

Building Professionals Board Annual Report

2013-14





**Building
Professionals
Board**

The Hon. Pru Goward, MP and the Hon. Rob Stokes, MP
52 Martin Place
SYDNEY NSW 2000

Dear Ministers

We have pleasure in submitting the annual report of the Building Professionals Board for the year ending 30 June 2014, for presentation to the Parliament of New South Wales in accordance with the *Annual Reports (Statutory Bodies) Act 1984*.

This report is part of the annual report of the Department of Planning and Environment.

Yours sincerely,

George Maltabarow
President
Building Professionals Board

Malcolm Ryan
Deputy President
Building Professionals Board



CHARTER

The Building Professionals Board (the Board) is an independent NSW Government authority with a critical role in building and construction.

The Board supports a quality built environment by ensuring the integrity of the building certification system, and assisting certifiers to meet their legislative requirements.

The Board was established in 2007 and 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* or 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 or regulations, or any offence under the *Environmental Planning and Assessment Act 1979* or regulations that relate to accredited certifiers;
- reviewing the accreditation scheme under the BP Act;
- investigating matters as requested by the Minister, and providing advice to the Minister; and
- any other functions conferred on the Board by the BP Act or any other Act.

Accredited certifiers include building surveyors, specialist engineers and land surveyors, some of whom are employed by a local council.

Certifiers issue a range of development, subdivision and strata certificates during the design and construction of a development, to confirm they are satisfied the development is fit to use and safe to occupy and meets legislative requirements and national building standards.

2013-14 ACHIEVEMENTS

In 2013-14 the Board continued to streamline its operations and implement reforms to the building certification system in line with the proposals in *Building Certification and Regulation - Serving a New Planning System for NSW* ('Maltabarow report').

The Board achieved this by:

- working with the Department of Planning and Environment to integrate building regulation and building certification;
- transforming business processes to improve efficiency and better deliver accreditation and advisory services;
- implementing the recommendations of an independent review of its complaints investigations and disciplinary processes;
- progressing development of a comprehensive Practice Guide for certifiers through its Practice Guide Reference Group;
- establishing a Local Government Reference Group to develop a framework for enhanced cooperation between councils and certifiers;
- providing quick and convenient access to information, advice and resources about building certification and accreditation via its new website at bpb.nsw.gov.au;
- scoping an improved insurance model to better protect certifiers and property owners;
- partnering with the University of Newcastle, to develop a self-assessment tool for certifiers; and
- developing new categories of accredited certifier to increase compliance of swimming pool barriers, and to support infrastructure development and investment at NSW ports (see 'Activities' below).

These reforms were strongly supported by stakeholder feedback during public exhibition of the Maltabarow report.

AIMS AND OBJECTIVES

Priorities to support NSW 2021

The Building Professionals Board Strategic Plan 2014-16 sets the following priority objectives which support *NSW 2021* goals:

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



STRUCTURE

Board members

There are eight Board members, appointed by the Minister for Planning on the basis of their knowledge and experience. Operational support is provided by a staff secretariat.

Each member is appointed for up to three years and may be reappointed by the Minister.

The Board comprises:

- George Maltabarow (President), an energy specialist and experienced chief executive in government and private industry;
- Malcolm Ryan (Deputy President), Deputy General Manager (Environment) at Warringah Council, with experience in planning;
- Susan Bailey, a qualified lawyer and experienced General Counsel in complex corporate environments;
- Sarah Hill, an urban planner, Director of Hill PDA and immediate former president of the Planning Institute of Australia (NSW);
- Robert Marinelli, a building surveyor and certifier experienced in all classes of buildings;
- Peter Meredith, Director of Housing at the Master Builders Association (NSW), with experience in building construction;
- Sean O'Toole, former Managing Director of UrbanGrowth NSW, and experienced in urban planning; and
- Karen Stiles, Executive Officer of the Owners Corporation Network, experienced in strata committees and in engaging local communities.

Committees

In 2013-14, the Board was assisted by the Accreditation Committee and the Insurance Committee. These committees comprise Board members as well as Government and industry experts in relevant professions.

In 2013-14, the Board also established a Local Government Reference Group and a Practice Guide Reference Group to progress high priority initiatives.

Board meetings

The Board held meetings on 7 July, 2 September, 14 October, 25 November and 16 December 2013, and 24 February, 24 March, 5 May and 23 June 2014.

Extraordinary 'strategy day' meetings were held on 28 October 2013 and 6 May 2014. The latter formed part of a meeting in Wagga Wagga held to consult the Council and other stakeholders about issues affecting certification in regional NSW.

The Board also held extraordinary meetings to discuss the proposed reforms in chapter 8 of the *White Paper - a new planning system for NSW*, on 14 August, 11 September, 23 September, 9 October, 22 October, 21 November and 16 December 2013.

