

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

**NATIONAL OCUPATIONAL LICENSING AUTHORITY
FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

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The National Occupational Licensing Authority ("the Authority") is a national body corporate established through corresponding pieces of legislation, the *Occupational Licensing National Law 2010* in New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory ('participating jurisdictions'). The Authority was disestablished on 11 May 2011 by the *Occupational Licensing National Law Repeal Act 2016* in each participating jurisdiction.

Preparation of the financial statements by the Secretary of NSW Treasury is a requirement under section 7(1) of the *Occupational Licensing National Law Repeal Act 2016*. The Secretary of NSW Treasury does not assume responsibility for the design, implementation and maintenance of the Authority's internal controls during the Authority's operations.

Its registered office was:

Level 11
175 Pitt Street
Sydney NSW 2000
Australia

The financial report was authorised for issue by the Secretary of NSW Treasury on 7 December 2016. The Secretary of NSW Treasury has the power to amend and reissue the financial report.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

DIRECTORS' STATEMENT

In my capacity as the Former Chair of the National Occupational Licensing Authority ("the Authority") for the period between 11 December 2014 to 11 May 2016 and in accordance with section 7(2) of the *Occupational Licensing National Law Repeal Act 2016*, I declare that in my opinion:

- (a) The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of the National Occupational Licensing Authority as at 11 May 2016 and transactions for the period 7 June 2014 to 11 May 2016.
- (b) The financial statements have been prepared in accordance with the Australian Accounting Standards and I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Also in my capacity as the Former Chair of the Authority, I was responsible for an adequate internal control structure to prevent and detect fraud and error and during the period of my appointment there were no material transactions that have not been recorded properly in the accounting records underlying the financial statements. I am not aware of any breakdowns or significant changes to the internal control structure for the intervening period between 7 June 2014 and my appointment on 11 December 2014.

On 13 December 2013, the Council of Australian Government decided not to pursue the National Occupational Licensing Scheme reform and subsequently the Authority was disestablished on 11 May 2016. Therefore, this will be the Authority's final set of accounts.

Preparation of the financial report is a requirement under section 7(1) of the *Occupational Licensing National Law Repeal Act 2016*. The financial report is authorised for issue by the Secretary of NSW Treasury under that Act.



Mr Mark Ronsisvalle
Former Chair of the National Occupational Licensing Authority

Sydney, NSW
13 December 2016

Report on the Financial Report

We have audited the accompanying financial report of the National Occupational Licensing Authority (NOLA), which comprises the statement of financial position as at 11 May 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' statement.

Secretary of the NSW Treasury's Responsibility for the Financial Report

The Secretary of the NSW Treasury (the Secretary) is only responsible for the preparation of the financial statements of NOLA in accordance with Australian Accounting Standards as per section 7(1) of the *Occupational Licensing National Law Repeal Act 2016* for the period before its dissolution on 11 May 2016.

The Secretary does not assume responsibility for the design, implementation and maintenance of internal controls necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the Secretary also states, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *Australian Accounting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

PKF(NS) Audit & Assurance Limited Partnership

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of NOLA presents fairly, in all material respects, NOLA's financial position as at 11 May 2016 and its financial performance for the period then ended in accordance with Australian Accounting Standards and Interpretations.

Emphasis of Matter – Basis of Preparation

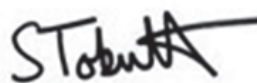
Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates the basis of preparation. On 13 December 2013, the Council of Australian Governments (COAG) made the decision not to pursue the National Occupational Licensing Scheme, which resulted in the dissolution of NOLA upon the passing of the *Occupational Licensing National Law Repeal Act 2016*. As a result, NOLA's financial statement have been prepared on a non-going concern basis.

Emphasis of Matter – Responsibility over Internal Controls

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Board of Directors ceased its responsibility over internal controls of NOLA on 11 May 2016 upon the passing of the *Occupational Licensing National Law Repeal Act 2016*. In accordance with section 7(2) of this Act, the Secretary of the NSW Treasury has the power to require any persons who were members of NOLA before its dissolution to exercise any function with respect to the financial statements that they would have been required to exercise if NOLA had not been dissolved. As a result, the Secretary has required that Mr Mark Ronsisvalle – Former Chair of NOLA sign the Directors' Statement and accept responsibility over the internal controls of NOLA.



