

NSW Building Professionals Board

Annual report 2015-16

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The Board's business hours are 8:30am to 4:30pm Monday to Friday.

This report can be accessed at the Board's website www.bpb.nsw.gov.au.

Charter

The Building Professionals Board is an independent NSW Government authority with an important role in building and development.

The Board supports a quality built environment and assists in meeting Government priorities for housing supply and faster housing approvals, by ensuring the integrity of the certification system and helping accredited certifiers meet their legislative requirements.

The Board accredits and investigates certifiers – these include building surveyors, engineers, land and strata surveyors and swimming pool inspectors. Accredited certifiers issue development, subdivision, strata and compliance certificates during the approval and construction of a development to confirm they are satisfied it meets legislative requirements and national building standards.

Achievements 2015-16

In 2015-16 the Board:

- delivered better customer service by processing complaints and accreditation application more efficiently and frequently updating the website
- increased pathways to accreditation by recognising more qualifications in the Board's Accreditation Scheme
- made certifiers accountable for their conduct by determining a record 226 complaints, issuing a number of significant fines and other penalties, and reinstating the Disciplinary Committee
- enhanced certifier capability and professionalism by establishing a continuing professional development training course for complying development and issuing practice advice and case studies
- helped facilitate improved insurance arrangements for certifiers by facilitating an Insurance Committee which led to an industry-managed insurance scheme
- developed reforms to improve the certification system by providing input and support to the independent statutory review of the *Building Professionals Act 2005*
- helped deliver Government safety initiatives for backyard swimming pools by accrediting more than 200 swimming pool certifiers, and approving a third training provider to deliver the mandatory training course for swimming pool certifiers
- fostered collaborative relationships with certifiers, councils and industry, by travelling across NSW to consult stakeholders on policy proposals.

Factors that affected the achievement of operational objectives in 2015-16 include:

- investing significant resources to effectively support the independent review of the *Building Professionals Act 2005*, and inform the Government's response to the review
- recruitment of key staff and other organisational changes to fulfil the Board's statutory functions more efficiently

- relocation of the Board's secretariat to new offices, which led to some delay in service delivery particularly due to technical issues with the new telephony system.

Aims and objectives

The Board's objectives are to:

- transform the way the Board works for a high performance and delivery-focused culture and organisation
- increase public awareness of the certification system and improve public confidence in private certification
- process complaints against accredited certifiers in an efficient, fair and effective manner
- expand the scope and supply of accredited certifiers
- make relevant building professionals accountable for their design, certification and installation work
- improve accredited certifiers' competence and provide guidance and assist accredited certifiers to comply with their legislated obligations
- develop and implement policy or legislation to improve the certification process in NSW
- implement an audit and advisory review regime that identifies and addresses areas of greatest risk to the certification process.

Principal legislation

The Board has the following functions under the *Building Professionals Act 2005* (BP Act):

- accrediting certifiers for the purposes of the *Environmental Planning and Assessment Act 1979* and regulations
- promoting and maintaining standards of building and subdivision certification and design
- investigating complaints and taking disciplinary action against certifiers
- prosecuting offences against the BP Act and regulations, or any offence under the *Environmental Planning and Assessment Act 1979* and regulations that relates to accredited certifiers
- reviewing the accreditation scheme under the BP Act
- investigating matters as requested by the Minister, and providing advice to the Minister
- any other functions conferred on the Board by the BP Act or any other Act.

Structure

Board members and meetings

Members of the Building Professionals Board are appointed by the Minister on the basis of their knowledge or experience, and may be appointed for a period of up to three years. Operational activities are carried out by a secretariat employed by the Department of Finance, Services and Innovation (DFSI).

The Board met on 20 July, 21 September and 23 November 2015, and on 22 February, 4 April and 16 May 2016. It also held a strategy day meeting on 17 May 2016 and a preparatory meeting for the strategy day on 9 May 2016.

Board members and meeting attendance 2015-16

Members of the Building Professionals Board:

- George Maltabarow (President), an energy specialist and experienced chief executive in government and private industry
- Malcolm Ryan (Deputy President), General Manager at Cumberland Council, with experience in planning;
- Susan Bailey, a lawyer and experienced General Counsel in complex corporate environments
- Sarah Hill (resigned 6 February 2016), an urban planner, Chief Executive Officer of the Greater Sydney Commission
- Robert Marinelli, a building surveyor and certifier experienced in all types of buildings
- Peter Meredith, former Director of Housing at the Master Builders Association (NSW), with experience in building construction
- Sean O'Toole, West District Commissioner for the Greater Sydney Commission, and former Managing Director of UrbanGrowth NSW
- Karen Stiles, Executive Officer of the Owners Corporation Network, experienced in strata committees and in engaging local communities.

