



Building Insurers' Guarantee Corporation

Fair Trading Administration Corporation

Annual Report for year ended 30 June 2008

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Letter to Parliament

The Hon Virginia Judge
Minister for Fair Trading
Minister for Citizenship and Minister Assisting the Premier on the Arts

Dear Ms Judge

I am pleased to present in this single volume the annual reports of the:

- Building Insurers' Guarantee Corporation, and
 - Fair Trading Administration Corporation,
- for the year ended 30 June 2008.

The reports have been prepared for presentation to the Parliament of New South Wales in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act, 1984* in fulfilment of the statutory reporting requirements of the *Home Building Act, 1989*.



Lyn Baker
Commissioner for Fair Trading
31 October 2008

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Building Insurers' Guarantee Corporation
Fair Trading Administration Corporation
Sydney NSW Australia
October 2008

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Overview

The *Home Building Act 1989* establishes two Corporations with home warranty insurance responsibilities. The Fair Trading Administration Corporation (FTAC) was established in 1997 to administer claims on the Government's then statutory home warranty insurance scheme, which closed to new policies when the private home warranty insurance scheme was introduced on 1 May 1997. The Building Insurers' Guarantee Corporation (BIGCorp) was set up in June 2001 to administer home building consumer claims on the Government's HIH rescue package – the Building Insurers' Guarantee Fund.

The functions of both Corporations are quite explicitly set out in the legislation. Apart from claims processing within the scope of their respective parts of the Act, neither Corporation is intended to have any other role in respect of residential home building in NSW.

The Corporations do not generate income, nor do they manage the investment of any funds. For claims payment capital they rely exclusively on drawings from NSW Treasury.

Both Corporations have a finite lifespan. BIGCorp, which was set up in June 2001, may accept claims for seven years from the date of completion of the specific work the subject of the claim or the end of the contract, whichever is later. The cut-off date for any new claims on FTAC was April 2004, although the Commissioner for Fair Trading had discretion to consider claims for a further three years.

Neither corporation exists as a discrete operational entity. Overall responsibility for their functions rests with the Commissioner for Fair Trading, with day-to-day operational management being undertaken by the Home Building Service. The Corporations are required to produce an annual report and this responsibility resides with the Commissioner for Fair Trading. In the interests of cost effectiveness and of presenting an overview of claims processing by BIGCorp and FTAC, the obligations of both entities are discharged in this single volume.

In 2002-03, the New South Wales Government established the Department of Commerce. The former Department of Fair Trading was renamed as the Office of Fair Trading and was incorporated within that broader agency while retaining its original role and responsibilities to the people of New South Wales. The Home Building Service, which manages the operations of both Corporations, is a Division of the Office of Fair Trading. The Insurance Services Branch of the Home Building Service is directly responsible for overseeing the activities of the Corporations.

Annual reporting information relevant to the two Corporations therefore appears in two forms:

- In this volume - separate financial reports and simple activity reports for both Corporations; and
- In the 2007-2008 annual report of the Department of Commerce - information on the management, human resources, business support and financial administration of the Office of Fair Trading.

The annual reporting compliance table at the back of this publication provides a guide to what annual reporting information applies to the Corporations and where it is located.

Access

Persons making home warranty insurance claims against either of the schemes managed by the Office of Fair Trading can obtain access via any of the Office's Fair Trading Centres or the Office's website. The public access offices are located at 24 locations around NSW – including 18 in regional and rural areas. While the website address is

<http://www.fairtrading.nsw.gov.au/building/homeowners/hihrescuepackage.html>

Information is also available from the Fair Trading Information Centre on telephone number: **13 32 20**.

The Home Building Service is located at the Office of Fair Trading's head office at:

Level 4, 1 Fitzwilliam Street
Parramatta NSW 2150
Telephone: 1300 554 668

The Insurance Services Branch is located at:

Level 8, 2-24 Rawson Place
Sydney
Telephone: 9777 8893

PO Box 972 Parramatta NSW, 2124

Annual Report Production

No external costs have been incurred in the writing, preparation or printing of this annual report. Printing of minimal quantities has been accomplished by internal laser printing and photocopying as required. Non-printed copies are available through the Office of Fair Trading website.

Website availability

The Office of Fair Trading home page is at: **www.fairtrading.nsw.gov.au**

From the home page go to: Publications/Publications corporate/Annual reports.

