MASTER BUILDERS **TASMANIA**



Building Tasmania Since 1891

ANNUAL REPORT

2018

Presented at the Annual General Meeting of Master Builders' Association of Tasmania Inc Friday 21st September, 2018

CHOOSE MASTER BUILDERS A NAME YOU CAN TRUST



OUR VISION

Master Builders Tasmania is committed to achieving best practice for the Building and Construction Industry.

Master Builders Tasmania is not a branch of any other Master Builders Association. With over 600 members (including our esteemed life and honorary members), we service the whole spectrum of building activity from multi-million dollar commercial and industrial projects to housing and home repairs.

Membership is open to ALL qualified operators in the building and construction industry, regardless of their size or industry sector

Lyndon Fenton President Master Builders Tasmania Judy Partridge Acting Executive Director Master Builders Tasmania

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Master Builders' Association of Tasmania Inc. ABN - 70 540 112 530

PRESIDENT'S REPORT

It is with great pleasure and a privilege to submit my second and final Annual Report as President of Master Builders Tasmania.

I would like to thank all State Councillors for their support during my two-year term and I acknowledge the valuable contribution of Councillors in the development of MBT's commitment to providing the best service possible to its members, improve its contribution to the building and construction, and to help us build a better building industry.

I would also like to thank the solid and long standing contribution of Life Member, current MBT Treasurer and Co-opted Extra Ordinary Board member, Mr David Moody. I also wish to acknowledge the first female member on State Council, Co-opted Extra Ordinary Board member, Mrs Vonette Mead and outgoing Councillor, Mr Grant Barnes, for their commitment to positions held. Future positions for Co-opted Extra Ordinary Board members Mr D Moody and Mrs V Mead are yet to be determined.

The considerable input by MBT's immediate Past President, Mr Craig Edmunds, has been invaluable to State Council and Mr Edmunds continues as MBT's representative on Master Builders Australia Board and is also the appointed Treasurer for MBA. Thank you Craig.

The Building and Construction Industry in Tasmania continues grow and make up a greater share of the Tasmanian economy. The industry is expected to generate an estimated \$2.7 billion worth of work each year for at least the next two years.

Despite some improvement there is still the need for more major projects in the north of the state. One year into the Launceston Cities Deal, there is evidence that activity is beginning to pick up. The City Deal encompasses Launceston's biggest ever infrastructure build, \$260 million to relocate the University of Tasmania's main Launceston Campus to the heart of the city.

The industry employed 21,100 people as at November 2017 and 1,467 apprentices in 2016-2017 which is eight per cent more than the previous year. Numbers in traditional apprenticeships as well as other building and construction apprenticeships need to increase to cope with the workloads in the future.

With expected growth comes the need to focus on workforce development and sustainability. The industry has an aging workforce and a lack of apprentice numbers continues to be a concern. Government and industry need to work together to find ways to overcome the current blockages and create employment opportunities for our youth.

The Tasmanian Liberal Government's fifth budget again delivered an operating surplus and unveiled substantial commitments to infrastructure and housing, delivering on the Hodgman Government's election promises. We commend the Hodgman Government for its ongoing commitment to supporting growth in the Building and Construction Industry.

In particular we commend the Government for bringing forward \$25 million of its \$125 million Stage Two affordable housing plan forward to 2018-19 to address the growing challenge of housing affordability. Key measures for housing included:

- No new or increased taxes for households or business;
- The Government is working with TasWater and Local Government to freeze water and sewerage prices rises in 2019-20 and cap future price rises to no more than 3.5 per cent:

- 50 per cent stamp duty holiday for first home buyers purchasing property worth up to \$400,000, a saving of up to \$7,000;
- 50 per cent stamp duty holiday for seniors downsizing to a home that better suits their needs, saving \$7,000;
- An extension of the boosted first home builders' grant of \$20,000 to encourage housing construction; and
- Three-year land tax holiday for all new-build homes for long-term rental.

For business:

- Reduced Payroll Tax Bracket Rate;
- Extension of the Payroll Tax Rebate scheme to industries with identified skill shortages, including building and construction for employing new apprentices and trainees: and
- The Targeted Apprentice and Trainee Grant for Small Business a grants program aimed at increasing the number of apprentices and trainees employed in identified industries. Employers in eligible target industries who are not eligible to claim the Payroll Tax Rebate (Apprentices, Trainees and Youth Employees), can apply for a subsidy of up to \$5,000 for each apprentice or trainee they employ as a new worker and focusing on industries who have a real need for skilled labour and includes the building and construction industry.

MBT's State Council has hosted relevant stakeholders and decision makers at its meetings in 2017/2018 maintaining good relations with politicians and decision makers, especially targeting those whose portfolios impact on our industry.

The hosting of the MBA National Conference in Tasmania in November 2017 was a real coup. The venue at Princess Wharf in Hobart was a wonderful event and considered by many "to be the best National Conference ever". MBT members supported the event in numbers.

The Conference which saw a good mix of informative speaker sessions, interactive exhibition space, fantastic Tasmanian venues, hospitality, food and beverage and then capped off by the National Awards on Saturday night, enabled Master Builders to showcase the Australian building and construction industry.

Master Builders Tasmania North West Members – AJR Construct Pty Ltd - took out the National Civil/Infrastructure Award Under \$25 million for the North West Regional Hospital Helipad at the National Awards.

The lack of women in the Building and Construction Industry is a statistic that Master Builders Tasmania is working with the National Office to turn around. MBT and MBA will join forces in a Federal Government Project – Women Building Australia – to advance more women into the Industry.

MBT recognises that women are taking a much more prominent role in the businesses of its members, members are employing women both on site and off site and it is encouraging to see female apprentices in a number of trades increasing.

Over my term at President there have been a number of notable achievements:

Our membership continues to grow from 544 in June 2016 to 591 as at June 2018. Membership is our bread and butter and fundamental to our relevance and influence and Tasmanian's peak industry body representing the Building and Construction Industry.

MBT has continued to increase its membership and with the continued development of new

initiatives for our members, I can see that we will continue to expand even further and become an even stronger industry association in the future.

As the industry has improved the financial position of the Association has also improved. After a difficult year in 2016/17 I am pleased to present a positive financial position in 2017/18. I am confidence that the Association is heading in the right direction.

The last 12 months has been an unusual period in terms of staff turnover. After an extended period of stability, the Association lost a number of personnel including Michael Kerschbaum who was with the Association for almost 18 years – 9 of those as Executive Director. There was also the resignation of two staff members from the Northern Office – Mr Wayne Higgs (Executive Officer) and Mrs Sharon Woolridge (Northern Administrator). MBT acknowledges all three former employees for their dedication and service.

The resignation of Mr Michael Kerschbaum, made us all sit up and look at what the future might hold. Michael managed the Association with dedication, hard work and always motivated by his love of the industry and his belief in the Association.

I would like to sincerely thank Mr Michael Kerschbaum, Executive Director whose term finished on 11th May, 2018 in this financial year, and all MBT staff for their dedication, loyalty and hard work in providing an invaluable service to MBT members and the industry.

I would also like to thank Mrs J Partridge for her ongoing dedication and willingness in undertaking the Acting Executive Director's role while the recruitment process was undertaken to fill the role.

MBT welcomed three new staff members in 2017-2018 - Ms Terri Nichols (Southern Administrator/Events/Sponsorship), Mr Campbell Crowden (MBAIS - Broker Support - Trainee), Mr Glen Johnson MBAIS - (Business Development Manager - Insurance).

I am pleased that I can say I have continued to build on the good work of Craig Edmunds as immediate past President and consolidated the gains made in terms of growing our presence as a leading and respected voice for the industry and providing the best service possible to our members.

MBT sincerely thanks its current members for their loyalty and support and welcomes all new members to the Association

Individual committee reports are attached for your perusal. Thank you to the Chairs and members of these Committees for their valuable input.

Lyndon Fenton President



ACTING EXECUTIVE DIRECTOR'S REPORT

Master Builders Tasmania exists because of its members. We're here to help our members grow professional and profitable businesses. And as we enter into ever challenging but exciting times, our role remains as important as ever.

The Association improved financially in 2017-2018 whilst still investing heavily in our head office building in Bathurst Street, but with good outcomes and full occupancy for that property will see it pays it way into the future providing a solid income stream for the Association.

MBT undertook a valuation of its properties in 2018 which provided excellent results and indicates that investment in this area will continue to provide good outcomes for our organization and our members.

The Association's finances appear to be back on track and it is expected that a reasonable surplus will again be achieved in 2018-2019 and beyond based upon the hard work of the past few years.

MBT continues to expand the GTO and the development of MBA Finance is challenging, but growth in that area was expected to be long term and so we look to consolidate the efforts put into its development into the future.