Board member	No. regular meetings attended	No. strategy day/ preparatory meetings attended
George Maltabarow	5	2
Malcolm Ryan	4	0
Susan Bailey	6	2
Sarah Hill	3	0
Robert Marinelli	5	1
Peter Meredith	6	2
Sean O'Toole	6	1
Karen Stiles	5	1

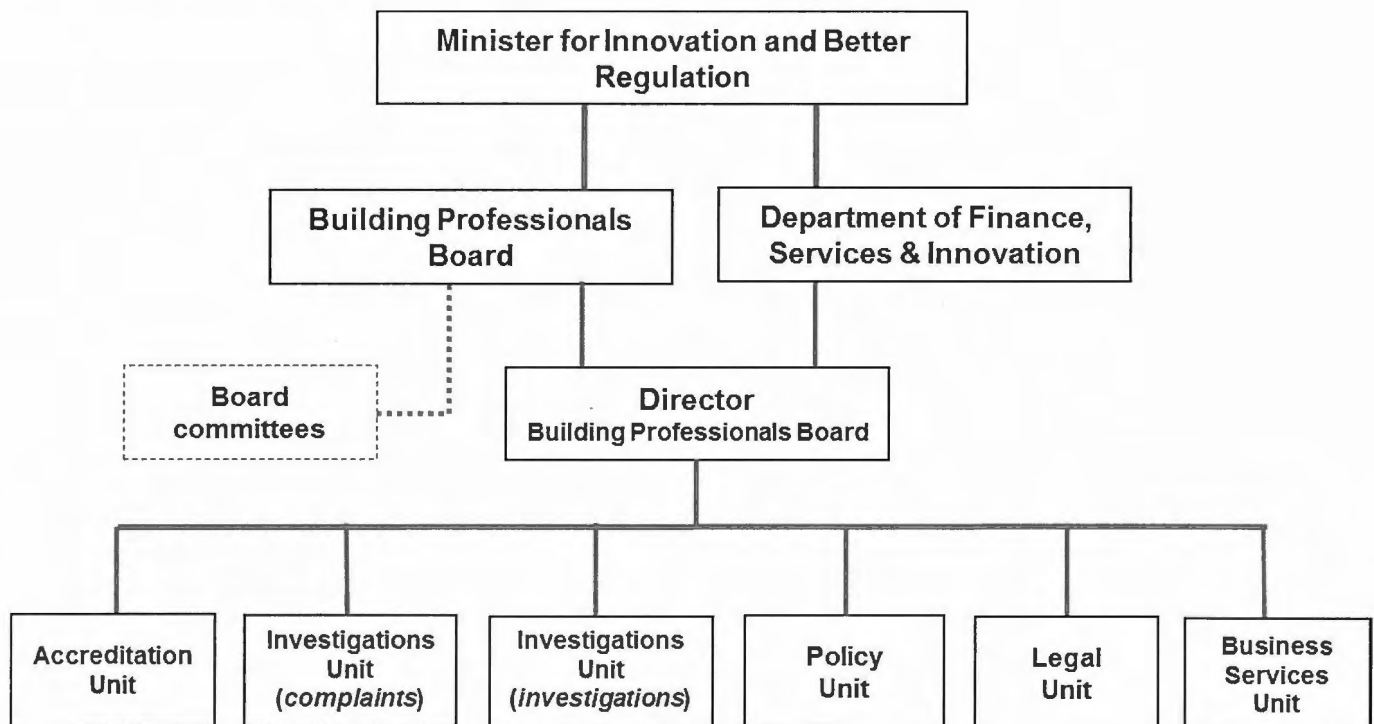
Committees

In 2015-16, the Board was assisted by the Accreditation Committee, Disciplinary Committee and Insurance Committee. Various Board members also attended committee meetings.

Committee meetings:

- The **Accreditation Committee**, chaired by Robert Marinelli, met on 25 August, 27 October and 8 December 2015, and on 12 April, 11 May and 14 June 2016.
- The **Insurance Committee**, chaired by Susan Bailey, met on 10 July and 27 August 2015. No further meetings were necessary as the Committee fulfilled its function (see the Achievements section).
- The **Disciplinary Committee**, chaired by Stephen Walmsley SC, met on 6 August, 28 August, 8 October, 3 November, 5 November and 26 November 2015, and on 9 February, 22 March, 2 May, 3 May and 16 June 2016.

Structure diagram



Activities

Accrediting certifiers

At 30 June 2016 there were 1,812 accredited certifiers, comprising 793 council certifiers, 1,011 private certifiers and eight accredited bodies corporate (i.e. private certification companies that hold cooperate accreditation). There was a 13 per cent increase from 2014-15 in the total number of certifiers.

A total of 1,742 applications for accreditation were determined in 2015-16, comprising 405 new applications and 1,337 renewal applications. Compared with 2014-15, this represents a 47 per cent increase in the number of new applications determined and a 20 per cent decrease in renewals determined.

Certifiers must meet the strict requirements set by the Board's Accreditation Scheme, which relate to qualifications, skills, knowledge and experience. They must also:

- comply with a code of conduct
- complete professional development activities each year
- hold professional indemnity insurance (unless employed by a council)
- maintain complete, confidential and secure records
- avoid conflicts of interest.

There are five categories of accredited certifiers, with a total of 24 subcategories. Some certifiers are highly specialised and work on a specific aspect of development, while others possess a wider, more general skills base. Many hold simultaneous accreditation in a number of categories.