Building Insurers' Guarantee Corporation

Charter, aims & objectives

The Building Insurers' Guarantee Corporation (BIGCorp) and the Building Insurers' Guarantee Fund were set up on 30 June 2001 to function as the government's rescue package for consumers of insured builders who were affected by the financial collapse of the HIH Insurance Group in March 2001. This collapse had significant implications for holders of HIH and FAI home warranty insurance policies.

The collapse of HIH created, among other things, many serious home warranty difficulties for consumers, builders and developers in New South Wales. Consumers with unfinished or faulty building work found themselves unable to claim against what had become worthless policies. Builders, contractors and developers found themselves without current home warranty insurance coverage which was required under the *Home Building Act 1989*.

BIGCorp is itself administered by the Office of Fair Trading through the Insurance Services Branch of the Home Building Service, drawing upon the Policyholders Protection Fund administered by Treasury for its claims payment capital.

The legislative framework for the package was introduced through the *Insurance (Policyholders Protection) Legislation Amendment Act 2001*, commencing on 30 June 2001, as an amendment to the *Home Building Act 1989*. In particular, the Act established the Building Insurers' Guarantee Fund – to be administered by the Building Insurers' Guarantee Corporation.

The Fund provides insurance cover for homeowners to the same extent that would have applied under home warranty policies issued by the HIH Group. Builders and developers are expressly prevented from claiming on the State indemnity.

Management & structure

The Corporation's activities are managed by the Insurance Services Branch of Home Building Service within the Office of Fair Trading.

Claims processing

Originally, BIGCorp claims processing was carried out by Echelon Australia (formerly Strategic Claims Solutions), a division of Jardine Lloyd Thompson. The firm operated under contract to the Office of Fair Trading to process the ex-HIH and ex-FAI home warranty insurance claims.

However, in early 2006 the decision was taken by Government to bring the management of claims in-house so that the Insurance Services Branch would receive and directly process claims. This change was effective from 1 July 2006. Outsourcing costs were to some extent replaced by the need for additional staff within Insurance Services Branch however, this was seen as a more effective means of dealing with the various parties to the claims.

Information on claims administered during 2007-08 is given below. It should be noted that, during the reporting year, the Corporation received \$17.2 million from McGrath Nichol and Partners (Liquidators) as an interim distribution from the liquidation of the assets/liabilities of HIH, FAI and CIC Insurance Companies.

Statistics for the 2007-08 Financial Year

New claims	164
Claims under assessment	223
Claims paid	170
Value of claims paid	\$20,699,411



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Building Insurers' Guarantee Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Building Insurers' Guarantee Corporation (the Corporation), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Corporation's preparation and fair presentation of the financial report 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

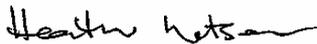
My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.



Heather Watson
Director, Financial Audit Services

11 November 2008
SYDNEY

STATEMENT BY COMMISSIONER

In accordance with section 41C of the *Public Finance and Audit Act*, 1983 I state that:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Building Insurers' Guarantee Corporation as at 30 June 2008 and transactions for the period 1 July 2007 to 30 June 2008;
- (2) the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act*, 1983, the *Public Finance and Audit Regulation*, 2005 and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation



LYN BAKER,
Commissioner for Fair Trading,
Office of Fair Trading

31 October 2008
Dated at Sydney

BUILDING INSURERS' GUARANTEE CORPORATION

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Revenue			
Grants and Contributions	1(f),2	23,829	30,595
Interest Income		61	68
Other		80	115
Total Revenue		23,970	30,778
Expenses			
Administrative Services	1(a),3(a)	1,785	1,775
Other Operating Expenses	3(b)	3,444	3,628
Net Insurance Claims and Provisions	3(c)	25,310	9,093
Total Expenses		30,539	14,496
SURPLUS/(DEFICIT) FOR THE YEAR	8	(6,569)	16,282

The accompanying notes form part of these statements.

BUILDING INSURERS' GUARANTEE CORPORATION

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Net Income Recognised Directly in Equity			
Surplus/(Deficit) for the year	8	<u>(6,569)</u>	<u>16,282</u>
Total Recognised Income and Expenses For the Year		<u>(6,569)</u>	<u>16,282</u>

The accompanying notes form part of these statements.