PKF
Chartered Accountants
Dated 13 December 2016



SCOTT TOBUTT
Partner

NATIONAL OCCUPATIONAL LICENSING AUTHORITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

	Notes	7 June 2014 to 11 May 2016 \$'000	1 July 2013 to 6 June 2014 \$'000
Revenue			
Revenue from Government	3	441	3,122
Interest	3	-	55
Other Income	3	-	2
Total revenue		<u>441</u>	<u>3,179</u>
Expenses			
Employee related	4(a)	(1)	(1,710)
Supplier	4(b)	56	(3,328)
Depreciation, amortisation and impairment	4(c)	-	(181)
Total expenses		<u>55</u>	<u>(5,219)</u>
Operating surplus/(deficit)	1(a)	<u>496</u>	<u>(2,040)</u>
Other comprehensive income		-	-
Total operating surplus/(deficit)		<u><u>496</u></u>	<u><u>(2,040)</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**STATEMENT OF FINANCIAL POSITION
AS AT 11 MAY 2016**

	Notes	As at 11 May 2016 \$'000	As at 6 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	-	80
Trade and other receivables	6	-	38
Assets held for sale	7	-	24
Other current assets	8	-	61
Total current assets		-	203
Total assets		-	203
LIABILITIES			
Current liabilities			
Payables	10	-	3
Provisions	11	-	694
Total current liabilities		-	697
Total liabilities		-	697
Net assets		-	(494)
EQUITY			
Accumulated deficit		-	(494)
Total equity		-	(494)

The above statement of financial position be read in conjunction with the accompanying notes.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

	Notes	7 June 2014 to 11 May 2016 \$'000	1 July 2013 to 6 June 2014 \$'000
Opening balance		(494)	1,546
<i>Comprehensive Income</i>			
Other comprehensive income		-	-
Surplus/(deficit) for the period	1(a)	<u>496</u>	<u>(2,040)</u>
Total comprehensive income/(loss)		<u>496</u>	<u>(2,040)</u>
<i>Transaction with stakeholders recorded directly in equity</i>			
Distributions paid to stakeholders	1(a)	<u>(2)</u>	<u>-</u>
Transactions with stakeholders recorded directly in equity		<u>(2)</u>	<u>-</u>
Closing balance		<u><u>-</u></u>	<u><u>(494)</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

	Notes	7 June 2014 to 11 May 2016 \$'000	6 July 2013 to 6 June 2014 \$'000
Cash flows from operating activities			
Receipts from government		441	3,114
Interest received		-	55
Net GST received		33	-
Payments to employees		-	(1,720)
Payments to suppliers		(564)	(2,988)
Net cash outflow from operating activities	12	(90)	(1,539)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		12	2
Purchase of property, plant and equipment		-	(75)
Net cash inflow/(outflow) from investing activities		12	(73)
Cash flows from financing activities			
Distributions paid to stakeholders		(2)	-
Net cash outflow from investing activities		(2)	-
Net decrease in cash held		(80)	(1,612)
Cash and cash equivalents at the beginning of the financial period		80	1,692
Cash and cash equivalents at the end of the financial period	5	-	80

The above statement of cash flows should be read in conjunction with the accompanying notes.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The National Occupational Licensing Authority ("the Authority") was a national body corporate established through corresponding pieces of legislation, the *Occupational Licensing National Law 2010*, in each state. The Authority was a not-for-profit entity as profit was not its principal objective. It was domiciled in Australia and its registered office is at Level 11, 175 Pitt Street, Sydney NSW 2000.

The Authority commenced operations on 1 January 2012 when the National Occupational Licensing board was appointed in accordance with the provision of the National Law. The Authority's principal activity was to create a national system of occupational licences to replace the system of different licenses in each state and territory under an agreed COAG reform. This reform was known as the National Occupational Licensing System ("NOLS").

On 13 December 2013, COAG made the decision not to pursue the National Occupational Licensing Scheme reform and the States agreed to work together via the Council for the Australian Federation ("CAF") to develop alternative options for minimising licensing impediments to improving labour mobility and to manage the orderly disestablishment of National Occupational Licensing Authority from early 2014. The Authority was disestablished on 11 May 2016.