Number of accreditations

Category of accreditation	At 30 June 2013	At 30 June 2014	At 30 June 2015	At 30 June 2016
A1 – building surveyor grade 1	648	660	666	661
A2 – building surveyor grade 2	296	279	277	272
A3 – building surveyor grade 3	202	204	222	252
A4 – building inspector	152	146	183	203
A5 – Port Botany, Port Kembla and Port of Newcastle	0	0	0	0
B1 – subdivision certification	21	20	21	21
C1 – private road and drainage design compliance	156	168	191	212
C2 – Accredited certifier – private road and drainage construction compliance	71	70	77	81
C3 – Accredited certifier – stormwater management facilities design compliance	75	74	82	87
C4 – Accredited certifier – stormwater management facilities construction compliance	77	76	82	85
C5 – Accredited certifier – subdivision and building (location of works as constructed)	18	19	19	20
C6 – Accredited certifier – subdivision road and drainage construction compliance	71	70	76	81
C7 – Accredited certifier – structural engineering compliance	79	79	86	98

Category of accreditation	At 30 June 2013	At 30 June 2014	At 30 June 2015	At 30 June 2016
C8 – Accredited certifier – electrical services compliance	4	5	5	5
C9 – Accredited certifier – mechanical services compliance	7	10	11	12
C10 – Accredited certifier – fire safety engineering compliance	71	85	100	111
C11 – Accredited certifier – energy management compliance (Classes 3, 5 to 9)	3	3	3	4
C12 – Accredited certifier – geotechnical engineering compliance	48	49	51	56
C13 – Accredited certifier – acoustics compliance	2	2	2	7
C14 – Accredited certifier – building hydraulics compliance	19	20	21	23
C15 – Accredited certifier – stormwater compliance	76	75	82	90
C16 – Accredited certifier – specialty hydraulic services compliance	51	53	54	57
D1 – Accredited certifier – strata certification	23	24	25	25
E1 – Accredited certifier – swimming pool certification	0	0	51	211

Investigations

Accredited certifiers work with integrity, skill and diligence. Complaints about their professional conduct affect only a small minority of certifiers and in these cases the Board has significant powers to investigate and take disciplinary action. The Board can also investigate a certifier if a complaint has not been made.

If a certifier has engaged in unsatisfactory professional conduct or professional misconduct, the Board may issue a fine up to \$110,000, suspend or cancel the certifier's accreditation, or impose measures to improve performance, such as completion of a training course or peer review of the certifier's work. The Board may also carry out audits to help certifiers understand their obligations and to disseminate best practice principles.

In 2015-16 the Board:

- received 145 complaints in relation to the conduct of 80 certifiers (for comparison, the highest number of complaints received was 156 which was in 2008-09)
- determined a record 226 complaints in relation to the conduct of 99 certifiers, surpassing the previous highest tallies of 206 determinations in 2008-09 and 154 in 2009-10, despite fewer staff relative to those years.

Of the 226 complaints determined:

- Twenty eight per cent resulted in a penalty against the certifier
- Thirty per cent resulted in no further action (the complaint had some merit but did not warrant penalty for various reasons)
- Forty two per cent were dismissed (i.e. the complaint was not supported by the evidence).

Sixty five complaints were determined by the Disciplinary Committee and the remainder by the Director.

Complaints	2012-13	2013-14	2014-15	2015-16
Received	104	153	121	145
Determined	53	65	140	226
Outstanding	83	173	150	71

Outstanding complaints at 30 June 2016 include some received before 1 July 2015 and carried over into the 2015-16 financial year.

Reducing complaints and assisting the community

Many complaints arise from misunderstanding of what a certifier does

Many complaints arise because the complainant misunderstands a certifier's responsibilities. In the first instance, the Board helps enquirers to understand what a certifier does, and suggests alternative options to resolve their concern.

Misunderstanding often leads to an unfounded complaint, and is the most common reason why a complaint is withdrawn by the complainant or dismissed by the Board. The Board explains to both the complainant and certifier why a complaint is dismissed.

The Board also receives complaints about matters relating to the responsibilities of other parties involved in development and construction, as well as matters where the certifier was not legally able to take action due to his/her limited powers of enforcement.

Clarifying and raising awareness of a certifier's role is an ongoing priority of the Board to help inform the community, reduce the number of unfounded complaints, and ensure complaints are made to the appropriate authority in the first instance.

Increasing certifier competence to assess complying development

Some complaints about certifiers arise when a complying development certificate is issued for a development that does not meet the prescribed standards for complying development set by the NSW Government.

To address this, the Board collaborated with training providers to establish an education course about complying development in October 2015, which is mandatory for category A1, A2 and A3 certifiers (building surveyors). The course is expected to reduce certification errors, improve outcomes for property owners and communities, and reduce complaints.

Communication and online services

Frequent updates to the Board's website make it easy for visitors to find the information they need. In 2015-16, the website received:

- 68,113 visitors (a 27 per cent increase from 2014-15)
- 412,207 page views (a 15 per cent increase from 2014-15).