BUILDING INSURERS' GUARANTEE CORPORATION

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Current Assets			
Cash	4	809	487
Receivables	5	75	85
Total Current Assets		884	572
Non-Current Assets			
Receivables	5	2,076	1,997
Total Non-Current Assets		2,076	1,997
TOTAL ASSETS		2,960	2,569
LIABILITIES			
Current Liabilities			
Payables	6	199	204
Provisions - Outstanding Claims	7	17,833	16,472
Total Current Liabilities		18,032	16,676
Non-Current Liabilities			
Provisions - Outstanding Claims	7	58,835	53,231
Total Non-Current Liabilities		58,835	53,231
TOTAL LIABILITIES		76,867	69,907
NET LIABILITIES		73,907	67,338
EQUITY			
Accumulated Deficit	8	73,907	67,338
ACCUMULATED DEFICIT		73,907	67,338

The accompanying notes form part of these statements.

BUILDING INSURERS' GUARANTEE CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants Received		23,829	30,595
Interest Received		34	91
Other		80	115
Total Receipts		23,943	30,801
Payments			
Operating and Insurance Claim Payments		(23,621)	(34,251)
Total Payments		(23,621)	(34,251)
NET CASH FLOWS FROM OPERATING ACTIVITIES	10	322	(3,450)
NET INCREASE/(DECREASE) IN CASH		322	(3,450)
OPENING CASH AND CASH EQUIVALENTS		487	3,937
CLOSING CASH AND CASH EQUIVALENTS	4	809	487

The accompanying notes form part of these statements.

BUILDING INSURERS' GUARANTEE CORPORATION

FOR THE YEAR ENDED 30 JUNE 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Building Insurers' Guarantee Corporation is a Reporting Entity established under the *Home Building Act, 1989*. The Corporation is a not-for-profit entity with no cash generating units. The administrative functions for the Corporation are performed by the Office of Fair Trading and costs associated with these functions are paid for on an operational basis in relation to activities performed.

The Corporation was set up in June 2001 to administer building consumer claims on the Government's HIH rescue package, the Building Insurers Guarantee Fund. The Corporation does not generate income and claims payments are funded by drawings from the Builder Insurers' Guarantee Fund in accordance with section 103P(3b) of the *Home Building Act, 1989*.

This financial report for the year ended 30 June 2008 has been authorised for issue by the Commissioner for Fair Trading on 31 October 2008.

(b) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Regulation and the Financial Reporting Directions issued by the Treasurer under Section 9 (2) (n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgement, 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 report complies with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

A full comprehensive range of insurances covering areas such as Workers Compensation, Motor Vehicles, Fidelity Guarantee, Public Liability, and Industrial Special Risk is carried by the Office of Fair Trading with the Treasury Managed Fund. This coverage extends to the operations of the Building Insurers' Guarantee Corporation. These insurance covers are reviewed periodically to ensure they are adequate.

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

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

- The amount of GST incurred by the agency 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;
- Insurance claim expenses (claims paid) are represented in the statements gross of GST as the authority is not entitled to claim input tax credits due to no direct association with the original expense;
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Cash Flow Statement on a gross basis.

(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) Grants and Contributions

Grants and contributions from other bodies are recognised as revenue when the Corporation obtains control over the relevant assets or receipts of cash.

(ii) Investment Income

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

(g) Funding Arrangements

NSW Treasury provides funding to the Corporation for all approved claim payments.

(h) Provisions

A provision for outstanding claims is recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. When some or all of the economic benefits required to

settle the provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is based on an actuarial valuation conducted by Finity Consulting which considers the best estimate required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The provision is measured using the cashflows estimated to settle the present obligation.

(i) New Australian Accounting Standards Issued But Not Effective

At reporting date a number of Accounting Standards adopted by the AASB had been issued but are not yet operative. At present New South Wales Treasury is mandating not to early adopt any of the new Standards / Interpretations as per Treasury Circular TC 08/04. As such, these new Standards / Interpretations have not been early adopted by the Building Insurers' Guarantee Corporation.

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

(j) Impairment Policy

At each reporting date, the Corporation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(k) Comparative Information

Where necessary, previous year figures have been reclassified to facilitate comparison.

2. GRANTS

	2008	2007
	\$'000	\$'000
Grants received from Government	23,829	30,595
	23,829	30,595

The Corporation was constituted under the *Insurance (Policyholders Protection) Legislation Amendment Act, 2001*. Grants are received from the Crown to provide for the payment of claims under the home insurance policies of insolvent insurers, and for the administrative costs of the Corporation.

3. EXPENSES

As mentioned in Note 1(a) the Office of Fair Trading has applied an Administrative Service Charge for the recovery of those expenses it has incurred on behalf of the Building Insurers' Guarantee Corporation.

