

ANNUAL REPORT 2018–2019



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

LICENCE

This annual report is licensed by the Queensland Building and Construction Commission under a Creative Commons Attribution (CC BY) 4.0 International licence.



CC BY LICENCE SUMMARY STATEMENT

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the Queensland Building and Construction Commission.

To view a copy of this licence, visit
<http://creativecommons.org/licenses/by/4.0/>

ATTRIBUTION

Content from this annual report should be attributed as:
Queensland Building and Construction Commission Annual Report 2018-2019.

ABOUT THIS REPORT

This report summarises the activities and performance of the Queensland Building and Construction Commission (QBCC) for 2018-2019 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 2018-2022 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 sixth 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 page 19 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 2019

CONTENTS

Letter of Compliance	4
About Us	5
QBC Board Chair’s Message	9
Commissioner’s Foreword	11
Our Structure	13
Our Board	14
Our Executive Team.....	16
Our Reach Across Queensland.....	18
Where to find us in the regions	19
Our Performance	21
OBJECTIVE 1: Promote integrity and probity in the building and construction industry.....	21
OBJECTIVE 2: Provide regulator and customer services that are timely, clear and transparent	35
OBJECTIVE 3: Improve operational and organisational excellence.....	53
OBJECTIVE 4: To nurture our people to help them be courageous and their best.....	57
OBJECTIVE 5: Be a financially sustainable organisation.....	61
Corporate Governance	63
Financial Performance	71
Summary of financial performance	71
Appendix 1 - Reporting on the Queensland Government’s Regulator Performance Framework	131
Glossary	134
Index of Tables	135
Compliance Checklist	136

LETTER OF COMPLIANCE



10 September 2019

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 2018–2019 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 2019*, 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 136 of this Annual Report.

Yours sincerely



R. L. Williams
Chair
Queensland Building and Construction Board

OUR ROLE

The Queensland Building and Construction Commission (QBCC) is Queensland's building and construction regulator. Our mandate is to independently regulate the building and construction sector, and efficiently manage the insurance fund.

We are an independent statutory body established under the *Queensland Building and Construction Commission Act 1991* (QBCC Act) governed by the Queensland Building and Construction Board (Board). Our responsible Minister is the Honourable Mick de Brenni MP, Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport.

Led by a statutorily appointed Commissioner, our vision is "To be a regulator that builds trust and confidence in all we do". Our overarching strategies contribute to the Queensland Government's *Our Future State: Advancing Queensland's Priorities*, with particular focus on; 'Create Jobs in a Strong Economy' and 'Be a Responsive Government'.

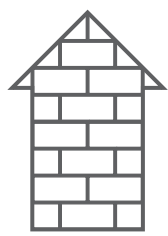

Since 2016, the primary strategy for the QBCC has been to refocus on our role as a regulator of the sector. This means that we focus on areas that pose the greatest risk, or that threaten community and economic confidence in the sector.

The 2018-2019 year was significant for the QBCC. Over the past 12 months, we have implemented a new security of payment regime, have taken carriage of the Safer Buildings program, moved to a new plumbing and drainage regulatory environment, and overseen the introduction of a new and stronger financial reporting regime for licensees. This is on top of delivering the ongoing regulatory and insurance services roles we hold.

Helping us to achieve our objectives is the Service Trades Council (the Council). The Council sits within the QBCC and advises the Commissioner and the Minister on issues concerning the plumbing and drainage trades in Queensland.

During the 2018–2019 financial year, we administered our regulatory responsibilities under the following principal and subordinate legislation:

- *Queensland Building and Construction Commission Act 1991*
- *Queensland Building and Construction Commission Regulation 2018*
- *Queensland Building and Construction Commission (Minimum Financial Requirements) Regulation 2018*
- *Building Industry Fairness (Security of Payment) Act 2017*
- *Building Industry Fairness (Security of Payment) Regulation 2018*
- *Plumbing and Drainage Act 2002 (now repealed)*
- *Plumbing and Drainage Act 2018*
- *Plumbing and Drainage Regulation 2003*
- *Standard Plumbing and Drainage Regulation 2003*
- *Building Act 1975*
- *Building Regulation 2006.*

WHAT DRIVES THE QBCC	THE FIVE 2018-2019 OBJECTIVES OF THE QBCC	KEY OUTPUTS IN 2018-2019	KEY LONG-TERM OUTCOMES THE QBCC IS WORKING TOWARDS
<p>Our purpose</p> <p>For peace of mind</p> <p>Our vision</p> <p>To be a regulator that builds trust and confidence in all we do</p>	<p>1</p> <p>Promote integrity and probity in the building and construction sector</p>	<p>1. Continued implementation of the Queensland Building Plan, including implementing new Minimum Financial Requirements laws</p> <p>2. Supported the work of the special joint taskforce led by retired Supreme Court Judge Justice John Byrne to investigate subcontractor non-payment</p>	 <p>A stronger and sustainable building and construction industry</p>
	<p>2</p> <p>Provide regulator and customer services that are timely, clear and transparent</p>	<p>3. Implemented changes in line with new plumbing and drainage legislation</p> <p>4. Contributed to the safety of Queenslanders through the implementation of the Safer Buildings program</p>	
	<p>3</p> <p>Improve operational and organisational excellence</p>		 <p>A safer building and construction industry</p>
	<p>4</p> <p>To nurture our people to help them be courageous and their best</p>	<p>5. Simplified and streamlined the adjudication process for payment disputes as a result of implementing new legislative changes</p> <p>6. Continued with education and engagement activities to raise awareness of legislative changes</p>	
	<p>5</p> <p>Be a financially sustainable organisation</p>	<p>7. Continued to provide regulatory and insurance services to our customers</p>	

OUR BEHAVIOURS

Professionalism:
we act with professionalism in all we do



Integrity:
we act impartially and with honesty



Accountability:
we do what we say, we are accountable for our actions, and we mitigate risk



Teamwork:
we think about others and how our decisions or behaviours impact them



Customer focus:
we treat all of our customers, including our colleagues, with respect, compassion and empathy



OUR CONTRIBUTION TO THE GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

We contribute primarily to the following objectives as contained in *Our Future State: Advancing Queensland's Priorities*:

- Create jobs in a strong economy: We do this through licensing and compliance that allows fully qualified and competent tradespeople to become employed or start their own businesses
- Be a responsive government: We do this by constantly improving and introducing more efficient ways for our customers to access our services.

We identified the following strategic risks and opportunities that could either hinder our achievement or aid in our progress towards our five objectives.

Strategic risks	Strategic opportunities	Relates to objective
A. Safety		
Failure to keep QBCC employees, licensees and home owners safe caused by having inadequate safety systems resulting in public loss of trust and confidence in the QBCC, and reduced employee engagement.	Have the right policies and procedures in place to take care of all under QBCC's duty of care	1, 4
B. Reputation and image		
Failure to improve or maintain the reputation of the QBCC caused by activities, or the lack of activities, resulting in the loss of government, industry, or community trust and confidence.	Nurture relationships through collaborative engagement and partnerships	1, 2, 3, 4, 5
C. Financial		
Failure to manage QBCC finances caused by the failure of proper financial management resulting in not being able to adequately resource regulatory functions and the Home Warranty Scheme no longer meeting actuarial sustainability.	Ensure QBCC's financial sustainability by managing expenditure, increasing workforce capability and optimising processes leading to increased productivity	5
D. Regulation and compliance		
Failure to instil respect for regulation and compliance in the industry and internally caused by not regulating appropriately and lack of robust controls, education, and data driven insights resulting in being reactive versus proactive, increased legislative breaches and a loss of trust and confidence in QBCC.	Maintain regulatory and compliance standards through having the right policies, and educating QBCC staff, industry and the general public about the required standards	1, 2, 3
E. People and capabilities		
Failure to have appropriate enabling capabilities related to our employees, technology, data insights and business operations caused by inadequate leadership, planning and governance resulting in a disengaged workforce and operational inefficiencies.	<ul style="list-style-type: none"> • Make better use of our data and insights for decision-making • Engage with employees through strategies in leadership diversity and talent management 	1, 2, 3, 4, 5



QBC BOARD CHAIR'S MESSAGE



R. L. WILLIAMS

Chair

Queensland Building and Construction Board

The QBCC has continued to work on being a more effective regulator.

We could not have done this without the dedication and effort of all QBCC staff. I want to thank our staff and the QBC Board for their ongoing commitment to creating a better and safer Queensland building and construction industry.

The following are just some of the areas where initiatives have been introduced or improved. On 1 January 2019, the QBCC introduced changes to licensees' Minimum Financial Requirements (MFR), with licensees now required to report their finances annually to the QBCC.

These reports help to demonstrate if a licensee can complete work they are contracted to undertake and fulfill all their financial responsibilities, such as paying their employees and subcontractors.

The continuing roll-out of the Building Industry Fairness Act on 17 December 2018 has added to industry confidence, with the introduction of new provisions relating to progress payments, retention monies and adjudication.

I believe that the QBCC leads the nation in detecting and acting on non-conforming building products, and its work with the Safer Buildings Program is just one example of this.

The Program aims to identify buildings which could have been constructed or modified using potentially dangerous building materials, such as combustible cladding.

More than 20,000 building owner registrations have commenced, with about 14,000 of these exiting the process already.

In recent years, the QBCC has regularly demonstrated its ability to efficiently and responsibly implement its legislated powers, to help address the challenges presented by today's ever-changing building and construction industry.

The QBC Board recognises that the QBCC needs to continue the steps already taken to be a better regulator. We have driven this focus through the delivery of the Queensland Building Plan reforms introduced by the Queensland Government.

Our independence is paramount. We take action based on risks, not who you are. Being a risk-based regulator means that we must focus where the data and intelligence directs our attention. This has meant that some of our largest licensees have been in the spotlight. As a Board, and as an organisation, we do not resile from this focus. These larger licensees have a material ability to impact the safety and financial wellbeing of their employees, subcontractors and the public.

With the direction of the QBC Board, the QBCC will continue to become a stronger, more effective regulator.



COMMISSIONER'S FOREWORD



BRETT BASSETT

Commissioner

Queensland Building and Construction Commission

In my Foreword to last year's QBCC Annual Report, I wrote that our future focus would include enhancing our capabilities to stay ahead of the game, as it were, to identify risks to our sector and minimise or, ideally, prevent any potential damage from such risks.

We continue to be a better QBCC but this does not end because of our work done to this point.

The QBCC's use of data analysis and forensic accounting investigations continues to evolve and deliver positive results.

The proof of concept of our data analysis-based Insights Driven Regulator project will help us to continue to enhance our ability to more accurately identify risks to our industry before they occur, and to positively affect the regulatory decisions we take.

I can report that our efforts in this regard have delivered some positive outcomes in the 2018-2019 financial year. These have been achieved, in some cases, through actions never previously attempted because they had been considered too difficult or unlikely to succeed.

These results have been realised through our enhanced regulatory powers and our unwavering determination to ensure that safety, building standards and financial sustainability are maintained in Queensland's building and construction industry.

This work, combined with innovative thinking by our staff and a willingness to consider new and different ways to perform our jobs, has seen us continue to work towards our stated purpose – peace of mind.

I want to take this opportunity to thank our staff for their ability to embrace ongoing change, and for their continued hard work.

Our enhanced financial checks and balances regime caused the 765 largest licensees in Queensland to check and, in some cases, strengthen their financial health.

This included some of our largest builders increasing their available working capital by an astonishing \$270 million between April and June 2019 to ensure they met the Government's Minimum Financial Requirements.

This is a good result for the financial sustainability of the sector.

As I alluded to above, we have been undertaking actions not previously contemplated, or where until recently we didn't have the legal ability to do so.

This included the suspension of a company's licence in August 2018 after several of their workers were affected by heat stress on a construction site. Our action led to prompt workplace health and safety improvements for those workers.

Another move beyond the traditional regulatory framework has seen us twice undertake successful joint compliance audits on active building sites with a number of other local, State and federal government agencies.

Such a multi-agency approach had never before been attempted, and is another example of the operational strategies being implemented by the QBCC.

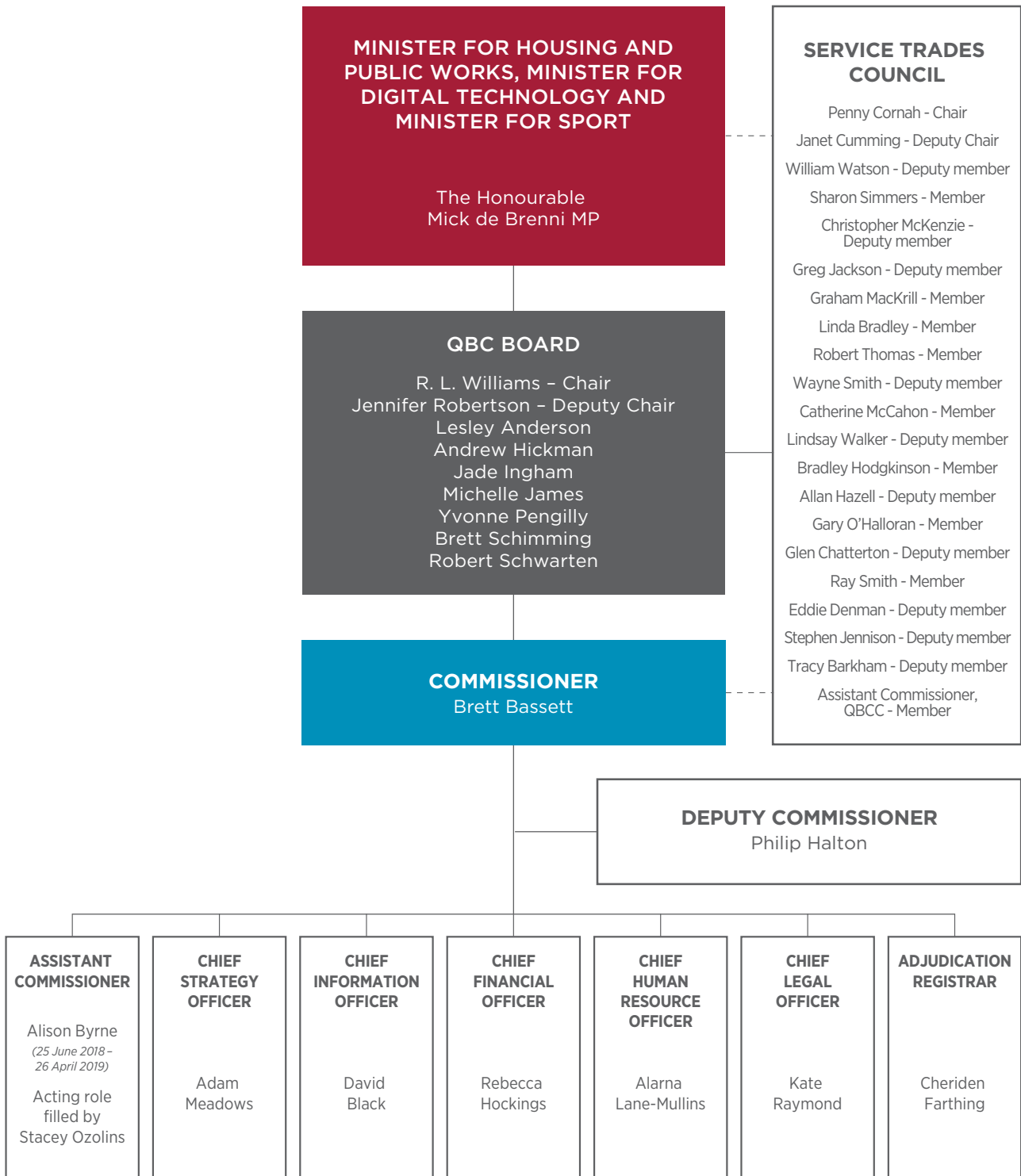
We will continue to explore and innovate, so that our industry is increasingly safe and secure in every context – whether in regard to workers' physical safety and financial security, or ensuring that the structures being built in Queensland will be safe and secure for all those who live, work and play in them.

A photograph of two women in professional attire. The woman on the right is smiling and looking towards the woman on the left. She has long dark hair and is wearing a white collared shirt under a dark blazer. Her hands are clasped in front of her, and she has red nail polish and a ring. The woman on the left has long dark hair and is wearing a light-colored top, seen from the back. They are standing in front of a building with a grey wall and a metal railing.

OUR STRUCTURE

OUR STRUCTURE

The QBCC's management structure chart identifies the key figures within the organisation and their areas of responsibility as at 30 June 2019.



OUR BOARD As at 30 June 2019



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 holds a Directorship with Construction Skills Queensland, and Future Skills Management and Consulting.

Mr Williams has 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 Board Matters' Managing Director, Ms Robertson has provided specialised governance services to boards and their directors around Australia.

In 2018, Ms Robertson was appointed as Deputy Chair of the Building Industry Fairness Reform Panel to review the impact of the Building Industry Fairness Act Reform.

She also currently chairs the Defence Reserves Support Council Queensland, is a Director of Brisbane Marine Pilots Pty Ltd, sits on the Queensland Work Health and Safety Board and is the first independent member of the Queensland Fire and Emergency Services Board of Management.



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.



JADE INGHAM

- Appointed 19 July 2018

Mr Ingham is the CFMEU Assistant Divisional Branch Secretary (Queensland/Northern Territory). Mr Ingham also holds the position of National Divisional President of the CFMEU (Construction & General Division). The CFMEU is the principal construction union in Australia, representing workers in respect of employment and other social justice matters.

He started as a full-time official with the CFMEU in 2004 as an Organiser and has worked in all sectors of the industry. He currently has responsibility for training and coordination of Construction Organisers, negotiation and implementation of enterprise agreements and implementing strategic policy initiatives.

Mr Ingham is currently a Director on the Building Employees Redundancy Trust (BERT), and Construction Income Protection Limited (CIPL) Board.



ANDREW HICKMAN
 – Appointed 19 July 2018

Mr Hickman is the General Manager of FireVac Services Group Pty Ltd and President of the National Fire Industry Association. He holds several high-level positions within other companies and organisations. He brings a wealth of experience to the Board including skills in change leadership and management, negotiation and strategic and solution based thinking.



MICHELLE JAMES
 – Appointed 1 December 2016
 LLB (Hons), GAICD

Ms James is a principal with law firm Maurice Blackburn. She has almost 20 years' experience in personal injuries litigation and significant experience advocating for the rights of injured people through her work with the Australian Lawyers Alliance. She has appeared before Parliamentary hearings about legislative reform for workers and in relation to the National Injury Insurance Scheme.

She has expertise in organisation leadership and governance, and is an advocate for inclusion and diversity in governance. Ms James has been Queensland President of the Australian Lawyers Alliance since 2013, the first woman to hold this office, 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 a Board Member of Encircle, a community not-for-profit.



YVONNE PENGILLY
 – Appointed 19 July 2018
 BTech Engineering, MACID

Ms Pengilly holds a Bachelor of Technology (Engineering) and has worked within the construction industry more than 30 years, in areas of trade contracting, contract administration, project management, design management, development management and as company director. During her career, she has worked in all facets of the industry, from family operated businesses to Tier 1 builders and significant developers delivering high-end resort developments and multi-storey apartments.

She is a registered open builder and sits on the Board of Professional Engineers Queensland and Sector Committee of Master Builders Queensland. Ms Pengilly was awarded MBQ State Woman In Construction 2013 and used this platform to found Women In Construction in Far North Queensland, which promotes involvement of engineers, architects and builders through organised events.



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 EXECUTIVE TEAM

As at 30 June 2019



BRETT BASSETT
Commissioner

Brett was appointed as the 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 Queensland Building Plan implementation.



ALISON BYRNE
Assistant Commissioner, Building and Trade Services

(25 June 2018 to 26 April 2019)

Alison joined the QBCC in June 2018 to provide direction to the QBCC's Building and Trade Services Division, and was a member of the Service Trades Council. The Building and Trade Services Division provides most of the QBCC's regulatory functions across the State, as well as providing secretariat support to the Service Trades Council. She left the QBCC on 26 April 2019, and Stacey started in the role of Acting Assistant Commissioner, Service Trades in April 2019.

STACEY OZOLINS
Acting Assistant Commissioner, Service Trades



REBECCA HOCKINGS
Chief Financial Officer

Rebecca leads the Financial Services Division, comprised of Finance, Procurement and Insurance Scheme Management including Claim Recoveries and Underwriting. The role provides oversight and leadership to the teams and is focused on delivering a strong net asset position and the long-term financial sustainability of the QBCC. Rebecca leads the QBCC's Financial Sustainability program.



ALARNA LANE-MULLINS
Chief Human Resources Officer

Alarna leads the multi-disciplinary Human Resources Team and is responsible for the Human Resources, Learning and Development, Workplace Health and Safety and Integrity and Complaints functions. Alarna ensures that the QBCC is a contemporary workplace and that the division works to support an engaged and high-performing organisation. She is the sponsor of the QBCC's Future of Work program.



KATE RAYMOND
Chief Legal Officer

Kate leads the Legal Services and Internal Review units. The division provides high-level internal legal advice and represents the QBCC in legal proceedings. She also provides strategic legal advice to the Board, the Commissioner and the Executive Team.



CHERIDEN FARTHING
Adjudication Registrar

The Governor in Council appointed Cheriden to the role of Adjudication Registrar on 17 December 2018. Cheriden is responsible for managing the Adjudication Registry which oversees a statutory process for the resolution of payment disputes in the construction sector.



ADAM MEADOWS
Chief Strategy Officer

Adam joined the QBCC in August 2017 and leads the Strategy, Engagement and Transformation Division. The division delivers strategic, regulatory and customer facing services. These services include strategy and governance, insights and analytics, communications, transformation, education and engagement and the customer contact centre. Adam's division is also responsible for facilitating the Queensland Building Plan implementation for the QBCC.



DAVID BLACK
Chief Information Officer

David leads the Information 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, record keeping, facilities management, right to information and information privacy teams.

OUR REACH 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.



1. QBCC Gold Coast
2. QBCC Toowoomba
3. QBCC Sunshine Coast
4. QBCC Maryborough
5. QBCC Rockhampton
6. QBCC Mackay
7. QBCC Townsville
8. QBCC Cairns



WHERE TO FIND US IN THE REGIONS



GOLD COAST

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

Staffing numbers: 12.26 full-time equivalent staff

Manager: Shane Murphy

Active QBCC licensees: 11,252



TOOWOOMBA

200 Hume Street,
Toowoomba Qld 4350

Staffing numbers: 7 full-time equivalent staff

Manager: Jenny Phillips

Active QBCC licensees: 5,764



SUNSHINE COAST

6 Pikki Street,
Maroochydore Qld 4558

Staffing numbers: 14 full-time equivalent staff

Manager: Paul Riches

Active QBCC licensees: 10,107



MARYBOROUGH

302 Alice Street,
Maryborough Qld 4650

Staffing numbers: 7 full-time equivalent staff

Manager: Daniel Stephensen

Active QBCC licensees: 3,916



ROCKHAMPTON

194 Alma Street,
Rockhampton Qld 4700

Staffing numbers: 8 full-time equivalent staff

Manager: Edward Goodsall

Active QBCC licensees: 2,813



MACKAY

Tenancy 2, 42 East Gordon Street,
Mackay Qld 4740

Staffing numbers: 8 full-time equivalent staff

Manager: Peter Graham

Active QBCC licensees: 2,592



TOWNSVILLE

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

Staffing numbers: 8 full-time equivalent staff

Manager: William Piper

Active QBCC licensees: 3,817



CAIRNS

181 Aumuller Street,
Westcourt Qld 4870

Staffing numbers: 8.6 full-time equivalent staff

Manager: William Courtney

Active QBCC licensees: 5,207



OUR PERFORMANCE



OUR PERFORMANCE

The following section highlights our performance against the five objectives contained in the QBCC Strategic Plan 2018–2022.