Board attendance at regular and extraordinary meetings in 2013-14

Board member	No. regular meetings attended	No. extraordinary 'strategy day' meetings attended	No. extraordinary 'White Paper' meetings attended
George Maltabarow	9	2	7
Malcolm Ryan	9	2	3
Karen Stiles	9	2	5
Sarah Hill	9	2	6
Robert Marinelli	9	2	6
Peter Meredith	9	2	7
Sean O'Toole	4	1	0
Susan Bailey	5	1	1

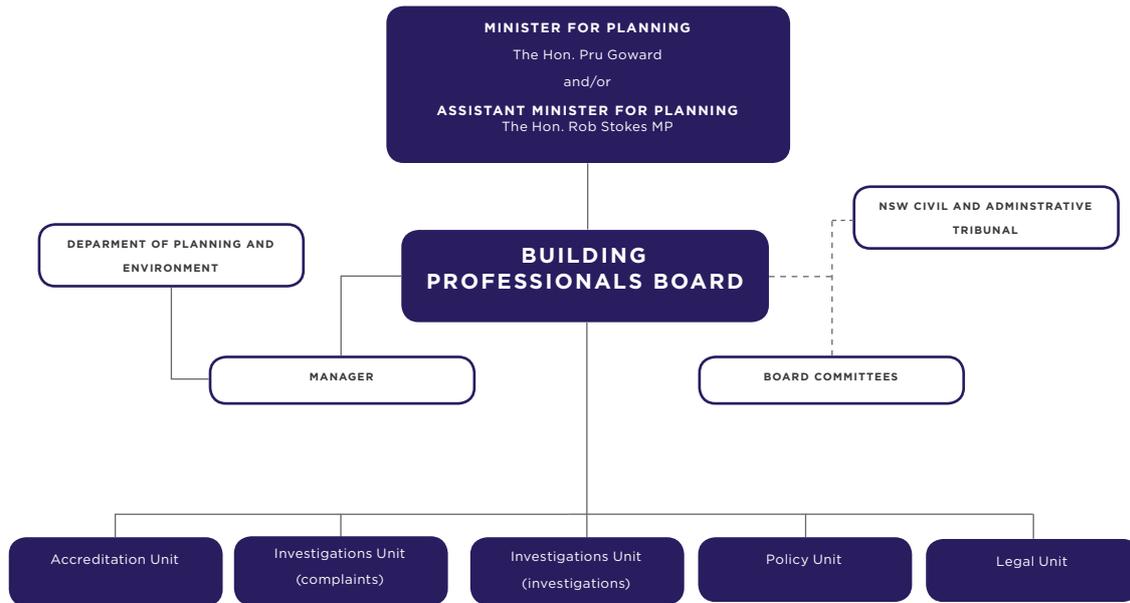
Note: Susan Bailey and Sean O'Toole were appointed to the Board in September 2013 and December 2013 respectively; hence their non-attendance at earlier meetings.

Various Board members also attended meetings of Board committees and Reference Groups.

- The Accreditation Committee met on 15 October and 10 December 2013, and 18 February, 8 April and 3 June 2014.
- The Insurance Committee met on 11 February and 1 April 2014.
- The Local Government Reference Group met on 5 December and 18 December 2013, and 25 February, 27 March and 3 April 2014
- The Practice Guide Reference Group met on 23 December 2013, and 4 March, 8 April, 13 May and 13 June 2014.



Building Professionals Board Organisation Chart at 30 June 2014



Note: For most matters, the Building Professionals Board reports to the Assistant Minister for Planning, however, in certain matters the Board may report to the Minister for Planning.

ACTIVITIES

Accrediting certifiers

The Building Professionals Board accredits almost 1,500 certifiers in NSW. The accreditation scheme sets strict requirements that all certifiers must meet in terms of qualifications, skills, knowledge and experience.

Certifiers are public officials who must:

- comply with a code of conduct;
- complete professional development activities each year;
- be insured for their work (unless employed by a council);
- maintain complete, confidential and secure records; and
- avoid conflicts of interest.

There are many different categories of accredited certifiers. Some certifiers are highly specialised and work on a specific aspect of development, while others possess a wider, more general skills base.

Accreditation in 2013-14

- The number of accredited certifiers increased to 1,476 at 30 June 2014 (compared to 1,467 in 2012-13 and 1,380 in 2011-12).
- The Board made significant progress in establishing two new accreditation categories, in which certifiers are to be accredited in 2014-15:
 - 'Three Ports' certifiers (category A5) will help boost development and investment at Port Botany, Port Kembla and the Port of Newcastle; and
 - swimming pool certifiers (category E1) will help implement amendments to the *Swimming Pools Act 1992* and assist in preventing child drownings.
- The Board processed 1,436 applications for accreditation and renewal, some of which were from practitioners in other states under the *Mutual Recognition Act 1992*.



