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Building Professionals Board

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BUILDING PROFESSIONALS BOARD

The Hon Matt Kean MP
Minister for Innovation and Better Regulation
GPO Box 5341
SYDNEY NSW 2001

31 October 2017

Dear Minister

Building Professionals Board Annual Report 2016-17

I am pleased to submit the annual report for the NSW Building Professionals Board for the year ended 30 June 2017, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and Regulations under those Acts.

Yours sincerely

Andrew Gavrielatos
President
Building Professionals Board

Lynelle Collins
Deputy President
Building Professionals Board

Charter

The NSW Building Professionals Board (Board) is established under the *Building Professionals Act 2005* (BP Act). The Board accredits certifiers, investigates their conduct and promotes the provision of reliable services by certifiers.

Contact details for the Board

PO Box 3720, Parramatta NSW 2124 / 10 Smith Street Parramatta NSW 2150

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

Business hours: 8:30am – 4:30pm Monday – Friday

Aims and objectives

The objectives of the Board are to:

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

Achievements 2016-17

Fast, efficient services

In 2016-17, the Board processed 26% more accreditation applications than in 2015-16, and determined 161 complaints about certifiers. Most complaints were not substantiated; those that were attracted fines of up to \$50,000, conditions on accreditation and/or mandatory education.

Fewer complaints

In 2016 -17, complaints about certifiers fell by 32%, compared to 2015-16.

Education boosts pool safety

In 2016-17, a continuing professional development duty was imposed on accredited swimming pool certifiers.

Streamlined Board operations

On 28 September 2016, the Minister for Innovation and Better Regulation dissolved the statutory Board and appointed an executive Board comprised of public servants with increased delegation for efficient decision-making.

Accreditation Scheme amendments increase certifiers' options

In July 2016, the certifier accreditation scheme was amended to recognise further qualifications for accreditation purposes.

Data collection

In 2016, the BP Act was amended to enable data collection and sharing, to increase compliance information generally and for individual buildings.

Board membership and meetings

The Board met on 25 July and 5 December 2016. Details are as follows:

Board member	No. of meetings attended	Board member at 30 June 2017
Rod Stowe	1 (5 Dec 2016 meeting)	Yes - President
Anthony Lean	1 (5 Dec 2016 meeting)	Yes - Deputy President
John Tansey	1 (5 Dec 2016 meeting)	Yes
Gabrielle Wallace	1 (5 Dec 2016 meeting)	Yes
Martin Hoffman	1 (5 Dec 2016 meeting)	No
Valerie Griswold	1 (5 Dec 2016 meeting)	No
George Maltabarow	1 (25 Jul 2016 meeting)	No
Malcolm Ryan	1 (25 Jul 2016 meeting)	No
Susan Bailey	1 (25 Jul 2016 meeting)	No
Robert Marinelli	1 (25 Jul 2016 meeting)	No
Peter Meredith	1 (25 Jul 2016 meeting)	No
Sean O'Toole	1 (25 Jul 2016 meeting)	No
Karen Stiles	0	No

Board structure

The Board's secretariat is employed by the Department of Finance Services and Innovation (DFSI).



Principal legislation

The Board is established under the *Building Professionals Act 2005* (NSW).

Legislative changes during 2016-17

On 18 October 2016, the BP Act was amended by the *Building Professionals Amendment (Information) Act 2016*, to give the Board powers to collect data from certifying authorities and enter into data-sharing arrangements with other agencies.

Significant judicial decisions

Singh v Building Professionals Board [2017] NSWCATOD 59

The Board found that Mr Singh engaged in unsatisfactory professional conduct when he issued three defective complying development certificates. This decision was affirmed by the NSW Civil and Administrative Tribunal (although the fine was reduced from \$45,000 to \$40,000). The decision provides a useful summary of key issues.

Activities: Accrediting certifiers

At 30 June 2017, there were 741 council certifiers, 1,191 private certifiers and 12 accredited bodies corporate. Certifier numbers increased by 7% over 2015-16.

The Board determined 199 accreditation applications in 2016-17. This represents a 4% increase in new applications and a 33% increase in renewals over 2015-2016.

