

# ANNUAL REPORT

2022-2023



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## ATTRIBUTION

Content from this annual report should be attributed as:

Queensland Building and Construction Commission  
Annual Report 2022-2023.

## ABOUT THIS REPORT

This report summarises the activities and performance of the Queensland Building and Construction Commission (QBCC) for 2022-2023 against key business objectives and targets as set by the Queensland Building and Construction Board (QBC Board), the Government's objectives for the community and the QBCC 2020-2024 (revised for 2022-23) 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 expenditure.

This is the QBCC's tenth annual report since its commencement on 1 December 2013. The previous annual reports are available on our website at [www.qbcc.qld.gov.au](http://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-corporate-publications/annual-report](http://www.qbcc.qld.gov.au/about-us/our-corporate-publications/annual-report).

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/contact-us](http://www.qbcc.qld.gov.au/contact-us).

Addresses are also available on page 12 of this report.

T: 139 333

E: [info@qbcc.qld.gov.au](mailto: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 [qbcc.qld.gov.au](http://qbcc.qld.gov.au)

## ACKNOWLEDGEMENT OF COUNTRY

The QBCC acknowledges the Aboriginal and Torres Strait Islander Traditional Custodians of Country throughout Australia and recognise the continuing connection to lands, water and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

The QBCC is dedicated to advancing reconciliation and building a diverse workplace by adopting inclusive practices, encouraging learning, supporting tolerance and understanding, and respecting the diversity and traditions of Aboriginal and Torres Strait Islander communities. Our approach as an organisation will demonstrate commitment and enhance adoption within the wider community.

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# LETTER OF COMPLIANCE



21 September 2023

The Honourable Mick de Brenni MP  
Minister for Energy, Renewables and Hydrogen and  
Minister for Public Works and Procurement  
1 William Street  
BRISBANE, QLD 4000

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2022-2023 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 is provided at page 116 of this Annual Report.

Yours sincerely

A handwritten signature in black ink that reads 'Michelle James'.

Michelle James  
Chair  
Queensland Building and Construction Board

## ABOUT US

### 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 Queensland home warranty insurance fund (the Queensland Home Warranty Scheme).

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 (QBC Board). Our responsible Minister is the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

The QBCC values the role of the Department of Energy and Public Works (DEPW) in supporting the Government with policy and legislative responsibilities for the building and construction industry. We work with the DEPW to implement and progress government policy, while exercising our legislative responsibilities impartially, effectively, and consistently, to build trust and confidence in the industry.

Led by a Chief Executive Officer and Commissioner, our vision as published in the Strategic Plan, is to be a regulator that 'builds trust and confidence in all we do'. Our overarching strategies contribute to the Queensland Government's Objectives for the Community, with our activities contributing across the focus areas of 'Supporting jobs', 'Building Queensland', and 'Backing small business'.

### OUR STRATEGIC PLAN

The QBCC 2020-2024 (revised for 2022-23) Strategic Plan, to which this Annual Report relates, lays out four strategic objectives, associated strategies, and the performance measures we use to determine if we are achieving the objectives.

Our Strategic Plan also details the risks that could hinder achievement of our objectives, and the opportunities that could assist us in achieving them. The Strategic Plan makes it clear that our people matter and commits us to putting the welfare of our people at the forefront of all we do.

In carrying out our work, over the past four years the QBCC has valued the following behaviours in our people:

- professionalism
- integrity
- accountability
- teamwork
- customer focus.

The QBCC 2020-2024 (revised for 2022-23) Strategic Plan can be downloaded at [www.qbcc.qld.gov.au/about-us/our-corporate-publications/strategic-plan](http://www.qbcc.qld.gov.au/about-us/our-corporate-publications/strategic-plan).

The QBCC has undertaken a comprehensive review of its Strategic Plan. The new plan, for the 2023-2027 period, was published on 30 June 2023 – which includes a refreshed vision, purpose and set of corporate values.

The QBCC's refreshed vision is a thriving and resilient building and construction industry inspiring confidence, and supporting sustainable social, environmental and economic outcomes for Queenslanders.

## QBC BOARD CHAIR'S MESSAGE

In this, my first Annual Report message as Chair of the Queensland Building and Construction (QBC) Board, I want to share with you some of the excellent outcomes achieved by the Queensland Building and Construction Commission (QBCC) during the 2022-2023 financial year.

Firstly, this Annual Report reveals a significant milestone in the QBCC's ongoing protection of home and property owners, with a record value for claims approved under Australia's most accessible home warranty scheme.

In 2022-2023, the Queensland Home Warranty Scheme (QHWS) administered by the QBCC approved \$68.6 million in insurance claim approvals.

This included \$47.5 million for non-completion claims, \$17.3 million for defects claims and \$3.8 million for subsidence claims.

The peace of mind offered by the QHWS is particularly important during the current period of volatility in the building and construction industry in Queensland and Australia, which has seen several high-profile company insolvencies.

To help manage the challenges currently facing our industry, the QBCC has instigated several improvements to its business practices over the past 12 months.

The QBCC Governance Review\* 2022 recommended a number of changes to the QBCC, including a restructured, smaller QBC Board.

The Review also recommended a renewed focus on the QBCC's role regarding licensing and compliance of the industry, and enhancing its reputation based on consistency, transparency, and fair and impartial decision making.

To assist with this recommendation, the QBC Board has approved the QBCC Strategic Plan 2023-2027† and endorsed a new set of Values for the QBCC.

The Strategic Plan includes a new Vision for the QBCC: 'A thriving and resilient building and construction industry inspiring confidence, and supporting sustainable social, environmental and economic outcomes for Queenslanders'.

The QBC Board and I have great confidence in the Strategic Plan and believe it will help the QBCC continue with its successful regulation of our industry.

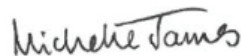
The QBCC also has a new Purpose: 'To deliver excellence in regulatory services to reduce risk and offer protection from harm'.

The new Vision and Purpose are excellent guideposts for the QBCC, and the QBC Board strongly supports and encourages the aims and intent of these.

As we look to the year ahead, we know that our industry is likely to face a continuation of recent challenging circumstances.

However, we hope there is positive change and good news in the year ahead and wish our licensees and other industry participants success and safety with their work.

At the same time, while the QBC Board and the QBCC perform our roles, we will bear in mind the QBCC Governance Review 2022 and its call for transparent, consistent, and fair and impartial decision making.



Michelle James

Chair

Queensland Building and Construction Board

\* <https://www.epw.qld.gov.au/about/initiatives/qbcc-governance-review>

† <https://www.qbcc.qld.gov.au/resources/corporate-publication/qbcc-strategic-plan-2023-2027-expanded>

## COMMISSIONER'S FOREWORD

The past year, my first full year as Commissioner, has been a big year in many different ways. Unfortunately we have seen a continuation of the difficult times for the building and construction industry in Queensland and Australia.

Despite these challenges, I continue to be impressed with the ways in which our licensees and other industry participants, such as suppliers, have continued to push through adversity to keep delivering excellent work for Queenslanders.

These difficult industry circumstances make the QBCC's role more important now than ever before, as we work to protect industry participants and Queensland home owners from financial and physical risks, and defective building work.

Over the past year, the QBCC has been extremely busy as we have continued to evolve and improve our services, to become an even more customer and outcomes-focused regulator, in particular with the planning and preparation for the QBCC Reset.

The QBCC Reset, which launched on 3 July 2023, is the first major review of our organisational structure since the changes that emanated from the 2012 Inquiry into the Operation and Performance of the Queensland Building Services Authority.

The changes delivered through the QBCC Reset are consistent with recommendations in the independent QBCC Governance Review 2022.

The QBCC Reset is designed to deliver improved customer service through more efficient and consistent business practices by the QBCC. At its heart we are aiming to make it easier to do business with the QBCC and easier for our people to do their jobs.

As we were preparing for this important change, the QBCC's people continued to work hard for our industry and home owners on a number of fronts.

We have seen total cases managed by our people (non-completion claims, defective work claims, defective work complaints, and early dispute resolution cases) increase from 6,825 in 2020-2021 to 8,240 in 2021-2022 to 8,800 in 2022-2023 – a 29 per cent increase over three years.

Non-completion claims under the Queensland Home Warranty Scheme have increased from 212 in 2020-2021 to 730 in 2021-2022 to 1387 in 2022-2023 – an increase of 554 per cent over three years.

One of our critical roles is to check that building work is being performed safely and to appropriate standards. To help us with this, we conducted 1,404 proactive site visits or inspections, and issued 110 improvement notices to licensees.

This tells us that the vast majority of our licensees are doing a great job, and so our role is to focus our efforts on the few that are not.

We also undertook 735 investigations into unlicensed contracting and 204 improper uses of a licence.

Compliance checks like this help protect home owners from illegal, dangerous and defective work and help maintain an equitable playing field for our qualified, experienced licensees. We are committed to focusing our compliance and enforcement efforts on the areas of greatest risk.

Our educational events for industry participants help reduce the risk of company insolvencies, non-payment of subcontractors and worksite safety incidents. In 2022-2023, we presented 49 retention trust training webinars, 29 in-person sessions on financial reporting responsibilities, 16 information sessions for apprentices and much more. We are committed to continuously improving the way we support, educate and advise our customers.

Security of payment for our licensees and financial reporting activities by licensees are also closely monitored by the QBCC.

In 2022-2023, we commenced 259 financial audits of licensees and conducted 167 non-payment of debts investigations, leading to 27 licence cancellations and 47 licence suspensions.

Approximately \$6.3 million in outstanding debts was paid to creditors who lodged a monies-owed complaint with the QBCC, taking the amount paid to creditors since this process started in 2014 to approximately \$50 million.

Trust accounts have been introduced to help subcontractors get paid, and parties that are required to use project trust accounts are subject to rules regarding deposits and withdrawals and recordkeeping. Since commencement on 1 March 2021, and as at 30 June 2023, 737 Project Trust Accounts have been opened, with a total contract value of approximately \$14.3 billion - of these, 697 remain open with a value of \$13.8 billion. In the same period, 271 Retention Trust Accounts (which hold retentions for multiple projects) have also been opened.

The QBCC's audits of trust account requirements included completed reviews of 132 project trust accounts and three retention trust accounts.

Looking to the future, the QBCC Reset will be assisted by our recruitment of a significant number of new roles to help us improve our service delivery and outcomes for all our customers (licensees and consumers) as well as the broader community.

This will mean we can:

- increase our frontline staff to deliver improvements across critical service areas like dispute resolution, building inspections, licensing, home warranty claims management and maintaining security of payment for subcontractors
- implement a Regulatory Assurance Framework to provide quality assurance that will result in greater clarity and consistency in our decision-making

## COMMISSIONER'S FOREWORD CONTINUED

- establish the QBCC Regulatory Academy to improve the quality of decisions by training staff to ensure they act consistently, transparently, fairly and impartially, and to provide information and education opportunities to our customers invest in customer research and data analysis initiatives that will derive better insights and drive QBCC's priorities, deliverables and improvements in the customer experience
- progress a pilot for an independent, quarantined dispute resolution service within the QBCC
- continue to deliver against the digital services strategy and roadmap to ensure the QBCC's information systems are contemporary and integrated; making it easier for customers and stakeholders to interact with the QBCC.

These activities will improve the QBCC's performance and contribute to delivery of the QBCC Governance Review 2022 recommendations.

While we are doing all of this, our people will continue to provide conscientious and diligent work for all building and construction industry participants and Queensland home owners.

Your success is our success. We want to see a thriving and resilient building and construction industry that inspires confidence, and supports sustainable social, environmental and economic outcomes for Queenslanders.

To do this we are committed to delivering excellence in our regulatory services to reduce risk and offer protection from harm.

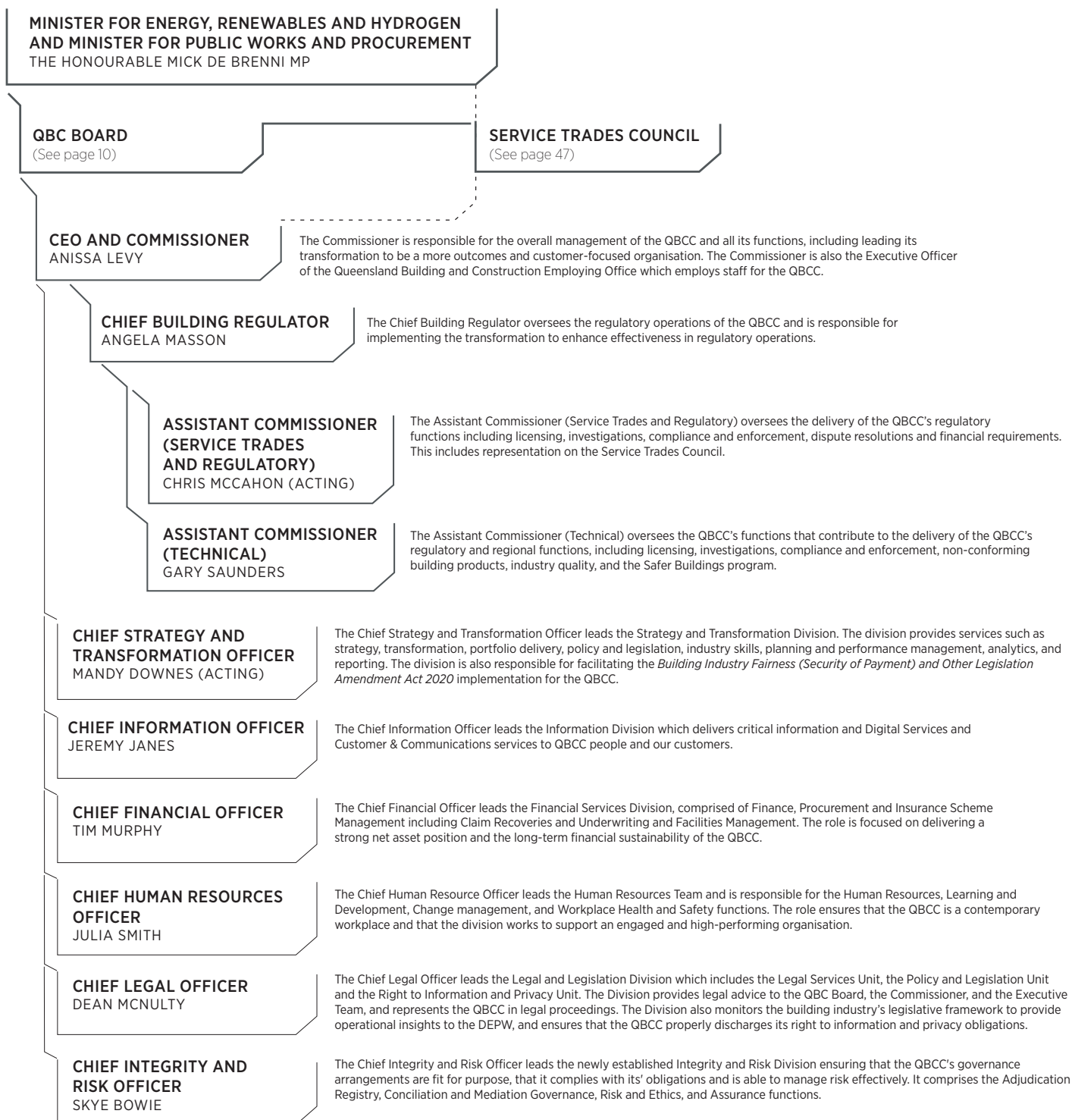


Anissa Levy  
CEO and Commissioner  
Queensland Building and Construction Commission



# OUR STRUCTURE

The QBCC's senior management structure chart identifies the key figures within the organisation and their areas of responsibility as at 30 June 2023.



## OUR BOARD

AS AT 30 JUNE 2023

### **MICHELLE JAMES (Chair)**

Appointed 1 December 2022

*LLB (Hons), GAICD*

The QBC Board Chair, Ms James, is a Principal and Director with law firm Maurice Blackburn. She has over 20 years' experience in personal injuries litigation and significant experience advocating for the rights of injured people, particularly survivors of child sexual abuse, heading up Maurice Blackburn's national Abuse Law practice. She has authored submissions to, and appeared before, numerous State and Federal Parliamentary and Senate Committees in relation to matters impacting injured people and survivors of child sexual abuse.

She has expertise in organisational leadership and governance and is an advocate for inclusion and diversity in governance. Ms James was the first woman President of the Australian Lawyers Alliance in Queensland and is now a national Director. She was the 2013 Recipient of the Queensland Law Society Agnes McWhinney Award and is a Queensland Law Society Accredited Specialist.

### **JOHN ANDERSON (Deputy Chair)**

Appointed 1 December 2022

QBC Board Deputy Chair, Mr Anderson, is a respected and tertiary qualified First Nations elder with extensive board and leadership experience. He is the Executive Director of Pi-CaTS Pty Ltd and board member of Health Consumers Queensland. Mr Anderson was the first Aboriginal trade unionist nominated by his peers for appointment as a Federal Council member of the Australian Council of Trade Unions.

### **ROBYN PETROU**

Appointed 1 December 2022

QBC Board member Ms Petrou, brings a wealth of expertise having successfully navigated complex financial landscapes, with expertise in funds and financial management, investment and corporate strategies, risk mitigation, and advocacy. Her tenure as CEO of a superannuation fund has been marked by innovative approaches to customer engagement, driving growth, and ensuring long-term sustainability. Robyn has over 15 years' experience as a board director. Her visionary leadership has catalysed transformative changes, positioning organisations for sustained success amidst evolving market dynamics.

### **CHRISTOPHER EDWARDS**

Appointed 1 December 2022

QBC Board member, Mr Edwards, is a non-executive board member of the Board of Professional Engineers of Queensland, Racing Queensland, and Aviation Australia.

**SUZANNE BAKER**

Appointed 1 December 2022

QBC Board Member and Chairperson QBC Finance Audit and Risk Committee, Ms Baker is a professional non-executive director with 25 years' experience as a non-executive director, committee member and Chairperson. She has extensive experience on public sector boards and Audit Committees and holds tertiary qualifications and professional memberships in Accounting, Finance and Governance. During the year Ms Baker's term as a Non-Executive Director of Sustainable Timber Tasmania concluded.

**COLIN CASSIDY**

Appointed 1 December 2022

QBC Board member, Mr Cassidy, holds positions on the Metro South Hospital and Health Board and has significant board and committee experience. He has had a long public sector career, including several senior executive roles in the Queensland Government.

**MEG FRISBY**

Appointed 1 December 2022

*LLB*

QBC Board member, Ms Frisby, is the Director of Meg Frisby Consulting, a stakeholder relations consultancy based in North Queensland. She has extensive private and public sector experience having worked as a lawyer, a Chief of Staff in State and Local Government and in the resources sector as a Stakeholder Relations Specialist.

## OUR REACH ACROSS QUEENSLAND

The QBCC offers customer, regulatory, and corporate services through nine service centres located across Queensland, including one Brisbane office located in West End.