NUMBER OF ACCREDITED CERTIFIERS IN NSW

Category of accreditation	2011-12	2012-13	2013-14
A1 - building surveyor grade 1	633	648	660
A2 - building surveyor grade 2	288	296	279
A3 - building surveyor grade 3	174	202	207
A4 - building inspector	129	152	146
A5 - Port Botany, Port Kembla and Port of Newcastle	0	0	0
B1 - subdivision certification	18	21	20
C1 - private road and drainage design compliance	141	156	168
C2 - Accredited certifier - private road and drainage construction compliance	67	71	70
C3 - Accredited certifier - stormwater management facilities design compliance	72	75	74
C4 - Accredited certifier - stormwater management facilities construction compliance	73	77	76
C5 - Accredited certifier - subdivision and building (location of works as constructed)	19	18	19
C6 - Accredited certifier - subdivision road and drainage construction compliance	65	71	70
C7 - Accredited certifier - structural engineering compliance	75	79	79
C8 - Accredited certifier - electrical services compliance	4	4	5
C9 - Accredited certifier - mechanical services compliance	7	7	10
C10 - Accredited certifier - fire safety engineering compliance	64	71	85
C11 - Accredited certifier - energy management compliance (Classes 3, 5 to 9)	3	3	3
C12 - Accredited certifier - geotechnical engineering compliance	46	48	49
C13 - Accredited certifier - acoustics compliance	2	2	2
C14 - Accredited certifier - building hydraulics compliance	16	19	20
C15 - Accredited certifier - stormwater compliance	72	76	75
C16 - Accredited certifier - specialty hydraulic services compliance	49	51	53
D1 - Accredited certifier - strata certification	24	23	24
Total*	1,986	2,096	2,117

Source: Building Professionals Board

*Many certifiers are accredited in more than one category, so the numbers add up to more than the total number of certifiers for that year.



COMPLAINTS AND INVESTIGATIONS

The vast majority of certifiers approach their work with skill, diligence and integrity, and the Board has significant statutory powers to take disciplinary action in the relatively few cases that warrant it.

The Board investigates certifiers, and can take action if a certifier is found to have engaged in unsatisfactory professional conduct or professional misconduct. All investigations are conducted in an impartial, transparent and fair manner.

The Board also carries out audits to help certifiers understand their obligations, and ensure they are meeting legislative requirements and applying best practice.

Certifiers may appeal a decision by the Board to the NSW Civil and Administrative Tribunal (formerly the Administrative Decisions Tribunal), an independent government body. In the vast majority of cases, the Tribunal has affirmed the Board's disciplinary actions.

Investigations in 2013-14

Providing better information via the Board's new website has led to:

- a reduction in the number of informal complaints received; and
- an increase in the quality and completeness of information received with formal complaints.

During 2013-14, there were several significant investigations by the Board against accredited certifiers. Five cases were heard in the Tribunal on appeal by the certifier, with some published as case studies on the Board's website to educate certifiers, property owners and the community.

Penalties imposed in 2013-14 included cautions, reprimands, and fines up to \$25,000 (the Board can issue a fine up to \$100,000).

One particular investigation during 2013-14 highlights the seriousness with which the Board considers the safety of home owners and the community. A certifier issued a construction certificate and nominated an incorrect classification under the Building Code of Australia. This had a significant adverse impact on the required fire safety measures for the building.

Along with other penalties, the Board cancelled the certifier's accreditation and imposed a five-year ban on reapplying, taking into account the certifier's disciplinary history. The certifier was one of three to

have their accreditation cancelled in 2013-14, which sent a clear message that certifiers must act with care, diligence and competence to ensure (among other things) building safety is not compromised.

The Board also assisted certifiers to increase their skills and knowledge in order to improve their work. Some disciplinary actions imposed in 2013-14 include ordering a certifier to complete a specific training course by a set date, or issue certain certificates via a peer review process. Actions such as these maintain good outcomes for home owners and the community, but still enable the certifier to earn a living.

Improved investigative processes

The Board commissioned an independent review into its complaints and investigation processes in early 2014.

The review found current processes to be efficient and transparent, resulting in consistent and fair decisions, with the main constraint being limited resources. Alongside the significant change brought about by organisational restructuring, this has impacted the number of outstanding complaints (below).

Despite these constraints, the Board is implementing specific actions which have already increased the efficiency of its investigative processes and are leading to improved outcomes for all stakeholders.

These actions included:

- reengineering the triage process to quickly assess incoming complaints to determine which can be resolved quickly, thus maximising available resources for more difficult complaints;
- employing additional staff to resolve outstanding complaints and speed up processing times; and
- improving the correspondence and reporting framework so all parties understand exactly what they need to do and receive regular updates.

