to lodge bonds over the internet. An agent or landlord with their tenant completes the lodgement in RBO enabling tenants to pay their bond directly to the Board by card payment or BPAY. As at end June 2021, 79 percent of bonds lodged daily were lodged online.

The Boards' statistics indicate that in the 2020-2021 financial year, 92 percent of metropolitan bonds and 89 percent of outer metropolitan and regional bonds were lodged by professional real estate agents, or self-managing landlords owning 10 or more rental properties. This level of professional management has remained fairly constant, varying by only 2-3 percent over the years of the Board's operation.



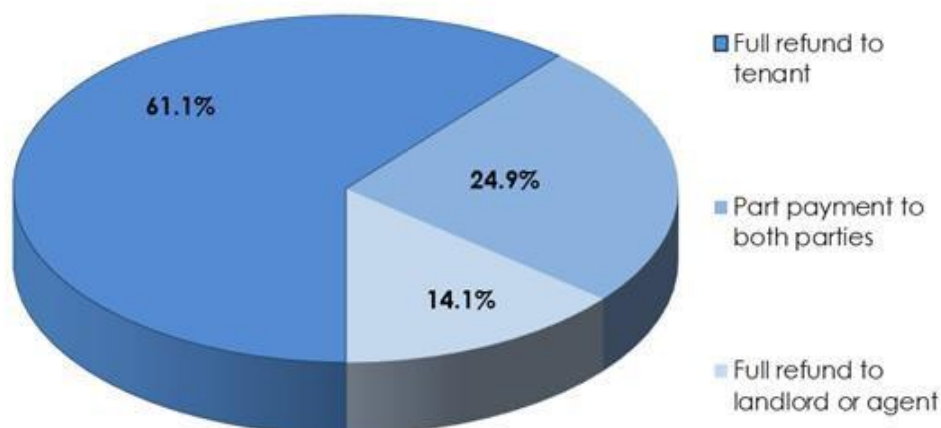
## 4.5 Rental bond refunds

---

In 2020-2021 343,764 residential rental bonds were refunded through 428,858 individual payments. RBO also allows agents to submit online claims for bonds previously lodged by forms. As at the end of June 2021, 87 percent of claims lodged each day were submitted online.

Claims for rental bond refunds are classified in two main categories in accordance with the Act (Part 8, Division 3 Release of rental bonds sections 167 and 168). The first is 'Agreed' claims where both parties have indicated their acceptance of the amount/s to be refunded to each party. The second is 'Notice' claims where one of the parties has not given consent to the refund and a statutory notice of claim is issued, allowing them 14 days to apply to the Tribunal if they wish to dispute the claim.

## 4.6 Bond refunds paid to tenants and landlords



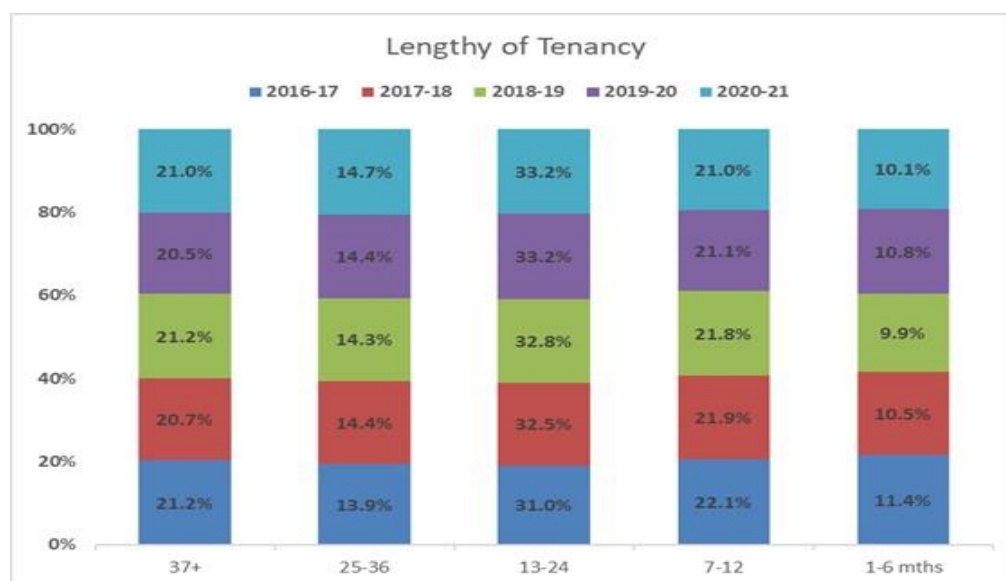
Note: Percentages may not add up to 100 percent due to rounding

During 2020-2021, 71 percent of all refunds were agreed by the parties, while in 27 percent of cases, a notice of claim was issued but no dispute proceeded to the Tribunal. 1.8 percent of bond refunds were the result of an order by the Tribunal following a dispute over the bond refund. A further 0.6 percent were refunded after a Tribunal application was withdrawn prior to hearing.

In accordance with Fair Trading's Guarantee of Service to its customers, 99 percent of all direct credit refunds were sent to the customers' bank account within two days of receiving an agreed rental bond claim.

## 4.7 Length of tenancy

During 2020-2021, 69 percent of all bonds refunded had been held by the Board for more than 12 months at the time of refund, with 36 percent of all bonds refunded being held for tenancies of greater than two years' duration.



## 5. Tenancy Services

---

In 2020-2021, NSW Fair Trading:

- managed 1,721 residential tenancy complaints lodged by tenants, landlords or agents;
- provided information resources for tenants, landlords and agents (including fact sheets in 21 community languages);
- delivered community and industry education seminars, e-newsletters and social media campaigns to raise awareness and understanding of the rights and responsibilities of landlords and tenants;
- provided a dispute resolution service for COVID19 impacted tenants and landlords to assist with both rental reduction agreements and tenancy moratorium disputes. This assistance prevented loss of accommodation for tenants and minimised loss of income for landlords.