MBA Insurance Services has seen a resurgence with a year of planning and promotion which has increased revenue by an outstanding 29%.

The Association continues to build relationships at a political level. It is only through its strong political ties and respected position that the Association continues to have an impact with government and its strategic policies for the industry going forward.

I want to thank our loyal members for their enduring trust and confidence and I know that the Association will continue to be the peak industry body in Tasmania, building on its focus for the building and construction industry and will continue to build momentum and continue to serve its members into the future.

The resignation of MBT's Executive Director, Mr Michael Kerschbaum, provided a number of challenges and resulted in the appointment of myself as Acting Executive Director during the interim period whilst MBT searched far and wide for a new Executive Director. It has been a pleasure and privilege to serve the Association and members during this time and I sincerely thank all members and staff for their support.

Judy Partridge Acting Executive Director

STRATEGIC PLAN 2014-2018

The 2014-2018 Strategic Plan will be replaced in the next financial year. MBT's current Strategic Plan focuses on its four core areas — MBT as leader in the building and construction industry; develop and maintain a sustainable fiscal position; add value to the provision of membership services; monitor and review the organisational structure and governance of MBT to ensure it meets the needs of its Members.

With the expiration of Master Builder Tasmania's current Strategic Plan MBT has already commenced the development of a new Strategic Plan for the Association. The Plan will be a four year plan 2018-2022 and its intent will be sustained growth of the Association, continue to provide its members with the best of products and services and create a relevance to the building and construction industry in Tasmania.

ADVOCACY

Master Builders Tasmania will continue to develop relationships with all levels of Government and relevant stakeholders. Provide highly respected advocacy and voice for the growth and sustainability of the building and construction industry. The Association's Strategic Priorities for 2017-2018 and beyond have the potential to increase productivity, drive economic growth and create more jobs. MBT will be strong in its advocacy of its policies.

GOVERNANCE

Master Builders Tasmania State Council provides strong leadership and governance to the Association so it can fulfil its important role to members, industry and the community.

ORGANISATIONAL STRUCTURE

Master Builders Tasmania continues to monitor and review its structure and roles to ensure it meets the needs of its members.

The development of Cost Centres and staff aligned to these Cost Centres allows for a more agile structure and ability to adapt to Association, industry and membership changes more efficiently.

MEMBERSHIP

Master Builders Tasmania to maintain a sustainable fiscal position – increase appropriate membership to maximise representation in the industry and provide financial stability.

With a dedicated Membership Officer covering the state and a focus on identifying businesses within the industry that can benefit from being Master Builders Tasmania members numbers has and will continue to grow.

MASTER BUILDERS TASMANIA SERVICES

Provide highly valued products and services that align specifically to the building and construction industry.

During 2017-2018 new corporate partners have significantly increased benefits for members and MBT will continue to work with current and new partners to ensure members have access to up-to-date products.

REPORTING

State Council monitors the Strategic Plan on a regular basis ensuring that the Association is meeting its objectives.

Important advocacy and lobbying is communicated on a regular basis so members are aware of the work being carried out

CORPORATE GOVERNANCE

Master Builders Tasmania utilizes corporate governance systems that guide the way it manages its business, minimises risk and ensures integrity.

Master Builders Tasmania Constitution has not undergone any changes since May 2015 and allows for a State Council of nine (9). State Council consists of three (3) regional chairmen and two (2) regional representatives from each of the three regions (South, North and North West), the immediate Past President (ex-officio position) and has the discretionary authority to appoint up to two (2) Co-opted Extraordinary Board Members. 2018 is an Election Year.

A full list of current MBT committee members and staff is available at www.mbatas.org.au – members section – members documents – staff profiles/committees

STATE COUNCIL ATTENDANCE REGISTER 2017-2018

| Name | Current Position | Meetings Attended | Meetings eligible to attend |
|-------------------|-----------------------------|----------------------|-----------------------------|
| Lyndon Fenton | President | 11 | 11 |
| David Gates | Vice President | 10 | 11 |
| David Moody | Treasurer | | |
| Craig Edmunds | Immediate Past President | 10 | 11 |
| Denis Reid | State Councillor | 11 | 11 |
| Rod Betts | State Councillor | 9 | 11 |
| Tony Streefland | State Councillor | 7 | 11 |
| Andrew Kilpatrick | State Councillor | 10 | 11 |
| John Faulkner | State Councillor | 11 | 11 |
| Wayne Licht | State Councillor | 10 | 11 |
| Grant Barnes | State Councillor | 8 | 11 |
| Vonette Mead | State Councillor | 11 | 11 |
| | | | |
| | | <u>.</u> | |
| | | | |
| - | | | |

PARTNERS

Throughout the year Master Builders Tasmania worked closely with all sponsors, supporters and partners to deliver a series of successful events and promotional opportunities.

The Awards for Excellence in 2017 program met an enthusiastic response from members, sponsors and patrons with increasing numbers in attendance.

Master Builders Tasmania thanks the Association's supporters without whom many events simply could not be held. Management and staff will continue to work with all the Association's current and future valued sponsors



CBUS continues as MBT's major Corporate Partner and MBT thanks them for their ongoing support.

















MEMBERSHIP

Membership is a steady 620 with numerous new members, but with some of our older members moving to retirement, others moving out of the industry, or relocating to another state.

Master Builders Tasmania continues to show leadership in the Construction Industry by providing a wide range of tailored services to its members, small or a large business, and MBT encourages members to utilise all of the services and member savings that it offers.

Master Builders Tasmania has provided innovative training, up-to-date advice, branding and marketing, builder licensing advice, financial advice, insurance, Work Health and Safety, industrial relations and lobbying.

MEMBERSHIP NUMBERS AS AT 30th JUNE 2018 (and previous two years)

| YEAR | | | TRADE | TRADE | SERVICE | |
|----------|---------|---------|------------|----------|----------|-----------|
| 15/16 | GENERAL | HOUSING | CONTRACTOR | SUPPLIER | PROVIDER | AFFILIATE |
| NORTH | 12 | 139 | 52 | 8 | 8 | 11 |
| NTH WEST | 8 | 68 | 37 | 5 | 6 | 5 |
| SOUTH | 17 | 80 | 52 | 22 | 20 | 4 |
| TOTALS | 37 | 287 | 141 | 35 | 34 | 10 |

TOTAL: 544

| YEAR 16/17 | GENERAL | HOUSING | TRADE CONTRACTOR | TRADE SUPPLIER | SERVICE PROVIDER | AFFILIATE |
|---------------|---------|---------|---------------------|-------------------|---------------------|-----------|
| NORTH | 12 | 145 | 58 | 9 | 8 | 2 |
| NTH WEST | 8 | 64 | 35 | 6 | 6 | 5 |
| SOUTH | 16 | 81 | 66 | 28 | 23 | 2 |
| TOTALS | 36 | 290 | 159 | 43 | 37 | 9 |

TOTAL 574

| YEAR 17/18 | GENERAL | HOUSING | TRADE CONTRACTOR | TRADE SUPPLIER | SERVICE PROVIDER | AFFILIATE |
|---------------|---------|---------|---------------------|-------------------|---------------------|-----------|
| NORTH | 13 | 137 | 63 | 8 | 6 | 1 |
| NTH WEST | 8 | 64 | 36 | 6 | 7 | 5 |
| SOUTH | 17 | 91 | 69 | 30 | 27 | 3 |
| TOTALS | 38 | 292 | 168 | 44 | 40 | 9 |

TOTAL: 591

TRAINING

Over the period from July 1, 2017 to June 30, 2018 MBT facilitated the delivery of 24 different courses over 77 events – 28 in Hobart, 22 in Devonport, 27 in Launceston plus one each on King and Flinders Islands. In total, MBT facilitated the delivery to 798 participants; the best attended were Provide First Aid (118) and Wet Area Waterproofing (96).

New courses offered this year:

- Pre-Purchase Building Inspections
- House Energy Ratings
- Waterproofing Wall & Floor Tiling
- Waterproofing Below Ground
- Construction Ready
- Scaffold Awareness & Inspection

This year we have also introduced, workplace training where as we schedule training specifically for our members and their employees. We have run the following training courses for our members:

- Forklift Training
- Work at Safely at Heights
- Provide First Aid
- Confined Space
- Asbestos Awareness

The Certificate IV in Building & Construction units attracted on average 65 participants state-wide which equates to approximately 8400 contact hours, with also the inclusion of delivery on King Island.

Diploma of Building & Construction started again this year, with currently 14 people enrolled, we will be commencing another in the south and the north in the very near future.

MBT delivered induction training sessions for the John Holland / Fairbrother Joint Venture Royal Hobart Hospital project with Stage 2 inductions continuing, 705 contractors have attended over 73 sessions.