OBJECTIVE 1 Promote integrity and probity in the building and construction industry

Company insolvencies, non-payment of subcontractors, illegal phoenix activities, safety incidences at worksites, and potential harm from non-complying building products pose significant threats to the confidence of the building and construction industry. In the 2018–2019 reporting period, the QBCC undertook a range of activities to mitigate or reduce harms and losses experienced by industry participants.

Our 2018–2019 strategies included:

- developing and implementing risk-based frameworks focusing on building works and the financial health of trade contractors
- delivering education and engagement activities leading to increased understanding of changes
- partnering with industry to mitigate potential market failure.

TABLE 1 | OBJECTIVE 1 SUCCESS MEASURES

Supporting measures	Target	Actual	Comments
Key result area: compliance effectiveness			
Industry compliance with QBCC-administered legislation			With the introduction of new Minimum Financial Requirements Regulation, and enhanced Non-conforming Building Products powers, a decision was made to report on our performance against these measures. Measures regarding directions for non-conforming building products and Minimum Financial Requirements Regulation are new, and were introduced during the reporting period.
1. Directions complied with for remedial action in respect of non-conforming building products	New measure	100%	
2. Category 4 to 7 licensee submission of financial information to the QBCC	New measure	97%	
3. Tradie tour satisfaction	90%	96%	
4. Directions to rectify defective building work	100%	61%	This figure excludes instances where compliance was not possible, for example, where a licence has been cancelled or suspended, or where a licensee has liquidated during the process. As there are many variables that could impact on performance, this is the last year that we will be reporting on compliance with directions to rectify as a specific item, but will continue to look at the broader issue of assisting the industry to comply with the law.
Key result area: contribution and influence in changes to the regulatory environment			
Qualitative statement	The QBCC's work to contribute to and influence the Queensland building and construction sector is described in this chapter.		
Key result area: sustainability of the industry			
Percentage of decisions overturned by the Queensland Civil and Administrative Tribunal*	4%	7.25%	Of the 207 review matters, only 15 decisions were overturned by the Queensland Civil and Administrative Tribunal (QCAT). Of these decisions, one is the subject of a current appeal, one concerns similar matters to a case that is currently before the Court of Appeal, and the remainder concern the application of fact to law, with QCAT making a different finding of fact to the QBCC. In some instances, new evidence is provided during the QCAT review process which was not previously available to the QBCC.

* This is a 2018–2019 Service Delivery Statement Service Standard.

SECURITY OF PAYMENT FOR SUBCONTRACTORS

In late 2017, the Queensland's building industry fairness reforms commenced through the *Building Industry Fairness (Security of Payment) Act 2017* (BIF Act). This started with the introduction of project bank accounts for public sector building and construction contracts between \$1 million and \$10 million. Oversight for the first phase was managed through the Department of Housing and Public Works.

Over 2018–2019, we continued implementing the building industry fairness reforms, which included implementing new laws in relation to progress payments, the new adjudication registrar regime and subcontractors charges.

Another key reform was the 1 January 2019 commencement of the *Queensland Building and Construction Commission (Minimum Financial Requirements) Regulation 2018*. Once fully implemented throughout 2019, the new regulation will replace the Minimum Financial Requirements Policy introduced in 2014. These changes give us greater ability to monitor the financial situation of licensees. With these new monitoring powers, we can act earlier against licensees who, due to unsustainable and/or poor business practices are at risk of causing financial harm to others.

Phase 1 of the new Minimum Financial Requirements Regulation reintroduced annual financial reporting and required category 4–7 licensees to provide their most recent financial information by 31 March 2019. By 31 December 2019, all licensees are required to provide their most recent financial information to us.

To make it easier for licensees or their agents to submit their financial information, we enhanced the myQBCC portal to facilitate the submission of financial information. This continues our move to being a more contemporary regulator, while ensuring our ability to capture data is enhanced, thereby making our analytical capability to identify risks, better.

ACTIVITIES UNDER THE MINIMUM FINANCIAL REQUIREMENTS REGULATION

The commencement of the new financial reporting regime has allowed us to increase our focus on ensuring category 4–7 licensees meet their minimum financial requirements and remain suitable to hold their licence. Licensees in these categories have a maximum revenue exceeding \$30 million and present a higher risk to the industry and community in the event of a financial failure. To enhance the sustainability of those lower down the supply chain, we continue to take regulatory actions against the “pillars of the sector” demonstrating our ongoing desire to be a regulator focused on market, rather than transactional risk.

As at 30 June 2019, 742 category 4–7 licensees lodged financial reports with the QBCC under the new annual reporting requirements. We issued 74 show cause notices for suspected non-compliance with minimum financial requirements and 17 licence suspensions. We also imposed licence conditions on seven licensees.

Our activities under the annual reporting requirements have resulted in the net tangible asset positions of category 4–7 licensees in Queensland improving by \$272,127,342.

FINANCIAL AUDITS AND MONIES OWED INVESTIGATIONS

Licensed contractors must comply with minimum financial requirements imposed by a statutory condition on their licence. Prior to legislative amendments commencing in 2019, the financial requirements were contained in a policy of the Board. As of 2 April 2019, minimum financial requirements form part of the new Minimum Financial Requirements Regulation.

Minimum financial requirements required of most licensed contractors include holding prescribed net tangible assets to support their financial revenue and a 1:1 current ratio position. It is also a minimum financial requirement for a licensed contractor to pay their undisputed debts when they fall due. We are authorised under the QBCC



SPECIAL JOINT TASKFORCE TO INVESTIGATE FRAUDULENT PRACTICES

The QBCC is part of the Special Joint Taskforce established by the Queensland Government to investigate fraudulent practices in the building and construction industry.

Led by the Honourable Justice John Byrne and reporting directly to the Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport, Mick de Brenni, the Special Joint Taskforce began work on 27 March 2019. In addition to investigators from the QBCC, other members of the Taskforce include detectives from Queensland Police and a prosecutor from the Office of the Director of Public Prosecutions.

The Taskforce:

- invited and investigated matters and complaints provided through confidential submissions in relation to allegations of fraudulent behaviour relating to building subcontractor non-payment
- will, where appropriate, refer that material to the relevant prosecuting authority
- considered if there were sufficient and appropriate investigative and supervisory powers to deal with the conduct disclosed in the matters reviewed
- will provide a set of recommendations to the Queensland Government.

Act to audit a licensee under an approved audit program or at other times if we reasonably believe that the licensee is not complying with their minimum financial requirement obligations.

During the financial year, we undertook 630 financial audits of licensees and 540 non-payment of debts investigations. These activities resulted in 123 licence cancellations and 267 licences being suspended.

We also assisted creditors to recover \$6.66 million in outstanding debts in the reporting period. The cumulative amount recovered since the commencement of the MFR policy in October 2014 to 30 June 2019 was \$29.1 million.

Arising from a licensee breaching MFR, we immediately suspended the licences of 13 contractors to protect the community and industry from a real likelihood of serious financial loss.

We commenced an approved audit program in the financial year. There were 207 higher risk licensees identified for audit under the program. The approved audit program is to be finalised in October 2019. As at 30 June 2019, 61 licensees selected for audit have upgraded their maximum revenue amounts to comply with their minimum financial requirement obligations. A further 18 licensed contractors have voluntarily cancelled their licence or had their licence cancelled.

The QBCC Act establishes a framework for excluding individuals from holding a contractor's licence, nominee supervisor's licence or being in a controlling role in a licensed company where the individual has been involved (in specified circumstances) with a financial failure. We excluded 406 individuals due to their involvement

in a financial failure during the financial year. Of this number, 138 were licensees and had their licence cancelled. There were also 50 individuals permanently excluded due to their involvement in a second financial failure.

We may also exclude a company from holding a contractor's licence if it has an excluded individual who is a director of, secretary of, or an influential person for the company. There were 108 companies excluded from holding a licence during the financial year.

LICENCE CANCELLATIONS AND SUSPENSIONS

The QBCC Act allows us to cancel or suspend a licence on grounds such as:

- not complying with a condition on a licence (e.g. failing to comply with the MFR Regulation)
- the licensee is a company and ceases to have a nominee for a period of more than 28 days
- we become aware of facts that make the licensee unfit or improper to hold a licence
- building or other work on a building site under the licensee's control may have caused a person's death, grievous bodily harm to a person, or involved a serious risk to the health or safety of a person
- fitness and propriety related grounds.

During the financial year, we cancelled 280 licences and suspended 495 licences under section 48 of the QBCC Act. The below table provides data on the grounds for these cancellations and suspensions.

TABLE 2 | LICENCES CANCELLED AND SUSPENDED UNDER SECTION 48 OF THE QBCC ACT IN 2018-2019

Reason for cancellation	Cancellation	Suspension
Breach of minimum financial requirements (including monies owed)	86	211
Failure to comply with a financial audit	37	56
Breach of licence condition other than MFR policy (including if company licensee is deregistered)	59	24
Licensee not fit and proper to hold a licence	4	0
Licensee company ceases to have a nominee	92	203
Licence obtained based on incorrect information	1	0
Convicted of an indictable offence	1	0
Serious risk to health and safety	0	1
Total	280	495

We may immediately suspend a licence if we reasonably believe there is a real likelihood that serious financial loss or other serious harm will happen to other licensees, employees of other licensees, consumers, or suppliers of building materials or services. In 2018-2019, we immediately suspended the licences of 14 licensees. In all cases but one (which related to a death on a building site), the immediate suspensions arose out of concerns that if the licensee was allowed to continue to trade, they would pose a serious risk of financial loss to others in the industry.

LICENSING ACTIONS TO ENSURE SAFE SYSTEMS OF WORK

The QBCC Act allows us to cancel or suspend a licence if building or other work on a building site under the licensee's control may have caused a person's death, grievous bodily harm to a person, or involved a serious risk to the health or safety of a person. We also impose appropriate conditions on a licence in the above circumstances to minimise the risk of a repeated unsafe event occurring on the same or other building sites under the licensee's control.

Our focus on ensuring licensees have appropriate safeguards in place across their businesses to mitigate the risk to those working on building sites, demonstrates the positive steps the QBCC takes in providing the sector with a new approach to regulating the building and construction sector. Our collaborative relationship with Workplace Health and Safety Queensland, ensures a structured and appropriately focused regulatory approach to mitigating safety risks in the sector.

In 2018–2019, we immediately suspended the licence of one licensee due to concerns that the licensee did not have in place a safe system of work, and there was a real likelihood of serious risk of harm to industry participants and consumers.

We also imposed 18 conditions on 14 licences where building or other work on a site under the licensee's control involved a serious risk to the health and safety of a person. Depending on the circumstances of an individual case, these conditions included requiring the licensee to provide us with one or more of the following:

- an independent safety audit report of the licensee's compliance with the Work Health and Safety Act
- minutes of the licensee's quarterly safety management review meeting
- a further independent safety audit report 12 months after the incident date.

NON-CONFORMING BUILDING PRODUCTS

The QBCC has continued to enforce its powers under the non-conforming building products laws. These laws establish 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.

For the period 1 July 2018 to 30 June 2019, we received 158 enquiries and complaints in relation to non-conforming building products. We finalised 139 cases and 19 cases are still ongoing.

Results in the 139 product complaint cases that were finalised included 73 products being found to be safe and compliant, six directions requiring suppliers to cease supplying non-conforming building products or to correct advertising, remedial action to correct advertising was voluntarily taken in five cases, two suppliers voluntarily ceased supplying non-conforming building products, and one product recall order was made resulting in an unsafe product no longer being offered in Queensland. The rest of the cases pertained to general enquiries or were required to be handled by other government departments. Other cases were a result of defective work, or the product was not a building product as defined by legislation. These actions confirm the QBCC's strong regulatory toolkit decreases the risk of unsafe building products being installed in buildings in Queensland.

COMPLIANCE AND ENFORCEMENT STRATEGY 2018–2019

The QBCC uses its powers provided by the law to investigate 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. We also carry out proactive audits and investigations to detect unlicensed



SAFER BUILDINGS PROGRAM

The Queensland Government began its investigation into combustible building products through the Non-conforming Building Products Audit Taskforce. As an outcome of the taskforce, the Queensland Government introduced new legislation that requires certain building owners to register their building and undertake the combustible cladding checklist.

The combustible cladding checklist is an online system that is divided into three parts with buildings exiting at each part of the process.

PART 1 was able to be completed by building owners or their nominated agent and asked simple questions about a building's age, size, use and materials on the exterior.

PART 2 requires building owners to seek the assistance of a building industry professional to determine the construction class of the building, and whether the building has combustible cladding that requires further assessment.

On 24 May 2019, the law was changed to provide further time for building owners to complete Parts 2 and 3a. The date for Part 2 moved from 29 May to 31 July 2019, and Part 3a from 27 August to 31 October 2019.

contracting and other breaches of legislative requirements. From time to time, we conduct joint operations with other regulators to target specific risks.

The 2018–2019 Compliance and Enforcement Strategy informs industry and the community about where we will focus our compliance activities to protect the public and industry. We use a risk-based approach to determine our priorities and we place resources to ensure compliance within the building and construction industry.

Table 3 shows the impact of compliance and enforcement activities on unlicensed contractors. Due to a relatively high compliance rate identified during licensing audits over the last three financial years, we have reduced the number of site visits in 2018–2019 and used those resources to target

other priority matters. In the future, we will use data to provide insights to target unscrupulous and unlicensed contractors as opposed to random building site audits. The decision to move to an insights driven focus on unlicensed activity, demonstrates the QBCC’s commitment to being a regulator that is taking action to mitigate non-compliance, particularly by those who continue to flout the law. The number of investigations conducted in 2018–2019 was higher than in 2017–2018. This is due to an increase in the type of investigations conducted including offences against the BIF Act and other new offences introduced to the QBCC Act such as the notification of safety matters. Some other investigations include monies owed offences, domestic contract offences, non-payment of insurance premiums and unlawful building work investigations.

TABLE 3 | LICENSING AUDITS OVER THE PAST FIVE YEARS

	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Interviews conducted	5,533	4,145	4,529	3,781	2,514
Suspected number of unlicensed contractors	145	69	74	49	36
Percentage of unlicensed contractors	2.62%	1.66%	1.63%	1.30%	1.43%

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

TABLE 4 | CONTRACTUAL INVESTIGATIONS OVER THE PAST FIVE YEARS

	2014–2015		2015–2016		2016–2017		2017–2018		2018–2019	
	DBCA*	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A	Domestic Contract	QBCC Act Part 4A
Audits	0	0	1	2	0	0	0	0	0	0
Investigations	265	21	283	33	468	34	442	26	485	35
Warnings issued	20	0	54	6	164	7	169	6	186	16
Contractors issued with an infringement notice	155	8	145	6	300	4	248	11	273	6
Infringement notices issued	235	10	157	10	305	5	254	12	287	6

* 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.

We continue to investigate complaints and take enforcement action against contractors who do not comply with the legislation. Our main focus is on domestic contracts due to the need to better protect home owners, who may only rarely deal with the building industry. We use a range of enforcement actions (such as warnings and infringement notices) and find a balance between protecting home owners and educating and motivating contractors to comply with the legislation. An effective regulator uses a range of enforcement tools and the QBCC is doing that now. We continue to help those who want to comply, but who may not know how to, and are taking strong enforcement actions against those who simply want to break the law.

DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

During 2018–2019, 155 contractors had demerit points listed against their records. A total of 4,430 demerit points were issued, which included 2,110 demerit points for contractual offences, 1,696 demerit points issued to contractors for failing to rectify defective building work and 40 demerit points issued for unsatisfied judgment debts.

TABLE 5 | DEMERIT POINTS ISSUED OVER THE PAST FIVE YEARS

	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Demerit points issued for unsatisfied judgment debts	300	40	70	90	40
Demerit points issued for contractual offences	462	342	2,438	2,028	2,110
Demerit points issued for failure to rectify	374	1,114	2,166	2,186	1,696
Demerit points issued for failing to pay insurance premium	154	234	334	312	362
Demerit points issued for carrying out work without a nominee	2	0	0	60	0
Demerit points – other	-	112	334	118	222
Contractors issued with demerit points	367	275	516	478	457
Total demerit points issued	1,292	1,842	5,342	4,794	4,430

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 2018–2019 compared to 2017–2018 because fewer demerit points were issued for failing to rectify after receiving a direction (see Table 5).



CERTIFIER COMPLIANCE

As at 30 June 2019, there were 487 licensed building certifiers.

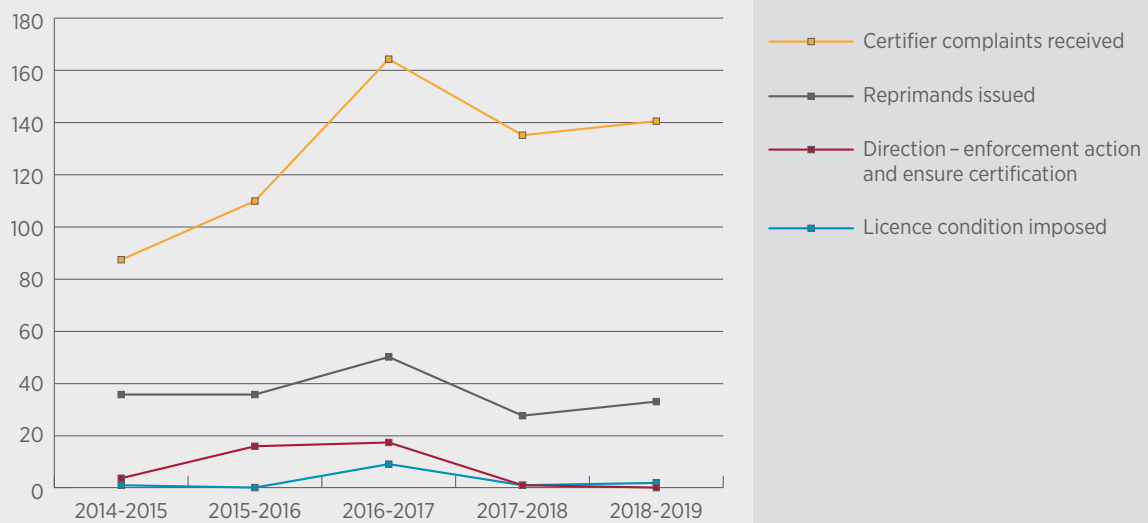
At the start of the reporting period, we had 71 open certifier complaints. An additional 140 complaints were received during 2018–2019. During the reporting period, we finalised 122 complaints. As at 30 June 2019, there were 89 remaining open.

At the start of the reporting period, we had eight technical audits and five assessment audits open. During the reporting period, we commenced 12 technical audits and 141 assessment audits. We finalised 14 technical audits and

11 assessment audits over the 12 months. As at 30 June 2019, there were six technical audits and 135 assessment audits still underway.

Of the 147 completed investigations (including complaints, technical and assessment audits) undertaken in 2018–2019, 33 certifiers were found to have engaged in unsatisfactory conduct, no certifiers were found to have engaged in professional misconduct, 68 complaints were either withdrawn or closed due to insufficient evidence, and in 38 cases the certifier's conduct was found to be satisfactory. Eight cases were duplicates or involved a certifier who was no longer practising.

CERTIFIER COMPLIANCE AND COMPLAINTS RECEIVED OVER THE PAST FIVE YEARS



PROACTIVE BUILDING INSPECTIONS

We are out in the sector ensuring that licensees do the right thing. The QBCC proactively audits building works under construction to assess compliance against the National Construction Code and relevant Australian Standards. We go on site; inspect and help licensees understand what is expected of them. Builders are encouraged to rectify defective work to avoid further action by us 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 on-site and while retention funds are in place.

In 2018–2019, we audited multi-residential buildings (both townhouses and high-rise constructions) with a particular focus on fire safety issues as part of our annual state-wide program of auditing works.

Issues of concern were found with:

- non-compliant fire separating wall construction
- non-provision of operational fire hydrants within two uppermost storeys

- lack of appropriate documentation to provide evidence of compliance of non-structural elements of buildings with relevant Australian Standards to accommodate seismic loads.

We 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 2018–2019, we inspected 1,800 sites involving 5,442 residential units.

SERVICE TRADES COUNCIL

The Council is established under the *Plumbing and Drainage Act 2018* (PDA) as a dedicated body to advise the Commissioner and the Minister on issues concerning the plumbing and drainage trades in Queensland. The Council holds a unique and important role as both an advisor and internal reviewer. Through its legislative functions, the Council can make recommendations to the Minister on any issue it determines needs escalation, or any issue the Minister chooses to ask the Council for advice on. Further, the Council can make recommendations to the Commissioner about the performance of their functions under the PDA. The Council also is an internal reviewer of decisions made by the Commissioner (or delegates) in relation to disciplinary action against licensees under the PDA. As part of the broader QBCC, the Council helps to connect us to industry.

For a summary of the achievements of the Council for the 2018–2019 financial year, please refer to page 67 under the Corporate Governance section.



PLUMBING COMPLAINTS, INVESTIGATIONS AND DISCIPLINARY ACTIONS

Complaints which relate to licensing, notifiable work and performance of work under the PDA are investigated by the QBCC. This includes non-compliance in terms of unlicensed work, notifying us of notifiable work and licensees involved in unsatisfactory plumbing and/or drainage work. Monitoring and enforcing compliance with the PDA is essential in maintaining public health and safety. It also stimulates confidence within the industry and the community for a safe, fair and sustainable Queensland.

In 2018–2019, we closed 146 investigations, including outstanding investigations carried over from 2017–2018, and received a total of 82 new complaints. Table 6 compares disciplinary actions across a number of years.

TABLE 6 | PLUMBING DISCIPLINARY ACTIONS

	2015–2016	2016–2017	2017–2018	2018–2019
Disciplinary orders issued to licensees	20 orders amounting to \$50,720	30 orders amounting to \$67,666	10 orders amounting to \$20,109	19 orders amounting to \$23,352
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	41 penalty infringement notices amounting to \$42,920

During the reporting period, we took a strategic approach to dealing with matters involving grounds for disciplinary action. This involved adopting appropriate actions or amounts proportionate to the risks. A majority of disciplinary proceedings involved risks of lower proportions meaning that although the number of disciplinary orders for 2018–2019 has increased from the previous reporting year, there has been a decrease, on average, in the monetary amount per order made.

Compliance activity throughout 2018–2019 included:

- on-site licence checks completed through routine compliance activities: 394
- desktop licence checks completed through routine compliance activities: 400.