In July 2020, as part of Department of Customer Service, Customer Experience Integration, tenancy telephone enquiries were transitioned to Service NSW.

In 2020-2021, Service NSW:

- responded to 117,251 telephone enquiries from tenants, landlords and agents enquiring about their rights and responsibilities under the Act.

### 5.1 Tenancy dispute resolution services

---

Property managers, landlords and tenants can access Fair Trading's free tenancy complaint service and speak to experienced staff who will talk through the issues and contact the other party on their behalf to help negotiate an agreement.

## 6. Grants programs

---

On the recommendation of the Board, and the approval of the Minister, the Commissioner for Fair Trading may make a grant or loan from the Rental Bond Interest Account for the following purposes:

- to establish and administer tenancy advisory services;
- to establish schemes for the provision of residential accommodation;
- to educate about tenancy laws and the rights and obligations of landlords and tenants;
- to research into matters relevant to the relationship of landlord and tenant; and
- other activities for the benefit of landlords and tenants.

### 6.1 Programs funded by the Board to Non-Government Community Organisations

#### Board contribution to community grants programs – background

The Board provides a significant contribution to NSW Fair Trading for community grants programs to not-for profit organisations for the delivery of education, advice and advocacy services for tenants, retirement village residents, residential park residents and consumers needing assistance with personal financial difficulties.

#### Tenants' Advice and Advocacy Program

In 2020-2021 the Board's contribution to the program was \$13,454,311.

The below table outlines total client contacts and cases handled by the Program service providers:

	Total Clients	Total Cases
July 2020 - June 2021	125,460	25,729

#### Credit Counselling Program

The Board's contribution toward the program was \$6,336,738.

The below table outlines total client contacts and cases handled by the Financial Counselling Services Program which utilises the funding provided under the Credit Counselling Program:

	Total Clients	Total Cases
July 2020 - June 2021	32,401	8,871

## No Interest Loan Scheme

The Board's contribution to the program was \$2,700,533. The No Interest Loan Scheme is operated nationally by Good Shepherd Microfinance and the contribution enables the employment of community workers to deliver No Interest Loans in NSW.

Data on clients and loans provided is published by Good Shepherd Microfinance

## Aged Care Supported Accommodation Services Program

The Board supports the Aged Care Supported Accommodation Service Program which is delivered by the Seniors Rights Service. The Board's contribution toward the program was \$592,803.

	Total Clients	Total Cases
July 2020 - June 2021	1795	512

## National Rental Affordability Scheme (NRAS)

The National Rental Affordability Scheme was jointly supported by the Federal Government and the NSW State Government. The Board's contribution was \$0.00. No grant payments were made for NRAS in 2020-2021 as they were prepaid in 2018-2019 financial year.

## New South Wales Civil Administrative Tribunal (NCAT)

The Board supports the operations of the tenancy division of NCAT. The Board contribution was \$11,057,167.

## 6.2 Mascot Towers Assistance Package

---

In June 2019 the NSW Government announced a temporary accommodation assistance package for residents affected by the evacuation of Mascot Towers. The package was formulated to assist tenants and owner occupiers pay for alternative accommodation costs for up to three months whilst apartments were unsafe to occupy. Funding for the package, up to an amount of \$3 million drawn from the Rental Bond Board Interest Account, was approved by the Board on 26 June 2019.

In March 2020, the Board approved extending the payment up to 30 June 2020 and allocated an additional \$1.1 million. In May 2020, the Board approved a third extension to 31 March 2021 and approved an additional \$3 million subject to being provided with a copy of the final plan of works for the reoccupation of the building, three-monthly reviews, and satisfactory progress of milestones to ensure reoccupation by or before 31 March 2021. In February 2021, the Board approved an additional extension of the time period for the provision of the package to 30 September 2021 and allocated an additional amount of up to \$2 million.

NSW Fair Trading is administering the program and funds are held in a Fair Trading account. The operating costs of the program are incurred by Fair Trading from within its existing operating budget.

## 7. Statutory reporting requirements

---

### 7.1 Workforce diversity

---

Diversity reporting for the Board is covered in the DCS Annual Report 2020-2021.

### 7.2 Multicultural policies and services program

---

The DCS *Diversity and Inclusion Strategy 2015-2019* covers the Board and is reported in the DCS Annual Report 2020-2021.

### 7.3 Payment of accounts

---

Payment of accounts is covered in the DCS Annual Report 2020-2021.

### 7.4 Internal Controls

---

The rental bond custodial service is a high-volume financial operation. The Board has instituted systems and procedures to support the integrity of, and accountability for, its business activities. A key feature of these systems is the segregation of duties.

Assurance activities are consolidated into a management assurance framework to provide ongoing confidence that the internal control environment is effective and operating as intended.

Assurance activities conducted during the year did not identify any significant issues that impacted on the Board's service to our customers, or the integrity of financial operations.

### 7.5 RBB Funding Arrangement

---

Effective 1 July 2020, the funding model of the Board changed from being self-funded to budget funded as approved by the Board followed by endorsements from the Expense Review Committee and Treasury.

The board received the approved appropriation via the cluster grant program in FY 2021.

### 7.6 Government Information (Public Access) Act 2009 (GIPA)

---

Applications made under the *Government Information (Public Access) Act 2009* involving the Board were coordinated centrally within DCS. Please refer to the DCS 2020-2021 Annual Report for details on any access applications concerning the Board received during the year.



## 7.7 Privacy and Personal Information Protection Act 1998 (PPIPA)

---

The Board has adopted DCS's privacy management plan during the year. Please refer to the DCS 2020-2021 Annual Report for detail on actions taken to comply with the *Privacy and Personal Information Protection Act 1998* during the year.

There were no reviews conducted by or on behalf of the Board under Part 5 of the PPIPA during the reporting period.