MBA INSURANCE SERVICES (MBAIS)

MBA Insurance Services (MBAIS) is the general insurance brokerage owned by seven of Australia's Master Builders Associations.

(NSW, VIC, TAS, WA, NT, ACT, SA)

MBA Insurance Service (MBAIS) has seen a change of personnel this year with Glen Johnson

being appointed to the role of Business Development Manager – Insurance in September 2017 as Malcolm Grimes retired in November 2017 after 9 years with the Association.

This year has been a year of planning and promoting the MBA Insurance Service brand to its members by attending the National Conference in Hobart and having an exhibit stand at the conference with the support of Joe Keiper (Southern Regional Manager) and Luke Hueston (MBA Insurance Service, CEO) attending the conference. Luke Hueston presented an overview of MBA Insurance Service to State Council in April.

As a result of our planning and promoting MBA Insurance Service, Tasmania has already seen an increase in revenue with an increase in our overall revenue of 29%, with new business up 86% on the 2016/2017 Financial Year. These results have made 2017/2018 a successful year for MBA Insurance Service. Tasmania.

MBA Insurance Services is owned by seven of the Master Builder Associations around Australia, and unlike other Insurance Brokers, ALL profits are injected back into the Building & Construction Industry. Your Industry, ensuring a better future for all of us.

Represented in New South Wales, Northern Territory, Tasmania, Victoria, South Australia, Western Australia and the Australian Capital Territory, MBA Insurance Services has been in operation for over 25 years and currently employs 58 people specifically dedicated to your Industry.

MBA FINANCE PTY LTD

MBA Finance specialises in finance for the Building and Construction Industry, with a focus on members to provide finance solutions to grow your business and meet your needs.

Master Builders Finance grew consistently over the course of the 2017/18 financial year. As business picked up, so did its systems and people. MBA Finance now has a healthy book of work and employs several people in various capacities.

MBT GROUP TRAINING ORGANISATION

MBT Group Training Organisation (MBT GTO) has continued to grow throughout the past year, reflecting the growth in the industry and the impact that this has had on MBT members and the demand for their services.

In the 2017-18 financial year the MBT GTO employed a further 10 apprentices spread across the state from King Island all the way down to Woodbridge in the Channel, south of Hobart.

During the past year, MBT employed its first female apprentice, who is based in the south and by all accounts has the makings of an excellent tradesperson, with a positive attitude and a willingness to listen and learn.

During the same period, MBT GTO saw the successful completion of four (4) of its apprentices, all of whom have been employed directly by their previous Host Employer.

The past year also saw the introduction of the CHIP payroll system, to streamline the

apprentice payroll function. The payroll function now allows apprentices to enter their hours through an online app and has greatly increased the efficiencies of the GTO payroll through a reduction in time required to manage the payroll.

COMMITTEE REPORTS

COMMERCIAL SECTOR COMMITTEE

The meetings continue to be split between the north, north-west and south, with attendance typically being higher at the southern meetings. The Committee dealt with numerous issues over the 2017 - 2018 period including;

- Mr. Julian Proud was re-elected as Chair of the Safety Committee which led to the continued provision of training and guidance for sub-contractors to help upskill them regarding the more evolved standards, including WHS, required to work safely and compliantly on larger commercial sites.
- Commercial projects on the South are steadily increasing in activity now that both the Royal Hobart Hospital and the various hotel projects are ramping up with prospective mid-density CBD social housing also in the offing. This is leading to increasing skill shortages, especially in finishing trades, and will likely also see structural trades' shortages.
- Union presence is still evident, especially in the South where construction is more active. The Unions are targeting subcontractors on a number of sites and strongly pushing for them to sign up their employees under enterprise bargaining agreements (EBAs). As a result of the bullish commercial environment, there is strong upward pressure on wages, with a number of builders and sub-contractors signing EBAs reflective both of these pressures and also the shortage of skilled onsite labor. The CFMMEU and one of its local officials has been fined over \$245,000 in total relating to right -of-entry breaches in 2016 and 2017 at Parliament Square and at Brooker Highway.
- MBT, in conjunction with the RAIA and UTAS, again ran a successful work experience scheme involving later year architectural students who were hosted by commercial builders to give them some 'real life' practical commercial experience.
- The Committee is fruitfully exploring ways to engage better with younger members. As part on this, it now has formed a Youth Forum sub-committee comprising capable younger employee who are planning a launch event in Nov 2018 as well as exploring joint activities with the respective youth arms of AIA Tas and Engineering Australia Tas
- In 2017 2018 a number of guest speakers addressed the Committee including Mr Alex Nicolson, Director Commercial Construction Unit ACCC and Mr Chris Kolodziej MD of Cranes Combined.

HOUSING SECTOR COMMITTEE

It was agreed in October 2017 that the Housing Sector Committee meetings would be suspended for a period of one year, with housing matter to be discussed and reported on

during the monthly regional management meetings. With the resignation of a number of staff members this reporting process broke down. The integration of a Housing Sector Committee specific agenda into regional Monthly General Meetings was not successful.

There have been a number of policy and regulatory issues arise in recent months that would have fallen under the jurisdiction of the Housing Committee. Members and office staff have worked to ensure MBT still presents a public position on these important issues and the Board and management MBT thank those who have voluntarily donated their time to these issues. As a result there is an observed need for a formal group within the Association to cover and provide guidance on housing sector issues. Permission will therefore be sought to re-establish the Housing Sector Committee in 2018/19.

This would include a revision of the Charter, and setting a clear strategic direction for the Committee over the next 12 months. It is proposed this Charter review would focus on repositioning the Housing Committee as an authority for housing policy and regulatory matter to be discussed and advocacy positions to be developed.

This is an important forum which provides a mechanism for discussion, gathering and collating of Housing Sector issues in order to carry them forward at both the local and National levels. In terms of actual member numbers, Housing Contractors and Housing Trade Contractor members make up just over 75% of the total (hands on) builder membership. Ensuring that MBT delivers a workable system through which input and feedback is gathered and which directly relates to its Housing members should be a priority.

Master Builders Tasmania gratefully acknowledges Mr Tony Streefland for his continued commitment in representing the Association on housing policy matters through his diligent attendance at national committee meetings and engagement with local members on specific areas of interest.

Subsequently a few ongoing items of Committee 'business' have been addressed in the last twelve months. These include:-

- MBT contracts have undergone further review. The DB3 Lump Sum and CP4 Cost Plus Contracts have been amended and finalised.
- Both the Minor Works Contract and Preliminary Agreement are under review.
- A series of Guidance/Advice documents (previously known as Disclaimers), were finalised and are available at regional offices or can be downloaded from the MBT website
- WHS issues, particularly addressing/clarifying Roof Batten Spacings is ongoing.
- Delays in power connections to building sites MBT consulting with TasNetworks, Aurora Energy and Metering Dynamics on this important issue.

REGIONAL MEETINGS - REPORTS

SOUTHERN REGION

The past 12 months has seen excellent support from sponsors and suppliers to deliver presentations to our members at MGMs. All presenters have provided a complete overview of their products and services together with the value added benefits they can provide to MBT membership. The level of engagement has been excellent and members attending the MGMs have provided a positive response and see the presentations as important in providing an educational value to all concerned.

Tabled below is some of the guest briefs and information provided:

- Mr Leon Thompson Employment Service Officer from Workskills provided a presentation on getting disadvantaged people into the workforce. 'Give em a go' program was well received by all.
- Mr Steve Tsiakis Director of MBA Finance provided a presentation of what they can
 offer MBT members and their clients. Also discussed best ways to invest.
- Terry & Rebecca from CBOS provided a presentation on the new licensing services online.
- Russell Kelly Manager NBN Tasmania provided a presentation on procedures for connection to NBN in residential properties and who is responsible - the builder or the client.
- Ben Duncan & Duncan Wright The Mercury provided an update on digital marketing and why consider digital marketing for your business and where does each member start?
- Glen Johnson MBAIS provided an overview of the purpose made insurance policies available to all members. Glen also provided the benefits that MBAIS offered to members.
- Wendy Bridges Training Manager MBT provided an overview of training available in 2018 covering all the new training but also providing a review of the old favourites.
- Andrew Mellas and Sean Crane

 TasTAFE provided a presentation on how TasTAFE
 deliver programs for their apprentices. Also spoke about the development of the new
 carpentry qualification.
- Warren Brooks TasNetworks & Paul Willacy Aurora Energy provided some much needed questions answered on the installation process of getting power connected to new sites, which had been raised as a major issue with our members.