Plumbing investigators conducted licence checks at both commercial and domestic construction sites in 2018–2019. Plumbing investigators visited a total of 226 sites.

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 investigators also carried out 61 audits in relation to technicians testing and maintaining fire protection systems (reticulated water based) installed in existing Queensland buildings. We observed a high compliance rate with only one person from 229 licence checks found to be unlicensed. Twenty cases were referred to the Queensland Fire and Emergency Services for matters involving alleged non-compliance with the Building and Fire Safety Regulation.





NOTIFIABLE WORK- FORM 4/4A

For some types of plumbing and drainage work, QBCC-licensed plumbers and/or drainers must lodge details about the work through a Form 4/4A – Notifiable Work to the QBCC. In 2018–2019, there were 93,105 Form 4/4As registered.

We conduct an annual notifiable work audit program to ensure the correct paperwork is completed and high standards are maintained in plumbing and drainage work.

In 2018–2019, our audit program focused on restricted plumbing licensees and plumbing licensees that also held a contractor licence. In 2018–2019, we opened a total of 550 audits. Licensees found to have poor compliance with the notifiable work laws were referred for further investigation and potential disciplinary action. Low-level offending was

addressed through education, and these licensees will be subjected to a follow up audit in 2019–2020 to ensure continued compliance.

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). We maintain a register of regulated pools and pool safety inspectors.



POOL SAFETY REGISTER MIGRATION

The QBCC migrated the Pool Safety Register to a new and improved system which went live on 29 October 2018.

The new Pool Safety Register, which can now be accessed through myQBCC, enables pool safety professionals to issue new pool safety certificates and search for existing pool safety certificates more quickly and easily.

This transition to myQBCC will enable improvements in customer service by delivering a stable and reliable platform to support pool safety inspectors' core functions and operational efficiencies. . It will also enable the QBCC to effectively analyse data.

TABLE 7 | NUMBER OF POOLS ON THE POOL REGISTER

	2015–2016	2016–2017	2017–2018	2018–2019
Number of pools	354,513	364,496	375,477	387,240

TABLE 8 | POOL SAFETY INSPECTOR LICENCES 2018–2019

New licences issued	104
Total licensees as at 30 June 2019	594

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 2019 there were 594 PSIs licensed by the QBCC.

In 2018–2019, 59 complaints were received regarding the conduct of PSIs and in the same period, 52 complaints against PSIs were finalised. In 13 instances, it was found that there were no grounds for disciplinary action. In 39 instances, it was found that there were grounds for disciplinary action. In three cases, we decided that the PSI was generally competent and diligent and no further action was required. For the other 36 cases where grounds were established, 26 disciplinary actions that included monetary penalties were taken in 2018–2019. Other disciplinary actions taken included reprimands and requirements to refund inspection fees.

Four PSIs sought review of the disciplinary action decision by the QBCC’s Internal Review Unit. One of those PSIs subsequently applied to the Queensland Civil and Administrative Tribunal for review of the Internal Review Unit’s decision.

No clear trends are emerging in the types of disciplinary action taken against PSIs, except that the number of monetary penalties in the last year doubled as compared with the previous year, reflecting that twice the number of investigations were finalised in this financial year.

In 2018–2019, eight investigations were opened into pool owners who were alleged not to have obtained certificates when required. Three investigations of pool owners were finalised and one resulted in the issue of an infringement notice.

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 2018–2019, we received 99 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 us for action, and we follow up with the relevant PSI.

In 2018–2019, we finalised investigations against two PSIs arising from immersion incident notices received during the previous financial year. In relation to one of those investigations, grounds for disciplinary action were established and a monetary sum was required to be paid. In relation to the other matter, no grounds for disciplinary action were established.

For immersions that occurred during the 2018–2019 period, we opened four investigations into the conduct of PSIs. One of those investigations was finalised with no grounds for disciplinary action established. The other three investigations remained on foot as at the end of the financial year.

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 2019, 36,243 pool safety certificates were issued in the reporting period which included 29,161 for non-shared pools and 7,082 for shared pools. We referred 105 properties to different local governments in 2018–2019.



EDUCATION AND ENGAGEMENT

The QBCC continues to ensure that the sector understands the laws we regulate; whilst helping increase the technical skills of licensees in regards the most prominent defects. Education and engagement is a regulatory requirement under our enabling legislation and fundamental to encouraging compliance, supporting safe practices and raising awareness of legislative changes. We provide education and engagement through a variety of mediums to home owners, licensees and other industry participants.

Over the 2018-2019 reporting period, the Education and Engagement team worked to create a cohesive and coordinated approach to how all divisions across the QBCC engage with key stakeholders. With this in place, we can extend our efforts to reach additional industry segments via the expansion of existing relationships and the realisation of new ones.

In 2018–2019, more than 4,800 people attended our Tradie Tours across the State with a 96 per cent satisfaction rate. In addition, more than 1,500 people attended Queensland Building Plan roadshows to understand the new laws and more than 400 people tuned into one of our webinars. Key engagement activities over the reporting period included:

- a state-wide Tradie Tour which included 11 face-to-face workshops focusing on topics such as common painting defects, roof restoration and applied finishes. The workshops featured Chris Mundy (President of the Master Painters Association of Queensland) as a key presenter.
- two state-wide roadshows which included 10 face-to-face workshops on changes to the Minimum Financial Requirements and a further 12 face-to-face workshops on Security of Payment reforms

- nine additional combined webinars to support those who could not attend a face-to-face workshop on the security of payment reforms
- two accountant only sessions, and two accountant only webinars to provide targeted information on minimum financial requirements changes
- two Brisbane Home Shows that received over 720 enquires from attendees
- five TAFE presentations to third and fourth year apprentices
- a presentation at the Queensland University of Technology to 233 construction management students
- five home owner information sessions about the building and renovating process
- four regional engagements providing licensees networking opportunities and information on regional tendering opportunities, and a general update from Construction Skills Queensland
- 31 proactive site visits and breakfast events where the Education and Engagement team discussed various QBCC requirements with workers, trade managers and project managers
- five Master Plumbers' Association of Queensland trade expos where information was provided about notifiable works, compliance and enforcement matters and workplace health and safety incident notification obligations
- four painter presentations to educate licensed painters on their obligations regarding home warranty insurance
- the Brisbane Bunnings Trade Expo that generated 230 enquiries
- an information session at the Housing Industry Association Builder's Workshop.



QBCC HOSTS WEBINARS ON PAYMENT LAWS

In March 2019, we hosted webinars to raise awareness of new payment and financial reporting requirements arising from the minimum financial requirements reforms. These were offered in addition to state-wide roadshows and proved very popular. We recorded 2,721 hits for the webinar, helping extend the QBCC's reach.



QBCC'S NORTH QUEENSLAND FLOOD REGISTER

The QBCC was quick to respond to the February 2019 North Queensland floods and created the North Queensland Flood Register. The register provided a tool to help affected people search for licensed building and trade contractors in the local area.

The North Queensland Flood Register was an interagency initiative with the Electrical Safety Office, Workplace Health and Safety Queensland, and the Department of Natural Resources, Mines and Energy.

Licensed contractors who are able to travel from other parts of Queensland were also encouraged to apply to have their details included in the register.

The register was a way to ensure appropriately qualified and licensed contractors carry out work and to prevent unlicensed individuals from taking advantage of the flood victims.

In addition to QBCC licensees, the register also included asbestos specialists, gas and petroleum contractors, and electricians.

The QBCC also sent compliance officers to the Townsville region to enhance supervision, and ensure that appropriately licensed contractors were doing building work and to provide technical and general advice on a wide range of rebuilding issues.



OUR PERFORMANCE



Provide regulator and customer services that are timely, clear and transparent

This objective aligns to the Queensland Government’s “Responsive Government” priority. To deliver on this priority, our strategies are to:

- provide impartial services in a clear, transparent and timely manner
- simplify processes to align with changing needs/expectations of stakeholders
- communicate effectively with all our stakeholders.

TABLE 9 | OBJECTIVE 2 SUCCESS MEASURES

Supporting measures	Target	Actual	Comments
Key result area: perceptions of fairness in decision-making			
Perceptions of fairness in decision-making: percentage of survey respondents agree the final decision was fair*	65%	59%	The monthly trend has been upward (mid 50% to high 50%). The overall fairness metric for 2018–2019 is on par with 2017–2018. The survey results still have residual influences like satisfaction and are sensitive to expectations. We will continue to look for opportunities to improve.
Key result area: productivity and satisfaction for delivering services			
Overall customer satisfaction	80%	56%	Overall customer satisfaction remains largely influenced by the outcome of a decision. A deeper analysis of the survey results identifies three primary issues concerning: <ul style="list-style-type: none"> • customer expectations • difficulty in locating/accessing relevant information • response and processing time. As this measure is no longer a Service Delivery Statement service standard, as well as the issue stated above, this is the last year that this measure will be reported.
Percentage of early dispute resolution cases finalised within 28 days*	80%	91%	
Average number of days to process licence applications*	30 days	22 days	
Percentage of owner builder permits approved within 15 working days*	90%	100%	
Percentage of adjudication applications referred to an adjudicator within 4 days (under the <i>Building and Construction Industry Payments Act 2004</i>)*	98%	95%	In the published 2018–2019 Service Delivery Statement, this is one service standard. On 17 December 2018, the <i>Building and Construction Industry Payments Act 2004</i> was repealed and captured by the BIF Act. Previously applications were referred “as soon as practicable”. The Registry’s target to refer applications to an adjudicator was 4 business days. Upon commencement of the BIF Act, the Registrar has a statutory requirement to refer an application within 4 business days after an application is received. All applications following the commencement of the BIF Act on 17 December 2018 have been referred to an adjudicator in accordance with this statutory requirement.
Percentage of adjudication applications referred to an adjudicator within 4 business days (under the <i>Building Industry Fairness (Security of Payment) Act 2017</i>)*	100%	100%	For the purpose of transparency, we have reported our performance on this measure based on the two legislative requirements.
Percentage of insurance claims for defective work assessed and response provided within 35 business days*	50%	61%	
Percentage of internal review applicants contacted within 2 business days*	95%	93.3%	
Average processing time for an early dispute resolution case*	28 working days	12 working days	
Average approval time for defects claims less than \$20,000*	35 working days	41 working days	
Cost of recovering \$1.00 of funds owed to creditors*	\$0.70	\$0.49	

* This is a 2018–2019 Service Delivery Statement Service Standard.



CUSTOMER SERVICE

The QBCC's customer contact centre is not just a triaging and concierge service. Staff are trained in providing general advice and aim to resolve matters at the first point of contact. Over 2018–2019, we focused on improving customer engagement by providing additional self-service options, digitising forms and making it more convenient to access the right information promptly. The key changes included:

- making more services available to licensees through the QBCC's self-service digital portal, myQBCC
- creating additional phone queue options to ensure customers are efficiently accessing the right specialist to meet their needs
- increasing our social media presence to assist customers with queries

- implementing a more prominent call back function, allowing customers to hold their position in the queue without needing to stay on the phone. This allows callers to continue going about their day without having to stay on hold.
- automating the case creation process to deliver faster customer service
- evolving our approach to knowledge management to ensure consistency of information and general advice provided
- digitising more forms to make it easier and quicker to fill out and process
- improving the functionality of the Find a Local Contractor search.

In addition to the number of calls and emails in the table below, the QBCC website was viewed more than 10,946,020 times in 2018–2019.

TABLE 10 | CUSTOMER CONTACT CENTRE STATISTICS OVER THE PAST FIVE YEARS

	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Customer phone calls	216,155	222,097	221,996	202,621	200,677
Customer emails	5,859	7,833	10,842	14,228	13,011

LICENSING

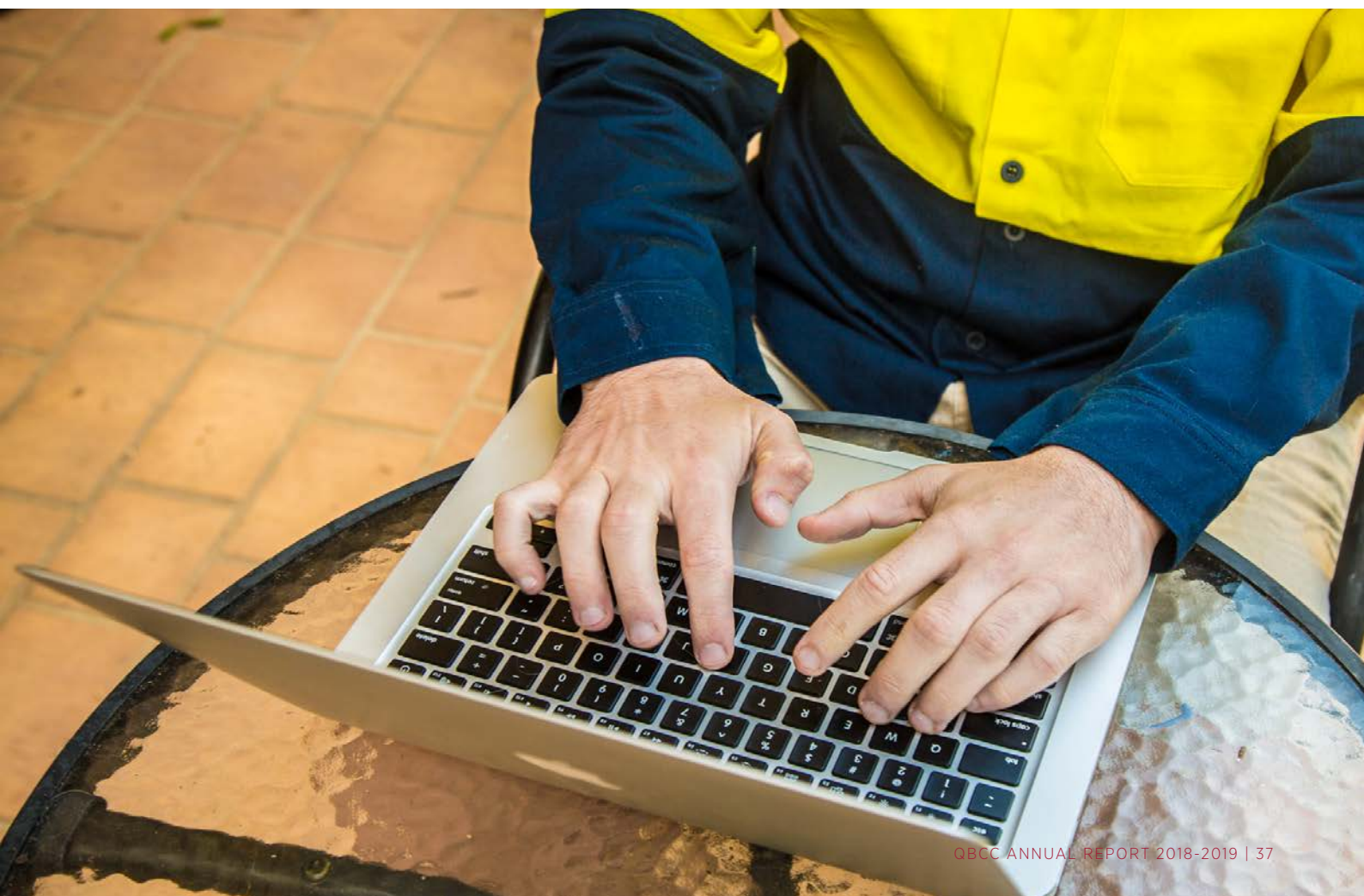
The QBCC Act establishes a licensing system for individuals and companies carrying out building work regulated under the Act. The table below shows the number of individuals and companies licensed under the QBCC Act by licence type as at 30 June 2019.

TABLE 11 | QBCC ACT LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2019

	Individual	Company	Total
Builder	26,730	8,793	35,523
Builder restricted	2,253	671	2,924
Trade contractor	40,880	10,369	51,249
Fire occupational	1,468	N/A	1,468
Total	71,331	19,833	91,164

We also administer the licensing systems in the Building Act for building certifiers and pool safety inspectors. As at 30 June 2019, there were 487 building certifiers and 594 pool safety inspectors licensed by the QBCC.

In 2018–2019, the QBCC processed 606 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

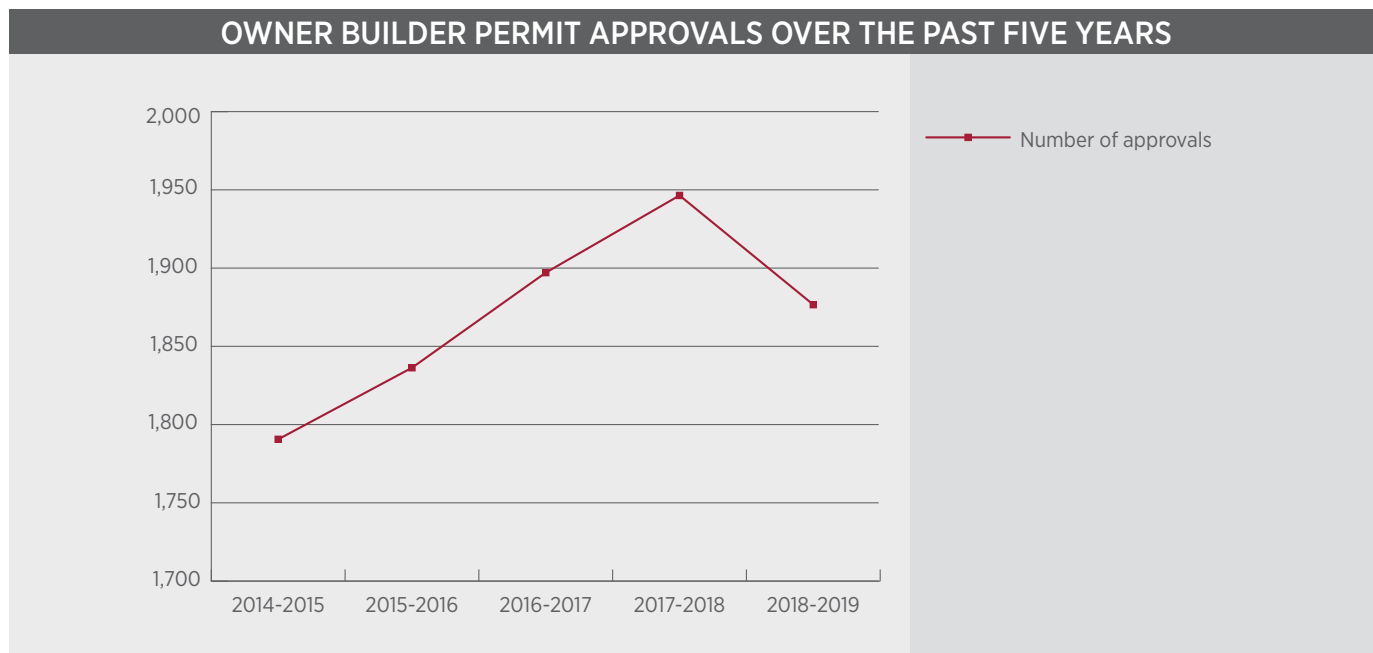
The QBCC administers the granting of owner builder permits under the QBCC Act. An owner builder permit allows the permittee to carry out building work on the permittee's land for a building used for residential purposes.

However, we cannot grant a permit for the following work:

- building work for a multiple dwelling

- building work for which an occupational licence is required, unless the work is carried out by a person who holds a licence to carry out the work.

As at 30 June 2019, there were 1,877 owner builder permits granted by the QBCC.



We are currently working with the Office of Industrial Relations, Workplace Health and Safety Queensland as well as industry representatives to improve owner builders' knowledge of managing asbestos removal during home renovations. This aims to improve the health and wellbeing of owner builders and other persons exposed to home renovation works.

PLUMBER AND DRAINER LICENSING

The QBCC administers Queensland's licensing system for plumbers and drainers under the PDA. As of 30 June 2019, there were 28,915¹ open, provisional and restricted plumber and drainer licences granted in Queensland. This number includes endorsements. A licensee may hold multiple classes of licence.

TABLE 12 | PDA LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2019

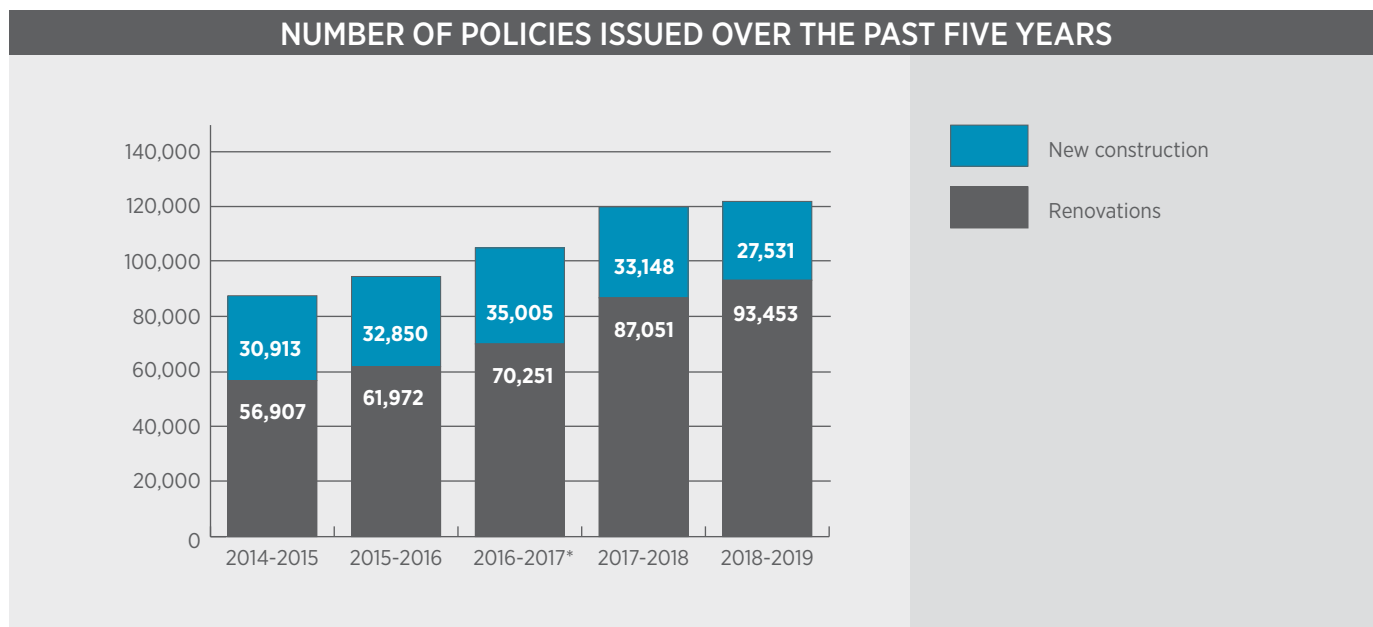
Occupational licence type	Classes of licence
Provisional plumber	1,536
Provisional drainer	1,499
Plumber	12,001
Drainer	12,215
Restricted licences	1,664
Total	28,915

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 2018–2019, we processed 120,984 insurance policies. The breakdown of residential construction work carried out during the period was 77 per cent renovations compared to 23 per cent new home construction.