During the Authority's operations its Board of Directors were responsible for the design, implementation and maintenance of internal controls to prevent and detect material misstatement whether due to fraud or error. The Board of Directors ceased its responsibility on 11 May 2016 when the Authority was disestablished.

In respect of the Authority's funding for the period, the Authority has run down its existing cash reserves and once exhausted, remaining liabilities have been funded jointly by jurisdictions in accordance with the existing model. The Authority's residual cash balance of \$2k was distributed to the Queensland Treasury upon closure of the bank account.

The significant deficit of \$2,040k incurred in 2013-14 was largely attributable to the Authority taking up a \$671k 'Provision for Onerous Lease' representing the balance of rent payable on the Authority's premises until the early termination date of 28 February 2016. Recognition of the Provision for Onerous Lease contributed to the \$494k accumulated deficit position as at 6 June 2014. The lease agreement was terminated during the period 7 June 2014 to 11 May 2016 with a settlement payment of \$256k being made directly by the Victorian jurisdiction. The over-provision of \$415k from the prior year was written back to property expenses and is largely responsible for the operating surplus for the period 7 June 2014 to 11 May 2016.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of preparation

Preparation of the financial report is a requirement under section 7(1) of the *Occupational Licensing National Law Repeal Act 2016*. The financial report is authorised for issue by the Secretary of NSW Treasury under that Act.

The Authority's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which included Australian Accounting Interpretations) and on a non-going concern basis. Judgements, key assumptions and estimations management made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest \$1,000 dollars and are expressed in Australian currency unless otherwise indicated.

(c) Statement of Compliance

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

(d) Taxation

(i) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the Australian Taxation office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow 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.

(ii) Income tax

The Authority is a not-for-profit entity and is not liable for income tax.

(iii) Fringe benefits tax

The Authority is liable for Fringe Benefits Tax ("FBT") on certain benefits provided to Directors and employees in the course of their employment that attract FBT under the Commonwealth *Fringe Benefits Tax Act 1986*. The Authority has lodged its final FBT return for the period up to 6 June 2014.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

(i) Grants and contributions

An unconditional contribution and unconditional grants received from government are recognised as income when the Authority obtains control over the assets comprising the contribution. Control over contributions is normally obtained upon the receipt of cash.

(ii) Interest income

Interest income comprises interest on funds on deposit with Westpac, the Authority's financial institution, and is recognised as it accrues.

(f) Current assets

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and on deposit with Westpac.

(ii) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably.

A receivable is measured initially at cost and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

At period end, receivables are measured at their net realisable values, reflecting the amount that will be collected. Receivables are monitored during the period and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the statement of profit or loss and other comprehensive income.

(iii) Other financial assets

Other financial assets including prepayments are recognised on a basis reflecting the amount that will be recovered at period end.

(iv) Impairment of financial assets

All financial assets are subject to a periodic review for impairment. An allowance is established when there is objective evidence that the Authority will not be able to collect all the amounts due.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Property plant & equipment (current)

(i) Acquisition

The cost method of accounting is used for the initial recording of all acquisitions controlled by the Authority. Cost is the amount of cash or cash equivalents paid to acquire the asset at the time of its acquisition.

(ii) Depreciation of property, plant and equipment

Depreciation is provided 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 Authority.

The following depreciation rates applied during the 2013-14 period:

Furniture and fitouts	3 years
Plant and equipment	3 years

As at 30 June 2014, property plant and equipment assets are recognised as assets for sale on a basis to reflect the value that can be recovered on disposal. Carrying value has been determined based on market value recognising the amount that is expected to be recovered from the assets through sale. An impairment charge was recognised in the loss for the period ended 6 June 2014.

(h)

(i) Current liabilities

(i) Payables

Payables include accrued wages, salaries, and related on costs where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short term payable with no stated interest rate is measured at historical cost if the effect of discontinuing is immaterial.

(ii) Employee benefits and other provisions

a. Salaries and wages, annual leave and on-costs

As at 6 June 2014 the Authority had paid out its employee related liabilities.

b. Superannuation

Superannuation expense is calculated as a percentage of the employees' salary in accordance with the Superannuation Guarantee Contribution levy.