Activities: Investigations: Complaints and proactive

Complaints	2013-14	2014-15	2015-16	2016-17
Received	153	121	145	113
Determined	65	140	226	161
Outstanding	173	150	71	21

Reducing complaints and assisting the community

A complaint is most commonly dismissed or withdrawn due to consumer misunderstanding. In 2016-17, 92% of complaints were dismissed or a 'no further action' determination was made.

Activities: Communication and online services

The Board's website received 78,799 visitors in 2016-17 and 429,584 page views. The electronic newsletter had 3,880 subscribers at 30 June 2017.

Other statutory reporting requirements

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

Outline budget for 2017-18

Outline budget 2017-18	Current forecast '\$000
Operating revenue	
Sale of goods and services	2,000
Investment revenue (estimated)	24
Retained taxes, fines and fees	100
Grant revenue	1,900
»»TOTAL REVENUE	4,024

Outline budget 2017-18	Current forecast '\$000
Employee related expenses	
Salaries and wages (incl. on-costs)	2,878
Contractors	331
Superannuation	-
Long service leave	-
Workers compensation insurance	11
Payroll tax and fringe benefits tax	-
Computer related expenses	-
Voluntary redundancy	-
Operating expenses	
Occupancy costs	179
Maintenance	-
Fees and charges	192
Postage and telephones	26
Printing and stationery	15
Travel and motor vehicles	27
Training and staff development	7
HABS direct costs	-
State fleet motor vehicles expense	-
Grants and subsidies	-
Insurance	-
Advertising	-
Depreciation	-
Finance costs	4
Other operating expenses	13
ServiceFirst and ERP costs	-
Corporate cost allocation	-
»»TOTAL EXPENSES	3,683
Net profit / (Loss) on sale of assets	-
»»» Net surplus / (cost) of services incl. recharges and alloc.	341
Crown acceptance of employee liability	114
Net surplus	455

Consumer response

In 2016-17, most complaints about the Board were about the processing time for accreditation applications and decisions to refuse accreditation.

Credit card use

Martin Hoffman, Secretary, Department of Finance, Services and Innovation provided certification in the following terms: *I certify that corporate credit card use in the Department of Finance, Services and Innovation during 2016-17 has been in accordance with Premier's Memoranda and Treasurer's directions.*

Disability inclusion action plans

The DFSI's *Disability Inclusion Action Plan* applies to the Board and implementation is reported in the DFSI's annual report of 2016-17.

Government Information (Public Access) Act 2009

In 2016-17, four applications were made for information held by the Board.

Implementation of Price Determination

Some of the recommendations made in the *Licence Rationale and Design Review* are being considered for the proposed replacement statute for the BP Act.

Multicultural policies and services program

The DFSI *Diversity and Inclusion Strategy 2015-2019* covers the Board (see DFSI's annual report of 2016-17).

Payment of accounts

Mandatory data is provided in the following table:

Value of invoices paid	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
Before due date	\$94,510.12	\$37,960.32	\$1,072.50	\$9,374.75	\$142,917.69
<30 days overdue	\$86,107.02	\$81,480.54	\$4,750.11	\$39,063.10	\$211,400.77
30-59 days overdue	\$10,241.67	\$2,262.48	\$62,777.95	\$35,205.88	\$110,488.28
60-89 days overdue	\$45,005.23	\$61,047.38	\$15,559.72	\$5,076.20	\$126,688.53
90 or more days overdue	\$168,393.71	\$59,951.02	\$29,793.57	\$43,354.40	\$301,492.70

Value of invoices paid	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
Total value of invoices paid	\$404,257.75	\$242,701.74	\$113,953.85	\$132,074.33	\$892,987.97
% paid on time, by value	23.38%	15.64%	0.94%	7.10%	16.00%
No. of invoices paid	200	151	64	49	464
No. paid before due date	110	47	9	3	169
No. paid when overdue	90	104	55	46	295
Total value of invoices paid	\$404,257.75	\$242,701.74	\$113,953.85	\$132,074.33	\$892,987.97
% paid on time, by number	55.00%	31.13%	14.06%	6.12%	36.42%
Interest paid*	-	\$45.69	-	-	\$45.69
No. payments for interest on overdue invoices	-	3	-	-	3
Interest paid on overdue invoices	-	\$45.69	-	-	\$45.69

*Late payment fee- not interest.