In 2013-14, 153 complaints were received in relation to the conduct of 72 certifiers. This increase is due largely to legislative change as discussed further down.



Complaints	2009-10	2010-11	2011-12	2012-13	2013-14
Received	87	97	103	104	153
Determined	154	94	130	53	65
Outstanding	58	61	34	83	173

Source: Building Professionals Board

Outstanding complaints at 1 July 2014 include some that were received before 1 July 2013 and carried over into the 2013-14 financial year.

How complaints were determined	2012-13	2013-14
Certificate of accreditation cancelled	1	1
Certificate of accreditation cancelled, reprimand and fine	1	0
Certificate of accreditation suspended, reprimand and fine	4	0
Reprimand and fine	7	1
Reprimand	2	0
Caution and fine	0	3
Caution	3	5
No further action	3	0
Withdrawn or dismissed	32	55
TOTAL	53	65

Source: Building Professionals Board

Who made a complaint	2012-13	2013-14
Councils	43%	41%
Neighbours	36%	35%
Property owners	13%	16%
Others (e.g. clients, owner's corporations or strata committees)	8%	8%
TOTAL	100%	100%

Source: Building Professionals Board



Most complaints are unsubstantiated, or the certifier is not at fault

The Board receives many complaints for which there is no evidence that the certifier engaged in unsatisfactory professional conduct or professional misconduct. This is reflected in the number of complaints that are dismissed or withdrawn. In taking such action, the reasons for a decision are clearly set out so the complainant and certifier understand the decision.

The Board often receives complaints about matters that are outside the statutory responsibilities of certifiers. These matters commonly relate to the work of builders or tradespeople, or the enforcement role of local councils. Complainants and people who have concerns about the conduct of certifiers are given assistance by the Board's staff to resolve their concerns.

Complying development changes

Many complaints received by the Board against certifiers arise when a complying development certificate is issued for a development that does not meet the prescribed conditions set by *State Environmental Planning Policies Exempt and Complying Development (2008)*.

Of complaints received during April to June 2014, 44 per cent related to complying development certificates, compared with 23 per cent during April-June 2013.

To address this issue, the Board is partnering with training providers to develop a course about complying development, which will be available to certifiers in 2014-15.

Communication and online services

The Board's website bpb.nsw.gov.au was relaunched in March 2014 with clearer, more useful and accessible information. The website enables customers to easily find the information they need without having to contact staff.

The Board's online services are supported by ongoing customer service training for staff, and streamlined business processes to make interactions faster, easier and more effective for customers.

- The website has received 3,641 visitors and 26,472 page views per month (on average) since it was relaunched. This is substantially more than the monthly average of 3,221 visitors and 20,101 page

views during 2013-14 before the relaunch.

- Visitor numbers are increasing steadily and more visitors are using mobile devices to access the website.
- 2,998 people were subscribed to the Board's email newsletter in June 2014, up from 2,684 in June 2013.

CONSUMER RESPONSE - COMPLAINTS ABOUT THE BOARD

Most complaints received about the Board are about issues such as:

- the time taken to process complaints, or the Board's decision about a complaint;
- the time taken to process applications and renewals of accreditation, or a refusal to issue a certificate of accreditation (or conditions imposed upon that accreditation);
- the lack of updated 'certifier checklists' for complying development, following the 22 February 2014 amendments to the laws for complying development; and
- the time taken to introduce new categories of accreditation, specifically, for swimming pool barrier certifiers.

In 2013-14, the Board responded to the above issues by:

- improving customer service, streamlining business processes and introducing more rigorous methods of data collection to track priority issues;
- commissioning an independent review into its complaints and investigations processes, and beginning to implement the recommendations from the review;
- updating its website with clearer information about what is needed to be accredited and why an application may be refused;
- developing more formal working relationships with the Department of Planning and Environment, which administers the law for complying development, and providing feedback on the draft 'certifier checklists'; and
- obtaining Ministerial approval to exhibit the proposed new category for swimming pool barrier certifiers, and working with other agencies on communication strategies.



LEGAL CHANGE

Building Professionals Board legislative changes

No amendment was made to the *Building Professionals Act 2005* during 2013-14.

The *Building Professionals Regulation 2007* was amended as follows.