### 1. BRISBANE

299 Montague Road, West End, Brisbane Qld 4101

CEO and Commissioner: Anissa Levy

Active QBCC licensees: 49,930

### 2. GOLD COAST

Robina Super Centre, Suite 26,

86 Robina Town Centre Drive, Robina Qld 4226

Acting Manager: John Cooper

Active QBCC licensees: 11,929

### 3. TOOWOOMBA

200 Hume Street, Toowoomba Qld 4350

Acting Manager: Susan Sheppard

Active QBCC licensees: 6,074

### 4. SUNSHINE COAST

6 Pikki Street, Maroochydore Qld 4558

Manager: Dani Benstead

Active QBCC licensees: 10,805

### 5. MARYBOROUGH

302 Alice Street, Maryborough Qld 4650

Manager: Daniel Stephensen

Active QBCC licensees: 4,219

### 6. ROCKHAMPTON

194 Alma Street, Rockhampton Qld 4700

Manager: Edward Goodsall

Active QBCC licensees: 2,938

### 7. MACKAY

Tenancy 2, 42 East Gordon Street, Mackay Qld 4740

Manager: Karen Hold

Active QBCC licensees: 2,661

### 8. TOWNSVILLE

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

Manager: William Piper

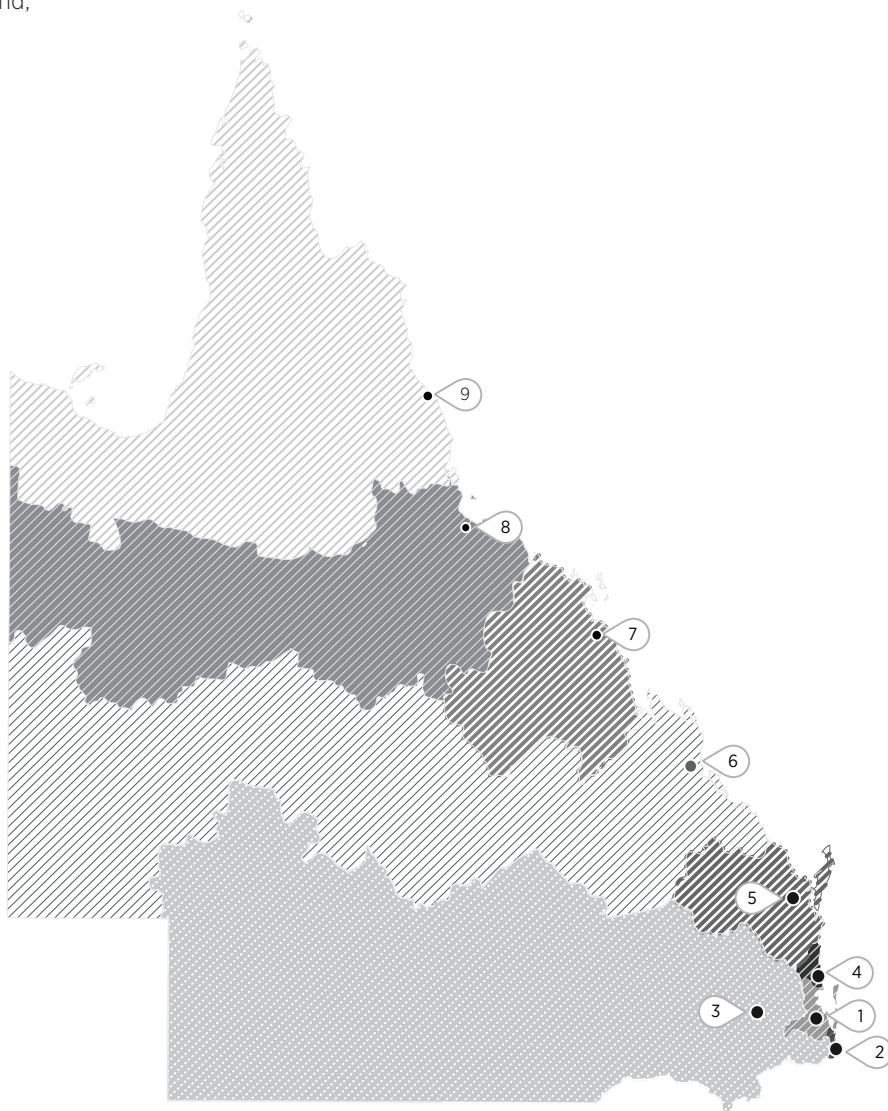
Active QBCC licensees: 3,881

### 9. CAIRNS

104 Mulgrave Road, Parramatta Park, Qld 4870

Manager: William Courtney

Active QBCC licensees: 5,233



## OUR PERFORMANCE

The following section highlights our performance against the four objectives within the QBCC Strategic Plan 2020-2024 (revised for 2022-23).

### OBJECTIVE 1: PROMOTE QUALITY, SAFETY, SECURITY OF PAYMENT AND LICENSEE SUSTAINABILITY

Company insolvencies, non-payment of subcontractors, safety incidents at worksites and at pools, along with potential harm from non-conforming building products (NCBP), pose significant threats to the confidence of the building and construction industry. This objective seeks to deal with these issues through the delivery of four strategies:

- **Early detection** – we use insights and risk-based regulatory models to focus on the greatest risk areas for the sector
- **Responding effectively** – we will mobilise our resources to respond appropriately
- **Work collaboratively** – we work with other regulators and agencies to help maintain the probity and integrity of the sector
- **Industry awareness** – we deliver sector-wide education and engagement activities.

TABLE 1: OBJECTIVE 1 PERFORMANCE MEASURES

SUPPORTING MEASURES	TARGET	ACTUAL
Year-on-year increase in compliance with minimum financial requirements	These measures are responded to qualitatively. The QBCC's regulatory activities in pursuit of these strategies and performance measures are described in the remainder of this chapter.	
Reduction in non-compliance evidenced by approved audit programs		
Percentage year-on-year decrease in non-conforming building products (NCBP) that have potential to cause significant risk and harm being used on active building sites		
Percentage of compliant pools with valid pool certificates across residential, rental and short-stay properties		

## SECURITY OF PAYMENT FOR SUBCONTRACTORS

In 2022-2023, the QBCC continued its implementation of key programs which help to ensure subcontractors can be confident they will be paid for the work they do. These included:

- continuing investigations and compliance action for monies owed complaints and security of payment under *Building Industry Fairness (Security of Payment) and Other Legislation Amendment Act 2020* (BIFOLA) to ensure a safer, fairer and more sustainable building and construction industry
- continuing approved audit programs on project trust accounts and retention trust accounts
- continuing with financial audits and other activities to monitor compliance with Minimum Financial Requirements (for licensees) and security of payment (e.g., trust account) obligations
- investigating the implications of the voluntary administration of a trustee company and the effect for the beneficiaries of a trust account.

### ACTIVITIES UNDER THE MINIMUM FINANCIAL REQUIREMENTS

The Minimum Financial Requirements (MFR) legislation was introduced to provide greater transparency and better equip the QBCC to detect and mitigate the impacts of potential insolvencies and corporate collapses, and to help ensure that subcontractors and suppliers are paid for their work. Meeting MFR is an indicator that contractor-type licensees have a financially sustainable business and appropriate levels of working capital.

As at 30 June 2023, 99.5 per cent of category 4-7 licensees had lodged annual financial information with the QBCC under the annual reporting requirements - this information was due 31 December 2022. The QBCC imposed licence conditions for failing to lodge required financial information on time against 25 licensees, resulting in no suspensions and no cancellations to date - further regulatory action is still under investigation.

Regulatory action taken for suspected non-compliance with Minimum Financial Requirements for category 4-7 licensees, including actions taken as a result of annual reporting financial information and financial information received outside of annual reporting, included:

- issuing show cause notices for suspected non-compliance with minimum financial requirements: 41
- suspending licences: two
- cancelling licences: nil.

Further regulatory action is still under investigation.

As at 30 June 2023, 99 percent of category 1-3 licensees had lodged their annual financial information for annual reporting requirements - this information was due 31 December 2022. The QBCC imposed licence conditions for failing to lodge required financial information on time against 480 licensees, resulting in no suspensions and no cancellations to date - further regulatory action is still under investigation.

Regulatory action taken for suspected non-compliance with Minimum Financial Requirements for category 1-3 licensees based off annual reporting financial information provided, included:

- financial audits commenced: 91
- issuing show cause notices for suspected non-compliance with Minimum Financial Requirements: 80
- suspending licences: six
- cancelling licences: two.

Further regulatory action taken for category 1-3 licensees suspected non-compliance with minimum financial requirements outside of annual reporting:

- financial audits commenced: 168
- issuing show cause notices for suspected non-compliance with Minimum Financial Requirements: 48
- suspending licences: 14
- cancelling licences: six.

Approximately 85 per cent of licensees belonging to categories SC1 and SC2 had lodged their annual financial information as at 30 June 2023 - this information was due 31 March 2023.

Regulatory action taken for suspected non-compliance with Minimum Financial Requirements for categories SC1 and SC2 based outside of annual reporting:

- issuing show cause notices for suspected non-compliance with Minimum Financial Requirements: 32
- suspending licences: seven
- cancelling licences: five.

### FINANCIAL AUDITS AND MONIES-OWED INVESTIGATIONS

The QBCC conducts financial audits of licensees and investigations into non-payment of debts. These can lead to licence suspensions and cancellations where breaches of Minimum Financial Requirements are found.

During the 2022-2023 financial year, the QBCC commenced 259 financial audits of licensees. The QBCC also conducted 167 investigations into non-payment of debts, leading to 47 licence suspensions and 27 licence cancellations.

In the reporting period, approximately \$6.3 million in outstanding debts were paid to creditors who lodged a monies-owed complaint with the QBCC. The cumulative amount paid to 'monies-owed' creditors since the commencement of the Minimum Financial Requirements policy in October 2014 up to 30 June 2023 is approximately \$50 million.

The QBCC Act establishes a framework for excluding individuals from holding a contractor licence, nominee supervisor licence, site supervisor licence, or being in an influential role in a licensed company where the individual has been involved (in specified circumstances) with a financial failure. The QBCC excluded 220 individuals due to their involvement in a financial failure during the financial year. Of this number, 111 were licensees who had their licence cancelled. There were also 10 individuals permanently excluded due to their involvement in a second financial failure.

The QBCC may also exclude a company from holding a contractor licence if it has an excluded individual who is a director of, secretary of, or an influential person for the company. There were 75 companies excluded from holding a licence during the financial year for these reasons.

## PAYMENT CLAIM AUDITS

In 2022-2023, in line with the approved audit program, the QBCC finalised a payment claim audit program. The audit program included a review to identify licensees for whom the QBCC has received two or more complaints for non-payment, underpayment, or late payment between 1 February 2022 and 31 July 2022. Three licensees were then audited, resulting in two receiving warning notices.

## TRUST ACCOUNT AUDIT PROGRAMS

Parties that are required to use trust accounts (for progress payments and retention amounts) are subject to rules regarding deposits and withdrawals, recordkeeping and giving notifications.

To monitor compliance with these requirements, two approved audit programs on project trust accounts and one approved audit program on retention trust accounts were carried out during the 2022-2023 period (with one audit program continuing in the 2023-2024 period). The audit programs reviewed the operation of the following:

- 82 project trust accounts that were opened between 19 September 2022 and 17 March 2023
- three retention trust accounts that were opened between 15 December 2022 and 14 March 2023
- 64 project trust accounts that were opened within the targeted period of 20 March 2023 and 29 September 2023, and had audits commenced during the 2022-2023 period.

Thirty-three of the above audits were still in progress as at 30 June 2023. In total, 135 trust account audits were completed in the 2022-2023 period. This included 19 trust account audits that were carried forward from the 2021-2022 period.

These audit programs identified minor anomalies and did not result in any enforcement actions. The audit programs led to detailed tailored, educative action involving the trustees of each audited trust account.

## REPORTING ON THE BUILDING INDUSTRY FAIRNESS (SECURITY OF PAYMENT) ACT 2017 (CHAPTER 3) AND THE ADJUDICATION REGISTRY

Section 157 of the *Building Industry Fairness (Security of Payment) Act 2017* (BIF Act) provides that the Commissioner must report on the operation of the BIF Act (Chapter 3) and the Adjudication Registry (Registry) and provide forecasts and recommended improvements for the Registry.

## OFFENCE PROVISIONS UNDER CHAPTER 3 OF THE BIF ACT

Chapter 3 of the BIF Act includes offence provisions under sections 75 (Making payment claim), 76 (Responding to payment claim), 88 (Adjudicator's decision), 90 (Respondent required to pay adjudicated amount), and Parts 4A (Payment withholding) and 6A (Charge over property). Section 104A of the QBCC Act provides QBCC investigators with powers to investigate, monitor and enforce compliance with the BIF Act.

The below summarises activities that occurred in these areas in 2022-2023:

- initiated 81 cases for breaches of section 76 and closed 89 cases, including cases carried over from the previous year
- issued 14 penalty infringement notices for contraventions of section 76
- opened no cases for offences of section 88
- issued 14 penalty infringement notices for contraventions of section 90
- issued no warnings for section 90 and section 76
- investigated two cases for Information Sharing under Chapter 2
- investigated no cases for Related entities under section 24
- investigated no cases for Ending Project Bank Accounts under section 21.

To date, there have been no cases for offences under Part 4A, and Part 6A of the BIF Act.

## ADJUDICATION REGISTRY

The Registry is established under the BIF Act. The main purpose of the BIF Act is to provide for effective, efficient, and fair processes for securing payment in the construction industry. The Adjudication process contributes to achieving this purpose by confirming three facts to parties in dispute:

- the amount of a progress payment, if any, to be paid by the respondent to the claimant (the adjudicated amount)
- the date on which any amount became or becomes payable, and
- the rate of interest payable on any adjudicated amount.

## ADJUDICATION APPLICATIONS

Table 2 outlines the total number of valid adjudication applications received by the Registrar for the period 1 July 2022 to 30 June 2023.

TABLE 2: NUMBER OF VALID ADJUDICATION APPLICATIONS RECEIVED FOR 2022-2023

ADJUDICATION APPLICATION TYPE	NUMBER OF APPLICATIONS
Standard (less than \$750,000)	225
Complex (greater than \$750,000)	37
<b>Total</b>	<b>262</b>

Table 3 outlines the total amount claimed from the 262 valid adjudication applications received by the Registrar for the period 1 July 2022 to 30 June 2023.

TABLE 3: ADJUDICATION CLAIMED AMOUNT FOR 2022-2023

TOTAL VALUE OF CLAIMS	\$294,991,879.81
Maximum claim	\$50,588,684.30
Minimum claim	\$617.10
Average claim	\$1,125,923.21

## ADJUDICATION DECISIONS

A registered adjudicator is an independent person, qualified to determine payment disputes under the BIF Act. Table 4 sets out the total number of adjudicator registration and renewal applications for the period 1 July 2022 to 30 June 2023.

TABLE 4: ADJUDICATOR REGISTRATIONS AND RENEWAL APPLICATIONS FOR 2022-2023

APPLICATION TYPE	NUMBER	FEES PAID
Registration	6	\$5,187.24
Renewal	52	\$42,404.64

There were 262 adjudication applications received, of these 238 were referred to an independent registered adjudicator for determination. The number of applications referred is lower than the number of applications received because some applications will have been withdrawn prior to a referral being made, and in some cases an application was made in the last few days of the 2022-2023 period and may only be referred during the following period.

Table 5 sets out the number of adjudication decisions released by registered adjudicators for the period 1 July 2022 to 30 June 2023.

TABLE 5: NUMBER OF ADJUDICATION DECISIONS RELEASED BY REGISTERED ADJUDICATORS IN 2022-2023

ADJUDICATION APPLICATION TYPE	NUMBER OF DECISIONS
Standard (less than \$750,000)	152
Complex (greater than \$750,000)	20
<b>Total</b>	<b>172</b>

Table 6 sets out the total amounts awarded by adjudication decisions released for the period 1 July 2022 to 30 June 2023.

TABLE 6: ADJUDICATION DECISIONS RELEASED BY REGISTERED ADJUDICATORS IN 2022-2023

Total value of claims - decisions released	\$152,408,699.17
Maximum claim value - decision released	\$49,164,282.03
Minimum claim value - decision released	\$770.00
Average claim value - decisions released	\$886,097.09
Total value of adjudicated amount - decisions released	\$21,858,656.22

Table 7 sets out the total value of claims and amounts awarded by adjudication decisions released for the period 1 July 2022 to 30 June 2023, broken down by region.



TABLE 7: TOTAL ADJUDICATION APPLICATIONS LODGED AND AMOUNTS AWARDED BY ADJUDICATION DECISIONS RELEASED IN 2022-2023 – BROKEN DOWN BY REGION

DECISIONS BY REGION	NUMBER OF APPLICATIONS MADE TO THE REGISTRAR	TOTAL VALUE OF CLAIMS	NUMBER OF DECISIONS RELEASED	TOTAL CLAIMED AMOUNT OF DECISIONS RELEASED	TOTAL VALUE OF ADJUDICATED AMOUNT
Brisbane	143	\$144,884,807.36	97	\$48,783,052.79	\$11,096,424.86
Cairns	7	\$15,557,320.60	3	\$8,911,470.44	\$110,913.87
Gold Coast	33	\$31,961,206.55	26	\$16,345,864.49	\$4,718,449.80
Mackay	11	\$2,968,650.89	8	\$16,585,723.39	\$2,606,360.20
Maryborough	5	\$17,756,004.80	2	\$4,990,499.58	\$1,609,916.09
Rockhampton	10	\$4,302,689.52	6	\$356,087.74	\$160,016.18
Sunshine Coast	27	\$6,185,167.38	16	\$1,170,214.93	\$1,015,329.33
Toowoomba	13	\$1,828,414.81	7	\$127,656.94	\$50,106.09
Townsville	13	\$69,547,617.90	7	\$55,138,128.87	\$491,139.80
<b>Total</b>	<b>262</b>	<b>\$294,991,879.81</b>	<b>172</b>	<b>\$152,408,699.17</b>	<b>\$21,858,656.22</b>

Table 8 sets out the average number of business days from making an adjudication application to having an adjudication decision made, for the period 1 July 2022 to 30 June 2023.

TABLE 8: AVERAGE NUMBER OF BUSINESS DAYS FROM APPLICATION TO DECISION IN 2022-2023

	STANDARD	COMPLEX
Maximum	48.0	120.0
Minimum	10.0	27.0
Average	23.1	56.6

## ADJUDICATION APPLICATION FEES

Under the BIF Act, an application for adjudication must be accompanied by the prescribed fee. For the period 1 July 2022 to 30 June 2023, the prescribed application fee ranged from \$62.22 for payment claims of no more than \$10,611.85, to a percentage of the claimed amount for payment claims of more than \$1,156,245.65 (capped at \$6,225.65). The total value of adjudication application fees for applications lodged between 1 July 2022 and 30 June 2023 was \$180,417.60.