Privacy

DFSI's privacy management plan covers the Board (see DFSI's annual report for 2016-17).

Requirements arising from employment arrangements

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

Risk management and insurance liability

The Board's analysis of its key risks informs its Corporate and Business Plans. In 2016-17, assets and risks were insured through the NSW Treasury Managed Fund.

Waste

The Board supports DFSI's implementation of the *Government Resource Efficiency Policy* which is explained in the DFSI's annual report of 2016-17.

Workforce diversity

Diversity reporting for the Board is covered in the DFSI's annual report for 2016-17.

Work health and safety

The Board did not have any reportable workplace injuries during 2016-17.

Reporting requirements with N/A or nil response

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

- After balance date events having a significant effect on operations and clientele
- Agreements with Multicultural NSW
- Consultants costing \$50,000 or more
- Consultants costing less than \$50,000
- Disclosure of controlled entities and subsidiaries: N/A
- External costs incurred in the production of this report
- Funds granted to non-government community organisations
- Human resources: refer to the DFSI's annual report of 2016-17.
- Investment performance
- Land disposal
- Liability management performance: Board debt is less than \$20 million.
- Numbers and remuneration of senior executives: N/A
- Promotion: no overseas visits during 2016-17.
- Public interest disclosures
- Research and development.

Appendix 1 – Digital information security policy attestation

The Building Professionals Board's operational activities, including those that relate to and/or make use of information and communications technology, are provided by the Department of Finance, Services and Innovation (DFSI).

DFSI met the requirements of the *NSW Government Digital Information Security Policy* in 2016-17 (refer to the DFSI annual report 2016-17).

Therefore,

I, Martin Hoffman, am of the opinion that the Building Professionals Board had an Information Security Management System in place during the 2016-2017 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

Secretary

Appendix 2 – Internal audit and risk management attestation

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for Building Professionals Board

I, Andrew Gavrielatos, President, Building Professionals Board, 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, please specify 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

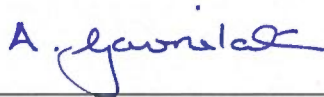
Membership

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.

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

- Department of Finance, Services and Innovation
- Rental Bond Board
- Fair Trading Administration Corporation
- Mine Subsidence Board
- NSW Government Telecommunications Authority
- State Archives and Records Authority of NSW



Andrew Gavrielatos
President, Building Professionals Board

Date: 29 September 2017

Agency Contact Officer Geoff Campbell
Chief Audit Executive, 9372 8040
geoff.campbell@finance.nsw.gov.au

Appendix 3 – 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 2017, 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 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

The Board's Responsibility 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 and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Board's ability to continue as a going concern except where the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Nathan Carter
Director, Financial Audit Services

25 September 2017
SYDNEY

BUILDING PROFESSIONALS

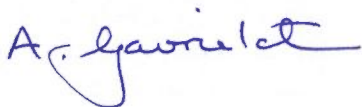
BOARD MEMBERS' STATEMENT

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 of the Building Professionals Board as at 30 June 2017 and its financial performance for the year then ended;
- (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 Financial Reporting Directions mandated by the Treasurer.

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.



Andrew Gavrielatos
President, Building Professionals Board

20 September 2017

BUILDING PROFESSIONALS BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses			
Personnel Services	2(a)	3,470	3,585
Other operating expenses	2(b)	600	835
Depreciation and amortisation	2(c)	2	1
TOTAL EXPENSES EXCLUDING LOSSES		4,072	4,421
Revenue			
Investment revenue	3(a)	17	57
Grants and contributions	3(b)	2,900	-
Personnel services revenue	3(c)	79	153
Other Revenue	3(d)	1,805	1,693
Total Revenue		4,801	1,903
Net result		729	(2,518)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		729	(2,518)

