



ANNUAL REPORT

2017 | 2018

Building trust and confidence
in the construction industry
through innovation
and efficiency



ISSN 2203-9589 (Print)
ISSN 2203-9597 (Online)

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ATTRIBUTION

Content from this annual report should be attributed as: Queensland Building and Construction Commission Annual Report 2017-2018

ABOUT THIS REPORT

This report summarises the activities and performance of the Queensland Building and Construction Commission (QBCC) for 2017-2018 against key business objectives and targets as set by the Queensland Building and Construction Board (Board), the Government's objectives for the community and the QBCC 2017-2021 Strategic Plan. The report reflects the QBCC's commitment to effective corporate governance through openness and accountability, and provides an account of our revenue and our expenditure.

This is the QBCC's fifth annual report since its commencement on 1 December 2013. The previous annual reports are available on our website at www.qbcc.qld.gov.au

INTERPRETER SERVICE STATEMENT

The QBCC is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you experience difficulty in understanding the annual report, you can contact us on 139 333 and we will arrange an interpreter to effectively communicate the report to you.



ENQUIRIES

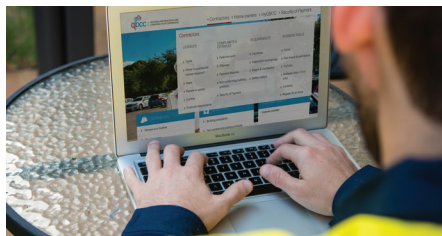
Readers are encouraged to download the report online at www.qbcc.qld.gov.au/about-us/our-performance.

Where this is not possible, printed copies are available using one of the contact options below.



299 Montague Road West End Qld 4101 or locate a regional service centre www.qbcc.qld.gov.au/locate-office.
Addresses are also available on pages 20 and 21 of this report. Our service centres are open Monday to Friday from 8am until 5pm. T: 139 333 | E: info@qbcc.qld.gov.au. For more information on any of the initiatives or services mentioned in this report, visit the QBCC's website at www.qbcc.qld.gov.au © Queensland Building and Construction Commission 2018

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26 September 2018

The Honourable Mick de Brenni MP
Minister for Housing and Public Works, Minister for Digital Technology
and Minister for Sport
GPO Box 2457
Brisbane Qld 4001

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2017-2018 and financial statements for the Queensland Building and Construction Commission.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 128 of this annual report.

Yours sincerely



R. L. Williams
Chair
Queensland Building and Construction Board

ABOUT US

OUR ROLE

The Queensland Building and Construction Commission (QBCC) is Queensland's regulator empowered to ensure the probity and integrity of the building and construction sector in Queensland.

An independent, statutory body established under the *Queensland Building and Construction Commission Act 1991* (QBCC Act), the QBCC's responsible minister is the Honourable Mick de Brenni MP, Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport.

Having listened to stakeholders and staff, over the past year the QBCC has focussed on getting back to its core role - to be a regulator that builds trust and confidence. To achieve this the QBCC has taken the decision to focus on areas that pose the greatest risk to the sector, broader community and economy.

Traditionally, we regulated building and trade contractors, certifiers, plumbers, pool safety inspectors, fire protection, air-conditioning and mechanical services tradespeople by requiring that they hold a QBCC licence and comply with the appropriate legislation.

However, over the past 12 months the building and construction sector regulatory ecosystem has grown, specifically through the enhanced safety powers to include manufacturers, importers and designers.

In 2017-2018 the Queensland Government's new non-conforming building products legislation was used to issue a Ministerial recall, which resulted in large retailer Clark Rubber withdrawing a pool fence product that posed a significant risk to the safety of children.

This journey will continue into 2018-2019, where the QBCC's responsibilities will increase significantly, in particular the role we now play in consumer and public safety in an environment that is more complex and under constant disruption.

With the release of the Queensland Building Plan (Building Plan) in late 2017, the QBCC was ready to implement the initiatives to enhance security of payment laws across the sector. The introduction of the Government's Project Bank Accounts policy will require greater oversight to ensure subcontractors are paid from 2019.

OUR PURPOSE

For peace of mind.

OUR VISION

To be a regulator that builds trust and confidence in all we do.

These new changes have also enhanced the framework overseen by the QBCC for adjudicating payment disputes to improve security of payment in the industry.

The Service Trades Council sits within the QBCC, and includes advising the Commissioner on regulating Queensland's service trades. This includes plumbing and drainage, fire protection and air-conditioning and mechanical services tradespeople.

During the 2017-2018 financial year, the QBCC administered its regulatory responsibilities under the following Acts and subordinate legislation:

- *Building Act 1975*
- *Building and Construction Industry Payments Act 2004*
- *Building and Construction Industry Payments Regulation 2004*
- *Building and Construction Legislation (Non-conforming Building Products - Chain of Responsibility and Other Matters) Amendment Act 2017*
- *Building Industry Fairness (Security of Payment) Act 2017*
- *Building Regulation 2006*
- *Plumbing and Drainage Act 2002*
- *Plumbing and Drainage Regulation 2003*
- *Queensland Building and Construction Commission Act 1991*
- *Queensland Building and Construction Commission Regulation 2003*
- *Standard Plumbing and Drainage Regulation 2003*
- *Subcontractors Charges Act 1974.*

OUR STRATEGIC PLAN 2017-2021

The QBCC reviews its Strategic Plan annually. The QBCC Strategic Plan 2017-2021 focussed on reaffirming its core role as a regulator and in doing so, delivering regulatory services in an effective and efficient manner.

There were five objectives in the Strategic Plan to achieve this:

OBJECTIVE 1

Be an effective regulator to build confidence

OBJECTIVE 2

Provide customer services that are timely, clear and transparent

OBJECTIVE 3

Enhance operational and organisational excellence

OBJECTIVE 4

To nurture our people to help them be courageous and their best

OBJECTIVE 5

Be a financially sustainable organisation

Underpinning these objectives were strategic initiatives that provided direction to operational business plans. To deliver on its strategy, the QBCC undertook an ambitious program of initiatives with a fundamental objective of improving how we work and interact with our stakeholders. This program of initiatives included enhanced technology and cultural change.

To ensure that the QBCC is making progress against each objective, a set of performance indicators were developed and are reported on in the subsequent chapters of this Annual Report.

Ensuring a supportive culture was also a focus for the Commissioner and Senior Leadership Team in 2017-2018. The organisation introduced a number of programs and initiatives that are designed to nurture our people so they can realise their true potential.

Accordingly, the Commissioner set ambitious targets for the QBCC leadership to improve diversity, staff engagement and satisfaction. The 2017-2018 year saw a significant increase in staff satisfaction and engagement. Although the organisation still has some way to go, it is heading in the right direction.



The QBCC's five behaviours for 2017-2018 were:



Under the guidance of the People and Culture Committee the QBCC has committed to ensuring greater diversity across the organisation, in particular at senior and executive levels.

To lay the foundation for improving our culture, the QBCC formalised a set of five behaviours which guide the way we perform our work. As part of the next annual strategic planning process the behaviours will be revisited to ensure they are still relevant for the organisation.

For 2017-2018, the QBCC identified five risks and opportunities that if not addressed, posed the greatest risk to the sector and the QBCC's ability to meet its strategic direction.

These were:

Risks

- Failure to alert issues affecting our community, thereby decreasing trust and confidence
- Failure to manage differing expectations between QBCC, its customers and stakeholders, thereby decreasing trust and confidence
- Failure to have the right information technology solutions, thereby decreasing consumer trust, confidence and service delivery
- Failure to have an adequate people strategy, thereby reducing employee engagement
- Failure to ensure financial sustainability, thereby decreasing the long-term viability of our organisation.

Opportunities

- Build capability and knowledge through education and nurture relationships through collaborative engagement and partnerships
- Deliver a more effective and efficient operating model to both internal and external customers and stakeholders
- Strengthen our governance systems in line with a contemporary high-performing organisation
- Re-engage with employees through strategies in leadership diversity and talent management
- Improve QBCC's financial sustainability.

In late 2017, as the QBCC moved to become a more risk-intelligent organisation, the Commissioner and Senior Leadership Team worked with the QBCC Board to reaffirm the organisation's risk appetite and strategic risks. Subsequently, risks and opportunities to the QBCC were reviewed on a regular basis in 2017-2018 and this will continue into the 2018-2019 year.

GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

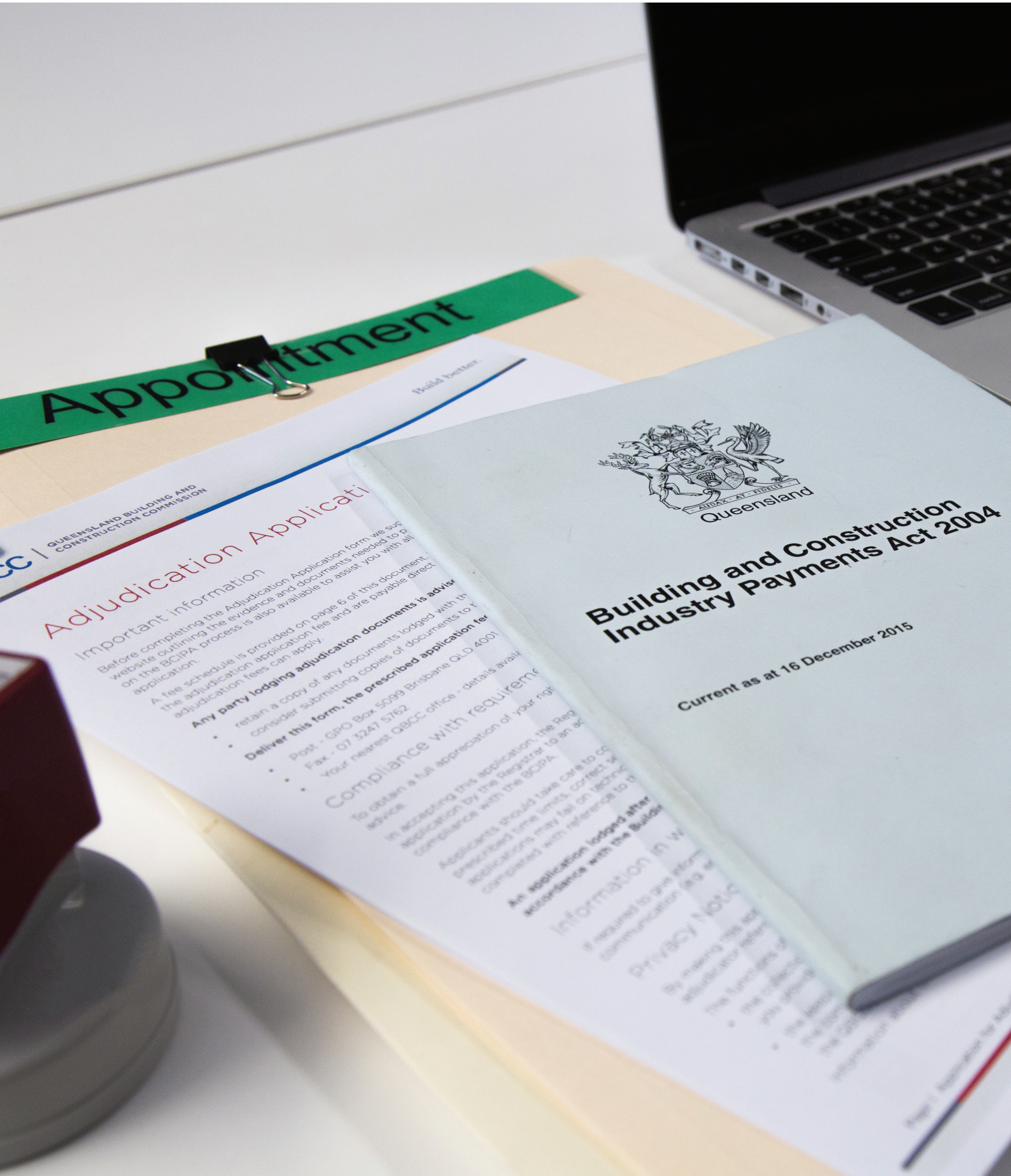
The QBCC primarily contributes to the Queensland Government's objectives for the community of:

- creating jobs and a diverse economy. We do this through licensing and compliance that allows fully qualified and competent tradespeople to become employed or start their own businesses
- delivering quality frontline services. We do this by constantly improving and introducing more efficient ways for our customers to access our services.

“I’d like to thank the QBC Board members, the Commissioner and all of the QBCC staff for their significant contribution to the success of the organisation over the past year.”

R. L. WILLIAMS

Chair, Queensland Building and Construction Board



QBC BOARD CHAIR'S MESSAGE



R. L. WILLIAMS

Chair
Queensland Building
and Construction Board

The 2017-2018 financial year was one of the most successful years in the history of the QBCC.

There was an increase in the number of measures, or service standards, by which the QBCC is graded, and the results achieved in the past 12 months have exceeded previous years. Process optimisations, improved case management and a focus on core business activities have all helped to drive better performance and helped achieve these results.

Eight of the QBCC's 12 service standards met or exceeded their performance targets in 2017-2018.

These results included:

- 93 per cent of early dispute resolution cases finalised within 28 days, against a target of 80 per cent
- the average time taken to process a licence application was 14 days, against a target of 30 days
- 60 per cent of insurance claims for defective work were assessed and responses provided within 35 business days, against a target of 33 per cent, and
- 10 working days was the average processing time for an Early Dispute Resolution case, against a target of 28 working days.

I'd like to thank the QBC Board members, the Commissioner and all of the QBCC staff for their significant contribution to the success of the organisation over the past year.

In addition to improving our business-as-usual service delivery standards, I have also been impressed and reassured by the QBCC's work in helping to implement and deliver a number of significant reforms of the building and construction industry over the past 12 months.

The *Building Industry Fairness (Security of Payment) Act 2017* (BIF Act) is a substantial piece of legislation that seeks to address, among other things, financial and power imbalances in our industry, including between head contractors and subcontractors. This Act has also increased the penalties for unlicensed building work.

Security of payment complaints are a leading cause of concern for industry members, and the BIF Act will help to deal with this and other issues, including illegal phoenixing activities.

The *Building and Construction Legislation (Non-conforming Building Products - Chain of Responsibility and Other Matters) Amendment Act 2017* has increased the QBCC's investigative and enforcement powers.

These are positive changes that will benefit the building industry and the home and property owners who contract with the industry by enabling the QBCC to deal with issues that have the potential to cause harm to industry members and the public.

Non-conforming building products have no place in the construction industry. This Act will help the regulator to remove these products and to take action against any member of the industry's supply chain who has used them, or failed to report their use.

The first application of the new non-conforming building products laws resulted in a pool-fencing product being removed from sale in May 2018, following a QBCC investigation. The QBCC determined that the product was non-conforming and as a result, the first Ministerial Product Recall notice was issued in Queensland. The product was subsequently recalled nationally.

All of these results are proof that the QBCC has well and truly returned to its core regulatory role, while at the same time enhancing its capabilities to adequately confront the challenges presented by an industry that continues to change and evolve.

“I want to thank all QBCC staff members, who meet the challenges presented by these changes on a daily basis and continue to deliver for our organisation, for our industry and for home and property owners.”

BRETT BASSETT

Commissioner, Queensland Building and Construction Commission



COMMISSIONER'S FOREWORD



BRETT BASSETT

Commissioner

Queensland Building and Construction Commission

The past 12 months has seen a continued focus by the QBCC on getting back to our core role as the regulator empowered to ensuring the highest levels of probity and integrity in the building and construction sector.

As the QBCC moves to become a more risk-based regulator, focussing on the greatest risks to the sector, it has been my focus to ensure our staff are supported with the necessary tools and direction to meet our strategic intent.

If 2017-2018 is to be seen as the foundation year for redefining the type of regulator QBCC needs to be, the next 12 months will focus on enhancing capability and setting the organisation up to stay ahead of, rather than simply keeping pace with disruptions and risks to the sector.

I want to thank all QBCC staff members, who meet the challenges presented by these changes on a daily basis and continue to deliver for our organisation, for our industry and for home and property owners.

To assist our staff, we have introduced the Employee Value Proposition (EVP), which puts our staff at the heart of everything we do. The EVP focuses on everything from the ongoing wellbeing of our staff to their career progression planning.

Part of this process has seen us embark on a Process Optimisation Project to better position ourselves as an efficient and effective regulator. The project ensures that we have the right processes in place to perform our regulatory role. It was developed to improve existing processes and to help us deal with increased workloads resulting from the recent legislative changes mentioned in the QBC Chair's Message.

The project's benefits include eliminating duplicated effort and unnecessary costs, and determining which processes are critical to our business, with the goal of embedding continuous improvement in our organisation through innovative thinking.

The Process Optimisation Project is working in unison with the Workforce Capability Assessment Project (see pages 48 and 54) to help us achieve our Vision of being a regulator that builds trust and confidence in all we do.

Another example of our continuing drive to be an agile, contemporary regulator is the Insights Driven Regulator (IDR) initiative. Launched in March 2018, it seeks to transform the QBCC from a reactive regulator to a proactive regulator.

By taking a largely data-driven approach, the QBCC intends to make more future-focused and proactive decisions to deliver the greatest benefits for the sector and Queenslanders.

These innovative projects and methodologies will enhance the work and effort that has already gone into bringing us back to our core function as the industry regulator.

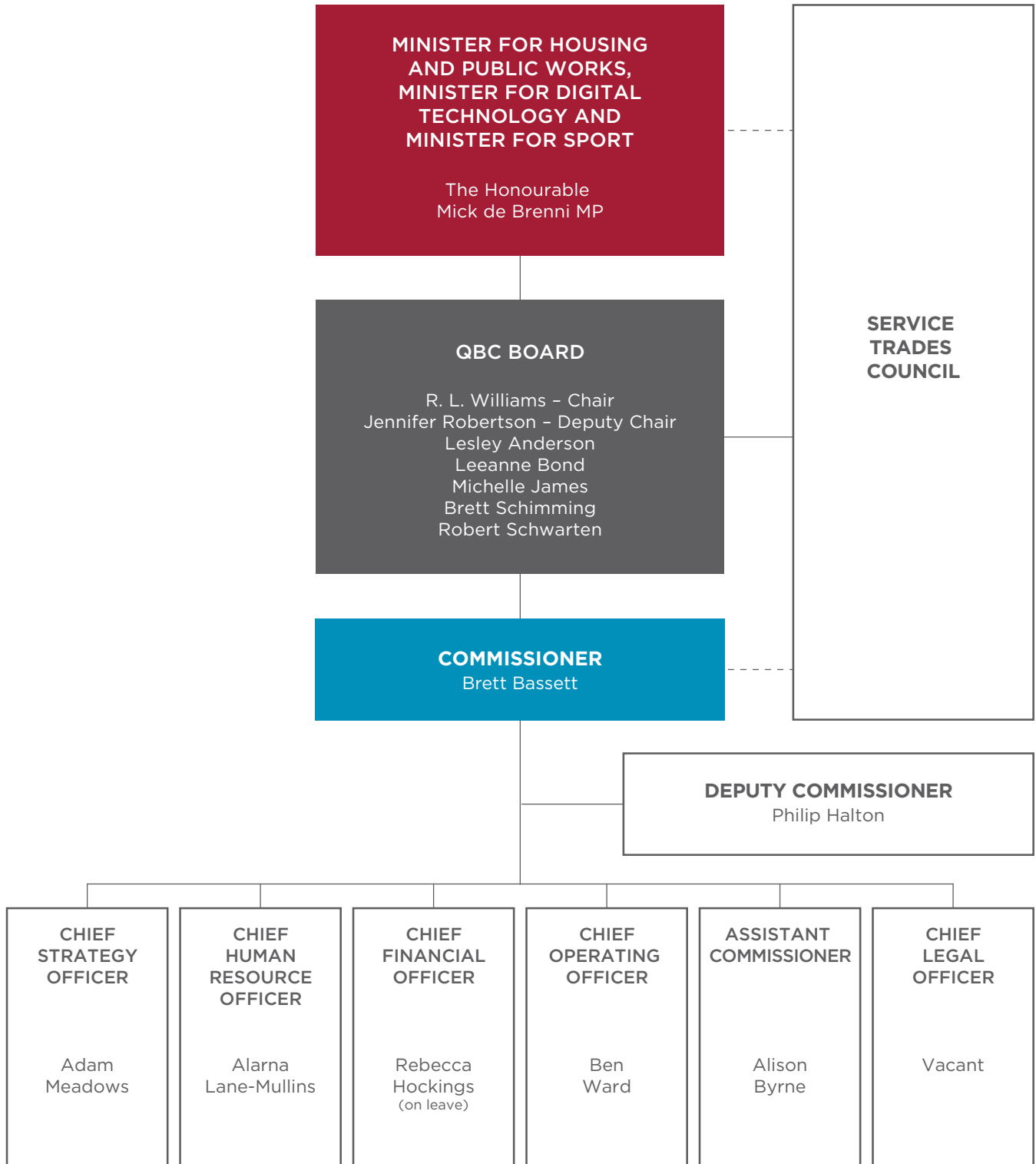
An example of this is our proactive review of licensees who are considerably over their maximum revenue limits, as we check if these companies and contractors have grown too rapidly, or if they are able to complete work for their customers.

The next year will see us continue to work as a regulator which proactively identifies the biggest risks facing our industry and takes action to reduce or eliminate those risks to our staff, industry members and home and property owners.



OUR STRUCTURE

The QBCC's management structure chart identifies the key figures within the organisation and their areas of responsibility as at 30 June 2018.



OUR BOARD As at 30 June 2018



R. L. WILLIAMS
(Chair)

- Appointed 1 December 2016

The QBC Board Chair, R. L. Williams, has served as Company Secretary and Director of Future Skills Limited, a recognised training organisation, since 2009. Mr Williams has also worked as Company Secretary and Director of Connect Assess Australia Limited (trading as Future Skills International) since 2011. Mr Williams also holds a Directorship with Construction Skills Queensland, and Future Skills Management and Consulting.

Mr Williams has also served as Director and Trustee with Energy Super, Construction Skills Queensland, and Energy Skills Queensland, and as a member of Energy Super's Audit and Risk, Membership Services, Investment, Remuneration and Governance Committees; and as a member of the Electrical Safety Board. He was ALP Queensland State President from 2012 to 2016 and is a former State Secretary of the Electrical Trades Union of Employees Queensland.



JENNIFER ROBERTSON
(Deputy Chair)

- Appointed 1 December 2016
LLB, GradCertBus, FAICD

Ms Robertson is an experienced company director, governance consultant at Board Matters and practising lawyer. She has significant expertise in the Queensland building and construction legislative landscape and has been responsible for a number of commercial and litigious construction matters during her legal career.

As one of Board Matters' longest serving corporate governance consultants, Ms Robertson has provided specialised governance services to boards and their directors around Australia. Board Matters' clients include listed companies, government-owned corporations, not-for-profit entities and small and medium-sized enterprises.

She currently chairs the Defence Reserves Support Council Queensland, is a Director of Brisbane Marine Pilots Pty Ltd, Queensland Independent Schools Block Grant Authority Ltd and sits on the Queensland Work Health and Safety Board.



LESLEY ANDERSON

- Appointed 1 December 2016
B. Com (Hons), M. Ec (Hons),
GAICD

Ms Anderson is an economist with experience in government policy, regulation and long-term liability insurance. Her most significant regulatory role was as Queensland's Insurance Commissioner for Motor Accident Personal Injury Insurance from 1996 to 2007. Other roles include her early career with the Reserve Bank of Australia, and more recently with the Northern Territory Insurance Office.

Ms Anderson is a current member of the Board of the National Injury Insurance Agency Queensland, and served as a director of Ports North (Far North Queensland Ports Corporation) and as Chair of its Audit Committee from 2009 to 2012.

She has also served on boards of not-for-profit organisations providing social assistance programs.



LEEANNE BOND

- Appointed 1 December 2016
BEChem, MBA, FAICD, RPEQ,
CPEng, Hon FIEAust

Ms Bond has 30 years' corporate experience, including 14 years as a professional company director. She established WorleyParsons' business in Queensland, the Northern Territory and Papua New Guinea. She has a Bachelor of Chemical Engineering and an MBA from The University of Queensland, is a Fellow of the Australian Institute of Company Directors and an Honorary Fellow of Engineers Australia.

Ms Bond is a past Deputy Chair of the Board of Professional Engineers, was the first female President of Engineers Australia (Queensland) and was Australian Professional Engineer of the Year in 2007.

Ms Bond is Chair of Synertec Corporation Limited (ASX:SOP) and a non-executive director of Liquefied Natural Gas Limited (ASX:LNG), Snowy Hydro Limited, JK Tech and a board member of Clean Energy Finance Corporation.



MICHELLE JAMES

- Appointed 1 December 2016
LLB (Hons), GAICD

Ms James is a principal with law firm Maurice Blackburn. She has over 20 years' experience in personal injuries litigation and is the head of Maurice Blackburn's national Abuse Law Practice. In the course of her advocacy for the rights of injured and abused people she has authored numerous submissions to both State and federal enquiries and has appeared as a witness before Parliamentary and Senate Committees.

Ms James was the first woman to hold the office of Queensland President of the Australian Lawyers Alliance, and in 2018 will become National President-Elect of that organisation. She was the 2013 Recipient of the Queensland Law Society Agnes McWhinney Award, is a member of the Queensland Law Society Personal Injuries Specialist Accreditation Committee and was listed in the prestigious Doyle's Guide in 2015.

She has expertise in organisational leadership and governance, and is an advocate for inclusion and diversity in governance. She was a board member of Encircle, a community not-for-profit, between 2012-2017, and is Chair of the QBCC's People and Culture Committee.



BRETT SCHIMMING

- Appointed 1 December 2016
MBA, M.PA, B.Ed, FAICD, FAIM

Mr Schimming is the CEO of Construction Skills Queensland. In this role, he initiates and leads partnerships with industry, government, employers, unions, educators, trainers and associations to develop initiatives and programs to grow the skills base and capacity of Queensland's building and construction industry workforce.

Mr Schimming has qualifications in education, business and public policy and many years of experience managing training and education organisations. He has served on multiple State and national committees and company boards, and is a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors.

Mr Schimming is Queensland's representative on the Australian Industry Skills Committee.



ROBERT SCHWARTEN

- Appointed 1 December 2016

Mr Schwarten was Minister for Public Works and Housing from 1998 until 2009 with Information and Communication Technology added to his portfolio in 2006. He retired as Minister for Public Works and Information and Communication Technology in 2011 and from Parliament at the 2012 Queensland election.

Mr Schwarten took over responsibility for the then Queensland Building Services Authority in 2001.

As Minister for Public Works and Housing, he had responsibility for the construction industry for more than a decade.

He also commenced his working life in the construction industry, working for his building contractor father before completing an education degree.

He holds the honorific, The Honourable, vested in him by the Governor-in-Council following his retirement from the ministry, and was awarded an honorary doctorate by Central Queensland University in 2006.

Mr Schwarten was the member representing Rockhampton for more than 20 years.

OUR SENIOR LEADERSHIP TEAM As at 30 June 2018



BRETT BASSETT
Commissioner

Brett was appointed as QBCC's Commissioner on 30 May 2016.

He is responsible for the overall management of the QBCC and all its functions. Brett is also the Executive Officer of the Queensland Building and Construction Employing Office which employs staff for the QBCC.



PHILIP HALTON
Deputy Commissioner

Philip joined the QBCC in January 2018 and brought with him significant regulatory expertise. Philip works closely with the Assistant Commissioner by providing strategic direction to the QBCC's regulatory functions, and with the Chief Strategy Officer on selected policy implementation and internal change and performance improvement initiatives. Philip is also the executive sponsor for the QBCC's strategic risk framework.



ADAM MEADOWS
Chief Strategy Officer

Adam joined the QBCC in August 2017 and leads the Strategy, Transformation and Performance Division. The division is focused on developing transformative strategies, providing advice to drive better decisions, developing and implementing the QBCC's strategic agenda, and providing the centre of excellence for service design and transformation. Adam also leads the Queensland Building Plan implementation for the QBCC.



**ALARNA
LANE-MULLINS**
**Chief Human
Resources Officer**

Alarna joined the QBCC in May 2017, and leads the multi-disciplinary HR Team and is responsible for the HR, Learning and Development, Workplace Health and Safety and Ethics and Standards functions. Alarna ensures that the QBCC is a contemporary workplace and that the division works to support an engaged and high-performing organisation.





REBECCA HOCKINGS
Chief Financial Officer

Rebecca manages the functions of the QBCC Finance team, and QBCC's procurement team. The role also provides oversight of the statutory insurance scheme. She is focused on delivering a strong net asset position for the QBCC, and managing a balanced budget. Rebecca has been with us since 2006.



BEN WARD
Chief Operating Officer

Ben provides leadership to the Corporate Services Division, which delivers critical services to internal staff, and to the QBCC's customers. Areas under his charge include the QBCC's information services, records keeping, facilities management, triage and assessment, engagement and education, the Brisbane contact centre, right to information and information privacy, media and communications, and marketing and digital. Ben commenced with us in June 2015.