*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 2018–2019, we received \$89 million in insurance premiums compared to \$91 million in 2017–2018. This was due to fewer new builds in 2018–2019. The amount of premium payable is based on the contract price for the work, and new builds generate more premium due to them having higher average contract values relative to renovation contracts.

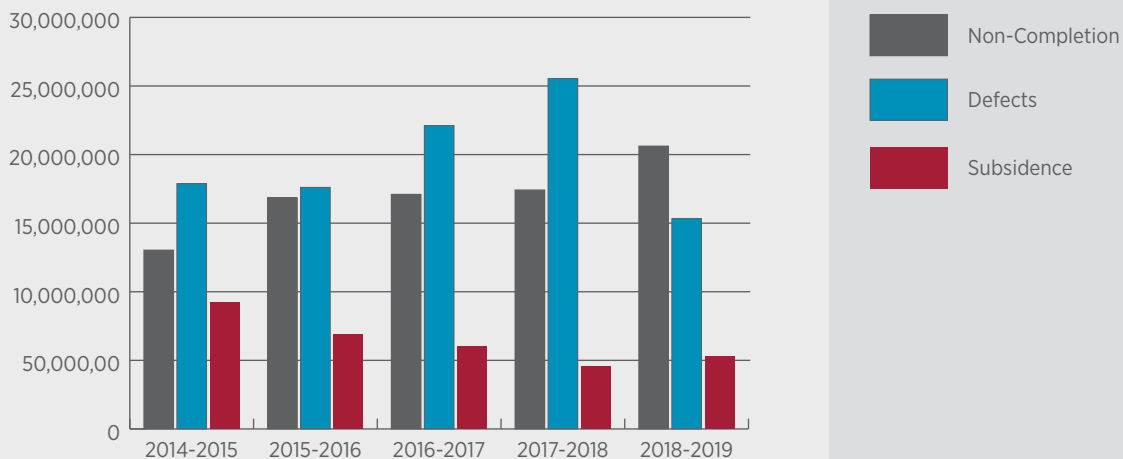
TABLE 13 | INSURANCE PREMIUMS RECEIVED OVER THE PAST FIVE YEARS

	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Insurance premiums	\$96.4 million	\$107.4 million	\$96.2 million	\$91 million	\$88.9 million

We approved a total of \$41.3 million in insurance claim costs during 2018–2019. This included \$15.4 million for defects claims, \$20.7 million for non-completion claims and \$5.2 million for subsidence claims.



INSURANCE CLAIM APPROVALS BY TYPE OVER THE PAST FIVE YEARS



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.

Non-completion claims rose in 2018–2019 as a result of the high numbers of new builds in the preceding two years, and the insolvency of a number of medium sized home builders during 2018–2019.

The increase in subsidence claims is likely as a result of new land availability being in areas with reactive soil, and builders and engineers opting for cheaper construction methods for foundations.

Defects claims have shown improvement in 2018–2019 compared to the preceding five years. While this is pleasing, it should be noted that incomplete homes and subsiding homes had higher levels of defects than usual, which has contributed to the increase in the amount of approvals for non-completion and subsidence claims.

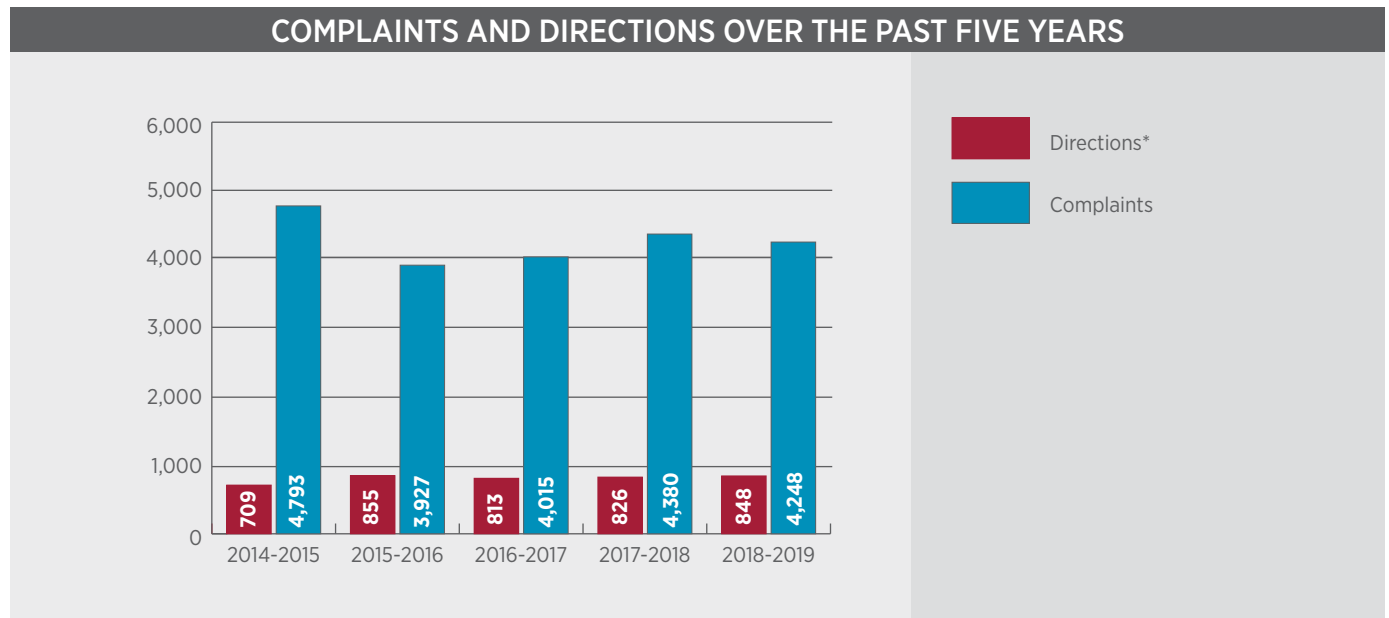
The QBCC holds licensees responsible for monies owed as a result of claims made against the Queensland Home Warranty Scheme. While most of the claims made against the Scheme are unrecoverable due to builder insolvency, where possible, the QBCC will attempt to recover the money owed. We recovered \$1.7 million in 2018–2019 for the Queensland Home Warranty Scheme.

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.

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 2018–2019, these types of building disputes totalled 5,726, of which 4,248 related to works after the construction was completed

and 1,478 which were during the construction process. This represented a decrease of six per cent from 2017–2018 which totalled 6,105 building disputes. The number of directions to rectify issued in 2018–2019 have not increased significantly from 2017–2018.



*These include total number of directions issued in the reporting period.

TABLE 14 | TEN MOST COMMON BUILDING DEFECTS IN 2018–2019

	Ranking	Total
Joinery	1	511
Painting	2	431
Roof cladding	3	410
Tiling (floor)	4	319
Drainage	4	319
Internal wet areas waterproofing membranes	5	273
Driveways and paths	6	242
Linings ceiling internal	7	188
Wall cladding	8	181
Linings wall internal	8	181
External waterproofing membranes	9	168
Linings wall external	10	155

One of the strategies we take to help industry deal with common problems is to provide opportunities for information to be shared. We hold regular seminars for consumers and invite industry experts to share valuable tips and speak on a number of important issues. In this instance, we invited an industry expert to talk about common painting defects and other related issues. Providing a platform for such information to be shared reduces the amount of this type of defective work in the industry.

EARLY DISPUTE RESOLUTION

We offer a free Early Dispute Resolution (EDR) service for domestic building work valued in excess of \$3,300, where issues arise between QBCC principal contractors and home owners prior to completion of the contract. Defective building work, non-completion and contractual disputes are handled in the EDR process.

During 2018–2019, we received 1,478 EDR cases, with 1,453 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 2018–2019 represents a 14 per cent decrease compared to 2017–2018, where 1,724 cases were received. The decrease in EDR cases is directly linked to the reduction in building activity relating to new builds, which is evident from the number of new build policies in 2018–2019, the lowest it has been in last five years. Our work in proactive inspections also contributed to the decrease in EDR cases.

We continue to look at improving the way pre-completion concerns are handled in order to improve the overall experience. The lodgement of EDR complaints will be online from mid-July 2019.

REPORTING ON THE BUILDING INDUSTRY FAIRNESS (SECURITY OF PAYMENT) ACT 2017 SECTION 76 AND SECTION 90

Section 157 of the BIF Act provides that the Commissioner must report on the effectiveness of Chapter 3 of that Act. Sections 76 and 90 of the BIF Act sit within Chapter 3. Section 104A of the QBCC Act provides our investigators with powers to investigate, monitor and enforce compliance with the BIF Act.

Given the significant importance of these new laws to protect the industry, we have taken a firm approach to compliance rather than an educational approach. The Queensland Parliament has made it clear that these laws are to be enforced as intended. Prior to, and just after the new laws came into effect, we held a number of roadshows with industry outlining the penalties for non-compliance with payment schedule provisions.



Within the first six months of the new laws, we initiated investigations into a number of suspected contraventions of sections 76 (Responding to payment claim) and section 90 (Respondent required to pay adjudicated amount). As at June 2019, we issued two penalty infringement notices in relation to contraventions of section 76. In addition to this, six investigations involving suspected contraventions of both sections 76 and 90 were referred to our Legal Services Branch for consideration of commencing proceedings by way of complaint and summons.

We have recognised that the laws are seeking to change behaviours across the industry, which will take some time. To this end, it is highly likely that whilst the sector adapts to the new laws, we will continue to receive a large number of complaints that may involve contraventions of sections 76 and 90. We will continue to take a firm approach to enforcement and as the application of the new laws matures, will continue to refine processes and enhance capabilities to effectively and efficiently respond to these matters, thereby ensuring appropriate regulatory action is taken as intended by Parliament.

ADJUDICATION REGISTRY

The Adjudication Registry (Registry) was established under the former *Building and Construction Industry Payments Act 2004* (BCIPA). On 17 December 2018, the BCIPA was repealed and the Registry provisions transitioned to the BIF Act. The main purpose of the BIF Act is to help people working in the building and construction industry in being paid for the work they do. Adjudication contributes to achieving this purpose by providing a quick and cost effective means of dispute resolution.

On 17 December 2018, the Governor in Council appointed the Adjudication Registrar. The Registrar is responsible for managing the administration of the Registry, which includes the prompt referral of adjudication applications to registered adjudicators.

Adjudication applications

Between 1 July 2018 and 30 June 2019, adjudication applications were made to the Registrar as follows:

TABLE 15 | ADJUDICATION APPLICATIONS FOR 2018–2019

Adjudication application type	BCIPA	BIF	Total
Standard (less than \$750,000)	298	232	530
Complex (greater than \$750,000)	26	16	42
Total number of applications	324	248	572

The table below provides an overview of the total claimed amount on application for adjudication. For the period 1 July 2018 and 30 June 2019, of the 572 applications made to the Registrar, the total claimed amounts are set out below:

TABLE 16 | ADJUDICATION CLAIMED AMOUNT FOR 2018–2019

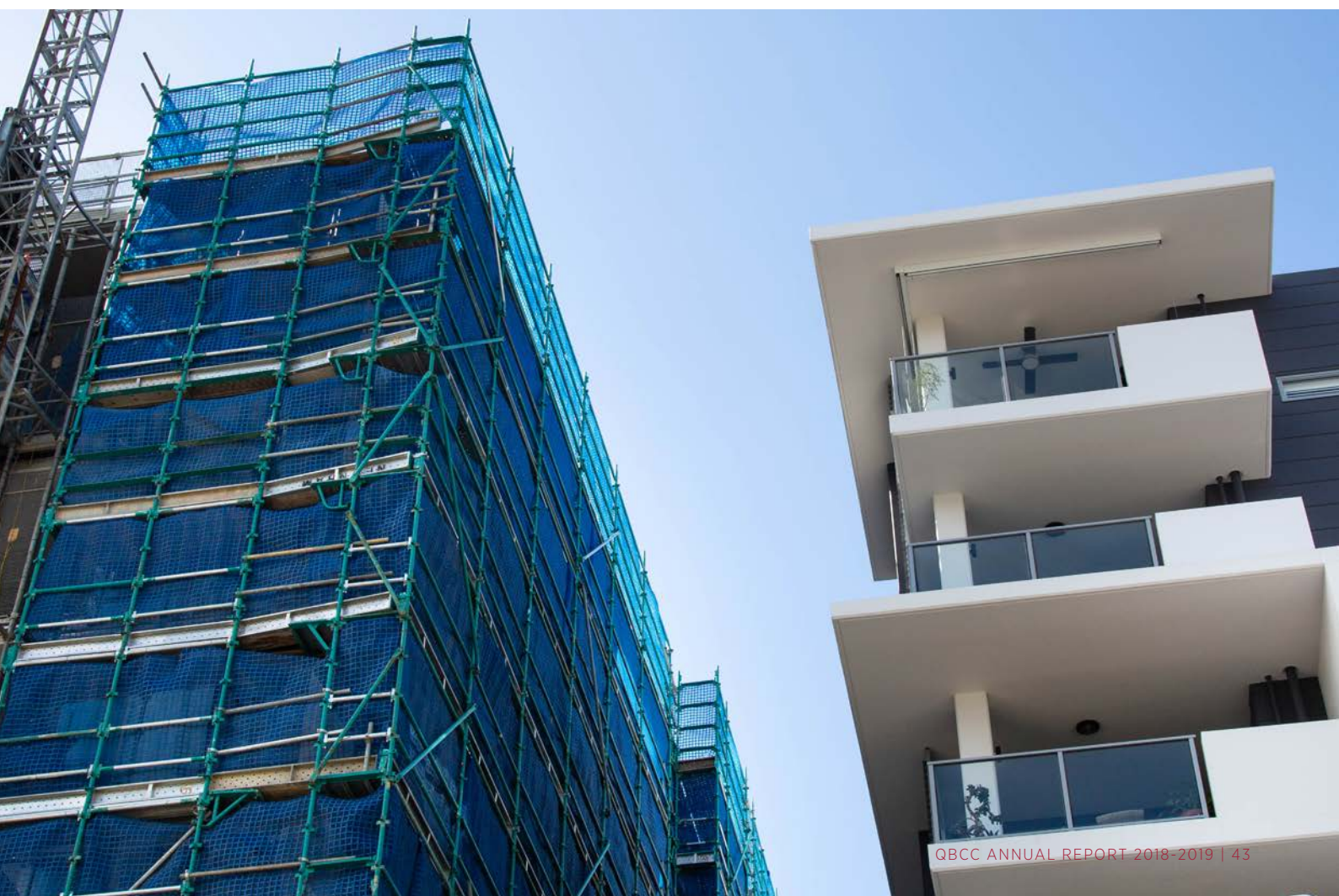
	BCIPA	BIF	Total
Total value of claims	\$87,343,694.77	\$113,581,775.99	\$200,925,470.76
Maximum claim	\$7,456,374.58	\$32,520,624.40	
Minimum claim	\$400.00	\$990.00	
Average claim	\$269,579.30	\$457,991.03	

Adjudication decisions

An adjudicator is an independent person qualified to determine payment disputes under the BIF Act. As at 30 June 2019, there were a total of 140 registered adjudicators in Queensland. For the period 1 July 2018 and 30 June 2019, the Registrar approved nine applications for registration as an adjudicator.

The Registrar must refer an application to a registered adjudicator for determination within four business days after the application is received.

Under the BIF Act, an appointed adjudicator must give a copy of the adjudication decision, and notice of the fees and expenses to be paid, to the Registrar at the same time a copy is given to the parties. The adjudication decision is subsequently published on the QBCC website.





For the period 1 July 2018 and 30 June 2019, the number of decisions made by registered adjudicators are set out in the table below:

TABLE 17 | NUMBER OF ADJUDICATION DECISIONS MADE IN 2018-2019

	BCIPA	BIF	Total
Standard (less than \$750,000)	150	118	268
Complex (greater than \$750,000)	26	6	32
Total number of decisions	176	124	300

For the period 1 July 2018 and 30 June 2019, the total amounts awarded by adjudication decisions are set out below:

TABLE 18 | ADJUDICATION DECISIONS

	BCIPA	BIF	Total
Total value of claims - decisions released	\$96,628,203.38	\$59,818,918.99	\$156,447,122.37
Maximum claim value - decision released	\$20,584,082.42	\$32,520,624.40	
Minimum claim value - decision released	\$1,270.50	\$1,100.00	
Average claim value - decisions released	\$549,023.88	\$482,410.64	
Total value of adjudicated amount - decisions released	\$44,530,127.74	\$18,239,236.14	\$62,769,363.88

Comparatively, on average, the adjudication process is faster under the BIF Act, particularly for complex claims. For the period 1 July 2018 to 30 June 2019, the average number of business days from application to decision is set out in the table below:

TABLE 19 | AVERAGE DURATION FOR ADJUDICATION (BUSINESS DAYS)

	BCIPA		BIF	
	Standard	Complex	Standard	Complex
Maximum	44	122	49	79
Minimum	8	9	9	28
Average	22	77	21	46

Adjudication application fees

An application for adjudication must be accompanied by the prescribed fee. For the period 1 July 2018 to 30 June 2019, the prescribed application fee ranged from \$57.35 for payment claims of not more than \$10,000 to a percentage of the claimed amount for payment claims of more than \$1,065,600 (capped at \$5,737.60).

The tables below set out the adjudication application fee as a percentage of the average total claimed amount under the BCIPA and BIF Act for the period 1 July 2018 to 30 June 2019:

TABLE 20 | BCIPA: ADJUDICATION APPLICATION FEE

BCIPA claim value	Number of applications made to Registrar	Average total claimed amount	Average application fee as a percentage of average total claimed amount
\$0 - \$10,000	106	\$5,364.69	1.07%
\$10,000 - \$50,000	95	\$27,921.78	0.62%
\$50,000 - \$100,000	37	\$84,055.85	0.34%
\$100,000 - \$250,000	32	\$168,129.13	0.24%
\$250,000 - \$500,000	20	\$383,757.59	0.13%
\$500,000 - \$750,000	8	\$644,334.92	0.10%
\$750,000 - \$1,065,600	4	\$994,420.20	0.08%
> \$1,065,600	22	\$2,673,852.63	0.06%

TABLE 21 | BIF ACT: ADJUDICATION APPLICATION FEE

BIF claim value	Number of applications made to Registrar	Average total claimed amount	Average application fee as a percentage of average total claimed amount
\$0 - \$10,000	87	\$4,054.90	1.41%
\$10,000 - \$50,000	70	\$26,302.57	0.65%
\$50,000 - \$100,000	26	\$68,897.32	0.42%
\$100,000 - \$250,000	31	\$158,100.41	0.25%
\$250,000 - \$500,000	11	\$355,672.96	0.15%
\$500,000 - \$750,000	7	\$642,040.20	0.10%
\$750,000 - \$1,065,600	1	\$818,534.52	0.09%
> \$1,065,600	15	\$6,358,877.25	0.05%

Adjudicator fees

Under the BCIPA, where the claimed amount was not more than \$25,000, the Registry recommended maximum fees and expenses in accordance with the 'Adjudicator Grading and Referral Policy 2015'. For applications with a payment claim over \$25,000, the Registry recommended maximum hourly rates in accordance with the 'Adjudicator Grading and Referral Policy 2015'.

Under the BIF Act, maximum fees and expenses are now prescribed for progress payments of not more than \$25,000. For progress payments over \$25,000, fees and expenses are to be agreed between the adjudicator and the parties. In the absence of agreement, an adjudicator is entitled to an amount that is reasonable having regard to the work done and expenses incurred.

Tables 22 and 23 set out the average adjudicator fee as a percentage of the average total claimed amount for the period 1 July 2018 to 30 June 2019:

TABLE 22 | BCIPA: ADJUDICATOR FEE

BCIPA claim value	Number of decisions made by adjudicators	Average total claimed amount	Average adjudicated amount	Average adjudicator fees	Average adjudicator fees as a % of average total claimed amount
\$0 - \$10,000	35	\$5,206.43	\$2,917.47	\$714.29	13.72%
\$10,000 - \$50,000	47	\$28,650.16	\$14,718.33	\$2,002.40	6.99%
\$50,000 - \$100,000	22	\$82,720.75	\$49,283.26	\$7,310.78	8.84%
\$100,000 - \$250,000	22	\$167,945.45	\$85,283.46	\$10,018.82	5.97%
\$250,000 - \$500,000	15	\$390,953.20	\$121,017.41	\$9,387.83	2.40%
\$500,000 - \$750,000	9	\$652,266.16	\$181,769.82	\$13,871.48	2.13%
\$750,000 - \$1,065,600	3	\$987,384.59	\$117,751.56	\$48,356.25	4.90%
> \$1,065,600	23	\$3,255,996.39	\$1,607,449.69	\$49,322.61	1.51%

TABLE 23 | BIF ACT: ADJUDICATOR FEE

BIF claim value	Number of decisions made by adjudicators	Average total claimed amount	Average adjudicated amount	Average adjudicator fees	Average adjudicator fees as a % of average total claimed amount
\$0 - \$10,000	43	\$4,870.59	\$3,261.73	\$719.30	14.77%
\$10,000 - \$50,000	40	\$25,046.80	\$15,187.32	\$2,066.30	8.25%
\$50,000 - \$100,000	14	\$69,096.35	\$35,787.09	\$7,743.70	11.21%
\$100,000 - \$250,000	16	\$152,368.70	\$85,419.84	\$8,020.92	5.26%
\$250,000 - \$500,000	3	\$409,283.23	\$344,473.43	\$14,399.33	3.52%
\$500,000 - \$750,000	2	\$593,518.50	\$0.00	\$25,643.75	4.32%
\$750,000 - \$1,065,600	1	\$818,534.52	\$0.00	\$21,428.94	2.62%
> \$1,065,600	5	\$10,393,788.52	\$2,918,066.37	\$55,980.83	0.54%





The parties to an adjudication are each liable for adjudicator fees and expenses in equal proportions unless the adjudicator decides otherwise. Tables 24 and 25 set out the average adjudicator fees proportioned between the parties for decisions made between 1 July 2018 to 30 June 2019:

TABLE 24 | BCIPA: ADJUDICATION FEE AS PROPORTIONED BETWEEN THE PARTIES

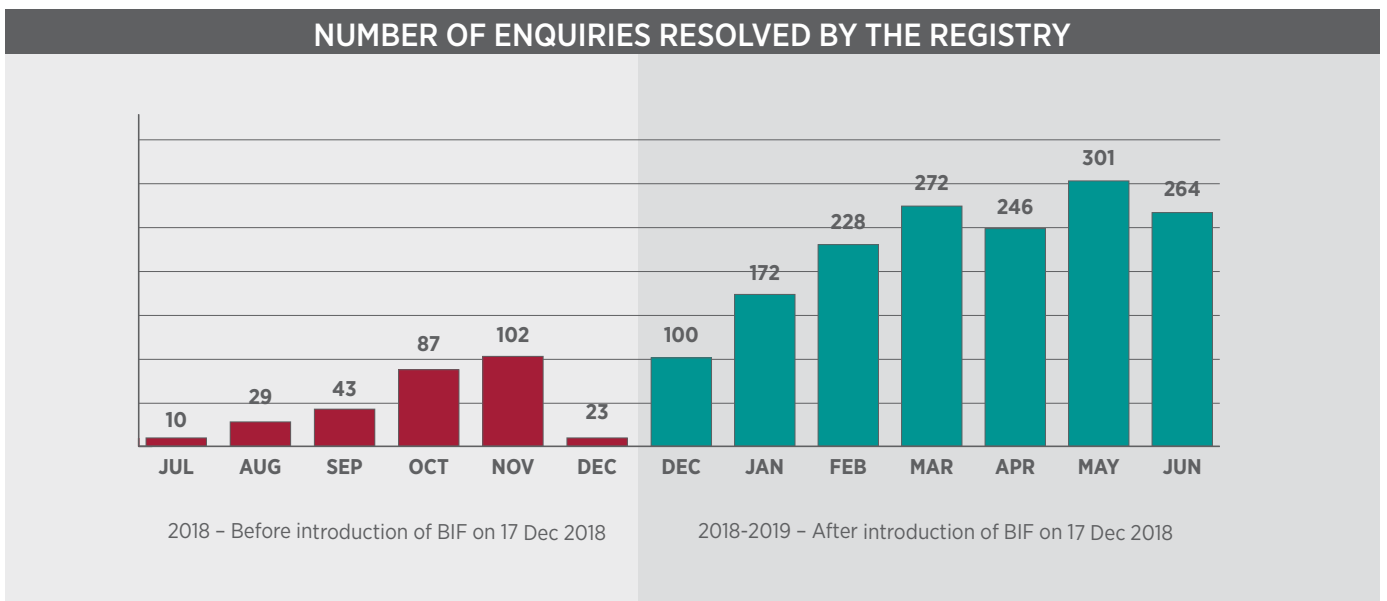
BCIPA claim value	Average adjudicator fees	Average amount of adjudicator fees payable by respondent	Average amount of adjudicator fees payable by claimant	Average portion of adjudicator fees payable by respondent	Average portion of adjudicator fees payable by claimant
\$0 - \$10,000	\$714.29	\$431.21	\$283.07	60.37%	39.63%
\$10,000 - \$50,000	\$2,002.40	\$1,283.08	\$719.32	64.08%	35.92%
\$50,000 - \$100,000	\$7,310.78	\$5,834.70	\$1,476.08	79.81%	20.19%
\$100,000 - \$250,000	\$10,018.82	\$6,979.85	\$3,038.97	69.67%	30.33%
\$250,000 - \$500,000	\$9,387.83	\$6,445.14	\$2,942.68	68.65%	31.35%
\$500,000 - \$750,000	\$13,871.48	\$8,545.70	\$5,325.78	61.61%	38.39%
\$750,000 - \$1,065,600	\$48,356.25	\$21,828.13	\$26,528.13	45.14%	54.86%
> \$1,065,600	\$49,322.61	\$28,877.23	\$20,445.38	58.55%	41.45%

TABLE 25 | BIF ACT: ADJUDICATION FEE AS PROPORTIONED BETWEEN THE PARTIES

BIF claim value	Average adjudicator fees	Average amount of adjudicator fees payable by respondent	Average amount of adjudicator fees payable by claimant	Average portion of adjudicator fees payable by respondent	Average portion of adjudicator fees payable by claimant
\$0 - \$10,000	\$719.30	\$507.33	\$211.98	70.53%	29.47%
\$10,000 - \$50,000	\$2,066.30	\$1,466.21	\$600.09	70.96%	29.04%
\$50,000 - \$100,000	\$7,743.70	\$4,662.00	\$3,081.71	60.20%	39.80%
\$100,000 - \$250,000	\$8,020.92	\$6,213.28	\$1,807.64	77.46%	22.54%
\$250,000 - \$500,000	\$14,399.33	\$14,399.33	\$0.00	100.00%	0.00%
\$500,000 - \$750,000	\$25,643.75	\$8,250.00	\$17,393.75	32.17%	67.83%
\$750,000 - \$1,065,600	\$21,428.94	\$0.00	\$21,428.94	0.00%	100.00%
> \$1,065,600	\$55,980.83	\$30,436.61	\$25,544.22	54.37%	45.63%

Advisory service

On commencement of the BIF Act, an advisory service was introduced to educate consumers about the role of the Registry and the adjudication process. With the introduction of the advisory service, stakeholders are now connected directly to Registry staff for timely information about the adjudication process. This is a service not previously available and provides support to those in disputes. As shown in the graph below, the number of enquiries resolved by the Registry has increased significantly since the commencement of the BIF Act:





Forecast of Registry Operations

With the implementation of the BIF Act in December 2018 and the simultaneous appointment of the new Adjudication Registrar, the Registry is conducting a review of all systems and processes to ensure maximum efficiency in meeting its statutory mandate. This review will continue into the financial year.

For the coming financial year, increased workload for the Registry in respect of some functions is anticipated, including:

- meeting consumer advisory obligations
- enhancing reporting capability
- annual review of adjudicator grading
- implementing the Adjudicator's Code of Conduct
- administering the continuing professional development requirements for adjudicators.

INTERNAL REVIEW

We offer a free, independent internal review service to reduce the number of administrative reviews made through 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

- to refuse a licence application or renewal
- that a building certifier has engaged in unsatisfactory conduct or professional misconduct.

During 2018–2019, we opened 688 internal review cases. 733 internal review cases were closed during the reporting period. We also processed cases from previous financial years.

As a result of the 733 internal reviews completed during 2018–2019:

- 440 (60 per cent) original decisions were upheld
- 74 (10.09 per cent) original decisions were overturned
- 75 (10.23 per cent) original decisions were varied
- 144 (19.64 per cent) matters were discontinued.

We discontinued 144 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 12 of the original decisions purportedly under review, the decision had either not yet been made
- applications in relation to 27 decisions were withdrawn by the applicant
- 11 applications were closed with no further action taken, for reasons including lack of standing to make a review application or were lodged outside of time
- 38 applications were not accepted outside the legislated timeframe.

As at 30 June 2019, 15 cases remained open. On average, it took 41 days to process an internal review case in the reporting period.

CUSTOMER FEEDBACK POLICY

The QBCC's Customer Feedback Framework provides for the capture and management of service complaints in line with the Queensland Government's policy under section 219A in the *Public Service Act 2008*. It also complies with the Australian Standard (AS/NZS 10002:2014) about complaint handling, whilst accommodating additional recommendations of the Office of the Queensland Ombudsman.

Feedback from our customers is an integral part of our aim to deliver high-quality advice and services to our regulated and non-regulated stakeholders. It also provides valuable insight into business improvement opportunities.

We have adopted an unbiased, transparent and accountable approach to investigate negative customer feedback. Customer feedback can be lodged via an online form on the 'Contact Us' page on our 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 substantial increase in feedback cases reflects our initiative to make it easier to provide feedback. 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 our Customer Feedback Policy. Suggestions provided by our customers were also reviewed and actioned where appropriate.

SERVICE AND ADMINISTRATIVE PROCESS COMPLAINTS

Service and administrative complaints about the conduct of QBCC staff are referred to the Integrity and Complaints Branch (ICB) within the QBCC. In the 2018-2019 period, the ICB received 34 referrals of complaints, of which 23 were deemed suitable for managerial action and 11 were referred for investigation. The Queensland Public Service Commission benchmark for completion of matters suitable for managerial action is set at 75 per cent of matters finalised within 51 days. Of the 23 matters, 92 per cent were finalised within benchmark. The benchmark for matters requiring investigation is set at 139 days. Of the 11 matters referred for investigation, 82 per cent were completed under benchmark. There were four matters requiring disciplinary intervention.

TABLE 26 | CUSTOMER FEEDBACK STATISTICS OVER THE PAST FOUR YEARS

	2015-2016	2016-2017	2017-2018	2018-2019	Percentage increase/ (decrease) over the previous year
Suggestions	259	544	830	1,074	29.4%
Compliments	191	275	260	237	(8.9%)
Service complaints	749	1,505	1,734	1,782	2.7%

OUR PERFORMANCE



OBJECTIVE 3

Improve operational and organisational excellence

To align with the Queensland Government’s “Responsive Government” agenda, our strategies include:

- utilising data driven insights for action
- improving service provision, innovation and compliance
- refining our internal governance systems to ensure appropriate and effective decision-making.

Fundamental to achieving this are reliable and accessible systems, enhanced capabilities and a better use of data. Over the reporting period a key focus was to continue ensuring we have the right capabilities, with the necessary tools to enable staff to focus on the right activities.

TABLE 27 | OBJECTIVE 3 SUCCESS MEASURES

Supporting measures	Target	Actual	Comments
Key result area: use of data to drive decision-making and action			
Qualitative statement	See information contained in this chapter		
Key result area: productivity and satisfaction of internal services			
Decrease in unplanned IT outages	Decreasing	Decreasing	
New IT system in place and functioning to set specifications by agreed timeframes	On track	On track	All projects delivered within defined timeframes, with the exception of one project due to issues outside of the control of the project delivery team. This is on track for delivery by the agreed adjusted timeframe.

INSIGHTS DRIVEN REGULATOR

In 2018, we began our journey to be more insights driven to support the move to becoming a more risk-based regulator. Through insights and early detection, we will be able to anticipate problems and mobilise resources swiftly and effectively.

In 2018–2019, the QBCC continued building on its capabilities by developing the necessary infrastructure to enable better data interrogation and reporting capabilities. We have also explored various options to share information across different government agencies that will assist in shaping early detection and surveillance across the building and construction sector.

STATE-WIDE DISTRIBUTION OF WORK

The state-wide distribution of work project will move us to being a more equitable organisation when it comes to our customer wait-time experience. Changes associated with this will mean that when a customer submits a complaint to the QBCC, it will be handled by the next available assessment officer across the state (regardless of location).

Other benefits to be realised include:

- equal distribution of work across the organisation based on FTE (full-time equivalent)
- consistency of process across the state
- ability to manage the ups and downs of workflow across the state
- flexibility for staff – staff don’t have to be based in Brisbane.

Implementation of state-wide distribution of work commenced in June 2019.

PROCESS OPTIMISATION

The purpose of the project is to ensure the QBCC has efficient operational processes by redesigning them to allow individual teams to perform their best.

The project will enhance operational and organisational excellence by identifying opportunities to improve processes to be an effective regulator and ensure staff move from routine to high value work.

As at 30 June 2019, the project has achieved the following:

- 99 per cent of all processes are mapped for the first time
- number of pain points identified: over 950
- number of quick wins identified: 335
- number of system improvements identified: 290.



- responding to the Economics and Governance Committee regarding the Auditor-General's report Fraud risk management Report 6: 2017-18, with the QBCC as one of five Queensland agencies audited. The response confirmed our completion of the implementation of the recommendations in that report.

The Fraud Risk Management Audit has strengthened our commitment to conducting fraud and corruption risk assessments and internal control reviews to ensure control effectiveness in the prevention of fraud and corruption incidents.

QUALITY ASSURANCE FRAMEWORK

Over the 2018–2019 year, we overhauled our approach to quality assurance and created a framework that is contemporary, fit-for-purpose and meets our obligations of a regulator and arm's length public sector entity.

The updated framework will commence in the first quarter of the new financial year and provides:

- a consistent mechanism for all areas of the QBCC to monitor and record critical quality metrics
- staff with clear and transparent expectations of what quality outputs look like
- a positive and development-focused approach to providing quality feedback on results
- leaders, managers and executives with the right information to know exactly how the critical aspects of their business are performing on a regular basis, and enable decision-making with enhanced qualitative and quantitative data.

RISK AND ISSUE MANAGEMENT

In 2017–2018, we commenced our journey to become a more risk intelligent organisation by updating our Enterprise Risk Framework.

Fundamental to this was improved reporting to the Board, the Finance, Audit and Risk Committee, the Commissioner, the Deputy Commissioner and the Executive Team, which continued throughout the 2018–2019 reporting period.

In 2018–2019, we built on this work by:

- reviewing the strategic risks and the risk appetite with consideration to the internal and external environmental scan as part of the strategic planning process. This process assists the QBCC to identify emerging risks, manage our risks against our objectives and realise opportunities which would enhance our service delivery.

INTERNAL AND EXTERNAL AUDITS

Ernst & Young's tenure as our internal auditor concluded on 30 June 2019. Over the 2018–2019 reporting period, our internal auditors undertook seven internal audits, in the areas of Investigation Unit - Plumbing and Pools, Procurement, Contractor Management, Cybersecurity Awareness, Multi-Disciplinary Team (MDT) Review, Claims Management and Leakage Benchmarking and Business Continuity / Disaster Recovery.

The Queensland Audit Office (QAO) is our external auditor under the terms of the *Financial Accountability Act 2009*. In late 2018, the QAO advised us that it has commenced planning for a performance audit, due to commence in the first quarter of the 2019–2020 financial year.

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, the QBCC's Executive Team and economic information from other relevant sources.

The QBCC's Investment Policy was reviewed and approved in November 2018. As a minimum, the policy is reviewed annually. Our 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. We also recognise 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, we have a stand-alone permanent unit of officers, including independent decision makers.

In 2018–2019, we finalised 248 applications under the RTI and IP Acts with 122,552 pages and audios assessed. Of the documents assessed, 109,165 pages and audios were released in full and 6,519 were partially released to QBCC applicants.

The QBCC Administrative Access (AA) Policy supports the proactive disclosure of information, allowing us 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. We finalised 220 AA requests in 2018–2019 releasing 14,274 pages to QBCC customers.

Chapter 5 of the IP Act enables 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 our website. Five privacy complaints were received 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.

RECORDS MANAGEMENT

In October 2018, we implemented a new Enterprise Content Management (ECM) system to replace our existing electronic document and records management system. This phase of the project migrated 13,282,857 records across to the new platform and marked the first iteration of our journey towards digital recordkeeping.

In January 2019, an ECM retraining program commenced to provide comprehensive change management and training across the organisation. The scope of the project was to raise awareness of legislative obligations related to recordkeeping, facilitate ECM enhancement workshops and train the workforce in the use of the system. The project ended in May 2019 and has supported our staff to embed utilisation of the new ECM. This has achieved a noticeable increase in records capture and improved compliance with the *Public Records Act 2002*. Increased records capture, discoverability and accessibility will also aid us to become an insights driven regulator.

Both projects are underpinned by a robust information management and records management framework to ensure that people, systems and processes are aligned with the applicable legislation, standards and policies.

Our disposal program continues to be on hold until the physical database (records management system) is migrated to the new ECM and retention and disposal governance is endorsed. It is anticipated that all records will be resentenced in ECM after migration. The disposal program will then be reinitiated.

QBCC licence

You should only deal with a QBCC-licensed contractor. If you engage an unlicensed contractor, your building work may not be covered under the Queensland Home Warranty Scheme. Always check the contractor's licence and licence history via QBCC's Online Licence Search.

QLD Home Warranty insurance

Residential construction work valued at more than \$3,300 is covered by the Queensland Home Warranty Scheme. It provides protection for home owners against non-completion, defective work and for up to 6 years.

OUR PERFORMANCE



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

Our people are at the core of everything we do. A key focus for us over 2018–2019 was to continue our journey to become a more diverse organisation. Our strategies to demonstrate our commitment to our people include:

- delivering a program of work that develops talent and leadership capability
- maintaining initiatives and policies which demonstrate our commitment to ensuring our staff feel valued and reward behaviours and outcomes that are aligned with our behaviours
- creating an organisational culture so that QBCC works collectively to achieve our goals.

TABLE 28 | OBJECTIVE 4 SUCCESS MEASURES

Supporting measures	Target	Actual	Comments
Key result area: employee engagement			
Staff satisfaction	80%	79%	Based on the Working for Queensland Survey.
Gender parity male/female split level 6 & above	50%/50%	58%/42%	
Key result area: diversity across the workforce			
Qualitative statement	See information in this chapter		

WORKFORCE PROFILE

As at 30 June 2019, the QBCC employed 480.58 (461.69 active) FTE (full-time equivalent) staff across professional, technical and administrative roles against a target of 474 FTE, with 85.88² per cent of our staff providing frontline services.

TABLE 29 | WORKPLACE PROFILE AS AT 30 JUNE 2019

Equal Employment Opportunity (EEO) target groups	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Women	221	225	235	244	272
Aboriginal & Torres Strait Islander	6	6	5	4	4
People with a disability	22	20	16	16	18
Non-English speaking background	35	39	32	40	59

² In 2017–2018, the QBCC adjusted its definition of frontline services to better align with the rest of the Queensland Government.

TABLE 30 | WORKFORCE DIVERSITY AS AT 30 JUNE 2019 (BASED ON SUBSTANTIVE POSITION)

Level	Male	Female	Total	EEO Target groups*
Administrative A01-A03	32	68	100	24
Administrative A04-A05	54	119	173	32
Middle management A06-A08	119	78	197	24
Executive management SO	7	4	11	1
Executive management SES	4	4	8	0
% of total staff	44%	56%	100%	17%

*The numbers in this column represent the Aboriginal & Torres Strait Islander, People with a disability and Non-English speaking background EEO target groups.

ATTRACTING AND RETAINING OUR WORKFORCE

In 2018–2019, we continued our commitment to attract and retain a skilled and capable workforce. We continued our Employee Value Proposition and introduced key supporting initiatives including:

- dedicating resources to assist staff to manage changes occurring in the workplace
- a Future of Work project to improve employee experience by embedding multidisciplinary teams, mapping all key business processes, and delivering a Quality Assurance Framework to help staff make right decisions
- a digital literacy working group to build digital capability across the organisation
- commencing initiatives such as the School Leavers Program and Business Administration Traineeship aimed at attracting young people.

These initiatives, in addition to continuing current initiatives already in place, like a Flexible Work Policy, Staff Engagement Strategy, Reward and Recognition procedures, and Talent Management Framework, are intended to promote diversity within our workforce and aid long-term succession planning.

The QBCC's 2018–2019 permanent separation rate was 8.04 per cent.

KEEPING OUR STAFF SAFE AND HEALTHY

Health and safety is important at the QBCC. In 2018–2019, we took steps to ensure that:

- Health and Safety representatives received training to fully represent workgroups
- a wellness strategy was developed that would provide a roadmap to increase safety and wellness of our employees
- sufficient office space was available for staff as a result of our expanding responsibilities
- 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
- 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 our staff had taken up work from home arrangements.
- staff adhered to a set of guiding behaviours contained in a 'Team Principles and Expected Behaviours' document.

KEEPING OUR STAFF ENGAGED

The QBCC participated in the 2018 Working for Queensland survey which is used by other Queensland public service agencies to measure employee perceptions of the workplace climate. The 2018 staff engagement results saw a positive increase with 79 per cent of our staff reporting a positive or neutral rating compared to the 2017 result which was 68 per cent. Prior to this, the QBCC undertook its own staff engagement survey. Our 2018 staff participation rate was a record 92 per cent compared to 72 per cent completion in 2017. The survey yielded valuable information on what could be improved and resulted in an Action Plan to continue to enhance the employee experience.

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. Formal checkpoints are scheduled every quarter when individual performance is recorded in Performance Development Plans. The QBCC's final checkpoint is at 88 per cent completion rate which is above our target of 80 per cent.

We are committed to encouraging lifelong learning. This is demonstrated through our Study and Research Assistance Scheme (SARAS). It provides support for our staff seeking to gain qualifications to support their work and careers. Through SARAS, we support staff members who wish to undertake degree or doctorate programs, professional qualifications or other nationally approved vocational qualifications related to their area of work. Currently there are 48 staff members utilising SARAS.

The QBCC Leadership Capability Framework helps define and guide leadership expectations and standards. This incorporates our Emerging Leaders Program that seeks to help individuals develop competencies required of a senior leader, and to enhance succession planning for future leaders. Currently there are eight staff members attending Emerging Leaders Program 2018–2019 with an expected completion time in December 2019.

The QBCC's Talent Management Framework supports the development of all staff across the organisation. In 2018–2019, the QBCC's Learning and Development team developed, organised and delivered 600 courses. This achieved an 87 per cent attendance rate for face-to-face sessions, and 86 per cent completion rate for mandatory e-Learning modules.

CORPORATE SOCIAL RESPONSIBILITY

We took part in a number of corporate social responsibility activities in 2018–2019. This included:

- sponsorship of the National Association of Women in Construction (NAWIC) to support its important work towards empowering women in the construction and related industries reach their full potential. As part of this, the QBCC supported a scholarship for a NAWIC member to undertake the Australian Institute of Company Directors course.
- participation in the Darkness to Daylight Challenge run to raise awareness of domestic and family violence
- donations to the RSPCA to support work to prevent cruelty to animals, including an opportunity for staff to cuddle dogs and puppies as a wellness initiative



- donations to the Share the Dignity initiative which helps the homeless, at-risk and those experiencing domestic violence
- donations to Mates in Construction.

DIVERSITY AND INCLUSION

We regularly engage in activities that promote an inclusive work culture and environment. Organised by our REDI Squad (Respect, Equity, Diversity, Inclusion), a variety of events and activities were held in 2018–2019 for both staff and our customers such as:

- development and roll-out of formal Diversity and Inclusion classroom training
- formation of a Reconciliation Action Plan working group and conditional approval of the QBCC 'Reflect' Reconciliation Action Plan
- our Diversity and Inclusion Policy
- raising awareness of diabetes in conjunction with the World Diabetes Day
- promoting the need to value mental health in conjunction with the Queensland Mental Health Week in October 2018.

In addition, we developed and published our Welcome to Country and Acknowledgement of Country Policy to provide guidance to staff around when these are to be conducted.

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 are attended by Together Union and the QBCC's management representatives. We work collaboratively with the Union to ensure an effective public sector, delivering quality services to Queenslanders. We also 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.

OUR PERFORMANCE



Be a financially sustainable organisation

Since 2016, we have been working hard to become a more financially sustainable organisation. Our strategies are to:

- drive responsible and efficient practices to ensure financial sustainability
- manage the Queensland Home Warranty Scheme in accordance with actuarially sustainable practices.

TABLE 31 | OBJECTIVE 5 SUCCESS MEASURES

Supporting measures	Target	Actual	Comments
Key result area: A strong net asset position for QBCC general fund			
Qualitative statement	See Financial Statements section in the Annual Report on page 71		
Key result area: Sufficient reserves in the Queensland Home Warranty Scheme to cover expected future claims			
Qualitative statement	See Financial Statements section in the Annual Report on page 71		
Key result area: Managing balanced budgets			
Qualitative statement	See Financial Statements section in the Annual Report on page 71		

Further information on the QBCC's financial performance can be found on page 72 of this report.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

ROLE AND RESPONSIBILITIES OF THE BOARD

As at 30 June 2019, there were nine independent, non-executive members on the Board. Board members are appointed by the Governor in Council 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 32.

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.