The Board publishes a regular electronic newsletter for certifiers, other building professionals and interested stakeholders. There were 3,863 subscribers at 30 June 2016 (a 14 per cent increase from 2014-15).

Legal change

Legislative changes during 2015-16

The *Building Professionals Act 2005* was amended by Schedule 3 of the *Statute Law (Miscellaneous Provisions) Act (No 2) 2015*. These minor amendments and consequential to the commencement of the *Government Sector Employment Act 2013* (GSE Act). They reflected the change of the title of the head of the Office of Local Government in section 45(1), and inserted the title of the GSE Act in section 78(1) and Schedule 1 clause 11(1).

The Building Professionals Regulation 2007 was amended by the Building Professionals Amendment (Accredited Certifiers) Regulation 2016, to:

- amend the 'conflict of interest' prescribed conditions of accreditation to enable accredited certifiers who have been involved in the carrying out of work on a swimming pool to issue a certificate of compliance under section 22D of the *Swimming Pools Act 1992* for that swimming pool in certain circumstances
- reduce the application fee for the issue or renewal of a certificate of accreditation in category E1 from \$1,500 to \$750.

Significant judicial decisions

Certifiers have the right of appeal to the NSW Civil and Administrative Tribunal if they disagree with the outcome of an investigation.

Matters determined by the Tribunal in 2015-16 included:

- *Raco v Building Professionals Board* [2015] NSWCATOD 102
- *Hallal v Building Professionals Board* [2016] NSWCATOD 78.

Other statutory reporting requirements

The *Annual Reports (Statutory Bodies) Act 1984* requires the Building Professionals Board to report on a range of additional matters in its annual report, as follows.

After balance date events having a significant effect on operations and clientele

In September 2016, the NSW Government announced its response to the review of the *Building Professionals Act 2005*. Anticipated reforms to the certification and building regulation system in NSW will affect the operation of the Building Professionals Board.

Budget

On 1 July 2015, the Building Professionals Board was transferred from the Department of Planning and Environment to the Department of Finance, Services and Innovation. During the 2015-16 financial year the Building Professionals Board funded its operations from funds held in its bank account. Regular reports on the organisation's expenditure and revenue were provided to the Board throughout the year and the Board continued to monitor the financial situation of the organisation.

Funding arrangements for the Building Professionals Board are being consolidated within DFSI budgets and financial management for the 2016-17 financial year.

Consultants

Consultants costing \$50,000 or more

Name of consultant	Project (indicating nature of work)	Actual cost
Michael Lambert	Building Professionals Act Review	\$75,000
ACIL Allen Consulting P/L	Cost Benefit Analysis, Review of Building Certification in NSW (note: carried out as part of the BP Act Review)	\$149,830
<i>Total cost</i>		<i>\$224,830</i>

Consultants costing less than \$50,000

Number of engagements	Project (indicating nature of work)	Actual cost
1	Organisational review	\$9468.45

Consumer response

Most complaints about the Board are that it is taking too long to process a complaint or an application for accreditation. During 2015-16 the Board continued its ongoing program of business enhancements to improve processing times and quality outcomes. It is meeting targets to progressively reduce processing times and improve customer service.

Other complainants disagree with the Board's determination of a complaint or application for accreditation. The subject of a complaint (i.e. a certifier) may appeal the Board's determination to the NSW Civil and Administrative Tribunal (NCAT). The complainant has no right of appeal. Applicants for accreditation may request an internal review of the Board's decision and if still dissatisfied, appeal to the NCAT.

Credit card use

As required by Treasury Policy Paper *TPP 05-1 Credit Card Use Best Practice Guide*, I certify that corporate credit card use in the Department of Finance, Services and Innovation during 2015-16 has been in accordance with Premier's Memoranda and Treasurer's directions.

Martin Hoffman

Secretary, Department of Finance, Services and Innovation

26 August 2016

Digital information security policy attestation

Please refer to appendix 1

Disability inclusion action plans

The DFSI's *Disability Inclusion Action Plan* encompasses the Building Professionals Board, as the Board's secretariat comprises DFSI employees. DFSI's Disability Action Committee is coordinating implementation of the *Disability Inclusion Action Plan*. Refer to the DFSI annual report 2015-16.

Financial and audit statements

Please refer to appendix 2.

Government Information (Public Access) Act 2009

In 2015-16 applications made under the Government Information (Public Access) Act 2009 for information held by the Building Professionals Board were determined by the DFSI. Refer to the DFSI annual report 2015-16.

Human resources

The Building Professionals Board does not directly employ staff.

On 1 July 2015, staff employed by the Department of Planning and Environment to enable the Building Professionals Board to exercise its functions, or who are principally involved in the administration of the *Building Professionals Act 2005*, were transferred to the Department of Finance Services and Innovation.

Relevant human resources information, including policies governing the employment of these staff, is included in the DFSI annual report 2015-16.

Implementation of Price Determination

The Building Professionals Board is subject to recommendations made by the Independent Pricing and Regulatory Tribunal (IPART) in its review of *Licence Rationale and Design*. These recommendations relate to the accreditation of private certifiers and were considered in the review of the *Building Professionals Act 2005*.