Table 9 sets out the adjudication application fees and represents the fee as a percentage of the average total claimed amount for applications received by the registrar in the period 1 July 2022 to 30 June 2023.

TABLE 9: ADJUDICATION APPLICATION FEES IN 2022-2023

CLAIM VALUE <sup>1</sup>	NUMBER OF APPLICATIONS MADE TO THE REGISTRAR	AVERAGE APPLICATION FEE	AVERAGE TOTAL CLAIMED AMOUNT	AVERAGE APPLICATION FEE AS A PERCENTAGE OF AVERAGE TOTAL CLAIMED AMOUNT
\$0 - \$10,611.85	59	\$62.22	\$5,187.90	1.20%
\$10,611.85 - \$53,059.45	80	\$186.70	\$26,915.95	0.69%
\$53,059.45 - \$106,118.85	39	\$311.19	\$71,421.90	0.44%
\$106,118.85 - \$265,297.15	28	\$435.83	\$160,101.98	0.27%
\$265,297.15 - \$530,594.30	12	\$560.27	\$372,702.76	0.15%
\$530,594.30 - \$795,891.50	7	\$684.75	\$603,061.63	0.11%
\$795,891.50 - \$1,156,245.65	6	\$809.29	\$924,691.32	0.09%
> \$1,156,245.65	31	\$3,657.63	\$8,742,651.46	0.04%

## ADJUDICATOR FEES

Under the BIF Act, progress payment claims of less than \$25,000 have fees and expenses capped by regulation. 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.

Table 10 sets out the average adjudicator fee as a percentage of the average total claimed amount for decisions released in the period 1 July 2022 to 30 June 2023.

TABLE 10: AVERAGE ADJUDICATOR FEE AS A PERCENTAGE OF THE AVERAGE TOTAL CLAIMED AMOUNT IN 2022-2023

CLAIM VALUE	NUMBER OF DECISIONS MADE BY ADJUDICATORS	AVERAGE TOTAL CLAIMED AMOUNT	AVERAGE ADJUDICATOR FEES	AVERAGE ADJUDICATOR FEES AS A PERCENTAGE OF AVERAGE TOTAL CLAIMED AMOUNT
\$0 - \$10,611.85	43	\$5,548.42	\$799.46	14.4%
\$10,611.85 - \$53,059.45	47	\$27,097.61	\$3,020.23	11.1%
\$53,059.45 - \$106,118.85	34	\$74,914.99	\$5,630.55	7.5%
\$106,118.85 - \$265,297.15	18	\$164,803.47	\$10,185.71	6.2%
\$265,297.15 - \$530,594.30	7	\$385,147.51	\$12,623.82	3.3%
\$530,594.30 - \$795,891.50	3	\$609,111.22	\$8,550.00	1.4%
\$795,891.50 - \$1,156,245.65	3	\$908,213.15	\$23,924.33	2.6%
> \$1,156,245.65	17	\$8,125,585.37	\$47,206.02	0.6%

## ADVISORY SERVICE

The Registry provides an advisory service to further educate consumers about the role of the Registry and the adjudication process. Through the advisory service, stakeholders are connected directly to Registry team members for timely information about the adjudication process. The advisory service enhances awareness about payment rights and obligations.

For the period 1 July 2022 to 30 June 2023, the Registry received 1,231 enquiries. This is a significant increase in the number of enquiries compared to the previous 2021-2022 financial year, where the Registry received a total of 902 enquiries.

## ANNUAL REVIEW OF ADJUDICATOR GRADING

Section 22(1) of the Building Industry Fairness (Security of Payment) Regulation 2019 (BIF Regulation) provides for the review of adjudicator grading at least once every 12 months.

Under section 20(a) of the BIF Regulation, an adjudicator is eligible to become a grade 2 adjudicator if the adjudicator has:

- decided at least 10 adjudication applications, and
- with at least five of those applications relating to a progress payment of more than \$25,000.

Under section 20(b) of the BIF Regulation, an adjudicator is eligible to receive a grade 2 registration if the Registrar considers the person's experience is equivalent to meeting the requirements set out above. In respect of the adjudicator grade review that took place in the period 1 July 2022 to 30 June 2023, there were nine grade 1 adjudicators assessed as eligible for grade 2 registration.

## CONTINUING PROFESSIONAL DEVELOPMENT

As required by section 165 of the BIF Act, it is a condition of registration that adjudicators complete continuing professional development (CPD) prescribed by regulation.

The BIF Regulation provides that an adjudicator must accumulate 10 CPD points in each CPD year (1 April to 31 March in the following year) through the completion of CPD activities. At the commencement of the reporting period for the CPD year, there were 149 registered adjudicators.

TABLE 11: ACTIVITIES PERTAINING TO THE 2022-2023 CPD YEAR

CPD records provided	136
Suspended or cancelled registrations (BIF Act section 171)	6
Surrendered registrations	5
No record required (BIF Regulation section 30)	1
Records outstanding due to an extension of time	1

## FORECAST OF REGISTRY OPERATIONS

With the implementation of the BIF Act in December 2018 and routine legislative amendments, the Registry continues to conduct a review of all systems and processes to ensure maximum efficiency in meeting its statutory mandate.

To enhance regional customer experiences, the Registry conducts annual training on the adjudication process and associated procedures, with QBCC regional team members across the State.

For the 2023-2024 financial year, increased workload for the Registry in respect of some functions is anticipated, including but not limited to:

- implementation of legislative reform as required
- meeting the demand for consumer advisory services
- providing education and engagement with the sector and registered adjudicators.

## LICENCE SUSPENSIONS AND CANCELLATIONS

The QBCC Act allows for the suspension or cancellation of a licence on certain grounds. Table 12 provides data on the grounds for these suspensions and cancellations.

TABLE 12: LICENCES SUSPENDED AND CANCELLED UNDER SECTION 48 OF THE QBCC ACT IN 2022-2023

REASON FOR SUSPENSION/CANCELLATION	SUSPENSION*	CANCELLATION*
Breach of Minimum Financial Requirements (other than 'monies-owed')	29	13
Failure to pay debts ('monies-owed')	49	22
Failure to comply with a financial audit	22	11
Breach of a licence condition (including annual reporting requirements and company deregistration)	311	255
Licensee not fit and proper to hold a licence (including if the licensee's interstate or New Zealand licence is cancelled or suspended)	0	2
Licensee was convicted of an indictable offence	0	3
Licensee owed an amount to the QBCC and failed to comply with a demand to discharge the debt	5	2
Licensee company ceases to have a nominee	166	80
<b>TOTAL</b>	<b>582</b>	<b>388</b>

\* These figures represent actions involving regulatory decisions and do not include cancellation or suspension relating to failure to renew a licence.

The QBCC may immediately suspend a licence if it reasonably believes there is a real likelihood that a person will suffer serious financial loss or other serious harm. In 2022-2023, there were no immediate suspensions imposed by the QBCC.

## LICENSING INVESTIGATIONS IN RESPONSE TO SAFETY RELATED INCIDENTS

Licensees are required by law to notify the QBCC whenever building or other work on a building site under their control may have caused the death of, or grievous bodily harm to, a person, or if the work involved a serious risk to the health or safety of a person.

Under an information-sharing arrangement, the QBCC is also advised by Workplace Health and Safety Queensland (WHSQ) when it becomes aware of such incidents. WHSQ may issue infringement and improvement notices and can prosecute and close sites where there are serious issues. The QBCC may impose licence conditions, suspend or cancel a licence or take disciplinary action depending on the circumstances of the event, any remedial actions, submissions provided by licensees, and assessment of ongoing risk. This collaborative and complementary relationship ensures a structured and appropriately focused regulatory approach to mitigating safety risks in the sector. The QBCC may also suspend a licence without allowing the licensee time to make written representations if there is a real likelihood that a person will suffer serious harm if the licence is not immediately suspended.

In 2022-2023, the QBCC investigated 238 safety matters involving licensees. In this period, one licence was suspended, three licences were cancelled, two show cause notices were issued, and seven licensees had one or more disciplinary actions or conditions imposed on their licences.

## NON-CONFORMING BUILDING PRODUCTS (NCBP)

The QBCC continues to audit building products and take appropriate action under the NCBP laws. These laws establish a chain of responsibility, placing obligations on supply-chain participants, to ensure 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 2022 to 30 June 2023, the QBCC finalised 257 enquiries and complaints, with 12 ongoing. The number received and finalised is not equal as enquiries and complaints can be carried over from previous financial years.

The outcomes of the 257 enquiries and complaints finalised were:

- 16 determinations of NCBP, resulting in appropriate regulatory action or voluntary remedial action
- nine resolutions through specific targeted education of persons in the chain of responsibility
- 15 findings of no evidence or insufficient evidence that the products were a non-conforming product for the intended use, with education provided to parties on the NCBP laws
- 134 resolutions through general education without requiring a finding of non-conformance
- 16 escalations for detailed technical investigation
- 57 resolutions through retaining information as general intelligence
- eight re-directions of affected parties to other areas of the QBCC
- two were not related to NCBP.

In 2022-2023, through a review of the team structure and processes, the NCBP team was able to work through a backlog of older cases and undertake pro-active engagement with industry through the development and publishing of product-specific factsheets, supporting industry webinars and undertaking a regional education program with manufacturers and suppliers.

The regional education program consisted of 115 businesses visited in the following locations: Warwick, Stanthorpe, Inglewood, Goondiwindi, Millmerran, Dalby, Esk, Mareeba, Atherton, Innisfail, Tully, Cardwell, Ingham, Charters Towers, Home Hill, Ayr, Townsville, Proserpine, Cannonvale, Sarina, Paget, Glenella, Mackay, Mount Pleasant, Clermont, Emerald, Biloela, Gladstone, Mount Isa, Longreach and Barcaldine.

Each business was provided with information on NCBP laws and an NCBP 'postcard' that contained a QR code that takes the reader to specific NCBP information and technical factsheets on the QBCC website.

Through these actions and other educative activities, the QBCC has strengthened the knowledge and awareness of NCBP legislation among industry participants and the general public, taking regulatory action where necessary. This decreases the risk of unsafe building products being installed in Queensland buildings.

## SAFER BUILDINGS PROGRAM

In 2018, Part 4A Combustible Cladding of the Building Regulation 2006 (Regulation) came into effect to help identify privately owned buildings in Queensland that may have potentially combustible cladding. As part of the Safer Buildings Program, owners of these buildings were required to register their building and undertake a self-auditing process called the Combustible Cladding Checklist, supported by industry professionals where required.

The obligation of building owners to complete the Combustible Cladding Checklist expired on 3 May 2021, however some building owners continue to work through the checklist program to finalise their registrations.

During the 2022-2023 financial year, the QBCC received an additional 46 registrations (a total of 19,986 buildings) and an additional 46 buildings were identified as a cladding fire risk (bringing it to a total of 950). As at 30 June 2023, 18,015 buildings have exited the program having been identified as not being a cladding fire risk. One thousand and twenty one buildings remain registered in the program of which 295 are considered a potential cladding fire risk. The QBCC continues to work with building owners to complete their registrations.

The QBCC commenced proactive investigations into potential breaches of Part 4A of the Regulation and carried out site audits to ensure building owners with buildings identified as a cladding fire risk were complying with their ongoing obligations. Desktop audits were also undertaken to ensure the accuracy of information submitted in the checklist.

The QBCC completed 225 site audits of buildings identified as having a cladding fire risk to ensure building owners were meeting ongoing obligations to display an Affected Private Building Notice. Sixteen investigations were commenced into non-compliance and seven resulted in education being provided. Two hundred and two buildings were found to be complying with their obligations.

During 2022-2023, the QBCC finalised 35 prosecutions against building owners who did not complete the checklist program, or where a combustible fire risk may be present due to incorrect or incomplete document lodgement. Eighteen building owners pleaded guilty without the need for a contested hearing. Fines ranged between \$2,000 and \$8,000 for companies, \$3,000 for bodies corporate and \$1,500 for individuals. The QBCC offered no evidence for the remaining 17 matters due to case conferencing establishing that the cladding had been rectified or further information revealed no cladding was on the building.

There have been 236 buildings that have undergone cladding replacement or rectification by building owners due to the information they received from industry professionals or fire engineers during the Safer Building Program's Combustible Cladding Checklist process.

## COMPLIANCE AND ENFORCEMENT ACTIVITIES

The QBCC uses its powers under the QBCC Act to investigate complaints made by consumers, contractors, and other industry participants to support an equitable environment for Queensland licensees by identifying and penalising unlawful operations. The QBCC also carries out proactive audits and investigations to detect unlicensed contracting and other breaches of legislative requirements. From time to time, the QBCC conducts joint operations with other regulators to target specific risks.

During 2022-2023, the top five offences (listed below) made up 81 per cent of all investigations:

- domestic building contracts (Schedule 1B) offences: 27 per cent
- unlicensed contracting: 25 per cent
- insurance offences: 11 per cent
- advertising (which includes advertising whilst unlicensed and non-compliant advertisements): 11 per cent
- improper use of licence: 7 per cent.

TABLE 13: NUMBER OF INVESTIGATIONS OPENED AND CLOSED - TOP FIVE OFFENCES

	2019-2020	2020-2021	2021-2022	2022-2023
SCHEDULE 1B (DOMESTIC CONTRACTS)	542	563	719	812
UNLICENSED CONTRACTING	585	565	651	735
INSURANCE	268	386	312	339
ADVERTISING	90	243	354	320
IMPROPER USE OF A LICENSE	04	125	172	204

In 2022-2023, the QBCC continued to focus its investigations on unlicensed contracting, advertising breaches, contract offences, home warranty insurance breaches, corporate duties-based offences around non-conforming building products and safety matters. This was achieved through a considered approach which combined education and engagement activities to both licensees and property owners (where appropriate) and more robust enforcement actions where necessary.

In the previous reporting period (during March and April 2022), the QBCC's Compliance and Enforcement branch led 'boots-on-the-ground' activities, conducting door-to-door educational engagement with property owners affected by severe flooding in Brisbane and southeast Queensland. QBCC officers advised owners about the importance of only using licensed contractors during reconstruction. In August 2022, a second phase of this action was undertaken, with QBCC investigators revisiting flood-affected properties to conduct site audits and ensure compliance with the QBCC Act. Compliance rates were high, presumably due to a combination of the previous educational efforts and the fact that most of the reconstruction was funded through insurance claims.

## CONTRACTUAL INVESTIGATIONS

As part of the QBCC's responsibility to examine suspected breaches of the QBCC Act, we may conduct investigations requiring the licensee to produce all contracts for review. Although we review both domestic and commercial contracts, our key focus is on domestic contracts to provide additional support to home owners who may only occasionally deal with the building and construction industry.

Where required, appropriate action is taken ranging from education, issuing warnings and infringement notices, to commencing prosecution action for more serious offending.

Table 14 provides data on the QBCC's 2022-2023 contractual investigations and related activities:

TABLE 14: CONTRACTUAL INVESTIGATIONS ACTIVITIES IN 2022-2023

	DOMESTIC CONTRACT	COMMERCIAL CONTRACT (QBCC ACT PART 4A)
INVESTIGATIONS	812	19
WARNINGS ISSUED	312	10
CONTRACTORS ISSUED WITH AN INFRINGEMENT NOTICE	201	3
INFRINGEMENT NOTICES ISSUED	206	3

## DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

Demerit points are a regulatory tool used to discourage repeated breaches and encourage corrective action. The accumulation of a certain number of demerit points can lead to the disqualification of a licence.

Table 15 shows demerit points issued to contractors in 2022-2023 for various breach categories.

TABLE 15: DEMERIT POINTS ISSUED TO CONTRACTORS

BREACH CATEGORIES	2019-2020	2020-2021	2021-2022	2022-2023
DEMERIT POINTS ISSUED FOR UNSATISFIED JUDGMENT DEBTS	70	40	110	80
DEMERIT POINTS ISSUED FOR CONTRACTUAL OFFENCES	1,584	1,720	1,866	1,454
DEMERIT POINTS ISSUED FOR FAILURE TO RECTIFY	1,862	2,556	2,768	3,092
DEMERIT POINTS ISSUED FOR FAILING TO PAY INSURANCE PREMIUM	386	258	332	430
DEMERIT POINTS ISSUED FOR CARRYING OUT WORK WITHOUT A NOMINEE	8	0	0	0
DEMERIT POINTS - OTHER	156	122	68	128
<b>TOTAL DEMERIT POINTS ISSUED</b>	<b>4,066</b>	<b>4,696</b>	<b>5,144</b>	<b>5,184</b>
<b>CONTRACTORS ISSUED WITH DEMERIT POINTS</b>	<b>515</b>	<b>594</b>	<b>672</b>	<b>686</b>

The issuance of demerit points has been increasing over the past four financial years. The most significant increase has been demerit points issued for failure to rectify, which increased by 11.7 per cent in the 2022-2023 financial year. This increase could be related to the QBCC's goal to ensure work is rectified within the required timeframe.

## CERTIFIER COMPLIANCE

The *Building Act 1975* empowers the QBCC to monitor certifier compliance through audits of building and private certification functions and investigating written complaints about allegations of unsatisfactory conduct or professional misconduct by building certifiers or former building certifiers.

In 2022-2023, the QBCC finalised 227 investigations, consisting of 96 complaints, 109 assessment audits and 22 technical audits.

For the completed investigations, the QBCC issued 14 findings of unsatisfactory certifier conduct, and one additional case of professional misconduct has been referred for disciplinary proceedings. In 2022-2023, 86 cases found the certifier's conduct to be satisfactory. There were 126 cases dismissed, withdrawn, or not started as the complaint was not properly made.

Through proactive auditing of certifiers, the QBCC has made recommendations to improve certifier performance in 75 instances.

In 2022, AssentTECS, the course provider for "Issuing Development Permits for Building Work", withdrew their provision of the course. The QBCC provided technical assistance to DEPW on the review to update the course content and components. Additional support was provided to DEPW by the QBCC as a member of the panel to select the new delivery provider.

Through these actions, the mandatory course for any building certifiers seeking development approval endorsement on their building certifier licence (Private Certifier - Class A) will continue to increase the education and compliance by private building certifiers.

## PROACTIVE BUILDING INSPECTIONS

The QBCC proactively audits building works under construction to assess compliance with the National Construction Code and relevant Australian Standards. We encourage builders to rectify defective work to avoid the need for further action by the QBCC in the event of non-compliance being found.

In 2022-2023, 1,404 site visits or inspections were undertaken with 110 improvement notices issued.

Audits of multi-residential buildings (both townhouses and high-rise constructions) and single-detached dwellings uncovered a variety of concerns such as:

- non-compliant fire door sets
- incorrect use of external cladding substrate
- non-compliant waterproofing to external door openings and decks
- non-compliant exterior floor sheeting
- numerous non-compliance issues relating to passive fire installations
- non-compliant installation of fire-separating walls.