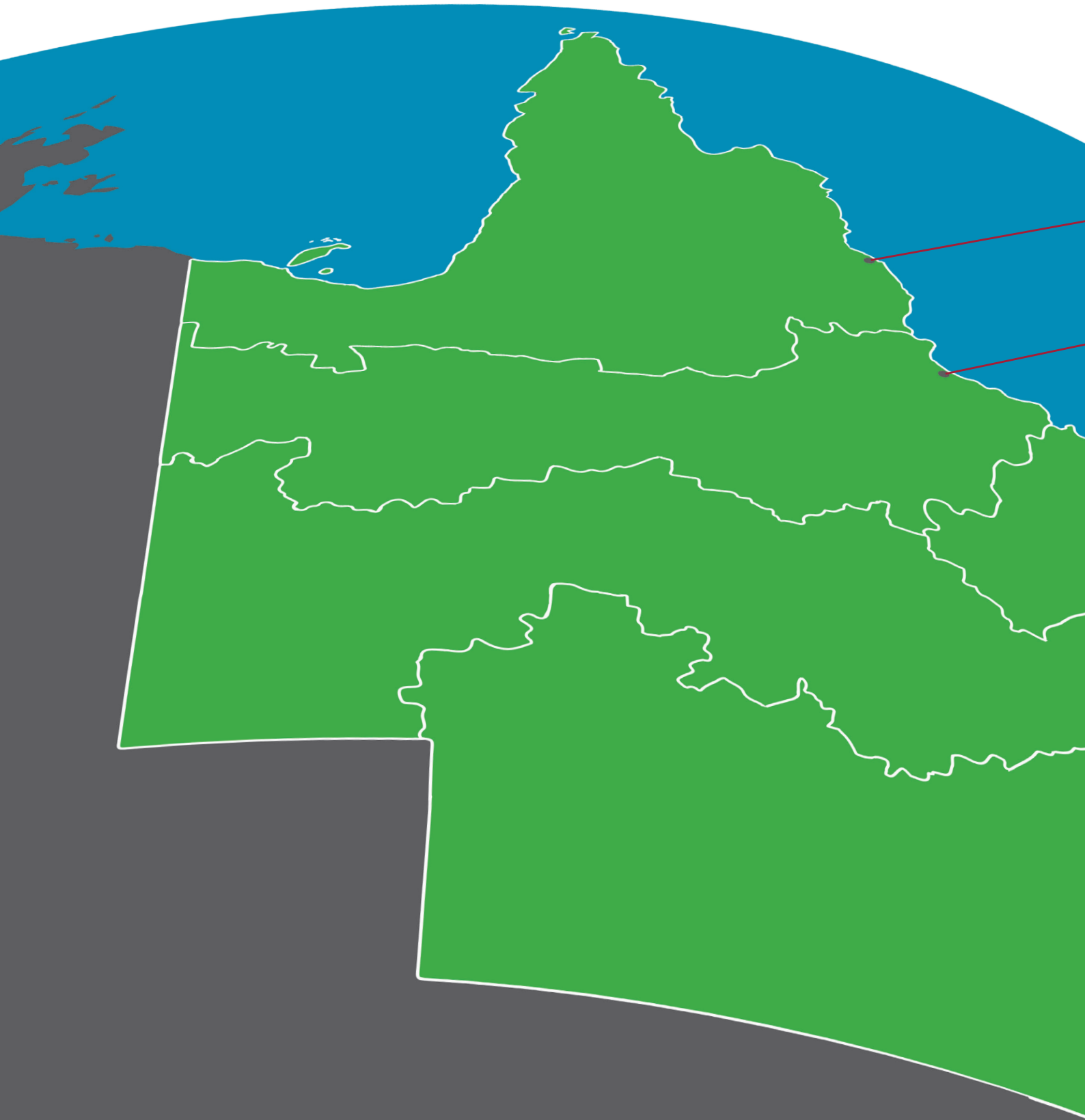


ALISON BYRNE
Assistant Commissioner,
Building and Trade Services

Alison joined the QBCC in June 2018 and provides direction to the QBCC's Building and Trade Services Division, and is a member of the Service Trades Council. The Building and Trade Services Division provides most of the QBCC's regulatory functions across the State, including audits and investigations, non-conforming building products, insurance claims, licensing services, and compliance and enforcement functions. The division also comprises the QBCC's eight regional offices, and provides secretariat support to the Service Trades Council.



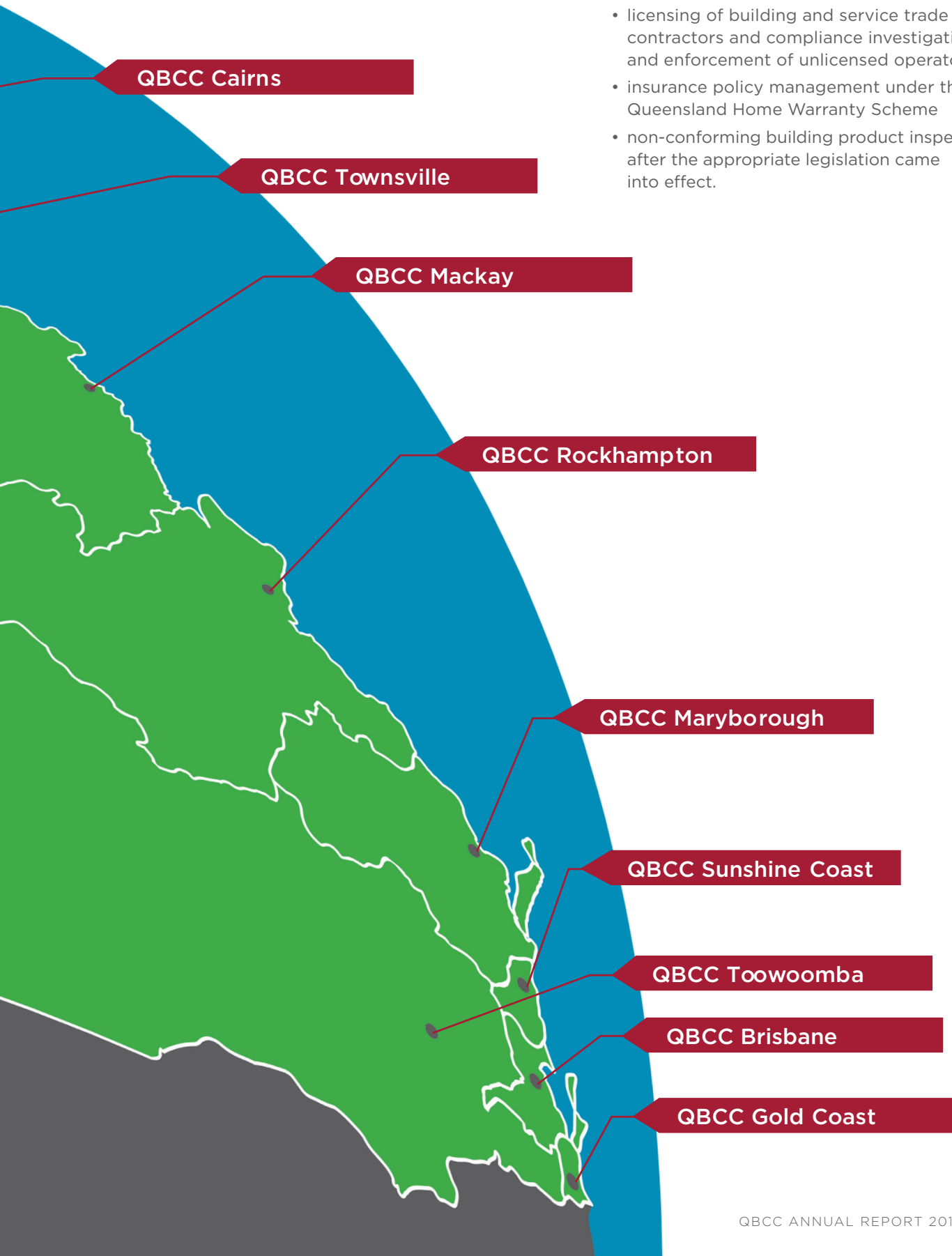
OUR PRESENCE ACROSS QUEENSLAND



The QBCC offers core regulatory services through eight service centres located across Queensland, and one in the Brisbane office located in West End.

Core regulatory services provided by the QBCC throughout Queensland include:

- education and advisory services for all industry participants and consumers
- dispute resolution services, including early dispute resolution
- licensing of building and service trade contractors and compliance investigations and enforcement of unlicensed operators
- insurance policy management under the Queensland Home Warranty Scheme
- non-conforming building product inspections after the appropriate legislation came into effect.



QBCC'S SERVICE CENTRES IN THE REGIONS

GOLD COAST

Robina Super Centre, Suite 26, 86 Robina Town Centre Drive, Robina Qld 4226

Staffing numbers: 14 full-time equivalent staff
Manager: Shane Murphy
Active QBCC licensees: 11,090

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 166
- Internal review cases: 49
- Disputes: 325
- Directions issued: 98
- Insurance claims: 118
- Insurance claims finalised: 129
- **Compliance activities:** 26 sites visited with 130 interviews conducted. No unlicensed contractors found.

TOOWOOMBA

200 Hume Street, Toowoomba Qld 4350

Staffing numbers: 8 full-time equivalent staff
Manager: Peter Jacques
Active QBCC licensees: 5,823

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 60
- Internal review cases: 21
- Disputes: 208
- Directions issued: 30
- Insurance claims: 84
- Insurance claims finalised: 76
- **Compliance activities:** 52 sites visited. 198 interviews were conducted with one suspected unlicensed contractor detected.

SUNSHINE COAST

6 Pikki Street, Maroochydore Qld 4558

Staffing numbers: 14 full-time equivalent staff
Manager: Paul Riches
Active QBCC licensees: 9,929

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 181
- Internal review cases: 31
- Disputes: 431
- Directions issued: 106
- Insurance claims: 92
- Insurance claims finalised: 89
- **Compliance activities:** 103 sites visited with 422 interviews conducted. No unlicensed contractors found.

MARYBOROUGH

302 Alice Street, Maryborough Qld 4650

Staffing numbers: 8 full-time equivalent staff
Manager: Daniel Stephensen
Active QBCC licensees: 3,961

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 61
- Internal review cases: 11
- Disputes: 157
- Directions issued: 16
- Insurance claims: 39
- Insurance claims finalised: 25
- **Compliance activities:** 41 sites visited. 172 interviews were conducted with one suspected unlicensed contractor detected.

ROCKHAMPTON

194 Alma Street,
Rockhampton Qld 4700

Staffing numbers: 8 full-time equivalent staff
Manager: Edward Goodsall
Active QBCC licensees: 2,886

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 23
- Internal review cases: 30
- Disputes: 205
- Directions issued: 45
- Insurance claims: 69
- Insurance claims finalised: 33
- **Compliance activities:** 70 sites visited. 273 interviews were conducted with two suspected unlicensed contractors detected.

MACKAY

Tenancy 2, 42 East Gordon Street,
Mackay Qld 4740

Staffing numbers: 8 full-time equivalent staff
Manager: Peter Graham
Active QBCC licensees: 2,666

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 45
- Internal review cases: 20
- Disputes: 195
- Directions issued: 87
- Insurance claims: 84
- Insurance claims finalised: 73
- **Compliance activities:** Nine sites visited. 34 interviews were conducted with two suspected unlicensed contractors detected.

TOWNSVILLE

Unit 2, 22 Hervey Range Road,
Thuringowa Central Qld 4817

Staffing numbers: 8 full-time equivalent staff
Manager: William Piper
Active QBCC licensees: 3,836

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 61
- Internal review cases: 20
- Disputes: 165
- Directions issued: 57
- Insurance claims: 67
- Insurance claims finalised: 42
- **Compliance activities:** 69 sites visited. 155 interviews were conducted. No unlicensed contractors found.

CAIRNS

181 Aumuller Street,
Westcourt Qld 4870

Staffing numbers: 8 full-time equivalent staff
Manager: William Courtney
Active QBCC licensees: 5,222

Statistics for 2017-2018:

- Early Dispute Resolution complaints: 48
- Internal review cases: 23
- Disputes: 171
- Directions issued: 39
- Insurance claims: 26
- Insurance claims finalised: 40
- **Compliance activities:** 198 interviews were conducted with six suspected unlicensed contractors detected.

The following section highlights our performance against the five objectives contained in the QBCC Strategic Plan 2017-2021.



OUR PERFORMANCE

OBJECTIVE 1

BE AN EFFECTIVE REGULATOR TO BUILD CONFIDENCE

For the QBCC, the primary objective in 2017-2018 was to lay the foundation to get back to the core of being a regulator and to rebuild trust and confidence across the sector. The QBCC recognises that with trust in the regulator comes a higher likelihood of compliance.

Building trust and confidence will continue to drive the organisation's strategy in 2018-2019. Whilst customer satisfaction is a measurable priority for many government entities, this year saw the introduction of new measures for the QBCC that focuses on building trust.

Our 2017-2018 strategies included:

- working collaboratively with the Department of Housing and Public Works and the Minister's Office to deliver on new policy proposals
- creating education and engagement functions leading to less defects and risks
- supporting the Service Trades Council, Complex Licensing Panel, and other regulatory partners and government agencies with critical data
- enhancing the risk-based regulation model.

TABLE 1 | OBJECTIVE 1 SUCCESS MEASURES

Supporting measures	Target	Actual	Status	Comments
Key performance indicator: Satisfactory scores in performance audit				
Industry compliance with QBCC-administered legislation	100%	44%	x	<p>Regulatory Compliance is a strategic risk for the QBCC. In 2017-2018 the QBCC introduced this new measure and set an aspirational target of 100%. Our performance recognises there is still some way to go and we will continue to work with industry to improve the outcomes.</p> <p>In 2017-2018 significant effort was invested on improving the effectiveness and efficiency of QBCC's regulatory functions and how it communicates with industry stakeholders. To commence the process we embarked on redesigning our Direction to Rectify communications which resulted in an uplift in compliance. (see the information box "Helping our customers by improving the way we communicate" on page 36)</p> <p>In 2017-2018 we also focussed on greater surveillance in the highest sectoral risks and took action against two large corporations. The first was in relation to Minimum Financial Requirements and the second was a test case for the new non-conforming building products legislation.</p>
Percentage of decisions overturned by the Queensland Civil and Administrative Tribunal*	4%	1.5%	✓	<p>The quality of our decision making is at the core of building trust and confidence in all we do. This includes ensuring our decisions are grounded in natural justice and procedural fairness. This performance outcome reflects our focus on ensuring our staff are equipped with the right capabilities and tools to undertake their roles.</p>
Key performance indicator: Increased mutually beneficial relationships with key stakeholders				
Qualitative statement	Memorandum of Understanding signed (see page 26)			

Status is reported using the below key: ✓ = target achieved or exceeded o = slightly outside target, risk being managed x = target not reached (see Comments column).

* This is a 2017-2018 Service Delivery Statement Service Standard.

FINANCIAL INVESTIGATIONS

The QBCC is responsible for monitoring licensee compliance with the Minimum Financial Requirements (MFR) policy. The MFR policy provides a framework for the QBCC to take action where necessary when a licensee does not demonstrate an ability to pay their debts.

In 2017-2018, the QBCC supported the Department of Housing and Public Works in the review of the MFR policy which will be enshrined as subordinate legislation under the *Building Industry Fairness (Security of Payment) Act 2017*.

ACTIVITIES UNDER THE MINIMUM FINANCIAL REQUIREMENTS (MFR) POLICY

In 2017-2018 the QBCC significantly increased its efforts in ensuring that licensees in Categories 4 to 7 met their financial obligations.

These pose the greatest economic risks to the sector.

As an example, the QBCC took action against a large licensee, Grocon Constructors (QLD) Pty Ltd, imposing a stringent licence condition.

PROVIDING SECURITY OF PAYMENT FOR SUBCONTRACTORS

The Queensland Government passed the *Building Industry Fairness (Security of Payment) Act 2017*. The main purpose of the Act is to help people working in the building and construction industry to get paid for the work they do.

The QBCC set up a project team to support the Department of Housing and Public Works (DHPW) with the implementation of the Act and other legislative reforms. Starting 1 March 2018, Project Bank Accounts are needed for Queensland Government building contracts between \$1 million and \$10 million. DHPW will be working closely with head contractors and first-tier subcontractors for these government tendered works.

Changes to progress payments and the adjudication and subcontractors charges processes are anticipated to begin from late 2018. These changes will simplify and modernise the provisions and place all security of payment laws into a single piece of legislation, making relevant provisions easier to find and interpret.

Under the MFR policy, the QBCC undertook 783 enquiries into financial information (combination of proactive and full financial audits).

The QBCC also undertook 390 non-payment of debts investigations, resulting in the suspension of 107 licences and the cancellation of 51 licences.

From 1 July 2017 to 30 June 2018, the QBCC assisted creditors to recover \$5.19 million through monies owed investigations that are conducted in line with the MFR policy.

TABLE 2 | FINANCIAL INVESTIGATIONS - ACTIVITIES UNDER THE MFR POLICY

	2017-2018
Proactive audits commenced	296
Financial audits commenced - licensees that did not comply with the MFR	487
Non-payment of debt investigations	390
Suspension - immediate suspensions	18
Suspension - non-payment of debt	107
Suspension - non-compliance with audit	95
Suspension - not meeting MFR	65
Cancellation - non-payment of debt	51
Cancellation - non-compliance with audit	59
Cancellation - not meeting MFR	38

Focus on the licence categories that pose the greatest risk will continue into 2018-2019, with the QBCC currently exploring ways to enhance surveillance through the use of insights and analytics.

FINANCIAL AUDIT PROGRAM

The Commissioner approved a risk-based audit program on 21 August 2017, which identified 217 licensees of concern, and the industry was advised of the general principles of the program. To date, all scheduled audits have commenced under the program. As at 30 June 2018 the QBCC conducted 159 audits.

The results of the approved audit program as at 30 June 2018 are as follows:

TABLE 3 | RESULTS OF FINANCIAL AUDITS CONDUCTED

	As at 30 June 2018
Licensee upgraded their previously reported maximum revenue amount (and supporting net tangible asset position) to meet the MFR policy as a result of the approved audit program	134
Licensee voluntarily increased their previously reported maximum revenue (and supporting net tangible asset position) to meet the MFR policy requirements prior to the approved audit notice being issued, but after the commencement of the approved audit program	28
Licence cancelled prior to the approved audit notice being issued, but after the commencement of the approved audit program	2
Licensee cancelled for non-compliance with the approved audit program	4
As a result of the approved audit program activities, licensee cancelled their contractor licence and successfully applied for a nominee supervisor licence, which is not subject to the MFR Policy	10
Licensee cancelled during the audit	4
Licensee identified under the approved audit program, but did not meet the objective criteria of the approved audit program (e.g. Construction Notification raised under incorrect entity, incorrect licence number used for Home Warranty Insurance)	8
Financial audits commenced for another reason prior to the approved audit notice being issued, but after the commencement of the approved audit program	2
Audits still in progress	25
Total	217

Licensing enforcement action associated with the audit program is targeted to be completed by 30 September 2018. This is subject to any additional time that may be required for applicants in specific cases who elect to exercise their statutory rights to either internally or externally review an audit-related decision.

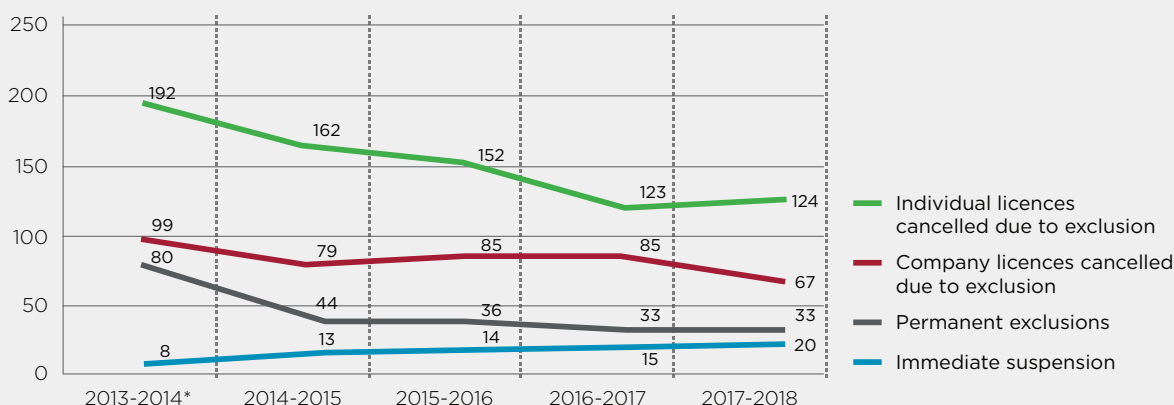
LICENCE SUSPENSIONS AND CANCELLATIONS

The QBCC assesses a licensee's entitlement to hold a licence and where appropriate, imposes exclusions, disqualifications and bans on individuals and companies.

There were 67 companies and 124 individuals excluded from holding a QBCC contractor or nominee supervisor licence due to their involvement in a financial failure during the period. Permanent exclusion was imposed on 33 individuals for their involvement in a second financial failure.

There were 20 contractor licences immediately suspended due to insolvent trading or other serious risk.

LICENCE SUSPENSIONS AND CANCELLATIONS OVER THE PAST FIVE YEARS



*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

MEMORANDUMS OF UNDERSTANDING WITH OTHER REGULATORS AND GOVERNMENT AGENCIES

Knowledge and insights sharing is critical for effective regulator operations. As such, the QBCC formalised information understanding with other organisations in 2017-2018.

A memorandum of understanding (MoU) with the Australian Securities and Investment Commission (ASIC) commenced in October 2017 which allows the sharing of information between the two regulators in risk areas, with a focus around illegal phoenix activities.

The QBCC also has information-sharing protocols with the Office of Industrial Relations as part of the new and enhanced safety powers under the QBCC Act.

NON-CONFORMING BUILDING PRODUCTS

On 26 October 2017, the *Building and Construction Legislation (Non-conforming Building Products—Chain of Responsibility and Other Matters) Amendment Act 2017* was proclaimed, introducing changes to the *Queensland Building and Construction Commission Act 1991* that increased the ability of the QBCC to identify and deal with non-conforming building products.

The changes established a chain of responsibility, placing obligations on supply-chain participants at all stages, to ensure that building products used in Queensland are safe, compliant and capable of performing to the standard that they are represented to perform. The legislation, the first of its kind in Australia, has expanded the compliance and enforcement powers of the QBCC and the Minister for Housing and Public Works, Minister for Sport and Minister for Digital Technology. This legislation was used in early 2018 to take action against Clark Rubber, which was selling a non-conforming product that created a potential safety risk to children. Consequently, the product was subject to a Ministerial recall under the new legislation.

For the period November 2017 to 30 June 2018, the QBCC received 165 enquires and complaints in relation to non-conforming building products. Of these, 73 have been finalised, 38 are ongoing, and the rest have been found to be related to other issues and referred to other government authorities or relevant areas within the QBCC.

PORTABLE POOL FENCE RECALLED

Pool safety was the subject of the first Ministerial recall under the Government's non-conforming building products laws in 2017-2018.

After receiving information, the QBCC investigated and found the latch on the "Be-Safe Pool Fence - Portable Pool Fence Starter Kit" was not self-latching as required by law. In addition, there were gaps in the fence allowing access to the latch.

Due to safety concerns, Minister de Brenni issued a recall order for the product on 9 May 2018. This was the first product recalled under the new non-conforming building product legislation introduced in Queensland in November 2017.

Audit Taskforce

With a heightened public awareness of the potential dangers of aluminium composite cladding and other possible combustible products, the Queensland Government established an audit taskforce which undertook investigations of buildings possibly clad with combustible products. The focus is on buildings constructed after 1994, which initially addressed hospitals, and shifted to aged-care facilities, accommodation buildings, high-occupancy buildings and high-rise buildings. As well as assisting in these investigations, the QBCC supported the taskforce by identifying privately owned buildings of concern. The QBCC, together with representatives from the Department of Housing and Public Works and the Queensland Fire and Emergency Services, remain involved in the taskforce.

COMPLIANCE AND ENFORCEMENT STRATEGY 2017

The QBCC investigates complaints made by consumers, contractors and other industry participants in order to support a fair playing field for Queensland licensees by identifying and penalising unlawful operations. The QBCC also carries out proactive audits and investigations to detect unlicensed contracting and other breaches of legislative requirements.

The QBCC released its Compliance and Enforcement Strategy 2017 on its website. It commenced on 1 July 2017 and informs industry and the community about where the QBCC will focus its compliance activities to protect the public and industry. It uses a risk-based approach to determine its priorities and where resources are placed to ensure that compliance within the building and construction industry is achieved by:

- preventing unlawful conduct from continuing
- undoing harm caused by the contravening conduct (for example, by directing a licensee to rectify non-compliant work)
- ensuring ongoing compliance with the law
- deterring future offending conduct.



Queensland Building and Construction Commission

2017

Compliance and Enforcement Strategy

Abridged Version (July 2017)

Published by:
Queensland Building and Construction Commission
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Table 4 below shows the impact of compliance and enforcement activities, which have kept unlicensed contracting at a low rate over the past five years.

The number of investigations conducted in 2017-2018 was less than in 2016-2017. This is due to the nature of the investigations being more complex and time consuming, and require actioning with prosecutions or disciplinary action. Some of these investigations include monies-owed offences, false and misleading information in relation to a licensee's financial position, or where there are instances of suspected unlicensed contractors.

Unlicensed Building contractors pose a risk to the sector and remain a focus of the QBCC. This was evidenced by the enhanced powers and greater penalties in the QBCC Act. The QBCC utilises its Random Licensing Audit Program to deliver general deterrence against unlicensed contracting across the state.

In 2018-2019 the QBCC will further explore how to increase the use of technology to enhance its surveillance of potential unlicensed contractors.

TABLE 4 | LICENSING AUDITS OVER THE PAST FIVE YEARS

	2013-2014*	2014-2015	2015-2016	2016-2017	2017-2018
Interviews conducted	7,667	5,533	4,145	4,529	3,781
Suspected number of unlicensed contractors	98	145	69	74	49
Percentage of unlicensed contractors	1.28%	2.62%	1.66%	1.63%	1.30%

*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

CONTRACTUAL INVESTIGATIONS

Schedule 1B of the QBCC Act regulates contracts for domestic building work between contractors and home owners. Part 4A of the QBCC Act regulates subcontracts between contractors and builders and commercial contracts. The QBCC examines suspected breaches and when required, takes appropriate action in the circumstances, including issuing an infringement notice.

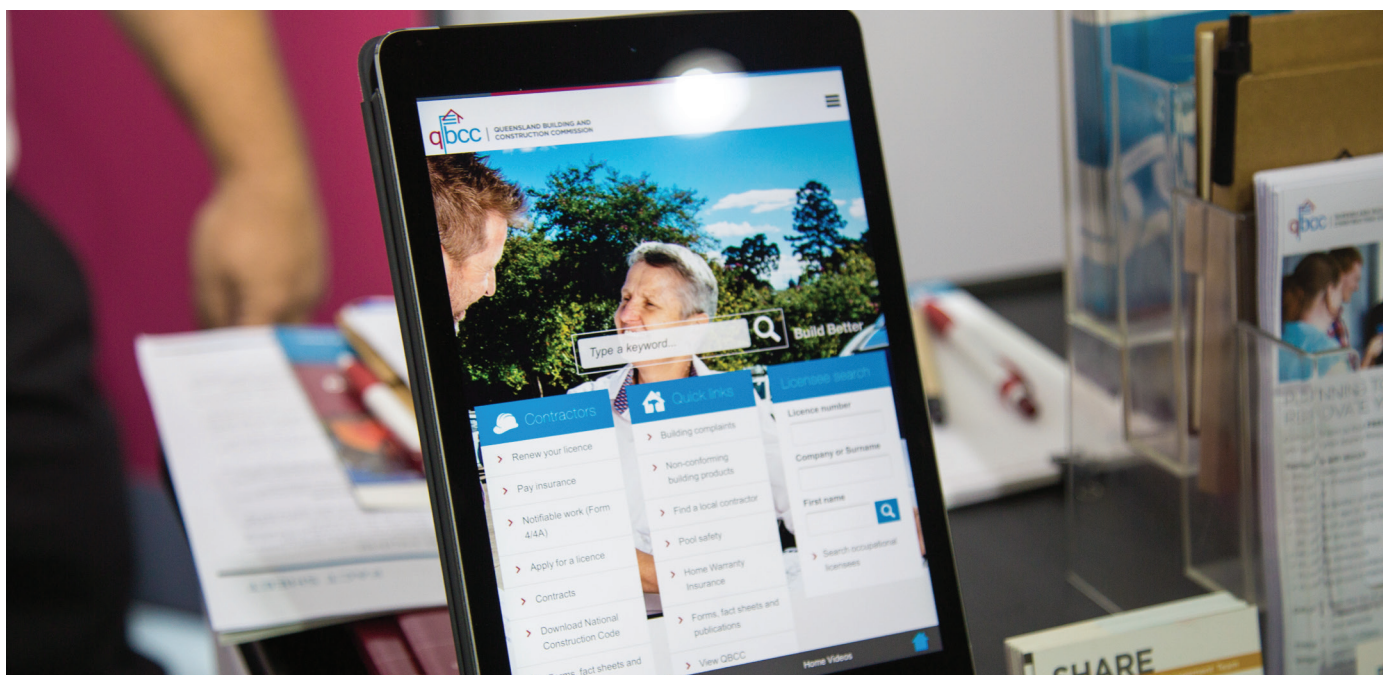
Where the QBCC has reasonable concerns that a licensee has not been complying with the requirements of the QBCC Act, it may conduct an audit requiring the licensee to produce all contracts for review by the QBCC.