## 7.8 Public Interest Disclosures

---

As staff were employees of DCS, the Board adopted the Department's Public Interest Disclosures Reporting Policy and Procedure during the reporting period. Please refer to the DCS 2020-2021 Annual Report for details on actions taken to ensure staff awareness of responsibilities under section 6E (1)(b) of the *Public Interest Disclosures Act 1994*.

No public officials made a Public Interest Disclosure to the Board during the reporting period. The Board did not receive or finalise any Public Interest Disclosures during the year.

## 7.9 Nil or NA to report

---

The Board had nil or NA to report on the following statutory requirements during the year:

- Promotion
- Disclosure of Controlled Entities
- Disclosure of Subsidiaries
- Agreements with Multicultural NSW
- Numbers and remuneration of senior executives
- Implementation of Price Determination
- Liability management performance
- No consultants were contracted during this period
- No major works
- No research and development
- No land disposal.

As staff were all employed by DCS, please refer to the DCS 2020-2021 Annual Report for information regarding:

- Disability Inclusion Action Plan
- Multicultural policies and services program
- Work Health and Safety (WHS).

## 7.10 Events after the reporting period

---

On the 31st August 2021, upon recommendation from the Board, Minister for Better Regulation and Innovation, The Honourable Kevin John Anderson, MP approved a six month extension (from 1 October 2021 to 31 March 2022) and an additional \$2 Million from the Rental Bonds Interest Account for claims to be made under the Mascot Tower package, subject to evidence of the court proceedings being lodged by the owners for termination of the strata scheme within two months of the commencement of the extension, no later than 1 December 2021.

# Appendix 1 - Digital information security policy attestation

---



**Customer  
Service**

McKell Building – 2-24 Rawson Place, Sydney NSW 2000

Tel 13 77 88 | TTY 1300 301 181

ABN 81 913 830 179 | [www.customerservice.nsw.gov.au](http://www.customerservice.nsw.gov.au)

## **Cyber security Annual Attestation Statement for the 2020-2021 Financial Year for the Department of Customer Service (Secretary – NSW Department of Customer Service)**

I, Emma Hogan, am committed to ensuring that the cyber security defences of the Department of Customer Service will continue to be strengthened.

Governance is in place to manage the cyber security maturity and initiatives of the Department of Customer Service. The Department of Customer Service has completed independent audits of cyber security controls in place during the 2020-2021 financial year, and the department's maturity against the NSW Cyber Security Policy mandatory requirements. These audits have identified opportunities for improvement, which we are now focussed on addressing.

The Department of Customer Service has a cyber security response plan that has been exercised during the 2020-2021 financial year. The plan will continue to be reviewed to maintain its currency and effectiveness.

The Department of Customer Service is implementing an expanded information security management system (ISMS) to ensure that cyber security risks are managed consistently and effectively across all areas of the department. This improvement has resulted in DCS adopting a more consolidated approach not only to our attestation, but also toward our cyber capability and maturity uplift. A range of improvements have been implemented to deliver a strong foundation from which to successfully execute 'Project Trust' which will accelerate the organisation's cyber security capability and effectiveness year on year. Whilst the Department of Customer Service currently governs cyber security via various governance forums up to and including the Audit and Risk Committee, increased focus will be applied to expanding and maturing cyber security governance.

The Department will continue to harden its technology environments and increase awareness of cyber security and privacy risks for all staff. Through an aggressive and comprehensive cyber security resilience programme, the department will ensure that the security of citizen information and trust in the services of government are maintained to the best of its abilities against increasingly complex and prevalent threats.

This attestation covers the following agencies in addition to the DCS core agencies:

- Independent Review Office
- Greyhound Welfare and Integrity Commission

Yours sincerely

A handwritten signature in black ink, appearing to read 'Emma Hogan'.

Emma Hogan  
Secretary, NSW Department of Customer Service

Date: 02/09/21

## Appendix 2 - Internal audit and risk management attestation statement for 2020-2021

### Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Rental Bond Board

I, Rosemary Ann Webb, Chairperson and Commissioner for Fair Trading, am of the opinion that the Rental Bond Board has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	In transition
<b>Internal Audit Function</b>		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant - except re 2.3.1 & 2.3.2: In transition from 1 January 2021
<b>Audit and Risk Committee</b>		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant - except 3.1.16: Non-compliant as subject to Ministerial Exemption
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant - except re 3.2.1 & 3.2.3: In transition from 1 January 2021

#### Membership

The independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Carol Holley, (in preceding shared arrangement: 2 December 2015 – 31 October 2019) 1 November 2019 – 31 October 2022
- Independent Member, Bruce Turner AM, (in preceding shared arrangement: 22 January 2016) 1 November 2019 – 31 October 2022
- Independent Member, Nancy Milne OAM, 1 November 2019 – 31 October 2022



### Shared Arrangements

I, Rosemary Ann Webb, Chairperson and Commissioner for Fair Trading, advise that Rental Bond Board has entered into an approved shared arrangement with the following Department/agencies:

- Department of Customer Service
- NSW Government Telecommunications Authority
- Independent Liquor and Gaming Authority
- Greyhound Welfare and Integrity Commission.

### Departures from Core Requirements

I, Rosemary Ann Webb, Chairperson and Commissioner for Fair Trading, advise that the internal audit and risk management processes for the Rental Bond Board depart from the Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*.

1. The departure from the Core Requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangement, OR
2. The circumstances giving rise to these departures have been determined by the Responsible Minister and the Rental Bond Board has implemented and is implementing the following practicable alternative measures to meet the Core Requirements.