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Authority as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss and other comprehensive income on a straight line basis over the initial period of the lease and inflated by CPI or other indexation in future years as required under the lease.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) Provision for Onerous Lease

As at 6 June 2014 the Authority has recognised an Onerous Lease provision as a current liability. This provision reflects the remaining lease commitments from 1 July 2014 to 28 February 2016 (the early termination date) payable by the Authority under this lease. This calculation incorporates all charges payable including rent, outgoing and parking, and incorporates the annual indexation of 4% payable under the lease. The Authority's policy with respect to the Onerous Lease provision is to recognise the maximum amount that would be legally payable under the lease. During the period ended 11 May 2016, the onerous lease obligation was settled resulting in the balance of \$nil at 11 May 2016.

(l) Provisions for deferred lease incentive

Lease incentives include upfront cash payments to the Authority as lessee. On 1 March 2013 the Authority moved into leased premises at Level 11, 175 Pitt Street, Sydney. Under the lease the landlord agreed to provide a \$40,000 contribution towards the Authority's fitout on completion. This amount has been accounted for as a lease incentive to be amortised over the three year period of the lease in accordance with Australian Accounting Interpretations.

Operating lease incentives represent a reduction in rental expense over the lease term on a straight-line basis. Any remaining lease incentive was written back against property expenses during the period 7 June 2014 to 11 May 2016 upon settlement and termination of the lease agreement.

(m) Changes in accounting policy

In the current period, the Authority has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and which are effective for current reporting period beginning on 7 June 2014. The adoption of the new and revised Standards and Interpretations has had no material impact on the financial statements.

(n) New Australian accounting standards issued but not effective

It is considered that this will be the final reporting for the Authority and hence Accounting Standards issued but not effective will have no impact on the Authority.

2. EVENTS AFTER THE REPORTING PERIOD

Audit and accounting fees payable in relation to the preparation of the financial statements for the period 7 June 2014 to 11 May 2016 have not been recognised as an expense in the current period. Such costs will be paid by NSW Treasury and shared among the other state jurisdictions as required under section 5 of the *Occupational Licensing National Law Repeal Act 2016*.

There was no other subsequent event that had the potential to significantly further affect the ongoing structure and financial activities of the Authority.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

	7 June 2014 to 11 May 2016 \$'000	1 July 2013 to 6 June 2014 \$'000
3. REVENUE		
Revenue from government	441	3,122
Interest on deposits	-	55
Other income	-	2
	<u>441</u>	<u>3,179</u>
Total revenue	<u>441</u>	<u>3,179</u>
4. EXPENSES		
(a) Employee benefits		
Salaries and wages	-	(1,058)
Eligible termination payments	-	(507)
Superannuation	-	(65)
Leave and other entitlements	-	(31)
FBT expense	(2)	(4)
Workers compensation insurance	-	(4)
Payroll tax	1	(34)
Other employee expenses	-	(7)
	<u>(1)</u>	<u>(1,710)</u>
Total employee benefits	<u>(1)</u>	<u>(1,710)</u>
(b) Supplier		
Consultants	(3)	(694)
Contractors	(108)	(850)
Board related	(52)	(357)
Property	(164)	(358)
Termination of lease	415	(671)
Travel (other than Board)	-	(43)
Operating	-	(11)
Administrative	(16)	(158)
Auditors remuneration	-	(23)
Legal fees	(2)	(59)
Other	(14)	(104)
	<u>56</u>	<u>(3,328)</u>
Total supplier expenses	<u>56</u>	<u>(3,328)</u>
(c) Depreciation, amortisation and impairment		
Depreciation of plant and equipment	-	(24)
Impairment of plant and equipment	-	(22)
Depreciation of furniture and fitouts	-	(38)
Impairment of furniture and fitouts	-	(97)
	<u>-</u>	<u>(181)</u>
Total depreciation, amortisation and impairment	<u>-</u>	<u>(181)</u>