Proactive inspections also identified numerous non-payments to the Queensland Home Warranty Scheme (QHWS), recovering more than \$43,000 in QHWS insurance premiums. Other regulatory concerns identified on site such as unlicensed contracting, alleged use of non-conforming building products and poor certification practices were referred to the relevant units within the QBCC. Assessment and outcomes of these matters form part of the outcomes for the year for those units.

## PLUMBING COMPLAINTS, INVESTIGATIONS AND COMPLIANCE ACTIONS

The QBCC investigates complaints made about plumbing and/or drainage work in order to minimise risk to public health and safety and the environment. A specialist team of investigators monitor and enforce compliance with the *Plumbing and Drainage Act 2018* (PD Act) and parts of the *Queensland Building and Construction Commission Act 1991* (QBCC Act).

In 2022-2023, 107 investigations were closed, including outstanding investigations carried over from 2021-2022.

Table 16 provides details of enforcement actions taken over the course of the financial year.

TABLE 16: PLUMBING COMPLIANCE ACTIONS IN 2022-2023

COMPLIANCE ACTION TYPE	NUMBER OF ACTIONS
Disciplinary orders issued to licensees	2 orders amounting to \$3,160.00
Penalty Infringement Notices	74 notices amounting to \$111,987.00

The QBCC values the constructive benefits offered through education and engaging with the plumbing and drainage industry.

Throughout 2022-2023, the QBCC attended industry-specific forums, training organisations, and active building sites, speaking with plumbers, drainers, and apprentices. This provided an opportunity to share information and receive feedback about the impacts and trends occurring in the trade.

The QBCC took proactive steps to ensure compliance by conducting licence inspections of persons carrying out work associated with plumbing, drainage, and fire protection (water-based). These measures were undertaken to safeguard the community from unlicensed persons.

## NOTIFIABLE WORK – FORM 4/4A

For some types of plumbing and drainage work, QBCC-licensed plumbers and drainers must register details about the work with the QBCC through a Form 4/4A – Notifiable Work. In 2022-2023, there were 109,177 Form 4/4As registered, a 2.1 per cent increase over the previous financial year.

The QBCC conducts an audit program to ensure licensees are adhering to their responsibilities in relation to submitting Form 4/4As when required. In 2022-2023, the QBCC commenced 550 audits of plumbers and drainers, of which 542 were completed during the financial year.

Of these completed audits, 46 per cent were found to be compliant and 19 per cent were non-compliant, with the remainder withdrawn or closed due to the licensee not contracting for work (35 per cent). Of the 102 non-compliant licensees, the majority were referred for a secondary audit to check their future compliance (69 per cent), with 11 per cent receiving education about their obligations and 20 per cent referred to the Plumbing Investigation Unit for investigation and, where necessary, appropriate regulatory actions ranging from warnings, Penalty Infringement Notices and disciplinary actions.

To support the compliance of notifiable work, Queensland Local Governments may conduct physical audits of notifiable work. The QBCC may reimburse Local Governments for conducting audits on up to 5 per cent of Form 4/4As registered in their area each quarter. In 2022-2023, the QBCC made payments to 16 Local Governments for a total value of \$1,054,954.81. This is a 10 per cent increase over the previous financial year, when 13 Local Governments sought payment.

## POOL SAFETY

Pool safety laws require swimming pools to be registered and have barriers to comply with the pool safety standard. The QBCC maintains a register of regulated pools and pool safety inspectors (PSIs) who issue pool safety certificates. As at 30 June 2023, there were 435,079 registered pools and 505 PSIs.

The QBCC approves continuous professional development (CPD) activities for PSIs and allocates CPD points for those activities. The QBCC also investigates complaints and takes disciplinary action against PSIs. In 2022-2023:

- 39 complaints were received regarding the conduct of PSIs
- 32 complaints against PSIs were finalised
- two complaints against PSIs were withdrawn
- five complaints were closed without further investigation when allegations could not be validated
- seven complaints had no grounds for disciplinary action
- 17 investigations established grounds for disciplinary action, which lead to actions including licence suspension, monetary penalties, reprimands and requirements to refund inspection fees
- one complainant sought review by the QBCC's Internal Review Unit (IRU) on a disciplinary action decision.

There are no clear trends emerging in the types of disciplinary action taken against PSIs.

In 2022-2023, 150 investigations were opened into pool owners who were alleged not to have obtained pool safety certificates, or to have failed to give the QBCC notice of no certificate when required. The QBCC finalised 143 investigations of pool owners, and of those, 65 resulted in issuing of a warning notice and 78 resulted in no further action.

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

As at 30 June 2023, 36,762 pool safety certificates were issued in the reporting period which included 29,265 for non-shared pools and 7,497 for shared pools. The QBCC referred 41 properties to Local Governments in 2022-2023.

In 2022-2023, the QBCC published seven educational videos for PSIs on the QBCC's website, YouTube channel and social media pages. The QBCC also attended three meetings with the Swimming Pool and Spa Association (SPASA) to discuss concerns within the PSI industry and identify specific areas where the QBCC can focus upcoming educational material.

The QBCC worked with Local Government authorities to establish a strategy to collaborate and manage investigations involving joint regulatory powers. This involved meeting with the City of Gold Coast Council Development Compliance Coordinator and corresponding with other Local Government authorities to discuss and clarify issues or concerns. The QBCC also attended eight meetings with the Office of Fair Trading investigators to discuss investigative and engagement methods.

Additionally, the QBCC attended two meetings with the Queensland Rental Accommodation Regulators Group to discuss issues within the industry, regulatory strategies and approaches to compliance and enforcement. Members include various Local Government authorities, Office of Fair Trading, Department of Housing, Electrical Safety Office, and the Residential Tenancies Authority.

## IMMERSION INCIDENT REPORTING

The QBCC periodically receives reports of immersion incidents involving young children. These reports are provided by Queensland Health, following notification by health professionals including the Queensland Ambulance Service. In 2022-2023, the QBCC received 118 reports of immersion incidents.

These 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 concerns 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 it to the QBCC to address with the relevant PSI. In 2022-2023 there were no recorded referrals of this nature to the QBCC from Local Governments.

## EDUCATION AND ENGAGEMENT

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. The QBCC provides education and engagement through a variety of mediums to home owners, licensees and other industry participants. In 2022-2023, key engagement activities included those detailed below:

### FACE TO FACE EVENTS AND WEBINARS – QBCC LED

- 49 compulsory retention trust training webinar sessions, required under the trust account framework and BIFOLA reforms.
- five trust information sessions were delivered, for current trustees to discuss any issues and show examples of compliant trust records
- four home owner information webinars were delivered providing guidance on the building and renovation process

- three Service Trades Council industry forums included updates on compliance and education activities and notifiable work
- 29 face-to-face presentations were delivered to accountants and licensees on their financial reporting obligations.

### FACE TO FACE EVENTS AND WEBINARS – INDUSTRY FORUMS

Presentations were delivered at externally hosted industry and stakeholder engagements, addressing issues within the Queensland building and construction industry, including:

- 16 information sessions to third and fourth-year apprentices at a variety of Registered Training Organisations (RTO) throughout the State
- one information session to construction management students at the Queensland University of Technology providing an overview of the QBCC and its functions
- four information sessions to Master of Construction International Students at Bond University providing an overview of QBCC's functions
- one presentation to TAFE Queensland Plumbing Industry Sector Panel and industry representatives on topics including important aspects of the plumbing industry and contribution to TAFE Queensland Plumbing Product Strategy
- one presentation at the Master Plumbers Association Queensland Plumbing and Gas industry forum, with topics including MFR and project trust accounts
- six National Association of Women in Construction (NAWIC) 'Women on Tools' events and two additional NAWIC-organised events
- one Master Builders Queensland Sunshine Coast Influencers (Women in Building) Workshop forum presentation providing an overview of the dispute resolution function, the Early Dispute Resolution (EDR) process and options available for contractors via adjudication, and how contractors can effectively engage in the process
- one Construction Skills Queensland strategic presentation and discussion on trends in construction in the Brisbane region
- two Bunnings events aimed at trade contractors to provide an overview of the QBCC's functions, including licensing, the QHWS, compliance and dispute resolution.

### EXPOS

The QBCC also participated in:

- two Brisbane Home Show events which generated more than 722 enquiries
- three Mitre 10 trade expos
- two Bunnings trade expos.



Towards the end of the previous reporting period, the QBCC also ran a public education campaign (from April to June 2022) targeted at both home owners and licensees with the objective of educating customers about QBCC's functions and powers. Based upon positive independent market research showing the campaign had achieved its objectives, a second burst of the campaign ran from 6 February 2023 until 6 March 2023.

The campaign focused on the importance of using a licensed builder and increased awareness among licensees of their responsibilities, and how QBCC can help them get paid.

With the building and construction industry experiencing peak intensity, the QBCC identified the importance of helping home owners avoid unlicensed tradespeople and minimise unlicensed building activity.

The content of phase two of the education campaign remained the same as phase one, however the homeowner market was targeted more heavily than the licensee market during the second phase.

The QBCC also delivered a number of campaigns for licensees, home owners and stakeholders on the below topics:

- **insolvency events** – supporting customers through insolvency events with clear communication outlining the support available
- **product integrity** – urging licensees to remain vigilant about the products they use and providing them with information preventing the use of Non-Conforming Building Products related to their license class
- **Minimum Financial Requirements** – reminding licensees to complete their mandatory financial reporting to ensure QBCC licensees undertake a financial health check to demonstrate they are financially sustainable
- **pool safety** – communications aimed at home owners and short-term stay providers outlining the swimming pool safety laws and what to know when building a pool or buying or leasing a property (including short-term accommodation) with a pool
- **Home Warranty Insurance** – driving awareness of the QHWS and the unique protection offered to Queensland home owners
- **payment disputes** – raising awareness of how to report issues related to payments or contracts to QBCC.

## SUPPORTING THE SKILLS UPLIFT OF THE BUILDING AND CONSTRUCTION INDUSTRY

During the 2022-2023 financial year, the QBCC has continued to investigate and understand how best to support licensees and industry stakeholders to keep up with the latest changes to legislation and standards. The QBCC has continued to engage with educational institutions and professional bodies to gauge how we can best provide this information, as well as explore the channels in which information can be provided. This information will be used as a basis to inform future learning and engagement strategies to support a thriving and resilient building and construction industry.

Additionally, we continued our support of Government in its considerations of whether Compulsory Continuous Professional Development (CCPD) is legislated in Queensland.

## OBJECTIVE 2: DELIVER REGULATORY AND INSURANCE SERVICES THAT ARE TIMELY, ACCURATE, FAIR AND TRANSPARENT

As a regulator, the QBCC plays an integral part in ensuring that only qualified contractors and tradespeople are working in the industry. We recognise that we cannot do this on our own – we need to engage with other stakeholders and partners to achieve our goals. We also recognise that building work may not always be completed in accordance with standards, and the QBCC plays a unique role in administering an insurance fund for home owners in these situations.

This objective articulates the QBCC's desire to deliver our services efficiently and effectively. We have two high-level strategies to help us achieve this:

- **Engagement** – we engage with stakeholders and consumers in an open and transparent manner
- **Service excellence** – we ensure regulatory and insurance systems, policies and procedures enable timely, accurate, consistent, fair and transparent service delivery.

TABLE 17: OBJECTIVE 2 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS**
PERCENTAGE OF CLAIMS FULLY COMPENSATED UNDER THE QUEENSLAND HOME WARRANTY SCHEME	95% within policy limits	94.5%	The compensation limit was set in 1999 and has not been indexed for inflation. The percentage of claims fully compensated within policy limits has reduced over time due to inflation in the cost of building work. Increasing compensation limits is being considered as part of the Queensland Home Warranty Scheme review. The QBCC supports the proposal to increase compensation limits.
PERCEPTION OF FAIRNESS IN DECISION-MAKING: PERCENTAGE OF SURVEY RESPONDENTS AGREE THE FINAL DECISION WAS FAIR*	65%	64%	[No commentary required.]**
PERCENTAGE OF DECISIONS SET ASIDE (WITHIN THE FINANCIAL YEAR PERIOD) BY THE QUEENSLAND CIVIL AND ADMINISTRATIVE TRIBUNAL*	7%	3.8%	The positive variance between the actual, the 2022-23 estimated actual as published in the Service Delivery Statements (SDS) 2023-24 (5 per cent) and the 2022-23 target is due, in part, to the Queensland Civil and Administrative Tribunal (QCAT) being a merits review jurisdiction. QCAT can consider fresh evidence not available to the original decision maker which may result in a decision being set aside. It is therefore difficult to predict the outcome of QCAT review proceedings and some variance is anticipated.
COST OF RECOVERING \$1.00 OF FUNDS OWED TO CREDITORS*	\$0.70	\$0.43	The positive variance between the actual and the 2022-23 estimated actual as published in the Service Delivery Statements (SDS) 2023-24 (\$0.46) is due to a higher than expected number of monies owed complaints received at the QBCC. After investigations were undertaken, the result was an increase in what was returned to industry participants. Overall, this positively impacts the result.
PERCENTAGE OF EARLY DISPUTE RESOLUTION CASES FINALISED WITHIN 28 DAYS*	80%	80%	[No commentary required.]**
AVERAGE NUMBER OF DAYS TO PROCESS LICENCE APPLICATIONS*	30 days	24 days	The positive variance between the target and the actual is due to expected challenges around staffing levels, new licensing classes and volume of applications being well managed with an emphasis on minimising delay. The 24 day figure refers to the mean average. The QBCC is considering a change in methodology for next year as the median may be a more useful measure due to the effect outliers can have on the mean. The median processing time was 16 days.

TABLE 17: OBJECTIVE 2 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS**
PERCENTAGE OF OWNER BUILDER PERMITS APPROVED WITHIN 15 WORKING DAYS*	90%	75%	The variance between the actual and target is due to a range of factors including the significant increase (64%) in the owner builder permit applications received since 2020-2021 and some applications lacking the necessary information resulting in the QBCC providing additional time for the applicant to make the necessary submissions.
PERCENTAGE OF ADJUDICATION APPLICATIONS REFERRED TO AN ADJUDICATOR WITHIN 4 BUSINESS DAYS*	100%	100%	[No commentary required.]**
PERCENTAGE OF INSURANCE CLAIMS FOR DEFECTIVE WORK ASSESSED AND RESPONSE PROVIDED WITHIN 35 BUSINESS DAYS*	50%	19%	The variance between the actual and target is the result of the increasing numbers of non-completion claims, defective work claims and defective work complaints received due to market conditions. The QBCC experienced a 29% increase in the volume of cases received, including a 554% increase for non-completion claims, since 2020-21. The QBCC is responding by investing in additional human resources to address the increased workload.
AVERAGE PROCESSING TIME FOR AN EARLY DISPUTE RESOLUTION CASE*	28 working days	19 working days	The variance between the actual and the 2022-23 estimated actual as published in the 2023-24 SDS (18 days) was due to the benefits of improved internal processes and efficiency initiatives and an approximately 10% reduction in number of early dispute resolution cases received from previous year.
AVERAGE APPROVAL TIME FOR DEFECTS CLAIMS LESS THAN \$20,000*	35 working days	62 working days	The variance between the actual and target is the result of the increasing numbers of non-completion claims, defective work claims and defective work complaints received due to market conditions. The QBCC experienced a 29% increase in the volume of cases received, including a 554% increase for non-completion claims, since 2020-21. The QBCC is responding by investing in additional human resources to address the increased workload.
PERCENTAGE OF INTERNAL REVIEW APPLICANTS CONTACTED WITHIN 2 BUSINESS DAYS*	95%	95%	[No commentary required.]**
<b>STRENGTH OF STAKEHOLDER ENGAGEMENT</b>			
QUALITATIVE STATEMENT	See Education and Engagement section on page 24.		

\* This is a 2022-2023 Service Delivery Statement Service Standard.

\*\* For Service Delivery Statement measures, commentary is provided to explain material variation of 5% between the following two data sets:

- the actual as reported above and the 2022-2023 Estimated actual as published in the 2023-24 SDS (refer [https://budget.qld.gov.au/files/Budget\\_2023-24\\_SDS\\_Department\\_of\\_Energy\\_and\\_Public\\_Works.pdf](https://budget.qld.gov.au/files/Budget_2023-24_SDS_Department_of_Energy_and_Public_Works.pdf))
- the actual and target as shown above.

## CUSTOMER SERVICE

During 2022-2023, the QBCC continued to focus on improving the customer experience by upskilling and developing our people's knowledge and skills, optimising our digital channels and making it easier for customers to access information and services. By providing regular training, mentoring, and coaching to our people, we have also supported them in their ability to respond appropriately to customer needs during key events such as insolvencies.

The below outlines key initiatives which enabled an improved delivery of services in 2022-2023:

- enhanced functionality and features in myQBCC and migration of legacy systems
- refinement of operational processes to improve efficiency to fulfil our service commitments
- delivery of improved customer-focused training programs for Contact Centre team members
- improved Contact Centre resourcing model to ensure the QBCC has the capacity to manage service requests in a timely manner.

TABLE 18: CUSTOMER CONTACT CENTRE STATISTICS

	2019-2020	2020-2021	2021-2022	2022-2023
CUSTOMER PHONE CALLS	250,245	238,479	188,644*	151,987
CUSTOMER EMAILS	15,217	20,683	10,761	9,540

\*In a review of our data, we found that changes to the telephony system implemented in 2021 had resulted in data calculation errors and an incorrectly reported *Customer phone calls* figure for the 2021-2022 period. The correct number of customer calls received 2021-2022 is 188,644 as shown above, not 256,933 as reported previously. The calculation methodology has been reviewed and resolved for the 2022-2023 data reported.

## LICENSING

The QBCC Act establishes a licensing framework for individuals and companies carrying out building work regulated under the Act. Table 19 shows the number of individuals and companies licensed under the QBCC Act by licence type as at 30 June 2023.

TABLE 19: QBCC ACT LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2023

	INDIVIDUAL	COMPANY	TOTAL
BUILDER	27,729	9,490	37,219
BUILDER RESTRICTED	2,031	736	2,767
CONTRACTOR	41,874	12,628	54,502
OCCUPATIONAL	3,181	N/A	3,181
<b>TOTAL</b>	<b>74,815</b>	<b>22,854</b>	<b>97,669</b>

In 2022-2023, the QBCC processed 1,592 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*.

## FIRE PROTECTION LICENSING FRAMEWORK

The QBCC Act establishes a licensing framework for individuals and companies carrying out fire protection work regulated under the Act.

As at 30 June 2023, the QBCC licensed 4,455 companies and individuals to undertake regulated fire protection work. Each licensee may hold one or more license classes across each of the fire protection streams.