Departure	Reason for departure and description of practicable alternatives measures implemented/being implemented
<b>Non-Compliance</b>	
3.1.16	Chair appointed for 3 years as Chair of Shared Arrangement ARC, but also served as Chair under former DFSI shared arrangement which included the Rental Bond Board – so total tenure exceeds 5 years as chair across both shared arrangements – permitted under ministerial exemption, in order to retain institutional knowledge and on proviso that total term of Chair on committee will not be further extended beyond the initial three year engagement for this shared arrangement and total service in respect of both shared arrangements will not exceed eight year maximum.
<b>In Transition</b>	
1.2	DCS Risk Management Policy and Framework have been updated and the risk management approach aligns with <b>Australian Standard AS ISO31000:2018 – Risk Management – Guidelines</b> , however process documents are currently being updated.  Further integration will be applied in line with the refreshed risk management policy documents.  <b>Climate related risks</b> including bushfires, flood and drought have been identified and captured for some agencies. In addition to standard risk management processes, the climate risk management process will also include:

	<ul style="list-style-type: none"> <li>Assessing risk based on a plausible future and climate trends rather than historical experience.</li> <li>Assessing and understanding climate change projections.</li> <li>Building skills and knowledge to use climate change projections and information.</li> <li>Communicating potential uncertainty to decision makers.</li> <li>Enabling adaptive management of risks in response to potential uncertainty.</li> </ul> <p>Further integration of <b>cyber security risk</b> is occurring when identifying agency risks and will be embedded into the risk management practices and assurance processes. Regular reporting is provided to senior executives and the recent appointment of a Cluster CISO will strengthen consideration of cyber security risks.</p>
2.3.1	A draft IA Charter consistent with the model charter has been endorsed by the ARC and is awaiting final sign-off.
2.3.2	The predecessor Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.
3.2.1	A draft ARC Charter has been endorsed by Committee and is in the process of gaining final approval.
3.2.3	The predecessor ARC Charter based on TPP 15-03 is largely consistent with the model charter and remains in force in the interim.

These processes, including the practicable alternative measures being implemented, demonstrate that Rental Bond Board has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within Rental Bond Board.



Rosemary Ann Webb  
Chairperson and Commissioner for Fair Trading  
Rental Bond Board

Date: 28/09/21

Agency Contact Officer  
Effie Chen  
DCS Chief Audit Executive (+61 2 8575 1248)  
[cae@customerservice.nsw.gov.au](mailto:cae@customerservice.nsw.gov.au)

**TAB B****Ministerial Determination****Rental Bond Board and Building Professionals Board compliance with the Internal Audit and Risk Management Policy for the NSW Public Sector**

I, Kevin John Anderson, am of the opinion that Rental Bond Board (RBB) and Building Professionals Board (BPB) have internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector.

I, Kevin John Anderson, understand that the following core requirements of Internal Audit and Risk Management Policy (TPP 15-03) have not been met:

<b>Core Requirement</b>	<b>Reason for non-compliance with the core requirement</b>
3.1.13 - The chair of the Audit and Risk Committee must be appointed for one (1) term only for a period of at least three (3) years, with a maximum period of five (5) years. The term of appointment for the chair can be extended but any extension must not cause the total term to exceed five (5) years as a chair of the Audit and Risk Committee.	Retention of the former Chair of the DFSI shared ARC (which included RBB & BPB) to provide continuity of knowledge and experience integral to the committee's operation and establishment.
3.1.3 - The agency head must appoint the chair and members of the Audit and Risk Committee from the panel of pre-qualified individuals maintained by [NSW Procurement].	Meetings will occur over nine meeting days (rather than minimum four meetings a year required). Remuneration for Chair provided for in Prequalification Scheme Conditions does not account for the number/duration of meetings, or meeting preparation required.

I note that the following alternative arrangements have been implemented to achieve outcomes equivalent to the requirement(s):

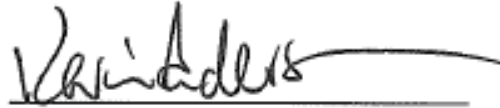
<b>Summary of alternative arrangements</b>	<b>How the alternative arrangements will achieve equivalent outcomes</b>
Chair engaged for initial three-year term only and has undertaken to depart committee afterwards. A new member has been included on Committee who has no prior involvement in ARC re RBB or BPB.	Chair will not be extended once initial three year term has been completed – as a result, her total tenure as a member of both the DFSI and Customer Service shared ARCs will not exceed the eight year membership maximum in 3.1.11. Introduction of a new member without prior involvement in ARC re RBB or BPB will bolster independence of Committee.
Chair will be remunerated at 175% of the scheduled fee for Chairs in the Prequalification Scheme Conditions	Chair will be remunerated at a rate which takes into account the number of meeting days and preparations required. This sum remains significantly less than the fees payable were each of the participating entities to remunerate the chair as though they were not part of a shared arrangement.

I, Kevin John Anderson, am of the opinion that the practicable alternative measures implemented demonstrate that the Rental Bond Board and Building Professionals Board have established and maintained frameworks, including systems, processes and procedures

for appropriately managing audit and risk within the Rental Bond Board and Building Professionals Board.

This exception to the core requirements of the Internal Audit and Risk Management Policy for the NSW Public Sector (TPP15-03) is valid for the financial year(s) (2019/2020 and 2020/2021)<sup>1</sup>

Kevin John Anderson:

A handwritten signature in black ink, appearing to read 'Kevin Anderson', written over a horizontal line.

(Sign and Date)

18.12.2019

---

<sup>1</sup> Exceptions may be sought for a maximum of two financial years.



## Appendix 3 - Independent Auditors Report

---



### INDEPENDENT AUDITOR'S REPORT

#### Rental Bond Board

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Rental Bond Board (the Board), which comprises the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Board's financial position, financial performance and cash flows.

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 (including Independence Standards)' (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.

## The Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Board's responsibility also includes such internal control as it determines 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 Rental Bond 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.