TABLE 5 | CONTRACTUAL INVESTIGATIONS OVER THE PAST FIVE YEARS

	2013-2014*		2014-2015		2015-2016		2016-2017		2017-2018	
	DBCA+	QBCC Act Part 4	DBCA+	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A
Audits	3	0	0	0	1	2	0	0	0	0
Investigations	346	54	265	21	283	33	468	34	442	26
Warnings issued	22	0	20	0	54	6	164	7	169	6
Contractors issued with an infringement notice	114	2	155	8	145	6	300	4	248	11
Infringement notices issued	182	2	235	10	157	10	305	5	254	12

*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

+ The *Domestic Building Contracts Act 2000* (DBCA) regulated contracts for domestic building work between contractors and home owners prior to 1 July 2015 when it was repealed and replaced by Schedule 1B. In some instances DBCA offences could continue to be investigated after the DBCA was repealed.



DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

During 2017-2018, 478 contractors had demerit points listed against their records. A total of 4,794 demerit points were issued, which included 2,028 demerit points for contractual offences, 2,186 demerit points issued to contractors for failing to rectify defective building work and 90 demerit points issued for unsatisfied judgment debts.

TABLE 6 | DEMERIT POINTS ISSUED OVER THE PAST FIVE YEARS

	2013-2014*	2014-2015	2014-2015	2015-2016	2017-2018
Demerit points issued for unsatisfied judgment debts	698	300	40	70	90
Demerit points issued for contractual offences	424	462	342	2,438	2,028
Demerit points issued for failure to rectify	408	374	1,114	2,166	2,186
Demerit points issued for failing to pay insurance premium	176	154	234	334	312
Demerit points issued for carrying out work without a nominee	0	2	0	0	60
Demerit points - other	-	-	112	334	118
Contractors issued with demerit points	385	367	275	516	478
Total demerit points issued	1,706	1,292	1,842	5,342	4,794

*Between 1 July 2013 to 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

The total demerit points issued are correlated to the number of investigations held in the year. There was a drop in the total demerit points issued in 2017-2018 compared to 2016-2017 as fewer infringement notices were issued, as a result of more complex investigations conducted in the reporting period (see Table 5).

CERTIFIER COMPLIANCE

As at 30 June 2018, there were 463 licensed building certifiers.

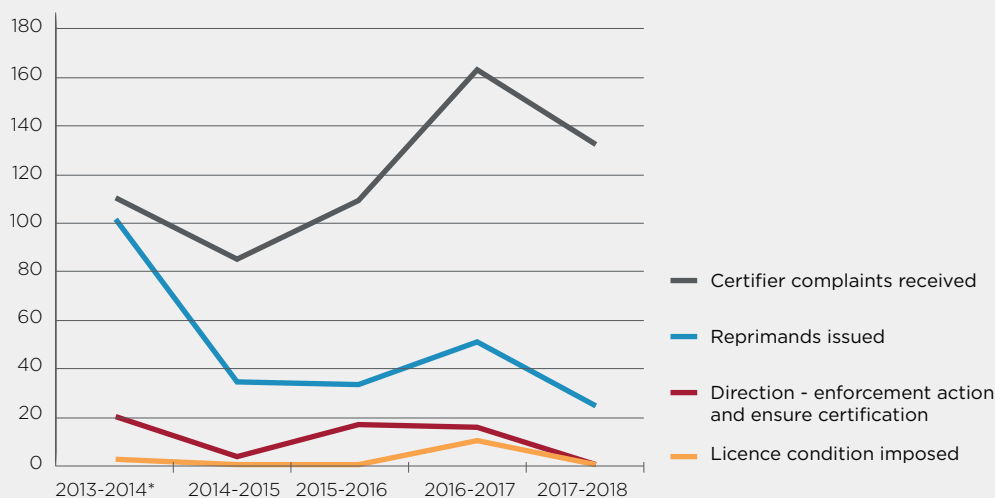
At the start of the reporting period, the QBCC had 41 open certifier complaints. An additional 134 complaints were received during 2017-2018. During the reporting period, the QBCC finalised 117 complaints, including 13 decisions that were reviewed. As at 30 June 2018, there were 71 remaining open.

At the start of the reporting period, the QBCC had two technical audits and six assessment audits open. During the reporting period, the QBCC commenced 91 technical audits and 39 assessment audits.

The QBCC finalised 85 technical audits and 40 assessment audits over the 12 months. As at 30 June 2018, there were eight technical audits and five assessment audits still underway.

Of the 242 completed investigations (including complaints, technical and assessment audits) undertaken in 2017-2018, 52 certifiers were found to have engaged in unsatisfactory conduct, two certifiers were found to have engaged in professional misconduct, 44 complaints were either withdrawn or closed due to insufficient evidence, and in 135 cases the certifier's conduct was found to be satisfactory. Nine cases were duplicates or involved a certifier who was no longer practising.

CERTIFIER COMPLIANCE AND COMPLAINTS RECEIVED OVER THE PAST FIVE YEARS



*Between 1 July 2013 to 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.



PROACTIVE BUILDING INSPECTIONS

The QBCC proactively audits building works under construction to assess compliance against the National Construction Code and relevant Australian Standards. Builders are encouraged to rectify defective work to avoid further action by the QBCC in the event of non-compliance being found. Builders are better placed to have the responsible subcontractors remedy their defective works while they are still onsite and while retention funds are in place.

In 2017-2018, the QBCC audited multi-residential buildings (both townhouses and high-rise constructions) with a particular focus on fire safety issues as part of our annual Statewide program of auditing works.

Issues of concern were found with:

- non-compliant fire separating wall construction
- non-compliant rubbish chute installations
- non-provision of operational fire hydrants within two uppermost storeys.

The QBCC also performed audits on single detached dwellings. A variety of issues were found, such as:

- non-compliant fixing of internal partition walls to roof framing above
- inadequate fixing of plasterboard ceiling sheets in garage areas
- non-compliant site drainage.

In 2017-2018, the QBCC inspected 1,440 sites involving 3,693 residential units.

SERVICE TRADES COUNCIL

The Service Trades Council (STC) was formed to confer on policy development and implementation for the service trades, and to provide advice about the industry to the Minister and the QBCC Commissioner. The STC was established under the *Plumbing and Drainage Act 2002* (PDA) and will strengthen Queensland's plumbing, drainage, air-conditioning, fire protection and mechanical services industries, including the licensing of tradespeople and investigating complaints, which are under the purview of the QBCC.

For a summary of the achievements of the STC, please refer to page 62 under the Corporate Governance section.

PLUMBING COMPLAINTS, INVESTIGATIONS AND DISCIPLINARY ACTIONS

Complaints which relate to licensing and performance of work under the PDA are investigated by the QBCC. This includes non-compliance in terms of unlicensed work and advertising by an unlicensed person. This prevents defective work and unnecessary cost, worry and inconvenience to licensees and the community.

In 2017-2018, the QBCC received 149 new complaints, and closed 113. Table 7 compares disciplinary actions across a number of years.

TABLE 7 | PLUMBING DISCIPLINARY ACTIONS

	2015-2016	2016-2017	2017-2018
Disciplinary orders issued to licensees	20 orders amounting to \$50,720	30 orders amounting to \$67,666	10 orders amounting to \$20,109
Penalty infringement notices	83 penalty infringement notices amounting to \$83,852	156 penalty infringement notices amounting to \$179,959	58 penalty infringement notices amounting to \$62,821

Compliance activity throughout 2017-2018 included:

- licence checks completed through compliance operations: 654
- on-site licence checks completed through routine compliance activities: 329
- desktop licence checks completed through routine compliance activities: 117.

Plumbing investigators conducted licence checks at both commercial and domestic construction sites in 2017-2018. Plumbing investigators visited 347 sites, in addition to conducting desktop licence checks.

Proactive compliance activities are also an opportunity for on-site licensees of all trades to learn more about the stringent licensing requirements of plumbing, drainage and fire protection work. Plumbing and drainage work in Queensland must be carried out by a licensed person.

NOTIFIABLE WORK - FORM 4/4A

For some types of plumbing and drainage work, QBCC-licensed plumbers must lodge details about the work through a Form 4/4A - Notifiable Work to the QBCC. The QBCC conducts an annual notifiable work audit program to ensure the correct paperwork is completed and high standards are maintained in plumbing and drainage work.

In 2017-2018, the QBCC's audit program focused on restricted plumbing licensees, plumbing contractors and real estate agents. The program also included an education program for Public Sector Entities (Form 4A) to highlight their responsibilities under the notifiable work scheme.



Licensees found to have poor compliance with the notifiable work laws were also subject to audit.

Notifiable work compliance activity during 2017-2018 included:

- 533 audits conducted
- 86,419 Form 4/4As lodged.

POOL SAFETY

Pool safety laws require swimming pool barriers to comply with the pool safety standard.

All pools associated with residential uses such as houses, townhouses, unit complexes, hotels, motels, backpacker accommodation and caravan and mobile home parks must be registered and have a barrier compliant with the pool safety standard. Sale or lease of a property also triggers a requirement for a pool safety certificate, issued by a licensed pool safety inspector (PSI). The QBCC maintains a register of regulated pools and pool safety inspectors.

TABLE 8 | NUMBER OF POOLS ON THE POOL REGISTER

	2015-2016	2016-2017	2017-2018
Number of pools	354,513	364,496	375,477

The QBCC also investigates complaints and takes disciplinary actions against PSIs, approves continuing professional development (CPD) activities and allocates CPD points for PSIs.

As at 30 June 2018 there were 641 PSIs licensed by the QBCC.

TABLE 9 | POOL SAFETY INSPECTOR LICENCES 2017-2018

New licences issued	116
Total licensees as at 30 June 2018	641

In 2017-2018, 58 complaints were received regarding the conduct of PSIs and in the same period 24 complaints against PSIs were finalised. In three instances, it was found that there were no grounds for disciplinary action. In 15 instances, it was found that there were grounds for disciplinary action. For those cases where grounds were established, the number of disciplinary actions taken during 2017-2018 that included monetary penalties was 13. The QBCC decided in the remaining two cases that the PSI was generally competent and diligent and no further action was required.

No PSIs sought review of the disciplinary action decision by the QBCC's Internal Review Unit.

IMMERSION INCIDENT REPORTING

The QBCC received reports periodically of immersion incidents involving young children during the reporting period. The data in these reports can be used for assessing the efficacy of the pool safety laws. These reports are provided by Queensland Health, following notification by health professionals, including the Queensland Ambulance Service.

In 2017-2018, the QBCC received 105 reports of immersion incidents. Immersion incident reports are also provided to the relevant local government, which is required to inspect the site of the immersion. If the local government inspection raises any concern about the pool fence at the site of the immersion, the local government takes the necessary enforcement action to ensure the pool complies. If the local government inspection suggests a breach by a PSI, the local government refers that to the QBCC for action, and the QBCC follows up with the relevant PSI.

POOL OWNER COMPLIANCE AND ENFORCEMENT

The QBCC monitors and enforces the requirement for pool owners to obtain certificates and refers unsafe pools to local governments, which are required to inspect and may take enforcement action.

As at 30 June 2018, 37,637 pool safety certificates were issued in the reporting period which included 30,986 for non-shared pools and 6,651 for shared pools. The QBCC referred 60 cases to different local governments in 2017-2018.

EDUCATION AND ENGAGEMENT

In 2017-2018, the QBCC continued delivering education and awareness activities to support licensees, home owners and industry stakeholders with practical advice and information. Some activities included:

- participating in the Brisbane Home Show in September 2017 and February 2018 which received a total of 637 enquires from attendees
- delivering two “Tradie Tour” events around the State in November 2017 and May 2018 resulting in more than 900 attendees. These tours provide a valuable opportunity for the QBCC to engage with attendees to address current issues occurring in the building and construction industry, and to provide advice on what assistance the QBCC can offer. This is one more Tradie Tour than the 2016-2017 period, which attracted 590 attendees
- participating in the Master Builders Queensland Statewide Roadshow and Building Industry Access information sessions
- delivering information sessions to third and fourth-year TAFE apprentices
- running home owner education and information sessions on a two-monthly basis, from February to June 2018, which attracted 80 participants
- collaborating with the Asbestos Safety and Eradication Agency to deliver a seminar in April 2018 which raised awareness around the risk of imported products containing asbestos
- engaging with industry stakeholders in researching collaborative opportunities to reach an increased audience within the building and construction industry
- proactively visiting building sites to increase visibility of the QBCC and its functions, which resulted in 834 enquiries being addressed in the period from October 2017 to June 2018
- participating in Master Plumbers’ Association of Queensland events, including the Plumbing and Gas Trade Expos
- participating in the Australian Window Association Industry Forum in February 2018
- participating in the Bunnings Trade Night in Toowoomba in May 2018
- delivering an information session at the Housing Industry Association Builders Coach Workshop in June 2018
- participating in the National Association of Women in Construction Tradeswomen Australia Conference in March 2018
- coordinating the Service Trades Council Industry Forums throughout the State.



PROPERTY MAINTENANCE AWARENESS CAMPAIGN



Launched in December 2017 in time for the storm season, home owners were reminded about their responsibilities around property maintenance. The campaign sought to help owners identify and fix potential problems before they deteriorate over time. The campaign dealt with issues such as:

- checking glass balustrades, and their fixings and fittings, every six months
- ensuring all pool barriers are in good condition and that pool safety standards are adhered to
- checking decks and balconies are safe
- clearing eaves and gutters in preparation for severe weather events
- ensuring all plumbing and drainage is in good condition and operating properly.

Owners were encouraged to only use appropriately licensed contractors to undertake repairs, and were invited to visit the QBCC website for more information.



OBJECTIVE 2

PROVIDE CUSTOMER SERVICES THAT ARE TIMELY, CLEAR AND TRANSPARENT

Our strategies:

- provide impartial services in a clear and timely manner
- simplify processes and make better use of digital channels as customer preferences change
- continue to ensure we communicate effectively with all our customers.

TABLE 10 | OBJECTIVE 2 SUCCESS MEASURES

Supporting measures	Target	Actual	Status	Comments
Key performance indicator: Increased perceptions of fairness in decision-making				
Perceptions of fairness in decision making: percentage of survey respondents agree the final decision was fair*	65%	58.8%	x	This is the first full year the QBCC has captured data for this metric, and although the target was not met, the results will establish the baseline against which the trend will be monitored. The QBCC is working towards better communicating how decisions are made.
Key performance indicator: Increased productivity and efficiency in delivering services				
Overall customer satisfaction*	75%	66%	x	Negative experiences by licensees as a result of QBCC system upgrades had a significant impact on this result.
Percentage of early dispute resolution cases finalised within 28 days*	80%	93%	✓	
Average number of days to process licence applications*	30 days	14 days	✓	
Percentage of owner builder permits approved within 15 working days*	90%	93%	✓	
Percentage of adjudication applications referred to an adjudicator within 4 days*	98%	99.6%	✓	
Percentage of insurance claims for defective work assessed and response provided within 35 business days*	33%	60%	✓	
Percentage of internal review applicants contacted within 2 business days*	95%	94.4%	o	
Average processing time for an early dispute resolution case*	28 working days	10 working days	✓	
Average approval time for defects claims less than \$20,000*	31 working days	33 working days	o	
Cost of recovering \$1.00 of funds owed to creditors*	\$0.70	\$0.63	✓	
Key performance indicator: Increased customer compliance rates for lodgements				
Qualitative statement	See the information box "Helping our customers by improving the way we communicate" on page 36			

Status is reported using the below key: ✓ = target achieved or exceeded o = slightly outside target, risk being managed x = target not reached (see Comments column).

* This is a 2017-2018 Service Delivery Statement Service Standard.

CUSTOMER SERVICE

Customers' needs and expectations of the QBCC are constantly evolving. In the past 12 months, the QBCC implemented a number of changes to make it easier for our customers to access our services. The changes included:

- an after-hours voicemail service which provides more consistent and accurate information
- making more services available to licensees through myQBCC
- being more active on social media
- allowing general enquiries to be made directly through our website.

In 2017-2018, calls offered to the QBCC were 202,621. In addition, the QBCC website received close to 8.1 million page views in 2017-2018.



TABLE 11 | CUSTOMER CONTACT CENTRE STATISTICS OVER THE PAST FIVE YEARS

	2013-2014*	2014-2015	2015-2016	2016-2017	2017-2018
Customer phone calls	176,698	216,155	222,097	221,996	202,621
Customer emails	7,175	5,859	7,833	10,842	14,228

*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

HELPING OUR CUSTOMERS BY IMPROVING THE WAY WE COMMUNICATE

The QBCC is improving the way we communicate with our customers to be more effective in our regulatory role, and to reduce customer frustrations.

For example, the QBCC receives a number of applications for investigation into complaints made by home owners or contractors. In many cases, the necessary documents needed to progress the application are not submitted or are not in the required format. The QBCC has redesigned its response to help the applicant to understand what is required. In May 2018, the complaints lodgement correspondence process was reviewed to ensure customers were

informed about the overall process, the expected timelines, and the correct way to lodge a complaint. Reductions in the time spent by customers providing evidence that the QBCC needed has reduced from over 30 days to an average of three days, allowing a faster turnaround in the time spent handling complaints.

Another example is in the work done to redesign our Direction to Rectify letter. The layout, design and language were crafted to maximise understanding of what was required, and increase contractor compliance.

LICENSING

The QBCC provides licensing services to a range of customers in the building and construction industry including those in the service trades. The table below shows the number of individuals and companies licensed by the QBCC as at 30 June 2018.

TABLE 12 | QBCC LICENSEES AS AT 30 JUNE 2018

	Individual	Company	Total
Builder	26,593*	8,733	35,326*
Builder restricted	2,317*	672	2,989*
Trade contractor	40,960*	10,023	50,983*
Fire occupational	1,428	N/A	1,428
Certifier	463	N/A	463
Plumbing (occupational only)	12,894	N/A	12,894
Pool safety inspectors	641	N/A	641
Total	85,296*	19,428	104,724*

* The numbers include builder, nominees and site supervisors

The QBCC is investing energy to improve our customers' experience with the licence application process. The aim is to make it simpler to provide information and evidence in support of an application. For example, the QBCC is changing the format of application forms to fillable Portable Document Format (PDF) which allows applicants to type and save their applications.

The QBCC is also looking to provide personal support to applicants filling out their licence applications. This will be undertaken in regular small group forums. The QBCC will also be partnering with Master Builders Queensland and the Housing Industry Association to include this support to their members.

The QBCC is also contributing to the industry awareness of emerging building and construction products and methodologies so that manufacturers and designers are aware that current licence classes may not specifically address new technologies. The QBCC is working with stakeholders to resolve these challenges.

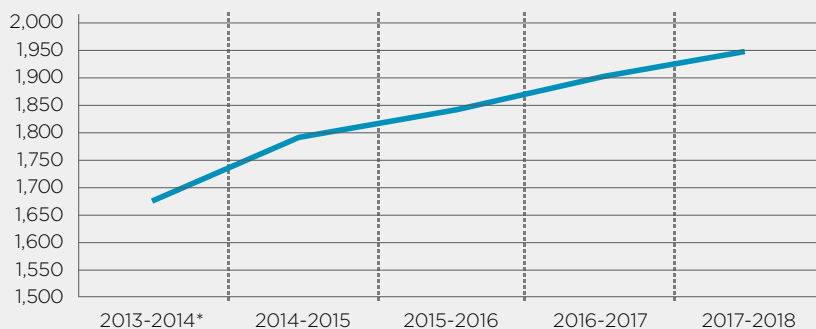
In 2017-2018, the QBCC processed 598 mutual recognition applications. Mutual recognition applications are received from Australian citizens in other states and territories, and New Zealand citizens, and are processed under the *Trans-Tasman Mutual Recognition Act 1997*.

OWNER BUILDER PERMITS

The QBCC supports home owners who desire to renovate or build their own home through owner builder permit licensing. The objective of the owner builder permit is to allow the owner of the land to control the engagement and co-ordination of building work and allow flexibility for the scheduling of building work. The biggest disadvantage to owner builder permit holders is that there is no access to the Queensland Home Warranty Scheme.

The QBCC facilitates the approval of owner builder permits that allow the owner of the land to undertake certain building work. Building work over the value of \$11,000 can be included on the permit with the exception of plumbing work, fire protection, commercial and industrial type work or work to multiple dwellings.

OWNER BUILDER PERMITS APPROVALS OVER THE PAST FIVE YEARS



*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.



PLUMBER AND DRAINER LICENSING

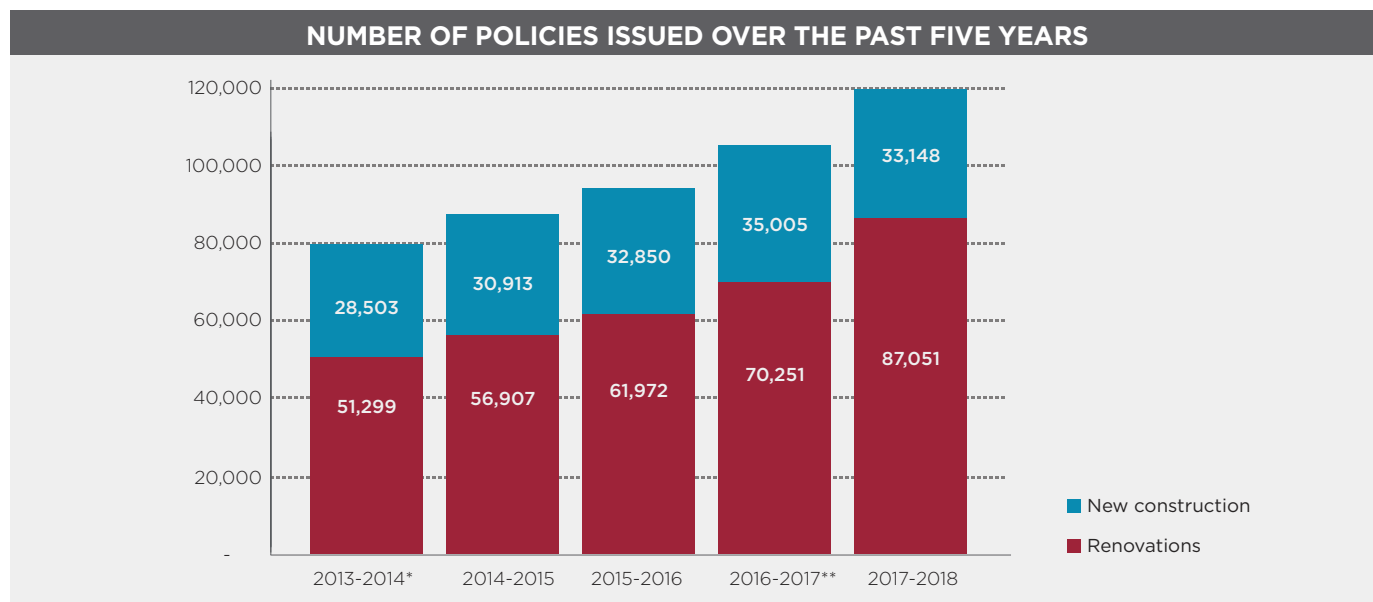
The QBCC administers Queensland's licensing system for plumbers and drainers. As of 30 June 2018, there were 12,894¹ individuals holding open, provisional or restricted plumber and drainer licences in Queensland. This number includes endorsements.

¹Number includes plumbers and drainers holding occupational plumbing/drainage licences under the PDA who may also hold plumbing/drainage contractor licences under the QBCC Act.

QUEENSLAND HOME WARRANTY SCHEME

The QBCC administers a home warranty scheme that provides insurance cover for residential construction work in Queensland. The scheme protects home owners from loss where the licensed contractor does not complete the contracted works or fails to rectify defective work.

During 2017-2018, the QBCC processed 120,199 insurance policies. The breakdown of residential construction work carried out during the period was 72.42 per cent renovations compared to 27.58 per cent new home construction.



*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

**As at 28 October 2016, the type of work covered by the Queensland Home Warranty Scheme was expanded. The introduction of cover for manufactured homes, which was previously excluded, resulted in an increase in policies covered under the "New construction" data. The introduction of cover for swimming pools and additional work within the envelope of the building, resulted in an increase in policies covered under the "Renovations" data.

In 2017-2018, the QBCC received \$91 million in insurance premiums compared to \$96.2 million in 2016-2017. This was due to reductions in the cost of reinsurance, passed onto Queenslanders in the form of reduced premiums for most contracts entered into after 28 October 2016, compared to the premiums payable previously.

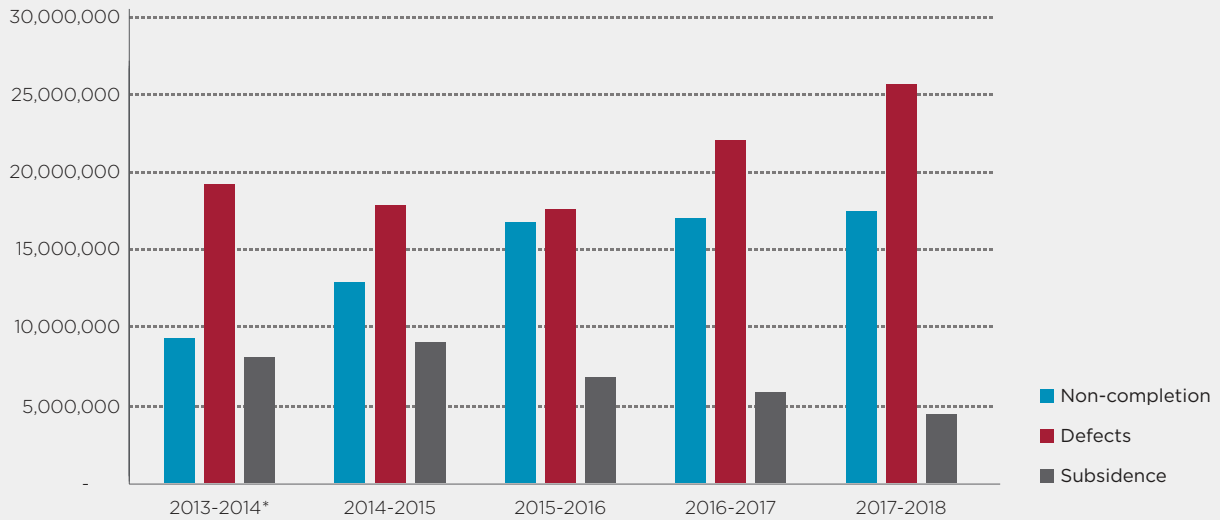
TABLE 13 | INSURANCE PREMIUMS RECEIVED OVER THE PAST FIVE YEARS

	2013-2014*	2014-2015	2014-2015	2015-2016	2017-2018
Insurance premiums	\$82.8 million	\$96.4 million	\$107.4 million	\$96.2 million	\$91 million

*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

The QBCC approved a total of \$47.5 million in insurance claim costs during 2017-2018. This included \$25.5 million for defects claims, \$17.4 million for non-completion claims and \$4.6 million for subsidence claims.

INSURANCE CLAIM APPROVALS BY TYPE OVER THE PAST FIVE YEARS



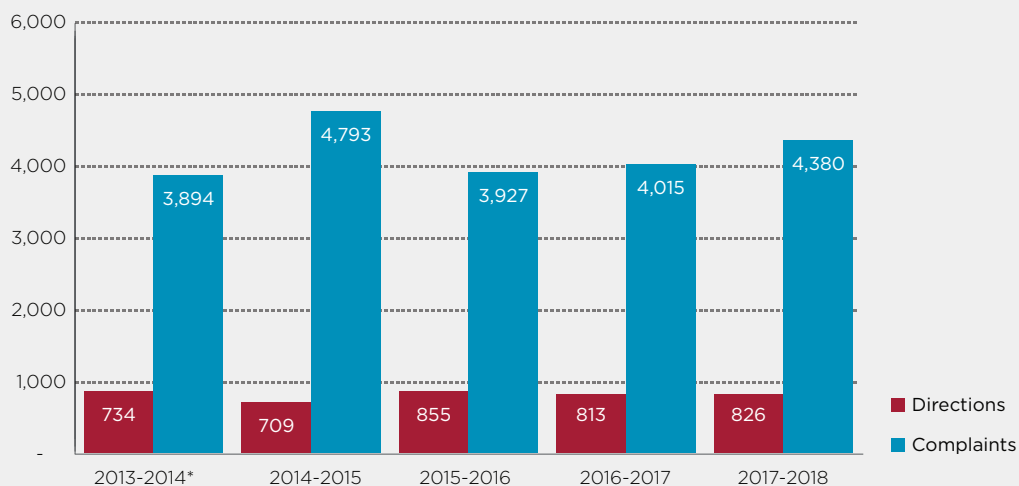
*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

Generally, claims are expected to continue to increase year on year, reflecting the increased number and value of residential work covered by the Queensland Home Warranty Scheme. Defects claims have been steadily increasing since 2016-2017, caused by higher rates of claim than previously experienced. In 2016-2017, higher rates of claim for work nearing the expiration of cover was experienced, in contrast to 2017-2018 which saw higher than expected rates of claim for newly constructed work.