Regional items of interest:

 The Southern Regional dinner was held in December 2017 at the Buckingham Rowing Club. The evening was a great success with excellent numbers attending, good food and the entertainment from Trace of Magic set the scene for a great evening all round. The Minister for Housing, Hon Guy Barnett MP, attended and also provided an enthralling presentation. Thank you to sponsors, Cbus and Dial Before You Dig.

Events held in Southern Tasmania

- Industry breakfast held at Best Western delivered by Mr Michael Kerschbaum in the absence of Matthew Pollock – delayed from Canberra due to the fog. The event went off without a hitch. All who attended were very supportive in their thoughts and definitely have asked for this to be a regular event each year.
- Women in Construction The event was booked out within 3 days. The support to Master Builders has been wonderful in trying to advance women in the construction

industry. The guest speakers all provided a wonderful overview of their experiences and success and provided why more women should give the construction industry a go.

 How's it Going? Mental health soft launch was held at Best Western in Hobart with strong attendance. At this event we also released an industry mental health book, wall card and sticker for businesses.

South Regional Management Committee

There was only the one (4) Regional Management Committee meeting held in 2017-2018 and that was to deal with the election process in July 2018. The Southern Regional Management Committee members for the next two years are: Messrs Mark Schmidt (Chairman) and State Councillor, Ben Nicholls (Vice Chairman), Rod Betts Regional Representative on State Council, Denis Reid Regional Representative on State Council, Russell Oakes & Ms Alicia Roughan.

NORTHERN REGION

Northern members again proved their skills with success at the Association's 2017 Excellence Awards, held at the Grand Chancellor, Hobart.

Congratulations to all these regional winners for their good work and commitment to the Association through the Excellence Awards.

New Construction \$1 Million - \$2 Million: Fairbrother Construction, Lauderdale Primary School.

New Construction \$2 Million - \$5 Million: Vos Construction & Joinery Pty Ltd, Launceston Health Hub

New Construction \$5 Million - \$10 Million: Fairbrother Construction, Kings Meadows High School

New Construction Under \$1 Million: Anstie Constructions Tas Pty Ltd, Blue Derby Pods Ride

Renovation/ Fitout \$1 Million- \$5 Million: Fairbrother Construction, Lady Gowrie Tasmania

Renovation/ Fitout \$5 Million- \$10 Million: Fairbrother Construction, RHH Blocks A & J Refurbishment

Renovation/ Fitout Over \$1 Million: Vos Construction & Joinery Pty Ltd, St Luke's Health Launceston

Renovation/ Fitout Under \$1 Million: Vos Construction & Joinery Pty Ltd, St Luke's Health Launceston

Dwelling Construction Under \$200,000: Wigg Homes and Construction, Rose Gold Residence

Dwelling Construction \$350,000- \$500,000: Streefland Homes and Developments, 29

Juliana

Renovation/ Addition Under \$200,000: Barwick Developments Pty Ltd, Dhanaraj Residence

SOIL & WATER MANAGEMENT: Vos Construction & Joinery Pty Ltd, Launceston Health Hub

WORK HEALTH SAFETY: Fairbrother Construction, Lady Gowrie Tasmania

SPECIALIST CONTRACTOR OF THE YEAR: a2 Kitchens and Joinery, Blue Derby Pods Ride

UNIQUE ACHIEVEMENT IN CONSTRUCTION 2017: d2spaces, Moores Hill Estate Winery

STATE APPRENTICE OF THE YEAR: Jacob Mead, Fairbrother Construction

Commercial Builder of the Year- Fairbrother Construction

Christmas Function

The MBT Northern Region end of year dinner, was held The Tailrace Centre, Riverside. The dinner brought together 66 attendees to celebrate the end of a very busy 2017, as well as to present certificates for membership service.

Special guests including The Hon Guy Barnett MP and wife, Kate, were able to enjoy the evening with light hearted entertainment which included the traditional trivia quiz and some great prizes.

A significant aspect of the evening was the presentation of a well-deserved 40 year service award to Tony Montauban for Montile Pty Ltd membership service to MBT.

Staff

Unfortunately MBT saw the resignation of two staff members in the North in the first half of 2018. Mr Wayne Higgs (Executive Officer) and Mrs Sharon Woolridge (Northern Administrator) left the Association. Their contribution to the Northern Region is acknowledged.

Northern Regional Management Committee and State Council Representatives

Recognition and sincere thanks must also be given to members of the Regional Management Committee, whose tenure ended at the end of this financial year - Messrs Tony Streefland (Chairman) and State Councillor, John Faulkner (Vice Chairman), and Regional Representative on State Council, Andrew Kilpatrick Regional Representative on State Council, Craig Burleigh, Derrick Brown and Barry Verhulst (created a casual vacancy due to resignation) and Peter Douglas appointed.

NORTH WEST REGION

The past 12 months has seen 10 Regional Meetings with various industry discussions as follows:

- Circular Head Council Representative Mr Matthew Saward- Director of Strategic Governance (Economic Developments), spoke to members of the developments taking place in Circular Head region.
- Greg from Urbanline- Australia's widest range of composite, hardwood & softwood building products provided samples and an overview on product they can offer.
- CBOS- Consumer, Building and Occupational Services provided an overview on "My Licence"
- Mark Winwood from Wells Mitre 10 spoke to members about what Wells can offernot only in building.
- MBA Finance spoke to members about the using the Association's finance options available.
- A combined industry discussion with MBAIS and MBT Training gave members the overview of what is on offer in insurance and what training is proposed for 2018.
- Mr Craig Badcock spoke in depth to members about his company Unicorn Business Solutions and what he can do for their business.
- Wells Mitre 10 Latrobe- gave members an overview of building services they can offer in any part of the state.
- TasTAFE gave a presentation on the changes of the new Carpentry Qualification and reporting of TasTAFE back to employees

Regional Items of interest:

The North West Region Dinner was held on 18th May, 2018 at Wellers Inn, Burnie. The dinner saw smaller numbers than usual, with 66 attending, including members, special guests, and life and honorary members. Guests were kept entertained by Tracey from Trace of Magic. This night also far welled out going Executive Director Mr Michael Kerschbaum.

The dinner received support from MBT's corporate sponsor Cbus and special dinner sponsor Hill Street North.

North West Region Members again proved their skills with success at the Association Awards for Excellence 2017 with the following list of winners:

- State Apprentice of the Year Jacob Mead, Fairbrother Construction
- Young Builder of the Year Adam Ritson, AJR Construct Pty Ltd
- Civil Construction, ARJ Construct Pty Ltd
- New Construction over \$10 Million, Stubbs Constructions Pty Ltd
- New Construction under \$1 Million, Vos Construction and Joinery Pty Ltd
- Heritage Listed or Period Home Restoration/ Renovation- Open Value, Mick King Contracting
- Dwelling Construction \$200,000- \$350,000- Heazlewood Homes

- Dwelling Construction \$500,000 \$750,000- SAC Cunningham Building Pty Ltd
- Commercial Builder of the Year- Fairbrother Construction

North West Region Management Committee:

North West Region Management Committee members for 2017-2018 were: Messrs G Barnes (Chairman), T Mead (Vice Chairman), D Gates (Regional Representative), W Licht (Regional Representative), R Treloar, S Davidson. The North West continues to be active with its Management Committee meeting regularly and holding seven (7) meetings in the last 12-month period.

TREASURER'S REPORT

Members,

It is again my honour to be able to present to you, the members of Master Builders' Association of Tasmania Inc, the Treasurers report for the 2017-2018 financial year.

Last year I reported that Master Builders' Association of Tasmania Inc. had gone through a difficult period and we were expecting to start realising some of the foundation investments that were to underpin us into the future.

We now have our flagship, Bathurst St, Hobart fully tenanted and the most recent re-valuation showed a \$1.2M increase across the property portfolio investment and market value.

Although, in the initial months, we saw some of the lease conditions restricting the full monetary benefit, the income across the properties still managed to exceed expectations.

Along with the significant investment that has been made with the installation of the new lift at Bathurst St, we also continue to upgrade and/or repair other levels, giving greater confidence in the total investment in the building venture.

Canning St, Launceston has only 50% occupancy and our Investment Committee is vigilantly seeking the full tenancy with communication with some prospective tenants.

The other properties performed as expected and remained very close to budget.

The GTO made a small profit this year and it is expected to be a high performing cost centre into the future. Extra funds were budgeted to increase Apprentice numbers over the year and we saw an increase of seven (7) apprentices in total on the previous year. The extra costs associated with the increase are not expected to increase exponentially with the uptake of more apprentices which will further enhance the quality of the GTO and members' businesses and the training of our future workforce.

Training was, and continues to be, the outstanding performer across the state. Although there may be many factors that contribute to changes in the profitability, it would be remiss of me not to acknowledge the effort, commitment and dedication of Wendy Bridges and the team which showed an increase of around \$150K over our budgeted surplus of \$100K.