Multicultural policies and services program

- Multicultural strategies for 2016-17 are contained in the DFSI *Diversity and Inclusion Strategy 2015–2019*. This encompasses the Board, as the Board's secretariat comprises DFSI employees. Refer to the DFSI annual report 2015-16.
- The Building Professionals Board employs staff who speak languages in addition to English and sometimes provide interpretive services to customers. The Board's website refers people whose first language is not English to the Translation and Interpreting Service, so they can receive documents and assistance.
- An ongoing initiative of the Board is to raise awareness of the role of certifiers, and the obligations of development applicants in regards to certification, across the NSW population including people whose first language is not English.

Numbers and remuneration of senior executives

The Building Professionals Board does not directly employ staff. Its senior executive (comprising the Director position only) is an employee of the DFSI and the reporting provided for NSW Fair Trading includes the Board. Refer to the DFSI annual report 2015-16.

Payment of accounts

Accounts paid on time during each quarter 2015-16.

	Sep-15	Dec-15	Mar-16	Jun-16
Invoices due for payment (#)	280	185	184	286
Invoices paid on time (#)	225	158	118	217
Invoices due for payment received from small business (#)	2	0	0	0
Invoices from small business paid on time (#)	2	0	0	0
Amount due for payment (\$)	674,712	553,664	641,489	547,829
Amount paid on time (\$)	511,168	438,096	279,243	455,960
Amount due for payment received from small business (\$)	681	0	0	0
Amount from small business paid on time (\$)	681	0	0	0
Number of payments for the interest on overdue account (#)	0	0	0	0
Interest paid on late account (\$)	0	0	0	0
Number of payments to small business for the interest on overdue account (#)	0	0	0	0
Interest to small business on late accounts (\$)	0	0	0	0

Privacy

The *Privacy and Personal Information Protection Act 1998* requires NSW Government agencies to prepare and implement a privacy management plan. The Board's operations are encompassed by the DFSI's privacy management plan, which is under review.

Also, the Board conducted or assisted in a number of public exhibitions in 2015-16. Submissions were collected and published in accordance with the Board's privacy statement available at its website.

As required by the BP Act, the Board publishes on its website:

- the disciplinary history of accredited certifiers
- a register of accredited certifiers, providing names, business contact details, accreditation and insurance information to help people find a certifier for their development.

Research and development

Cost-recovery for local government development compliance and enforcement

This project started in June 2015 and was completed in late 2015. It involved interviews of local councils, and research and modelling, to develop cost-recovery options for an enhanced council compliance and enforcement function. The project recommendations were considered in the review of the *Building Professionals Act 2005*.

Risk management and insurance liability

Risk management

In 2015-16 the Board identified current and emerging risks – both insurable risks and risks to the fulfilment of its statutory functions. The Board analysed these risks to inform the priorities and actions in its Corporate Plan and Business Plan. These plans are subject to refinement in response to the changing nature, likelihood and level of identified risks.

Business risk insurance

In 2015-16 the Board's assets and major risks were insured through the Board's participation in the NSW Treasury Managed Fund, a NSW Government self-insurance scheme. Insurable risks included liability, motor vehicle, workers compensation, travel and personal accident.

Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for the Building Professionals Board

I, Martin Hoffman, am of the opinion that the Building Professionals Board has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirements		For each requirement, whether 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

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

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019;
- Mark O'Sullivan, Independent Member, from 25 January 2016 to 24 January 2018;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2019.

The Building Professionals Board was transferred to the Department of Finance, Services and Innovation (DFSI) by the Administrative Arrangements (Administrative Changes – Public Service Agencies) Order (No.2) 2015 with effect from 1 July 2015.

Coverage for the Audit and Risk Committee, including review of the Financial Statements was provided by the DFSI.



Martin Hoffman

President, Building Professionals Board

28/11/2016

Contact Officer

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Requirements arising from employment arrangements

Refer to the financial statements in this report for expense information related to salaries, wages, long service leave and superannuation (however, note that the Building Professionals Board does not directly employ staff).

Also refer to section 3(d) of the DFSI's annual report 2015-16 – *notes to and forming part of the financial statements*.

Waste

The Board implements initiatives to reduce waste, manage files electronically, minimise printing and recycle waste. It also supports DFSI's implementation of the *Government Resource Efficiency Policy*. Refer to the DFSI annual report 2015-16.

Workforce diversity

The Board is required to report statistics on the representation and distribution of employees in diversity groups for 2015-16 and the preceding two years, in the format set by the Public Service Commission.

Note: The Building Professionals Board does not directly employ staff. Therefore:

- for 2015-16 statistics, refer to the DFSI annual report 2015-16
- before 1 July 2015 the Board's personnel services were provided by the Department of Planning and Environment. For 2013-14 and 2014-15 statistics, refer to the annual reports of that department: www.planning.nsw.gov.au.