Non-completion claims rose in 2015-2016, but have since returned to the normal levels expected based on the number of residential contracts covered. Claim rates and sizes for subsidence have steadily decreased for policies written since 2011, likely resulting from changes to the Rectification of Building Work Policy designed to improve standards in the industry.

To ensure a solid financial framework for its insurance operations, the QBCC has continued to comply with various Australian Prudential Regulatory Authority (APRA) standards that apply to general insurers to the extent that it is reasonable and prudent for the QBCC to do so, including a prudential margin loading in relation to projected future claims to achieve the APRA requirement of a 75 per cent confidence level that the outstanding claims provisions will be adequate.

COMPLAINTS AND DIRECTIONS OVER THE PAST FIVE YEARS



*Between 1 July 2013 and 30 November 2013 the statistics relate to the former authority (QBSA). Statistics between 1 December 2013 and 30 June 2018 relate to activities of the QBCC. The statistics have been reported together to allow for trend analysis.

BUILDING COMPLAINTS AND DISPUTES

The QBCC may be able to help where there are building disputes between home owners and principal contractors where the situation has come to a standstill. During 2017-2018, these types of building disputes totalled 6,105, of which 4,380 related to works after the construction was completed and 1,724 which were during the construction process. This represented an increase of 10 per cent from 2016-2017 which totalled 5,543 building disputes.

The increase in building disputes could be due to an increased awareness and accessibility of the QBCC's services. The number of directions to rectify issued in 2017-2018 have not increased significantly from 2016-2017.

TABLE 14 | TEN MOST COMMON BUILDING DEFECTS IN 2017-2018

	Ranking	Total
Joinery	1	518
Painting	2	377
Roof Cladding	3	372
Tiling (Floor)	4	318
Drainage	4	318
Internal Wet Areas Waterproofing Membranes	5	297
Driveways and Paths	6	231
Linings Wall Internal	7	210
External Waterproofing Membranes	8	206
Linings Ceiling Internal	9	186
Wall Cladding	10	176

To help educate the industry, the QBCC's Tradie Tours deal with hot issues in the industry. For example, an industry expert talked about timber and aluminium joinery issues at the November 2017 Tradie Tour. This aims to reduce the amount of this type of defective work in the industry.

In 2018-2019, the QBCC will be rolling out targeted education initiatives to further help contractors understand building requirements, and reduce the number of defects.

EARLY DISPUTE RESOLUTION

In situations where there are disputes between QBCC principal contractors and home owners, the QBCC offers a free Early Dispute Resolution (EDR) service. This service is for domestic building work in excess of \$3,300 where concerns regarding defective building work, non-completion and contractual issues arise prior to completion of the contract.

During 2017-2018, the QBCC received 1,724 EDR cases, with 1,729 finalised during the reporting period. The number of cases received and cases finalised is not equal as cases can be carried over from previous financial years. The number of cases received in 2017-2018 represents a 13 per cent increase compared to 2016-2017, where 1,528 cases were received.

The QBCC is looking to improve the way pre-completion concerns are handled in order to improve the overall home owner experience. This review will commence in 2018-2019.

ADJUDICATION REGISTRY

The Adjudication Registry (the Registry) was established under the *Building and Construction Industry Payments Act 2004* (BCIP Act). The BCIP Act was introduced to improve payment dispute outcomes in the building and construction industry, and applies to any contracts entered into on or after 1 October 2004.

The BCIP Act provides persons who have carried out construction work or who have supplied related goods or services under a construction contract with an entitlement to progress payments. It also establishes a rapid adjudication process to facilitate prompt recovery of outstanding amounts. The BCIP Act provides an alternative means of obtaining payment to the traditional legal and civil options. As at 30 June 2018, there were 131 adjudicators registered under the BCIP Act.

Overview of registry outcomes for 2017-2018

TABLE 15 | ADJUDICATION REGISTRY CLAIMED STATISTICS FOR 2017-2018

Total value of claims	\$226,906,364
Maximum claim	\$58,799,332
Minimum claim	\$500
Average claim	\$433,855

TABLE 16 | ADJUDICATION REGISTRY DECISION STATISTICS

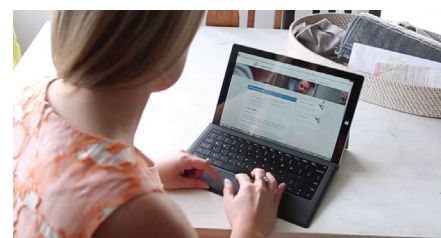
Total value of claims - decision released	\$85,210,627
Maximum claim value - decision released	\$13,581,281
Minimum claim value - decision released	\$520
Average claim value - decision released	\$321,550
Total value of adjudicated amount - decision released	\$37,060,114

Lodgement and allocation of adjudication applications

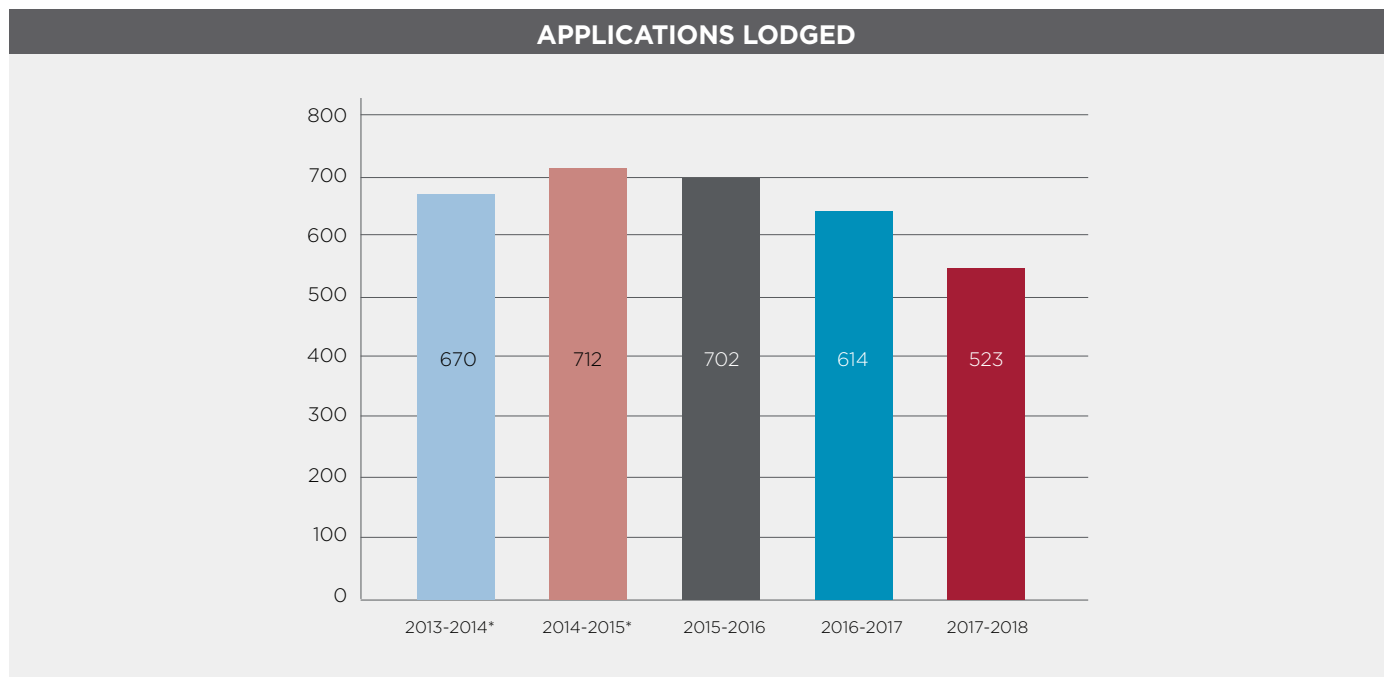
Adjudication applications can be lodged at the Registry over the counter at any QBCC office, by mail, by fax and online. As at 30 June 2018, 523 applications were lodged at the Registry. 483 of the applications represented standard claims (claims for less than \$750,000 excluding GST) and the remaining 40 applications were complex claims (claims for more than \$750,000 excluding GST).

Since BCIP Act amendments commenced on 15 December 2014, the Registry has processed and assessed adjudication applications as per the 'Adjudicator Grading and Referral Policy 2015' to determine a suitable adjudicator to refer the application to. Once referred to an adjudicator, the adjudicator is required to complete forms relating to conflict of interest, rate agreement, delivery of application, and if applicable, agent nomination, before the Registry will confirm the referral.

The Registry has no further involvement with the progression of an application until the adjudicator makes a decision.



The below graph shows the number of adjudication applications lodged over the past five years.



*Between 1 July 2013 to 14 December 2014 the statistics relate to the *Building and Construction Industry Payments Act 2004* (BCIP Act) where applications were lodged with Authorised Nominating Authorities (ANAs). Statistics between 15 December 2014 to 30 June 2018 relate to activity of the BCIP Act (amended) where applications are lodged at the QBCC. The statistics have been reported together to allow for trend analysis.

Adjudication decisions

The Registry relies upon the cooperation of adjudicators in providing it with critical information so as to enable the monitoring of adjudicators and publishing of key statistics and all adjudication decisions.

Following the adjudicator's release of the decision to the claimant and respondent, the adjudicator is requested to notify the Registry and to provide the Registry with a copy of the decision. The Registry then publishes the decision on the QBCC's website.

The average time for a standard claim, from lodgement of application to a decision being made, is 19 days. The average time for a complex claim, from lodgement of application to a decision being made, is 52 days.

Adjudication fees

The Registry imposes a fee for lodging an adjudication application which operates on a sliding scale. The fees range from \$55.40 for payment claims that are \$10,000 or less (excluding GST) to 0.07 per cent of the claimed amount for claims higher than \$1,029,500 (but not more than \$5,543.60).

The Registry has developed a schedule of recommended reasonable fees for both standard and complex claims to provide guidance to adjudicators. In the 2017-2018 year, fees for adjudication (that is, lodgement fees plus adjudicator's fees) totalled \$2,023,674. The maximum total fee for adjudication was \$109,494 and the minimum total fee was \$53.55. The average fee for adjudication was \$7,636. Fees for adjudicators are paid directly to them by the parties involved.

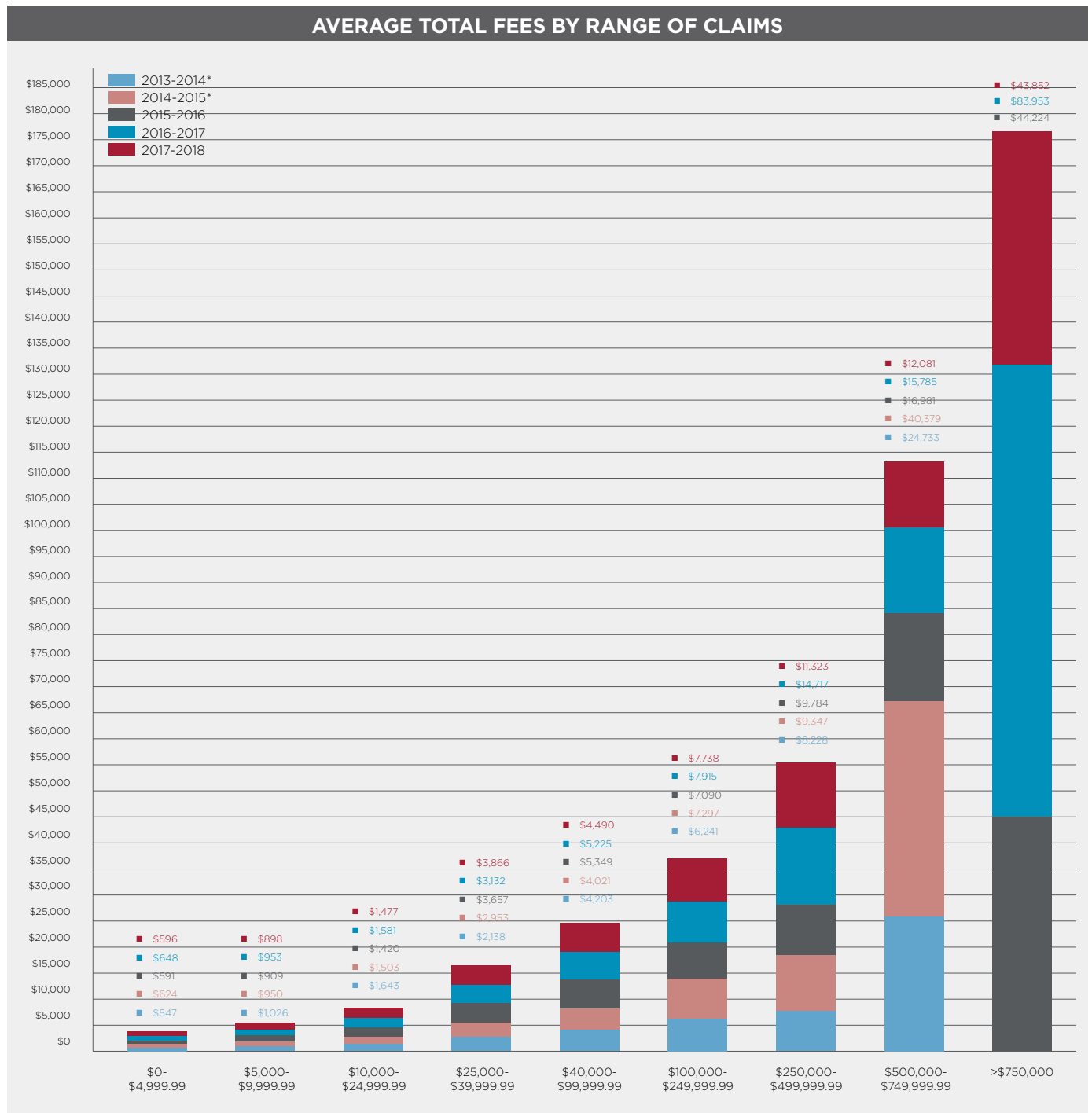
The below table shows a representation of the average fee paid in a range of claimed amounts. The percentage of the total fee paid by the claimant or respondent is decided by the adjudicator having given consideration to the outcome of the adjudication.

TABLE 17 | ADJUDICATION FEE STATISTICS 2017-2018

Range of Claims	Average Fees				Average fee as a percentage of claim		
	YTD decided	Total average fees	Respondent share of total average fee	Claimant share of total average fee	Total	Respondent share	Claimant share
\$0 - \$4,999.99	35	\$596	\$322	\$218	25.29%	57.14%	42.86%
\$5,000 - \$9,999.99	38	\$898	\$471	\$372	10.89%	53.95%	46.05%
\$10,000 - \$24,999.99	35	\$1,477	\$891	\$420	7.53%	60.71%	39.29%
\$25,000 - \$39,999.99	24	\$3,866	\$2,385	\$1,316	10.38%	60.62%	39.38%
\$40,000 - \$99,999.99	49	\$4,490	\$2,325	\$1,919	6.77%	49.90%	50.10%
\$100,000 - \$249,999.99	28	\$7,738	\$4,562	\$2,790	4.13%	58.57%	41.43%
\$250,000 - \$499,999.99	26	\$11,323	\$6,639	\$4,187	2.89%	59.62%	40.38%
\$500,000 - \$749,999.99	7	\$12,081	\$9,440	\$2,031	1.64%	75.71%	24.29%
> \$750,000	23	\$43,852	\$23,823	\$18,267	2.20%	54.65%	45.35%



The below chart shows the total average fees paid per range of claims. From 2013-2014 to 2017-2018, for claims up to \$500,000, average fees have been stable.



*Between 1 July 2013 to 14 December 2014 the statistics relate to the *Building and Construction Industry Payments Act 2004* (BCIP Act) where applications were lodged with Authorised Nominating Authorities (ANAs). Statistics between 15 December 2014 to 30 June 2018 relate to activity of the BCIP Act (amended) where applications are lodged at the QBCC. The statistics have been reported together to allow for trend analysis.

In 2016-2017 the average fee paid over \$750,000 is significantly higher due to the adjudicator's fees in deciding an application for \$996 million dollars.

Adjudicator qualification course

In 2017-2018, 25 people applied to undertake training to become registered as an adjudicator under the BCIP Act. Twenty people have successfully completed the course.



INTERNAL REVIEW

The QBCC offers a free, independent internal review service to reduce the number of administrative reviews made through the Queensland Civil and Administrative Tribunal (QCAT) in accordance with the QBCC Act.

Examples of the types of reviewable decisions include:

- to issue or not to issue a direction to rectify and/or complete work
- that rectification/completion work is or is not of a satisfactory standard
- the scope of works for an insurance claim
- to disallow part of an insurance claim or a whole insurance claim
- that a certifier has not engaged in unsatisfactory conduct or professional misconduct
- to suspend or cancel a licence.

During 2017-2018, the QBCC opened 651 internal review cases. 641 internal review cases were closed during the reporting period. The QBCC also processed cases from previous financial years.

As a result of the 641 internal reviews completed during 2017-2018:

- 376 (58.6 per cent) original decisions were upheld. This number includes withdrawn applications in relation to 37 decisions
- 73 (11.4 per cent) original decisions were overturned
- 67 (10.5 per cent) original decisions were varied
- 125 (19.5 per cent) matters were discontinued.

The QBCC discontinued 125 matters because:

- 56 of those matters were outside jurisdiction, as the applications did not relate to a 'reviewable decision' or the applicant had also applied to QCAT for external review
- in relation to 20 of the original decisions purportedly under review, the decision had either not yet been made or was withdrawn by the original decision-maker before an internal review decision was made
- applications in relation to 37 decisions were withdrawn
- 12 applications were closed with no further action taken, mainly due to an error in creating the file or decision.

As at 30 June 2018, 88 cases remained open. On average, it took 44 days to process an internal review case.

DEBT RECOVERY

The QBCC holds licensees responsible for monies owed as a result of claims made against the Queensland Home Warranty Scheme.

The QBCC recovered \$10,398,304.96 in 2017-2018 for the Queensland Home Warranty Scheme.

In 2017-2018, 23 debtors were referred to the QBCC's Debt Recovery Legal Panel for new legal recovery action. Legal recovery action accounted for \$9,322,799.71 of all recovery for the Queensland Home Warranty Scheme during the reporting period.

CUSTOMER FEEDBACK POLICY

The QBCC updated its Customer Feedback Policy in 2017-2018. The Customer Feedback Framework provides for the capture and management of service complaints in line with the Queensland Government's policy under the provisions of the *Public Service Act 2008*. It also complies with the Australian Standard (AS/NZS 10002:2014) about complaint handling, and with the recommendations of the Office of the Queensland Ombudsman.

Feedback from our customers is an integral part of delivering high-quality customer service and provides valuable insight into business improvement opportunities.

The QBCC has adopted an approach to managing negative customer feedback where investigations will be conducted in an unbiased, transparent and accountable manner. A Director of Ethics and Standards has recently been appointed to manage this process as part of the position's responsibilities.

Customer feedback can be lodged via an online form on the 'Contact Us' page of the QBCC's website. Feedback is also accepted via email, social media, face to face, over the phone, facsimile or through mail. Survey response comments are also captured as feedback cases. Staff are encouraged to capture all feedback, including service complaints, compliments and suggestions.

The QBCC has made it easy for customers to lodge feedback. The substantial increase in feedback cases reflects the success of the initiative. Prompt action was taken in relation to almost all contacts received. All service complaints were assessed and investigated where appropriate, and steps taken to improve communications and address complainants' concerns in accordance with the QBCC's Customer Feedback Policy. Suggestions provided by our customers were also reviewed and actioned where appropriate.

TABLE 18 | CUSTOMER FEEDBACK STATISTICS OVER THE PAST FOUR YEARS

	2014-2015	2015-2016	2016-2017	2017-2018	Percentage increase/ (decrease) over the previous year
Suggestions	58	259	544	830	52.9%
Compliments	109	191	275	260	(5.5%)
Service complaints	285	749	1,505	1,734	15.1%

SERVICE AND ADMINISTRATIVE PROCESS COMPLAINTS

Service and administrative complaints about the conduct of QBCC staff are referred to the Staff Conduct Committee. This committee received 27 complaints, of which all were reviewed and seven were sent to independent agencies or investigators.

The average time to complete an investigation was 87 days, with outcomes from the investigations ranging from no allegations being supported to disciplinary action being taken.

OBJECTIVE 3

ENHANCE OPERATIONAL AND ORGANISATIONAL EXCELLENCE

Our strategies:

- utilise data-driven insights for action
- enhance our technology foundations to enable improved service provision, innovation and compliance
- enhance our internal governance systems to ensure appropriate and effective decision-making
- planning more effectively to achieve our objectives.

TABLE 19 | OBJECTIVE 3 SUCCESS MEASURES

Supporting measures	Target	Actual	Status	Comments
Key performance indicator: Improved use of data to enhance proactive regulatory programs				
Qualitative statement See information box “Becoming an Insights Driven Regulator” on page 51				
Key performance indicator: Successful delivery of projects within agreed thresholds				
New IT system in place and functioning to set specifications by agreed timeframes	On track	On Track	✓	
Unplanned IT outages	Decrease	Decrease	✓	

Status is reported using the below key: ✓ = target achieved or exceeded o = slightly outside target, risk being managed x = target not reached (see Comments column).

* This is a 2017-2018 Service Delivery Statement Service Standard.

PROCESS OPTIMISATION PROJECT

The QBCC embarked on a Process Optimisation Project to better position itself as an efficient and effective regulator. The Process Optimisation Project works hand-in-hand with the QBCC’s Workforce Capability Assessment Project (see page 54). It ensures that the QBCC has the right processes to perform the role of a regulator. The project was introduced to deal with increased workloads on existing resources due to recent legislative changes, and opportunities to improve existing processes.

Benefits of this project include the elimination of duplicated effort and unnecessary costs, identifying which processes are critical to the business, and embedding a practice of continuous improvement through innovative thinking. One example of the benefits realised is a reduction from 27 days to seven days in the timeframe allocated for the collection of evidence for dispute cases. This has resulted in case-completion times improving by 22.5 per cent. Other recommendations from the project were put forward to the Senior Leadership Team in June 2018 for review.

MULTI-DISCIPLINARY TEAM PILOT PROJECT

The QBCC piloted a project with the end goal of delivering a better and more efficient service for our customers. Starting in April 2017 and ending in June 2018, two Multi-Disciplinary Team (MDT) pilot projects were held in the Brisbane and Sunshine Coast offices.

The benefits derived from the pilot projects included:

- streamlined triage process, resulting in enhanced responsiveness
- enhanced information sharing, resulting in a risk-based approach that more appropriately escalates and prioritises matters
- greater clarity for home owners, limiting their contact to two QBCC staff compared with up to 13 in the current process
- greater efficiency and less frustration experienced by home owners, as all information is collected at the beginning of the process, as opposed to the home owner receiving up to 12 requests for further information in the current process
- greater efficiency in processing and completing dispute cases, achieving an average of 22.5 per cent² improvement over the current process
- greater efficiency in processing early dispute resolution cases, achieving an average of 42.5 per cent² improvement over the current process.

The findings of the MDT pilot projects are being used to inform improvement opportunities in the QBCC.



RISK AND ISSUE MANAGEMENT

The QBCC's Enterprise Risk Management Framework was updated in line with the current AS/NZS ISO 31000:2018 Risk Management - Guidelines, and was approved by the Board in April 2018.

The visibility of risk is provided to the Commissioner, the Deputy Commissioner, the Senior Leadership Team, the Board, and the Finance, Audit and Risk Committee through scheduled reporting of high and extreme risks, emerging risks and critical issues, the management of the risks and issues within QBCC's Risk Appetite, and the identification of opportunities.

The QBCC's Risk Intelligent approach ensures the:

- right balance between risk and reward is maintained which provides simultaneous focus on value protection and value creation
- achievement of organisational goals, and compliance with legal and regulatory requirements
- facilitation of risk-based planning and decision making, and promotes and supports a risk-focused culture leading to improved organisational resilience
- continuance of control assurance by evaluating and analysing control efficiency and effectiveness from a financial and operational perspective to reduce the impact on the QBCC.

In 2017-2018, the QBCC inducted 45 Risk Mentors to support staff in the management of risk and issues. To complement this, mandatory risk and issue training modules were rolled out to staff to ensure the QBCC maintains a consistent approach to the management of risk and issues.

The QBCC also conducted fraud and corruption risk assessments and internal control reviews to ensure control effectiveness in the prevention of fraud and corruption incidents.

INTERNAL AND EXTERNAL AUDITS

Ernst & Young is the QBCC's internal auditor providing an independent review of its internal system controls. Audits were performed in accordance with the 2017-2018 internal audit plan. The Finance, Audit and Risk Committee acted as a forum for internal audit and oversaw its planning, monitoring and reporting processes. This forms part of the governance processes that ensure the QBCC's internal audit function operates effectively, efficiently and economically. The internal audit is also performed independently of management and authorised auditors. Internal audit has fulfilled its function in accordance with the above requirements to safeguard the QBCC in relation to financial and operational risks, and has had due regard to the Audit Committee Guidelines.

In 2017-2018, the internal audit plan was approved by management. A total of six internal audit engagements were undertaken, including IT Service Management, Payroll, Licensing, Debt Recovery, Financial Controls and Quality Assurance. The QBCC's Quality Assurance Audit unit undertook a total of three audits, involving the auditing of compliance with policies, procedures and delegations. These included audits on staff onboarding, contact centre general enquires, and legal services administrative support.

The Queensland Audit Office is the QBCC's external auditor under the terms of the *Financial Accountability Act 2009*.

2. Figures relate to the period December 2017 to February 2018

PRUDENT INVESTMENT MANAGEMENT

The Finance, Audit and Risk Committee is responsible for monitoring the performance of its fund managers, Queensland Investment Corporation and Queensland Treasury Corporation. The committee monitors performance through advice from the QBCC's fund managers, QBCC's Senior Leadership Team and economic information from other relevant sources.

The QBCC's Investment Policy was reviewed and approved in November 2017. The review took into account the prevailing trends in the investment market. As a minimum, the policy is reviewed annually.

The QBCC's investment powers are governed by the *Statutory Bodies Financial Arrangements Act 1982*.

RIGHT TO INFORMATION AND INFORMATION PRIVACY

The QBCC is committed to providing the community with greater access to information through supporting the proactive disclosure of information unless on balance it is contrary to public interest. The QBCC also recognises the importance of protecting the personal information of individuals in accordance with the Information Privacy Principles, ensuring the collection of personal information is done fairly and lawfully, and that all reasonable steps are taken to safeguard the information collected in regard to storage, use and disclosure.

The QBCC is committed to compliance with the objects of the *Right to Information Act 2009* (RTI Act) and *Information Privacy Act 2009* (IP Act). To do this, the QBCC has a stand-alone permanent unit of officers, including independent decision makers. In 2017-2018, the QBCC received 203 applications under the RTI and IP Acts. The QBCC completed 189, with the remaining applications to be finalised in 2018-2019.

The QBCC Administrative Access (AA) Policy supports the proactive disclosure of information, allowing the QBCC to give access to certain types of information as a matter of course that is not considered contrary to the public interest, without the need for a formal application. The QBCC finalised 222 AA requests in 2017-2018.

Chapter 5 of the IP Act provides for an individual to make a complaint about an agency's breach of the privacy principles within 12 months of the alleged breach. A privacy complaint form is available on the QBCC's website. One privacy complaint was received by the QBCC in the reporting period.

OPEN DATA

The QBCC is required to publish certain annual report content through the Queensland Government's Open Data portal at <https://data.qld.gov.au>.

The information published relates to:

- consultancies
- overseas travel
- Queensland Language Service Policy.

QBCC CLOUD INFRASTRUCTURE AND SALESFORCE ENHANCEMENT PROJECTS

The QBCC embarked on a project to migrate its systems to a cloud-based environment. This was completed in November 2017, on time and under budget.

This means that QBCC staff have more reliable systems that enable them to perform their duties more efficiently and effectively. Moving to a cloud-based environment also means that staff are able to access documents and software as long as they have an internet connection, allowing staff to enjoy an improved work from home experience. It has also improved system resilience, security and scalability.

In addition, the QBCC undertook a project to make better use of its existing Salesforce platform. This project involves moving various QBCC services that are using other systems on to the platform, and making continuous improvements to services already on Salesforce. It is expected that this enhancement project will be completed in 2020-2021. This project will allow staff to work with greater productivity.

Cyber security testing and protection activity continues to be a high priority for the QBCC, with further investments planned over the next 12 months.