(a) Administrative Services

	2008	2007
	\$'000	\$'000
Administrative Service Fee	1,785	1,775
	<u>1,785</u>	<u>1,775</u>

(b) Other Operating Expenses

Auditor's remuneration - audit of the financial report	27	19
Debt Recovery Expense	1,074	1,179
Appeals	671	674
Other	1,672	1,756
	<u>3,444</u>	<u>3,628</u>

(c) Insurance Claims and Provisions

Claims Paid	20,699	27,073
Less: Claims subject to recovery	(19,599)	(27,072)
(Less)/Add: Provision for outstanding claims	6,965	(15,972)
Add: Allowance for doubtful debts	3,864	4,664
Add: Bad Debts	13,381	20,400
	<u>25,310</u>	<u>9,093</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at Bank	809	487
	<u>809</u>	<u>487</u>

Cash comprise bank balances with Westpac Banking Corporation. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The average rate for the period was 5.82% (30 June 2007: 5.14%).

For the purposes of the Cash Flow Statement, cash includes money deposited with banks.

Cash assets recognised in the Balance Sheet are reconciled to cash at the end of financial year as shown in the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	809	487
Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u>809</u>	<u>487</u>

5. CURRENT/NON CURRENT ASSETS - RECEIVABLES

	2008	2007
	\$'000	\$'000
<u>Current assets</u>		
Input Taxes	31	60
Accrued Interest	44	17
Amounts owed by the Office of Fair Trading	-	8
	<u>75</u>	<u>85</u>
<u>Non current assets</u>		
Debtors (i)	103,783	99,840
Less: Allowance for doubtful debts (ii)	(101,707)	(97,843)
	<u>2,076</u>	<u>1,997</u>

- (i) Section 103P of the *Home Building Act*, 1989 provides that the Corporation may recover the amounts for claims paid.
- (ii) Provision for doubtful debts has been assessed at 98%.

6. CURRENT LIABILITIES - PAYABLES

Other Creditors	199	204
	<u>199</u>	<u>204</u>

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 Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There were no claims for late payment interest during the reporting periods.

7. CURRENT/NON CURRENT LIABILITIES - PROVISIONS - OUTSTANDING CLAIMS

	2008	2007
	\$'000	\$'000
Current Outstanding Claims	17,833	16,472
Non-Current Outstanding Claims	58,835	53,231
Total Outstanding Claims	<u>76,668</u>	<u>69,703</u>
Opening balance:	69,703	85,675
Add: Additional provision recognised	27,664	11,101
Less: Claims paid	<u>(20,699)</u>	<u>(27,073)</u>
Carrying amount at end of year	<u>76,668</u>	<u>69,703</u>

Finity Consulting Pty Limited carried out an Actuarial Review of home warranty claims as at 30 June 2008. The purpose of this review was to ascertain the possible liability of the Building Insurer's Guarantee Corporation. The outstanding claim estimate of \$76.7 million, (\$69.7 million 2007) does not include a risk margin for possible adverse deviation from the central estimate. The claim estimate includes allowance for the cost of claims administration. The discount rate used for the valuation of outstanding claims as at 30 June 2008 is 6.7% (6.5% 2007) per annum.

The actuarial review highlighted the considerable uncertainty in the outstanding claim estimates due to the lack of data and the variability of claim costs. As various elements of the liability could be significantly under or over estimated, the ultimate cost could be outside the actuary's estimate.

8. CHANGES IN EQUITY

Balance at beginning of financial year	(67,338)	(83,620)
Surplus/(Deficit) for the year	<u>(6,569)</u>	<u>16,282</u>
Balance at the end of the financial year	<u>(73,907)</u>	<u>(67,338)</u>

9. CONTINGENT LIABILITIES

The Corporation is currently involved in 93 (30 June 2007: 119) legal matters where financial settlement and costs may be awarded against it. It is estimated that these costs may total \$2,404,000 (30 June 2007: \$7,852,800).

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING SURPLUS

Operating Surplus/(Deficit)	(6,569)	16,282
Changes in Asset and Liabilities		
Decrease/(Increase) in debtors	(69)	1,247
(Decrease)/Increase in outstanding claims	6,965	(15,972)
(Decrease)/Increase in payables	(5)	(5,007)
Net Cash Provided by Operating Activities	<u>322</u>	<u>(3,450)</u>

11. ADMINISTERED REVENUE

	2008 \$'000	2007 \$'000
Reinsurance Recoveries (i)	13,229	21,382
Administrators Dividend Distribution (ii)	10,074	3,586
	23,303	24,968

- (i) Section 103V of the *Home Building Act, 1989* provides that the Corporation may recover from the reinsurer and pay into the Building Insurers' Guarantee Fund the amount due under contract or arrangement.
- (ii) Section 103U of the *Home Building Act, 1989* provides that the Corporation may accept on behalf of the State any assignment from liquidators of an insolvent insurer.