TABLE 20: QBCC ACT FIRE PROTECTION CLASSES BY LICENCE TYPE AS AT 30 JUNE 2023

LICENCE STREAM	LICENCE TYPE	LICENCE CLASSES
PORTABLES	Contractor/nominee supervisor	1,111
	Occupational	1,659
PASSIVE	Contractor/nominee supervisor	1,487
	Occupational	1,304
SPECIAL HAZARD	Contractor/nominee supervisor	466
	Occupational	353
WATER-BASED	Contractor/nominee supervisor	1,830
	Occupational	609
ELECTRICAL	Contractor/nominee supervisor	1,952
	Occupational	3,156
FIRE SAFETY PROFESSIONAL	Contractor/nominee supervisor	79
	Occupational	16
<b>LICENCE CLASSES ISSUED</b>		<b>14,022</b>

## 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.

This does not include:

- work on a building with multiple dwellings
- building work for which an occupational licence is required, unless the work is carried out by a person who holds the appropriate licence.

During 2022-23, there were 3,049 owner builder permits granted by the QBCC.

The QBCC is ensuring that home owners with owner builders permits who are undertaking building work on properties built before 1990 have a better understanding of the harms associated with asbestos. The QBCC requires:

- home owners to complete awareness training on managing this building product that has the potential for serious health concerns through airborne exposure
- those engaged by owners to have the same level of expected safety as on any building site, to meet the requirements of the *Work Health and Safety Act 2011*.

## PLUMBER AND DRAINER LICENSING

The QBCC administers Queensland's licensing system for plumbers and drainers under the PD Act. As at 30 June 2023, the QBCC had 16,686 licensees holding one or more licence types as shown in Table 21.

TABLE 21: PD ACT LICENCES BY LICENCE TYPE AS AT 30 JUNE 2023

OCCUPATIONAL LICENCE TYPE	CLASSES OF LICENCE
Provisional plumber	925
Provisional drainer	901
Plumber	13,913
Drainer	14,076
Restricted licences	2,033
<b>TOTAL</b>	<b>31,848</b>

## MECHANICAL SERVICES LICENSING

Mechanical services work involves the construction, installation, replacement, repair, alteration, maintenance, testing or commissioning of a mechanical heating or cooling system in commercial and residential buildings. It also includes work on medical gas systems found in hospitals and other health services such as dental facilities.

The QBCC administers the licensing framework for contractors, nominees, site supervisors and workers which applies regardless of the value of the work. Table 22 shows the number of licensees under each stream as at 30 June 2023.

TABLE 22: MECHANICAL SERVICES LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2023

LICENCE TYPE	NUMBER OF LICENSEES
Medical gas	341
Mechanical plumbing	1,592
Air-conditioning and refrigeration	5,740
<b>TOTAL</b>	<b>7673</b>

## CERTIFIER LICENSING

The QBCC administers the granting of certifier licences under the QBCC Act. A certifier licence allows the licensee to assess building applications, decide whether to issue building approvals and inspect and certify building works.

The certifier ensures the building works comply with the building assessment provisions, the Building Act and the building approval. Certifiers can work for Local Government or in private practice.

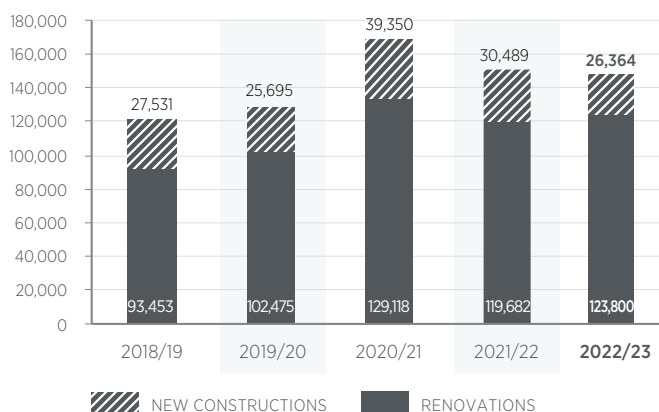
As at 30 June 2023, there were 484 building certifiers licensed by the QBCC.

## QUEENSLAND HOME WARRANTY SCHEME

The QBCC administers the QHWS that provides insurance cover for residential construction work in Queensland.

During 2022-2023, the QBCC processed 150,164 insurance policies. The breakdown of residential construction work carried out during the period was 82.4 per cent renovations compared to 17.6 per cent new home construction.

### NUMBER OF POLICIES ISSUED OVER THE PAST 5 YEARS



New builds reached near record levels in 2020-2021 with 39,350 contracts notified to the QBCC. The HomeBuilder grant played a large part with 21,871 Queenslanders making grant applications.

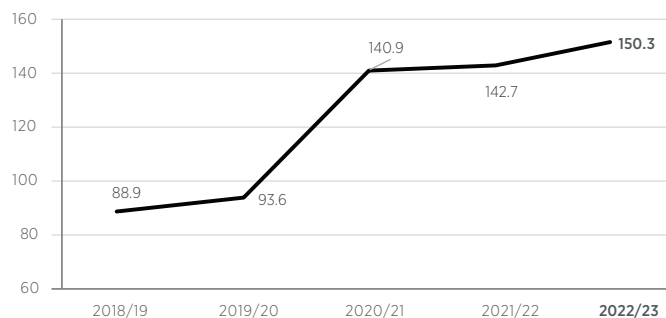
New build numbers then eased significantly in 2021-2022, dropping below the five and 10-year average, but remained significantly higher than pre-COVID levels. New builds continued to decline in 2022-2023 with 26,364 contracts notified to the QBCC. The reduction in new builds in 2022-2023 was likely influenced by home building cost inflation and increases in interest rates.

Despite declines compared to 2020-2021, renovation activity remained strong throughout 2021-2022 and 2022-2023.

In 2022-2023, the QBCC received \$150.3 million in insurance premiums compared to \$142.7 million in 2021-2022. The premium revenue reflects the number and value of contracts which were notified to the QBCC during the financial year. The total value of works notified to the QBCC was over \$16 billion for 2022-2023.

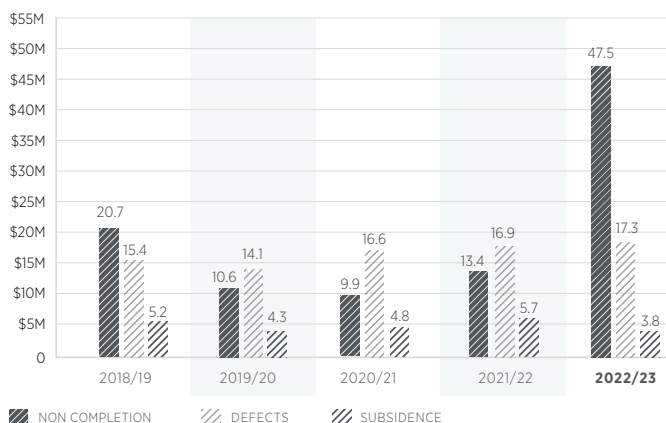
The premium payable for a contract for residential construction work increases as the value of the contract increases. Premiums received in 2022-2023 were higher than those received in 2020-2021 and 2021-2022 despite lower policy numbers due to the impact of home building cost inflation on contract values for new builds, and to a lesser extent renovations.

### INSURANCE PREMIUMS (\$M)



The QBCC approved a total of \$68.6 million in insurance claim costs during 2022-2023. This included \$47.5 million for non-completion claims, \$17.3 million for defects claims and \$3.8 million for subsidence claims.

### INSURANCE CLAIM APPROVALS ISSUED OVER THE PAST 5 YEARS



The increase in non-completion claims approvals in 2022-2023 was primarily caused by six large project home builder collapses over the past two years, including most recently Pivotal Homes Pty Ltd (liquidators appointed 26 May 2022); Oracle Building Corporation Pty Ltd (liquidators appointed 24 August 2022); and PDH Qld Pty Ltd trading as Porter Davis Homes (liquidators appointed 31 March 2023). A number of smaller collapses also contributed to the high claims experience.

The QBCC holds licensees responsible for monies owed as a result of claims made against the QHWS. While most of the claims made against the QHWS are unrecoverable due to builder insolvency, where possible, the QBCC will attempt to recover the money owed. We recovered \$4.8 million in 2022-2023 for the QHWS.

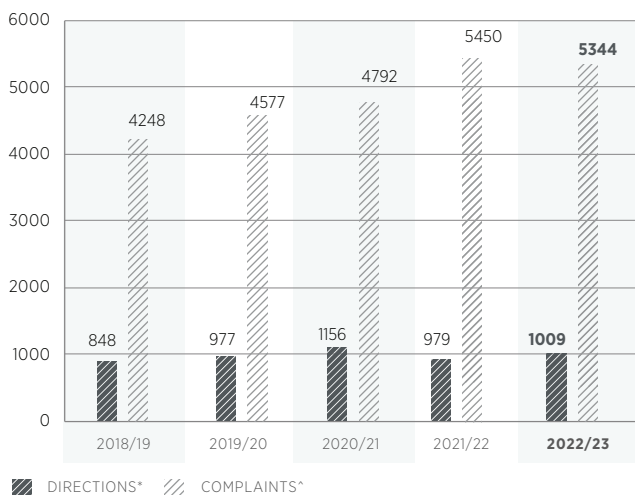
The QHWS is a statutory insurance scheme and is not regulated by the Australian Prudential Regulatory Authority (APRA), and therefore is not required to comply with APRA standards. However, to ensure a solid financial framework for its insurance operations, the QBCC has continued to comply with various APRA standards that apply to general insurers to the extent that it is reasonable and prudent for the QBCC to do so. This includes 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 RELATING TO DEFECTIVE WORK

The QBCC may be able to help resolve building disputes in relation to defective works between home owners and principal contractors. During 2022-2023, these types of building disputes totalled 6,306, of which 5,344 related to works after construction was completed and 962 which were during the construction process. This represented a decrease of three per cent from 2021-2022 which totalled 6,500 building disputes.

Whilst there has been a three per cent decrease in the number of building disputes in relation to defective works compared to 2021-2022, there was an increase of 15.7 per cent compared to the preceding period of 2020-2021. The increase in these disputes was a result of major insolvencies, weather events in March 2022 and shortages of labour and materials in the building industry.

### COMPLAINTS AND DIRECTIONS ISSUED OVER THE PAST 5 YEARS



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

^ These relate to complaints related to works after construction was completed.

## EARLY DISPUTE RESOLUTION

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

During 2022-2023, the QBCC opened 962 EDR cases, with 985 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. There was a decrease of 8.4 per cent in EDR disputes received compared to 2021-2022. A higher number of dispute cases were processed than were received due to improved internal processes and efficiency initiatives.

## INTERNAL REVIEW

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

During 2022-2023, 1,111 internal review cases were opened and 1,077 cases closed. The QBCC also processed cases from previous financial years. An additional 277 cases were opened, and 232 cases were closed in comparison to 2021-2022.

As a result of the internal reviews completed during 2022-2023:

- 587 (54.5 per cent) original decisions were upheld, including 208 'deemed' decisions
- 149 (13.8 per cent) original decisions were overturned
- 82 (7.6 per cent) original decisions were varied
- 259 (24 per cent) matters were discontinued, for the reasons described below.

The QBCC's Internal Review Unit is required by legislation to make a new decision as if the reviewable (original) decision had not been made.

An 'upheld' decision means that the same outcome as the original decision was reached for the same reasons. A 'varied' decision means that the same outcome as the original decision was reached, but for different reasons than the original decision.

An 'overturned' decision means that a different (or partially different) outcome to the original decision was reached.

Where original decisions are overturned or varied, it can be as a result of new information not previously available or further investigation of the matter (such as obtaining new expert reports).

The QBCC discontinued 259 matters because:

- 73 matters were outside of jurisdiction, as the applications did not relate to a 'reviewable decision' or the applicant had also applied to QCAT for external review
- applications concerning 50 decisions were withdrawn by the applicant
- 13 applications were closed with no further action taken because of mistakenly referred correspondence taken to be an application
- 117 applications were outside the legislated timeframe and not accepted
- six applications were closed as no original decision had been made and the review applications were therefore premature.

Of the 1,077 review cases closed, 208 resulted in 'deemed' decisions (19.3 per cent). A deemed decision occurs where the internal reviewer does not decide the application within the required period; in that circumstance, the internal reviewer is taken to have made an internal review decision at the end of the required period that is the same as the reviewable decision.

As at 30 June 2023, 34 cases remained open. On average, it took 28.4 days to process an internal review case in the reporting period. This includes applications where the applicant was granted further time for a decision to be made.

## CUSTOMER FEEDBACK

We encourage our customers to provide feedback so that we can continuously improve our business. Customer service complaints were assessed and investigated in accordance with the QBCC Customer Feedback Policy available on the QBCC website. For the 2022-2023 reporting period, the number of suggestions, compliments, and complaints received by the QBCC are shown in Table 23:

TABLE 23: CUSTOMER FEEDBACK STATISTICS COMPARED TO THE PREVIOUS YEAR

	2020-2021	2021-2022	2022-2023	PERCENTAGE CHANGE 2022-2023 COMPARED TO 2021-2022
SUGGESTIONS	625	471	426	9.6% decrease
COMPLIMENTS	130	94	64	31.9% decrease
SERVICE COMPLAINTS	932	1,175	697	40.7% decrease

## OUR CODE OF CONDUCT

The Queensland Government Code of Conduct is applicable to all QBCC employees. Being an employee of the QBCC involves a significant level of trust to perform required duties to a high standard, both with respect to public administration and conduct.

To ensure our employees are aware of their ethical obligations under the *Public Sector Ethics Act 1994* and the Code of Conduct, the QBCC has established and delivers online training modules including:

- Code of Conduct obligations
- fraud and corruption awareness
- public interest disclosures
- conflict of interest, secondary employment and gifts and benefits policies
- information privacy and management of public records
- workplace bullying and harassment education
- workplace health and safety inductions, including employee wellbeing
- customer feedback policy, customer engagement policy and social media policy.

Training is provided to new employees as part of their induction, and employees are additionally required to undertake mandatory refresher training on a regular basis. Policies and procedures are similarly established and reviewed, giving due consideration to the Code of Conduct and the associated framework governing ethical conduct.

The Integrity and Complaints Branch deals with corrupt conduct matters, including fraud and corruption, and provides expert and high-level advice and assessment of conflicts of interest, public interest disclosures, complaints management and other integrity-related matters. Setting, implementing, and monitoring integrity standards and managing our non-conformance demonstrates our commitment to integrity and ethical conduct.

The QBCC's people are also provided with updates on developments in integrity-related policies and processes.

## EMBEDDING HUMAN RIGHTS

The QBCC is committed to compliance with, and furthering the objects of, the *Human Rights Act 2019*.

In 2020, the QBCC implemented a process to embed the *Human Rights Act 2019* into our business to ensure we act and make decisions that are compatible with human rights. In 2023 the QBCC completed a review of its internal policies and procedures to ensure these are compatible with human rights.

The QBCC records human rights complaints within its framework for managing complaints. We received one human rights complaint during the 2022-2023 period, which was resolved through the Queensland Human Rights Commission conciliation process.



## OBJECTIVE 3: PUT OUR PEOPLE FIRST, AND SUPPORT AND VALUE THEM

The QBCC's people are its greatest asset. As stated in the Strategic Plan, "Our people matter because we can only achieve what we set out to do through our people." This objective articulates our desire to look after and develop our people.

Four strategies have been developed towards this objective:

- **Recruit and develop great people** – we attract and retain a diverse workforce with the right skills to deliver our mandate

- **Performance matters** – we recognise and reward high performance and seek continuous improvement
- **Culture** – we celebrate shared values that promote a positive and productive working environment
- **Wellness** – we support and mentor our staff.

The QBCC is also committed to respecting, protecting and promoting human rights in everyday decisions.

TABLE 24: OBJECTIVE 3 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS*
AGENCY ENGAGEMENT SCORE FROM THE WORKING FOR QUEENSLAND SURVEY	85%	78%	The 2022 staff engagement results saw a slight overall decrease, with 78% of people reporting a positive or neutral rating compared to the 2021 result, which was 79%. Within the overall result, the positive responses increased by 2% to 50%.
AGENCY PARTICIPATION RATE IN THE WORKING FOR QUEENSLAND SURVEY	Over 90%	97%	QBCC actively promoted the Working for Queensland survey in 2022. This resulted in an uplift of participation from 2021.
PERCENTAGE OF STAFF TURNOVER	Up to 15%	14.5%	The overall turnover rate remains under the benchmark of 15 per cent. The turnover for permanent staff was 9.7 per cent. In 2022-2023, employees left the QBCC for many reasons, such as the conclusion of fixed-term contracts, career opportunities and retirement.  A recent review of datasets found that this measure was incorrectly reported in last year's annual report. It was reported that the 2021-2022 staff turnover was 14.7%. It should have been reported as 20.9%.
OVERALL QBCC GENDER PARITY	50% /50%	44% (M) / 56% (F)	The QBCC continues to promote and support gender balance across the organisation.
GENDER PARITY - SENIOR LEADERSHIP TEAM AND DIRECTORS	50% /50%	47% (M) / 53% (F)	QBCC has females appointed to significant senior positions including CEO and Commissioner, and the Chief Building Regulator.
GENDER PAY GAP	10%	8.96%	QBCC supports reducing the gender pay gap.
LOST TIME INJURY FREQUENCY RATE	Less than 2%	6.07%	The QBCC is undertaking a review of Workplace Health and Safety (WHS) to develop a roadmap to improve safety culture, systems and leadership and address material WHS and psychosocial risks.
AVERAGE DAYS LOST DUE TO ABSENTEEISM	10 days or less	9.2	The days lost to absenteeism are less than previous years as the acute impacts of COVID have reduced.

\* If there is any material variation from the 2022-2023 target and 2022-2023 actual result, commentary is provided to explain variances.

## WORKFORCE PROFILE

The first part of Table 25 shows the number of staff as at 30 June 2023, with the remainder of the table showing in greater detail data on the representation of women, women in leadership roles, Aboriginal Peoples and Torres Strait Islander Peoples, people with disability and people with culturally and linguistically diverse backgrounds.

TABLE 25: TARGET GROUP DATA IN 2022-2023

GENDER	NUMBER (HEADCOUNT)	PERCENTAGE OF TOTAL WORKFORCE (CALCULATED ON HEADCOUNT)
MAN	261	44%
WOMAN	335	56%
NON-BINARY	0	0

DIVERSITY GROUPS	NUMBER (HEADCOUNT)	PERCENTAGE OF TOTAL WORKFORCE (CALCULATED ON HEADCOUNT)
WOMEN	335	56%
ABORIGINAL PEOPLES AND TORRES STRAIT ISLANDER PEOPLES	10	1.7%
PEOPLE WITH DISABILITY	27	4.5%
CULTURALLY AND LINGUISTICALLY DIVERSE - BORN OVERSEAS	135	22.7%
CULTURALLY AND LINGUISTICALLY DIVERSE - SPEAK A LANGUAGE AT HOME OTHER THAN ENGLISH (INCLUDING ABORIGINAL AND TORRES STRAIT ISLANDER LANGUAGES OR AUSTRALIAN SOUTH SEA ISLANDER LANGUAGES)	63	10.6%

TARGET GROUP DATA FOR WOMEN IN LEADERSHIP ROLES	NUMBER (HEADCOUNT)	PERCENTAGE OF TOTAL LEADERSHIP COHORT (CALCULATED ON HEADCOUNT)
SENIOR OFFICERS	11 (females)	55%
SENIOR EXECUTIVE SERVICE AND CHIEF EXECUTIVES	7 (females)	50%

## ATTRACTING AND RETAINING OUR WORKFORCE

In 2022-2023, the QBCC continued its commitment to attract and retain a skilled and capable workforce. Almost all of our people enjoy some element of flexible work arrangements to support work-life outcomes while ensuring delivery for customers.