RECORDS MANAGEMENT

During the latter part of this reporting period, the QBCC commenced a project to renew its electronic document and records management system (eDRMS) to a new Enterprise Content Management (ECM) System. The first phase of the project is scoped to migrate the QBCC's 11 million records across to the new platform, as well as to undertake significant change management and training in order to ensure that the utilisation of the new system is embedded in the QBCC's business functions. This project is scheduled to finish in October 2018 and will mark the first iteration of the QBCC journey towards digital recordkeeping and literacy. This will aid the QBCC in becoming an insights-driven regulator, and assist in the operation of its strategic imperatives.

This project will be underpinned by a robust information management and records management framework to ensure that people, systems and processes are aligned, optimised and governed in line with necessary legislation, standards and policies. This framework and associated training will commence prior to the system's go-live date to ensure that QBCC staff are aware of their responsibilities before starting the systems training.

The QBCC's disposal program continues to be on hold while the new system is being implemented.

It is anticipated that all records will be re-sentenced in the new system after migration. The disposal program will then be re-initiated in the new system.

PROCUREMENT POLICY AND MANUAL

The Queensland Government adopted a new Queensland Procurement Policy on 1 September 2017. In line with this new policy, the QBCC updated its Procurement Policy and Procurement Manual. This will ensure that the QBCC procures goods and services in a manner that aligns with the principles of the Queensland Procurement Policy, and in a manner that is fair and transparent.

The QBCC's goals in relation to procurement are to:

- obtain the best value for money for all procurement activity including whole-of-life cost considerations
- build procurement and contract management capability within the organisation, placing greater emphasis on contract and performance management
- improve engagement with internal stakeholders and local supply markets
- improve compliance with policies and procedures to increase service outcomes and reduce exposure to undesired scrutiny.

To ensure compliance with the changes, mandatory training was rolled out to all QBCC staff to raise awareness of the new requirements.

BECOMING AN INSIGHTS DRIVEN REGULATOR

In March 2018, the QBCC commenced an initiative that seeks to transform the QBCC from being a reactive regulator to a proactive regulator. The initiative defined a preferred approach for maturing the QBCC's existing capabilities so that it could proactively identify opportunities to improve regulatory outcomes, prioritise strategic initiatives, and realign workforce capacity to higher-value regulatory activities.

Partnering with Deloitte consulting, three proof-of-concept solutions were developed to provide evidence of the value and benefits of data insights, as well as a longer-term data analytics strategy and roadmap. This phase of the initiative is expected to be completed by September 2018. QBCC staff have been actively involved in providing input to the initiative.

The QBCC expects that becoming an insights-driven regulator will:

- empower it to be a proactive, risk-based regulator that focuses on high-value, high-complexity tasks that will have the greatest impact for Queenslanders
- support the QBCC's desire to prioritise regulatory effort where and when it is needed
- provide the QBCC with a platform to support staff at all levels of the organisation to increase skills and capabilities
- enable the QBCC to work smarter when adapting to change due to additional responsibilities placed on the organisation
- enable QBCC staff to provide regulatory and customer services that are timely, clear and transparent through having the right information.

OBJECTIVE 4

TO NURTURE OUR PEOPLE TO HELP THEM BE COURAGEOUS AND THEIR BEST

Our strategies:

- deliver a program of work that develops talent and leadership capability
- develop initiatives and policies which demonstrate our commitment to ensuring our staff feel valued and reward behaviours and outcomes that are aligned with our values.

TABLE 20 | OBJECTIVE 4 SUCCESS MEASURES

Supporting measures	Target	Actual	Status	Comments
Key performance indicator: Increased employee engagement				
Staff satisfaction	80%	68%	x	<p>The last staff satisfaction survey was conducted in August 2017, where there was an 18 per cent increase in staff completing the survey over the previous year. The next staff satisfaction survey is scheduled for September 2018 and will align to the Working for Queensland survey led by the Public Service Commission.</p> <p>The QBCC has embarked on various initiatives, including its Employee Value Proposition project, to improve staff satisfaction as recorded in the rest of this objective.</p>
Key performance indicator: Increased diversity in leadership roles				
Ratio of male to female employees <ul style="list-style-type: none"> • Senior leadership team roles • AO6 to AO8 (excluding Building Inspectors) 	50:50 (Male:female)	65:35	x	The QBCC has strategies in place and is working towards gender equity.
Key performance indicator: Increased culture of inclusiveness				
Qualitative statement	See information box on "Diversity and Inclusion" on page 55			

Status is reported using the below key: ✓ = target achieved or exceeded o = slightly outside target, risk being managed x = target not reached (see Comments column).

* This is a 2017-2018 Service Delivery Statement Service Standard.

WORKFORCE PROFILE

As at 30 June 2018, the QBCC employed 429.12 (413.63 active) FTE (full-time equivalent) staff across professional, technical and administrative roles against a target of 420 FTE, with 87 per cent³ of our staff providing frontline services.

TABLE 21 | WORKPLACE PROFILE AS AT 30 JUNE 2018

EEO ⁴ Target Groups	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Women	193	221	225	235	244
Aboriginal & Torres Strait Islander	6	6	6	5	4
People with a disability	23	22	20	16	16
Non-English speaking background	36	35	39	32	40

³ In 2017-2018, the QBCC adjusted its definition of frontline services to better align with the rest of the Queensland Government.

⁴ Equal Employment Opportunity (EEO)

TABLE 22 | WORKFORCE DIVERSITY AS AT 30 JUNE 2018 (BASED ON SUBSTANTIVE POSITION)

Level	Male	Female	Total	EEO Target groups
Administrative A01-A03	28	65	93	20
Administrative A04-A05	45	116	161	23
Middle Management A06-A08 (Figures here include Building Inspectors)	112	59	171	18
Executive Management SES	5	3	8	3
Executive Management SO	5	2	7	2
% of total staff	44%	56%	100%	9%

ATTRACTING AND RETAINING OUR WORKFORCE

In 2017-2018, the QBCC continued its commitment to attract and retain a skilled and capable workforce. The QBCC launched its Employee Value Proposition with key supporting initiatives including:

- reviewing key human resources policies and procedures and developing new policies where appropriate such as the Diversity and Inclusion Policy
- launching a Flexible Work Policy that encourages all staff to take up flexible work arrangements such as working from home
- releasing a new Staff Engagement Strategy, and a revised Reward and Recognition procedure to celebrate staff achievements
- a Talent Management Framework that provides pathways for our staff to grow and develop.

The QBCC's 2017-2018 permanent separation rate was 9.79 per cent.

KEEPING OUR STAFF SAFE AND HEALTHY

Health and safety is important at the QBCC. In 2017-2018 we took steps to ensure that:

- the Work Health and Safety Committee adequately trained all members
- Work Health and Safety issues were recorded, investigated and actioned appropriately
- Annual Safety Management Plan activities were carried out in full

- Work Health and Safety Internal Audit was conducted across all office locations
- Toolbox Talks covering a variety of short safety topics were held
- risk management activities were implemented, including health and safety hazard inspections across all office locations
- sufficient first aid officers were available in all office locations
- each office location had adequately trained emergency control members
- staff had access to rehabilitation for work and non-work related injuries or illnesses
- staff had access to the Employee Assistance Program which provides confidential counselling and wellbeing support to all staff and their immediate family members
- flu vaccinations and hepatitis injections were made available to QBCC staff
- staff had access to variable working hours and work from home arrangements. Thirty-seven per cent of QBCC staff had taken up work from home arrangements.
- staff adhered to a set of guiding behaviours contained in a newly developed 'Team Principles and Expected Behaviours' document.
- staff had clarity on policies and procedures when dealing with unreasonable customer conduct or threats
- staff were being kept safe from bullying and harassment through continuing a drive to eradicate those behaviours. An all staff survey was conducted in February 2018 to assess the progress made against the last survey conducted in 2016.

KEEPING OUR STAFF ENGAGED

In August 2017, the QBCC undertook a staff engagement survey, continuing a line of surveys from 2014. On a 10-point scale, the August 2017 result showed an average engagement score of 6.77 against a March 2016 score of 6.40. Some staff had expressed a positive view of organisational change and were looking forward to the outcome of these changes.

PROFESSIONAL DEVELOPMENT AND CAREER PATHS

The QBCC maintains a performance development framework to guide the development of staff and ensure the achievement of organisational strategies, business plans and performance outcomes of work teams and individual staff members. Individual performance is reviewed on a regular basis.

The QBCC is committed to encouraging lifelong learning. This is demonstrated through its Study and Research Assistance Scheme (SARAS). It provides support for QBCC staff seeking to gain qualifications to support their work and careers.

Through SARAS, the QBCC supports staff members who wish to undertake degree or doctorate programs, professional qualifications or other nationally approved vocational qualifications that are related to their area of work. Individual modules must be credit-bearing, and lead to a full qualification.

Staff members who are required to complete compulsory professional development, including lawyers, accountants and certifiers, are also given support in their continued professional development.

A leadership capability framework was introduced in July 2017 that helps define and guide what leadership at the QBCC looks like. The process started with the Senior Leadership Team being developed in areas in accordance with the framework, and elements of the framework will

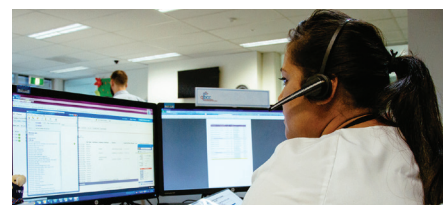
WORKFORCE CAPABILITY ASSESSMENT PROJECT

In late 2017, the QBCC commenced a project to determine the functions, workforce skills and staffing levels to ensure QBCC's objectives are met.

Known internally as the Workforce Capability Assessment project, it involves looking at how the QBCC currently functions, how this might be improved for the future, and determine the skills needed to meet current and future demands. The review of functions helps to clarify where certain services are best placed

to be provided, leading to a more efficient QBCC. It also provides information for what training and capability-building activities are needed for the organisation.

The project concluded in June 2018 with a set of recommendations. Consultation with staff will also occur before any changes take place, which was expected to occur from July 2018 onwards.



be embedded into the development and expectations for all leaders across the QBCC.

The QBCC has also developed a Talent Management Framework to support the development of all staff across the organisation. This incorporates the QBCC's Emerging Leaders program that seeks to help individuals develop competencies required of a senior leader, and to enhance succession planning for future leaders at the QBCC.

CORPORATE SOCIAL RESPONSIBILITIES

The QBCC took part in a number of corporate social activities in 2017-2018. Through various activities conducted internally, the QBCC and its staff donated:

- \$700 for the National Breast Cancer Foundation
- \$2,096 for Community Friends
- \$7,319.30 for the Movember support movement
- books and toys for the "Yoorana" Women's Domestic Violence and Resource Service Inc
- \$2,179.52 raised for the Alannah and Madeline Foundation
- \$265 raised for the National Cancer Foundation.

In addition, old QBCC chairs which were still in good condition were donated to various community organisations where they were needed most.

INDUSTRIAL AND EMPLOYEE RELATIONS

The QBCC has an ongoing positive relationship with the Together Union. Agency Consultative Committee meetings are held every six weeks and attended by Together Union and the QBCC's management representatives. The QBCC works collaboratively with the Union to ensure an effective public sector, delivering quality services to Queenslanders.

The QBCC ensured Human Resources policies reflected current industrial instruments and consistency with the *Industrial Relations Act 2016*.

EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

No redundancy, early retirement or retrenchment packages were paid during the period.

DIVERSITY AND INCLUSION

The QBCC regularly engages in activities that promote an inclusive work culture and environment. Organised by the QBCC's REDI Squad (Respect, Equity, Diversity, Inclusion), a variety of events and activities were held in 2017-2018 to both staff and our customers around a broad and diverse range of topics such as:

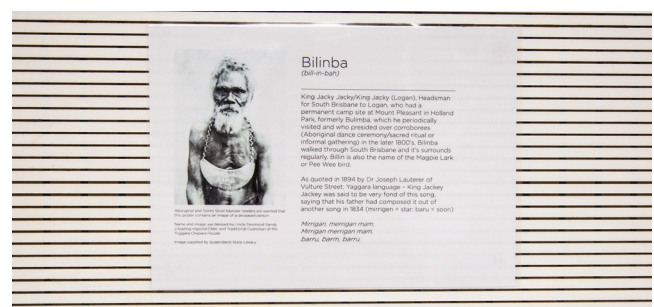
- Autism Awareness month
- World Refugee Day
- Movember
- Diwali
- Zero Discrimination Day
- International Day Against Homophobia, Transphobia and Biphobia (IDAHOT).

The QBCC's meeting rooms, offices and communal areas were also co-named as part of NAIDOC 2017 activities. The names are relevant to the unique aspects of the land and the history around our locations. The QBCC also participated in the observance of national reconciliation activities to promote the healing for the Stolen Generations, their families and communities. The QBCC also set up a staff-led Reconciliation Action Plan Working Group to begin work on our first Reconciliation Action Plan.

The contents on the QBCC website and other promotional material now incorporates inclusive language and imagery. Diversity and inclusion have been added to our position descriptions and our

website vacancy page, and are also highlighted in our front counter display videos.

The QBCC also confirmed a sponsorship agreement with the National Association of Women in Construction, as well as pledging to aim for 11 percent of women in technical roles. The QBCC's 'Bring Your Daughter to Work Day' initiative was promoted in the media as a way to highlight to young women what a career in the construction industry can look like.



OBJECTIVE 5

BE A FINANCIALLY SUSTAINABLE ORGANISATION

Our strategies:

- make responsible decisions based on financial information on an individual and collective basis.

TABLE 23 | OBJECTIVE 5 SUCCESS MEASURES

Supporting measures	Target	Actual	Status	Comments
Key performance indicator: A strong net asset position for QBCC funds				
See Financial Statements section in the Annual Report on page 66				
Key performance indicator: Managing a balanced budget				
See Financial Statements section in the Annual Report on page 66				

Status is reported using the below key: ✓ = target achieved or exceeded o = slightly outside target, risk being managed x = target not reached (see Comments column).

* This is a 2017-2018 Service Delivery Statement Service Standard.

FINANCIAL SUSTAINABILITY PROJECT

In 2017-2018, the QBCC embarked on a project to ensure it remains cost efficient in its operations to deliver its services to the community. Recommendations have been developed and are being implemented throughout the organisation.

Further information on the QBCC's financial performance can be found on page 66 of this report.

The following section highlights the responsibilities and practices that are used by the QBCC to provide direction, manage risks and use resources responsibly.



CORPORATE GOVERNANCE

ROLE AND RESPONSIBILITIES OF THE BOARD

As at 30 June 2018⁵, the Board consisted of seven independent, non-executive members who were appointed by the Governor-in-Council on 1 December 2016 under the QBCC Act for a three-year term.

At the highest level of governance, the Board carries out its duties in accordance with:

- the *Queensland Building and Construction Commission Act 1991*
- the Queensland Building and Construction Board Charter
- the Queensland Cabinet Handbook
- the highest levels of ethics and corporate governance.

Board meetings

Ordinary meetings of the Board are scheduled monthly. Recognising the need to be flexible and adapt to changing environments and circumstances, the Board is

able to consider routine matters out of session by flying minute or by way of an extraordinary Board meeting where the matter is complex or requires fulsome discussion.

A summary of attendance of Board members at ordinary and extraordinary Board meetings is set out in Table 24.

COMMITTEE MEETINGS

To facilitate its efficient operation, the Board has five committees:

- Stakeholder Advisory Committee
- Finance, Audit and Risk Committee
- Insurance Committee
- People and Culture Committee
- Regulatory and Resolution Committee.

Each committee operates to a charter which outlines its purpose, duties, responsibilities, membership, authority and meeting requirements.



⁵ Three new Board members joined the existing QBC Board on 19 July 2018 to help guide the QBCC's strategic agenda and understanding of the issues facing the building and construction sector.

TABLE 24 | BOARD MEMBER ATTENDANCE AND REMUNERATION 2017-2018

Queensland Building and Construction Board

Act or instrument	<i>Queensland Building and Construction Commission Act 1991</i>
Functions	Governing body of the Queensland Building and Construction Commission
Achievements	<ul style="list-style-type: none"> • endorsed and supported internal redesign efforts to achieve meaningful improvements in service delivery and culture, including the functional realignment of the QBCC • provided oversight of the performance and operations of the QBCC.
Financial reporting	Transactions of the entity are accounted for in the financial statements.

REMUNERATION

Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee ⁶	Approved sub- committee fees if applicable	Actual fees received ⁷
Chair	R. L. Williams	29	\$50,000 pa	N/A	\$56,000
Deputy Chair	Jennifer Robertson	19	\$25,000 pa	N/A	\$27,000
Member	Lesley Anderson	19	\$25,000 pa	N/A	\$27,000
Member	Leeanne Bond	18	\$25,000 pa	N/A	\$27,000
Member	Michelle James	18	\$25,000 pa	N/A	\$27,000
Member	Brett Schimming	20	\$25,000 pa	N/A	\$27,000
Member	Robert Schwarten	16	\$25,000 pa	N/A	\$27,000
No. scheduled meetings/sessions	31				
Total out of pocket expenses	\$43,375 in on-costs including travel, professional development and associated expenses				

⁶ Approved fees do not include superannuation amounts.

⁷ Actual fees include superannuation amounts.

Stakeholder Advisory Committee

The Stakeholder Advisory Committee was established to enhance the operational efficiency of the QBCC by obtaining stakeholder feedback and making recommendations to the Board so that feedback can be addressed in a timely and appropriate manner. The committee comprises Robert Schwarten (Committee Chair), Leeanne Bond, and R. L. Williams, and over 20 key external stakeholders. The committee fulfils the following functions:

- providing a forum where views about the conduct of operational matters can be aired, examined, debated and recommendations developed
- encouraging stakeholder feedback, whether negative or positive, to allow for a timely organisational response that respects confidentiality and addresses the issue to the satisfaction of the committee

- identifying and developing a clear channel of communication that offers committee members the opportunity to bring forward issues to relevant officers of the QBCC in-between meeting dates
- welcoming new ideas and initiatives that will enhance the operational efficiency of the QBCC and strengthen the service delivery of the organisation.

In 2017-2018, the committee met three times, mainly around the provision of updates to industry on the following items:

- introduction of Security of Payment legislation
- recent changes to Workplace Health and Safety legislation.
- introduction of Non-Conforming Building Products legislation.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee provides independent comment, advice and counsel to the Board on the suitability of the QBCC's accountability and control framework, including audit and audit-related findings, financial planning and reporting, and the risk management framework and associated policies. The committee comprises Lesley Anderson (Committee Chair), Jennifer Robertson, Brett Schimming and R. L. Williams. The committee observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines. The committee's core duties are to:

- provide independent advice to the Board on the adequacy, timeliness and reliability of the QBCC's operations and systems, including audit planning processes, corporate governance, internal audit, and compliance with legislation and statutory obligations, and ethical conduct and probity
- consider matters related to the QBCC's financial affairs
- review and evaluate the QBCC's risk management framework and procedures, including contingency planning.

In 2017-2018, the committee met five times (inclusive of one extra-ordinary meeting) and conducted the following activities:

- reviewed and monitored the QBCC's internal, quality assurance and external audit activities
- reviewed and monitored the monthly financial results and variations in the budget
- ensured the financial report is completed within legislated timeframes
- reviewed and monitored the preparation of the 2018-2019 annual budget.

Insurance Committee

The Insurance Committee provides advice to the Board on the performance and issues relating to the home warranty insurance scheme. The committee is made up of Leeanne Bond (Committee Chair), Lesley Anderson and R. L. Williams. The committee's duties and responsibilities include:

- monitoring and reporting to the Board on the performance of the scheme
- reviewing the scheme in the context of the economic and environmental climate conditions
- ensuring substantial compliance with the Australian Prudential Regulation Authority standards in accordance with the QBCC's Risk Management Framework
- ensuring that the QBCC is effective in responding to insolvency events in the domestic building sector
- monitoring the QBCC's claims administration to ensure that efficient results are being achieved

- monitoring underwriting principles to make sure the scheme achieves sound results
- collaborating with re-insurers in the performance of the scheme and monitoring re-insurance agreements
- monitoring and reporting to the Board with regards to the actuarial assessment of the scheme on any action required to ensure that the scheme remains viable and effective.

The committee met four times in 2017-2018 and conducted the following activities:

- reviewed actuarial assessments of the Scheme and reported the results to the Board
- reviewed premiums and reinsurance arrangements and made recommendations to the Board
- reviewed the QBCC's Reinsurance Management Strategy and made recommendations to the Board
- reviewed claims processes and performance
- discussed the QBCC's home owner education strategy and made recommendations for improvements.

People and Culture Committee

The People and Culture Committee ensures that the QBCC establishes appropriate people and culture strategies and policies consistent with business requirements. The committee also embeds a culture of accountability, participation, customers and community, creativity, delivering value and safety. The committee comprises Michelle James (Committee Chair), Brett Schimming and R. L. Williams. The committee is charged with advisory and decision-making functions and duties in the following areas:

- nominations and appointments for Board and senior leadership roles
- remuneration and evaluation
- succession plans
- organisational structure
- organisational change
- workplace health and safety.

In 2017-2018, the committee met four times and conducted the following activities:

- reviewed nominations and appointments for Board and senior leadership roles
- reviewed the remuneration and evaluation for Board and senior leadership roles
- reviewed succession plans
- reviewed the organisational structure
- reviewed organisational changes
- monitored workplace health and safety.

Regulatory and Resolution Committee

The Regulatory and Resolution Committee supports the Board by overseeing and advising on the QBCC's licensing regulatory framework and systems. The committee is made up of Jennifer Robertson (Committee Chair), Michelle James, Robert Schwarten and R. L. Williams. The committee is responsible for providing support to the Board by overseeing and providing advice on issues relating to:

- ensuring that the licensing regulatory framework continues to meet the needs of the industry and practices in the training industry
- ensuring that the licensing regulatory framework adds value to the building industry and continues to protect consumers and industry
- ensuring that appropriate resolution systems are in place to handle disputes fairly and equitably
- ensuring that appropriate mechanisms are in place to educate contractors on their legal rights and responsibilities
- providing advice to the Board on dispute resolution, compliance mechanisms, contractual and security of payment issues.

In 2017-2018, the committee met three times and conducted the following activities:

- reviewed a proposal for changes to the Early Dispute Resolution process
- reviewed the development of the Compliance and Enforcement Strategy
- reviewed the Rectification of Building Work Policy.

SERVICE TRADES COUNCIL

The STC is made up of members appointed by the Governor-in-Council for a four-year term. Under Section 6 of the PDA, the STC has the following functions:

- conferring on national policy development and implementation for the trade
- reporting to the Minister on any issue relating to the trade the Minister refers to it or any issue relating to the trade the STC considers the Minister should know about
- making recommendations to the QBCC Commissioner about the performance of the Commissioner's functions under the PDA
- establishing a panel of the STC to assist the QBCC Commissioner to effectively and efficiently perform the Commissioner's functions as relevant to the STC
- establishing other panels to assist the STC to effectively and efficiently perform its functions
- reviewing decisions of the QBCC Commissioner
- performing other functions relating to the trade given to the STC under an Act.

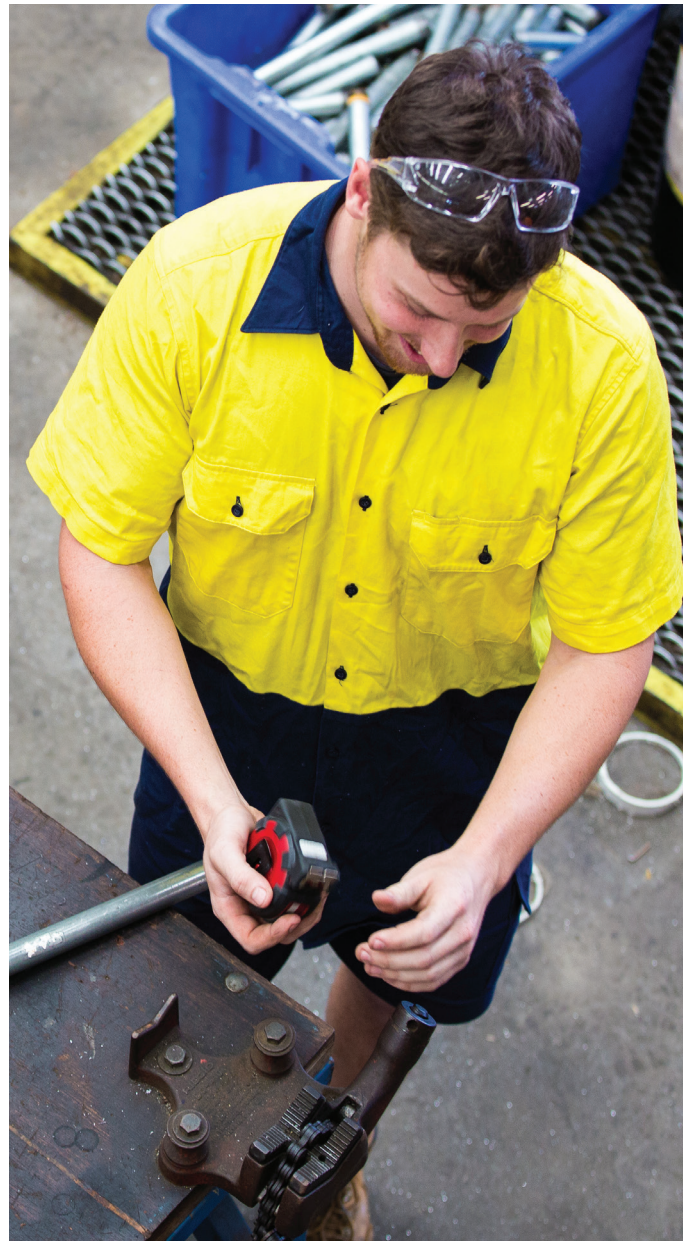


TABLE 25 | SERVICE TRADES COUNCIL MEMBER ATTENDANCE AND REMUNERATION 2017-2018
Service Trades Council
Act or instrument *Plumbing and Drainage Act 2002*
Functions Advisory body

Achievements

- acting as the internal review mechanism for licensees who have received disciplinary action under the *Plumbing and Drainage Act 2002*
- reporting to the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport, and making recommendations to the Commissioner of the QBCC about matters relevant to the trade

Financial reporting Transactions of the entity are accounted for in the Financial Statements

REMUNERATION

Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub- committee fees if applicable	Actual fees received*
Chair	Penny Cornah	6	\$390	N/A	\$0
Deputy Chair	Janet Cumming	7	N/A	N/A	\$0
Deputy member	William Watson	0	\$300	N/A	\$0
Member	Sharon Simmers	3	N/A	N/A	\$0
Deputy member	Christopher McKenzie	2	N/A	N/A	\$0
Deputy member	Greg Jackson	0	N/A	N/A	\$0
Member	Graham MacKrell	5	\$300	N/A	\$0
Member	Linda Bradley	5	N/A	N/A	\$0
Member	Andrew Hickman	4	\$300	N/A	\$0
Deputy member	Wayne Smith	2	\$300	N/A	\$0
Member	Catherine McCahon	3	N/A	N/A	\$0
Deputy member	Lindsay Walker	4	N/A	N/A	\$0
Member	Bradley Hodgkinson	6	N/A	N/A	\$0
Deputy member	Allan Hazell	1	N/A	N/A	\$0
Member	Gary O'Halloran	4	\$300	N/A	\$0
Deputy member	Michael Wiech	3	\$300	N/A	\$0
Member	Ray Smith	5	N/A	N/A	\$0
Deputy member	Eddie Denman	1	N/A	N/A	\$0
Deputy member	Stephen Jennison	1	N/A	N/A	\$0
Deputy member	Tracy Barkham	0	\$300	N/A	\$0
Member	Assistant Commissioner, QBCC	7	N/A	N/A	\$0
No. scheduled meetings/sessions	7				
Total out of pocket expenses	\$26,918				

* Fees have not been paid as some organisations do not let individual employees receive benefits, including remunerations, for being on boards, and have requested that fees be paid directly to the organisation, which is not a position supported by the Department of Housing and Public Works.

THE QUEENSLAND BUILDING AND CONSTRUCTION PRODUCT COMMITTEE

The Queensland Building and Construction Product Committee is made up of representatives from the QBCC, the Office of Fair Trading, the Electrical Safety Office, the Queensland Fire and Emergency Services, the Department of Natural Resources, Mines and Energy, the Australian Competition and Consumer Commission, and the Department of Housing and Public Works.

Under Section 20B of the QBCC Act, the Committee has a primary function of giving the Minister, the Commissioner and the Board advice about the following matters:

- the suitability of particular building products for particular uses
- the safety of particular building products, whether or not they are associated with an existing building
- the safety of a building with which a non-conforming building product has been associated
- how to promote the safe use of building products in the building industry
- how to raise awareness of non-conforming building products
- action under the QBCC Act that may be appropriate for dealing with non-conforming building products.

FIRE PROTECTION WORKING GROUP

The Fire Protection Working Group (FPWG) is a consultative group established to provide an opportunity for collaboration across the fire protection industry on issues affecting the industry. The FPWG provides feedback to the QBCC and the Service Trades Council on issues relating to policy and legislative reform, licensing, regulatory compliance, consumer education and awareness, contractor education and training, and the performance of the QBCC in undertaking its administrative and regulatory functions.