12. FINANCIAL INSTRUMENTS

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

The Building Insurers' Guarantee Corporation's financial instruments include cash, receivables and payables.

(a) Financial Instrument Categories

Financial Assets	Note	Category	2008	2007
			Carrying Amount	Carrying Amount
Class: Cash and cash equivalents	4	Not applicable	809	487
Receivables*	5	Loans and receivable (at amortised cost)	44	25
Class: Payables**	6	Financial liabilities measured at amortised cost	199	204

*Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

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

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

(c) Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment or risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

Other Price Risk - Cash Facility

Exposure to "other price risk" primarily arises through the investment in cash facilities. The Corporation has no direct equity investments. The Corporation holds units in the following facilities:

Facility	Investment Sectors	Investment Horizon	2008	2007
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 - up to 2 years)	809	487

	Impact on Profit/Loss		
	Change in Unit Price	2008	2007
Hour-Glass Investment - Cash Facility	+/- 1.0%	8	5

(e) Fair Value

Financial instruments are generally recognised at cost which are measured at fair value.

13. AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date, which would affect the financial reports.

END OF AUDITED FINANCIAL STATEMENTS

Fair Trading Administration Corporation

Charter, aims & objectives

Between 1972 and 1997 various government-run insurance schemes were in place in New South Wales to protect consumers from loss where a homebuilder performed faulty or incomplete work or became insolvent. The introduction of the private home warranty insurance scheme in May 1997 followed on from the integration of the Building Services Corporation (BSC) into the then Department of Fair Trading and the subsequent closure of the last such government-run insurance scheme.

Following the closure of the government funded Comprehensive and Special Insurance Schemes in May 1997 the government continued to be responsible for claims for general defects until May 2000 and for structural defects till 30 April 2004. These claims are administered by the Fair Trading Administration Corporation (FTAC). The Corporation is itself administered by the Office of Fair Trading through the Insurance Services Branch within the Home Building Service.

The FTAC scheme's assets have been exhausted and all claims are now being funded from the New South Wales Government's consolidated funds. While the Scheme closed on 30 April 2004 the *Home Building Act 1989* provided for the Commissioner for Fair Trading to exercise discretion to accept claims for an additional three years, i.e. up to the end of April 2007.

Management & structure

The Corporation's activities are managed by the Insurance Services Branch of the Home Building Service within the Office of Fair Trading.

Claims processing

The claims paid in 2007-08 covered losses primarily from work classified as major structural defects in houses and home units as shown below:

Statistics for the 2007-08 Financial Year

New claims	2
Re-opened claims	5
Current claims being managed	7
Claims paid	30
Value of claims paid	\$3,663,197



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Fair Trading Administration Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Fair Trading Administration Corporation (the Corporation), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

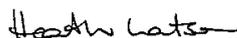
My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.



Heather Watson
Director, Financial Audit Services

24 October 2008
SYDNEY

STATEMENT BY COMMISSIONER

In accordance with section 41C of the Public Finance and Audit Act 1983 I state that:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Fair Trading Administration Corporation as at 30 June 2008 and transactions for the year then ended.
- (2) the statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation



LYN BAKER,
Commissioner for Fair Trading
21-10-08

Dated at Sydney

FAIR TRADING ADMINISTRATION CORPORATION

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Revenue			
Grants and Contributions		5,600	8,400
Interest Income		448	174
Other Revenue		55	35
Total Revenue		6,103	8,609
Expenses			
Administrative Services	1(a),2(a)	2,109	2,052
Other Operating Expenses	2(b)	664	868
Net Insurance Claims and Provisions	2(c)	(13,191)	1,277
Total Expenses		(10,418)	4,197
SURPLUS FOR THE YEAR	8	16,521	4,412

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
Net Income Recognised Directly in Equity			
Surplus for the year	8	<u>16,521</u>	<u>4,412</u>
Total Recognised Income and Expenses For the Year		<u>16,521</u>	<u>4,412</u>