Master Builders Australia Insurance Services (MBAIS) performed extremely well and the transition of new staffing and roles contributed to the overall, profitability outcome.

Marketing and Events still remains the most difficult to budget for and this year was no exception. A small loss for this cost centre was recorded, although timing with some of the recording of sponsorship incomes had not been finalised at the end of the fiscal year which gave a false indication of the profitability. Sponsorship endorsements and events participation have been well received and continued industry support is forthcoming.

Master Builders Australia Finance (MBAF) remains in its infancy and some more maturity is expected in this New Year. Although this is seen as a member benefit and not an income generator at present, we remain vigilant that this will change into the near future.

The Association's accounting procedures are continually evolving with the new revenue streams and our Auditors recommendations on risk, as noted from last year's Financial

Statement, have been almost totally completed with only a few minor, low risk items remaining. These items will be completed early in the new Fiscal year.

The new budget has been set for 2018-2019 encompassing the new staff changes and roles in conjunction with across the board changes in the cost centres. I am encouraged by the direction our Association is heading and the opportunities being presented to our membership.

Members, I commend to you the Financial Statements and Auditor's Operating Report, being the financial position of Master Builders Tasmania for the financial year, 2017 – 2018.

David Moody Treasurer



MASTER BUILDERS' ASSOCIATION OF TASMANIA INC



FINANCIAL STATEMENTS 2017-2018

The Master Builders'
Association of Tasmania
Inc.
Financial Statements
30 June 2018



OPERATING REPORT

for the period ended 30 June 2018

The officers of management present its report of The Master Builders' Association of Tasmania Inc for the year ended 30 June 2018.

Principal activities

The principal activities of the Association during the financial year were:

- Providing members services such as, contractual and commercial services, wide range of individual services including advice on industrial disputes, and negotiating with unions at both state and federal levels;
- Keeping members informed on matter relevant and relating to the building industry; and
- The Association promotes all forms of education and training within the building industry to encourage and preserve skills.

It is noted that during the financial year the activities of the Association were suitably carried out. No significant change in the nature of these activities occurred during the year.

The surplus/(deficit) from ordinary activities amounted to \$17,811 for the period ending 30 June 2018 (2017: (\$126,353)). The total comprehensive income of the Association amounted to \$1,363,101 (2017: (\$126,353)) for the period before mentioned.

Financial Affairs

On the 1st of July 2015, The Master Builders Association of Tasmania merged with the Tasmanian Builders' Association. This merger has allowed the Association to become a bigger, stronger and more viable Building Industry Association which is better able to represent the interests of and provide member services to its members across the state.

Right to Resign

Rule 9 of the Association's Constitution deals with right of members to resign - any Member may resign from membership by written notice via letter, email or facsimile addressed to the Executive Director.

Superannuation Trustees/Directors

No officer or member of the reporting unit holds a position as a trustee of director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such a position is that they are an officer or member of an organisation.

Number of members

The Association had 621 members at the end of the reporting period (2017: 602).

OPERATING REPORT

for the period ended 30 June 2018

Number of employees

The Association employed 33 – (12 office based staff & 21 apprentices) as at 30 June 2018 (2017: 28 employees)

Payments to employers

The Association did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

OPERATING REPORT

for the period ended 30 June 2018

Names of Committee of Management members and period positions held during the financial year:

| President | Mr L Fenton | Councillor | Mr T Streefland |
|--------------------------|--------------|------------|-------------------|
| Vice President | Mr D Gates | Councillor | Mr A Kilpatrick |
| Treasurer | Mr D Moody | Councillor | Mr J Faulkner |
| Immediate Past President | Mr C Edmunds | Councillor | Mr D Reid |
| Councillor | Mr W Licht | Councillor | Mr R Betts |
| Councillor | Mr G Barnes | Councillor | Mrs V Mead |

Signature of Designated Officer

Name and title of designated officer:

TREHSULER

Dated: 20/8/2018

BRANCH EXECUTIVE DECLARATION

for the period ended 30 June 2018

On the M^{**} , 2018 the Committee of Management of Master Builders' Association of Tasmania Inc. passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 30 June 2018:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate:
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisation Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

| For the Committee of Management: | David Moody |
|----------------------------------|-------------|
| Title of Office Held: | Treasurer |
| Signature: | |
| Date: | 20/8/2018 |

The Master Builders' Association of Tasmania Inc. STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2018

| | Note | 2018 \$ | 2017 |
|----------------------------------------------------------------------------------------------------------------|------|------------|-----------|
| REVENUE | 3 | 3,134,785 | 2,523,072 |
| TOTAL INCOME | | 3,134,785 | 2,523,072 |
| EXPENSES | 3 | | |
| Depreciation Expense | 4 | 69,570 | 69,457 |
| Employee Expenses | 4 | 970,001 | 880,735 |
| Other Expenses | 4 | 2,077,403 | 1,699,233 |
| TOTAL EXPENSES | | 3,116,974 | 2,649,425 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 17,811 | (126,353) |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that will be subsequently reclassified to profit or loss: | | | * |
| Gain on Revaluation of Investment Properties | | 1,245,040 | ten it |
| Items that will not be subsequently reclassified to profit or loss: Gain on Revaluation of Land and Buildings | | 100,250 | - |
| TOTAL COMPREHENSIVE INCOME | 12 | 1,363,101 | (126,353) |

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

| | Note | 2018 | 2017 |
|-------------------------------|------|-----------|-----------|
| CURRENT ASSETS | | \$ | \$ |
| Cash & Cash Equivalents | 5 | 421,210 | 373,908 |
| Prepayments | | 4,512 | 11,918 |
| Inventories | | 16,584 | 15,713 |
| Trade Receivables | 6 | 289,772 | 206,514 |
| TOTAL CURRENT ASSETS | _ | 732,078 | 608,053 |
| NON-CURRENT ASSETS | | | |
| Investment in MBAIS | 20 | 120,000 | 120,000 |
| Property, Plant & Equipment | 7 | 2,077,063 | 1,724,163 |
| Investment Properties | 8 | 4,387,000 | 3,141,960 |
| TOTAL NON-CURRENT ASSETS | | 6,584,063 | 4,986,123 |
| TOTAL ASSETS | _ | 7,316,141 | 5,594,176 |
| CURRENT LIABILITIES | | | |
| Trade Payables | 9(a) | 290,459 | 185,527 |
| Income Received in Advance | 5(4) | 95,710 | 70,523 |
| Employee Entitlements | 10 | 92,182 | 127,138 |
| Other Liabilities | 9(b) | 47,061 | 10,018 |
| Borrowing | 11 | 20,556 | |
| TOTAL CURRENT LIABILITIES | _ | 545,968 | 393,206 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 11 | 206,102 | |
| TOTAL NON-CURRENT LIABILITIES | | 206,102 | E |
| TOTAL LIABILITIES | _ | 752,070 | 393,206 |
| NET ASSETS | | 6,564,071 | 5,200,970 |
| EQUITY | | | |
| Accumulated Funds & Reserves | 12 | 6,564,071 | 5,200,970 |

The accompanying notes form part of the financial statements.

The Master Builders' Association of Tasmania Inc. STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2018

| * | RESERVES | ACCUMULATED FUNDS | TOTAL EQUITY |
|--------------------------------|-----------|-------------------|--------------|
| | \$ | \$ | = \$ |
| i i | | | |
| Balance as at 30 June 2016 | 708,083 | 4,619,240 | 5,327,323 |
| Surplus/(Deficit) for the year | ** | (126,353) | (126,353) |
| Other Comprehensive Income | | == | = |
| Balance as at 30 June 2017 | 708,083 | 4,492,887 | 5,200,970 |
| Surplus/(Deficit) for the year | | . 17,811 | 17,811 |
| Other Comprehensive Income | 1,345,290 | | 1,345,290 |
| Balance as at 30 June 2018 | 2,053,373 | 4,510,698 | 6,564,071 |

CASH FLOW STATEMENT

for the period ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|------------------------------------------------------------------|-------|-------------|----------------|
| OPERATING ACTIVITIES | | * | * |
| Cash received Receipts from trading | | 3,064,999 | 2,538,037 |
| Interest received Cash used | | 3,816 | 7,679 |
| Payments to suppliers & employees | | (2,935,224) | (2,532,400) |
| Net cash from (used by) operating activities | 13(b) | 133,591 | 13,316 |
| | | | |
| INVESTING ACTIVITIES Cash received | | | |
| Disposal of equipment | | 44,545 | |
| Cash used Purchase of equipment and capital upgrades | | (357,492) | (273,450) |
| Net cash from (used by) investing activities | | (312,947) | (273,450) |
| | | | |
| FINANCING ACTIVITIES Cash received | | | |
| Contributions from borrowings | | 252,942 | (- |
| Cash used Repayment of borrowings | | (26,284) | - |
| Net cash from (used by) financing activities | | 226,658 | _ |
| | | | |
| Net increase (decrease) in cash held | | 47,302 | (260,134) |
| Cash & cash equivalents at the beginning of the reporting period | | 373,908 | 634,042 |
| Cash & cash equivalents at the end of the reporting period | 424. | 424 240 | 272.000 |
| hellon | 13(a) | 421,210 | 373,908 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009* (the RO Act). For the purpose of preparing the general purpose financial statements, the Master Builders' Association of Tasmania Inc. is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Master Builders. Master Builders has decided not to early adopt any of the new and amended pronouncements. Management have assessed forthcoming standards and determined they will not have a material impact on Master Builders financial statements.