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,752	839
Receivables	5	73	337
Total Current Assets		1,825	1,176
Non-Current Assets			
Property, plant and equipment	6	-	2
Intangible Assets		-	-
Total Non-Current Assets		-	2
TOTAL ASSETS		1,825	1,178
LIABILITIES			
Current Liabilities			
Payables	7	1,275	1,307
Provisions	8	269	319
Total Current Liabilities		1,544	1,626
Non-Current Liabilities			
Provisions	8	8	8
Total Non-Current Liabilities		8	8
TOTAL LIABILITIES		1,552	1,634
NET ASSETS		273	(456)
EQUITY			
Accumulated Funds		273	(456)
TOTAL EQUITY		273	(456)

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

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

	Accumulated Funds \$'000	Total \$'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 loss for the year	(2,518)	(2,518)
Transactions with owners in their capacity as owners	-	-
Balance as at 30 June 2016	(456)	(456)

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(3,435)	(3,426)
Other payments		(735)	(1,244)
Total Payments		<u>(4,170)</u>	<u>(4,670)</u>
Receipts			
Contributions received		2,900	-
Interest received		18	43
Other revenue		2,165	2,620
Total Receipts		<u>5,083</u>	<u>2,663</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	<u>913</u>	<u>(2,007)</u>
NET INCREASE/(DECREASE) IN CASH		913	(2,007)
Opening cash and cash equivalents		839	2,846
CLOSING CASH AND CASH EQUIVALENTS	4	<u>1,752</u>	<u>839</u>

The accompanying notes form part of these statements.

BUILDING PROFESSIONALS BOARD

FOR THE YEAR ENDED 30 JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Board on 20 September 2017.

(b) Basis of Preparation

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

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

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

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

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

(c) Statement of compliance

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

(d) Insurance

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

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

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

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

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

(f) Income Recognition

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

(i) Investment revenue

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

(ii) Grants and Contributions

Contributions from other bodies (including grants and donations) are generally recognised as revenue when the Board obtains control over the 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 equipment 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
Office Equipment	20%

(vi) Major inspection costs

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

(vii) Maintenance

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

(viii) 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

- 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.

- Personnel Services and other provisions

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

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

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

(b) Consequential on-costs

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

(c) Other provisions

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

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 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year. There are no new or revised Australian Accounting Standards that have been applied for the first time in 2016-17. However, AASB 124 relating to the extension of related parties is included.

(ii) Issued but not yet effective

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

- AASB 9 Financial Instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 1058 Income for Not-for-profit Entities
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle
- AASB 16 Leases
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

(m) Comparative Information

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

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	2017	2016
	\$'000	\$'000
Salaries and wages (including recreation leave)*	1,773	1,796
Contractors**	1,265	1,342
Superannuation	152	222
Long service leave	22	73
Payroll tax and fringe benefits tax	118	152
Voluntary Redundancy	140	-
	<u>3,470</u>	<u>3,585</u>

*Board and Committee remuneration for the financial year 2016/17 amounting to \$65,000 is disclosed under other operating expenses (2016: \$283,000)

** In prior year, "Contractors" was presented in Note 2(b) Other operating expenses. In order to ensure the financial statements provide an accurate representation of the Board's operations the prior year balances were restated, in accordance with AASB 101.41.

(b) Other operating expenses	2017	2016
	\$'000	\$'000
Auditor's remuneration	21	9
Board and Committee remuneration & expenses	65	283
Operating lease rental expense	245	167
Consultants	182	234
Fees for services	44	66
Staff training and conferences	5	8
Travel costs	6	6
Minor equipment purchases	5	1
Other	27	61
	<u>600</u>	<u>835</u>

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

There is a recharge of Board's accommodation from NSW Fair Trading during the financial year 2016-17. The Board's accommodation cost for the financial year 2015-16 was a recharge from the Department of Planning and Environment.