- The *Building Professionals Amendment (Exemptions) Regulation 2013* came into force on 18 October 2013. It amended the conflict of interest provisions for council accredited certifiers to allow certificates to be issued for development (up to a capital investment value of \$5 million):
 - where the council is the applicant for the certificate;
 - where council officers have been involved in the design or construction e.g. amenity blocks and other public utilities; and
 - where the applicant is another employee of the council.
- The *Building Professionals Amendment (Categories of Accreditation) Regulation 2014* came into force on 31 May 2014. It amended the existing A5 category of accreditation to include development at the Port of Newcastle, following the privatisation of this port.
 - When accredited in early 2015, A5 certifiers will be authorised to issue complying development certificates, construction certificates and compliance certificates for structures that are unclassifiable under the Building Code of Australia, at Port Botany, Port Kembla and the Port of Newcastle.
 - A5 certifiers will also be authorised to act as the principal certifying authority for these developments.

Building Professionals Board summary of significant judicial decisions

During 2013-14, there were five cases against accredited certifiers heard in the Tribunal on appeal by the certifier:

- 8 May 2014: *Fitzgerald v Building Professionals Board (No 2, Disciplinary Order)* [2014] NSWCATOD 51;
- 31 December 2013: *McGufficke v Building Professionals Board* [2013] NSWADT 307;
- 24 December 2013: *Fitzgerald v Building*

Professionals Board [2013] NSWADT 299;

- 20 December 2013: *McGufficke v Building Professionals Board* [2013] NSWADT 296; and
- 16 December 2013: *Qiu v Building Professionals Board* [2013] NSWADT 289.

Significant cases are profiled below.

Fitzgerald v Building Professionals Board (No 2, Disciplinary Order) [2014] NSWCATOD 51

Private certifier Mr Paul Fitzgerald was reprimanded and fined \$25,000. His accreditation was cancelled and he cannot reapply for accreditation until March 2018. The decision was an aggregation of determinations in relation to four developments and taking into consideration previous disciplinary actions against Mr Fitzgerald.

For instance, for one of the developments, Mr Fitzgerald issued a construction certificate and nominated an incorrect classification under the Building Code of Australia. This had a significant adverse impact on the required fire safety measures for the building.

McGufficke v Building Professionals Board [2013] NSWADT 307

Private certifier Mr Scott McGufficke was found to have issued a construction certificate which gave the development the wrong classification. He repeated the error in the occupation certificate, which was issued when a pre-condition of the development consent hadn't been complied with.

Mr McGufficke was reprimanded, fined \$10,000 and ordered to complete the Advanced Building Regulation course offered by the UTS Centre for Local Government.

Qiu v Building Professionals Board [2013] NSWADT 289

Private certifier Mr Ting Jian Qui made numerous errors in issuing a complying development certificate for each of three proposed houses. For instance, two of the houses were incorrectly assessed as being two-storey but in fact were three-storey in part and therefore not permissible as complying development.

Mr Qui was reprimanded and fined \$7,000. Also, a condition was imposed on his accreditation that had the effect of imposing a peer review system for any determination by Mr Qui of an application for complying development. This condition will operate for two years.



MULTICULTURAL PRACTICE

Division	Initiative	Description	Time frames	Expected activity during 2014-15
People & Business	Assisting people whose first language is not English	The Building Professionals Board employs staff who speak languages in addition to English – Arabic, Cantonese, Filipino, Greek, Hindi, Indonesian and Vietnamese. The Board's website refers people whose first language is not English to the Translation and Interpreting Service, so they can receive documents, advice and assistance through inquiry lines.	N/A (ongoing)	Ongoing – to continue as during 2013-14

Source: Building Professionals Board

PRIVACY

In complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIPA), from 18 December 2013 to 4 April 2014, the Board exhibited the report *Building Certification and Regulation - Serving a New Planning System for NSW*. A secure online system was used to collect submissions. Nobody who made a submission requested anonymity and all submissions were published in accordance with the Department of Planning and Environment's Privacy Statement.

In accordance with the *Building Professionals Act 2005*, the Board publishes the disciplinary history of accredited certifiers. This information is available on the Board's website.

The Board also maintains an online register of certifiers (with names, contact details, accreditation and insurance information) to help property owners find a certifier for their development.

RESEARCH AND DEVELOPMENT

Division	Project title	Project description	Time frames	Expected activity during 2014-15
People & Business	Building Professionals Board Transformation Program	The Board's staff worked with consultants to research customer wants and needs to develop priority initiatives to transform customer service and engagement, and make business and operating procedures more efficient.	Implementation began in late 2013 and will continue to mid-2015, with continued refinement ongoing.	See previous column.

Source: Building Professionals Board

WASTE

The Board supports the Department of Planning and Environment's policies on reducing waste and employing measures to reuse and recycle waste, via electronic file management and minimising the printing out of documents.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

The Board did not grant funds to non-government community organisations in 2013-14.



Building Professionals Board - Financial Statements



STATEMENT BY MEMBERS OF THE BOARD for the year ended 30 June 2014

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

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Building Professionals Board as at 30 June 2014 and transactions for the year 1 July 2013 to 30 June 2014;
- 2) The statements have been prepared in accordance with:
 - Applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
 - The requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010.