(a) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Trade Receivables

Receivables include amounts where settlement has not yet occurred. Receivables are recognised and carried at original invoice amount less a provision for uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that collection of the debt is no longer probable. Bad debts are written off as incurred.

(c) Inventories

Inventories are valued at the lower of cost or net realisable value.

(d) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value. For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks including deposits held with a bank or financial institution.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(e) Trade Payables & Other Liabilities

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Association.

(f) Property, Plant and Equipment

Valuation

All classes of property, plant and equipment are valued at cost, except for the investment properties which are valued under AASB140 Investment Properties as noted below.

Depreciation

Land is not depreciated. Depreciation of items of Equipment and Motor Vehicles is calculated on the reducing balance method in order to write the assets off over their useful life. Depreciation on Buildings is calculated on a straight line basis at 2%.

| Major depreciation periods are: | 2018 | 2017 |
|---------------------------------|----------------|----------------|
| Motor vehicles | 4 – 5 years | 4 - 5 years |
| Plant and Equipment | 2.5 – 11 years | 2.5 - 11 years |
| Buildings | 50 years | 50 years |

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. An impairment exists when the carrying value of an asset exceeds its recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in profit and loss unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a devaluation in accordance with the relevant standard.

(g) Investment Properties

The property purchased during the 2010 year, 116 Bathurst Street Hobart, is considered an investment property and is governed by AASB140 Investment Properties. Within AASB140 Investment Properties, the cost model was originally adopted. Under the cost model, the asset is valued at cost and is not depreciated. During the 2012 year the fair value model was adopted to replace the cost model. Details regarding the fair value of the asset at balance sheet date are disclosed in the notes to the financial statements. Refer note 8.

During the 2011 year the fair value model of *AASB140 Investment Properties* was adopted for the Canning Street property. Transfers of buildings to investment properties can only occur under the fair value model and not the cost model as used for the purchase of the Bathurst Street property. Under the fair value model the asset is valued at fair value and is not depreciated. Any changes to the fair value of investment properties are recognised in profit and loss in the period in which they occur.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Revenue Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Subscriptions

Subscription income is recognised when the member invoice is generated.

Apprentice Hire

Apprentice Hire income is recognised when the apprentice invoice is generated.

Training

Training income is recognised when the member invoice is generated.

Interest

Interest income is recognised as it accrues.

Sale of Goods

Control of the goods has passed to the buyer.

Property Income

Property income is recognised as it accrues.

(i) Taxes

A provision for income tax is not necessary as "Employers' Associations" are exempt from income tax under Section 23(f) of the Income Tax Assessment Act.

Goods and Services Tax (GST)

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

Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, long service leave and annual leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The amounts expected to be paid to employees for their pro-rata entitlements for long service leave are accrued annually at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The pro-rata liability for long service leave is recognised after completion of seven years service. The provision for long service leave has not been calculated in accordance with AASB 119 Employee Benefits due to the small number of staff members and the consequent impracticality of applying the discounting methodology. The method applied is consistent with prior years.

(k) Borrowing Costs

Borrowing costs are recognised in profit and loss in the period in which they are occurred.

(I) Accounting Judgements and estimates

The preparation of financial statements requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 10 where judgements have been made in relation to the value of employee entitlements.

(m) Fair value measurement

The Master Builders Association of Tasmania measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at fair value are disclosed in Note 8.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(m) Fair value measurement - continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Master Builders Association of Tasmania uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Master Builders Association of Tasmania determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, Master Builders Association of Tasmania has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirement of the Fair Work (Registered Organisations) Act 2009 (the RO Act) the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 of that Act, which reads as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

| | | 2018 | 2017 |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| | | \$ | \$ |
| 3. | REVENUE | | |
| | Apprentice Hire | 895,102 | 657,598 |
| | Associate Specialist Contractor | 92,718 | 89,720 |
| | Associate Supplier Exchange | 19,094 | 17,670 |
| | Building Journal | 28,462 | 22,009 |
| | Commissions | 11,736 | 18,183 |
| | Documents | 20,938 | 15,610 |
| | Excellence Awards Entries | 22,925 | 23,400 |
| | Fee for Service | 12,485 | 7,134 |
| | Finance Income | 5,807 | 27,019 |
| | Housing Awards/Annual Dinner Income | 128,642 | 144,576 |
| | Insurance Sales & Commission | 195,756 | 168,552 |
| | Interest Income | 3,816 | 7,679 |
| | John Holland Fairbrother Joint Venture Income | 166,034 | 66,639 |
| | Marketing Income | 4,665 | 7,038 |
| | Other Functions | 16,014 | 9,720 |
| | Pathways Program Income | 59,243 | 60,028 |
| | Profit on Sale of Fixed Assets | 9,273 | (m) |
| | Property Income | 397,149 | 299,817 |
| | Subscriptions | 413,137 | 418,003 |
| | Sensis Advertising Income | - | (875) |
| | Sundry Revenue | 17,274 | 16,853 |
| | Training | 614,515 | 446,699 |
| | Total Revenue | 3,134,785 | 2,523,072 |
| | | | |
| 4. | EXPENSES | | |
| | Depreciation of Non-Current Assets | | |
| | Plant and Equipment | 16,546 | 14,010 |
| | Lift | 8,068 | 6,339 |
| | Buildings | 29,395 | 24,302 |
| | Motor Vehicles | 15,561 | 24,806 |
| | Total Depreciation of Non-Current Assets | 69,570 | 69,457 |
| | Employee Expenses | | |
| | Holders of office | | |
| | Wages and Salaries | _ | pier . |
| | Superannuation | _ | |
| | Leave and Other Entitlements | V= | - |
| | Separation and Redundancies | 26 | 560 |
| | Other Employee Expenses | - | <u> </u> |
| | Subtotal employee expenses holders of office | 84 | ** |
| | managed and an interest and an | | |

| | | 2018 | 2017 |
|----|--------------------------------------------------------|----------------|---------|
| | | \$ | \$ |
| 4. | EXPENSES – CONTINUED | | |
| | Employees other than office helders | | |
| | Employees other than office holders Wages and Salaries | 796,617 | 687,330 |
| | Superannuation | 83,752 | 69,347 |
| | Leave and Other Entitlements | 89,632 | 124,058 |
| | Separation and Redundancies | 09,032 | 124,030 |
| | Other Employee Expenses | | _ |
| | | - | |
| | Subtotal employee expenses other than office holders | 272.224 | 222 725 |
| | | 970,001 | 880,735 |
| | Total Employee Expenses | 970,001 | 880,735 |
| | Other Expenses | | |
| | Accounting & Audit | 14,214 | 6,724 |
| | Advertising | 8,205 | 4,810 |
| | Apprentice Expenses | 798,948 | 519,242 |
| | Bad Debts | 1,092 | 7,095 |
| | Bank Charges | 10,451 | 2,593 |
| | Building Journal Expenses | 13,948 | 11,594 |
| | Catering & Meeting Costs | 38,870 | 39,184 |
| | Commissions | 13,056 | 8,976 |
| | Consideration to Employers for Payroll Deductions | - | |
| | Consultancies | 109,755 | 8,467 |
| | Cost of Goods Sold | (871) | 3,448 |
| | Documents | 10,210 | 12,066 |
| | Excellence Awards Expenditure | 21,181 | 19,604 |
| | Federal Subscriptions | 95,556 | 94,140 |
| | Fees/Allowances -Meeting and Conferences | 27,154 | 35,342 |
| | Housing Awards/Annual Dinner Expense | 103,675 | 94,407 |
| | Insurances | 24,733 | 35,071 |
| | John Holland Fairbrother Joint Venture Expenses | 45,080 | 36,529 |
| | Legal Expenses | 1,478 | 14,096 |
| | Light & Power | 59,220 | 39,320 |
| | Meeting Expenses | 1,409 | 2,411 |
| | Office Rental | 3,000 | 3,000 |
| | Pathways Program Expenditure | 25,362 | 35,780 |
| | Postage and Stamps | 3,299 | 3,308 |
| | Printing and Photocopying | 16,172 | 12,515 |
| | Property Expenses - Rates | 85,648 | 81,039 |
| | Property/Office Equipment Maintenance | 66,569 | 57,388 |
| | Regional Annual Dinner Expenses | 1 9,619 | 10,913 |
| | Sensis Expenses | # | 9,997 |
| | Sundry Expenses | 117,879 | 77,760 |