TABLE 32 | BOARD MEMBER ATTENDANCE AND REMUNERATION 2018-2019

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 ³	Approved sub- committee fees if applicable	Actual fees received ⁴
Chair	R. L. Williams	33	\$50,000 pa	N/A	\$55,000
Deputy Chair	Jennifer Robertson	18	\$25,000 pa	N/A	\$27,000
Member	Lesley Anderson	21	\$25,000 pa	N/A	\$27,000
Member	Michelle James	18	\$25,000 pa	N/A	\$27,000
Member	Brett Schimming	22	\$25,000 pa	N/A	\$27,000
Member	Robert Schwarten	9	\$25,000 pa	N/A	\$27,000
Member	Andrew Hickman	10	\$25,000 pa	N/A	\$26,000
Member	Jade Ingham	13	\$25,000 pa	N/A	\$26,000
Member	Yvonne Pengilly	19	\$25,000 pa	N/A	\$26,000
Member	Leeanne Bond*	7	\$25,000 pa	N/A	\$9,000
No. scheduled meetings/sessions	R. L. Williams - 33 Jennifer Robertson - 20 Lesley Anderson - 22 Michelle James - 22 Brett Schimming - 24 Robert Schwarten - 10 (temporarily away from active participation from January 2019) Andrew Hickman - 15 Jade Ingham - 15 Yvonne Pengilly - 21 Leeanne Bond* - 8				
Total out of pocket expenses	\$0. Other operational costs totalled \$49,785.				

* Ms Bond resigned from the QBC Board effective 30 October 2018.

³ Approved fees do not include superannuation amounts.

⁴ 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 comprised Michelle James (Committee Chair), Yvonne Pengilly, R. L. Williams, and over 30 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 2018-2019, the committee met three times, mainly around the provision of updates to industry on the following items:

- new Minimum Financial Requirements process
- recent changes to Workplace Health and Safety legislation
- implementation of the 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 comprised 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 2018–2019, the committee met four times 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 2019–2020 annual budget.

Insurance Committee

The Insurance Committee provides advice to the Board on the performance and issues relating to the Home Warranty Scheme. The committee was made up of Brett Schimming (Committee Chair), Lesley Anderson, Yvonne Pengilly 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 reinsurers in the performance of the scheme and monitoring reinsurance 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 six times in 2018–2019 (inclusive of two extraordinary meetings) and conducted the following activities:

- reviewed actuarial assessments of the scheme
- 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.



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 comprised Michelle James (Committee Chair), Brett Schimming, Yvonne Pengilly, Jade Ingham and R. L. Williams. The committee is charged with advisory and decision-making functions and duties in the following areas:

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

In 2018–2019, the committee met four times and conducted the following activities:

- reviewed nominations and appointments for senior leadership roles
- reviewed the remuneration and evaluation for senior leadership and director 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 was made up of Jennifer Robertson (Committee Chair), Michelle James, Robert Schwarten, Andrew Hickman and R. L. Williams. The committee was 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 2018–2019, the committee met four times and conducted the following activities:

- reviewed and endorsed the QBCC's 2018–2019 Compliance and Enforcement Strategy
- reviewed the implementation of the Queensland Building Plan
- reviewed the implementation of the updated legislation including Safety Incident Notifications arising under section 54A of the QBCC Act.

SERVICE TRADES COUNCIL

The Council is made up of members appointed through a Governor in Council process for a four-year term. Under section 106 of the PDA, the Council has the following functions:

- a) conferring on national policy development and implementation for the plumbing and drainage trade;
- b) reporting to the Minister on any issue relating to the plumbing and drainage trade:
 - i. the Minister refers to the Council; or
 - ii. any issue the Council considers the Minister should know about;
- c) making recommendations to the Commissioner about the performance of the Commissioner's functions under the PDA;
- d) establishing a panel of the Council to assist the Commissioner to effectively and efficiently perform the Commissioner's functions under part 2, divisions 1 to 7 of the PDA;
- e) establishing other panels to assist the Council to effectively and efficiently perform its functions;
- f) reviewing decisions of the Commissioner made under section 51 of the PDA;
Note—The Council reviews decisions under the QBCC Act, section 86C as an internal reviewer.
- g) performing other functions relating to the plumbing and drainage trade given to the Council under the PDA or another Act.

In 2018–2019, in accordance with its functions under the PDA, the Council has:

- provided formal advice to the Minister on a number of occasions on matters relating to legislative reform and implementation both on a national and state level. This includes, but is not limited to, advice on mechanical services and changes to the National Construction Code

- provided as matters arise, technical advice to the Minister on issues impacting the service trades industry in Queensland, including:
 - » advice relating to fire critical defects which is now being actioned through the Ministerial Construction Council which has formed a separate sub-committee to action this matter
 - » advice relating to temperature control devices that has also resulted in a guideline being developed by the Department of Housing and Public Works to clarify areas of confusion in the industry around the installation of temperature control devices
- discharged support and have advised the Commissioner on licensing matters and assisted the QBCC by providing advice informing compliance practices relating to the service trades
- conducted a review of disciplinary action taken by the QBCC against a licensed plumber in accordance with its internal review function under the PDA
- provided advice as requested by external organisations on state and national policy changes relating to the service trades
- engaged with industry across Queensland in Gladstone, Warwick, Caboolture, Brisbane and Cairns.

TABLE 33 | SERVICE TRADES COUNCIL MEMBER ATTENDANCE AND REMUNERATION 2018–2019

Service Trades Council					
Act or instrument	<i>Plumbing and Drainage Act 2018</i>				
Functions	Advisory body				
Achievements	<ul style="list-style-type: none"> • acting as the internal review mechanism for licensees who have received disciplinary action under the <i>Plumbing and Drainage Act 2018</i> • 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 plumbing and drainage 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	5	N/A	N/A	\$0
Deputy member	William Watson	0	\$300	N/A	\$0
Member	Sharon Simmers	1	N/A	N/A	\$0
Deputy member	Christopher McKenzie	4	N/A	N/A	\$0
Deputy member	Greg Jackson	1	N/A	N/A	\$0
Member	Graham MacKrill	4	\$300	N/A	\$0
Member	Linda Bradley	3	N/A	N/A	\$0
Member	Robert Thomas	1	\$300	N/A	\$0
Deputy member	Wayne Smith	5	\$300	N/A	\$0
Member	Catherine McCahon	5	N/A	N/A	\$0
Deputy member	Lindsay Walker	1	N/A	N/A	\$0
Member	Bradley Hodgkinson	5	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	Glen Chatterton	4	\$300	N/A	\$0
Member	Ray Smith	6	N/A	N/A	\$0
Deputy member	Eddie Denman	0	N/A	N/A	\$0
Deputy member	Stephen Jennison	0	N/A	N/A	\$0
Deputy member	Tracy Barkham	0	\$300	N/A	\$0
Member	Assistant Commissioner, QBCC	6	N/A	N/A	\$0
No. scheduled meetings/sessions	6				
Total out of pocket expenses	\$0. Other operational costs totalled \$53,682.				

* Historically, fees have not been paid as some organisations do not let individual employees receive benefits, including remuneration, for being on boards, and have requested that fees be paid directly to the organisation. However, this was previously not allowed by the Department of the Premier and Cabinet. This position has recently changed and the QBCC will be backdating payments to eligible Council members for payment in the new financial year.



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 potential non-conforming building and construction products.

EXECUTIVE TEAM

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

The team met regularly in 2018–2019 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.

Remuneration for the Executive Team members is 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. Performance agreements are in place for all executives to ensure a high-performing QBCC.

Please see Note F1 on page 116.

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, we adopted the Queensland Public Service Code of Conduct, with mandatory staff training made available and a copy of the Code being placed on our internal website. In April 2018, we became a public sector agency for the purposes of the Act, and the Public Service Commission's Code of Conduct now automatically applies to us. 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 our corporate behaviours. Board members, associated advisory committees and QBCC staff are expected to maintain the highest ethical standards in discharging their responsibilities and duties. All existing employees and new starters are required to complete mandatory training across key integrity modules of e-learning in:

- code of conduct
- fraud and corruption
- public interest disclosure awareness
- privacy awareness and managing public records
- workplace bullying and harassment
- workplace health and safety – induction, wellbeing and awareness
- customer feedback policy and unreasonable conduct, disengagement and social media.

Integrity matters and declarations

We maintain 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.

We publish, each quarter on our website, a reportable gifts and benefits register arising from declarations made by our employees.

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.

Corrupt conduct and public interest disclosures

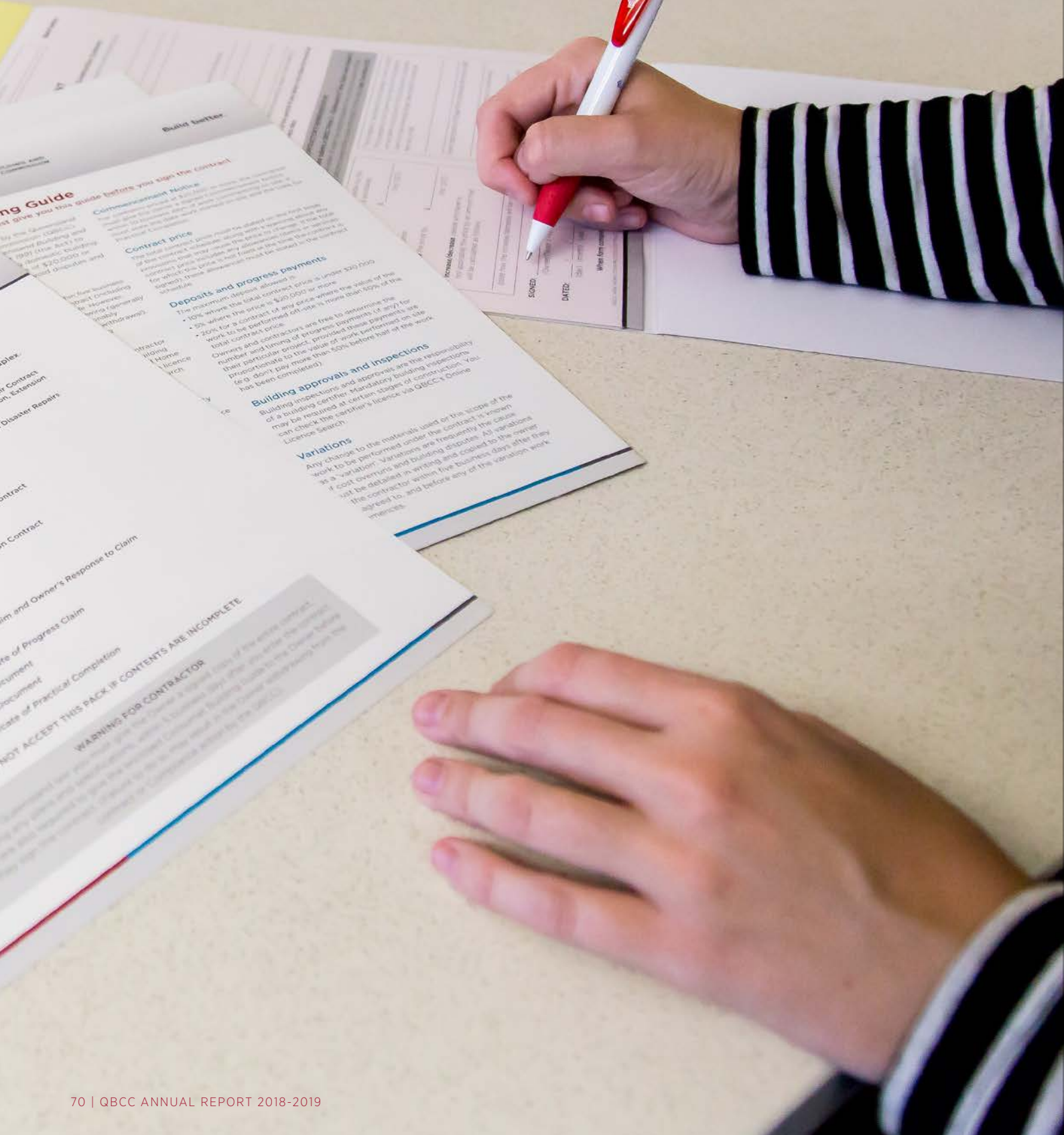
The QBCC maintains a policy that establishes procedures for the effective reporting of corrupt conduct and the effective administration of public interest disclosures. Of the 34 conduct cases received, suspected corrupt conduct was identified in five cases. There were three cases that involved an employee making a public interest disclosure.

The Commissioner has a duty to refer all complaints to the Crime and Corruption Commission (CCC) where the Commissioner suspects corrupt conduct. The QBCC has no power to deal with such matters unless they are assessed by the CCC and referred back to us from the CCC for action, which may include ongoing monitoring by the CCC.

The Commissioner has a duty to report all cases assessed as a public interest disclosure. Public interest disclosures are reported to the Queensland Ombudsman via the public interest disclosure database.



FINANCIAL PERFORMANCE



Building Guide

Contract price
The total contract price shall be stated on the main page of the contract...
Deposits and progress payments
The maximum deposit allowed is:
• 10% where the total contract price is under \$20,000
• 5% where the price is \$20,000 or more
• 20% for a contract of any price where the value of the work to be performed off-site is more than 50% of the total contract price.

Building approvals and inspections

Building inspections and approvals are the responsibility of a building certifier. Mandatory building inspections can be required at certain stages of construction. You can check the certifier's licence via QBCC's Direct Licence Search.

Variations

Any change to the materials used or the scope of the work to be performed under the contract is known as a variation. Variations are frequently the cause of cost overruns and building disputes. All variations must be detailed in writing and copied to the owner by the contractor within five business days after they are agreed to, and before any of the variation work commences.

DO NOT ACCEPT THIS PACK IF CONTENTS ARE INCOMPLETE
WARNING FOR CONTRACTOR
This pack contains a standard form of contract for use by contractors to enter into a building contract with a client. It is a standard contract and does not contain any special or unusual terms. Please refer to the contract pack for a full list of terms and conditions. It is your responsibility to ensure that the contract pack is complete and correct before you sign it.

FINANCIAL PERFORMANCE

The following pages provides details around the QBCC's financial performance in 2018-2019.

SUMMARY OF FINANCIAL PERFORMANCE

The QBCC returned a surplus of \$16.72 million and a balance sheet equity position of \$95.81 million during the 2018-2019 financial year.

Total income of \$223.22 million was 13.26 per cent lower than 2017-2018. The decrease was mainly due to a decrease in the reinsurer's share of future claims as a result of the actuarial assessment at the end of the financial year.

The performance of investments for the year was lower than the previous year as a result of the uncertainty in the market due to the global economic environment.

Total expenditure of \$206.50 million was 21.40 per cent lower than 2017-2018. The decrease was primarily due to a decrease in claims approved and charged. The decrease was in the movement in provision for future claims according to actuarial assessment.

Employee expenses were higher due to the growth in staff numbers from 429 to 480 to implement the new regulatory functions the QBCC now administers.

The statement of financial position reflects the QBCC's sound financial status with a net asset position of \$95.81 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 cost.

TABLE OF CONTENTS

		Page
Financial Statements	Statement of Comprehensive Income	73
	Statement of Financial Position	74
	Statement of Changes in Equity	75
	Statement of Cash Flows (including Notes to the Statement of Cash Flows)	76
Notes to the Financial Statements	Section 1 How we Operate - our Objectives and Activities	78
		80
		80
	Section 2 Notes about our Financial Performance	83
		83
		83
		83
		84
		84
		84
		85
		85
		85
		85
		86
		87
		87
		88
		88
	Section 3 Notes about our Financial Position	89
		90
		90
		93
		93
		94
		94
		95
		96
		96
		97
		98
		98
		99
		100
		101
		106
	Section 4 Notes about Risks and Other Accounting Uncertainties	107
		107
		108
		109
		109
		109
	110	
	111	
	111	
	111	
	112	
Section 5 Notes on our Performance compared to Budget	114	
	114	
	114	
	115	
Section 6 Other Information	116	
	120	
	121	
	121	
	125	
Certification	Management Certificate	127

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

OPERATING RESULT	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance*	2018 Actual \$'000
INCOME FROM CONTINUING OPERATIONS					
Licence revenue	B1-1	39 279	38 051	1 228	36 948
Premium revenue	B1-2	74 043	75 115	(1 072)	77 638
Insurance administration fees revenue	B1-3	26 608	27 394	(786)	23 952
Reinsurance and other recoveries revenue	B1-4	56 178	70 336	(14 158)	92 510
Investment revenue	B1-5	14 635	10 169	4 466	17 516
Other revenue	B1-6	12 440	6 938	5 502	8 777
Gains on sale of assets		41	(6)	46	6
TOTAL INCOME FROM CONTINUING OPERATIONS		223 224	227 997	(4 774)	257 348
EXPENSES FROM CONTINUING OPERATIONS					
Outward reinsurance	B2-1	39 644	44 235	(4 591)	48 014
Claims approved and charged	B2-2	24 950	59 698	(34 748)	82 624
Employee expenses	B2-4	52 567	54 435	(1 869)	46 909
Supplies and services	B2-5	29 928	35 902	(5 974)	30 288
Depreciation and amortisation	C5 & 6	2 739	2 662	77	2 831
Impairment losses	B2-6 & C2-1	55 628	40 771	14 856	51 110
Other expenses	B2-7	1 047	530	518	946
TOTAL EXPENSES FROM CONTINUING OPERATIONS		206 503	238 232	(31 730)	262 722
OPERATING RESULT FROM CONTINUING OPERATIONS		16 721	(10 235)	26 956	(5 374)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		16 721	(10 235)	26 956	(5 374)

*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 2019

	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance* \$'000	2018 Actual \$'000
CURRENT ASSETS					
Cash and cash equivalents	C1	11 278	6 005	5 274	27 512
Receivables	C2	15 013	26 897	(11 884)	20 551
Reinsurance receivables	C3	26 007	30 908	(4 901)	28 908
Other financial assets	D1-2	293 536	273 220	20 316	256 752
Other current assets	C4	18 191	17 688	504	19 521
TOTAL CURRENT ASSETS		364 025	354 718	9 307	353 244
NON-CURRENT ASSETS					
Reinsurance receivables	C3	74 669	89 033	(14 364)	88 367
Intangible assets	C5	5 991	6 963	(972)	6 969
Property, plant and equipment	C6	3 319	6 237	(2 918)	2 995
TOTAL NON-CURRENT ASSETS		83 979	102 233	(18 254)	98 332
TOTAL ASSETS		448 004	456 951	(8 946)	451 576
CURRENT LIABILITIES					
Payables	C7	28 528	46 059	(17 531)	37 492
Accrued employee benefits	C8	5 212	5 620	(408)	4 596
Provisions	C9	109	50	59	61
Unearned income liability	C10	51 678	51 097	580	53 409
Future claims and associated costs	C11	58 064	56 933	1 131	60 281
TOTAL CURRENT LIABILITIES		143 591	159 759	(16 168)	155 839
NON-CURRENT LIABILITIES					
Accrued employee benefits	C8	6 602	6 063	540	5 863
Provisions	C9	778	827	(49)	838
Unearned income liability	C10	23 794	14 613	9 181	17 275
Future claims and associated costs	C11	177 428	201 397	(23 969)	192 671
TOTAL NON-CURRENT LIABILITIES		208 602	222 900	(14 297)	216 647
TOTAL LIABILITIES		352 193	382 659	(30 464)	372 486
NET ASSETS		95 811	74 292	21 518	79 090
EQUITY					
Contributed equity		395			395
Accumulated surplus		95 416			78 695
TOTAL EQUITY		95 811	-	-	79 090

*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 2019

	Contributed Equity \$'000	Accumulated Surplus \$'000	Total Equity \$'000
BALANCE AS AT 1 JULY 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
Total comprehensive income for the year	-	16 721	16 721
BALANCE AT 30 JUNE 2019	395	95 416	95 811

The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	2019 Actual	2019 Original Budget	Budget Variance*	2018 Actual
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
INFLOWS				
Received from licence fees	44 096	35 001	9 095	39 877
Received from insurance administration fees	26 608	27 394	(786)	23 952
Received from interest	438	129	309	525
GST input tax credits from ATO	5 978	9 363	(3 385)	5 920
GST collected from customers	8 643	9 950	(1 307)	8 941
Received from other revenue	11 899	6 938	4 961	8 233
	97 662	88 775	8 887	87 448
OUTFLOWS				
Payments to employees	(45 984)	(53 302)	7 318	(42 131)
Payments to suppliers	(36 258)	(34 012)	(2 246)	(35 205)
GST paid to suppliers	(5 957)	(9 782)	3 825	(5 880)
GST remitted to ATO	(8 723)	(10 060)	1 337	(9 004)
	(96 922)	(107 155)	10 233	(92 220)
	740	(18 381)	19 121	(4 772)
INSURANCE				
Received from premiums	71 121	75 115	(3 994)	75 230
Payments to reinsurers	(38 708)	(42 714)	4 006	(55 862)
Claims paid	(45 638)	(48 153)	2 515	(47 441)
Received from reinsurers and other recoveries	20 882	26 599	(5 717)	47 876
	7 657	10 847	(3 190)	19 803
NET CASH PROVIDED BY OPERATING ACTIVITIES	CF-1	8 397	(7 534)	15 931
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for plant, equipment and intangibles	(2 044)	(4 889)	2 845	(990)
Investment in other financial assets	(27 500)	12 473	(39 973)	-
Payments for investments	4 000	-	4 000	-
Investments redeemed	913	-	913	860
NET CASH USED IN INVESTING ACTIVITIES	(24 631)	7 584	(32 215)	(130)
Net increase/(decrease) in cash and cash equivalents	(16 234)	50	(16 284)	14 901
Cash and cash equivalents at beginning of financial year	27 512	5 955	21 557	12 611
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11 278	6 005	5 273	27 512

*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 2019

NOTES TO THE STATEMENT OF CASH FLOW

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

	2019	2018
	\$'000	\$'000
Operating surplus/(deficit)	16 721	(5 374)
Non-Cash items included in operating result:		
Depreciation and amortisation expense	2 739	2 831
Net (gains)/losses on disposal of property, plant and equipment	(41)	(6)
Movement in impairment losses	(5 921)	10 032
Changes in net market value of investments	(14 197)	(16 991)
Changes in assets and liabilities		
(Increase)/decrease in receivables	28 059	(2 149)
(Increase)/decrease in other current assets	(53)	183
(Increase)/decrease in prepayments - outward reinsurance	1 383	1 024
Increase/(decrease) in payables	(8 965)	(12 545)
Increase/(decrease) in accrued employee benefits	1 356	562
Increase/(decrease) in provisions	(11)	105
Increase/(decrease) in unearned income liability	4 789	3 734
Increase/(decrease) in future claims	(17 461)	33 626
Net Cash Provided by Operating Activities	8 397	15 031

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.

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 2018, 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 2017-18 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:

- promote integrity and probity in the building and construction sector;
- provide regulator and customer services that are timely, clear and transparent;
- improve 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 failure;
- 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 QBC 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 maintain a current ratio of 1 or more.

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 Sedgwick 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	2019 \$'000	2018 \$'000
B1-1 LICENCE REVENUE			
Renewal fees		34 848	32 565
Application fees		4 431	4 383
		39 279	36 948

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.

B1-2 PREMIUM REVENUE

Premiums	B2-3	85 936	88 514
Movement in unearned premiums		(11 893)	(10 876)
		74 043	77 638

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.