Membership of the FPWG includes representatives of the QBCC, the Australian Institute of Building Surveyors, the Master Plumbers' Association of Queensland, the National Fire Industry Association, the Queensland Fire and Emergency Services, the Insurance Council of Australia, the Fire Protection Association of Australia, the Association of Wall and Ceiling Industries and the Plumbers Union Queensland.

The FPWG met once in 2017-2018, and discussed a range of issues that included:

- the suitability of licensing eligibility requirements, including experience, managerial qualifications, technical qualifications and fit and proper requirements
- the suitability of existing licence classes and scopes of work for licences
- contractor skills and education
- the QBCC's information and education system.

SENIOR LEADERSHIP TEAM

The QBCC's Senior Leadership Team is led by the Commissioner and is responsible for implementing the QBCC's strategy and day-to-day operations.

The Senior Leadership Team met regularly in 2017-2018 to discuss and approve a range of strategic and operational matters with the purpose of achieving the objectives set out in our strategic and business plans.

Executive remuneration has been determined in accordance with the level of responsibility and accountability of each executive and to ensure that highly skilled and experienced executives have been attracted and retained to these positions. Performance agreements are in place for all executives to ensure a high-performing Senior Leadership Team and QBCC.

Please see Note F1 on page 111.

ACTING ETHICALLY AND RESPONSIBLY

Public Sector Ethics Act 1994 and the Code of Conduct

Due to its legal structure, QBCC staff do not automatically come under the directives of the Public Service Commission. In 2017, the QBCC consulted with staff on a proposal to adopt the Public Service Commission's Code of Conduct which is used across the Queensland Public Service. In July 2017, the QBCC adopted the Queensland Public Service Code of Conduct, with mandatory staff training made available after that and a copy being placed on the QBCC internal website. In April 2018, the QBCC became a public sector agency for the purposes of the Act, and the Public Service Commission's Code of Conduct now automatically applies to QBCC. This aligns the QBCC with whole-of-government requirements.

The QBCC follows the principles and values of the *Public Sector Ethics Act 1994* as well as the QBCC's corporate behaviours. Board members and QBCC staff are expected to maintain the highest ethical standards in discharging their responsibilities and duties. During 2018, mandatory training was made available to staff. This included Fraud and Corruption, Conflict of interest and Code of Conduct training. All relevant policies and procedures were updated to reflect the adoption of the new Code.

Ethical standards and disclosures

The QBCC maintains a Conflict of Interest policy and procedure that applies to all staff, external contractors and Board members. The purpose of the policy is to raise awareness and provide a consistent framework for the identification, management and reporting of all conflicts of interest and potential conflicts of interest with the QBCC.

The policy details staff obligations and declares perceived or actual conflicts of interest and where and when they can occur. The Commissioner is responsible for managing this policy.

Official misconduct and public interest disclosures

The QBCC maintains a policy that establishes procedures for the effective reporting of official misconduct and the effective administration of public interest disclosures.

The Commissioner has a duty to refer all complaints to the Crime and Corruption Commission (CCC) where the Commissioner suspects official misconduct. The QBCC has no power to deal with matters unless they are referred back to the QBCC from the CCC for action. Outcomes of any investigations are reviewed and monitored.

The QBCC reports to the Queensland Ombudsman Office on all disclosures received.

External Scrutiny

In February 2018, the Queensland Audit Office (QAO) tabled an audit report in the Legislative Assembly.

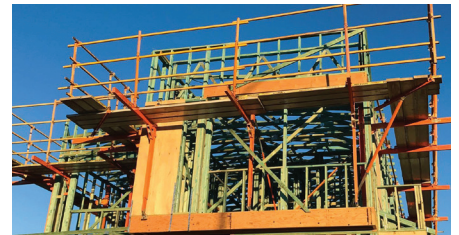
Titled “Fraud risk management – Report 6: 2017-18”, the audit sought to determine if agencies appropriately identified and assessed fraud risks, and applied appropriate risk treatments and control activities to adequately manage exposure to fraud risks.

The report covered five agencies which included the QBCC. The QAO found that none of the five agencies effectively managed fraud risk, and there were gaps in governance, fraud identification, detection and prevention. The QAO, however, acknowledged that while agencies had included some elements of better practice in their fraud and corruption control policies and plans, there were some gaps and opportunities to improve. In particular, as agencies had not targeted fraud and corruption-control programs to the areas of greatest risk, plans for controlling fraud and corruption risks could be ineffective.

The QBCC has revised and updated its fraud and corruption policies and procedures to incorporate this feedback. This includes improvements to the reporting framework and introduction of mechanisms to raise awareness and enhance the prevention of fraud and corruption. Risk mentors have also been appointed to enhance the visibility and importance of managing and escalating risk across the QBCC, and form an important part of the fraud and corruption framework.

Establishment of a new Ethics and Standards unit

In May 2018, the QBCC established a new Ethics and Standards unit to investigate allegations of staff misconduct, and to oversee the QBCC complaints management system.



The following pages provides details around the QBCC's financial performance in 2017-2018.



FINANCIAL PERFORMANCE

SUMMARY OF FINANCIAL PERFORMANCE

The QBCC returned a deficit of \$5.374 million and a balance sheet equity position of \$79.09 million during the 2017-2018 financial year.

Total income of \$257.348 million was 6.07 per cent higher than 2016-2017. The increase was mainly due to an increase in claims recoveries and the reinsurer's share of claims approved.

Licence revenue was also higher than 2016-2017 due to a higher number of licences, combined with a 3.5 per cent fee increase in accordance with Queensland Government fee indexation.

The performance of investments for the year was lower than the previous year as a result of the global economic environment.

Total expenditure of \$262.722 million was 15.10 per cent higher than 2016-2017. The increase was primarily due to higher claims approved and charged under the Queensland Home Warranty Scheme. Claims approved totalled \$47.67 million, which was higher than 2017-2018 due to increased defects claims. The allowance for future claims and future claims processing costs also increased during 2017-2018. These liabilities are assessed by an independent actuary and are impacted by the number of insurance policies issued, historical trends and market rates.

Employee expenses were higher due to growth in staff numbers from 403 to 429, along with a wage increase during the year.

The statement of financial position reflects the QBCC's sound financial status with a net asset position of \$79.09 million at the end of the financial year. This indicates that the QBCC has an appropriate level of assets to cover all liabilities including future claims costs.

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QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

OPERATING RESULT	Notes	2018 Actual \$'000	2018 Original Budget \$'000	Budget Variance* \$'000	2017 Actual \$'000
INCOME FROM CONTINUING OPERATIONS					
Licence revenue	B1-1	36 948	35 872	1 076	35 506
Premium revenue	B1-2	77 638	69 771	7 868	84 451
Insurance administration fees revenue	B1-3	23 952	19 962	3 990	21 094
Reinsurance and other recoveries revenue	B1-4	92 510	67 220	25 290	75 035
Investment revenue	B1-5	17 516	7 998	9 518	19 769
Other revenue	B1-6	8 777	6 238	2 539	6 756
Gains on sale of assets		6	37	(31)	-
TOTAL INCOME FROM CONTINUING OPERATIONS		257 348	207 097	50 251	242 612
EXPENSES FROM CONTINUING OPERATIONS					
Outward reinsurance	B2-1	48 014	36 830	11 184	44 750
Claims approved and charged	B2-2	82 624	53 835	28 789	60 840
Employee expenses	B2-4	46 909	48 609	(1 700)	45 424
Supplies and services	B2-5	30 288	34 711	(4 422)	30 589
Depreciation and amortisation	C5 & 6	2 831	2 972	(141)	3 030
Impairment losses	B2-6 & C2-1	51 110	35 289	15 820	42 627
Other expenses	B2-7	946	451	496	990
TOTAL EXPENSES FROM CONTINUING OPERATIONS		262 722	212 697	50 026	228 250
OPERATING RESULT FROM CONTINUING OPERATIONS		(5 374)	(5 600)	226	14 362
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		(5 374)	(5 600)	226	14 362

*An explanation of major variances is included in Note E1

The accompanying notes form part of these financial statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 Actual \$'000	2018 Original Budget \$'000	Budget Variance* \$'000	2017 Actual \$'000
CURRENT ASSETS					
Cash and cash equivalents	C1	27 512	7 205	20 307	12 611
Receivables	C2	20 551	30 852	(10 301)	32 378
Reinsurance receivables	C3	28 908	32 625	(3 717)	30 790
Other financial assets	D1-2	256 752	233 736	23 017	240 621
Other current assets	C4	19 521	16 310	3 211	20 728
TOTAL CURRENT ASSETS		353 244	320 727	32 516	337 128
NON-CURRENT ASSETS					
Reinsurance receivables	C3	88 367	94 611	(6 244)	82 540
Intangible assets	C5	6 969	7 409	(439)	8 898
Property, plant and equipment	C6	2 995	3 265	(270)	2 902
TOTAL NON-CURRENT ASSETS		98 332	105 285	(6 954)	94 340
TOTAL ASSETS		451 576	426 012	25 562	431 468
CURRENT LIABILITIES					
Payables	C7	37 492	44 083	(6 591)	50 039
Accrued employee benefits	C8	4 596	4 737	(142)	4 251
Provisions	C9	61	50	11	61
Unearned income liability	C10	53 409	61 304	(7 894)	53 060
Future claims and associated costs	C11	60 281	51 465	8 817	56 883
TOTAL CURRENT LIABILITIES		155 839	161 639	(5 799)	164 294
NON-CURRENT LIABILITIES					
Accrued employee benefits	C8	5 863	5 956	(94)	5 645
Provisions	C9	838	723	115	733
Unearned income liability	C10	17 275	-	17 275	13 889
Future claims and associated costs	C11	192 671	188 942	3 729	162 443
TOTAL NON-CURRENT LIABILITIES		216 647	195 621	21 025	182 710
TOTAL LIABILITIES		372 486	357 260	15 227	347 004
NET ASSETS		79 090	68 752	10 335	84 464
EQUITY					
Contributed equity		395			395
Accumulated surplus		78 695			84 069
TOTAL EQUITY		79 090	-	-	84 464

*An explanation of major variances is included in Note E1
The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Contributed Equity \$'000	Accumulated Surplus \$'000	Total Equity \$'000
BALANCE AS AT 1 JULY 2016	395	69 707	70 102
Total comprehensive income for the year	-	14 362	14 362
BALANCE AT 30 JUNE 2017	395	84 069	84 464
Total comprehensive income for the year	-	(5 374)	(5 374)
BALANCE AT 30 JUNE 2018	395	78 695	79 090

The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	2018 Actual	2018 Original Budget	Budget Variance*	2017 Actual
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
INFLOWS				
Received from licence fees	39 877	35 870	4 007	31 751
Received from insurance administration fees	23 952	19 962	3 990	21 169
Received from interest	525	163	362	316
GST input tax credits from ATO	5 920	8 584	(2 664)	7 036
GST collected from customers	8 941	8 724	217	9 520
Received from other revenue	8 233	6 058	2 175	5 875
	87 448	79 361	8 087	75 667
OUTFLOWS				
Payments to employees	(42 131)	(44 127)	1 996	(40 016)
Payments to suppliers	(35 205)	(39 029)	3 824	(37 289)
GST paid to suppliers	(5 880)	(8 525)	2 645	(6 905)
GST remitted to ATO	(9 004)	(8 834)	(170)	(9 583)
	(92 220)	(100 515)	8 295	(93 793)
	(4 772)	(21 154)	16 382	(18 126)
INSURANCE				
Received from premiums	75 230	57 094	18 136	75 000
Payments to reinsurers	(55 862)	(29 793)	(26 069)	(31 057)
Claims paid	(47 441)	(40 155)	(7 286)	(44 123)
Received from reinsurers	47 876	25 486	22 390	27 839
	19 803	12 632	7 171	27 659
NET CASH PROVIDED BY OPERATING ACTIVITIES	15 031	(8 522)	23 553	9 533
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant, equipment and intangibles	(990)	(451)	(539)	(2 757)
Investment in other financial assets	-	-	-	(15 000)
Payments for investments	-	7 795	(7 795)	9 000
Investments redeemed	860	628	232	800
NET CASH USED IN INVESTING ACTIVITIES	(130)	7 972	(8 102)	(7 957)
Net increase/(decrease) in cash and cash equivalents	14 901	(550)	15 451	1 576
Cash and cash equivalents at beginning of financial year	12 611	7 755	4 856	11 035
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	27 512	7 205	20 307	12 611

*An explanation of major variances is included in Note E1
The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

NOTES TO THE STATEMENT OF CASH FLOW

CF-1 RECONCILIATION OF OPERATING RESULT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2018	2017
	\$'000	\$'000
Operating surplus/(deficit)	(5 374)	14 362
Non-Cash items included in operating result:		
Depreciation and amortisation expense	2 831	3 030
Net (gains)/losses on disposal of property, plant and equipment	(6)	16
Movement in impairment losses	10 032	11 130
Write down of intangibles	-	698
Changes in net market value of investments	(16 991)	(19 453)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(2 149)	(16 159)
(Increase)/decrease in other current assets	183	(152)
(Increase)/decrease in prepayments - outward reinsurance	1 024	4 574
Increase/(decrease) in payables	(12 545)	10 461
Increase/(decrease) in accrued employee benefits	562	194
Increase/(decrease) in provisions	105	(319)
Increase/(decrease) in unearned income liability	3 734	(9 311)
Increase/(decrease) in future claims	33 626	10 462
Net Cash Provided by Operating Activities	15 031	9 533

Accounting Policy - Cash flows are included in the Statement of Cash Flows on a gross basis with the Goods and Services Tax (GST) components of the cash flows shown as separate line items. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows. Refer to Note C1. Cash and Cash Equivalents.

SECTION 1

HOW WE OPERATE - OUR OBJECTIVES AND ACTIVITIES

A1. BASIS OF FINANCIAL STATEMENT PREPARATION

GENERAL INFORMATION

This financial report represents the financial statements for the consolidated entity of the Queensland Building and Construction Commission (QBCC), consisting of the parent entity, the QBCC, and its controlled entity, the Queensland Building and Construction Employing Office (QBCEO). The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of the QBCC.

The QBCC is comprised of a General Statutory Fund and an Insurance Fund as stipulated by sections 25 and 26 of the *Queensland Building and Construction Commission Act 1991* (the QBCC Act). The QBCC's financial statements have been prepared as a consolidation of both funds. The balances and effects of transactions between the funds included in the consolidated financial statements have been eliminated.

THE REPORTING ENTITY

This financial report does not separately disclose the QBCC's financial statements due to the immaterial differences between the consolidated and parent entity's financial statements. These immaterial differences are listed in Note F5.

The QBCC is a statutory body established under the QBCC Act.

The QBCEO is also a statutory body established under the QBCC Act, and is controlled by the QBCC.

The QBCEO, through its employees, provides the skilled labour required to deliver the services provided by the QBCC.

The principal place of business of the QBCC is 299 Montague Road, West End, QLD 4101.

BASIS OF CONSOLIDATION

In order to provide enhanced disclosure, the QBCC has adopted the principles outlined in Australian Accounting Standard AASB 10 Consolidated Financial Statements and AASB 12 Disclosure of Interest in Other Entities. This is considered appropriate as it reflects the relationship between the QBCC core business activities and those of the QBCEO. In reporting on the QBCC as a single economic entity, all internal transactions and balances have been eliminated.

STATEMENT OF COMPLIANCE

The QBCC has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

The QBCC is a not-for-profit entity and these are general purpose financial statements prepared on an accrual basis (except for the Statement of Cash flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning 1 July 2017, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the QBCC has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

A1. BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

PRESENTATION MATTERS

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Amounts shown in these financial statements may not add up to the correct sub-totals or total due to rounding.

Comparatives

Comparative information reflects the audited 2016-17 financial statements. There has been no material restatement of prior period amounts.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the QBCC does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Commissioner and the Chair of the Board at the date of signing the Management Certificate.

A2. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE QBCC

The QBCC's objectives include:

- be an effective regulator to build confidence;
- provide customer services that are timely, clear and transparent;
- enhance operational and organisational excellence;
- to nurture our people to help them be courageous and their best; and
- be a financially sustainable organisation.

The QBCC's principal activities are:

- licensing
- dispute resolution
- home warranty insurance
- compliance and enforcement.

Our supporting business activities are:

- education and awareness campaigns
- payment dispute resolution.

The QBCC and the QBCEO are self-funded statutory bodies within the portfolio of the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport.

A3. INSURANCE CONTRACTS RISK MANAGEMENT

The QBCC is responsible for the management of a statutory insurance scheme called the Queensland Home Warranty Scheme ("Scheme"). The Scheme's insurance product meets the definition of an insurance contract (a contract under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insured event, adversely affects the policyholder) and none of the contracts contain embedded derivatives or are required to be unbundled.

The Scheme provides Queensland consumers with "first resort" home warranty protection.

The scheme provides protection:

- where a contractor defaults on an obligation to complete residential construction work or fails to rectify defective residential construction work;
- for theft, vandalism or damage caused by fire, storm or tempest to incomplete standing works where a claim is made for completion of work;
- for damage caused by subsidence or settlement, even if the cause is defective design by an engineer or incorrect site classification.

As a statutory provider of home warranty insurance the QBCC insures all eligible residential construction work throughout Queensland and does not have the ability to be selective with its acceptance of risk.

To ensure the Scheme remains sustainable and continues to provide comprehensive cover which is reasonably priced, the QBCC is committed to a dedicated risk management framework.

The QBCC's exposure to concentration of insurance risk relates to:

- where there is a single large builder failurer;
- extreme losses from single defects; or
- losses from a large scale downturn in the building industry.

These risks have been considered in order to estimate a Probable Maximum Loss for the QBCC.

A3. INSURANCE CONTRACTS RISK MANAGEMENT (continued)

Risk is managed through several mechanisms.

Reinsurance

As part of the risk management strategy, the QBCC ensures that the reinsurance program meets the business needs by the maintenance of a Reinsurance Management Strategy (REMS). The REMS is a high-level strategic document which provides a framework for the placement of reinsurance and the acceptance of reinsurers for the QBCC's business. The strategy is reviewed and approved by the Board each financial year.

The level of reinsurance is approved by the QBCC Board, on advice from QBCC's appointed reinsurance broker, the Scheme Actuary, the Commissioner and the Director Insurance Services. The level of reinsurance must ensure that at all times the QBCC will have sufficient capacity to meet its obligations as they fall due.

Reinsurers must be approved by the Board, upon management's recommendations.

Risk mitigation

Any insurance or warranty activity primarily involves the underwriting of risk and the management of claims. The QBCC manages its insurance business on the basis of strict risk management protocols and avoids premium volume/cash flow underwriting principles.

Underwriting - risk acceptance

As a statutory insurer the QBCC must accept all risks as presented. Underwriting of risk commences with an entity's application to hold or renew a contractor licence.

Under QBCC's Minimum Financial Requirements, an entity wishing to hold a contractor licence to perform residential construction work in Queensland must hold certain qualifications or their equivalent, and meet financial and managerial requirements. Currently these requirements allow a contractor to perform a stated maximum amount of work each year depending on their net tangible assets, provided they have a minimum current ratio of 1:1.

Once an entity has been granted a licence to perform residential construction work, eligibility to the Scheme is automatic. The QBCC Act provides that any contract for residential construction work entered into by an appropriately licensed person is deemed covered by the Scheme whether or not the premium was paid.

Risk pricing

The QBCC reviews premium prices annually to ensure the Scheme is managed in accordance with actuarially sustainable principles. Statistical modelling, based on historical and projected building industry and economic information as well as policy and claims data, ensures the pricing is adequate. Recommendations for adjustments to premiums are developed in conjunction with the Scheme Actuary to ensure adequacy prior to ministerial approval.

Warranty terms of cover

The terms of cover, including limitations and exclusions, set the cover provided and level of risk accepted by the Scheme. Structural defects are covered for six and a half years' duration for a single premium payment, and the claim must be lodged within three months of noticing the defect. Non-structural defects are covered if the consumer becomes aware, or ought reasonably to have become aware, of the defect within six months after the day the work is completed. The claim must be lodged within seven months of the completion date. As a statutory provider the terms and conditions of cover are not negotiable and are called up in legislation.

A3. INSURANCE CONTRACTS RISK MANAGEMENT (continued)

Claims management

Some claims management functions are outsourced to Sergon Building Consultants who are responsible for preparing scopes, calling for tenders and managing rectification works.

To assist in managing operational risk, claims are audited by the QBCC's internal quality assurance team to ensure policies and procedures are adhered to.

Investment management

The Scheme's assets are invested in accordance with the Board's investment policy. Investments are monitored to ensure an effective match to the anticipated pattern of claim payments with sufficient assets held in reserve to meet calculated future claims liabilities.

Regulatory risk

As a statutory insurer the QBCC is not regulated by the Australian Prudential Regulatory Authority (APRA). However, the QBCC elects to comply with relevant APRA Prudential Standards. This is on the basis that management could determine a need to materially differ with those standards by virtue of compliance with Queensland state regulation, good business, economic reasons or other reasons, provided the reasons have been reported to the Insurance Committee and/or the Board.

Claims development

The Scheme Actuary values future claims and associated costs. The actuary uses historical claims, underwriting data and expert models to arrive at a value.

The Scheme is classed as "long-tail" insurance business. This means the claims may develop several years after the premium is paid.

The Scheme provides cover against non-completion of contracted works, defects in contracted works and subsidence or movement in contracted works. Each of these claim types has a distinct development pattern, non-completion claims being approved principally in the first two development years, defects being approved up to the ninth development year and subsidence up to the 10th and 11th development years.

As part of the QBCC's management of the Scheme, the Scheme Actuary reviews claims development patterns as part of the bi-annual Scheme performance review and calculates the outstanding claim liability.

The QBCC has adopted the accounting standard AASB 1023 'General Insurance Contracts' for the calculation and preparation of the financial statements. The calculation of the outstanding claims provision meets this accounting standard.

**SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE**

B1. REVENUE

	Notes	2018	2017
		\$'000	\$'000
B1-1 LICENCE REVENUE			
Renewal fees		32 565	31 207
Application fees		4 383	4 299
		36 948	35 506

Accounting Policy - Upon application for a licence, new entrants pay both an application fee (for assessing and processing the application) and a renewal fee (for maintaining a licence over the selected period). The application fee component is recognised once the application is received. Renewal fees are progressively recognised from the approval/anniversary date until the end of the licence period. The unearned portion of renewal fees is recognised as an unearned income liability in the Statement of Financial Position. Refer to Note C10 Unearned income liability.

B1-2 PREMIUM REVENUE

Premiums	B2-3	88 514	86 243
Movement in unearned premiums		(10 876)	(1 792)
		77 638	84 451

Accounting Policy - Premium revenue is the amounts charged to policyholders for insurance contracts. Premium revenue is earned from the date of notification (generally this is similar to the date of contract) over the period of the contract in accordance with the pattern of the incidence of risk expected. This period is thirteen months from the date of notification. The unearned portion of premium is recognised as an unearned income liability in the Statement of Financial Position. Refer to Note C10 Unearned income liability.

B1-3 INSURANCE ADMINISTRATION FEES REVENUE

Administration fees received from policyholders		111	8 327
Exchange commission fees received from reinsurers		23 841	12 767
		23 952	21 094

Accounting Policy - Administration fees are the amounts charged to policyholders to cover administration costs for insurance contracts. For insurance contracts dated on or after the 28th October 2016, the fee is no longer charged to the policyholder. An exchange commission fee is now charged to the reinsurers for insurance contracts dated on or after 28th October 2016, to cover administration costs for insurance contracts. The QBCC continues to charge administration fees for insurance contracts dated prior to 28th October 2016 for residential construction work deemed covered by the Scheme. Insurance administration fees revenue is recognised once the policy has been issued.

B1. REVENUE (continued)

Notes	2018	2017
	\$'000	\$'000
B1-4 REINSURANCE AND OTHER RECOVERIES REVENUE		
Reinsurers' share of claims approved	27 360	28 091
Reinsurers' share of future claims movement	3 945	(318)
Reinsurers' share of claims management fee	2 277	2 571
Recovery revenue	58 928	44 692
	92 510	75 035

Accounting Policy - The recovery revenue is the claims recoverable from licensees found at fault and are recognised when a claim paid to a consumer is finalised.

Reinsurers' share of claims approved is recognised at the time the claim is approved based on the level of reinsurance applicable to the policy. The reinsurers' share of future claims movement relates to the movement in the actuarial assessment of the future claims and the level of reinsurance. The QBCC is entitled to recover its external claims management costs from our reinsurers in some circumstances.

B1-5 INVESTMENT REVENUE

Interest	525	315
Distributions	9 090	8 911
Changes in fair value of investments	7 901	10 542
	17 516	19 769

Accounting Policy - Changes in the net market value of investments are recognised as revenue or expenses in the Statement of Comprehensive Income. Income derived from investments is brought to account when earned.

B1-6 OTHER REVENUE

Infringements and court fines awarded	1 901	2 295
Notifiable works	2 337	2 032
Non-recurrent funding from Department Housing and Public Works	1 956	-
Pool safety certificate fees	1 416	1 315
Owner-builder fees	789	735
Adjudication application fees	150	135
Certificate fees	103	105
Search fees	67	71
Other	59	68
	8 777	6 756

Accounting Policy - Fines are recognised when issued, awarded or when convictions are recorded in favour of the QBCC. All other revenue is recognised when goods or services are provided.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

Notes to the Financial Statements for the year ended 30 June 2018

B2. EXPENSES

	Notes	2018 \$'000	2017 \$'000
B2-1 OUTWARD REINSURANCE			
Reinsurers' share of premium		44 271	43 151
Reinsurers' share of recovery		3 743	1 598
		48 014	44 750

Accounting Policy - Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium is treated as a prepayment and presented as other current asset expense on the Statement of Financial Position at the reporting date.

Refer to Note C4.

B2-2 CLAIMS APPROVED AND CHARGED

Claims approved		47 666	45 070
Movement in provision for future claims processing cost	C11	23 826	(2 746)
Movement in provision for future claims	C11	9 800	13 209
Movement in unexpired risk	C10	1 332	5 307
		82 624	60 840

Accounting Policy - Claims approved, the movement in future claims and processing costs are recognised in respect of direct insurance business. The expense for claims approved is recognised when a home warranty insurance claim is approved by the QBCC. The QBCC also provides for claims reported but not yet approved, incurred but not reported, incurred but not enough reported. Refer to Note C11 Future Claims and associated costs.

The QBCC incurs Goods and Services Tax (GST) for which it is currently unable to claim a decreasing adjustment, in accordance with Division 78 of A New Tax System (Goods and Services Tax) Act 1999, on all claim settlements.

B2-3 PROFIT/(LOSS) ON UNDERWRITING

Notes

Premiums received	B1-2	88 514	86 243
Less: Outward reinsurance premium expense	B2-1	(44 271)	(43 151)
QBCC's share of premiums		44 243	43 092
Less: Unearned premiums at the end of year	C10	(15 260)	(16 305)
Total premiums received and earned during the year		28 983	26 788
Add: Unearned premiums at the beginning of the year	C10	16 305	20 896
Less: Exchange commission		(11 921)	(6 383)
Earned premiums		33 367	41 300
Claims approved and charged	B2-2	82 624	60 840
Less: Reinsurance and other recoveries		(33 378)	(30 090)
Net claims		49 246	30 749
Profit/(Loss) on underwriting		(15 879)	10 551

B2. EXPENSES (continued)

Participation in the Insurance Scheme

Date	QBCC	Brokers/ Reinsurers
Pre - 01/07/91	10.0%	90.0%
01/07/91 - 30/06/98	25.0%	75.0%
01/07/98 - 30/09/99	30.0%	70.0%
01/10/99 - 30/06/03	25.0%	75.0%
01/07/03 - 30/06/04	32.5%	67.5%
01/07/04 - 30/06/08	25.0%	75.0%
01/07/08 - 30/06/10	20.0%	80.0%
01/07/10 - 30/06/15	30.0%	70.0%
01/07/15 - 30/06/18	50.0%	50.0%

B2-4 EMPLOYEE EXPENSE	Notes	2018	2017
		\$'000	\$'000
EMPLOYEE BENEFITS			
Wages and salaries		34 688	33 353
Employer superannuation contributions		4 417	4 161
Annual leave expense		3 599	3 517
Long service leave expense		923	853
Termination benefits		-	88
EMPLOYEE-RELATED EXPENSES			
Workers' compensation premium		197	206
Payroll tax		2 032	1 936
Fringe benefits tax		288	348
Training		518	492
Recruitment		146	208
Other employee related expenses		101	263
		46 909	45 424
Full-Time Equivalent Employees		429	403

Accounting Policy - Employee Expense

Employer superannuation contributions, annual leave entitlements and long service leave entitlements are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing staff, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. The QBCC pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Accounting Policy - Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised at current salary rates. As the QBCC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Refer to Note C8.

Accounting Policy - Annual Leave and Long Service Leave

Annual Leave and Long Service Leave are accrued based on award entitlement. Refer to Note C8.

Accounting Policy - Sick Leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Key management personnel and remuneration disclosures are detailed in Note F1.