The QBCC continued to invest in learning and development opportunities for our people with an active calendar of training delivered and accessible to all of QBCC through online webinars and training workshops. Available for all of QBCC was training and development in recruitment and selection for panel members, resilience training, dealing with difficult conversations and successful performance reviews. There was also bespoke training delivered in various operational areas of the organisation to deliver capability uplift in leadership and communication skills.

To provide support through the organisational change processes in 2022-2023, several initiatives were undertaken or commenced. This included a focus on leadership capability with a Leading with Clarity program introduced to support leaders in understanding and delivering key processes to support their people. This will continue over the coming 12 to 18 months. Immersive leadership sessions were provided, which focused on organisational change, psychosocial safety and building teams.

The QBCC also celebrates its people by acknowledging exceptional performance and those who lead by example through a range of avenues including the annual awards ceremony and weekly 'shout outs' by the Commissioner.

## KEEPING OUR PEOPLE SAFE AND HEALTHY

Health, safety, and wellbeing are priorities across all parts of our operations at the QBCC. In 2022-2023, the following activities occurred:

- the WHS team worked with the operational units within the organisation to contribute to the development of a 'Field Safety Manual' including development of a WHS risk register, safe work method statements for high-risk activities, and supporting processes
- the QBCC facilitated the development of a working from heights procedure, including the delivery of high-risk work training in working at heights to support safer practices for Building Inspectors who conduct roof inspections
- the QBCC began a partnership with HSE Global to support the development of the QBCC WHS Strategy and Roadmap with a particular focus on safety culture, leadership and systems. This will be concluded in Q1 2023-2024. Part of this work included the initiation of a psychosocial risk assessment as part of the implementation of the Managing the risk of psychosocial hazards at work Code of Practice 2022 approved under the *Work Health and Safety Act 2011*

- delivery of an initiative with the Learning and Development Team to commence a pilot for Mental Health First Aid training for leaders
- undertaking a review of the Rehabilitation and Reasonable Adjustment Procedure and providing significant amendments that align with contemporary practice across Government departments and national standards
- providing various wellness and wellbeing programs across the organisation including flu vaccinations, access to our Employee Assistance Program, and holding various sessions including resilience workshops for our people.

## KEEPING OUR PEOPLE ENGAGED

In September 2022, the QBCC participated in the 2022 Working for Queensland (WfQ) survey which is used across Queensland public sector agencies to measure employee perceptions of the workplace climate. Our 2022 staff participation rate was 97 per cent, compared to 85 per cent in 2021. An improvement in employee engagement (positive responses) of two per cent was recorded.

The survey yielded valuable information on what could be improved and resulted in action plans across the organisation to continue to enhance our employees' experience. Areas of focus include workload management, leadership capability and role clarity including the development of a 'Leading with clarity' program, diversity and inclusion items and people process improvements.

## PROFESSIONAL DEVELOPMENT AND CAREER PATHS

The QBCC maintains a Performance Development Framework to guide the development of our people, and ensure the achievement of organisational strategies, business plans and performance outcomes of work teams and individual team members. Individual performance is discussed regularly with managers and team members. Formal checkpoints are scheduled half-yearly when individual performance is recorded in Performance Development Plans. The QBCC's half-way checkpoint was in February 2023 and had an 87 per cent completion rate.

The QBCC is committed to encouraging lifelong learning. This is demonstrated through our Study and Research Assistance Scheme (SARAS). It provides support for our people who are seeking to gain qualifications to support their work and careers. During the year, 19 employees applied and were approved for SARAS funding.

The QBCC has an Emerging Leaders Program that seeks to help individuals develop competencies required of a senior leader, and to enhance succession planning for future leaders. Six team members were accepted for the Emerging Leaders Program in 2022-2023. Five people have successfully completed the program (one person didn't complete as they left the QBCC to pursue other career opportunities).

The success of the 2022-2023 program has been confirmed with at least 50 per cent of the program participants having secured opportunities to work in higher level roles to further build skills, an achievement they have attributed to the learning they undertook as part of the Emerging Leaders' program. Participants have also reported that the program has assisted in providing knowledge and experience in managing teams and increased understanding of operational and strategic methodology which has been converted into obtaining higher level and permanent management positions.

Senior Leadership Team (SLT) members becoming aware of increased capabilities and knowledge across the emerging leaders group has extended to requests for involvement in Governance Review, Strategic Plan and operational groups for improvement and change in the organisation. These outcomes have also been attributed to participation in the Emerging Leader' program.

The QBCC continues to review and refine this program to ensure it remains contemporary and relevant in the changing work environment.

In 2022-2023, the QBCC's Learning and Development team developed, organised, and delivered 161 courses (workshops and webinars). These achieved an 88 per cent attendance rate and staff satisfaction for the 2022-2023 year was 91 per cent across the 161 courses delivered.

## DIVERSITY AND INCLUSION

The QBCC is committed to promoting an inclusive work culture and environment for our people and the people we encounter on a daily basis.

During 2022-2023 there has been significant focus on promoting and supporting Aboriginal and Torres Strait Islander people with the development of the Innovate RAP, and celebration of culturally significant days and events.

The QBCC also established the Pride network for the LGBTQIA+ community and allies. This is run by our people with Senior Leadership Team sponsorship, to help create a safe and inclusive environment at the QBCC.

We recognised and celebrated a number of events including:

- recognising International Women's Day with morning teas across the State
- QBCC representation at the National Association of Women in Construction (NAWIC) and presentation of a scholarship to the Australian Institute of Company Directors (AICD) course. The QBCC sponsored the AICD scholarship award after evaluating submissions to a NAWIC member. NAWIC is an Australian, not-for-profit organisation formed in 1995. They are the Peak Body championing the diverse collective of great people doing great work in construction. NAWIC welcomes women in construction, and their allies, from all walks of life, cultures, ages and career stages

- National Reconciliation Week, anniversary of the Uluru Statement from the Heart, National Sorry Day
- Pride Month
- International Day Against Homophobia, Transphobia and Biphobia and Intersex Awareness Day.

## RECONCILIATION ACTION PLAN

The QBCC maintains a Reconciliation Action Plan (RAP) to help close the gap in equity and employment between Aboriginal and Torres Strait Islander, and non-Indigenous Australians, to help build strong relationships and respect with the community we serve, and to create a dynamic and diverse workforce and society.

Initially implementing the Reflect RAP from 2019 onwards, some challenges were experienced, especially in building momentum with intended education and engagement initiatives. These challenges included COVID pandemic-related disruptions and turnover in key senior roles responsible for leading the Reflect RAP project.

The QBCC is now actively focused on the next phase, Innovate, for implementation early in the 2023-2024 reporting period. A full Innovate RAP has been developed, which was under approval review by Reconciliation Australia as at the end of the 2022-2023 reporting period.

The RAP Working Group (RWG) takes the lead role for the QBCC's development, implementation and reporting phases of the RAP, working together with the leaders and people of the QBCC to achieve meaningful reconciliation. Following a period of pandemic-related disruption, the 2022-2023 period has seen a healthy resurgence of work by the RWG, supported by the QBCC CEO & Commissioner.

Recent actions on key deliverables include:

- completion of a specially commissioned artwork by Shane Mankitya Cook. The artwork showcases nine interlinked and overlapping meeting places (the QBCC office locations in Queensland) as a representation of shared values, working together in unison with the wider community, and building connected and trusting relationships
- inclusion of our people in meaningful activities around NAIDOC Week, National Reconciliation Week, National Sorry Day, National Apology Day, National Close the Gap Day and Mabo Day by reflecting on, acknowledging and celebrating the history, culture and achievements of Aboriginal and Torres Strait Islander peoples
- corporate lanyards and wristlets were created for our people, featuring the artwork created for the QBCC
- enhanced Acknowledgement of Country message and practice in all QBCC meetings
- re-establishment of the RAP Working Group with representatives from across the State
- increasing regional involvement within the RAP Working Group and in activities around significant cultural events.

## EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

During the 2022-2023 period, one employee received a redundancy package at a cost of \$158,820.60.

## INDUSTRIAL AND EMPLOYEE RELATIONS

The QBCC is committed to a positive relationship with the Together Union and our union delegates. Agency Consultative Committee (ACC) meetings were held throughout 2022-2023 and were attended by the Together Union, QBCC union delegates and the QBCC's management representatives. This included extensive consultation on the QBCC's Reset program.

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*.

## OBJECTIVE 4: BE EFFICIENT AND FINANCIALLY SUSTAINABLE

To remain financially stable, the QBCC endeavours to operate productively while achieving our goals. We need to embrace and use appropriate technology and the ingenuity of our people to overcome obstacles and challenges in the pursuit and achievement of our goals. We also recognise our fiduciary duty as a public sector organisation to properly manage and be accountable for the use of data, information and public funds, in delivering on the work set out by the government.

This objective captures that goal and our strategies include:

- financial management – we manage our finances responsibly
- operational excellence – we are efficient with our governance controls
- information and technology enabled – we use information and technology to improve everything we do.

TABLE 26: OBJECTIVE 4 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS*
FINANCIAL MANAGEMENT – ACHIEVE BUDGET +/- 5%	See Financial Performance section in the Annual Report on page 51.		
DIVISIONS TO IDENTIFY ANNUAL BUDGET EFFICIENCY SAVINGS OF 5%	See Financial Performance section in the Annual Report on page 51		
IT SERVICES – POST RELEASE SATISFACTION	80%	89%	Digital release and governance processes are improving the overall quality of delivery outcomes as reflected in the performance of the measure.
IT SERVICES – HELP DESK SATISFACTION	85%	91%	Improvements in service desk response processes are positively impacting overall first level response timeframes and resolution.

\* If there is any material variation from the 2022-2023 target and 2022-2023 actual result, commentary is provided to explain variances.

## RISK MANAGEMENT

During 2022-2023, the QBCC continued embedding the risk policy, risk management framework and associated tools delivered in the previous year and continues to implement practices aligned with Australian standards (ISO 3100:2018 Risk management – Guidelines) and Queensland Government guidelines (Treasury's Guide to Risk Management).

Frequent workshops throughout the year to review and monitor strategic and operational risks, supported an uplift in risk knowledge and capability, particularly at more senior levels of the QBCC, further embedding a risk-based decision-making culture across the organisation.

With the establishment of a new QBC Board in December 2022, a comprehensive review of the QBCC's strategic and emerging risks was undertaken, and a review of QBCC's Risk Appetite is ongoing.

During 2022-2023 the QBCC continued a review of its suite of policies designed to support the identification, prevention, and management of fraud and corruption. This was intended to further strengthen the QBCC's fraud and corruption prevention framework and ensure it aligns with best practice and the requirements of integrity bodies such as the Crime and Corruption Commission (CCC), the Queensland Ombudsman and the Queensland Audit Office (QAO). The online reporting tool, *iDeclare*, launched by the Integrity and Complaints Branch mid-2020, continued to provide significant successes and take-up with employees making the necessary declarations of Conflict of Interest, Secondary Employment, Gifts and Benefits and Public Interest Disclosures.

The Integrity and Complaints Branch further strengthened its preventative approach during 2022-2023 by issuing proactive all-staff communication and conducting promotional activities to inform our people of how to manage offers of gifts and benefits, remind employees of their obligations in relation to official and confidential information and encourage reporting of wrongdoing.

## INTERNAL AND EXTERNAL AUDITS

Over the 2022-2023 reporting period, the QBCC's internal auditors, O'Connor Marsden & Associates, completed an internal audit in the area of Corporate Governance and Assurance and commenced audits related to the Adjudication Registry and the QBCC's dispute resolution processes.

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

## 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 Leadership Team and economic information from other relevant sources. To support the Finance, Audit and Risk Committee in fulfilling its responsibilities, the Insurance Committee reviews the investment strategy applicable to the management of Insurance Fund investable assets.

## RIGHT TO INFORMATION AND INFORMATION PRIVACY

The QBCC is committed to compliance with the objects of the Right to Information Act 2009 (RTI Act) and the Information Privacy Act 2009 (IP Act).

In 2022-2023, we finalised 224 applications under the RTI and IP Acts with 249,428 pages and 342 audio recordings assessed. Of the documents assessed, 221,787 pages were released in full, and 14,900 pages were partially released. There were 315 audio recordings released in full and 10 partially released to QBCC applicants. There were no IP Amendment applications received in 2022-2023. There were also two non-compliant RTI applications that were withdrawn by the applicants.

The QBCC Administrative Access (AA) Policy supports the proactive disclosure of information. This allows 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 172 AA requests in 2022-2023, releasing 8,648 pages and one audio recording 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.

Two privacy complaints were received by the QBCC in the reporting period. It was found that the QBCC had inadvertently breached the affected individuals' privacy in relation to use and disclosure, respectively.

Privacy is recognised as a human right under the *Human Rights Act 2019* (Qld) and the QBCC takes its obligations seriously in protecting its customers' privacy. Any privacy complaint received by the QBCC is thoroughly investigated taking into account the Information Privacy Principles under the *Information Privacy Act 2009* (Qld) and the Privacy Commissioner's guidelines. The complainant is then given a letter clearly outlining the QBCC's response to the complaint which informs the complainant whether the QBCC identified any breach of the Information Privacy Principles and if so, the steps taken by the QBCC to prevent this from reoccurring.

If complainants are not satisfied with the QBCC's response, they can make a formal complaint to the Privacy Commissioner

The QBCC will invest in resources which will allow us to be more proactive in the privacy sphere - an area that is becoming increasingly challenging in a rapidly expanding digital world.

## 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.

An overseas travel expenditure for the 2022-2023 reporting period was not required due to overseas travel not being undertaken by any officers of the QBCC.

## RECORDS MANAGEMENT

The *Public Records Act 2002* and the QBCC's Information Management Policy mandate the capture, creation, storage and disposal of public records in accordance with Queensland State Archives-approved disposal authorities. The QBCC continues to work with Queensland State Archives to finalise its functional retention and disposal schedule, with completion expected in July 2023.

In meeting its public records governance responsibilities, the QBCC is dedicated to continually improving recordkeeping maturity to support sound business decision-making, effective governance, and accountability. A recordkeeping maturity assessment is completed on an annual basis, in line with recommendations from Queensland State Archives.

Roles and responsibilities for the management of public records are documented in the QBCC's Information Management Policy and Recordkeeping Guidelines. Mandatory recordkeeping training is provided at induction for new employees, along with mandatory online refresher training no less than every three years, augmented with the delivery of specialist recordkeeping training, as required.

A substantial percentage of records are created and captured electronically, with several initiatives planned to reduce reliance on paper records as the QBCC transitions to more digitally enabled services.

## 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 QBC BOARD

As at 30 June 2023, the QBC Board consisted of seven independent, non-executive members. QBC Board members are appointed by the Governor in Council under the QBCC Act for a three-year term. Current board members were appointed on 1 December 2022.

As the QBCC's governing body, 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 Government Guide for Members of Queensland Government Boards, Committees and Statutory Authorities.
- the highest levels of ethics and corporate governance.

### QBC BOARD MEETINGS

Ordinary meetings of the QBC Board are held at least 10 times a year. Recognising the need to be flexible and adapt to changing environments and circumstances, the QBC Board can consider routine matters out of session by circular resolution or by way of an extraordinary or special QBC Board meeting where the matter is complex or requires a more fulsome discussion.

### COMMITTEE MEETINGS

To facilitate its efficient operation, the QBC Board operates a number of committees.

With the establishment of a new Board on 1 December 2022, a new committee structure was implemented, as shown in Table 27:

TABLE 27: QBC BOARD COMMITTEES

COMMITTEES ESTABLISHED TO 30 NOVEMBER 2022	COMMITTEES ESTABLISHED FROM 15 DECEMBER 2022
Finance and Audit Committee (FAC)	Finance, Audit and Risk Committee (FAR)
Risk Committee (RC)	
Insurance Committee (IC)	Insurance Committee (IC)
People and Culture Committee (PCC)	Nomination and Remuneration Committee (NAR)
Regulatory and Resolution Committee (RRC)	
Ex Gratia Payment Decisions Committee (EGPD)	Ex Gratia Payment Decisions Committee (EGPD)

Each committee operates to a charter or terms of reference which outline its purpose, duties, responsibilities, membership, authority and meeting requirements.

A summary of attendance of QBC Board members at ordinary and extraordinary QBC Board meetings is set out in Table 28.