B1-3 INSURANCE ADMINISTRATION FEES REVENUE

Administration fees received from policyholders		26	111
Exchange commission fees received from reinsurers		26 582	23 841
		26 608	23 952

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	2019	2018
		\$'000	\$'000
B1-4 REINSURANCE AND OTHER RECOVERIES REVENUE			
Reinsurers' share of claims approved		21 793	27 360
Reinsurers' share of future claims movement		(16 599)	3 945
Reinsurers' share of claims management fee		1 345	2 277
Recovery revenue		49 639	58 928
		56 178	92 510

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	438	525
Distributions	9 940	9 090
Changes in fair value of investments	4 257	7 901
	14 635	17 516

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	1 837	1 901
Notifiable works	2 644	2 337
Non-recurrent funding from Department Housing & Public Works	5 326	1 956
Pool safety certificate fees	1 433	1 416
Owner-builder fees	803	789
Adjudication application fees	179	150
Certificate fees	100	103
Search fees	67	67
Other	51	59
	12 440	8 777

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.

B2. EXPENSES

	Notes	2019	2018
		\$'000	\$'000
B2-1 OUTWARD REINSURANCE			
Reinsurers' share of premium		42 979	44 271
Reinsurers' share of recovery		(3 335)	3 743
		39 644	48 014

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		41 614	47 666
Movement in provision for future claims processing cost	C11	3 918	23 826
Movement in provision for future claims	C11	(21 378)	9 800
Movement in unexpired risk	C10	796	1 332
		24 950	82 624

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.

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	85 936	88 514
Less: Outward reinsurance premium expense	B2-1	(42 979)	(44 271)
QBCC's share of premiums		42 957	44 243
Less: Unearned premiums at the end of year	C10	(13 862)	(15 260)
Total premiums received and earned during the year		29 095	28 983
Add: Unearned premiums at the beginning of the year	C10	15 260	16 305
Less: Exchange commission		(13 291)	(11 921)
Earned premiums		31 063	33 367
Claims approved and charged	B2-2	24 950	82 624
Less: Reinsurance and other recoveries		(4 244)	(33 378)
Net claims		20 706	49 246
Profit/(Loss) on underwriting		10 357	(15 879)

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 - 30/06/19	50.0%	50.0%

B2. EXPENSES (continued)

B2-4 EMPLOYEE EXPENSE	Notes	2019	2018
		\$'000	\$'000
EMPLOYEE BENEFITS			
Wages and salaries		39 152	34 688
Employer superannuation contributions		4 873	4 417
Annual leave expense		3 989	3 599
Long service leave expense		1 497	923
Less: capitalised cost		(436)	-
EMPLOYEE-RELATED EXPENSES			
Workers' compensation premium		239	197
Payroll tax		2 238	2 032
Fringe benefits tax		182	288
Training		569	518
Recruitment		114	146
Other employee related expenses		154	101
		52 567	46 909
Full-Time Equivalent Employees		480	429

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	2019	2018
	\$'000	\$'000
B2-5 SUPPLIES AND SERVICES		
Consultants and contractors	9 819	11 372
Property lease and maintenance	5 706	5 644
Information system maintenance, equipment and furniture	5 035	4 679
Legal cost	3 991	3 818
Communications and marketing	3 121	2 774
Bank fees and charges	1 332	1 225
Motor vehicles operating cost	288	289
Printing and stationery	284	177
Travel	352	309
	29 928	30 288

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	55 628	51 110
	55 628	51 110

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 C5-1

B2. EXPENSES (continued)

Notes	2019	2018
	\$'000	\$'000
B2-7 OTHER EXPENSES		
Internal audit ⁽¹⁾	243	224
External audit fees ⁽²⁾	93	105
Board members' fees and costs ⁽³⁾	341	261
Insurance Premiums ⁽⁴⁾	308	298
Special payments ⁽⁵⁾		
Ex-gratia payments	62	58
	1 047	946

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 2018-19 financial statements are estimated to be \$93,000 (2018: \$106,200). 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 three special payments during 2018-19 above \$5,000 for settlements of two complaints by ex-QBCC staff and one payment to private individuals involved in a dispute.

**SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION**

C1. CASH AND CASH EQUIVALENTS

Notes	2019 \$'000	2018 \$'000
Cash	1 205	1 210
Deposits at call	10 073	26 302
	11 278	27 512

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 2019 are:

General Statutory Fund

Cash	528	454
Deposits at call	3 836	6 752
	4 364	7 206

Insurance Fund

Cash	676	756
Deposits at call	6 238	19 550
	6 914	20 306

Total	11 278	27 512
--------------	---------------	---------------

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 received 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	2019	2018
	\$'000	\$'000
Sundry debtors	115 660	127 119
Less: Loss allowance	(100 647)	(106 568)
	15 013	20 551

Accounting Policy - Receivables

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

C2-1. Impairment of Receivables

Accounting Policy - Impairment of Receivables

The loss allowance for sundry debtors reflects lifetime expected credit losses. The method for calculating any loss allowance 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 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 disclosed in Note B2-6.

Disclosure - Credit Risk Exposure of receivables

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

The QBCC has determined three material groupings for measuring expected credit losses. One group for General Fund measures expected credit losses determined using a provision matrix. The calculation for the provision matrix is based on historical observed default rates calculated using credit losses experienced during the past five years preceding 30 June 2019. The second General Fund group measures expected credit loss based on legislated license payment timeframes and individual assessment.

The Insurance Fund group is assessed individually for impairment.

C2. RECEIVABLES (continued)

C2-1. Impairment of Receivables (continued)

Set out below is the credit risk exposure on the QBCC's sundry debtors broken down by the groupings and ageing band. The comparative disclosure for 2018 is made under AASB 139 impairment rules, where receivables are assessed individually for impairment.

General Fund Group - infringements and magistrates orders sundry debtors

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
Ageing	\$'000	%	\$'000	\$'000	\$'000	\$'000
1 to 30 days overdue	182	81%	147	122	92	29
31 to 60 days overdue	177	79%	141	124	94	30
61 to 90 days overdue	101	79%	80	135	103	32
> 90 days overdue	7 176	83%	5 933	6 643	5 486	1 157
Total	7 637		6 301	7 023	5 775	1 248

General Fund Group -other sundry debtors

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
Ageing	\$'000	%	\$'000	\$'000	\$'000	\$'000
1 to 30 days overdue	1,609	0%	3	1 490	-	1 490
31 to 60 days overdue	899	0%	-	359	9	350
61 to 90 days overdue	279	76%	212	200	-	200
> 90 days overdue	1 656	60%	992	600	298	302
Total	4 444		1 206	2 650	307	2 343

Insurance Fund Group

	2019			2018		
	Gross receivables	Loss rate	Expected credit losses	Gross receivables	Impairment allowance	Carrying amount
Ageing	\$'000	%	\$'000	\$'000	\$'000	\$'000
1 to 30 days overdue	5,666	50%	2 815	7 378	2 976	4 402
31 to 60 days overdue	4,357	87%	3 811	6 114	5 268	846
61 to 90 days overdue	3,179	92%	2 918	5 284	4 609	675
> 90 days overdue	90 378	92%	83 596	98 670	87 634	11 036
Total	103 580		93 140	117 446	100 488	16 958

Movements in loss allowance for sundry debtors

	2019	2018
	\$'000	\$'000
Loss allowance as at 1 July	106 568	96 537
Increase/(decrease) in allowance recognised in operating result	55 628	51 110
Amounts written-off during the year	(61 549)	(41 079)
Loss allowance as at 30 June	100 647	106 568

C2. RECEIVABLES (continued)

C2-1. Impairment of Receivables (continued)

The decrease in the loss allowance is due to a significant decrease in gross sundry receivables for recoverable insurance claims which were deemed uncollectable in 2018-19 and written off.

Disclosure - Ageing of past due but not impaired receivables

This disclosure relates only to comparative balances at 30 June 2018. Under AASB 9, effective from 1 July 2018, a loss allowance is assessed for all receivables.

Overdue	2018 \$'000
1 to 30 days	4 745
31 to 60 days overdue	329
61 to 90 days	224
Greater than 90 days	383
Total overdue	5 682

C3. REINSURANCE RECEIVABLES

	2019	2018
	\$'000	\$'000
Current		
Reinsurers' share of future claims provision	26 007	28 908
	26 007	28 908
Non-Current		
Reinsurers' share of future claims provision	74 669	88 367
	74 669	88 367
Represented by		
Expected future recoveries	103 904	126 302
Less discount to present value	(21 247)	(29 947)
	82 657	96 354
Risk margin	18 020	20 920
	100 676	117 275
Reconciliation of movement during the year		
Balance at 1 July	117 275	117 275
Provisions made	25 886	27 949
Payments made	(22 618)	(25 518)
Effects of changes in assumptions to prior year provisions	(19 866)	1 514
Balance at 30 June	100 676	117 275

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	100 676	117 275
Total	100 676	117 275

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	2 310	2 257
Prepayments - outward reinsurance on unearned premium liability	15 837	17 220
Other - refundable bond	44	44
	18 191	19 521

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

	2019	2018
	\$'000	\$'000
Software purchased : At cost		
Gross	955	1 486
Less: Accumulated amortisation	(955)	(1 486)
	-	-
Software internally generated : At cost		
Gross	18 510	19 984
Less: Accumulated amortisation	(13 161)	(13 181)
	5 349	6 802
Software work in progress : At cost		
Gross	642	167
	642	167
Total	5 991	6 969

	Software internally generated	Software Work in Progress	Total
	\$'000	\$'000	\$'000
2018-19			
Carrying amount at 1 July 2018	6 802	167	6 969
Acquisitions	-	1 149	1 149
Transfer from WIP	674	(674)	-
Amortisation	(2 128)	-	(2 128)
Carrying amount at 30 June 2019	5 349	642	5 991

2017-18			
Carrying amount at 1 July 2017	8 898	-	8 898
Acquisitions	-	167	167
Transfer from WIP	-	-	-
Amortisation	(2 096)	-	(2 096)
Carrying amount at 30 June 2018	6 802	167	6 969

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

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost progressively over its estimated useful life to the Commission. 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	2019 \$'000	2018 \$'000
Plant and equipment			
Gross		3 241	3 064
Less: Accumulated depreciation		(1 488)	(1 851)
		1 753	1 213
Leasehold improvements			
Gross		9 160	9 178
Less: Accumulated depreciation		(7 594)	(7 396)
		1 566	1 782
Total		3 319	2 995

Property, plant and equipment reconciliation

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
2018-19			
Carrying amount at 1 July 2018	1 782	1 213	2 995
Acquisitions	-	1 158	1 158
Disposals	(4)	(218)	(222)
Depreciation expense	(212)	(400)	(612)
Carrying amount at 30 June 2019	1 566	1 753	3 319
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

C7. PAYABLES

Notes	2019	2018
	\$'000	\$'000
Sundry creditors	6 306	6 215
Accruals	1 945	2 311
Claims approved but not yet paid	14 670	18 791
Reinsurers' share of recoveries provision	5 517	9 994
	28 438	37 311
GST payable	805	886
GST receivable	(715)	(705)
	90	181
Total	28 528	37 492

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 approved but not yet paid 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	11	2
Annual leave provision	4 511	3 960
Long service leave provision	622	604
Time off in lieu provision	68	30
	5 212	4 596

Non-Current

Long service leave provision	6 602	5 863
	6 602	5 863

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	2019 \$'000	2018 \$'000
Current			
Leasehold restoration		98	50
Lease incentive		11	11
		109	61
Non-Current			
Leasehold restoration		755	804
Lease incentive		23	34
		778	838

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	2019	2018
	\$'000	\$'000
Current		
Unearned income		
Licence income	13 919	13 588
Other income	112	190
	14 031	13 778
Unearned premium liability		
QBCC's share	13 862	15 260
Unexpired risk liability	7 947	7 152
Reinsurers' share	15 838	17 219
	37 647	39 631
Total	51 678	53 409
Non-current		
Unearned income		
Licence income	23 794	17 275
	23 794	17 275

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 2019 identified a deficiency for the insurance scheme.

For the purpose of the liability adequacy test, the premium liability provision required is \$21.81 million (2018 \$22.41 million), including a risk margin of \$3.125 million (2018 \$2.617 million). The unearned premium liability in the account totalled \$13.862 million (2018 \$15.260 million) and the deficiency of \$7.947 million (2018 \$7.152 million) has been recorded as an unexpired risk liability.

C11. FUTURE CLAIMS AND ASSOCIATED COSTS

Notes	2019	2018
	\$'000	\$'000
Current	58 064	60 281
Non-current	177 428	192 671
	235 492	252 952

Represented by

Expected future claims payments	243 709	273 848
Claims handling provision	37 668	37 362
	281 377	311 210
Less discount to present value	(80 348)	(96 408)
	201 028	214 802
Risk margin	34 463	38 151
Liability for outstanding claims	235 492	252 952

Reconciliation of movement during the year

Gross Liability

Balance at 1 July	252 952	219 326
Provisions made	65 462	69 264
Payments made	(60 349)	(57 831)
Effects of changes in assumptions to prior year provisions	(22 574)	22 193
Balance at 30 June	235 492	252 952

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 2019.

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 for more details.

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 \$	2019 \$	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	24,612,480	
One year later					18,451,612	15,107,838	18,961,852	25,817,769	27,838,578	26,177,202		
Two years later				18,240,647	11,357,807	13,842,436	20,025,080	27,289,236	25,389,310			
Three years later			15,397,116	14,011,560	10,555,862	13,464,079	19,386,944	24,183,647				
Four years later		12,562,758	12,005,540	12,565,405	9,770,627	13,648,380	17,234,916					
Five years later	10,227,159	11,652,047	10,225,203	11,904,706	10,425,045	12,008,208						
Six years later	10,432,338	11,109,427	10,113,384	11,830,714	9,163,340							
Seven years later	10,320,942	11,086,052	10,182,276	10,597,756								
Eight years later	10,308,536	11,264,752	9,210,594									
Nine years later	10,347,444	10,682,028										
Ten years later	9,978,088											
Current estimate of cumulative claims cost	9,978,088	10,682,028	9,210,594	10,597,756	9,163,340	12,008,208	17,234,916	24,183,647	25,389,310	26,177,202	24,612,480	179,237,570
Cumulative payments	9,754,982	10,199,763	8,558,595	9,125,928	7,256,774	8,279,576	11,174,490	12,146,415	10,941,780	5,804,907	357,741	93,600,951
Undiscounted outstanding claims	223,106	482,265	651,999	1,471,828	1,906,567	3,728,631	6,060,426	12,037,232	14,447,530	20,372,295	24,254,739	85,636,619
Undiscounted outstanding claims for prior underwriting years												
Claims handling expenses												326,395
Event Claims (large claims)												48,553,254
Non-reinsurance recoveries												5,050,823
Central estimate of outstanding claims												145,357,137
Discount												(5,176,556)
Discounted central estimate												140,180,581
Risk margin												16,443,516
Net insurance liability												156,624,097
Premium Liability												21,808,700
Outstanding Claims Liability												134,815,397

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 2019. The philosophy adopted in this review is similar to the previous year.

The Scheme Actuary incorporated a prudential margin loading of 16.7% 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	16.7%
Non-Completion	17.7%
Subsidence	16.8%
Professional Fees	17.4%
Total	16.7%

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:

	2019	2018
Inflation rate	3.00%	3.00%
Discount rate (first year)	1.00%	1.50%

The weighted average time until liabilities are expected to be approved is estimated to be 3.2 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 recoveries (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 2019

Gross Outstanding Claims Provision	Net Outstanding Claims Provision
\$m	\$m
235.492	134.815

Change to Valuation	Change in Gross Provision \$m	Difference	Change in Net Provision \$m	Difference
2% Super-Imposed Inflation for Defects	3.559	1.5%	2.012	1.5%
QBCC are advised of a defect "event" which will result in a \$10 million claim costs	13.583	5.8%	4.916	3.6%
1% increase in inflation rate	7.465	3.2%	4.223	3.1%
1% decrease in inflation rate	(7.173)	(3.0%)	(4.055)	(3.0%)
1% increase in discount rates	(7.058)	(3.0%)	(4.218)	(3.1%)
1% decrease in discount rates	7.495	3.2%	4.490	3.3%
Risk Margin increased to 22.5%	10.286	4.4%	4.871	3.6%
Cessation of non-RI Recoveries (recoveries and costs)	3.956	1.7%	(4.852)	(3.6%)
Claims Handling Expense rate of 25%	9.724	4.1%	9.724	7.2%
Claims Handling Expense rate of 15%	(6.757)	(2.9%)	(6.757)	(5.0%)
Adopted claims frequencies increase 10%	23.945	10.2%	12.996	9.6%
Adopted average claims sizes increase 10%	23.945	10.2%	12.996	9.6%

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (cont.)

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

June 2018	Gross Outstanding Claims Provision		Net Outstanding Claims Provision	
	\$m		\$m	
	252.952		135.677	

Change to Valuation	Change in Gross Provision	Difference	Change in Net Provision	Difference
	\$m		\$m	
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%

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.

	2018-19			2017-18		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses - undiscounted	80 642	(56 311)	24 332	89 354	10 794	100 147
Reinsurance and other recoveries - undiscounted	(29 059)	26 411	(2 648)	(32 673)	(3 518)	(36 191)
Net claims incurred - undiscounted	51 584	(29 900)	21 684	56 680	7 276	63 956
Discount and discount movement - gross claims incurred	(2 850)	16 819	13 969	(7 330)	4 280	(3 050)
Discount and discount movement - reinsurance and other recoveries	1 013	(7 956)	(6 943)	2 648	(2 332)	317
Net discount movement	(1 837)	8 863	7 026	(4 682)	1 948	(2 733)
Total discounted net incurred claims	49 746	(21 037)	28 710	51 999	9 224	61 223

	2019 \$'000	2018 \$'000
Other recoveries undiscounted		
Claims recoverable from licensees	49 639	55 666
Allowance for impaired receivables	(53 924)	(49 851)
	(4 285)	5 815
Reinsurers' portion	3 336	(3 743)
Total undiscounted recoveries	(950)	2 072
Total discounted net incurred claims	19 756	51 319
Add: other recoveries undiscounted	950	(5 334)
Underwriting claims	20 706	45 985

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 2019. There have been no transfers between Level 1 and Level 2 during the current financial period.

As at 30 June 2019

	Classification according to fair value hierarchy			Total Carrying Amount
	Level 1	Level 2	Level 3	2019
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investments with QTC	-	10 073	-	10 073
Investments with QIC	-	293 536	-	293 536
Total	-	303 610	-	303 610

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				
Investments with QTC	-	26 302	-	26 302
Investments with QIC	-	256 752	-	256 752
Total	-	283 054	-	283 054

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	2019	2018
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	C1	11 278	27 512
Receivables	C2	15 013	20 551
Investments	D1-2	293 536	256 752
Total		319 827	304 815
Financial liabilities			
Payables	C7	28 528	37 492
Total		28 528	37 492

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.

	2019 Payable in		
	<1 year \$'000	>1 years \$'000	Total \$'000
Financial liabilities			
Payables	28 528	-	28 528
Total	28 528	-	28 528

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

D3. COMMITMENTS

Non-Cancellable Operating Lease Commitments

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

	2019	2018
	\$'000	\$'000
Not later than one year	5 419	3 775
Later than one year and not later than five years	18 853	14 396
Later than five years	10 857	14 445
	35 129	32 616

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:

	2019	2018
	\$'000	\$'000
Major Plant and Equipment		
Not later than one year	219	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	219	-

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 one guarantee as security for lease of office premises, totalling \$932,843. The guarantee is not recognised in the Statement of Financial Position as it is not expected that the guarantee 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 analysed the new revenue recognition requirements under these standards:

Licence Revenue

In September 2018, the AASB issued AASB 2018-4 on accounting for licence revenue by not-for-profit public sector licensors. This amending standard brings licences issued by not-for-profit public sector entities into the scope of AASB 15 and provides guidance on their accounting treatment. Revenue from licences are accounted for under AASB 15, while taxes are accounted for under AASB 1058.

The QBCC receives revenue from the issue of statutory licences. In accordance with Queensland Treasury's proposed policy directive following amendments to AASB 15 (arising from AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*), the revenue will be recognised under AASB 15 when the performance obligations are fulfilled. As the sole performance obligation is the issue of the licence to the customer, revenue will be recognised when the licence is issued. This is a change to the current accounting treatment of recognising revenue based on the licence renewal period which can range from one to five years. The transitional impact of reversing the unearned component from the Statement of Financial Position will be an approximate increase to equity of \$36.7 million. The QBCC will also experience reduced revenue for 2019-20 due to the change in accounting treatment.

AASB 15 does not apply to the QBCC's premium revenue as this is accounted for under *AASB 1023 General Insurance Contracts*. The QBCC has assessed the remaining revenue streams and as the performance obligation is fulfilled upon receipt therefore the revenue is recognised at that point in time.

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.

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

AASB 16 Leases (continued)

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.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the QBCC will apply the 'cumulative approach', and will 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 at the date of initial application.

Outcome of review as lessee

The QBCC has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows.

- Statement of financial position impact on 1 July 2019:
 - \$25.42 million increase in lease liabilities
 - \$23.93 million increase in right-of-use assets
 - \$1.13 million decrease in liabilities due to de-recognition of rent smoothing and lease incentives.
 - \$0.36 million decrease in opening accumulated surplus
- Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:
 - \$3.70 million increase in depreciation and amortisation expense
 - \$0.80 million increase in interest expense
 - \$4.13 million decrease in supplies and services expense
 - This results in a net increase of \$0.37 million in total expenses

During the 2018/19 financial year, the QBCC held one operating lease under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Queensland Treasury has advised that effective 1 July 2019, amendments to the framework agreements that govern QGAO will result in this arrangement being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation within this arrangement. From 2019-20 onwards, cost for this service will continue to be expensed as supplies and service expenses when incurred.

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 2018-19 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 decrease in reinsurance and other recoveries revenue is due to a decrease in the provision for reinsurers' share of future claims as a result of an actuarial assessment at end of the financial year.
<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 6.90% and higher than budgeted investment account balances. The budget assumed a return of 4.5%.
<i>Other revenue</i>	The increase in other revenue is due to one-off funding from the Department of Housing and Public Works and an increase in Notifiable Works revenue.
<i>Outward reinsurance</i>	The decrease in outward reinsurance is due to a decrease in the reinsurers' share of premium as a result of a decrease in gross premium income received.
<i>Claims approved and charged</i>	The decrease in claims approved and charged is due to a decrease in the provision for future claims as a result of an actuarial assessment at end of the financial year.
<i>Supplies and services</i>	The decrease in supplies and services is due to delays in expected costs for some Queensland Building Plan reforms including legal and facilities costs.
<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.
<i>Reinsurance receivables</i>	The decrease in reinsurance receivables is due to a decrease in the provision for reinsurers' share of future claims as a result of an actuarial assessment at end of the financial year.