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

	As at 11 May 2016 \$'000	As at 6 June 2014 \$'000
5. CASH AND CASH EQUIVALENTS		
Cash on hand or on deposit	-	80
	<hr/>	<hr/>
6. TRADE AND OTHER RECEIVABLES		
GST receivable	-	38
	<hr/>	<hr/>
Total trade and other receivable	-	38
	<hr/>	<hr/>
Recovery are aged as follows:		
Not overdue:	-	38
Overdue by:		
0 to 30 days	-	-
31 to 30 days	-	-
61 to 90 days	-	-
	<hr/>	<hr/>
	-	38
	<hr/>	<hr/>
7. ASSETS HELD FOR SALE		
Furniture and fitouts		
At cost	-	137
Accumulated depreciation and impairment	-	(137)
	<hr/>	<hr/>
Carrying amount at net realisable value	-	-
	<hr/>	<hr/>
Plant and equipment		
At cost	-	76
Accumulated depreciation and impairment	-	(52)
	<hr/>	<hr/>
Carrying amount at net realisable value	-	24
	<hr/>	<hr/>
The assets held for sale were sold on 22 July 2014 at a loss of \$12k.		
8. OTHER CURRENT ASSETS		
Prepayments	-	61
	<hr/>	<hr/>
Other current assets	-	61
	<hr/>	<hr/>

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

9. PROPERTY, PLANT AND EQUIPMENT

The closing balance of property, plant and equipment at 6 June 2014 and 11 May 2016 is \$nil. Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the comparative financial period are as follows:

	Furniture & fitouts \$'000	Plant & equipment \$'000	Total \$
Net carrying amount as at 1 July 2013	67	90	157
Additions	68	7	75
Disposals	-	(27)	(27)
Depreciation	(38)	(24)	(62)
Impairment	(97)	(22)	(119)
Transferred to assets held for sale	-	(24)	(24)
	-	-	-
Carrying amount at 6 June 2014	-	-	-

As at 11 May 2016 \$'000	As at 6 June 2014 \$'000
--------------------------------	--------------------------------

10. PAYABLES

Other payables	-	3
Total payables	-	3

11. PROVISIONS

Provision for onerous lease	-	671
Other provisions – deferred lease incentive	-	23
Total provisions	-	694

Reconciliation of movements in other provisions

	Deferred Lease Incentives \$'000	Provision for Onerous Lease \$'000
Net carrying amount as at 1 July 2013	36	-
Provision for onerous lease expense	-	671
Amortisation of lease incentive	(13)	-
Net carrying amount as at 6 June 2014	23	671

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

11. PROVISIONS (continued)

Reconciliation of movements in other provisions (continued)

	Deferred Lease Incentives \$'000	Provision for Onerous Lease \$'000
Net carrying amount as at 7 June 2014	23	671
Write back of provision for lease and lease incentives on settlement and termination of lease agreement	(23)	(671)
Net carrying amount as at 11 May 2016	-	-
	7 June 2014 to 11 May 2016 \$'000	1 July 2013 to 6 June 2014 \$'000

12. CASH FLOW RECONCILIATION

Reconciliation of operating surplus/(deficit) to net cash from operating activities

Operating surplus/(deficit)	496	(2,040)
Adjustments for non-cash items		
Depreciation/amortisation expense	-	62
Impairment expense	-	119
Loss/(gain) on disposal of assets	12	(2)
Change in assets/liabilities		
Decrease in net receivables	38	6
Decrease/(increase) in prepayments	61	(18)
Decrease in employee provisions	-	(9)
(Decrease)/increase in provisions	(694)	658
Decrease in payables	(3)	(315)
Net cash outflow from operating activities	(90)	(1,539)

13. REMUNERATION OF AUDITORS

In relation to the period the following fees were paid or payable on behalf of the Authority for services provided by the auditor of the Authority:

Audit and other services

Deloitte Touche Tohmatsu – Audit of the financial statements	-	20
PKF – Audit of the financial statements	14	-

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

14. FINANCIAL INSTRUMENTS

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

The Authority's main risks arising from financial instruments are outlined below. The National Occupational Licensing Board has overall responsibility for the establishment and oversight of the risk management framework. The Deputy Chief Executive Officer is responsible for developing and monitoring the overall risk management strategy and policies for the Authority. The Deputy Chief Executive Officer is responsible for the establishment and oversight of risk management and reviews the Authority's activities and assets.

Risk Management Framework

Risk management policies are established to identify and analyse the risks faced by the Authority in setting appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

The Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Authority. The Director Finance and Corporate Services manages the internal audit function by scheduling reviews of risk management control procedures, the results of which are reported to the Audit and Risk Committee.

The Authority's principal financial instruments comprise cash used to fund the Authority's operations. The Authority has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from these financial instruments are credit risk, liquidity risk, interest rate risk and operation risk. The executive reviews and agrees policies for managing each of these risks and they are summarised below.