Work health and safety

- The Board did not report any injuries under the *Work Health and Safety Act 2011* in 2015-16.
- The Board secretariat transferred to a new office location in February 2016. As part of the transfer all staff were provided with a work health and safety assessment and appropriate adjustments to ensure an optimum working environment.
- DFSI's Work Health and Safety Management System and related initiatives encompass the Board, as the Board's secretariat comprises DFSI employees. Refer to the DFSI annual report 2015-16.
- Before 1 July 2015, the Board's personnel services were provided by the Department of Planning and Environment. For 2013-14 and 2014-15 reporting, refer to the annual reports of that department: www.planning.nsw.gov.au.

Reporting requirements with N/A or nil response

The following reporting requirements under the *Annual Reports (Statutory Bodies) Act 1984* did not apply to the Building Professionals Board in 2015-16, or the Board is reporting a nil response.

- Agreements with Multicultural NSW: none entered into in 2015-16, 2014-15 or 2013-14 (the Board is required to report on this for 2015-16 and the preceding two years).
- Disclosure of controlled entities and subsidiaries: not applicable.
- External costs incurred in the production of this report: none.
- Funds granted to non-government community organisations: none.
- Investment performance: no investments.
- Land disposal: none.
- Liability management performance: the Board's debt is less than \$20 million.
- Promotion: no overseas visits during 2015-16.
- Public interest disclosures: none made in 2015-16.

Appendix 1: Digital information security policy attestation

Digital Information Security Annual Attestation Statement for the 2015-2016 Financial Year for the Building Professionals Board

The *NSW Government Digital Information Security Policy* requires the Building Professionals Board (Board) to have an Information Security Management System that takes into account a minimum set of controls, and requirements relating to certification, attestation and the NSW Government Digital Information Security Community of Practice.

The Board's operational activities are carried out by the Department of Finance, Services and Innovation (DFSI), which met the requirements of the *NSW Government Digital Information Security Policy* in 2015-16.

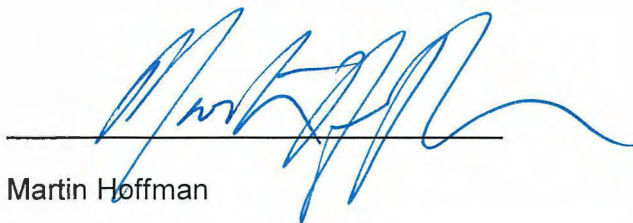
In 2015-16, the Board adopted DFSI's Information Security Management System, enabling it to comply with the requirements of the *NSW Government Digital Information Security Policy*.

Therefore,

I, Martin Hoffman, am of the opinion that the Building Professionals Board had an Information Security Management System in place during the 2015-2016 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 Building Professionals Board are adequate.

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



Martin Hoffman

President, Building Professionals Board

28 November 2016

Appendix 2: Financial and audit statements



INDEPENDENT AUDITOR'S REPORT

Building Professionals Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Building Professionals Board (the Board), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and 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:

- give a true and fair view of the financial position of the Board as at 30 June 2016, 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 those standards are further 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 auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of 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 Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view 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 of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Board's ability to continue as a going concern unless the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility 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 further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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.



David Nolan
Director, Financial Audit Services

25 November 2016
SYDNEY

BUILDING PROFESSIONALS BOARD

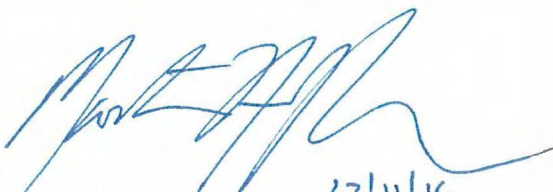
MEMBERS' STATEMENT

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 and notes thereto exhibit a true and fair view of the financial position and performance of the Board as at 30 June 2016 and transactions for the year ended 30 June 2016;
- (2) the accompanying financial statements and notes thereto have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* 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.



Martin Hoffman,
President, Building Professionals Board

22/11/16.

23 NOVEMBER 2016

BUILDING PROFESSIONALS BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses			
Personnel Services	2(a)	2,243	2,808
Other operating expenses	2(b)	2,177	2,041
Depreciation and amortisation	2(c)	1	44
TOTAL EXPENSES EXCLUDING LOSSES		4,421	4,893
Revenue			
Investment revenue	3(a)	57	70
Grants and contributions	3(b)	-	2,900
Personnel services revenue	3(c)	153	180
Other Revenue	3(d)	1,693	1,555
Total Revenue		1,903	4,705
Net result		(2,518)	(188)
Other comprehensive income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(2,518)	(188)

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	839	2,846
Receivables	5	337	637
Total Current Assets		1,176	3,483
Non-Current Assets			
Property, plant and equipment	6	2	3
Intangible Assets	7	-	-
Total Non-Current Assets		2	3
TOTAL ASSETS		1,178	3,486
LIABILITIES			
Current Liabilities			
Payables	8	1,307	1,103
Provisions	9	319	312
Total Current Liabilities		1,626	1,415
Non-Current Liabilities			
Provisions	9	8	8
Total Non-Current Liabilities		8	8
TOTAL LIABILITIES		1,634	1,423
NET ASSETS		(456)	2,062
EQUITY			
Accumulated Funds		(456)	2,062
TOTAL EQUITY		(456)	2,062