E1 BUDGETARY REPORTING DISCLOSURES (continued)

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

<i>Property, plant and equipment</i>	The decrease in property, plant and equipment is due to a lower than budgeted expenditure on capital items including leasehold premise fit-out, which did not occur in 2018-19.
<i>Payables</i>	The decrease in payables is due to a lower claims approved outstanding liability as a result of lower claims approvals in the year compared to the budget and a decrease in the reinsurers share of recovery provision as a result of the decrease in the outstanding claims debts.
<i>Unearned income liability</i>	The increase in unearned income liability is due to a higher than budgeted number of licence renewals for more than one year renewal period and the anniversary of the introduction of the three year QBCC licences.
<i>Future claims and associated costs</i>	The decrease in future claims and associated costs is due to a decrease in the provision for future claims as a result of an actuarial assessment at end of the financial year.

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

<i>Received from licence fees</i>	The increase in received from licence fees is due to a higher than budgeted number of licence renewals for more than one year renewal period due to the anniversary of the introduction of the three year QBCC licences.
<i>Received from other revenue</i>	The increase in received from other revenue is due to one-off funding from the Department of Housing and Public Works and an increase in Notifiable Works revenue.
<i>Payments to employees</i>	The decrease in payments to employees is due to delays in expected costs for some Queensland Building Plan reforms.
<i>Received from reinsurers</i>	The decrease in received from reinsurers is due to the decrease in claims approved and therefore in the decrease in the reinsurers' share of claims approved.
<i>Payments for plant, equipment and intangibles</i>	The decrease in payments for plant, equipment and intangibles is due to lower than budgeted expenditure on capital items.
<i>Investment in other financial assets</i>	The increase in investment in other financial assets is due to the transfer of funds to long term investments due to the increase in unearned income.

**SECTION 6
OTHER INFORMATION**

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of Key Management Personnel

As from 2018-19, 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 2018-19 and 2017-18. Further information on these positions can be found in the body of the Annual Report under the section relating to Our Executive Team.

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

Position	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).
Chief Legal Officer *	Strategically leads the legal and internal review divisions. This role also provides legal support to the Board.
Chief Human Resources Officer *	Strategically leads the human resources, payroll, integrity and workplace health and safety functions of the QBCC.
Chief Information Officer *	Strategically leads the information services, administration and facilities and right to information divisions.
Chief Strategy Officer *	Strategically leads and manages the customer services, communications, transformation, strategy and industry insights divisions.
Chief Financial Officer *	Strategically leads and manages the Commission's finance, insurance and procurement functions.
Adjudication Registrar *	Strategically leads and manages the registry and the administration of the registry. The position is appointed under the <i>Building Industry Fairness (Security of Payment) Act 2017</i> .

* Indicates employees of the QBCEO

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 2018-19, 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 2018-19 year, remuneration packages of KMP did not increase. This was due to the negotiation of the State Government Entities Certified Agreement continuing with the matter now referred to Arbitration. The matter is listed for a mention before the Queensland Industrial Relations Commission on 13 September 2019.

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 2018 - 30 June 2019	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	339	-	17	27	-	383
Deputy Commissioner	267	-	1	30	-	298
Assistant Commissioner (to 26/04/2019)	188	-	-	15	-	203
Chief Legal Officer (from 02/10/2018)	149	-	1	15	-	165
Chief Operating Officer (to 21/09/2018) ¹	55	-	1	6	-	62
Chief Information Officer (from 16/10/2018) ²	126	-	-	13	-	139
Chief Strategy Officer	246	10	1	21	-	278
Chief Human Resources Officer	207	-	5	23	-	235
Chief Financial Officer	184	3	5	20	-	212
Adjudication Registrar (from 17/12/2018) ³	96	-	4	10	-	110
Total Remuneration	1,857	13	35	180	-	2,085

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

¹ Position abolished from 16/10/2018

² Position now forms part of the Executive Team from 16/10/2018.

³ New position created under the *Building Industry Fairness (Security of Payment) Act 2017*.

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

Remuneration Expenses (continued)

1 July 2017 - 30 June 2018	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	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

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 nine members appointed by the Governor-in-Council. The members are employed under the *QBCC Act*.

<u>Current Board</u>	Date of appointment	Date ceased from position
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	30/10/2018
Michelle James	1/12/2016	-
Brett Schimming	1/12/2016	-
Robert Schwarten	1/12/2016	-
Andrew Hickman	19/07/2018	-
Jade Ingham	19/07/2018	-
Yvonne Pengilly	19/07/2018	-

BOARD MEMBER REMUNERATION

	2019	2018
	\$'000	\$'000
R. L. Williams (Chair)	55	56
Jennifer Robertson (Deputy Chair)	27	27
Lesley Anderson	27	27
Leeanne Bond	9	27
Michelle James	27	27
Brett Schimming	27	27
Robert Schwarten	27	27
Andrew Hickman	26	-
Jade Ingham	26	-
Yvonne Pengilly	26	-
	277	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 to assist in the implementation of the Queensland Building Plan and Minimum Financial Requirements reforms. The total amount received is \$5,326,000. This is reflected in Note B1-6.

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
2018-19			
Income			
Licence revenue	39 279	-	39 279
Premium revenue	-	74 043	74 043
Reinsurance and other recoveries revenue	-	56 178	56 178
Insurance administration fees revenue	-	26 608	26 608
Investment revenue	921	13 714	14 635
Other revenue	12 373	67	12 440
Gains on sale of assets	41	-	41
Total Income	52 614	170 610	223 224
Expenses			
Outward reinsurance	-	39 644	39 644
Claims approved and charged	-	24 950	24 950
Employee expenses	50 027	2 540	52 567
Supplies and services	24 425	5 503	29 928
Depreciation and amortisation	1 944	795	2 739
Impairment losses	1 454	54 174	55 628
Other expenses	1 047	-	1 047
Total Expenses	78 897	127 606	206 503
Interfund Transfer	26 003	(26 003)	-
Operating Result	(280)	17 001	16 721

F4. SEGMENT INFORMATION (continued)

	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)

F4. SEGMENT INFORMATION (continued)

30 June 2019	General Statutory Fund	Insurance Fund	Total
	\$'000	\$'000	\$'000
Consolidated Entity			
Current Assets			
Cash and cash equivalents	4 364	6 914	11 278
Receivables	4 573	10 440	15 013
Reinsurance receivables	-	26 007	26 007
Other financial assets	32 980	260 556	293 536
Other current assets	5 521	12 670	18 191
Total Current Assets	47 438	316 587	364 025
Non-Current Assets			
Reinsurance receivables	-	74 669	74 669
Intangible assets	4 098	1 893	5 991
Property, plant and equipment	3 319	-	3 319
Total Non-Current Assets	7 417	76 562	83 979
Total Assets	54 855	393 149	448 004
Current Liabilities			
Payables	3 436	25 092	28 528
Employee benefits	4 938	274	5 212
Provisions	109	-	109
Unearned income liability	14 032	37 646	51 678
Future claims and associated costs	-	58 064	58 064
Total Current Liabilities	22 515	121 076	143 591
Non-Current Liabilities			
Employee benefits	6 162	440	6 602
Provisions	778	-	778
Unearned income liability	23 794	-	23 794
Future claims and associated costs	-	177 428	177 428
Total Non-Current Liabilities	30 734	177 868	208 602
Total Liabilities	53 249	298 944	352 193
Net Assets	1 606	94 205	95 811
Equity			
Contributed equity	395	-	395
Accumulated surplus	1 211	94 205	95 416
Total Equity	1 606	94 205	95 811

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
Leasehold restoration paid in advance	-	-	-
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

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	52 567	2 915	49 652
Other expenses	1 047	986	61
TOTAL EXPENSES FROM CONTINUING OPERATIONS	53 614	3 901	49 713

The difference of \$49.71 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 \$61,000 difference on other expenses represents audit fees for the QBCEO Financial Statements and special payments for two ex-QBCC staff.

STATEMENT OF FINANCIAL POSITION

	Consolidated QBCC	QBCC	QBCEO
	\$'000	\$'000	\$'000
CURRENT ASSETS			
Receivables - other	15 013	14 916	97
TOTAL CURRENT ASSETS	15 013	14 916	97
CURRENT LIABILITIES			
Payables	28 528	28 273	255
Employee benefits	5 212	5	5 207
TOTAL CURRENT LIABILITIES	33 740	28 278	5 462
NON-CURRENT LIABILITIES			
Employee benefits	6 602	82	6 520
TOTAL NON-CURRENT LIABILITIES	6 602	82	6 520

The difference of \$0.097 million between the receivables on the consolidated financial statements and the QBCC represents;

- \$0.093 million receivable from Australian Taxation Office for Fringe Benefits Tax paid for the 2017-18 FBT year.
- \$0.004 million receivable for salary recoveries from external entities.

The difference of \$0.255 million between the payables on the consolidated financial statements and the QBCC represents;

- \$0.007 million accrued expenses for audit fees and other invoices due on the QBCEO Financial Statements
- \$0.066 million provision for Fringe Benefits Tax payable for employees of the QBCEO
- \$0.182 million provision for Payroll Tax payable for employees of the QBCEO.

The difference of \$5.207 million between the current accrued employee benefits on the consolidated financial statements and the QBCC represents:

- \$4.506 million annual leave provision for employees of the QBCEO
- \$0.622 million long service leave current provision for employees of the QBCEO
- \$0.068 million time off in lieu provision for employees of the QBCEO
- \$0.011 million parental leave payable due but not yet paid for employees of the QBCEO

The difference of \$6.520 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	(45 984)	(281)	(45 703)
Payments to suppliers	(36 258)	(33 502)	(2 756)
	(82 242)	(33 783)	(48 459)

NOTES TO RECONCILIATIONS

The difference of \$45.70 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 2018-19. The \$2.76 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 2019

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 2019 and of the financial position of the Commission at the end of that year; and

we acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

DocuSigned by:
RICHARD WILLIAMS
8FF1DAA1D84F48F...

R. L. Williams
Chair of the Board

DocuSigned by:
Brett Bassett
B6A3A8FB9B774DC...

Brett Bassett
Commissioner

Brisbane
29 August 2019

Brisbane
29 August 2019

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 parent's and group's financial position as at 30 June 2019, and their financial performance and cash flows for the year then ended
- 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 statement of financial position as at 30 June 2019, 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 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 2019:

- 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

30 August 2019
Queensland Audit Office
Brisbane

The Queensland Government has published a new Regulator Performance Framework which requires regulators to report the extent which they are implementing model practices included in the Framework. This appendix lists evidence of how the QBCC's regulatory practices and activities in 2018–2019 align with the model practices.

TABLE 34 | QBCC REGULATOR PERFORMANCE FRAMEWORK ASSESSMENT 2018–2019

Regulator model practices and supporting principles	Evidence (including case studies) demonstrating the extent of the QBCC's regulatory practices align with the regulator model practices, or actions taken in 2018–2019 or currently being taken to improve regulator activities and business practices to reflect the regulator model practices.
<p>1. Ensure regulatory activity is proportionate to risk and minimises unnecessary burden</p> <ul style="list-style-type: none"> A proportionate approach is applied to compliance activities, engagement and regulatory enforcement actions Regulations do not unnecessarily impose on regulated entities Regulatory approaches are updated and informed by intelligence gathering so that effort is focused toward risk 	<p>In the reporting period, the QBCC implemented activities to:</p> <ul style="list-style-type: none"> Change the behaviour of potential offenders, as well as deter future non-compliance by providing education and engagement activities, and making forms and notices more readable to allow customer interactions to be more effective. Eliminate any financial gain or benefit from non-compliance by using internal data to inform investigation activities, particularly around unlicensed contracting, monies owed, and financial audits. The QBCC begun its Insights Driven Regulator journey in 2018 to become a more risk-based regulator. Work on the necessary infrastructure that will enable better data interrogating and reporting capabilities begun in 2018–2019, and will continue to meet the needs of the QBCC. We have also explored various options to share information across different government agencies that will assist in shaping early detection and surveillance across the building and construction sector. Consider penalties for a particular offender and regulatory issue by commencing work on developing a regulation model that aligns the QBCC's regulatory response to non-compliant behaviours. These could include education activities to persuade customers to comply with the law, to prosecutions and licence suspensions for those who cause the most harm and are wilfully non-compliant. The QBCC seeks to place the greatest burden on the non-compliant, and create deterrence through proportionate and meaningful sanctions.
<p>2. Consult and engage meaningfully with stakeholders</p> <ul style="list-style-type: none"> Formal and informal consultation mechanisms are in place to allow for the full range of stakeholder input and Government decision-making circumstances Engagement is undertaken in ways that help regulators develop a genuine understanding of the operating environment of regulated entities Cooperative and collaborative relationships are established with stakeholders, including other regulators, to promote trust and improve the efficiency and effectiveness of the regulatory framework 	<p>The QBCC sought to gain further insights and influence in the sector through the following means:</p> <ul style="list-style-type: none"> The QBCC continued the Stakeholder Advisory Committee to enhance operational efficiency by obtaining stakeholder feedback and making recommendations to the Board so that feedback can be addressed in a timely and appropriate manner. It comprises members of the QBCC Board, and over 30 key external stakeholders. The committee met three times in 2018–2019 to provide updates to industry including the new Minimum Financial Requirements process, changes to the workplace, health and safety legislation, and the implementation of the non-conforming building products legislation. The Service Trades Council is an independent advisory body to the Minister and the QBCC Commissioner in relation to the service trades. It comprises members and deputy members from industry and other Queensland government departments. The Council met six times in 2018–2019, and provided advice to the Minister and the Commissioner in accordance with its functions under the <i>Plumbing and Drainage Act 2018</i>.

3.

Provide appropriate information and support to assist compliance

- Clear and timely guidance and support is accessible to stakeholders and tailored to meet the needs of the target audience
- Advice is consistent and, where appropriate, decisions are communicated in a manner that clearly articulates what is required to achieve compliance
- Where appropriate, regulatory approaches are tailored to ensure compliance activities do not disproportionately burden particular stakeholders (e.g. small business) or require specialist advice

The QBCC sees education and engagement activities as a key strategy in helping customers understand their responsibilities in complying with the law. These activities are held regularly across Queensland. In addition, the QBCC brings on board keynote speakers to provide tips on how to overcome common difficulties experienced by licensees. Some examples of its activities in 2018–2019 include:

- More than 4,800 people attending the QBCC’s Tradie Tours across the State, achieving a 96 per cent satisfaction rate. As part of the Tour, face-to-face workshops were held focusing on topics such as common painting defects, roof restoration and applied finishes.
- Two state-wide roadshows, which included 10 face-to-face workshops on changes to the Minimum Financial Requirements, and 12 workshops and nine webinars on Security of Payment reforms were held. Two accountant only sessions and two accountant only webinars were held to provide targeted information.
- 31 proactive site visits and breakfast events held where various QBCC requirements were discussed with workers, trade managers and project managers.
- Four painter presentations were held to educate licensed painters on their obligations regarding the home warranty insurance
- The QBCC published the Compliance and Enforcement Strategy 2018–2019 on its website. It informs the 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 compliance within the building and construction industry.
- The QBCC revised and published its Standards and Tolerances Guide 2019 in line with the adoption of the National Construction Code 2019 by all states and territories on 1 May 2019. It provides a quick and easy first reference for customers and contractors in relation to applicable standards and tolerances with the intent of reducing the likelihood of disputes in these areas.
- The QBCC contacted owners of buildings to register and complete the Safer Buildings Combustible Cladding checklist, which is designed to help the QBCC and building owners understand if there was a fire risk.
- The QBCC issued warnings to the public against unlicensed companies and individuals who offered services in regulated activities to Queenslanders.

4.

Commit to continuous improvement

- Regular review of the approach to regulatory activities, collaboration with stakeholders and other regulators, to ensure it is appropriately risk-based, leverages technological innovation and remains the best approach to achieving outcomes
- To the extent possible, reform of regulatory activities is prioritised on the basis of impact on stakeholders and the community
- Staff have the necessary training and support to effectively, efficiently and consistently perform their duties

The QBCC seeks to be more effective and efficient in its operations.

- The process optimisation project in the QBCC seeks to ensure that staff are following the right processes at the right level, and have identified opportunities for process improvement. It also seeks to move staff from performing routine to high value work. As at 30 June 2019, the project identified over 950 pain points, 335 quick wins, and 290 system improvements.
- The QBCC implemented a project in June 2019 to move us to being a more equitable organisation when it comes to our customer wait-time experience. The state-wide distribution of work project means that when a customer submits a complaint to the QBCC, it will be handled by the next available assessment officer across the State (regardless of location). It also brings other benefits including equal distribution of work across the organisation based on FTE, consistency of processes across the State, the QBCC is able to manage the ups and downs of workflow across the State, and it allows the QBCC to be flexible for staff as they do not have to be based in Brisbane.

5.

Be transparent and accountable in actions

- Where appropriate, regulatory frameworks and timeframes for making regulatory decisions are published to provide certainty to stakeholders
- Decisions are provided in a timely manner, clearly articulating expectations and the underlying reasons for decisions
- Indicators of regulator performance are publicly available

The QBCC continues to improve its efforts to be transparent and accountable in its actions. This is to build trust and confidence in all that we do.

- The QBCC published its Compliance and Enforcement Strategy 2018–2019 on its website.
- The QBCC publishes its Strategic Plan, as well as its performance measures on its website.
- The QBCC's Service Delivery Statement are available on the state budget website, www.budget.qld.gov.au.
- The QBCC has service standards that specifically pertain to the performance of key regulatory activities as listed below. The performance of these service standards for the 2018–2019 period can be found on pages 21 and 35 of this Annual Report. The service standards include:
 - » Time taken to process licence applications
 - » Time taken to finalise dispute cases
 - » Customer perceptions of the fairness of our decisions
 - » The percentage of decisions that were overturned by the Queensland Civil and Administrative Tribunal.
- As required by the *Financial and Performance Management Standard 2009**, the QBCC produces a performance report on a quarterly basis. This report contains performance against the Strategic Plan, and the Service Delivery Statements. The report is tabled at QBCC Executive Team meetings, and the QBC Board meetings. The QBCC also publishes its Annual Report on its website as soon as practicable after it has been tabled in the Legislative Assembly.

* The *Financial and Performance Management Standard 2009* was repealed by the *Financial and Performance Management Standard 2019* on 1 September 2019.



GLOSSARY

AA	Administrative Access
AASB	Australian Accounting Standards Board
ALP	Australian Labor Party
APRA	Australian Prudential Regulatory Authority
ARRs	Annual Report Requirements for Queensland Government agencies
ATO	Australian Tax Office
BCIPA	<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
Council	Service Trades Council
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
EEO	Equal Employment Opportunity
FAA	<i>Financial Accountability Act 2009</i>
FBT	Fringe Benefits Tax
FPMS	<i>Financial and Performance Management Standard 2019*</i>
FTE	Full-time equivalent
GST	Goods and Services Tax
IP Act	<i>Information Privacy Act 2009</i>
KMP	Key Management Personnel
MDT	Multi-Disciplinary Team
MFR	Minimum Financial Requirements
PDA	<i>Plumbing and Drainage Act 2018</i>
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
QCAT	Queensland Civil and Administrative Tribunal
QGAO	Queensland Government Accommodation Office
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
Scheme	Queensland Home Warranty Scheme

* The *Financial and Performance Management Standard 2009* was repealed by the *Financial and Performance Management Standard 2019* on 1 September 2019.

INDEX OF TABLES

Table 1: Objective 1 Success Measures	21
Table 2: Licences cancelled and suspended under section 48 of the QBCC Act in 2018–2019	23
Table 3: Licensing audits over the past five years	25
Table 4: Contractual investigations over the past five years	25
Table 5: Demerit points issued over the past five years	26
Table 6: Plumbing disciplinary actions	28
Table 7: Number of pools on the pool register	30
Table 8: Pool safety inspector licences 2018–2019	31
Table 9: Objective 2 Success Measures	35
Table 10: Customer Contact Centre statistics over the past five years	36
Table 11: QBCC Act licensees by licence type as at 30 June 2019	37
Table 12: PDA licensees by licence type as at 30 June 2019	38
Table 13: Insurance premiums received over the past five years	39
Table 14: Ten most common building defects in 2018–2019	41
Table 15: Adjudication applications for 2018–2019	42
Table 16: Adjudication claimed amount for 2018–2019	43
Table 17: Number of adjudication decisions made in 2018–2019	44
Table 18: Adjudication decisions	44
Table 19: Average duration for adjudication (business days)	45
Table 20: BCIPA: Adjudication application fee	45
Table 21: BIF Act: Adjudication application fee	46
Table 22: BCIPA: Adjudicator fee	46
Table 23: BIF Act: Adjudicator fee	47
Table 24: BCIPA: Adjudication fee as proportioned between the parties	48
Table 25: BIF Act: Adjudication fee as proportioned between the parties	49
Table 26: Customer feedback statistics over the past four years	51
Table 27: Objective 3 Success Measures	53
Table 28: Objective 4 Success Measures	57
Table 29: Workplace profile as at 30 June 2019	57
Table 30: Workforce diversity as at 30 June 2019 (based on substantive position)	58
Table 31: Objective 5 Success Measures	61
Table 32: Board member attendance and remuneration 2018–2019	64
Table 33: Service Trades Council member attendance and remuneration 2018–2019	67
Table 34: QBCC Regulator Performance Framework Assessment 2018–2019	131

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
Accessibility	• Table of contents • Glossary	ARRs – section 9.1 3, 134
	• Public availability	ARRs – section 9.2 2
	• 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
	• Machinery of Government changes	ARRs – section 10.2, 31 and 32 N/A
	• Agency role and main functions	ARRs – section 10.2 5
	• Operating environment	ARRs – section 10.3 5
Non-financial performance	• Government's objectives for the community	ARRs – section 11.1 6
	• Other whole-of-government plans / specific initiatives	ARRs – section 11.2 5, 6, 9
	• Agency objectives and performance indicators	ARRs – section 11.3 6, 21-61
	• Agency service areas and service standards	ARRs – section 11.4 21, 35
Financial performance	• Summary of financial performance	ARRs – section 12.1 71
Governance – management and structure	• Organisational structure	ARRs – section 13.1 13
	• Executive management	ARRs – section 13.2 16-17
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3 64, 67
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 68
	• Queensland public service values	ARRs – section 13.5 6
Governance – risk management and accountability	• Risk management	ARRs – section 14.1 54, 64
	• Audit committee	ARRs – section 14.2 64
	• Internal audit	ARRs – section 14.3 54, 64
	• External scrutiny	ARRs – section 14.4 N/A
	• Information systems and recordkeeping	ARRs – section 14.5 55
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1 57-59
	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2 59
Open Data	• Statement advising publication of information	ARRs – section 16 55
	• Consultancies	ARRs – section 33.1 https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2 https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3 https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1 127
	• Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2 128

FAA *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2019**
 ARRAs *Annual report requirements for Queensland Government agencies*

* The *Financial and Performance Management Standard 2009* was repealed by the *Financial and Performance Management Standard 2019* on 1 September 2019.





Need more information?

Visit qbcc.qld.gov.au



299 Montague Road
West End Qld 4101
GPO Box 5099
Brisbane Qld 4001
qbcc.qld.gov.au