(c) Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation - plant and equipment	2	1
Amortisation - intangible assets	-	-
	<u>2</u>	<u>1</u>

3. REVENUE

(a) Investment Revenue

	2017 \$'000	2016 \$'000
Bank interest	17	57
	<u>17</u>	<u>57</u>

(b) Grants and contributions

	2017 \$'000	2016 \$'000
Contribution from NSW Fair Trading	2,900	-
	<u>2,900</u>	<u>-</u>

(c) Personnel services revenue

	2017 \$'000	2016 \$'000
Superannuation	55	72
Long service leave	21	78
Payroll tax	3	3
	<u>79</u>	<u>153</u>

(d) Other revenue

	2017 \$'000	2016 \$'000
Accreditation revenue	1,772	1,312
Secondment cost recovery from DP&E	-	123
Other revenue	33	258
	<u>1,805</u>	<u>1,693</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2017 \$'000	2016 \$'000
Cash at Bank	1,752	839
	<u>1,752</u>	<u>839</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)	1,752	839
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>1,752</u>	<u>839</u>

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

5. CURRENT ASSETS - RECEIVABLES

	2017	2016
	\$'000	\$'000
Debtors	43	11
GST receivable	18	218
Accrued revenue	12	108
	<u>73</u>	<u>337</u>

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

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

	Plant and Equipment	Total
	\$'000	\$'000
At 1 July 2016 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(43)	(43)
Net carrying amount	<u>2</u>	<u>2</u>
At 30 June 2017 - fair value		
Gross carrying amount	45	45
Accumulated depreciation	(45)	(45)
Net carrying amount	<u>-</u>	<u>-</u>

Reconciliation

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

	Plant and Equipment	Total
	\$'000	\$'000
Year ended 30 June 2017		
Net carrying amount at beginning of year	2	2
Depreciation expense	(2)	(2)
Net carrying amount at end of year	<u>-</u>	<u>-</u>
At 30 June 2016 – fair value		
Gross carrying amount	3	3
Accumulated depreciation	(1)	(1)
Net carrying amount	<u>2</u>	<u>2</u>

7. CURRENT/NON-CURRENT LIABILITIES - PAYABLES

	2017	2016
	\$'000	\$'000
Creditors	249	426
NSW Fair Trading	239	-
Revenue received in advance	781	881
Accrued personnel services	6	-
	<u>1,275</u>	<u>1,307</u>

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

8. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2017	2016
	\$'000	\$'000
Personnel services provision (current)	269	319
Personnel services provision (non-current)	8	8
	<u>277</u>	<u>327</u>

Current Personnel Services provisions expected to be settled:

within 12 months from reporting date	171	218
After 12 months from reporting date	98	101
	<u>269</u>	<u>319</u>

Aggregate Personnel Services

	2017	2016
	\$'000	\$'000
Provisions	277	327
	<u>277</u>	<u>327</u>

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

	2017	2016
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	134	161
Later than one year and not later than five years	-	135
Later than five years	-	-
Total (including GST)	<u>134</u>	<u>296</u>

The total commitments above include input tax credits of \$12,000 (\$27,000 in 2016) that are expected to be recovered from the Australian Taxation Office.

There are no commitments for capital expenditure as at 30 June 2017 (nil for 30 June 2016).

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

	2017	2016
	\$'000	\$'000
Net Cash from Operating Activities	913	(2,007)
Depreciation and amortisation	(2)	(1)
Changes in Assets and Liabilities		
Increase/(Decrease) in Receivables	(264)	(299)
(Increase)/Decrease in Payables	32	(204)
(Increase)/Decrease in provision	50	(7)
Net result	729	(2,518)

12. FINANCIAL INSTRUMENTS

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

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	2017 \$'000 Carrying Amount	2016 \$'000 Carrying Amount
Class: Cash and cash equivalents	4	Not applicable	1,752	839
Receivables*	5	Loans and receivable (at amortised cost)	55	119
Financial Liabilities				
Class: Payables**	7	Financial liabilities measured at amortised cost	488	426

* 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
2017			
< 3 months overdue	43	43	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	11	11	-
> 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 9.78% (2016: 10.28%).

(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 2016. 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				
2017 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	1,752	(18)	(18)	18	18

	\$'000				
2016 Financial assets*	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
Cash and cash equivalents	839	(8)	(8)	8	8

* 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.

13. RELATED PARTY DISCLOSURES

The entity's key management personnel compensation are as follows:

	Transaction value \$'000
Short-term employee benefits:	
Salaries	-
Other monetary allowances	-
Non-monetary benefits	-
Other long-term employee benefits	-
Post-employment benefits	-
Termination benefits	-
Total remuneration	-

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

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

Other related party transactions

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

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