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Current Assets			
Cash	3	6,141	1,829
Receivables	4	600	85
Total Current Assets		6,741	1,914
Non-Current Assets			
Receivables	5	276	559
Total Non-Current Assets		276	559
TOTAL ASSETS		7,017	2,473
LIABILITIES			
Current Liabilities			
Payables	6	1,811	412
Provisions:			
Outstanding Claims	7	7,778	9,866
Admin Costs- Outstanding Claims	7	1,364	1,512
Total Current Liabilities		10,953	11,790
Non-Current Liabilities			
Provisions:			
Outstanding Claims	7	2,581	11,060
Admin Costs- Outstanding Claims	7	782	3,443
Total Non-Current Liabilities		3,363	14,503
TOTAL LIABILITIES		14,316	26,293
NET LIABILITIES		7,299	23,820
EQUITY			
Accumulated Losses	8	7,299	23,820
ACCUMULATED DEFICIT		7,299	23,820

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants and Contributions		5,600	8,400
License Fees, Premiums and Miscellaneous Income		(159)	530
Interest Received		238	179
Total Receipts		5,679	9,109
Payments			
Operating and Insurance Claim Payments		676	(12,546)
Insurance Recoveries		(2,043)	2,766
Total Payments		(1,367)	(9,780)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10	4,312	(671)
NET INCREASE/(DECREASE) IN CASH		4,312	(671)
OPENING CASH AND CASH EQUIVALENTS		1,829	2,500
CLOSING CASH AND CASH EQUIVALENTS	3	6,141	1,829

The accompanying notes form part of these statements.

FAIR TRADING ADMINISTRATION CORPORATION

FOR THE YEAR ENDED 30 JUNE 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Fair Trading Administration Corporation is a Reporting Entity established under the *Home Building Act, 1989*. The Corporation is a not-for-profit entity with no cash generating units. The administrative functions for the Corporation are performed by the Office of Fair Trading and costs associated with these functions are paid for on an operational basis in relation to activities performed.

The Corporation was established in 1997 to administer claims on the Government's then statutory home warranty insurance scheme, which closed new policies when the private home warranty insurance scheme was introduced on 1 May 1997. The Corporation does not generate income and claims payments are funded by drawings from New South Wales Treasury.

This financial report for the year ended 30 June 2008 has been authorised for issue by the Commissioner for Fair Trading on the 21 October 2008.

(b) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Regulation and the Public Finance and the Financial Reporting Directions issued by the Treasurer under Section 9 (2) (n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgement, 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 report complies with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

A full comprehensive range of insurances covering areas such as Workers Compensation, Motor Vehicles, Fidelity Guarantee, Public Liability, and Industrial Special Risk is carried by the Office of Fair Trading with the Treasury Managed Fund. This coverage extends to the operations of the Fair Trading Administration Corporation. These insurance covers are reviewed periodically to ensure they are adequate.

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

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

- the amount of GST incurred by the agency 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.
- insurance claim expenses (claims paid) which are represented in the statements gross of GST as the authority is not entitled to claim input tax credits due to no direct association with the original expense.
- receivables and payables are stated inclusive of GST.

Cash flows are included in the Cash Flow Statement on a gross basis.

(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) Grants and Contributions

Grants and contributions from other bodies are recognised as revenue when the Corporation obtains control over the relevant assets or receipts of cash.

(ii) Investment Income

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

(g) Provisions

A provision for outstanding claims is recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. A receivable is recognised if it is virtually certain that recovery will be received from a third party and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The provision is measured using the cashflows estimated to settle the present obligation.

(h) New Australian Accounting Standards Issued But Not Effective

At reporting date a number of Accounting Standards adopted by the AASB had been issued but are not yet operative. At present New South Wales Treasury is mandating not to early adopt any of the new Standards / Interpretations as per Treasury Circular TC 08/04. As such, these new Standards / Interpretations have not been early adopted by the Fair Trading Administration Corporation.

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

(i) Impairment Policy

At each reporting date, the Corporation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(j) Comparative Information

Where necessary, previous year figures have been reclassified to facilitate comparison.

2. EXPENSES

As mentioned in Note 1(a) the Office of Fair Trading has applied an Administrative Service Charge for the recovery of those expenses it has incurred on behalf of the Fair Trading Administration Corporation.