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Accumulated Funds	Total
	\$'000	\$'000
Balance as at 1 July 2015	2,062	2,062
Net result for the year	(2,518)	(2,518)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	(2,518)	(2,518)
Transactions with owners in their capacity as owners	-	-
Balance as at 30 June 2016	(456)	(456)

	Accumulated Funds	Total
	\$'000	\$'000
Balance as at 1 July 2014	2,250	2,250
Net result for the year	(188)	(188)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	(188)	(188)
Transactions with owners in their capacity as owners	-	-
Balance as at 30 June 2015	2,062	2,062

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(2,084)	(2,908)
Other payments		(2,586)	(1,778)
Total Payments		<u>(4,670)</u>	<u>(4,686)</u>
Receipts			
Contributions received		-	2,900
Interest received		43	70
Other revenue		2,620	1,497
Total Receipts		<u>2,663</u>	<u>4,467</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
	12	<u>(2,007)</u>	<u>(219)</u>
NET (DECREASE)/INCREASE IN CASH			
Opening cash and cash equivalents		2,846	3,066
CLOSING CASH AND CASH EQUIVALENTS	4	<u>839</u>	<u>2,846</u>

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Building Professionals 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 Arrangements (Administrative Changes - Public Service Agencies) Order (No 2) 2015 dated 27 May 2015 has transferred the staff of the Department of Planning and Environment, who enable the exercise of function of the Building Professionals Board to the Department of Finance, Services and Innovation effective from 1 July 2015.

The administrative functions for the Board are performed by the Department of Finance, Services and Innovation and employee related expenses are recharged to the Board.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Board on 23 November 2016.

(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 Treasurer's directions.

Effective 1 July 2016, NSW Fair Trading of Department of Finance, Services and Innovation will provide a grant to the Board to manage their operating requirements.

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 assets comprising the contributions. The control over contributions is normally obtained upon receipt of cash.

(iii) Other revenue

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.

(iv) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Board transfers the significant risks and rewards of ownership of the assets.

(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.

Non-specialised assets with short useful lives like plant and equipments 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. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(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
Computer hardware	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) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(ix) Intangible assets

The Board recognises intangible assets only if it is probable that future economic benefits will flow to the Board and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Board's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Board's intangible assets are amortised using the straight line method over 4 years, appropriate to the future economic benefit.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(x) 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.

(xi) Other assets

Other assets are recognised on a historical cost basis.

(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 staff 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.

Any provisions for restructuring are recognised only when the Board has a detailed formal plan and the Board has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

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

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 above policy does not apply to plant and equipment because they are measured at depreciated historical cost as a surrogate for fair value.

(j) 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.

(l) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015/16

The accounting policies applied in 2015/16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015/16. These revised Australian Accounting Standards did not have material impact to the financial statements of the Board.

Accounting Standard/Interpretation

- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments
- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 amend AASB 9 Financial Instruments. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2018. Early adoption is not permitted under NSW TC 15/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards.
- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to effectively be withdrawn.

- AASB 2015-4 regarding amendments to AASB 128 Investments in Associates and Joint Ventures relating to financial reporting requirements for Australian groups with a foreign parent.

(ii) Issued but not yet effective

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

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception
- AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities.

It is considered that the implementation of these Standards will not have any material impact on the Board's financial statements.

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

	2016 \$'000	2015 \$'000
Salaries and wages (including recreation leave)*	1,796	2,312
Superannuation	222	241
Long service leave	73	101
Payroll tax and fringe benefits tax	152	154
	<u>2,243</u>	<u>2,808</u>

*Board and Committee remuneration for the financial year 2015/16 amounting to \$283,000 is disclosed under other operating expenses (2015: \$272,000)

(b) Other operating expenses

	2016	2015
	\$'000	\$'000
Auditor's remuneration	9	9
Board and Committee remuneration & expenses	283	272
Operating lease rental expense	167	298
Contractors	1,342	1,176
Consultants	234	108
Fees for services	66	141
Staff training and conferences	8	2
Travel costs	6	14
Minor equipment purchases	1	1
Other	61	20
	<u>2,177</u>	<u>2,041</u>

There were no recharges for the Board's Accommodation, Corporate Cost and GovConnect – Service Fee from DFSI during the financial year 2015-16.

(c) Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation - plant and equipment	1	2
Amortisation - intangible assets	-	42
	<u>1</u>	<u>44</u>

3. REVENUE

(a) Investment Revenue

	2016	2015
	\$'000	\$'000
Bank interest	57	70
	<u>57</u>	<u>70</u>

(b) Grants and contributions

	2016	2015
	\$'000	\$'000
Contribution from the Department of Planning and Environment	-	2,900
	<u>-</u>	<u>2,900</u>

Refer to Notes 1(b) for future contribution from DFSI.