| | | | 2018 \$ | 2017 \$ |
|----|----------------------------------------------------------------------------------------------------------------------------------------------|-----|----------------------------------------------------------------------|-----------------------------------------------------------------|
| 4. | EXPENSES – CONTINUED | | · | |
| | Telephone Training Vehicle Running Total Other Expenses | | 37,636 269,659 35,196 2,077,403 | 34,264 351,848 26,302 1,699,233 |
| | Grants or Donations Grants | | | |
| | Total Paid that were \$1000 or Less Total Paid that Exceeded \$1,000 Donations | | - | 2 |
| | Total Paid that were \$1,000 or Less Total Paid that Exceeded \$1,000 Subtotal Grants or Donations | | 1.00 m | - - |
| 5. | CASH & CASH EQUIVALENTS | | | |
| | Cash on Hand Commonwealth Trading Bank Cash Investment Commonwealth at Call Group Training Account MBA Finance Total Cash & Cash Equivalents | • | 1,500 164,668 112,492 23,582 93,967 25,001 421,210 | 1,500 170,001 108,680 1 68,725 25,001 373,908 |
| 6. | TRADE RECEIVABLES | | | |
| | Trade Receivables Provision for Doubtful Debts Total Trade Receivables | (a) | 300,977 (11,205) 289,772 | 219,093 (12,579) 206,514 |

(a) Terms and Conditions

Terms and conditions relating to the above financial instruments:

⁽i) Trade debtors are non-interest bearing and generally on 30 day terms.

| | | 2018 \$ | 2017 \$ |
|----|----------------------------------------------------|------------|------------------------|
| 7. | PROPERTY, PLANT & EQUIPMENT | · | |
| | Land & Buildings Less: Accumulated Depreciation | 1,988,000 | 1,550,272 (209,208) |
| | | 1,988,000 | 1,341,064 |
| | Plant & Equipment | 554,263 | 523,914 |
| | Less: Accumulated Depreciation | (493,870) | (477,324) |
| | | 60,393 | 46,590 |
| | Motor Vehicles | 94,232 | 178,168 |
| | Less: Accumulated Depreciation | (65,562) | (98,665) |
| | · | 28,670 | 79,503 |
| | Lift | - | 209,186 |
| | Less: Accumulated Depreciation | | (6,339) |
| | | | 202,847 |
| | Work in Progress | (#I | 54,159 |
| | Total Property, Plant & Equipment | 2,077,063 | 1,724,163 |

| | 2018 \$ | 2017 \$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------|
| PROPERTY, PLANT & EQUIPMENT - CONTINUED(a) Reconciliations | 4 | |
| Land & Buildings Opening Written Down Value Less Depreciation Add Transfer from Lift and Work in Progress Revaluation Gain Closing Written Down Value | 1,341,064 (29,395) 576,081 100,250 1,988,000 | 1,365,366 (24,302) - - 1,341,064 |
| Plant & Equipment Opening Written Down Value Add Purchases Less Disposals Less Depreciation Closing Written Down Value | 46,590 30,349 - (16,546) 60,393 | 50,496 10,104 (14,010) 46,590 |
| Motor Vehicles Opening Written Down Value Add Purchases Less Disposals Less Depreciation Closing Written Down Value | 79,503 (35,272) (15,561) 28,670 | 104,309 (24,806) 79,503 |
| Lift Opening Written Down Value Add Purchases Less Depreciation Less Transfer to Land & Buildings Closing Written Down Value | 202,847 22,822 (8,068) (217,601) | 209,186 (6,339) - 202,847 |
| Work in Progress Opening Written Down Value Add Purchases Less Transfer to Land & Buildings | 54,159 304,321 (358,480) | 54,159 54,159 |

| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
|--------|---------------------------------|--------------------|------------|--------------------|------------|
| | | 2018 | 2018 | 2017 | 2017 |
| | | \$ | \$ | \$ | \$ |
| 8. | FAIR VALUE MEASUREMENT | | | | |
| a) Fin | ancial Assets and Liabilities | | | | |
| | Financial Assets | | | | |
| | 116 Bathurst Street, Hobart (i) | 3,237,000 | 3,237,000 | 2,091,960 | 2,091,960 |
| | 55 Canning Street, Launceston | 1,150,000 | 1,150,000 | 1,050,000 | 1,050,000 |
| | (ii) | | | | |
| | Total | 4,387,000 | 4,387,000 | 3,141,960 | 3,141,960 |
| | * | | | - Add Address | |
| | (iii) Reconciliation | 2018 | 2017 | | |
| | | \$ | \$ | | |
| | Investment Properties | | | | |
| | Opening Fair Value | 3,141,960 | 3,141,960 | | |
| | Revaluation Gain | 1,245,040 | H | | |
| | Closing Fair Value | 4,387,000 | 3,141,960 | | |

(i) 116 Bathurst Street Hobart

A valuation of 116 Bathurst Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140 as per policy in note 1(g).

The Master Builders' Association of Tasmania Inc. occupy level 5 of 116 Bathurst Street. Adjustment was therefore required to the classification of the property to ensure only the unoccupied portion is recognised as an investment property. The value of the property has been allocated accordingly based on the valuation obtained as at 30 June 2018, through the floor space occupied by The Master Builders' Association of Tasmania Inc.

Total value of 116 Bathurst Street: 4

\$ <u>4,150,000</u>

Occupied Building Value:

517,000 (Depreciable)

Occupied Land Value:

396,000 (Not depreciable)

Investment Property Value:

3,237,000 (Not depreciable)

8. FAIR VALUE MEASUREMENT - CONTINUED

(ii) 55 Canning Street Launceston

A valuation of 55 Canning Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140 as per policy in note 1(g).

The fair value at that date was determined to be \$1,150,000 and this is the value recorded on the statement of financial position.

b) Fair Value Hierarchy

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy - 30 June 2018

| | Date of Valuation | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------------|----------------------|---------------|---------------|---------------|-------------|
| Assets measured at fair | | E1 | | | |
| value | | | | | |
| 116 Bathurst Street, | | | | | 71. |
| Hobart | 30/06/2018 | - | 3,237,000 | - | 3,237,000 |
| 55 Canning Street, | | | | | |
| Launceston | 30/06/2018 | | 1,150,000 | | 1,150,000 |
| Total | | - | 4,387,000 | - | 4,387,000 |

Fair value hierarchy – 30 June 2017

| | Date of Valuation | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------------|----------------------|---------------|---------------|---------------|-------------|
| Assets measured at fair | | | | | |
| value | | | | | 50 |
| 116 Bathurst Street, | | | | | |
| Hobart | 12/12/2011 | 9 | 2,091,960 | - | 2,091,960 |
| 55 Canning Street, | | | | | |
| Launceston | 29/09/2010 | - | 1,050,000 | - | 1,050,000 |
| Total | | - | 3,141,960 | - | 3,141,960 |

| 9. | TRADE PAYABLES & OTHER LIABILITIES | 2018 \$ | 2017 \$ |
|----|---------------------------------------------------|----------------|-----------------|
| | (a) Trade Payables | | |
| | Accrued Expenses | 11,492 | 2 |
| | Trade Payables | 139,459 | 1 31,396 |
| | GST Liability | 138,086 | 54,131 |
| | Legal Costs | | |
| | Ligation | 12 | V22 |
| | Other Legal Matters | 1,422 | (10m) |
| | Consideration to Employers for Payroll Deductions |) * | [46] |
| | Total Trade Payables | 290,459 | 185,527 |
| | (b) Other Liabilities | | |
| | Sundries | 47,061 | 10,018 |
| | Total Other Liabilities | 47,061 | 10,018 |

(c) Terms and Conditions

Terms and conditions relating to the above financial instruments:

(ii) Trade creditors are non-interest bearing and normally settled on 30 day terms.

10. EMPLOYEE ENTITLEMENTS

| The aggregate employee entitlement liability is comprise | sed of: | |
|----------------------------------------------------------|---------|---------|
| Provision for Annual Leave | 61,896 | 69,994 |
| Provision for Long Service Leave | 30,286 | 57,144 |
| Total Employee Entitlements | 92,182 | 127,138 |

There are no other provisions relating to redundancies or other liabilities for employees of the Association.