## 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- 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.



Weini Liao  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 October 2021  
SYDNEY

## Appendix 4 - Rental Bond Board Financial Statements

---

### RENTAL BOND BOARD

#### STATEMENT BY THE ACCOUNTABLE AUTHORITY

Pursuant to section 7.6 (4) of the Government Sector Finance Act 2018 ("the Act"), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- present fairly the Rental Bond Board's financial position, financial performance and cash flows.



---

Rose Webb  
Chairperson

Date: 25 October 2021

**RENTAL BOND BOARD  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
<b>Expenses excluding Losses</b>				
Operating expenses	2(a)	29,969	29,025	29,709
Grants and subsidies	2(b)	39,142	33,011	31,396
<b>Total Expenses excluding Losses</b>		<b>69,111</b>	<b>62,036</b>	<b>61,105</b>
<b>Revenue</b>				
Grants and Contributions	3(a)	62,038	62,038	-
Investment Revenue	3(b)	24,789	-	52,786
Other revenue	3(c)	1,527	-	1,380
<b>Total Revenue</b>		<b>88,354</b>	<b>62,038</b>	<b>54,166</b>
<b>Operating Result</b>		<b>19,243</b>	<b>2</b>	<b>(6,939)</b>
Gain / (loss) on sale of investments with TCorp	4	127,480	102,275	-
<b>NET RESULT</b>		<b>146,723</b>	<b>102,277</b>	<b>(6,939)</b>
Other comprehensive income		-	-	-
<b>Total other comprehensive income / (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<b>146,723</b>	<b>102,277</b>	<b>(6,939)</b>

The accompanying notes form part of these financial statements.

**RENTAL BOND BOARD  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	206,178	158,203	55,927
Receivables	6	150	4,212	4,008
<b>Total Current Assets</b>		<b>206,328</b>	<b>162,415</b>	<b>59,935</b>
<b>Total Assets</b>		<b>206,328</b>	<b>162,415</b>	<b>59,935</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	7	82	3,412	412
<b>Total Current Liabilities</b>		<b>82</b>	<b>3,412</b>	<b>412</b>
<b>Total Liabilities</b>		<b>82</b>	<b>3,412</b>	<b>412</b>
<b>Net Assets</b>		<b>206,246</b>	<b>159,003</b>	<b>59,523</b>
<b>EQUITY</b>				
Accumulated funds		206,246	159,003	59,523
<b>Total Equity</b>		<b>206,246</b>	<b>159,003</b>	<b>59,523</b>

The accompanying notes form part of these financial statements.

**RENTAL BOND BOARD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Accumulated Funds \$'000
Balance as at 1 July 2020		59,523
Net Result for the financial year		146,723
Other comprehensive income		-
Total comprehensive income for the financial year		146,723
Balance as at 30 June 2021		206,246
Balance as at 1 July 2019		66,462
Net Result for the financial year		(6,939)
Other comprehensive income		-
Total comprehensive income for the financial year		(6,939)
Balance as at 30 June 2020		59,523

The accompanying notes form part of these financial statements.

**RENTAL BOND BOARD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Grants and subsidies		(39,142)	(33,011)	(31,396)
Payments to suppliers		(30,471)	(29,025)	(30,365)
<b>Total Payments</b>		<b>(69,613)</b>	<b>(62,036)</b>	<b>(61,761)</b>
<b>Receipts</b>				
Grants and Contributions		62,038	62,038	-
Interest received		28,640	-	53,415
Other		1,706	-	1,640
<b>Total Receipts</b>		<b>92,384</b>	<b>62,038</b>	<b>55,055</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11</b>	<b>22,771</b>	<b>2</b>	<b>(6,706)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of TCorp investments		127,480	102,275	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>127,480</b>	<b>102,275</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>150,251</b>	<b>102,277</b>	<b>(6,706)</b>
Opening cash and cash equivalents		55,927	55,927	62,633
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>206,178</b>	<b>158,204</b>	<b>55,927</b>

The accompanying notes form part of these financial statements.

**RENTAL BOND BOARD  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The Rental Bond Board (the Board) is a NSW government entity. The Board is a not-for-profit entity (as profit is not its principle objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Rental Bond Board is a statutory authority and as a reporting entity comprises all the activities under its control. The financial statements for the financial year ended 30 June 2021 have been authorized for issue by the Chairperson of the Board on 25 October 2021.

In July 2020 the Board approved, and the Treasury and the Expenditure Review Committee endorsed, the sale of the investments that the Rental Bond Board has with TCorp and for the funds to be deposited into the Treasury banking system in the name of the Rental Bond Board. The funds invested in the Treasury banking system do not earn a return.

As a result of this change in investments the expenses of the Rental Bond Board are no longer funded from the returns on the investments with TCorp but from a grant received from the Department of Customer Service (DCS).

By October 2020, all the Trust's investments with TCorp were liquidated and \$1.642 billion was deposited into the Treasury banking system in the name of the Rental Bond Board.

As a result of the sale of the Trust's investments a gain of \$127.5 million was realised during the year ended 30 June 2021

**(b) Basis of Preparation**

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*; and
- Treasurer's Directions issued under the *GSF Act*.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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, which is the Board's presentation and functional currency.

**(c) Statement of Compliance**

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

**(d) Going Concern**

The financial statements have been prepared on a going concern basis.

**(e) Administrative Service Charge**

The administrative functions for the Board are performed by the Department of Customer Service. The costs incurred by the Department of Customer Service for these functions are recouped from the Board.

The agreed administrative service charge, which has been approved by the Expenditure Review Committee, Treasury and the Board, is paid to the Department of Customer Service for providing all Administrative and Corporate Services.

**(f) Accounting for the Goods and Services Tax**



Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- 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 are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(g) Comparative Information**

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

**(h) Changes in accounting policies, including new or revised Australian Accounting Standards**

*Bar*

**(i) Effective for the first time in FY2020-21**

**AASB 1059 Service Concession Arrangements: Grantors**

AASB 1059 is effective from 1 July 2020 but as the Board does not have any service concession assets it has no impact on these financial statements.