B2. EXPENSES (continued)

Notes	2018	2017
	\$'000	\$'000
B2-5 SUPPLIES AND SERVICES		
Consultants and contractors	11 372	12 966
Property lease and maintenance	5 644	3 611
Information system maintenance, equipment and furniture	4 679	5 576
Legal cost	3 818	4 602
Communications and marketing	2 774	2 025
Bank fees and charges	1 225	1 025
Motor vehicles operating cost	289	258
Printing and stationery	177	195
Travel	309	265
Amortisation of leasehold restoration paid in advance	-	66
	30 288	30 589

Accounting Policy - The QBCC recognises expenses when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

B2-6 IMPAIRMENT LOSSES

Sundry receivables	51 110	41 929
Write down of Intangibles	-	698
	51 110	42 627

Accounting Policy - Impairment losses may arise on assets held by the QBCC from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Receivables - Note C2-1

Intangible Assets - Note C5-2

B2. EXPENSES (continued)

Notes	2018	2017
	\$'000	\$'000
B2-7 OTHER EXPENSES		
Internal audit ⁽¹⁾	224	243
External audit fees ⁽²⁾	105	84
Board members' fees and costs ⁽³⁾	261	315
Insurance Premiums ⁽⁴⁾	298	271
Special payments ⁽⁵⁾		
Ex-gratia payments	58	60
Loss on disposal of property, plant and equipment	-	16
	946	990

Disclosures Relating to Other Expenses

(1) The amount disclosed for Internal audit only includes expenditure for external sources.

(2) Total audit fees paid to the Queensland Audit Office relating to the 2017-18 financial statements are estimated to be \$106,200 (2017: \$85,000). There are no non-audit services included in this amount.

(3) The amount disclosed includes the costs for the Board members fees, travel, industry events, meeting costs and professional development.

(4) The QBCC's non-current physical assets and other risks are insured through private insurance companies with premiums paid on a risk assessment basis.

(5) Special payments represent ex gratia expenditure and other expenditure that the QBCC is not contractually or legally obliged to make to other parties. The QBCC made two special payments during 2017-18 above \$5,000 for settlements for complaints by ex-QBCC staff.

SECTION 3 - NOTES ABOUT OUR FINANCIAL POSITION

C1. CASH AND CASH EQUIVALENTS

Notes	2018	2017
	\$'000	\$'000
Cash	1 210	2 479
Deposits at call	26 302	10 132
	27 512	12 611

The QBCC Act requires the cash and cash equivalents of the General Statutory Fund and Insurance Fund to remain separate. The cash and cash equivalent balance of the funds held by the QBCC as at 30 June 2018 are:

General Statutory Fund

Cash	454	680
Deposits at call	6 752	2 456
	7 206	3 136

Insurance Fund

Cash	756	1 799
Deposits at call	19 550	7 676
	20 306	9 475

Total	27 512	12 611
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Accounting Policy - Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as at 30 June, as well as deposits at call with financial institutions.

Excess cash balances as defined in QBCC's Investment Policy in the QBCC's General and Insurance Funds' bank accounts are cleared to Queensland Treasury Corporation's (QTC) Cash Fund daily to maximise investment returns.

C2. RECEIVABLES

Notes	2018	2017
	\$'000	\$'000
Sundry debtors	127 119	128 915
Less: Allowance for impairment loss	(106 568)	(96 537)
	20 551	32 378

Accounting Policy - Receivables

Sundry debtors are recognised at amounts due at the time of service delivery.

Disclosure - Credit Risk Exposure

The carrying amount of receivables disclosed above represents the maximum exposure to credit risk from these items.

C2-1. Impairment of Receivables

Accounting Policy - Impairment of Receivables

The method for calculating any allowance for impairment is to review each debt based on past experience for certain receivables such as fines and costs awarded by courts. In the case of recovery of insurance claims, each case was examined and assessed for potential impairment on a regular basis in light of the circumstances surrounding the creation of the receivable and subsequent recovery attempts. Most impairment losses occur in the area of recovery of insurance claims paid from at fault builders, who in the majority of cases ceased to trade due to bankruptcy or insolvency. The QBCC recognised this facet of its business. This risk is provided for in premiums charged for insurance.

Impairment loss expense for the current year regarding the QBCC's receivables is \$10,031,000 (2017 \$11,130,000). The increase in the allowance for impairment is due to an increase in recovery of insurance claims.

C2. RECEIVABLES (continued)

C2-1. Impairment of Receivables (continued)

Ageing of past due but not impaired as well as impaired receivables are disclosed in the following tables:

2018 Financial assets past due but not impaired	Less than 30 Days	30 -60 Days	61 -90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	1 467	301	203	197	2 168
Receivables - Insurance Fund	3 278	28	21	186	3 514
Total	4 745	329	224	383	5 682

2018 Individually impaired financial assets	Less than 30 Days	30 -60 Days	61 -90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	145	182	132	7 046	7 505
Allowance for impairment - GF	(92)	(103)	(103)	(5 784)	(6 081)
Receivables - Insurance Fund	4 100	6 086	5 263	98 484	113 932
Allowance for impairment - IF	(2 976)	(5 268)	(4 609)	(87 634)	(100 487)
Total	1 177	897	682	12 113	14 869

2017 Financial assets past due but not impaired	Less than 30 Days	30 -60 Days	61 -90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	244	181	131	119	675
Receivables - Insurance Fund	3 595	3 151	166	5 109	12 021
Total	3 839	3 332	297	5 227	12 696

2017 Individually impaired financial assets	Less than 30 Days	30 -60 Days	61 -90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	190	130	153	6 528	7 001
Allowance for impairment - GF	(100)	(60)	(83)	(4 950)	(5 192)
Receivables - Insurance Fund	13 768	246	1 855	93 349	109 218
Allowance for impairment - IF	(11 604)	(218)	(1 105)	(78 419)	(91 346)
Total	2 255	99	820	16 508	19 682

Movements in allowance for impairment	2018	2017
	\$'000	\$'000
Balance as at beginning of reporting period	96 537	85 407
Increase/(decrease) in allowance recognised in operating result	51 110	41 928
Amounts written-off during the year	(41 079)	(30 798)
Balance at 30 June	106 568	96 537

C3. REINSURANCE RECEIVABLES

	2018	2017
	\$'000	\$'000
Current		
Reinsurers' share of future claims provision	28 908	30 790
	28 908	30 790
Non-Current		
Reinsurers' share of future claims provision	88 367	82 540
	88 367	82 540
Represented by		
Expected future recoveries	126 302	121 030
Less discount to present value	(29 947)	(28 410)
	96 354	92 620
Risk margin	20 920	20 710
	117 275	113 330
Reconciliation of movement during the year		
Balance at 1 July	113 330	113 649
Provisions made	27 949	22 419
Payments made	(25 518)	(32 290)
Effects of changes in assumptions to prior year provisions	1 514	9 553
Balance at 30 June	117 275	113 330

Accounting Policy - Reinsurance Receivables

Reinsurance receivables on reported claims not yet approved, incurred but not reported, incurred but not enough reported are recognised as revenue. Reinsurance receivables are assessed and calculated in a manner similar to the assessment of outstanding claims. Reinsurance receivables in relation to "long-tail" classes are measured at the present value of expected future receipts.

Disclosure - Credit Risk Exposure

QBCC is exposed to credit risk for reinsurance receivables as follows:

Category

Financial assets

Reinsurance receivables	117 275	113 330
Total	117 275	113 330

No collateral is held as security by the QBCC.

The QBCC engages with reinsurers to limit the risk of the Scheme. There is a concentration of risk regarding the amount of receivables for the reinsurers. However, this risk is being managed by QBCC agreements with the reinsurers. The agreements allow for net settlement of receivables and payables monthly and specify the terms of settlement, thereby reducing the credit risk exposure for receivables.

C4. OTHER CURRENT ASSETS

Prepayments	2 257	2 440
Prepayments - outward reinsurance on unearned premium liability	17 220	18 244
Other - refundable bond	44	44
	19 521	20 728

C5. INTANGIBLES

C5-1 Accounting Policies

Recognition and Measurement of Intangibles

Intangible assets comprising purchased software and internally developed software with a cost or other value equal to or greater than \$100,000 are recognised in the Statement of Financial Position. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the QBCC. The residual value is zero for all of the QBCC's intangible assets.

It has been determined that there is not an active market for any of the QBCC's intangible assets. As such, the assets are recognised and carried at a cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

Amortisation Expense

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the QBCC, namely three to five years.

Costs associated with the development of computer software, including internal staff cost, have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the QBCC, namely three to ten years.

Research and development expensed during the period is included in 'Employee Expenses' and 'Supplies and Services' as it was conducted by staff and contractors.

The following amortisation rates are used:

Software purchased	20-30%
Software Internally Generated	10-34%

Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the QBCC determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the QBCC, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

C5. INTANGIBLES (continued)

C5-2 Balances and Reconciliation of Carrying Amount

	2018	2017
	\$'000	\$'000
Software purchased : At cost		
Gross	1 486	1 486
Less: Accumulated amortisation	(1 486)	(1 486)
	-	-
Software internally generated : At cost		
Gross	19 984	19 984
Less: Accumulated amortisation	(13 181)	(11 086)
	6 802	8 898
Software work in progress : At cost		
Gross	167	-
	167	-
Total	6 969	8 898

	Software internally generated	Software Work in Progress	Total
	\$'000	\$'000	\$'000
2017-18			
Carrying amount at 1 July 2017	8 898	-	8 898
Acquisitions	-	167	167
Transfer from WIP		-	-
Impairment losses recognised in operating surplus/(deficit)	-	-	-
Write off	-	-	-
Amortisation	(2 096)	-	(2 096)
Carrying amount at 30 June 2018	6 802	167	6 969

2016-17			
Carrying amount at 1 July 2016	5 939	2 757	8 696
Acquisitions	-	2 576	2 576
Transfer from WIP	4 635	(4 635)	-
Impairment losses recognised in operating surplus/(deficit)	-	(698)	(698)
Write off	-	-	-
Amortisation	(1 676)	-	(1 676)
Carrying amount at 30 June 2017	8 898	-	8 898

C6. PROPERTY, PLANT AND EQUIPMENT

C6-1 Accounting Policies

Property Plant and Equipment

Recognition Thresholds for Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

Acquisition of Assets

Actual cost is used for the initial recording of all property, plant and equipment acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Items comprising the QBCC technical library are expensed on acquisition.

Depreciation of Property, Plant and Equipment

For each class of depreciable assets, the following depreciation rates are used:

Class	Rate
Plant and equipment:	
Motor vehicles	15-33%
IT equipment	20-33%
Other equipment	3-17%
Leasehold improvements	3-33%

Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the QBCC determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risk and benefits incidental to ownership, as well as operating leases, under which the lessor retains substantially all risk and benefits.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

C6. PROPERTY, PLANT AND EQUIPMENT (continued)

C6-2 Balances and Reconciliation of Carrying Amount

	Notes	2018 \$'000	2017 \$'000
Plant and equipment			
Gross		3 064	2 876
Less: Accumulated depreciation		(1 851)	(1 475)
		1 213	1 401
Leasehold improvements			
Gross		9 178	8 636
Less: Accumulated depreciation		(7 396)	(7 135)
		1 782	1 501
Total		2 995	2 902

Property, plant and equipment reconciliation

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
2017-18			
Carrying amount at 1 July 2017	1 501	1 401	2 902
Acquisitions	542	372	914
Disposals	-	(87)	(87)
Depreciation expense	(261)	(474)	(735)
Carrying amount at 30 June 2018	1 782	1 213	2 995
2016-17			
Carrying amount at 1 July 2016	2 256	1 834	4 090
Acquisitions	103	227	330
Disposals	-	(164)	(164)
Depreciation expense	(858)	(496)	(1 354)
Carrying amount at 30 June 2017	1 501	1 401	2 902

C7. PAYABLES

Notes	2018	2017
	\$'000	\$'000
Sundry creditors	6 215	14 782
Accruals	2 311	3 214
Claims approved but not yet paid	18 791	18 420
Reinsurers' share of recoveries provision	9 994	13 556
	37 311	49 972
GST payable	886	949
GST receivable	(705)	(882)
	181	67
Total	37 492	50 039

Accounting Policy - Payables

Sundry creditors are recognised upon receipt of the goods and services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

The QBCC is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation, with the exception of Fringe Benefits Tax (FBT) and GST. FBT and GST are the only taxes accounted for by the QBCC. GST credits receivable from and GST payable to the Australian Taxation Office (ATO), are recognised.

Receivables and payables are recognised inclusive of the amount of GST that is receivable or payable. An allowance for GST payable on future claims has been included in the provision for future claims.

Claims

The claims payable liability covers claims approved but not yet paid. Claims outstanding are assessed and estimated changes in the ultimate cost of settling claims.

C8. ACCRUED EMPLOYEE BENEFITS

Current

Wages and salaries outstanding	2	16
Annual leave provision	3 960	3 665
Long service leave provision	604	570
Time off in lieu provision	30	-
	4 596	4 251

Non-Current

Long service leave provision	5 863	5 645
	5 863	5 645

Accounting Policy - Accrued Employee Benefits

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the QBCC resulting from employees' services provided up to the balance date.

Wages and salaries due but unpaid at reporting date are recognised at current salary rates. As the QBCC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

C8. ACCRUED EMPLOYEE BENEFITS (continued)

Liabilities for employee entitlements which are not expected to be settled within 12 months are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the QBCC's experience with staff separations. Related on-costs have also been included in the liability.

The long service leave provision also takes into account employees' prior service in other state, local or federal government entities. Recognition of prior service has been agreed as part of the *State Government Entities Certified Agreement 2015*.

Superannuation contributions by the QBCC are made to an employee superannuation scheme and to other funds on behalf of its Board members as required under award legislation. Contributions are expensed in the period in which they are paid or payable. The QBCC has no obligation to cover any shortfall in any of the funds' obligations to provide benefits to employees or Board members on retirement. Therefore, no liability is recognised for accruing superannuation benefits in the QBCC's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

C9. PROVISIONS

	Notes	2018	2017
		\$'000	\$'000
Current			
Leasehold restoration		50	50
Lease incentive		11	11
		61	61
Non-Current			
Leasehold restoration		804	689
Lease incentive		34	44
		838	733

Accounting Policy - Provisions

Provisions are recorded when the QBCC has a present obligation, either legal or constructive, as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

Provision for leasehold restoration

QBCC leases nine properties in regional Queensland. This item provides for the future cost of restoring the properties to their original state. The provision has been calculated by an estimated rate per square metre, based on historical trends at current rates.

Provision for leasehold incentive

The provision also includes any incentives provided to the QBCC by the lessor, and these are recognised over the period of the lease.

C10. UNEARNED INCOME LIABILITY

	Notes	2018 \$'000	2017 \$'000
Current			
Unearned income			
Licence income		13 588	12 502
Other income		190	190
		13 778	12 692
Unearned premium liability			
QBCC's share		15 260	16 305
Unexpired risk liability		7 152	5 819
Reinsurers' share		17 219	18 244
		39 631	40 368
Total		53 409	53 060
Non-current			
Unearned income			
Licence income		17 275	13 889
		17 275	13 889

Accounting Policy - Unearned income

Unearned licence income

The QBCC receives income for licences at the time of renewal for a set period ranging from one year to five years. This income is recognised over the period of the licence and the unearned portion is recorded as a liability.

Unearned premium liability

The QBCC recognises premium revenue from the date of notification over a period in accordance with the pattern of incidence of expected risk. Any unearned portion is recognised as an unearned premium liability.

Liability adequacy test

The liability adequacy test is an assessment of the amount of the unearned premium liability and is conducted at each reporting date. If the current estimates of the present value of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance policies, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the unearned premium liability, then the unearned premium liability is deemed to be deficient. Any deficiency is recognised in the Statement of Comprehensive Income with the corresponding impact on the Statement of Financial Position recognised as an unexpired risk liability.

The conduct of the liability adequacy test as at 30 June 2018 identified a deficiency for the insurance scheme.

For the purpose of the liability adequacy test, the premium liability provision required is \$22.41 million (2017 \$22.12 million), including a risk margin of \$2.617 million (2017 \$1.252 million). The unearned premium liability in the account totalled \$15.260 million (2017 \$16.305 million) and the deficiency of \$7.152 million (2017 \$5.819 million) has been recorded as an unexpired risk liability.

C11. FUTURE CLAIMS AND ASSOCIATED COSTS

	Notes	2018	2017
		\$'000	\$'000
Current		60 281	56 883
Non-current		192 671	162 443
		252 952	219 326

Represented by

Expected future claims payments		273 848	235 868
Claims handling provision		37 362	12 995
		311 210	248 862
Less discount to present value		(96 408)	(67 337)
		214 802	181 526
Risk margin		38 151	37 800
Liability for outstanding claims		252 952	219 326

Reconciliation of movement during the year

Gross Liability

Balance at 1 July		219 326	208 864
Provisions made		69 264	53 193
Payments made		(57 831)	(54 138)
Effects of changes in assumptions to prior year provisions		22 193	11 408
Balance at 30 June		252 952	219 326

Accounting Policy - Future claims and associated costs

The liability covers claims reported but not yet paid, incurred but not reported, incurred but not enough reported and the anticipated direct and indirect cost of settling claims, and settlement costs using statistics based on past experience and trends. All outstanding claims, including "long-tail" classes, are subject to independent actuarial assessment. "Long-tail" classes refer to claims not settled within one year of the incidence of risk.

The estimate of the QBCC's liability for future claims and associated costs is influenced by the effects of inflation and the discount rate used to obtain the present value of those estimated future costs. The discount rate is the projected "risk free" rate as at 30 June 2018.

The liability for outstanding claims for "long-tail" classes is measured at the present value of expected future payments. Payments are estimated on the basis of the ultimate cost for settling claims, including factors such as inflation. Such estimates are subject to uncertainty due to variations, which may affect components of the estimates. The expected future payments are discounted to present value at the balance date using market determined, risk-free discount rates.

The liability for outstanding claims is calculated using a "best estimate" methodology, which is a central estimate of likely future claim payments. This central estimate is intended to be neither optimistic nor pessimistic about future claims.

Refer to Note D1 Fair Value Measurement for more details.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

Notes to the Financial Statements for the year ended 30 June 2018

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (continued)

Claims Development

The following table shows the development of net undiscounted outstanding claims for each underwriting year relative to the ultimate expected claims.

Underwriting year	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Estimate of ultimate claims cost:											
At end of underwriting year						22,603,731	16,506,499	29,640,378	27,003,441	28,189,318	
One year later					18,451,612	15,107,838	18,961,852	25,817,769	27,838,578		
Two years later				18,240,647	11,357,807	13,842,436	20,025,080	27,289,236			
Three years later			15,397,116	14,011,560	10,555,862	13,464,079	19,386,944				
Four years later		12,562,758	12,005,540	12,565,405	9,770,627	13,648,380					
Five years later	10,227,159	11,652,047	10,225,203	11,904,706	10,425,045						
Six years later	10,432,338	11,109,427	10,113,384	11,830,714							
Seven years later	10,320,942	11,086,052	10,182,276								
Eight years later	10,308,536	11,264,752									
Nine years later	10,347,444										
Current estimate of cumulative claims cost	10,347,444	11,264,752	10,182,276	11,830,714	10,425,045	13,648,380	19,386,944	27,289,236	27,838,578	28,189,318	170,402,687
Cumulative payments	9,567,876	9,857,955	8,197,602	8,229,299	6,325,778	7,272,204	10,179,968	9,927,685	5,222,994	545,574	75,326,935
Undiscounted outstanding claims	779,568	1,406,796	1,984,675	3,601,415	4,099,268	6,376,176	9,206,975	17,361,550	22,615,584	27,643,744	95,075,751
Undiscounted outstanding claims for prior underwriting years											
Claims handling expenses											1,060,340
Event Claims (large claims)											46,284,235
Non-reinsurance recoveries											4,475,059
Central estimate of outstanding claims											153,126,729
Discount											(12,269,114)
Discounted central estimate											140,857,615
Risk margin											17,230,276
Net insurance liability											158,087,891
Premium Liability											22,411,094
Outstanding Claims Liability											135,676,798

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (cont.)

Reinsurance receivables and future claims cost and associated cost

Reinsurance receivables and future claims cost and associated cost

The QBCC relies on the Scheme Actuary to value reinsurance receivables and future claims and associated cost. The Scheme Actuary uses historical claims trends, the new business issued and expert models to arrive at a value.

The QBCC engaged the Scheme Actuary to prepare the insurance liabilities valuation as at 30 June 2018. The philosophy adopted in this review is similar to the previous year.

The Scheme Actuary incorporated a prudential margin loading of 17.1% in relation to projected future claims in order to achieve a 75% confidence level that the outstanding claims provision would be adequate. No additional contingency margin was incorporated.

The table below sets out the adopted risk margin by claims type, after allowance for diversification benefits.

	Risk Margin
Defects	17.1%
Non-Completion	18.1%
Subsidence	17.2%
Professional Fees	17.8%
Total	17.1%

The Scheme Actuary uses a number of methods to estimate the amount of undiscounted outstanding claims for each claim type. They are:

- Chain Ladder Method (in relation to claim numbers and payments)
- Payments Per Claim incurred Method
- Bornhuetter-Ferguson Method.

The analysis was undertaken on an underwriting year basis with the adopted liabilities typically being a mix of the three methods. Notification delays for some claim types means that it is not possible to rely on the emerging experience for recent underwriting years. Generally, in these cases the Scheme Actuary relied more heavily on the Bornhuetter-Ferguson method, which produces results based on long term average claim frequency and severities.

The QBCC enters into agreements for reinsurance with external reinsurance companies. The rate of reinsurance is stated in the agreements and the rates are listed in Note B2-3. The reinsurance receivable amount is calculated based on the future claim cost and the rate of reinsurance at the time the policy was issued.

The key assumptions which are used to determine the Scheme's performance and the outstanding claims provisions are:

- various claims frequencies and average sizes (by claim type)
- external claims management cost from outsourced service provider
- inflation of claim costs
- discounting of projected future cash flows to allow for the time value of money
- event claims for claims relating to a single large event, such as builder insolvency
- claims handling expense which are the QBCC costs of managing claims.

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (cont.)

Reinsurance receivables and future claims cost and associated cost (continued)

The following average inflation rates and discount rates were used in measurement of the outstanding claims:

	2018	2017
Inflation rate	3.00%	3.00%
Discount rate (first year)	1.50%	1.50%

The weighted average time until liabilities are expected to be approved is estimated to be 3.5 years.

Sensitivity testing

As part of the bi-annual reporting, the Scheme Actuary performs sensitivity analysis to measure the impact of changes and quantify the Scheme's exposure through application of the following variables:

- inflation rate
- discount rate
- 2% super-imposed inflation for defects
- risk margin increased to 22.5%
- cessation of non-reinsurance recovers (recoveries and costs)
- The QBCC is advised of defect "event" which will result in \$10 million in claim costs.

Impact of changes in valuation on Gross and Net Outstanding Claims Provision:

June 2018

Gross Outstanding Claims Provision	Net Outstanding Claims Provision
\$m	\$m
252.952	135.677

Change to Valuation	Change in Gross Provision \$m	Difference	Change in Net Provision \$m	Difference
2% Super-Imposed Inflation for Defects	5.570	2.20%	3.023	2.20%
QBCC are advised of a defect "event" which will result in a \$10 million claim costs	13.355	5.30%	4.865	3.60%
1% increase in inflation rate	8.249	3.30%	4.425	3.30%
1% decrease in inflation rate	(7.915)	(3.1%)	(4.241)	(3.1%)
1% increase in discount rates	(8.051)	(3.2%)	0.669	0.50%
1% decrease in discount rates	8.571	3.40%	4.813	3.50%
Risk Margin increased to 22.5%	10.468	4.10%	4.651	3.40%
Cessation of non-RI Recoveries (recoveries and costs)	3.763	1.50%	(4.986)	(3.7%)
Claims Handling Expense rate of 20%	12.683	5.00%	13.157	9.70%
Claims Handling Expense rate of 10%	(8.630)	(3.4%)	(8.393)	(6.2%)
Adopted claims frequencies increase 10%	25.671	10.10%	13.069	9.60%
Adopted average claims sizes increase 10%	25.671	10.10%	13.069	9.60%

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (cont.)

Impact of changes in valuation on Gross and Net Outstanding Claims Provision (cont.)

June 2017	Gross Outstanding Claims Provision	Net Outstanding Claims Provision
	\$m	\$m
	219.326	105.996

Change to Valuation	Change in Gross Provision	Difference	Change in Net Provision	Difference
	\$m		\$m	
2% Super-Imposed Inflation for Defects	12.252	5.60%	6.096	5.80%
QBCC are advised of a defect "event" which will result in a \$10 million in claim costs	12.378	5.60%	3.912	3.70%
1% increase in inflation rate	8.748	4.00%	4.245	4.00%
1% decrease in inflation rate	(8.383)	(3.8%)	(4.063)	(3.8%)
1% increase in discount rates	(7.895)	(3.6%)	(4.175)	(3.9%)
1% decrease in discount rates	8.397	3.80%	4.456	4.20%
Risk Margin increased to 22.5%	12.913	5.90%	5.838	5.50%
Cessation of non-RI Recoveries (recoveries and costs)	4.593	2.10%	(9.127)	(8.6%)

C12. NET CLAIMS INCURRED

Current period claims related to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in the previous reporting period.

	2017-18			2016-17		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses - undiscounted	89 354	10 794	100 147	68 615	1 093	69 708
Reinsurance and other recoveries - undiscounted	(32 673)	(3 518)	(36 191)	(27 206)	(7 169)	(34 375)
Net claims incurred - undiscounted	56 680	7 276	63 956	41 409	(6 076)	35 333
Discount and discount movement - gross claims incurred	(7 330)	4 280	(3 050)	(5 489)	215	(5 274)
Discount and discount movement - reinsurance and other recoveries	2 648	(2 332)	317	2 156	341	2 497
Net discount movement	(4 682)	1 948	(2 733)	(3 333)	556	(2 777)
Total discounted net incurred claims	51 999	9 224	61 223	38 076	(5 520)	32 556

	2018 \$'000	2017 \$'000
Other recoveries undiscounted		
Claims recoverable from licensees	55 666	44 692
Allowance for impaired receivables	(49 851)	(40 775)
	5 815	3 916
Reinsurers' portion	(3 743)	(1 598)
Total undiscounted recoveries	2 072	2 317
Total discounted net incurred claims	51 319	33 067
Add: other recoveries undiscounted	(5 334)	(2 317)
Underwriting claims	45 985	30 750

SECTION 4
NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

D1. FAIR VALUE MEASUREMENT

D1-1. Accounting Policies and Basis for Fair Value Measurement

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 under current market conditions (i.e. an exit price) regardless of whether that price is derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data relevant to the characteristics of the assets/liabilities being valued.

Observable inputs used by the QBCC include, but are not limited to, share prices, inflation rate, interest rate, and government bond rates.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liability being valued. Significant unobservable inputs used by the QBCC include, but are not limited to, average claim size, ultimate claims rate, large claims loading, and claims handling expense ratio. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

All assets and liabilities of the QBCC for which fair value is measured or disclosed in the financial statements are categorised by the rankings below, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

There were no transfers of assets between fair value hierarchy levels during the period.

D1. FAIR VALUE MEASUREMENT (continued)

D1-2. Hierarchy of Assets and Liabilities Measured at Fair Value

The following table presents the QBCC's assets and liabilities measured and recognised at fair value at 30 June 2018. There have been no transfers between Level 1 and Level 2 during the current financial period.

As at 30 June 2018

	Classification according to fair value hierarchy			Total Carrying Amount
	Level 1	Level 2	Level 3	2018
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	1 210	-	-	1 210
Investments with QTC	-	26 302	-	26 302
Investments with QIC	-	256 752	-	256 752
Total	1 210	283 054	-	284 264

As at 30 June 2017

	Classification according to fair value hierarchy			Total Carrying Amount
	Level 1	Level 2	Level 3	2017
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	2 479	-	-	2 479
Investments with QTC	-	10 132	-	10 132
Investments with QIC	-	240 621	-	240 621
Total	2 479	250 753	-	253 232

Valuation Techniques

Investments

Investments are with Queensland Treasury Corporation (QTC) and Queensland Investment Corporation Limited (QIC) and measured at fair value based on the current redemption value of the funds as advised by the respective organisation. The QBCC invests in the following funds:

- QTC capital guaranteed cash fund
- QIC cash enhanced fund
- QIC growth fund.

D2. FINANCIAL RISK DISCLOSURES

D2-1. Financial Instrument Categories

The QBCC has the following categories of financial assets and financial liabilities:

Category	Notes	2018 \$'000	2017 \$'000
Financial assets			
Cash and cash equivalents	C1	27 512	12 611
Receivables	C2	20 551	32 378
Investments	D1-2	256 752	240 621
Total		304 815	285 609
Financial liabilities			
Payables	C7	37 492	50 039
Total		37 492	50 039

D2-2. Financial Risk Management

The QBCC's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk.

Financial risk management was implemented pursuant to Queensland Government and policies approved by the Board. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the QBCC.