This note presents information about the Authority's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk and their management of capital. Further quantitative and qualitative disclosures are included throughout these financial statements.

Financial instruments categories

			As at 11 May 2016 \$'000	As at 6 June 2014 \$'000
	Note	Category	Carrying amount	
Financial assets				
Cash and cash equivalents	5	NA	-	80
Receivables	6	Receivables (at cost)	-	38
Other financial assets	8	Receivables (at cost)	-	61
Total financial assets			<u>-</u>	<u>179</u>
Financial liabilities				
Trade and other payables	10	Financial liabilities (at cost)	-	3
Total financial liabilities			<u>-</u>	<u>3</u>

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016

14. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

Credit risk arises when there is a possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. 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 Authority, including cash, receivables and deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Cash

Cash comprises cash on hand and the balance of the account held with Westpac. Interest is earned monthly, calculated on the daily bank balances at published Westpac rates.

Receivables

All debtors are recognised as amounts receivable at balance date. Collectability of debtors is reviewed on an ongoing basis using the monthly aged analysis report. The Director Finance and Corporate Services is responsible for the credit control function of all outstanding debts. Debts which are known to be uncollectable 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. Generally, no interest is earned on debtors.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continually manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate cash management strategies.

During prior periods, there was no defaults or breaches on any amounts payable to creditors. The Authority's exposure to liquidity risk is deemed insignificant based on prior period's data and a current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services received. Amounts owing to suppliers (which are unsecured) are settled in accordance with trading terms or where not specified, within thirty days from the date of invoice. No interest was paid during the period. Maturity analysis and interest rate exposure of financial liabilities relating to 2013-14 is shown in the next table.

	Weighted average effective interest rate \$'000	Nominal amount \$'000	Interest rate exposure \$'000	Maturity Dates			Total
				Less than 1 year \$'000	1 – 5 years \$'000	5+ Years \$'000	
2014							
Cash & cash equivalents	-	80	Nil	80	-	-	80
Receivables	-	38	Nil	38	-	-	38
Other financial assets	-	61	Nil	61	-	-	61
Payables	-	(3)	Nil	(3)	-	-	(3)

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Authority has minimal exposure to interest rate risk as it has no borrowings. The Authority's Westpac facility generated interest revenue of \$45k in 2013-14 at an average rate of 3.09%.

The Authority also invested \$1,000k in a term deposit account with Westpac for 3 months between 2 September and 2 December 2013, which generated interest revenue of \$9k at a rate of 3.5%.

The interest rate risk in respect of the corporate card facility is considered negligible as card balances are paid every month before the due date and to date no interest charges have been incurred.

In calculating interest rate risk the Authority has used a change of +/-1%, consistent with current trends in interest rates. This basis will be reviewed annually and amended where this is a structural change in the interest rate volatility. The Authority's exposure to interest rate volatility during 2013-14 is outlined below:

Interest rate risk	Carrying amount	Profit \$'000	-1% Equity \$'000	Profit \$'000	+1% Equity \$'000
2014					
Financial assets					
Cash and cash equivalents	80	(1)	(1)	1	1
Receivables	38	-	-	-	-
Other financial assets	61	-	-	-	-
Financial liabilities					
Payables	3	-	-	-	-

Operational Risk

The Authority manages its operational risk as part of its risk management strategy. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Authority's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to executive management, which is supported by the development of standards, policies and procedures.

Compliance with established standards, policies and procedures is supported by a program of periodic review undertaken by Internal Audit. The results of internal audit reviews are discussed with management, with reports submitted to the executive, the Audit and Risk Committee, and if appropriate to the Board.