**(ii) Issued but Not Yet Effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

**(i) Impact of COVID-19 on Financial Reporting for 2020-21**

Management has considered the specific requirements in AASB101 Presentation of Financial Statements to disclose significant accounting policies, and the extent of disclosures regarding estimation uncertainty as a result of COVID-19.

There is no significant impact of COVID-19 on the Board's Financial Statements. There is no uncertainty about the Board's ability to continue as a going concern at 30 June 2021 as liquidity and credit risk are not significant areas of risk for the Board. There has been no impact on the Board's liquidity or credit risk profiles as a result of COVID-19.

**2. EXPENSES EXCLUDING LOSSES**

**(a) Operating Expenses**

	2021	2020
	\$'000	\$'000
Administrative Service Charge from DCS	25,227	24,611
Auditor's Remunerations	127	115
Investment Management Fee	221	1,174
Fair Trading Dispute Mediation Unit	2,379	2,198
Other	2,015	1,611
	<u>29,969</u>	<u>29,709</u>

**(b) Grants and Subsidies**

	2021	2020
	\$'000	\$'000
Seniors Rights Services (SRS)	593	443
Credit Counselling Program (CCP)	6,337	7,094
No Interest Loan Scheme (NILS)*	2,701	-
Tenants Advice and Advocacy Program (TAAP)	13,454	11,735
Tenancy Functions of the NSW Civil and Administrative Tribunal (NCAT)	11,057	11,024
Mascot Tower Assistance Program	5,000	1,100
	<u>39,142</u>	<u>31,396</u>

\*No Interest Loans Scheme grants were prepaid in the financial year ended 30 June 2019 and therefore there were no amounts to be disclosed for the financial year ended 30 June 2020.

(i) **Senior Rights Services (SRS)**

SRS provides impartial information, mediation and education services regarding the *Residential Tenancies Act 2010* and the *Retirement Villages Act 1999*. This advice is provided to tenants, landlords, their agents, village residents and village management about their rights and obligations under this legislation.

(ii) **Credit Counselling Program (CCP)**

CCP funds the provision of financial counselling services to individuals, predominantly tenants, training of persons in financial counselling and for education in financial management.

(iii) **No Interest Loan Scheme (NILS)**

NILS is a community-based program that helps people on low income, most of whom are tenants, to buy essential household items. This grant also provides funds towards NILS administration costs and employment of a dedicated NILS Coordinator.

(iv) **Tenants' Advice and Advocacy Program (TAAP)**

TAAP provides advice, information and advocacy to public and private tenants, and where appropriate to people seeking to become tenants. The service also undertakes community education on the issues of tenants' rights.

The Program is jointly funded by the Department of Customer Service and the Rental Bond Board in accordance with the *Property and Stock Agents Act 2002* and the *Residential Tenancies Act 2010*.

(v) **Tenancy Functions of the NSW Civil and Administrative Tribunal (NCAT)**

The NSW Civil and Administrative Tribunal has the jurisdiction to determine matters under the *Residential Tenancies Act 2010* and the *Retirement Villages Act 1999*. These matters include requests to terminate tenancy agreements, payment of rental bonds on termination of tenancies, breaches relating to terms of the tenancy agreement and payment of compensation. This function is administered by the Department of Communities and Justice and is jointly funded by the Department of Customer Service and the Rental Bond Board.

(vi) **Mascot Tower Assistance Program**

The Mascot Tower Assistance Program was established in June 2019 to provide financial support to tenants and owner occupiers to meet the cost of alternate accommodation. The occupants were evacuated due to major cracks in the building and reported as unsafe to occupy.

Mascot Tower Assistance Program previously recognised as Operating Expenses have been reclassified as Grants and Subsidies.

### 3. REVENUE

#### Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers. Commentary regarding the accounting policies for the recognition of income are discussed below.

(a) **Grants and Contributions**

	2021 \$'000	2020 \$'000
NSW Department of Customer Service - Grant	62,038	-
Movement in the deemed appropriation is shown below.		
	2021 \$'000	2020 \$'000
Cluster grants	62,038	-
<b>Total spending authority from parliamentary appropriations, other than deemed appropriations</b>	<b>62,038</b>	<b>-</b>
Add:		
Own source revenue received during the year	157,826	55,055
Own source revenue brought forward from prior years	55,927	62,633
<b>Total spending authority from parliamentary appropriations</b>	<b>275,791</b>	<b>117,688</b>
Less: total expenditure	(69,613)	(61,761)
<b>Variance</b>	<b>206,178</b>	<b>55,927</b>
Less: the spending authority from appropriations lapsed at 30 June	-	-
<b>Own source revenue balance carried forward to following years</b>	<b>206,178</b>	<b>55,927</b>

#### Recognition and Measurement

Income from grants and appropriations is recognised when the Board satisfies its obligations under the transfer. Income from grants and appropriations without sufficiently specific performance obligations is recognised when the Board obtains control over the granted asset (cash).

The Board did not receive any appropriations or grants in the reporting period with specific performance obligations.

Appropriations authorities and spending limits, under the Appropriations Act, and from deemed appropriations are given to the relevant responsible minister(s) and not directly to individual agencies. Officers of agencies reporting to those ministers are then delegated authority to incur expenditure under delegation instruments issued by those ministers. Therefore, compliance with aggregate spending limits under the Appropriations Act and deemed appropriations should normally be assessed at the responsible minister(s)' level unless the delegation instrument for an agency expressly creates a sub-limit for the agency as a whole (which is unusual). The Board has confirmed that its delegation instruments do not have sub-limits for the agency as a whole.