11. BORROWINGS

| Current | 20,556 | 2 |
|------------------|---------|----|
| Non-Current | 206,102 | # |
| Total Borrowings | 226,658 | ₩. |

(a) Terms and Conditions

Borrowings are secured on existing 1st Registered All Monies Mortgage over the property 116 Bathurst St Hobart 7000, being the whole of the land described in Certificate of Title Volume 160449 Folio 2.

| | | 2018 | 2017 |
|-----|------------------------------------------------------------|-----------------------|------------------|
| 12. | ACCUMULATED FUNDS & RESERVES | \$ | \$ |
| 14. | ACCOMOLATED FOINDS & RESERVES | | |
| | (a) Accumulated Funds | | |
| | Balance at Beginning of Year | 4,492,887 | 4,619,240 |
| | Add Surplus/(Deficit) for the Year | 17,811 | (126,353) |
| | Balance at End of Year | 4,510,698 | 4,492,887 |
| | (b) Reserves | | |
| | Balance at Beginning of Year | 708,083 | 708,083 |
| | Add Other Comprehensive Income for the Year | 1,345,290 | |
| | Balance at End of Year | 2,053,373 | 708,083 |
| | Total Accumulated Funds & Reserves | 6,564,071 | 5,200,970 |
| 13. | NOTES TO THE STATEMENT OF CASH FLOWS | | |
| | (a) Reconciliation of Cash | | |
| | Cash on Hand | 1,500 | 1,500 |
| | Cash at Bank | 164,668 | 170,001 |
| | Cash Investment Account | 112,492 | 108,680 |
| | Commonwealth at Call | 23,582 | 1 |
| | Group Trading Account | 93,967 | 68,725 |
| | MBA Finance | 25,001 | 25,001 |
| | | 421,210 | 373,908 |
| | (b) Reconciliation of surplus/(deficit) to net cash from o | operating activities: | |
| | Net Surplus/(Deficit) | 17,811 | (126,353) |
| | Adjustments for non-cash items | | |
| | Depreciation and Amortisation | 69,570 | 69,458 |
| | Gain on Disposal of Assets | (9,273) | = 1 |
| | Changes in assets/liabilities | | |
| | (Increase)/Decrease in Trade & Other Receivables | (83,258) | (35,807) |
| | (Increase)/Decrease in Prepayments | 7,406 | 8,435 |
| | (Increase)/Decrease in Inventories | (871) | 3,449 |
| | Increase/(Decrease) in Trade Payables & Other | | 65.005 |
| | Liabilities | 141,975 | 23,236 |
| | Increase/(Decrease) in Income in Advance | 25,187 | 55,002 15,906 |
| | Increase/(Decrease) in Employee Entitlements | (34,956) | 15,896 |
| | Net Cash provided by (used in) Operating Activities | 133,591 | 13,316 |
| | | | |

14. RELATED PARTY DISCLOSURES

The names of the officers of The Master Builders' Association of Tasmania Inc., during the financial year were:

| President | Mr L Fenton | Councillor | Mr T Streefland |
|--------------------------|--------------|------------|-----------------|
| Vice President | Mr D Gates | Councillor | Mr A Kilpatrick |
| Treasurer | Mr D Moody | Councilior | Mr J Faulkner |
| Immediate Past President | Mr C Edmunds | Councillor | Mr D Reid |
| Councillor | Mr W Licht | Councillor | Mr R Betts |
| Councillor | Mr G Barnes | Councillor | Mrs V Mead |

There were no transactions between the office holders and the Association other than those relating to their membership of the Association and the reimbursement by the Association in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which would have been adopted by parties at arm's length.

Details of loans to officers is Nil.

None of the office holders are employees of The Master Builders' Association of Tasmania Inc. and therefore they do not receive any remuneration or employee entitlements

15. KEY MANAGEMENT PERSONNEL REMUNERATION

| | Short-term employee benefits | Post- employment benefits | Long term Other benefits | | Total |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------|--------------------------|------------|-----------------|
| 2018 Total income paid or payable to all Key Management personnel | 157,452 | 12,436 | 22,636 | | 192,524 |
| 2017 Total income paid or payable to all Key Management personnel | 137,525 | 13,065 | 18,227 | | 1 68,817 |
| 16. AUDITORS REMUNERATION | | 2018 \$ | | 2017 \$ | |
| Amounts received or due and receivable by WLF Accounting & Advisory for: - an audit of the financial report of the Association 6,300 6,000 6,000 | | | | | |

17. DESCRIPTION OF OPERATIONS

The principal activities of the Association are to provide benefits to its members.

18. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the financial affairs of the Association.

19. SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

20. INVESTMENT IN MASTER BUILDERS' AUSTRALIA INSURANCE SERVICES

The Master Builders' Association of Tasmania has shareholders' investment in Master Builders Australia Insurance. Services Pty Ltd (MBAIS). The association's investment is measured at cost; as at 30 June 2018 there are no indicators of impairment.

21. REGISTERED OFFICE

116 Bathurst Street Hobart Tasmania 7000

22. SEGMENT REPORTING

The Master Builders' Association of Tasmania Inc. operates predominantly in the one geographical region being Tasmania. The Master Builders' Association of Tasmania Inc. activities surround the provision of benefits and services to its members.

23. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Association's maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Association.

These risks are managed through the credit policies implemented by the Association. There is no concentration of credit risk in any particular industry or market segment, however all transactions are within the State of Tasmania.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Association will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount.

23. FINANCIAL INSTRUMENTS - CONTINUED

(c) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

An increase / (decrease) in interest rate of 1% will have a corresponding effect on revenue of \$4,212 (2017: \$3,739).

An increase / (decrease) in interest rate of 1% will have a corresponding effect on expenses of \$2,267 (2017: nil).

(d) Net fair values

The carrying amounts of all financial assets and financial liabilities of the Association recognised at balance date generally approximated fair value because of the short term to maturity.

24. CAPITATION FEES

There was no capitation paid or received during the year.

25. LEVIES

There was no compulsory or voluntary levies paid or received during the year.

26. GRANTS

There were no grants paid or received during the year.

27. LEGAL FEES

Legal costs incurred throughout the financial year, paid and payable at year end, related to the deregistration of authorised representative of MBAIS.



1st Floor 03 6223 6155 160 Collins Street email@wlf.com.au Hobart TAS 7000 www.wlf.com.au GPO Box 1083 Hobart TAS Move Forward



INDEPENDENT AUDITOR'S REPORT

Members of the Master Builders' Association of Tasmania Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders' Association of Tasmania Inc., which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and Branch Executive declaration and operating report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Master Builders' Association of Tasmania Inc. as at 30 June 2018, and its financial performance and cash flows for the year ended on that date in accordance with:

- (a) the Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the Audit of the Financial Report section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other then the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Liability limited by a scheme approved under Professional Standards Legislation.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness
 of accounting estimates and related disclosures made by the Committee of
 Management.
- Conclude on the appropriateness of the Committee of Management's use of the
 going concern basis of accounting and, based on the audit evidence obtained,
 whether a material uncertainty exists related to events or conditions that may cast
 significant doubt on the Reporting Unit's ability to continue as a going concern. If
 we conclude that a material uncertainty exists, we are required to draw attention
 in our auditor's report to the related disclosures in the financial report or, if such
 disclosures are inadequate, to modify our opinion. Our conclusions are based on
 the audit evidence obtained up to the date of our auditor's report. However, future
 events or conditions may cause the Reporting Unit to cease to continue as a going
 concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NICK CARTER

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 450133

Registered Auditor no. AA2017/125

Holder of Public Practice Certificate

1/160 Collins Street

HOBART TAS 7000

Date: 29/0/2010



Auditor's Independence Declaration to the Committee of Management of the Master Builders' Association of Tasmania Inc.

In relation to our audit of the financial report of the Master Builders Association of Tasmania Inc. for the financial year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in the *Fair Work (Registered Organisations) Act 2009;* and any applicable code of professional conduct.

NICK CARTER

Partner

Wise Lord & Ferguson Chartered Accountants

1/160 Collins Street HOBART TAS 7000

Dated: 20/0/2010

MASTER BUILDERS TASMANIA Office Locations

With three offices throughout Tasmania Master Builders Tasmania continues to retain its regional footprint – providing an unmatched service to its members

Head Office - Hobart

Level 5

116 Bathurst Street

HOBART TAS 7000

North - Launceston

30 Gleadow Street

INVERMAY TAS 7248

North West - Devonport

41 Steele Street

DEVONPORT TAS 7310

CHOOSE MASTER BUILDERS A NAME YOU CAN TRUST