TABLE 28: QBC BOARD MEMBER ATTENDANCE AND REMUNERATION 2022-2023

<b>QUEENSLAND BUILDING AND CONSTRUCTION BOARD</b>					
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"> <li>• Endorsed and supported internal redesign efforts to achieve meaningful improvements in service delivery and culture, including the functional realignment of the QBCC</li> <li>• Provided oversight of the performance and operations of the QBCC.</li> </ul>				
Financial reporting	Transactions of the entity are accounted for in the financial statements.				
<b>REMUNERATION</b>					
POSITION	NAME	MEETINGS/ SESSIONS/ ATTENDANCE	APPROVED ANNUAL, SESSIONAL OR DAILY FEE <sup>1</sup>	APPROVED SUB- COMMITTEE FEES IF APPLICABLE	ACTUAL FEES RECEIVED <sup>2</sup>
<b>1 DECEMBER 2022 – 30 JUNE 2023</b>					
CHAIR	Michelle James*	2022-23: 14 Board: 7 IC: 2 EGPD: 1 NAR: 2 FAR: 2	\$50,000 pa	N/A	\$32,000
DEPUTY CHAIR	John Anderson	2022-23: 9 Board: 6 EGPD: 1 NAR: 2	\$25,000 pa	N/A	\$16,000
MEMBER	Robyn Petrou	2022-23: 11 Board: 7 IC: 2 FAR: 2	\$25,000 pa	N/A	\$16,000
MEMBER	Christopher Edwards	2022-23: 10 Board: 7 IC: 1 FAR: 2	\$25,000 pa	N/A	\$16,000
MEMBER	Suzanne Baker	2022-23: 11 Board: 6 IC: 2 NAR: 1 FAR: 2	\$25,000 pa	N/A	\$16,000
MEMBER	Colin Cassidy	2022-23: 8 Board: 5 NAR: 2 FAR: 1	\$25,000 pa	N/A	\$16,000
MEMBER	Meg Frisby <sup>3</sup>	2022-23: 10 Board: 7 EGPD: 1 NAR: 2	\$25,000 pa	N/A	\$15,000

REMUNERATION					
POSITION	NAME	MEETINGS/ SESSIONS/ ATTENDANCE	APPROVED ANNUAL, SESSIONAL OR DAILY FEE <sup>1</sup>	APPROVED SUB- COMMITTEE FEES IF APPLICABLE	ACTUAL FEES RECEIVED <sup>2</sup>
<b>1 JULY 2022 - 30 NOVEMBER 2022</b>					
FORMER CHAIR	Richard Williams	2022-23: 14 Board: 6 IC: 2 EGPD: 1 PCC: 1 RRC: 1 RC: 1 FAC: 2	\$50,000 pa	N/A	\$23,000
FORMER DEPUTY CHAIR  FORMER MEMBER	Michelle James	2022-23: 6 Board: 4 IC: 0 EGPD: 1 PCC: 0 RRC: 1 RC: 0 FAC: 0	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Meg Frisby	2022-23: 7 Board: 6 EGPD: 0 PCC: 0 RRC: 1	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Lesley Anderson	2022-23: 9 Board: 4 IC: 2 EGPD: 1 RC: 0 FAC: 2	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Andrew Hickman	2022-23: 6 Board: 6 RRC: 0	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Jade Ingham	2022-23: 5 Board: 5 PCC: 0	\$25,000 pa	N/A	\$11,000
FORMER MEMBER	Brett Schimming	2022-23: 1 Board: 1 IC: 0 PCC: 0 RC: 0 FAC: 0	\$0	N/A	\$0
FORMER MEMBER	Robert Schwarten	2022-23: 6 Board: 5 PCC: 1	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Debra Johnson	2022-23: 8 Board: 6 PCC: 0 RRC: 0 RC: 2 FAC: 0	\$25,000 pa	N/A	\$12,000
FORMER MEMBER	Cath Brokenborough	2022: 11 Board: 6 IC: 2 PCC: 1 RC: 2 FAC: 0	\$25,000 pa	N/A	\$12,000

**REMUNERATION CONTINUED****1 JULY 2022 – 30 NOVEMBER 2022**

NO. OF SCHEDULED MEETINGS HELD FOR EACH COMMITTEE FOR THE PERIOD OF EACH BOARD MEMBERS TENURE.	<b>Current Board members (1 December 2022 to current)</b>
	Michelle James – 14
	John Anderson – 9
	Robyn Petrou – 11
	Christopher Edwards – 10
	Suzanne Baker – 11
	Colin Cassidy – 8
	Meg Frisby – 10
<b>TOTAL MEETINGS FOR THE FINANCIAL YEAR: 29</b>	Total meetings held this period: 14
QBC BOARD: 13 RRC: 1 EGPD: 2 FAR: 2 IC: 4 NAR: 2 PCC: 1 RC: 2 FAC: 2	<b>Former Board members (01 July 2022 – 30 November 2022):</b>
	Richard Williams – 14
	Michelle James – 6
	Meg Frisby - 7
	Lesley Anderson – 9
	Andrew Hickman – 6
	Jade Ingham – 5
	Brett Schimming – 1
	Robert Schwarten – 6
	Debra Johnson – 8
	Cath Brokenborough – 11
	Total meetings held this period: 15
<b>TOTAL OUT OF POCKET EXPENSES</b>	\$26,632. Other operational costs totalled \$10,677

## NOTES FOR THIS SECTION ON COMMITTEES:

# The frequency of meetings convened is reported in line with the Annual Report Requirements.

<sup>1</sup> Approved fees do not include superannuation amounts.

<sup>2</sup> Actual fees include superannuation amounts

<sup>3</sup> Michelle James and Meg Frisby were members of the former Board and are members of the current Board.

## FINANCE, AUDIT AND RISK COMMITTEE

Established on 15 December 2022, the Finance, Audit and Risk (FAR) Committee combined the previous Finance and Audit Committee (FAC) and Risk Committee (RC).

The FAR Committee supports the Board by overseeing and providing advice on financial management, audit and risk matters and setting the tone for risk culture through the promotion of open risk discussions and consideration of risk in decision making.

The FAR Committee's core duties are to:

- provide assurance and assistance to the Board on the accuracy and integrity of the Commission's financial management and reporting
- review the effectiveness of the QBCC's internal controls
- oversee the planning, monitoring, and reporting processes of the QBCC's internal audit control functions so they operate effectively, efficiently, and economically
- oversee external audit findings made by the QBCC's external auditor
- ensure that the QBCC has appropriate and effective risk management systems in place
- ensure the QBCC has in place appropriate compliance management frameworks, practices and monitoring mechanisms to best ensure that the QBCC complies with its legislative, regulatory and internal policy requirements.

In 2022-2023 the previous Finance and Audit Committee met twice<sup>#</sup> and membership comprised: Ms Lesley Anderson (Committee Chair), Mr Richard Williams, Mr Brett Schimming and Ms Michelle James.

In 2022-2023 the previous Risk Committee (RC) met twice<sup>#</sup> and membership comprised: Ms Debra Johnson (Committee Chair), Mr Richard Williams, Ms Cath Brokenborough and Ms Michelle James.

From December 2022 to the end of this reporting period, the current FAR Committee met twice<sup>#</sup> and membership comprised: Ms Suzanne Baker (Committee Chair), Ms Michelle James (*ex-officio*), Ms Robyn Petrou, Mr Colin Cassidy and Mr Christopher Edwards.

### NOTES FOR THIS SECTION ON COMMITTEES:

- <sup>#</sup> The frequency of meetings convened is reported in line with the Annual Report Requirements.

## INSURANCE COMMITTEE

The Insurance Committee reviews, monitors and provides advice to the QBC Board on the performance and issues relating to the QHWS.

The Committee fulfils the following functions:

- review, monitor and report to the Board on the performance of the QHWS, particularly risk profiles for non-completion, defects and subsidence claims
- consider the prevailing economic and environmental conditions and how they impact the QHWS
- consider, develop and implement improvements to the QHWS which benefit consumers, licensees, government, the QBCC and/or other stakeholders
- review and ensure QHWS compliance with the Risk Appetite Statement
- in the context of the QBCC's voluntary compliance with APRA standards, review and ensure compliance placed on general insurers, with the exception of requirements to report to APRA, and deviations approved by the Board
- review and monitor the Internal Capital Adequacy Assessment Process and capital management for the Insurance Fund, in conjunction where appropriate with the Scheme Actuary
- consider the appropriate investment strategy for the Insurance Fund and provide recommendations to the FAR Committee for inclusion in the Investment Policy
- work with the Board and management to monitor the administration of QHWS claims so that results are achieved efficiently
- review and monitor the operation of the underwriting framework to make sure the QHWS is managed in accordance with actuarially sustainable principles
- review and monitor the Reinsurance Management Strategy and reinsurance arrangements, in conjunction where appropriate with reinsurance brokers and the Scheme Actuary for the QHWS
- review, monitor and report to the Board on the actuarial assessments of the QHWS and on any action required to ensure that the QHWS remains viable and effective
- review and monitor recommendations of the Scheme Actuary, internal audit findings and management responses that relate to the QHWS or the Insurance Fund in conjunction with the FAR Committee.

To 30 November 2022, the previous Insurance Committee met twice and membership comprised: Mr Brett Schimming (Committee Chair), Mr Richard Williams (Acting Committee Chair), Ms Cath Brokenborough; and Ms Lesley Anderson.

From 1 December 2022, the current Insurance Committee met twice and membership comprised: Ms Robyn Petrou (Committee Chair), Ms Suzanne Baker; Mr Christopher Edwards and Ms Michelle James (*ex-officio*).

## NOMINATION AND REMUNERATION COMMITTEE

Established on 15 December 2022, the Nomination and Remuneration (NAR) Committee replaced the People and Culture Committee (PCC).

The Committee fulfils the following functions:

- make recommendations to the Board on the appointment of Board members to Board committees, either as ordinary members or as a Committee chairperson
- provide oversight of the recruitment and appointment of permanent senior leadership roles in line with the approved Board policy for senior leadership recruitment
- lead and facilitate the annual performance evaluation and review process of the Board's performance and oversee the outcome and any reporting to the Minister that may be required
- consider the overall mix of skills, knowledge and experience of the current Board and recommend to the Board, induction, training and the development of skills for members
- review the performance results of the Commissioner and recommend the performance evaluation, remuneration and financial incentive outcomes to the Board
- monitor the performance results, development and remuneration of SLT members
- review and make recommendations to the Board on the effectiveness of current and proposed changes to the remuneration policy, other executive benefits, performance evaluation framework, recruitment and appointment processes for the Commissioner and SLT
- monitor any other matters related to nomination and remuneration such as gender pay gap, reconciliation, diversity and inclusion or as requested by the Board
- monitor any significant changes in broader remuneration policies for the QBCC which are material and outside of the existing industrial frameworks
- provide oversight of succession plans for nominated statutory roles, for the Commissioner and SLT members reporting directly to the Commissioner
- review and recommend any changes to the Board director induction program
- review the effectiveness of the board's conflicts of interest, declaration of interests and recommend changes to these items to the Board.

From 1 December 2022, the current NAR Committee met twice and membership comprises: Mr Colin Cassidy (Committee Chair), Ms Michelle James (*ex-officio*), Mr John Anderson and Ms Meg Frisby.

The People and Culture (PCC) Committee last met on 9 August 2022. The Committee reviewed, monitored and provided advice to the QBC Board on appropriate people and culture strategies and policies consistent with business requirements. The Committee also embedded a culture of accountability, participation, customers and community, creativity, delivering value and safety.

To 30 November 2022, the PCC Committee met once and membership comprised: Ms Cath Brokenborough (Committee Chair), Ms Jade Ingham, Mr Brett Schimming and Mr Richard Williams.

From 1 December 2022, the matters previously considered by this Committee are now discussed at the Nomination and Remuneration Committee or directly by the QBC Board.

## EX GRATIA PAYMENT DECISIONS COMMITTEE

The Ex Gratia Payment Decisions (EGPD) Committee was established to oversee and determine the making of ex gratia payments in line with the QBCC's procedure for ex gratia compensation payments for defective administration.

The Committee fulfils the following functions:

- approve (in whole or in part), or refuse recommendations made by the Commission regarding the making of ex gratia payments, whether in full or in part, to an external party
- report to the Board on decisions made under the Commission's recommendation for making or declining ex gratia payments
- review procedures and provide guidance to the Commission in matters where the committee sees fit, including effecting continuous improvement to mitigate the future likelihood of defective administration
- suggest improvements to ensure the proper, effective, and efficient performance of the Commission's functions.

To 30 November 2022, the EGPD Committee met once and membership comprised: Mr Richard Williams (Committee Chair), Ms Michelle James and Ms Lesley Anderson.

From 1 December, the EGPD Committee met once and membership comprises: Meg Frisby (Committee Chair), Ms Michelle James and Mr John Anderson.

## REGULATORY AND RESOLUTION COMMITTEE

Until 30 November 2022, the Regulatory and Resolution Committee (RRC) supported the QBC Board by overseeing and advising on the QBCC's licensing regulatory framework and systems, including:

- ensuring that the licensing framework continues to meet the needs of the industry and practices in the training industry
- ensuring that the regulatory framework adds value to the building and service trades sectors 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 rights and responsibilities
- ensuring that current processes pertaining to dispute resolution, compliance and enforcement deliver effective regulation in response to current legislation.

The Committee fulfilled the following functions:

- advise the Board on licensing requirements, issues and trends
- monitor, review and report to the Board on the effectiveness of the regulatory, technical, legal and adjudication registry divisions in increasing compliance with legislative obligations within the Commission's jurisdiction
- advise the board on the effectiveness of industry education
- oversee and make recommendations to the Board regarding the legislation administered by QBCC and proposed government policy which may affect this
- make recommendations for reform to improve contractor financial and management practices, construction practices and the use of appropriate products
- provide leadership, set the strategic objectives and oversee management's performance in the area of compliance and enforcement, key investigations, legal matters and audits of buildings under construction
- make recommendations for strategic reform to improve QBCC's delivery of the QBCC Regulatory Strategy 2020-2024 review, monitor and report to the Board on appropriate dispute resolution mechanisms and processes
- identify opportunities for reforms in licensing, dispute and compliance mechanisms
- review and make recommendations to improve contractual, construction and financial practices in the building and construction industry.

To 20 November 2022, the Committee met once and membership comprised: Ms Michelle James (Committee Chair), Mr Richard Williams, Mr Robert Schwarten, Mr Andrew Hickman, Ms Meg Frisby, and Ms Debra Johnson.

From 1 December 2022, the matters previously considered by the RRC have been reported directly to the QBC Board.

## ADDITIONAL ADVISORY AND INDUSTRY COMMITTEES/COUNCILS:

### INDUSTRY ADVISORY COMMITTEE

The Industry Advisory Committee (IAC) was established in April 2023 to provide observations, strategic advice and guidance to the Board in relation to matters affecting the building and construction industry.

The role of the Committee is to provide a forum for the Board to formally engage with the building and construction industry on current and emerging industry activities.

The Committee provides the following functions:

- industry expertise on issues relating to the building and construction industry
- advice on emerging risks and trends affecting the building and construction industry
- matters relevant to the sector
- promoting the QBCC's regulatory activities.

The Industry Advisory Committee is chaired by Mr John Anderson as the QBC Board representative and supported by Ms Angela Masson, Deputy IAC Chair, in her capacity as the QBCC Chief Building Regulator. The committee met twice in the 2022-2023 period since being established and is attended by members from a range of disciplines and specialties across the industry.

## SERVICE TRADES COUNCIL

The Service Trades Council (the Council) consists of members appointed through a Governor in Council process for a four-year term. Under section 106 of the PD Act, 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. that 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 PD Act
- d. establishing a panel of the Council to assist the Commissioner in effectively and efficiently performing the Commissioner's functions under Part 2, Divisions 1 to 7 of the PD Act
- e. establishing other panels to assist the Council in effectively and efficiently performing its functions
- f. reviewing decisions of the Commissioner made under section 51 of the PD Act
 

(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 PD Act or another Act.

In 2022-2023, in accordance with its functions under the PD Act, the Council:

- delivered industry forums in Townsville, Rockhampton, Warwick and Mackay
- submitted the On-site Sewage Treatment Panel's Report to the Minister for consideration
- conducted a survey of licensees to identify industry trends and issues
- engaged with the real estate industry and developed communications to inform real estate agents about plumbing compliance matters
- distributed flyers to retailers to raise awareness of the importance of using a licensed plumber to perform plumbing work and the need for plumbers to register a Form 4 when undertaking notifiable work
- reported to the Minister about the proposition to introduce a restricted water plumber licence for pump servicing.

A summary of attendance of Service Trade Council members at the Council meetings is set out in Table 29.

TABLE 29: SERVICE TRADES COUNCIL MEMBER ATTENDANCE AND REMUNERATION 2022-2023

SERVICE TRADES COUNCIL					
ACT OR INSTRUMENT	<i>Plumbing and Drainage Act 2018</i>				
FUNCTIONS	Advisory body				
ACHIEVEMENTS	<ul style="list-style-type: none"> <li>Acting as the internal review mechanism for licensees who have received disciplinary action under the <i>Plumbing and Drainage Act 2018</i></li> <li>Reporting to the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement and making recommendations to the Commissioner of the QBCC about matters relevant to the plumbing and drainage trade.</li> </ul>				
FINANCIAL REPORTING	Transactions of the entity are accounted for in the Financial Statements.				
REMUNERATION					
POSITION <sup>5</sup>	NAME	MEETINGS/ SESSIONS/ ATTENDANCE	APPROVED ANNUAL, SESSIONAL OR DAILY FEE	APPROVED SUB- COMMITTEE FEES IF APPLICABLE	ACTUAL FEES RECEIVED <sup>6</sup>
CHAIR	Penny Cornah	7	N/A	N/A	\$0
DEPUTY CHAIR	Janet Cumming <sup>7</sup>	2	N/A	N/A	\$0
DEPUTY CHAIR	Mary Morrison <sup>8</sup>	6	N/A	N/A	\$0
MEMBER	Michelle Kennedy	5	N/A	N/A	\$0
MEMBER	Greg Moore	3	N/A	N/A	\$0
MEMBER	Anne Neuendorf	7	N/A	N/A	\$0
MEMBER	Gary O'Halloran	1	N/A	N/A	\$0
MEMBER	Angela Olsen <sup>9</sup>	5	N/A	N/A	\$0
MEMBER	Adrian Shackleton <sup>10</sup>	3	N/A	N/A	\$0
MEMBER	Sharon Simmers	3	N/A	N/A	\$0
MEMBER	Geoff Woodall	6	N/A	N/A	\$0
MEMBER	Assistant Commissioner, Service Trades and Regulatory, QBCC	4	N/A	N/A	\$0
NO. OF SCHEDULED MEETINGS/SESSIONS	7				
TOTAL OUT OF POCKET EXPENSES	\$0. Other operational costs totalled \$30,578.				

<sup>5</sup> A Deputy Member may be appointed to act for a Member in the Member's absence (PD Act 2018, section 110)

<sup>6</sup> Actual fees include superannuation amounts

<sup>7</sup> Member resigned in November 2022

<sup>8</sup> Member commenced as Deputy Chair in February 2023, was previously a Deputy Member

<sup>9</sup> Member resigned in June 2023

<sup>10</sup> Member resigned in April 2023



## 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 2022-2023 to discuss and approve a range of strategic and operational matters with the purpose of achieving the objectives set out in the organisation's strategic and operational plans.

## CORRUPT CONDUCT AND PUBLIC INTEREST DISCLOSURES

The QBCC strives for the highest levels of integrity and takes seriously its legislative and ethical responsibilities as a part of the public sector.

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 49 conduct cases received, suspected corrupt conduct was identified in seven cases and two were subsequently closed. These seven cases were referred to the Crime and Corruption Commission for their independent assessment. Twelve cases involved employees making public interest disclosures.

The Commissioner must refer all complaints to the 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 the QBCC 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.

## EXTERNAL SCRUTINY

### QBCC GOVERNANCE REVIEW 2022 AND STATEMENT OF EXPECTATIONS

In November 2021, DEPW commissioned an independent review of the governance arrangements of the QBCC to ensure it was contemporary and fit for purpose.

The QBCC Governance Review 2022 was released in May 2022 and included 17 recommendations with 77 corresponding actions. The Government's response, released in June 2022, supported all recommendations in full or in principle, whilst noting that many of the specific actions are complex and will require detailed analysis of the costs and benefits prior to implementation and/or adoption.

The QBCC is progressing the implementation of the recommendations and progress is reported through the Government's Interdepartmental Steering Committee which is chaired by the Director-General of DEPW, and comprises the

QBCC Board Chair, the QBCC CEO & Commissioner, and other government representatives. Updates on progress are publicly available, including the 90-day report card published on 6 October 2022 and the first six-month implementation report published on 22 May 2023, detailing progress up to 31 March 2023.