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

On behalf of the Board:

Handwritten signature of George Maltabarow in black ink.

George Maltabarow
President

Date 3/10/14

Handwritten signature of Malcolm Ryan in black ink.

Malcolm Ryan
Deputy President

Date 3/10/14

BUILDING PROFESSIONALS BOARD

Statement of comprehensive income for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Expenses excluding losses			
Operating expenses			
Personnel services	2(a)	2,528	2,766
Other operating expenses	2(b)	903	1,145
Depreciation and amortisation	2(c)	55	56
Grants and subsidies		10	-
Total Expenses excluding losses		3,496	3,967
Revenue			
Investment revenue	3(a)	98	77
Grants and contributions	3(b)	2,900	2,900
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	167	143
Other revenue	3(d)	1,244	612
Total Revenue		4,409	3,732
Loss on disposal	4	(10)	-
Net result		903	(235)
<i>Items that will not be reclassified to net result</i>			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		903	(235)

The accompanying notes form part of these financial statements.



BUILDING PROFESSIONALS BOARD

Statement of financial position as at 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,066	2,271
Receivables	6	118	70
Total Current Assets		3,184	2,341
Non-Current Assets			
Property, plant and equipment			
-Plant and equipment	7	5	8
Total property, plant and equipment		5	8
Intangible assets	8	42	103
Total Non-Current Assets		47	111
Total Assets		3,231	2,452
LIABILITIES			
Current Liabilities			
Payables	9	626	765
Provisions	10	354	340
Total Current Liabilities		981	1,105
Total Liabilities		981	1,105
Net Assets		2,251	1,347
EQUITY			
Accumulated funds		2,251	1,347
Total Equity		2,251	1,347

The accompanying notes form part of these financial statements.



BUILDING PROFESSIONALS BOARD

Statement of changes in equity for the year ended 30 June 2014

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2013	1,347	1,347
Net result for the year	903	903
Other comprehensive income	-	-
Total comprehensive income for the year	903	903
Balance at 30 June 2014	2,250	2,250
Balance at 1 July 2012	1,582	1,582
Net result for the year	(235)	(235)
Other comprehensive income	-	-
Total comprehensive income for the year	(235)	(235)
Balance at 30 June 2013	1,347	1,347

The accompanying notes form part of these financial statements.



BUILDING PROFESSIONALS BOARD

Statement of cash flows for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(2,342)	(2,642)
Grants and subsidies		(10)	-
Other Payments		(876)	(1,336)
Total Payments		(3,228)	(3,978)
Receipts			
Contributions received		2,900	2,900
Interest received		98	77
Other revenue		1,025	1,117
Total Receipts		4,023	4,094
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	795	116
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of land and buildings, plant and equipment and infrastructure systems		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH		795	116
Opening cash and cash equivalents		2,271	2,155
CLOSING CASH AND CASH EQUIVALENTS	5	3,066	2,271

The accompanying notes form part of these financial statements.



BUILDING PROFESSIONALS BOARD
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 reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Board on 3 October 2014.

(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) and
- the requirements of the Public Finance and Audit Act 1983 and Public Finance Audit Regulation 2010

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 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) 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 on an accrual basis over the period to which the fees are applicable.

(iii) 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.



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Income Recognition - continued

(iv) 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.

(g) Grants and subsidies expenses

Grants and subsidies expenses comprised of cash contributions to external third parties. These are expensed when the Board transfers control of the relevant assets.

(h) 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 (see also assets transferred as a result of an equity transfer - Note 1(l)).

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 Property, 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*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 8 for further information regarding fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

The Board revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Assets - continued

(iii) Revaluation of Property, Plant and Equipment - continued

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, 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 property, 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:

<u>Category</u>	<u>Depreciation rate</u>
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) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) 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.

(ix) 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.



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Assets - continued

(x) 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.

(xi) 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.

(xii) Other assets

Other assets are recognised on a historical cost basis.

(i) 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) Employee benefits 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 Planning and Environment (DP&E) 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 DP&E, and unfunded liability for these items has 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.



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(i) Liabilities - continued

(ii) Employee benefits and other provisions - continued

(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.

(j) 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.

(k) Equity and reserves

Accumulated funds

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

(l) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for profit entities and for-profit government agencies are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most cases this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Board recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Board does not recognise that asset.

(m) 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.



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of Australian Accounting Standard AASB 13 *Fair Value Measurement* that have been applied for the first time in 2013-14. This standard requires disclosures of non-current assets between three different levels of fair value hierarchy. There is no financial impact in the period of initial application.