(a) Administrative Services

	2008	2007
	\$'000	\$'000
Administrative Service Charge	2,109	2,052
	2,109	2,052

(b) Other Operating Expenses

Auditor's Remuneration	29	21
Debt Recovery Expense	338	396
Appeals Expense	252	349
Other	45	102
	664	868

(c) **Insurance Claims and Provisions**

	2008	2007
	\$'000	\$'000
Claims Paid	3,851	7,437
Less: Claims Subject to Recovery	(3,663)	(7,361)
Add: Increase/(Decrease) in Provision for Outstanding Claims	(13,376)	(5,909)
Increase/(Decrease) in Allowance for Doubtful Debts	(9,441)	(5,135)
Bad Debts	9,438	12,245
	(13,191)	1,277

3. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at Bank	6,141	1,829
	6,141	1,829

Cash at bank represents the ledger balance of the Corporation's account with the Westpac Banking Corporation. Cash at bank is held within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate adjusted for a management fee to Treasury. The average rate for the period was 5.82% (30 June 2007: 5.14%).

For the purposes of the Cash Flow Statement, cash includes money deposited with banks.

Cash assets recognised in the Balance Sheet are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	6,141	1,829
Closing Cash and Cash Equivalents (per Cash Flow Statement)	6,141	1,829

4. CURRENT ASSETS - RECEIVABLES

Accrued Income	585	77
Accrued Input Tax Credits	15	8
	600	85

5. NON-CURRENT ASSETS - RECEIVABLES

Claim Recovery Debtors	13,770	23,403
Less: Allowance for Doubtful Debts	(13,494)	(22,935)
	276	468
Other	-	91
	276	559

(a) **Claim Recovery Debtors**

Section 98 of the *Building Service Corporation Act, 1989* provided that the Corporation may recover claims paid under the Corporation's various insurance schemes.

From 1 January 1994, the policy of the Corporation has been to seek recovery of all insurance claim payments, exceptions being where the claim did not arise from any fault on behalf of the contractor who carried out the work. Each insurance file is individually reviewed and assessed for recovery prospects at which time a decision is taken to either continue with recovery or alternatively write the debt off as irrecoverable as in the case of bankruptcies, liquidations etc.

As at 30 June 2008 the total of claim debtors which were subject to recovery action was \$13,769,635 (30 June 2007: \$23,403,087).

(b) Doubtful Debts for Claim Recovery Debtors

Allowance for Doubtful Debts has been assessed at 98 percent (30 June 2007: 98%) of Claim Recovery Debtors. This assessment is based on recent experience in relation to claim recoveries.

6. CURRENT LIABILITIES - PAYABLES

	2008	2007
	\$'000	\$'000
Amounts owed to the Office of Fair Trading	759	374
Payables	1,052	38
	1,811	412

7. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS - OUTSTANDING CLAIMS

Current Outstanding Claims:		
Outstanding Claims	7,778	9,866
Admin Costs- Outstanding Claims	1,364	1,512
	<u>9,142</u>	<u>11,378</u>
Non-Current Outstanding Claims:		
Outstanding Claims	2,581	11,060
Admin Costs- Outstanding Claims	782	3,443
	<u>3,363</u>	<u>14,503</u>
Total Outstanding Claims	12,505	25,881
Opening balance	25,881	31,790
Add / (Less): Increase / (Decrease) in provision recognised	(9,525)	1,528
Less: Claims paid	(3,851)	(7,437)
Carrying amount at end of year	12,505	25,881

An Actuarial Review of the Outstanding Claim Liability arising from the Corporation's Insurance activities was undertaken by Finity Consulting Pty Limited as at 30 June 2008.

The economic assumptions used by the Actuary in their valuation for 2007/08 are:

Discount Rate	7.00% per annum (30 June 2007: 6.50%)
Allowance for CPI	2.75% per annum (30 June 2007: 2.75%)
Superimposed inflation	5.00% per annum (30 June 2007: 5.00%)

On 16 November 1999, the Office of Fair Trading received a “Letter of Comfort” from NSW Treasury in regard to the Fair Trading Administration Corporation. Treasury has issued a guarantee to fund any shortfall in respect of any payments associated with the Corporation’s Statutory Insurance. The Treasury’s guarantee was called upon during the 2007/2008 financial year with a grant from the Consolidated Fund of \$5,600,000 (2006/07: \$8,400,000).

The provisions for outstanding claims liability as at 30 June 2008 also include \$2,500,000 (30 June 2007: \$5,000,000) which has been set aside to cover the risk exposure to major claims which have arisen from the decision to discontinue with Stop Loss Insurance cover. The former Building Services Corporation made that decision in January 1993 and carries the full risk of insurance written since 1 February 1993.

With the creation of the Fair Trading Administration Corporation on 1 May 1997, the insurance schemes were privatised and are now underwritten by private insurers. As a result, the Fair Trading Administration Corporation is only responsible for the run-off of claims under the schemes.