#### (b) Investment revenue

	2021 \$'000	2020 \$'000
Interest received from the Rental Bond Trust's Investments	11,977	55,844
Revenue from the realisation of bond investments with TCorp	12,812	(3,058)
	<b>24,789</b>	<b>52,786</b>

#### Recognition and Measurement

The Board's investment revenue from July 2020 to October 2020 is derived from several sources including interest on bank accounts, the Rental Bond Account and investments held with NSW TCorp.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

#### (c) Other Revenue

	2021 \$'000	2020 \$'000
Merchant Fees	1,527	1,380

#### Recognition and Measurement

Other Revenue is measured at the fair value of the consideration or contribution received or receivable. Financial institutions charge the Board merchant fees for online rental bond lodgement paid. The board recovers merchant fees when lodgements are made by tenants and landlords and revenue is recognised in accordance with AASB 1058 'Income of Not-for-Profit Entities'.

#### 4. GAINS / (LOSSES) ON DISPOSAL OF INVESTMENTS

	2021 \$'000	2020 \$'000
Gain from sale of investments with TCorp	127,480	-

##### Recognition and Measurement

The gain from disposal of investments is measured by the difference between the fair value of the consideration received less the book value.

As a result of the sale of the Trust's investments, a gain of \$127.5 million was realised during the year ended 30 June 2021.

#### 5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash at bank	206,178	55,927

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank.

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

	2021 \$'000	2020 \$'000
Cash and cash equivalents (as per Statement of Financial Position)	206,178	55,927
Closing cash and cash equivalents (as per Statement of Cash Flows)	206,178	55,927

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

#### 6. CURRENT ASSETS - RECEIVABLES

	2021 \$'000	2020 \$'000
Rental Bond Trust Account	145	3,997
GST Receivable	2	9
Other	3	2
	150	4,008

##### Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

##### Subsequent measurement

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

##### Impairment

The Board recognises an allowance for Expected Credit Losses (ECL) for all debt financial assets not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows that the Board expects to receive, discounted at the original effective interest rate. For trade receivables (if any), the Board applies a simplified approach in calculating ECLs.

The Board does not have any trade receivables and therefore no impairment loss is recognised in the net result for the year.



Details regarding credit risk, liquidity risk and market risk are disclosed in Note 12.

#### 7. CURRENT LIABILITIES - PAYABLES

	2021	2020
	\$'000	\$'000
Accrued Expenses	82	412

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 12.

#### Recognition and Measurement

Payables represent liabilities for goods and services provided to the Board and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

#### 8. COMMITMENTS

There are no commitments as at 30 June 2021 (2020 \$Nil)

#### 9. CONTINGENT ASSETS AND LIABILITIES

There were no known contingent assets or liabilities as at the end of the financial year (2020: \$Nil).

#### 10. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the financial year. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

#### Net Result

The actual net result is a surplus of \$146.7 million (2020: \$6.9 million deficit) which was favourable to the budgeted net result by \$44.4 million. The major variations to budget are:

Total Revenue was \$26.3 million favourable to budget due to the receipt of investment income of \$12.0 million from the delay in the liquidation of the Trust's investments with TCorp, receipt of \$12.8 million from the realisation of the bond investments with TCorp and unbudgeted merchant fees of \$1.5 million.

Total Expenses were \$7.1 million unfavourable to budget, primarily due to unbudgeted contribution of \$5.0 million towards the Mascot Tower Assistance Scheme, higher than budgeted grant payment of \$1.1 million towards the TAAP program and unbudgeted cost of \$0.8m for the upgrade of the Rental Bond infrastructure platform.

In addition, the Board realised a profit of \$127.4 million from the sale of the Trust's investments with TCorp which was \$25.2 million above the budget.

#### Assets and liabilities

Net Assets: The actual net assets of \$206.2 million (2020: \$59.5 million) was favourable to budget by \$47.2 million. The increase is largely due to the unbudgeted gain of \$25.2 million from the liquidation of the Trust's investments with TCorp, unbudgeted gain of \$12.8 million from the realisation of bonds with TCorp, receipt of investment revenue of \$12.0 million due to the delay in the liquidation of the Trust's investments with TCorp and unbudgeted contribution of \$5.0 million towards the Mascot Tower Assistance Scheme.

#### Cash flows

Net increase in cash during the year of \$150.2 million which is \$48.0 million higher than budget. The increase in cash is largely due to the \$25.2 million profit realised from the liquidation of the Trust's investments with TCorp, receipt of investment income of \$12.0 million and a gain of \$12.8 million from the realisation of bond investments with TCorp.

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

	2021	2020
	\$'000	\$'000
Net cash used in operating activities	22,771	(6,706)
Net gain / (loss) on sale of investments with TCorp	127,480	-
Increase / (decrease) in receivables	(3,858)	(639)
(Increase) / decrease in payables	330	406
Net result	146,723	(6,939)

#### 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 the Board's 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 policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a continuous basis.

##### (a) Financial Instrument Categories

Financial Assets	Note	Category	2021	2020
			\$'000	\$'000
			Carrying Amount	Carrying Amount
Class:				
Cash and cash equivalents	5	Amortised Cost	206,178	55,927
Receivables (i)	6	Amortised Cost	148	3,999
Financial Liabilities	Note	Category		
Class:				
Payables (ii)	7	Financial liabilities measured at amortised cost	82	412

(i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

(ii) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

##### (b) Financial Risk

###### (i) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 credit losses or allowance for impairment).

Credit risk arises from the financial assets of the Board, including cash, receivables, and authority deposits. 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 counterparties and establishment of minimum credit rating standards.

###### Cash and cash equivalents

Cash and cash equivalents comprise 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 Board ("TCorp") 11am unofficial cash rate, adjusted for a management fee to NSW Treasury for the period July to October 2020.

**Accounting policy for impairment of trade debtors and other financial assets**  
**Receivables – Trade receivables**

All trade debtors are recognised at the amounts receivable at balance date. Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 30 June 2021, there were no trade debtors.