(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 Australian Accounting Standards have not been applied and are not yet effective. NSW Treasury TC 14/03 mandates agencies not to early adopt any of the following accounting pronouncements:

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments, and
- AASB 1031 Materiality

The Board does not anticipate any material financial impact in its financial statements when these accounting pronouncements become effective and are applied.

2 EXPENSES EXCLUDING LOSSES

	2014 \$'000	2013 \$'000
(a) Personnel services		
Salaries and wages (including recreation leave)	2,063	2,329
Superannuation	203	225
Long service leave	107	73
Payroll tax and fringe benefits tax	154	139
	<u>2,528</u>	<u>2,766</u>
(b) Other operating expenses		
Auditor's remuneration		
- audit of the financial statements	58	8
Operating lease rental expense		
- minimum lease payments	323	265
Contractors	398	603
Fees for services	10	23
Staff training and conferences	18	7
Travel costs	10	36
Minor equipment purchases	-	4
Other	86	199
	<u>903</u>	<u>1,145</u>
(c) Depreciation and amortisation expense		
Depreciation		
- Plant and equipment	3	3
Amortisation		
- Intangible assets	52	53
	<u>55</u>	<u>56</u>



BUILDING PROFESSIONALS BOARD
Notes to the financial statements

3 REVENUE

	2014	2013
	\$'000	\$'000
(a) Investment revenue		
Bank interest	98	77
	<u>98</u>	<u>77</u>
(b) Grants and contributions		
Contribution from the Department of Planning and Environment	2,900	2,900
	<u>2,900</u>	<u>2,900</u>
(c) Acceptance by the Crown Entity of employee benefits and other liabilities		
Superannuation	58	45
Long service leave	107	96
Payroll tax	2	2
	<u>167</u>	<u>143</u>
(d) Other revenue		
Accreditation revenue	1,151	410
Other miscellaneous	93	202
	<u>1,244</u>	<u>612</u>

4 LOSS ON DISPOSAL

Disposal of intangible assets - software	(10)	-
	<u>(10)</u>	<u>-</u>

5 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	3,066	2,271
	<u>3,066</u>	<u>2,271</u>

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in Statement of financial position are 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)	3,066	2,271
Closing cash and cash equivalents (per Statement of cash flows)	<u>3,066</u>	<u>2,271</u>

6 CURRENT ASSETS - RECEIVABLES

	2014	2013
	\$'000	\$'000
Debtors	10	-
GST receivable	14	35
Prepayments	20	23
Accrued revenue	124	12
Less: Allowance for impairment	(50)	-
	<u>118</u>	<u>70</u>

Details regarding credit risk, liquidity risk, and market risk, including financial assets that are either past due or impaired, are disclosed in Note 14.



BUILDING PROFESSIONALS BOARD
Notes to the financial statements

7 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2013 - fair value			
Gross carrying amount	45	-	45
Accumulated depreciation	(37)	-	(37)
Net carrying amount	<u>8</u>	<u>-</u>	<u>8</u>
At 30 June 2014 - fair value			
Gross carrying amount	45	-	45
Accumulated depreciation	(40)	-	(40)
Net carrying amount	<u>5</u>	<u>-</u>	<u>5</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2014			
Net carrying amount at beginning of year	8	-	8
Depreciation expense	(3)	-	(3)
Net carrying amount at end of year	<u>5</u>	<u>-</u>	<u>5</u>
At 1 July 2012 - fair value			
Gross carrying amount	45	130	175
Accumulated depreciation	(34)	(130)	(164)
Net carrying amount	<u>11</u>	<u>-</u>	<u>11</u>
At 30 June 2013 - fair value			
Gross carrying amount	45	-	45
Accumulated depreciation	(37)	-	(37)
Net carrying amount	<u>8</u>	<u>-</u>	<u>8</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior year reporting period is set out below:

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at beginning of year	11	-	11
Depreciation expense	(3)	-	(3)
Net carrying amount at end of year	<u>8</u>	<u>-</u>	<u>8</u>

BUILDING PROFESSIONALS BOARD
Notes to the financial statements

8 NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2013		
Gross carrying amount	211	211
Accumulated amortisation	(108)	(108)
Net carrying amount	<u>103</u>	<u>103</u>
At 30 June 2014		
Gross carrying amount	173	173
Accumulated amortisation	(131)	(131)
Net carrying amount	<u>42</u>	<u>42</u>

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 2014		
Net carrying amount at beginning of year	103	103
Amortisation	(52)	(52)
Disposals	(10)	(10)
Net carrying amount at end of year	<u>42</u>	<u>42</u>
At 1 July 2012		
Gross carrying amount	211	211
Accumulated amortisation	(55)	(55)
Net carrying amount	<u>156</u>	<u>156</u>
At 30 June 2013		
Gross carrying amount	211	211
Accumulated amortisation	(108)	(108)
Net carrying amount	<u>103</u>	<u>103</u>

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 2013		
Net carrying amount at beginning of year	156	156
Amortisation	(53)	(53)
Net carrying amount at end of year	<u>103</u>	<u>103</u>



BUILDING PROFESSIONALS BOARD

Notes to the financial statements

9 CURRENT/NON-CURRENT LIABILITIES - PAYABLES

	2014	2013
	\$'000	\$'000
Creditors	177	229
Revenue received in advance	400	492
Accrued personnel services	49	44
	626	765

Details regarding credit risk, liquidity risk, and market risk, including financial assets that are either past due or impaired, are disclosed in Note 14.