(c) Personnel services revenue

	2016	2015
	\$'000	\$'000
Superannuation	72	72
Long service leave	78	105
Payroll tax	3	3
	<u>153</u>	<u>180</u>

(d) Other revenue

	2016	2015
	\$'000	\$'000
Accreditation revenue	1,312	1,012
Secondment cost recovery from DP&E	123	424
Other revenue	258	119
	<u>1,693</u>	<u>1,555</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2016	2015
	\$'000	\$'000
Cash at Bank	839	2,846
	<u>839</u>	<u>2,846</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)	839	2,846
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>839</u>	<u>2,846</u>

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2016	2015
	\$'000	\$'000
Debtors	11	5
Department of Planning & Environment	-	498
GST receivable	218	46
Prepayments	-	21
Accrued revenue	108	67
	<u>337</u>	<u>637</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired, are disclosed in Note 13.

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

	Plant and Equipment \$'000	Total \$'000
At 1 July 2015 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(42)	(42)
Net carrying amount	<u>3</u>	<u>3</u>
At 30 June 2016 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(43)	(43)
Net carrying amount	<u>2</u>	<u>2</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 2016		
Net carrying amount at beginning of year	3	3
Depreciation expense	(1)	(1)
Net carrying amount at end of year	<u>2</u>	<u>2</u>
At 1 July 2014 – fair value		
Gross carrying amount	45	45
Accumulated depreciation	(40)	(40)
Net carrying amount	<u>5</u>	<u>5</u>
At 30 June 2015 – fair value		
Gross carrying amount	45	45
Accumulated depreciation	(42)	(42)
Net carrying amount	<u>3</u>	<u>3</u>

Reconciliation

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

	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2015		
Net carrying amount at beginning of year	5	5
Depreciation expense	(2)	(2)
Net carrying amount at end of year	<u>3</u>	<u>3</u>

7. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2015		
Gross carrying amount	173	173
Accumulated amortisation	(173)	(173)
Net carrying amount	-	-

At 30 June 2016		
Gross carrying amount	173	173
Accumulated amortisation	(173)	(173)
Net carrying amount	-	-

Reconciliation

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

	Software \$'000	Total \$'000
Year ended 30 June 2016		
Net carrying amount at beginning of year	-	-
Amortisation	-	-
Net carrying amount at end of year	-	-

At 1 July 2014		
Gross carrying amount	211	211
Accumulated amortisation	(131)	(131)
Disposals	(38)	(38)
Net carrying amount	42	42

At 30 June 2015		
Gross carrying amount	173	173
Accumulated amortisation	(173)	(173)
Net carrying amount	-	-

Reconciliation

A reconciliation of the carrying amount of the intangible assets at the beginning and end of the prior year reporting period is set out below:

	Software \$'000	Total \$'000
Year ended 30 June 2015		
Net carrying amount at beginning of year	42	42
Amortisation	(42)	(42)
Net carrying amount at end of year	-	-

8. CURRENT/NON-CURRENT LIABILITIES - PAYABLES

	2016	2015
	\$'000	\$'000
Creditors	426	251
Department of Planning & Environment	-	158
Revenue received in advance	881	638
Accrued personnel services	-	56
	<u>1,307</u>	<u>1,103</u>

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

9. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2016	2015
	\$'000	\$'000
Personnel services provision (current)	319	312
Personnel services provision (non-current)	8	8
	<u>327</u>	<u>320</u>

Current Personnel Services provisions expected to be settled:

within 12 months from reporting date	218	209
After 12 months from reporting date	101	103
	<u>319</u>	<u>312</u>

Aggregate Personnel Services

	2016	2015
	\$'000	\$'000
Provisions	327	320
Accrued personnel services (Note 8)	-	56
	<u>327</u>	<u>376</u>

10. COMMITMENTS FOR EXPENDITURE**Operating Lease Commitments**

	2016	2015
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	161	258
Later than one year and not later than five years	135	128
Later than five years	-	-
Total (including GST)	<u>296</u>	<u>386</u>

The total commitments above include input tax credits of \$27,000 (\$35,000 in 2015) that are expected to be recovered from the Australian Taxation Office.

There are no commitments for capital expenditure as at 30 June 2016 (nil for 30 June 2015).

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

	2016 \$'000	2015 \$'000
Net Cash from Operating Activities	(2,007)	(219)
Depreciation and amortisation	(1)	(44)
Changes in Assets and Liabilities		
(Decrease)/Increase in Receivables	(299)	519
Decrease/(Increase) in Payables	(204)	(477)
Decrease/(Increase) in provision	(7)	34
Net result	<u>(2,518)</u>	<u>(188)</u>

13. 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	2016 \$'000 Carrying Amount	2015 \$'000 Carrying Amount
Class: Cash and cash equivalents	4	Not applicable	839	2,846
Receivables*	5	Loans and receivable (at amortised cost)	119	503
Financial Liabilities				
Class: Payables**	8	Financial liabilities measured at amortised cost	426	465

* 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
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	11	11	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	67	67	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes:

1. 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. The objective is to maintain a balance between continuity of funding and flexibility through the overdraft, loans and advances.

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 10.28% (2015: 10.36%).

(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 2015. 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				
2016 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	839	(8)	(8)	8	8

	\$'000				
2015 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	2,846	(28)	(28)	28	28

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

(e) Fair value measurement

All of the Board's financial assets and liabilities are of 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.

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