8. CHANGES IN EQUITY

	2008	2007
	\$’000	\$’000
Balance at beginning of financial year	(23,820)	(28,232)
Surplus for the year	16,521	4,412
Balance at the end of the financial year	<u>(7,299)</u>	<u>(23,820)</u>

9. CONTINGENT LIABILITIES

The Corporation currently has 15 cases (30 June 2007: 14) with its legal service providers, of which 6 cases are currently being handled by the Office of Fair Trading’s Legal Services Division (30 June 2007: 7). The providers estimate that the Corporation’s total legal costs are approximately \$2,284,000 (30 June 2007: \$10,656,000), based on the assumption that the Corporation is unsuccessful and is required to pay both its own costs and those of the Defendant. The Corporation does not proceed with cases unless it is confident of gaining a favourable outcome.

Management is of the view that, while it will always have to pay its own fees, it is unlikely to lose all its proceedings.

10. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING SURPLUS

	2008	2007
	\$’000	\$’000
Operating Surplus	16,521	4,412
Changes in Assets and Liabilities:		
(Increase)/Decrease in receivables	9,209	5,740
Increase/(Decrease) in doubtful debt provision	(9,441)	(5,135)
Increase/(Decrease) in provision for outstanding claims	(13,376)	(5,909)
Increase/(Decrease) in payables	1,399	221
Net Cash Flows Provided by Operating Activities	<u>4,312</u>	<u>(671)</u>

11. FINANCIAL INSTRUMENTS

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

The Fair Trading Administration Corporation's financial instruments include cash, receivables and payables.

Financial Instrument Categories

Financial Assets	Note	Category	2008	2007
			Carrying Amount	Carrying Amount
Class: Cash and cash equivalents	3	Not applicable	6,141	1,829
Receivables*	4	Loans and receivable (at amortised cost)	585	77
Class: Payables**	6	Financial liabilities measured at amortised cost	1,811	412

* Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

** Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

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

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

(c) Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Corporation's exposure to

liquidity risk is deemed insignificant based on prior periods' data and current assessment or risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

Other Price Risk - Cash Facility

Exposure to "other price risk" primarily arises through the investment in cash facilities. The Corporation has no direct equity investments. The Corporation holds units in the following facilities:

Facility	Investment Sectors	Investment Horizon	2008	2007
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 - up to 2 years)	6,141	1,829

	Impact on Profit/Loss		
	Change in Unit Price	2008	2007
Hour-Glass Investment - Cash Facility	+/- 1.0%	61	18

(e) Fair Value

Financial instruments are generally recognised at cost which are measured at fair value.

12. AFTER BALANCE DATE EVENTS

There are no events subsequent to balance date, which would affect the financial reports.

END OF AUDITED FINANCIAL STATEMENTS

Annual reporting compliance

Requirement	BIGCorp	FTAC
Letter of Submission	2	2
Application for extension of time	n/a	n/a
Charter	5	23
Aims & objectives	5	23
Access	4	4
Management & structure	5	23
Summary review of operations	5	23
Funds granted to non-government community organisations	n/a	n/a
Legal Change	n/a	n/a
Economic or other factors	n/a	n/a
Research & Development	n/a	n/a
Human resources	C	C
Consultants	n/a	n/a
Equal Employment Opportunity	C	C
Disability Plans	C	C
Land Disposal	n/a	n/a
Promotion	C	C
Consumer Response	C	C
Guarantee of Service	C	C
Payment of Accounts	C	C
Time for Payment of Accounts	C	C
Risk management & insurance activities	C	C
Disclosure of Controlled Entities	n/a	n/a
Ethnic affairs priorities statements and any agreement	C	C
NSW Government Action Plan for Women	C	C
Occupational Health and Safety	C	C
Waste	C	C
Budgets	10	27
Financial Statements	7	24
Code of Conduct	C	C
After balance events	n/a	n/a
Report production & availability	4	4
Investment performance	n/a	n/a
Liability management performance	18	35
Exemptions	n/a	n/a
Performance and numbers of executive officers	C	C
Freedom of Information Act	C	C
Implementation of Price Determination	n/a	n/a
Privacy management plan	C	C
Program evaluation results	n/a	n/a
Departures from Subordinate Legislation Act	n/a	n/a
Government Energy management policy	C	C
Electronic service delivery	C	C
Credit card certification	C	C

Key:

- n/a - items not applying due to Corporations' size and nature of operations
- C - relevant Office of Fair Trading items covered in the Department of Commerce Annual Report