All financial risk is managed by the Financial Services Division under policies approved by the Board. The Board provided written principles for overall risk management, as well as policies covering specific areas.

The QBCC measures risk exposure using a variety of methods:

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate risk and price risk

Credit Risk Exposure

Credit risk exposure refers to the situation where the QBCC may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets (disclosed in Note C2 and D1-2) was the gross carrying amount of those assets inclusive of any provision for impairment.

The QBCC manages credit risk through the use of a credit management strategy. This strategy aims to reduce exposure to credit default by ensuring that the QBCC invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

D2. FINANCIAL RISK DISCLOSURES (continued)

D2-2. Financial Risk Management (continued)

Market Risk

The QBCC does not trade in foreign currency and is not materially exposed to commodity price changes. The QBCC is exposed to interest rate risk and price risk through its investments with Queensland Treasury Corporation (QTC), Queensland Investment Corporation (QIC) and cash deposited in interest bearing accounts.

Interest Rate Sensitivity Analysis

The QBCC has cash and cash equivalents as well as investments that are impacted by interest rate risk. The impact of this is not material to disclose a sensitivity analysis.

Price Risk

Price risk relates to QBCC's investments in funds managed by QTC and QIC. The QBCC currently invests in the QTC capital guaranteed cash fund, QIC cash enhanced fund and QIC growth fund in accordance with the QBCC investment powers under the *Statutory Bodies Financial Arrangements Act 1982*. The fund most impacted by price risk is the QIC growth fund. The price risk is actively managed by QIC by diversifying the investment mix. The fund currently invests in the following areas:

- Global real estate
- Global infrastructure
- Other alternatives
- Global private equity and
- Global fixed interest and cash.

D2-3. Liquidity Risk - Contractual Maturity of Financial Liabilities

Liquidity risk refers to the situation where the QBCC may encounter difficulty in meeting obligations associated with financial liabilities that are settled by cash or another financial asset.

The QBCC is exposed to liquidity risk in respect of its payables.

The QBCC manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the QBCC has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved through a daily examination of cash requirements to ensure various bank accounts hold the minimum cash requirements for immediate use and that medium-term requirements are held with QTC in order to maximise opportunity gains. Long-term requirements are invested in various QIC products.

	2018 Payable in		
	<1 year \$'000	>1 years \$'000	Total \$'000
Financial liabilities			
Payables	37 492	-	37 492
Total	37 492	-	37 492

	2017 Payable in		
	<1 year \$'000	>1 years \$'000	Total \$'000
Financial liabilities			
Payables	50 039	-	50 039
Total	50 039	-	50 039

D3. COMMITMENTS

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2018	2017
	\$'000	\$'000
Not later than one year	3 775	3 664
Later than one year and not later than five years	14 396	14 156
Later than five years	14 445	17 906
	32 616	35 726

The QBCC leases property, plant and equipment under operating leases expiring from one to ten years. Property leases generally provide the QBCC with a right of renewal at which time all terms are renegotiated.

No leases have escalation clauses other than in the event of payment default. Some leases have renewal or purchase options. Where such options exist, they are all exercisable at market prices.

No lease arrangements create restrictions on other financing transactions.

Capital Expenditure Commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2018	2017
	\$'000	\$'000
Major Plant and Equipment		
Not later than one year	-	230
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	230

D4. CONTINGENT LIABILITIES

The QBCC currently manages building disputes which, once resolved, may result in litigation against the QBCC. At this stage it is not possible to determine the outcome to disputes or to quantify if any liability exists.

Financial Guarantees and Associated Credit Risk

The QBCC has two guarantees as security for lease of office premises, totalling \$932,843. They are not recognised in the Statement of Financial Position as it is not expected that the guarantees will be called upon.

D5. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no events that have arisen subsequent to the reporting date that may significantly affect the operation of the QBCC.

D6. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the QBCC from its financial statements for 2019-20.

The QBCC has commenced analysing the new revenue recognition requirements under these standards:

- licence revenue for public sector entities, which is a material revenue item for the QBCC, is currently not covered under AASB 15. In addition, AASB 1058 excludes licences outside the scope of AASB 15. The Australian Accounting Standards Board (AASB) released Exposure Draft 283 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors' in December 2017 and closed for comment 31 March 2018. The management of QBCC will continue to monitor developments in this area.
- AASB 15 and 1058 will not apply to Insurance contracts (AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts). The QBCC will be affected by AASB 17 Insurance Contracts from 1 July 2021. The AASB expect to issue an Exposure Draft and Standard from Q2 2018 or beyond on this matter. The QBCC is yet to undertake a detailed assessment of the impact of AASB 17.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These Standards will first apply to the QBCC from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the QBCC are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the QBCC's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The QBCC is yet to commence reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the QBCC's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the QBCC enters into, all of the QBCC's financial assets are expected to be required to be measured at fair value. In the case of the QBCC's current receivables, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the QBCC's operating result.

The material current receivable for the QBCC is the recovery of insurance claims paid from at fault builders, and the material impairment loss is also for the recovery of insurance claims paid from at fault builders.

D6. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (continued)

Another impact of AASB 9 relates to calculating impairment losses for the QBCC's receivables. Assuming no substantial change in the nature of the QBCC's receivables, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the QBCC will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The QBCC will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the QBCC enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in equity instruments measured at fair value through other comprehensive income.

AASB 16 Leases

This standard will first apply to the QBCC from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. There will be an increase in assets and liabilities when this standard is adopted by the QBCC.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

D6. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB 16 Leases (continued)

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The QBCC has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required. However, assuming the QBCC's current operating lease commitments (see Note D3) were recognised 'on-balance sheet' at transition, the expected increase in lease liabilities (with a corresponding right-of-use asset) is estimated to be \$32.6 million. The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the QBCC's activities, or have no material impact on the QBCC.

SECTION 5 - NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the QBCC's actual 2017-18 financial results and the original budget presented to Parliament.

E1-1 EXPLANATIONS OF MAJOR VARIANCES - Statement of Comprehensive Income

<i>Reinsurance and other recoveries revenue</i>	The increase in reinsurance and other recoveries revenue is due to an increase in claims recoveries income and reinsurers' share of claims approved as a result of an increase in claims approved.
<i>Investment revenue</i>	The increase in investment revenue is due to the investment performance of the QIC growth fund which achieved a return of 9.36%. The budget assumed a return of 4%.
<i>Other revenue</i>	The increase in other revenue is due to an increase in Notifiable Works revenue and one-off funding from the Department of Housing and Public Works.
<i>Outward reinsurance</i>	The increase in outward reinsurance is due to an increase in the reinsurers' share of premium income in line with the increase in gross premium income.
<i>Claims approved and charged</i>	The increase in claims approved and charged is due to an increase in claims approved and an increase in the provision for future claims as a result of an actuarial assessment during and end of the financial year.
<i>Impairment losses</i>	The increase in impairment losses is due to an increase in the write off of insurance claims recovery.

E1-2 EXPLANATIONS OF MAJOR VARIANCES - Statement of Financial Position

<i>Cash and cash equivalents:</i>	The increase in cash and cash equivalents is due to the QBCC holding additional funds to meet short term commitments.
<i>Receivables</i>	The decrease in receivables is due to an increase in write-off of claims recoveries debts and an increase in the allowance for doubtful receivables of claims recoveries.
<i>Other financial assets:</i>	The increase is due to the investment performance of the QIC growth fund which achieved a return of 9.36%. The budget assumed a return of 4%.

E1 BUDGETARY REPORTING DISCLOSURES (continued)

E1-2 EXPLANATIONS OF MAJOR VARIANCES - Statement of Financial Position (continued)

Payables	The decrease in payables is due to a decrease in outstanding reinsurers payable and a decrease in reinsurers' share of recoveries provision as a result of an actuarial assessment at end of financial year.
Unearned income liability:	The decrease in unearned income liability is due to the budget recognising all unearned income as current. The actuals now reflect an allocation between current and non-current unearned income liability.
Current future claims and associated costs:	The increase is a result of the actuary assessment of the required future claims provision for the next 12 months.
Non-current unearned income liability:	The increase in non-current unearned income liability is due to the budget recognising all unearned income as current. The actuals now reflect an allocation between current and non-current unearned income liability.
Non-current future claims and associated costs:	The increase is a result of the actuary assessment of the required future claims provision for the outer years.

E1-3 EXPLANATIONS OF MAJOR VARIANCES - Statement of Cash Flows

Received from premiums:	The increase in received from premiums is due to an increase in premium income received.
Payments to reinsurers:	The increase in payments to reinsurers is due to an increase in the reinsurers' share of premium income.

SECTION 6 OTHER INFORMATION

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of Key Management Personnel

As from 2017-18, the QBCC’s responsible Minister, the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport, is identified as part of the QBCC’s KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures.

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the QBCC during 2017-18 and 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to Our Senior Leadership Team.

The appointment authority for QBCC’s key management personnel is set by the QBCC Act.

Position ¹	Position responsibility
Commissioner	Strategically lead and manage the QBCC to deliver its services to the building and construction industry and its consumers. The position is also the Executive Officer of the Queensland Building and Construction Employing Office.
Deputy Commissioner *	Strategically lead and manage the QBCC to deliver its services to the building and construction industry and its consumers.
Assistant Commissioner *	Strategically leads the Building Industry Services and Service Trades Unit. This position assists the Service Trades Council (STC) which was established through the <i>Plumbing and Drainage Act 2002</i> (PDA).
General Counsel *	Strategically leads the legal, legislative support, governance and risk and right to information divisions. This role also provides legal and legislative support to the Board.
Chief Human Resources Officer *	Strategically leads the human resources, payroll and workplace health and safety functions of the QBCC.
Chief Operating Officer *	Strategically leads the information services, customer services and administration and facilities.
Chief Strategy Officer *	Strategically leads and manages the portfolio, strategy and change management and plays a key influencing role in regards to design of enterprise wide organisational structure.
Chief Financial Officer *	Strategically leads and manages the Commission’s finance, insurance and procurement functions.

* Indicates employees of the QBCEO

1. Effective 1st July 2017 the Senior Leadership Team of QBCC was reduced due to an organisational redesign conducted during the financial year ending June 2017.

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The QBCC does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017-18, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the QBCC's other KMP is set by the QBCC. The remuneration and other terms of employment for the KMP are specified in employment contracts. The contracts provide for the provision of other benefits, including motor vehicles.

For the 2017-18 year, remuneration packages of KMP increased by 2.5% in accordance with government policy.

The following disclosures focus on the expenses incurred by the QBCC during the respective reporting periods, that is attributable to KMP. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for these KMP comprises the following components:

- Short-term employee expenses which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified positions.
 - non-monetary benefits - consisting of provision of a motor vehicle together with fringe benefits tax applicable to the benefit.
 - performance bonuses are not in place under the current contracts.
- Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment for disciplinary, incapacity or employee-initiated terminations. Contracts of employment provide for notice periods or payment in lieu of notice on termination regardless of reason for termination. Contracts can allow for separation payment for termination of contracts or for non-renewal of contracts.

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration Expenses

The following disclosures focus on the expenses incurred by the QBCC attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

1 July 2017 - 30 June 2018 Position (date resigned if applicable)	Short Term		Long Term	Post-Employment	Termination Benefits	Total Expenses
	Monetary \$'000	Non-Monetary \$'000	\$'000	\$'000	\$'000	\$'000
Commissioner	361	-	8	24	-	393
Deputy Commissioner (from 08/01/2018)	151	-	-	16	-	167
Assistant Commissioner (to 31/01/2018)	223	10	4	13	-	251
Assistant Commissioner (Acting) (from 01/02/2018)	115	-	8	9	-	133
General Counsel (to 20/04/2018)	179	-	5	15	-	198
Chief Operating Officer	230	-	1	24	-	255
Chief Strategy Officer (from 21/08/2017)	224	-	-	20	-	244
Chief Strategy Officer (Acting) (to 20/8/2017)	45	-	-	3	-	48
Chief Human Resources Officer	187	10	6	17	-	221
Chief Financial Officer (leave from 31/07/2017 to 30/06/2018)	137	-	10	17	-	163
Chief Financial Officer (acting until 18/05/2018)	203	-	-	20	-	223
Total Remuneration	2,055	21	42	176	-	2,295

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration Expenses (continued)

1 July 2016 - 30 June 2017	Short Term		Long Term	Post-Employment	Termination Benefits	Total Expenses
Position (date resigned if applicable)	Monetary \$'000	Non-Monetary \$'000	\$'000	\$'000	\$'000	\$'000
Commissioner	345	9	15	25	-	394
Assistant Commissioner Building Industry Services (to 17/02/2017)	157	22	16	12	34	241
Assistant Commissioner (from 18/2/2017)	89	-	14	7	-	110
General Counsel	149	6	7	12	-	174
General Counsel (Acting) (from 29/04/2017)	46	-	1	5	-	52
Assistant Commissioner Service Trades Unit (from 15/08/2016 - 17/02/2017)	96	-	3	9	-	108
Chief Operating Officer (from 12/12/2016)	132	-	-	13	-	145
Executive Director Customer Service (to 19/02/2017)	172	-	5	10	115	302
Executive Director of Executive Office (to 19/02/2017)*	164	-	1	14	-	179
Executive Director Strategy and Transformation (from 20/02/2017)	38	-	(2)	1	8	45
Executive Director Strategy and Transformation (Acting) (from 29/04/2017)	42	-	3	4	-	49
Executive Director Human Resources (from 08/05/2017)	29	-	1	3	-	33
Adjudication Registrar (to 10/03/2017)	206	10	4	12	138	370
Adjudication Registrar (Acting) (from 29/09/2016)	111	-	(1)	9	-	119
Chief Financial Officer	174	10	6	18	-	208
Chief Information Officer (to 11/12/2016)	78	1	-	9	-	88
Chief Information Officer (Acting) 12/12/2016 - 30/06/2017	86	-	4	8	-	98
Director Compliance and Enforcement	147	24	13	15	-	199
Director Insurance Services	158	23	4	18	-	203
Director Legal Services	98	28	-	11	-	138
Director Legal Services (Acting) (from 29/04/2017)	28	-	3	2	-	33
Director Marketing & Digital Services (to 25/11/2016)	78	9	(1)	8	41	135
Director Marketing & Digital Services (Acting) (from 21/11/2016 to 19/5/17)	68	-	2	7	-	77
Director People and Culture (to 17/02/2017)	176	5	4	11	99	295
Director People and Culture (Acting) (from 13/02/2017)	59	-	3	6	-	68
Director Service Channels	142	43	1	16	-	202
Total Remuneration	3,067	191	106	265	436	4,065

The acting arrangements have been aggregated for multiple periods of acting.

F2. BOARD DISCLOSURES

The Board decides the strategies and the administrative, operational and financial policies to be followed by the QBCC ensuring the QBCC performs its functions and exercises its powers in an efficient, effective and proper way.

The QBCC Board consists of seven members appointed by the Governor-in-Council. The members are employed under the QBCC Act.

<u>Current Board</u>	<u>Date of appointment</u>	<u>Date ceased from position</u>
Member		
R. L. Williams (Chair)	1/12/2016	-
Jennifer Robertson (Deputy Chair)	1/12/2016	-
Lesley Anderson	1/12/2016	-
Leeanne Bond	1/12/2016	-
Michelle James	1/12/2016	-
Brett Schimming	1/12/2016	-
Robert Schwarten	1/12/2016	-
Previous Board		
Phil Kesby (Chair)	1/12/2013	30/11/2016
Jennifer Robertson (Deputy Chair)	1/12/2013	30/11/2016
Chris Cunnington	1/12/2013	30/11/2016
Robin Fardoulys	1/12/2013	30/11/2016
Rob Hutchinson	1/12/2013	30/11/2016
Martin Lee	1/12/2013	30/11/2016
Len Scanlan	1/12/2013	30/11/2016

BOARD MEMBER REMUNERATION

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
R. L. Williams (Chair)	56	32
Jennifer Robertson (Deputy Chair)	27	16
Lesley Anderson	27	16
Leeanne Bond	27	16
Michelle James	27	16
Brett Schimming	27	16
Robert Schwarten	27	16
Previous Board		
Phil Kesby (Chair)	-	24
Jennifer Robertson (Deputy Chair)	-	11
Chris Cunnington	-	11
Robin Fardoulys	-	11
Rob Hutchinson	-	11
Martin Lee	-	11
Len Scanlan	-	11
	218	218

F3. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to the QBCC

No transactions with related parties of key management personnel occurred during the financial year.

Transactions with other Queensland Government-controlled entities

As outlined in Note D1-2, the QBCC has investments in QTC and QIC investment products.

The QBCC received funds from the Department of Housing and Public Works for a business architecture review and costs associated with a taskforce for cladding investigation. The total amount received is \$1,956,000. This is reflected in Note B1-6 Other Revenue.

There were no other material transactions with other Queensland Government-controlled entities during the financial year.

F4. SEGMENT INFORMATION

The QBCC is comprised of a General Statutory Fund and an Insurance Fund. The General Statutory Fund derives the majority of its revenue from fees received for licensing building industry contractors under the QBCC Act. The Insurance Fund derives its revenue from underwriting premiums and administration fees from operating the insurance scheme.

	General Statutory Fund	Insurance Fund	Total
	\$'000	\$'000	\$'000
2017-18			
Income			
Licence revenue	36 948	-	36 948
Premium revenue	-	77 638	77 638
Reinsurance and other recoveries revenue	-	92 510	92 510
Insurance administration fees revenue	-	23 952	23 952
Investment revenue	663	16 853	17 516
Other revenue	8 709	68	8 777
Gains on sale of assets	6	-	6
Total Income	46 327	211 021	257 348
Expenses			
Outward reinsurance	-	48 014	48 014
Claims approved and charged	-	82 624	82 624
Employee expenses	44 668	2 240	46 909
Supplies and services	22 148	8 141	30 288
Depreciation and amortisation	2 035	796	2 831
Impairment losses	953	50 157	51 110
Other expenses	946	-	946
Total Expenses	70 749	191 973	262 722
Interfund Transfer	23 435	(23 435)	-
Operating Result	(987)	(4 387)	(5 374)

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

Notes to the Financial Statements for the year ended 30 June 2018

	General Statutory Fund	Insurance Fund	Total
	\$'000	\$'000	\$'000
2016-17			
Income			
Licence revenue	35 506	-	35 506
Premium revenue	-	84 451	84 451
Reinsurance and other recoveries revenue	-	75 035	75 035
Insurance administration fees revenue	-	21 094	21 094
Investment revenue	758	19 011	19 769
Other revenue	6 685	71	6 756
Total Income	42 949	199 663	242 612
Expenses			
Outward reinsurance	-	44 750	44 750
Claims approved and charged	-	60 840	60 840
Employee expenses	43 019	2 406	45 424
Depreciation and amortisation	2 535	495	3 030
Impairment losses	1 739	40 888	42 627
Other expenses	990		990
Total Expenses	69 072	159 178	228 250
Interfund Transfer	22 673	(22 673)	-
Operating Result	(3 450)	17 812	14 362

F4. SEGMENT INFORMATION (continued)

30 June 2018	General Statutory Fund	Insurance Fund	Total
	\$'000	\$'000	\$'000
Consolidated Entity			
Current Assets			
Cash and cash equivalents	7 206	20 306	27 512
Receivables	3 591	16 959	20 551
Reinsurance receivables	-	28 908	28 908
Other financial assets	23 318	233 434	256 752
Other current assets	5 623	13 898	19 521
Total Current Assets	39 738	313 506	353 244
Non-Current Assets			
Reinsurance receivables	-	88 367	88 367
Intangible assets	4 284	2 685	6 969
Property, plant and equipment	2 985	10	2 995
Total Non-Current Assets	7 269	91 062	98 332
Total Assets	47 007	404 569	451 576
Current Liabilities			
Payables	3 226	34 269	37 494
Employee benefits	4 381	214	4 596
Provisions	61	-	61
Unearned income liability	13 778	39 631	53 409
Future claims and associated costs	-	60 281	60 281
Total Current Liabilities	21 446	134 395	155 842
Non-Current Liabilities			
Employee benefits	5 564	299	5 863
Provisions	838	-	838
Unearned income liability	17 275	-	17 275
Future claims and associated costs	-	192 671	192 671
Total Non-Current Liabilities	23 676	192 970	216 645
Total Liabilities	45 121	327 366	372 487
Net Assets	1 886	77 204	79 090
Equity			
Contributed equity	395	-	395
Accumulated surplus	1 491	77 204	78 695
Total Equity	1 886	77 204	79 090

F4. SEGMENT INFORMATION (continued)

30 June 2017	General Statutory Fund	Insurance Fund	Total
	\$'000	\$'000	\$'000
Consolidated Entity			
Current Assets			
Cash and cash equivalents	3 136	9 475	12 611
Receivables	2 484	29 894	32 378
Reinsurance receivables	-	30 790	30 790
Other financial assets	22 846	217 775	240 621
Other current assets	5 547	15 181	20 728
Total Current Assets	34 013	303 115	337 128
Non-Current Assets			
Reinsurance receivables	-	82 540	82 540
Leasehold restoration paid in advance	-	-	-
Intangible assets	5 421	3 477	8 898
Property, plant and equipment	2 873	29	2 902
Total Non-Current Assets	8 294	86 046	94 340
Total Assets	42 307	389 161	431 468
Current Liabilities			
Payables	2 796	47 243	50 039
Employee benefits	3 986	265	4 251
Provisions	61	-	61
Unearned income liability	12 692	40 368	53 060
Future claims and associated costs	-	56 883	56 883
Total Current Liabilities	19 535	144 759	164 294
Non-Current Liabilities			
Employee benefits	5 276	369	5 645
Provisions	733	-	733
Unearned income liability	13 889	-	13 889
Future claims and associated costs	-	162 443	162 443
Total Non-Current Liabilities	19 898	162 812	182 710
Total Liabilities	39 433	307 571	347 004
Net Assets	2 872	81 592	84 464
Equity			
Contributed equity	395	-	395
Accumulated surplus	2 477	81 592	84 069
Total Equity	2 872	81 592	84 464

F5. DIFFERENCES BETWEEN QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION CONSOLIDATED FINANCIAL STATEMENTS AND QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Consolidated QBCC	QBCC	QBCEO
	\$'000	\$'000	\$'000
EXPENSES FROM CONTINUING OPERATIONS			
Employee expenses	46 909	2 066	44 842
Other expenses	946	939	7
TOTAL EXPENSES FROM CONTINUING OPERATIONS	47 854	3 005	44 849

The difference of \$44.84 million between the consolidated financial statements and the QBCC represents the employee expenses of all employees of the QBCC except the Commissioner. The Commissioner is the only employee not employed by the QBCEO.

The \$7,000 difference on other expenses represents audit fees for the QBCEO Financial Statements.

STATEMENT OF FINANCIAL POSITION

	Consolidated QBCC	QBCC	QBCEO
	\$'000	\$'000	\$'000
CURRENT LIABILITIES			
Payables	37 492	37 201	291
Employee benefits	4 596	6	4 590
TOTAL CURRENT LIABILITIES	42 088	37 207	4 881
NON-CURRENT LIABILITIES			
Employee benefits	5 863	64	5 799
TOTAL NON-CURRENT LIABILITIES	5 863	64	5 799

The difference of \$0.291 million between the payables on the consolidated financial statements and the QBCC represents;

- \$0.056 million accrued expenses for audit fees and other invoices due on the QBCEO Financial Statements
- \$0.088 million provision for Fringe Benefits Tax payable for employees of the QBCEO
- \$0.146 million provision for Payroll Tax payable for employees of the QBCEO.

The difference of \$4.590 million between the current accrued employee benefits on the consolidated financial statements and the QBCC represents:

- \$3.953 million annual leave provision for employees of the QBCEO
- \$0.600 million long service leave current provision for employees of the QBCEO
- \$0.030 million time off in lieu provision for employees of the QBCEO
- \$0.003 million parental leave payable due but not yet paid for employees of the QBCEO

The difference of \$5.799 million between the non-current accrued employee benefits on the consolidated financial statements and the QBCC represents the long service leave provision for employees of the QBCEO.

F5. DIFFERENCES BETWEEN QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION CONSOLIDATED FINANCIAL STATEMENTS AND QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION FINANCIAL STATEMENTS (continued)

STATEMENT OF CASH FLOWS

	Notes	Consolidated QBCC	QBCC	QBCEO
		\$'000	\$'000	\$'000
OUTFLOWS				
Payments to employees		(42 131)	(330)	(41 801)
Payments to suppliers		(35 205)	(32 729)	(2 476)
		(77 336)	(33 059)	(44 277)

NOTES TO RECONCILIATIONS

The difference of \$41.80 million between payments to employees in the consolidated cash flow and the QBCC is the salaries and on-costs made to employees of the QBCEO during 2017-18. The \$2.48 million difference in payments to suppliers is made up of payments of other employee related costs incurred by the QBCEO during the year such as payroll tax, workcover and fringe benefits tax.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
MANAGEMENT CERTIFICATE
for the year ended 30 June 2018

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Building and Construction Commission for the period ending 30 June 2018 and of the financial position of the Commission at the end of that year;
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to the financial reporting throughout the reporting period.

DocuSigned by:
R.L. (Dick) Williams
8FF1DAA1D84F48F...

R. L. Williams
Chair of the Board

DocuSigned by:
Brett Bassett
B6A3A8FB9B774DC...

Brett Bassett
Commissioner

Brisbane
28 August 2018

Brisbane
28 August 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Building and Construction Commission and Controlled Entity

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Building and Construction Commission (the parent) and its controlled entity (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2018, and their financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the consolidated statements of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information, and management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the group 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Entity for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group 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 group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



SRI NARASIMHAN
as delegate of the Auditor-General

29 August 2018
Queensland Audit Office
Brisbane

GLOSSARY

AA	Administrative Access
AASB	Australian Accounting Standards Board
ALP	Australian Labor Party
ANAs	Authorised Nominating Authorities
APRA	Australian Prudential Regulatory Authority
ARRs	Annual Report Requirements for Queensland Government agencies
AS	Australian Standard
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Tax Office
BCIP Act	<i>Building and Construction Industry Payments Act 2004</i>
BIF Act	<i>Building Industry Fairness (Security of Payment) Act 2017</i>
Board	Queensland Building and Construction Board
CCC	Crime and Corruption Commission
CPD	Continuing Professional Development
DBCA	<i>Domestic Building Contracts Act 2000</i>
DHPW	Department of Housing and Public Works
ECM	Enterprise Content Management
EDR	Early Dispute Resolution
eDRMS	Electronic document and records management system
EEO	Equal Employment Opportunity
EVP	Employee Value Proposition
FAA	<i>Financial Accountability Act 2009</i>
FBT	Fringe Benefits Tax
FPMS	<i>Financial and Performance Management Standard 2009</i>
FPWG	Fire Protection Working Group
FTE	Full-time equivalent
GF	General Statutory Fund as stipulated by section 25 of the QBCC Act
GST	Goods and Services Tax
IDAHOT	International Day Against Homophobia, Transphobia and Biphobia
IF	Insurance Fund as stipulated by section 26 of the QBCC Act
IP Act	<i>Information Privacy Act 2009</i>
IT	Information Technology
KMP	Key Management Personnel
LNG	Liquefied Natural Gas Limited
MDT	Multi-Disciplinary Team
MFR	Minimum Financial Requirements
MoU	Memorandum of Understanding
PDA	<i>Plumbing and Drainage Act 2002</i>
PDF	Portable Document Format
PSI	Pool Safety Inspector
QAO	Queensland Audit Office
QBCC	Queensland Building and Construction Commission
QBCC Act	<i>Queensland Building and Construction Commission Act 1991</i>
QBCEO	Queensland Building and Construction Employing Office
QBSA	Queensland Building Services Authority
QCAT	Queensland Civil and Administrative Tribunal
QIC	Queensland Investment Corporation
QTC	Queensland Treasury Corporation
REDI	Respect, Equity, Diversity, Inclusion
REMS	Reinsurance Management Strategy
RTI Act	<i>Right to Information Act 2009</i>
SARAS	Study and Research Assistance Scheme
SOP	Synertec Corporation Limited
STC	Service Trades Council

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COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - section 7	4
	Table of contents	ARRs - section 9.1	3, 126
	Glossary		
	Public availability	ARRs - section 9.2	2
Accessibility	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs - section 9.3	2
	Copyright notice	<i>Copyright Act 1968</i> ARRs - section 9.4	2
	Information Licensing	<i>QGEA - Information Licensing</i> ARRs - section 9.5	2
General information	Introductory Information	ARRs - section 10.1	5
	Agency role and main functions	ARRs - section 10.2	5
	Machinery of Government changes	ARRs - section 31 and 32	N/A
	Operating environment	ARRs - section 10.3	5
Non-financial performance	Government's objectives for the community	ARRs - section 11.1	7
	Other whole-of-government plans / specific initiatives	ARRs - section 11.2	5, 24, 26
	Agency objectives and performance indicators	ARRs - section 11.3	6, 23-56
Financial performance	Agency service areas and service standards	ARRs - section 11.4	23-56
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FAA *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2009*
 ARRAs *Annual report requirements for Queensland Government agencies*

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