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

15. RELATED PARTY TRANSACTIONS

The Board members and other members of key management personnel of the Authority were:

Period ending 11 May 2016

Specific Directors

Mark Ronsisvalle	Chair (appointed 11 Dec 2014, ceased 11 May 2016)
Nick Berger-Thomson	Member (appointed 11 Dec 2014, ceased 11 May 2016)
Peter Johnson	Member (appointed 11 Dec 2014, ceased 11 May 2016)
Mark Johnstone	Member (appointed 11 Dec 2014, ceased 11 May 2016)
Janet Schorer	Member (appointed 11 Dec 2014, ceased 11 May 2016)
Elizabeth Crouch	Chair (ceased 11 Dec 2014)
Wendy Machin	Member (ceased 11 Dec 2014)
John Sutton	Member (ceased 11 Dec 2014)
Miranda Douglas-Crane	Member (ceased 30 Jun 2014)
Graham Anderson	Member (ceased 30 Jun 2014)
Anthony Arnel	Member (ceased 30 Jun 2014)
Albercht Koenig	Member (ceased 30 Jun 2014)
David Ford	Member (Regulator) (ceased 30 June 2014)

Specific Executives

Barbara El-Gamal	Deputy CEO (ceased December 2014)
Michelle Haerewa	Director Finance and Corporate Services (ceased January 2015)
Barbara Fernandez	Director Policy and Strategy (ceased March 2014)

Period ending 6 June 2014

Specific Directors

Elizabeth Crouch	Chair
Wendy Machin	Member
John Sutton	Member
Miranda Douglas-Crane	Member
Graham Anderson	Member
Anthony Arnel	Member
Albercht Koenig	Member
David Ford	Member (Regulator)

Specific Executives

Barbara El-Gamal	Deputy CEO
Michelle Haerewa	Director Finance and Corporate Services
Barbara Fernandez	Director Policy and Strategy

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 7 JUNE 2014 TO 11 MAY 2016**

15. RELATED PARTY TRANSACTIONS (continued)

Remuneration

The *Occupational Licensing Law (Transitional) Regulation 2011* prescribes the Statutory Other Offices Remuneration Tribunal ("SOORT") of New South Wales as the body to determine remuneration and allowances for non-jurisdictional the regulator member of the Board of the National Occupational Licensing Board. A SOORT determination was made for the National Occupational Licensing Board, and Board members' remuneration and allowances are paid in accordance with this determination. Note that the Regulator member was unpaid.

With regard to the Executive, the Deputy CEO is an SES Level 4 Officer on secondment from the NSW Department of Finance & Services ("DFS") and her salary is paid by her home Department. The Authority pays secondment fees to DFS, including a mark-up of more than 25% for fees and oncosts according to the statutory formula for recoupment prescribed in *NSW Treasurer's Direction 542.03*. The table below reflects the equivalent salary of an SES4 officer and does not include the additional oncosts and fees paid to DFS.

	Salary, fees & super	
	2016	2014
Directors		
Band \$nil	9	-
Band \$1 to \$29,999	3	1
Band \$30,000 to \$59,999	-	6
Band \$60,000 to \$89,999	-	1
Executives		
Band \$0 to \$179,999	3	1
Band \$180,000 to \$209,999	-	-
Band \$210,000 to \$239,999	-	2

16. CORPORATE DIRECTORY

Board

Mark Ronsisvalle (appointed 11 Dec 2014, ceased 11 May 2016)
 Nick Berger-Thomson (appointed 11 Dec 2014, ceased 11 May 2016)
 Peter Johnson (appointed 11 Dec 2014, ceased 11 May 2016)
 Mark Johnstone (appointed 11 Dec 2014, ceased 11 May 2016)
 Janet Schorer (appointed 11 Dec 2014, ceased 11 May 2016)
 Ms Elizabeth Crouch (Chair) (ceased 11 Dec 2014)
 Ms Wendy Machin (ceased 11 Dec 2014)
 Mr John Sutton (ceased 11 Dec 2014)
 Ms Miranda Douglas-Crane (ceased 30 Jun 2014)
 Mr Graham Anderson (ceased 30 Jun 2014)
 Mr Anthony Arnel (ceased 30 Jun 2014)
 Mr Albert Koenig (ceased 30 Jun 2014)
 Mr David Ford (Regulator Member) (ceased 30 June 2014)

Chief Financial Officer

Ms Michelle Haerewa (ceased January 2015)

NATIONAL OCCUPATIONAL LICENSING AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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16. CORPORATE DIRECTORY (continued)

Registered Office

Level 11
175 Pitt Street
Sydney NSW 2000
Australia

External Auditors

PKF
Chartered Accountants
Level 8
1 O'Connell Street
Sydney NSW 2000

Internal Auditors

KPMG
10 Shelley Street
Sydney NSW 2000
Australia