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

All the receivables of the Board are with the Department of Customer Service, Rental Bond Trust and Australian Taxation Office. Therefore, Expected Credit Loss was not calculated.

**(ii) 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 to ensure adequate holding of high-quality liquid assets.

During the current and prior year, there were no defaults of borrowings. 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.

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 not later than the end of the month following the month in which an invoice or 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 Board may automatically pay the supplier simple interest.

For the year ended 30 June 2021, the Board was not required to pay any interest for late payment (2020: \$Nil)

The table below summarises the maturity profile of the Board's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	\$'000 Nominal Amount (i)	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing	< 1 Year	1-5 Years	> 5 Years
		2021 Payables	82	-	-	82	82
	82	-	-	82	82	-	-
	\$'000 Nominal Amount (i)	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing	< 1 Year	1-5 Years	> 5 Years
		2020 Payables	412	-	-	412	412
	412	-	-	412	412	-	-

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Board can be required to pay. These amounts include both

interest and principal cash flows and therefore will not reconcile to amounts disclosed in the Statement of Financial Position.

**(iii) 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's exposures to market risk are primarily through interest rate risk on the Board's cash and cash equivalents. 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 (i.e. until the end of the next financial year). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Board's interest-bearing assets. 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 following table demonstrates the sensitivity to a reasonable possible change in interest rates:

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
<b>2021</b>					
<i>Financial Assets (i)</i>					
Cash and cash equivalents*	206,178	-	-	-	-
<b>2020</b>					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	55,927	(559)	(559)	559	559

(i) Both receivables and payables are excluded as the Board deems there exists no interest exposure

\*The board is not exposed to any Interest Rate Risk as the Board does not earn returns on the funds invested in the Treasury's Banking System.

**(a) Fair Value Measurement**

**(i) Fair value compared to carrying amount**

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 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.

There are no financial instruments where the fair value differs from the carrying amount.

**13. RELATED PARTY DISCLOSURES**

**Key management personnel**

During the year, the Board incurred \$7,868 (2020: \$7,185) in respect of key management personnel services that are provided by a separate management entity the Department of Customer Service. Other Board Members are remunerated by DCS as the employing agency. Their services to the Board are paid through the Administrative Service Charge.

**Other related party transactions**



The Board entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government.

These transactions which are conducted as arm's length transactions are a significant portion of the Board's receiving of services, in aggregate are as follows:

Nature of transaction		2021 \$'000		2020 \$'000	
		Transaction value income/ (expense) \$'000	Net receivable/ (payable) \$'000	Transaction value income/ (expense) \$'000	Net receivable/ (payable) \$'000
Purchases of goods / services and other payments	NSW Department of Customer Service	(28,520)	(25)	(26,982)	(43)
Received Cluster Grant	NSW Department of Customer Service	62,038	-	-	-
Purchases of goods / services and other payments	Tenancy Function of NSW Civil and Administration Tribunal – Department of Communities and Justice	(11,057)	-	(11,024)	-
Purchases of goods / services and other payments	NSW Treasury Corporation (TCorp)	(221)	-	(1,174)	(98)
Net Investment Return	NSW Treasury Corporation (TCorp)	24,490	-	50,977	-

#### 14. TRUST FUNDS

As the Board performs only a custodial role in respect of the trust monies and because the monies cannot be used to obtain benefits from its activities (other than the receipt of interest income as per the legislation), trust funds are not brought to account in the financial statements but are shown in the notes for information purposes.

Amounts owing to New South Wales Residential Bond Holders:

	2021 \$'000	2020 \$'000
Liability at the beginning of the financial year	1,673,170	1,622,679
Add: Receipts	730,553	726,292
Less: Expenditure	(704,033)	(675,801)
Liability at the end of the financial year *	<u>1,699,690</u>	<u>1,673,170</u>

\*Excludes \$10.7 million (2020: \$13.0 million) primarily relating to pending lodgements from tenants, landlords and real estate agents and includes Public Housing Tenancy Bonds of \$0.06 million (2020: \$0.04m) and Rent Start Bonds of \$0.28 million as at 30 June 2021. (2020: \$0.18 million).

In accordance with Sections 162 & 185(1) of the Residential Tenancies Act 2010, bonds received by landlords or their agents must be deposited with the Board's Rental Bond Account within ten days of receipt. Interest earned from the investment of funds in the Board's Rental Bond Account is retained by Treasury and replaced by an appropriation from Treasury via a DCS Cluster Grant into the Rental Bond Interest Account.

#### Book Valuation of Rental Bond Account Investments

2021	2020
------	------

	\$'000	\$'000
Direct Fixed Interest Portfolio	-	1,489,924
Private Shared Equity Scheme*	1,789	1,747
Treasury's Banking System	1,711,840	201,668
	<b>1,713,629</b>	<b>1,693,339</b>

\*The investment with the 'Private Shared Equity Scheme' is in mortgages issued under the First Australian National Mortgage Association Corporation (FANMAC). The administration activities are managed by Eticore. The investment comprises mortgages on Australian properties which are being repaid by mortgagees by monthly instalments. The loans will be required to be repaid if the properties are sold or refinanced.

#### Market Valuation of Rental Bond Investments

	2021	2020
	\$'000	\$'000
Direct Fixed Interest Portfolio	-	1,625,878
Private Shared Equity Scheme	1,789	1,747
Treasury's Banking System	1,711,840	201,668
	<b>1,713,629</b>	<b>1,829,293</b>

Total liability to tenants as at 30 June 2021 is \$1,700 million compared to the market value of the Trust's investments of \$1,714 million, resulting in an excess of \$14 million. (2020 excess \$156 million).

#### 15. EVENTS AFTER BALANCE DATE

##### Non-Adjusting Events

There are no known events after the end of the financial year which would give rise to a material impact on the reported results or financial position of the Board as at 30 June 2021.

**END OF AUDITED FINANCIAL STATEMENTS**