10 CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

Personnel services provision	354	340
Leasehold obligations	-	-
	354	340
Aggregate Personnel Services		
Provisions - current	354	340
Accrued personnel services (Note 9)	49	44
	403	384

Movement in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Leasehold Obligations	Total
	\$'000	\$'000
2014		
Carrying amount at the beginning of the financial year	-	-
Unused amounts reversed	-	-
Carrying amount at end of year	-	-
2013		
Carrying amount at the beginning of the financial year	130	130
Unused amounts reversed	(130)	(130)
Carrying amount at end of year	-	-

11 COMMITMENTS FOR EXPENDITURE

	2014	2013
	\$'000	\$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	263	13
Later than one year and not later than five years	1,029	12
Later than five years	-	-
Total (including GST)	1,292	25

The Board has entered into operating lease agreements with third parties for provision of office accommodation for the Board's purposes.

The total commitments above includes input tax credits of \$117,454 (2013: \$2,272) that are expected to be recoverable from the Australian Taxation Office.



BUILDING PROFESSIONALS BOARD
Notes to the financial statements

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible liability that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board. A contingent asset is the opposite of a contingent liability.

As at 30 June 2014, the Board does not have any contingent liabilities nor contingent assets (2013: Nil).

13 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2014 \$'000	2013 \$'000
Net cash flows from operating activities	795	116
Depreciation and amortisation	(55)	(56)
Loss on sale of intangible assets	(10)	-
Increase in receivables	49	46
Decrease/(Increase) in payables	139	(492)
Decrease/(Increase) in provision	(14)	151
Net result	<u>903</u>	<u>(235)</u>

14 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 risk arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Audit and Risk Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls to monitor risks.

a) Financial instrument categories

Financial Assets	Notes	Category	Carrying Amount	
			2014 \$'000	2013 \$'000
Class:				
Cash and cash equivalents	5	N/A	3,066	2,271
Receivables ¹	6	Loans & receivables measured at amortised cost	84	12

Financial Liabilities	Notes	Category	Carrying Amount	
			2014 \$'000	2013 \$'000
Class:				
Payables ²	9	Financial liabilities measured at amortised cost	226	273

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)



BUILDING PROFESSIONALS BOARD
Notes to the financial statements

14 FINANCIAL INSTRUMENTS - CONTINUED

b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of all debtors are 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 the debtor's 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.

c) Liquidity Risk

Liquidity risk is the risk 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 overdrafts, loans and advances.

During the current and prior years, the Board does not have loans. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and 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 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 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 Secretary (or a person appointed by the Secretary) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.63% (2013: 10.95%).

	Average Effective Interest Rate \$'000	Interest Rate Exposure				Maturity Dates		
		Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest Bearing \$'000	<1 year \$'000	1-5 Years \$'000	>5 years \$'000
2014								
Payables	N/A	226	-	-	226	226	-	-
Total		226	-	-	226	226	-	-
2013								
Payables		273	-	-	273	273	-	-
Total	N/A	273	-	-	273	273	-	-

BUILDING PROFESSIONALS BOARD
Notes to the financial statements

14 FINANCIAL INSTRUMENTS - CONTINUED

d) Market Risk

Market risk is the risk that the fair value of 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 interest rate risk variable is outlined in the information below. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next 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 for 2013. The analysis assumes that all other variables remain constant.

e) Interest Rate Risk

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia 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.

	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2014					
<i>Financial Assets</i>					
Cash and cash equivalents	3,066	(31)	(31)	31	31
<hr/>					
2013					
<i>Financial Assets</i>					
Cash and cash equivalents	2,271	(23)	(23)	23	23

f) Fair Value compared to carrying amount

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.

15 EVENTS AFTER THE REPORTING PERIOD

There were no after balance date events which would have a material impact on these financial statements.

END OF AUDITED FINANCIAL STATEMENTS



Building Professionals Board - Audit Statement



INDEPENDENT AUDITOR'S REPORT

Building Professionals Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Building Professionals Board (the Board), which comprise the statement of financial position as at 30 June 2014, 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2014, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



MT Spriggins
Director, Financial Audit Services

7 October 2014
SYDNEY