The QBCC Governance Review recommended that the Government develop a Statement of Expectations (SoE) to provide clear guidance to the QBCC on its strategic priorities, emerging risks, engagement philosophy, performance and conduct. On 27 September 2022, the Minister for Energy, Renewables and Hydrogen, and Minister for Public Works and Procurement, the Honourable Mick De Brenni provided this SoE to the QBCC Board Chair. The QBCC has prepared a Statement of Intent (Sol) in response, which was provided to the Minister for Energy, Renewables and Hydrogen, and Minister for Public Works and Procurement on 3 July 2023. The Sol sits alongside the organisation's new Strategic Plan, which outlines how these expectations will be met. The QBCC will publicly report on progress against the Sol on a quarterly basis.

The QBCC continues to focus on its regulatory task. In addition, and to support improved outcomes in this area, the organisation has made significant progress against the following initiatives as outlined below:

- Mediation and Conciliation Pilot Service
- Structural Realignment
- Digital Services Business Case.

## MEDIATION AND CONCILIATION PILOT SERVICE

The QBCC's ability to effectively respond to issues relating to building disputes, particularly residential, is critical. The QBCC's statutory remit extends to 'providing remedies for defective building work' and more than 5,000 consumers seek help from the regulator each year to navigate issues relating to building disputes.

During 2023, the QBCC established an internal working group to investigate different approaches to delivering the outcomes for the QBCC Governance Review report Recommendation 2 – Establish an independent, quarantined Mediation, Resolution and Review Unit within the QBCC. The QBCC engaged broadly with conciliation and mediation services run by various government bodies across Australia. Using a collaborative approach enabled the incorporation of learnings from existing successful frameworks into the QBCC's Mediation and Conciliation Service design.

Following the development of a business case, the QBCC was provided with government support to initiate a pilot to implement a new type of dispute resolution service with support from external, professional conciliators. This service approach aims to assist in resolving building disputes as quickly and practically as possible.

The pilot service will provide a more nuanced and tailored approach to dispute resolution, reducing the burden on formal adjudicative mechanisms and contributing to a more agile and responsive regulatory environment.

The QBCC aims to launch this new service in late 2023, serving as proof of concept to ensure the new service adds value for homeowners, contractors, and government.

## STRUCTURAL REALIGNMENT

A significant initiative implemented by the QBCC during 2022-2023 was a structural realignment as part of the Governance Review Recommendation 4, action 4.1 — *Undertake a structural realignment within the QBCC that supports an outcomes-focused regulator.*

Structural enhancements were confirmed through the QBCC Governance Review 2022 as one of the necessary elements for the QBCC to become an outcomes-focused regulator and to better recognise the technical skills of its workforce. The structural outcomes of the realignment included supporting enhanced collaboration across the QBCC, streamlining customer interactions, and creating more clarity around our functions and purpose.

The QBCC began the comprehensive structural realignment process in September 2022, with the development of the revised structure completed across four phases, prior to the launch on 3 July 2023.

- **Phase 1 Functional Realignment**  
Development of a functional structure identifying how work functions are grouped to provide better integration between teams and functions, avoiding duplication of effort, increasing efficiencies, and freeing up resources.
- **Phase 2 Detailed Organisational Structure**  
Development of a detailed organisation design showing all roles and highlighting changes to any existing roles.
- **Phase 3 Implementation Planning**  
Development of a robust implementation plan setting the QBCC up for success as it transitions into its realigned structure, focusing on foundational services (to ensure readiness across the corporate services systems of Human Resources, Finance and Information Technology) and people transition and change activities.
- **Phase 4 Preparation activities**  
A whole-of-organisation effort implementing activities across foundational services, people transition and change activities, ready for the successful launch of the new structure on 3 July 2023.

During each phase, extensive communication and rigorous and continued consultation was undertaken with QBCC employees, the Together Union, union delegates and key stakeholders. Feedback received during the consultation periods was reviewed with changes adopted where appropriate prior to structural decisions being made.

Following the launch on 3 July 2023, further implementation activities to support the realigned structure will occur in the first three months of the next financial year. An implementation review is targeted for completion within six months.

## DIGITAL SERVICES BUSINESS CASE

The QBCC Governance Review report outlined another key action, Recommendation 7 - Invest in an integrated information management system that is contemporary, fit-for-purpose and aligns with the organisation's functions.

In response to the recommendation, the QBCC developed a Digital Services Business Case concentrating on driving transformation of the QBCC into an efficient and effective outcomes focused, insights-driven regulator, outlining comprehensive plans over three horizons:

- **Horizon 1** - establishment phase (18 months, six of which had elapsed during the 2022-2023 reporting year) that builds foundational capability in digital services
- **Horizon 2** - extension phase (18 months) that builds on the foundation to significantly extend digital services capability
- **Horizon 3** - (post three years) continuous improvement phase.

The business case outlines measurable benefits and opportunities:

- customers see our services as easy to use and comply with, achieving time savings, increased satisfaction, and higher compliance rates
- new insights through accessible, trusted and high-quality data that improves decision-making and enables services to be better targeted
- improved efficiency through automation to have more transaction options available through more efficient digital channels
- employees have a higher level of motivation and engagement, and are better skilled, leading to higher levels of retention
- increased agility to respond to customer demands through integrated digital platforms, lowering IT risks
- rapid innovation adoption through a performance culture of continuous incremental process improvements and faster delivery.

The Government confirmed their investment into QBCC's Digital Services Business Case and have provided initial funding for the 2023-2024 Digital Portfolio to meet Horizon 1 outcomes.

# FINANCIAL PERFORMANCE

The following pages provide details around the QBCC's financial performance in 2022-2023.

## SUMMARY OF FINANCIAL PERFORMANCE

The QBCC returned a surplus of \$19.52 million in 2022-2023 and has a net asset position of \$178.14 million.

Total income was \$359.73 million, 13.28 per cent higher than 2021-2022. The reason for the increase from 2021-2022 to 2022-2023 relates to the change in fair value of investments which is dependent on the performance of investment markets.

Total expenditure was \$340.21 million, 3.92 per cent less than 2021-2022. This decrease is primarily due to the stabilisation of inflationary pressures on the Queensland residential building industry and the impact on the provisions for future claims under the Queensland Home Warranty Scheme.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
FOR THE YEAR ENDED 30 JUNE 2023  
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QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023

OPERATING RESULT	NOTES	2023 ACTUAL \$'000	2023 ORIGINAL BUDGET \$'000	BUDGET VARIANCE* \$'000	2022 ACTUAL \$'000
<b>INCOME</b>					
Licence revenue	B1-1	43 579	39 349	4 230	48 053
Premium revenue	B1-2	107 137	92 962	14 175	117 232
Insurance administration fees revenue	B1-3	51 478	35 864	15 615	43 747
Reinsurance and other recoveries revenue	B1-4	88 414	71 000	17 414	105 199
Investment revenue	B1-5	32 335	9 133	23 201	(15 775)
Other revenue	B1-6	36 796	7 946	28 850	19 061
<b>TOTAL REVENUE</b>		<b>359 739</b>	<b>256 254</b>	<b>103 484</b>	<b>317 517</b>
Gains on disposals/revaluation of assets		( 4)	173	( 177)	37
<b>TOTAL INCOME</b>		<b>359 735</b>	<b>256 427</b>	<b>103 307</b>	<b>317 554</b>
<b>EXPENSES</b>					
Outward reinsurance	B2-1	53 710	57 932	(4 222)	70 535
Claims approved and charged	B2-2	129 817	55 097	74 719	147 553
Employee expenses	B2-4	77 105	85 269	(8 164)	69 849
Supplies and services	B2-5	38 898	44 893	(5 995)	28 032
Depreciation and amortisation	B2-6	4 637	4 895	( 258)	4 882
Impairment losses on financial assets	B2-7 & C2-1	34 291	43 267	(8 977)	31 866
Finance/borrowing costs	B2-8	196	262	( 66)	282
Other expenses	B2-9	1 559	822	738	1 123
<b>TOTAL EXPENSES</b>		<b>340 213</b>	<b>292 438</b>	<b>47 775</b>	<b>354 122</b>
<b>OPERATING RESULT</b>		<b>19 522</b>	<b>(36 011)</b>	<b>55 533</b>	<b>(36 568)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>19 522</b>	<b>(36 011)</b>	<b>55 533</b>	<b>(36 568)</b>

\*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 2023

	NOTES	2023 ACTUAL \$'000	2023 ORIGINAL BUDGET \$'000	BUDGET VARIANCE* \$'000	2022 ACTUAL \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	C1	23 158	(18 354)	41 512	24 810
Receivables	C2	21 943	15 290	6 653	19 707
Reinsurance receivables	C3	54 142	22 974	31 168	44 037
Other financial assets	D1-2	487 562	406 954	80 608	398 747
Other current assets	C4	21 687	23 033	(1 346)	27 789
<b>TOTAL CURRENT ASSETS</b>		<b>608 492</b>	<b>449 897</b>	<b>158 594</b>	<b>515 090</b>
<b>NON-CURRENT ASSETS</b>					
Reinsurance receivables	C3	109 596	126 564	(16 968)	103 885
Intangible assets	C5-2	343	468	( 125)	558
Property, plant and equipment	C6-2	2 295	2 889	( 594)	3 072
Right-of-use assets	C7	8 764	12 064	(3 300)	11 283
<b>TOTAL NON-CURRENT ASSETS</b>		<b>120 998</b>	<b>141 985</b>	<b>(20 986)</b>	<b>118 798</b>
<b>TOTAL ASSETS</b>		<b>729 490</b>	<b>591 882</b>	<b>137 608</b>	<b>633 888</b>
<b>CURRENT LIABILITIES</b>					
Payables	C8	59 286	38 220	21 066	42 393
Lease liabilities	C7	4 034	3 520	514	3 672
Accrued employee benefits	C9	11 351	11 346	5	9 663
Provisions	C10	-	-	-	502
Unearned income liability	C11	54 960	54 936	24	51 632
Future claims and associated costs	C12	129 503	41 414	88 089	95 905
<b>TOTAL CURRENT LIABILITIES</b>		<b>259 134</b>	<b>149 436</b>	<b>109 699</b>	<b>203 767</b>
<b>NON-CURRENT LIABILITIES</b>					
Accrued employee benefits	C9	10 990	10 884	106	10 271
Lease liabilities	C7	6 413	10 808	(4 395)	9 621
Provisions	C10	1 263	947	316	636
Future claims and associated costs	C12	273 549	311 629	(38 080)	251 365
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>292 215</b>	<b>334 268</b>	<b>(42 053)</b>	<b>271 893</b>
<b>TOTAL LIABILITIES</b>		<b>551 349</b>	<b>483 704</b>	<b>67 645</b>	<b>475 660</b>
<b>NET ASSETS</b>		<b>178 141</b>	<b>108 178</b>	<b>69 963</b>	<b>158 228</b>
<b>EQUITY</b>					
Contributed equity		1 169			778
Accumulated surplus		176 972			157 450
<b>TOTAL EQUITY</b>		<b>178 141</b>	<b>-</b>	<b>-</b>	<b>158 228</b>

\*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 2023

	CONTRIBUTED EQUITY \$'000	ACCUMULATED SURPLUS \$'000	TOTAL EQUITY \$'000
<b>BALANCE AS AT 1 JULY 2021</b>	<b>395</b>	<b>194 018</b>	<b>194 413</b>
Operating result	-	(36 568)	(36 568)
Equity injection	383	-	383
Total comprehensive income for the year	383	(36 568)	(36 185)
<b>BALANCE AT 30 JUNE 2022</b>	<b>778</b>	<b>157 450</b>	<b>158 228</b>
Operating result	-	19 522	19 522
Equity injection	391	-	391
Total comprehensive income for the year	391	19 522	19 913
<b>BALANCE AT 30 JUNE 2023</b>	<b>1 169</b>	<b>176 972</b>	<b>178 141</b>

The accompanying notes form part of these statements.



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 ACTUAL \$'000	2023 ORIGINAL BUDGET \$'000	BUDGET VARIANCE \$'000	2022 ACTUAL \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>INFLOWS</b>					
Received from licence fees		43 665	37 500	6 165	48 801
Received from insurance administration fees		51 478	35 864	15 614	43 747
Received from interest		9 393	3 293	6 100	189
GST input tax credits from ATO		7 429	10 883	(3 454)	7 558
GST collected from customers		14 634	12 416	2 218	13 907
Received from other revenue		35 965	7 748	28 217	18 360
		<b>162 565</b>	<b>107 704</b>	<b>54 861</b>	<b>132 562</b>
<b>OUTFLOWS</b>					
Payments to employees		(71 363)	(82 127)	10 764	(61 475)
Payments to suppliers		(41 350)	(43 630)	2 280	(34 256)
Finance/borrowing costs		( 196)	( 262)	66	( 282)
GST paid to suppliers		(7 511)	(10 683)	3 172	(7 492)
GST remitted to ATO		(14 658)	(12 616)	(2 042)	(13 760)
		<b>(135 079)</b>	<b>(149 318)</b>	<b>14 240</b>	<b>(117 265)</b>
		<b>27 486</b>	<b>(41 614)</b>	<b>69 101</b>	<b>15 297</b>
<b>INSURANCE</b>					
Received from premiums		105 591	92 962	12 629	115 435
Payments to reinsurers		(49 639)	(51 983)	2 344	(69 101)
Claims paid		(52 316)	(55 097)	2 781	(33 040)
Received from reinsurers and other recoveries		36 684	30 824	5 860	20 976
		<b>40 320</b>	<b>16 706</b>	<b>23 613</b>	<b>34 270</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>CF-1</b>	<b>67 806</b>	<b>(24 908)</b>	<b>92 714</b>	<b>49 567</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for plant, equipment and intangibles		( 69)	( 442)	373	( 106)
Investment in other financial assets		(59 000)	-	(59 000)	(43 000)
Payments for investments		(6 873)	(5 914)	( 959)	-
Investments redeemed		-	-	-	4 334
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(65 942)</b>	<b>(6 356)</b>	<b>(59 586)</b>	<b>(38 772)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Equity injections		391	391	-	383
Lease payments	C7	(3 907)	(3 494)	( 413)	(3 607)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(3 516)</b>	<b>(3 103)</b>	<b>( 413)</b>	<b>(3 224)</b>
Net increase/(decrease) in cash and cash equivalents		(1 652)	(34 367)	32 715	7 571
Cash and cash equivalents - opening balance		24 810	16 013	8 797	17 239
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>C1</b>	<b>23 158</b>	<b>(18 354)</b>	<b>41 512</b>	<b>24 810</b>

\*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 2023

**NOTES TO THE STATEMENT OF CASH FLOWS**

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

	2023 ACTUAL \$'000	2022 ACTUAL \$'000
Operating surplus/(deficit)	19 522	(36 568)
<b>NON-CASH ITEMS INCLUDED IN OPERATING RESULT:</b>		
Depreciation and amortisation expense	4 637	4 882
Net (gains)/losses on disposal of property, plant and equipment	4	( 37)
Movement in impairment losses	12 741	8 472
Changes in net market value of investments	(22 941)	15 964
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
(Increase)/decrease in receivables	(30 793)	(61 342)
(Increase)/decrease in other current assets	( 543)	195
(Increase)/decrease in prepayments - outward reinsurance	6 644	623
Increase/(decrease) in payables	16 893	4 275
Increase/(decrease) in accrued employee benefits	2 407	2 583
Increase/(decrease) in provisions	125	191
Increase/(decrease) in unearned income liability	3 328	( 154)
Increase/(decrease) in future claims	55 782	110 483
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>67 806</b>	<b>49 567</b>

**CF-2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

2022-23	OPENING BALANCE \$'000	NON-CASH CHANGES		CASH FLOWS		CLOSING BALANCE \$'000
		NEW LEASES ACQUIRED \$'000	OTHER \$'000	CASH RECEIVED \$'000	CASH REPAYMENTS \$'000	
Lease liabilities	13 293	-	1 061	-	(3 907)	10 447
<b>TOTAL</b>	<b>13 293</b>	<b>-</b>	<b>1 061</b>	<b>-</b>	<b>(3 907)</b>	<b>10 447</b>
2021-22	OPENING BALANCE \$'000	NON-CASH CHANGES		CASH FLOWS		CLOSING BALANCE \$'000
		NEW LEASES ACQUIRED \$'000	OTHER \$'000	CASH RECEIVED \$'000	CASH REPAYMENTS \$'000	
Lease liabilities	21 377	-	(4 477)	-	(3 607)	13 293
<b>TOTAL</b>	<b>21 377</b>	<b>-</b>	<b>(4 477)</b>	<b>-</b>	<b>(3 607)</b>	<b>13 293</b>

**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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

## SECTION 1 – HOW WE OPERATE - OUR OBJECTIVES AND ACTIVITIES

### A1. BASIS OF FINANCIAL STATEMENT PREPARATION

#### GENERAL INFORMATION

The Queensland Building and Construction Commission (QBCC) is a statutory body established under the *Queensland Building and Construction Commission Act 1991* (the QBCC Act). The QBCC is a not-for-profit entity.

The Queensland Building and Construction Employing Office (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.

The QBCC is comprised of a General Statutory Fund and an Insurance Fund as stipulated by sections 25 and 26 of 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 represents the financial statements for the consolidated entity of the QBCC, consisting of the parent entity, the QBCC, and its controlled entity, the QBCEO. The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of the QBCC.

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.

#### 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

## A1. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

### STATEMENT OF COMPLIANCE

These general purpose financial statements are prepared on an accrual basis and in accordance with the Australian Accounting Standards (AASBs) and Interpretations, other authoritative pronouncements, the Financial and Performance Management Standard 2019 and Queensland Treasury's Minimum Reporting Requirements for reporting periods on or after 1 July 2022.

Except where stated, the historical cost convention is used.

### 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 2021-22 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 in accordance with a resolution by the QBC Board by the CEO & Commissioner, the Chair of the Board and the Chief Financial Officer at the date of signing the Management Certificate.

## QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### A2. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE QBCC

The QBCC's objectives include:

- promote quality, safety, security of payment and licensee sustainability;
- deliver regulatory and insurance services that are timely, accurate, fair and transparent;
- put our people first, and support and value them; and
- be efficient and financially sustainable.

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 statutory bodies within the portfolio of the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

### 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

### A3. INSURANCE CONTRACTS RISK MANAGEMENT (CONTINUED)

Risk is managed through several mechanisms.

#### **Reinsurance**

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

The level of reinsurance is approved by the QBCC Board, on advice from QBCC's appointed reinsurance broker, the Scheme Actuary, the CEO & 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

### 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.

#### Investment management

The Scheme's assets are invested in accordance with the Board's investment policy. The investment policy and investments are monitored to reflect the anticipated pattern of claim payments with sufficient assets held in reserve to meet calculated future claims liabilities.

#### Regulatory risk

The Australian Prudential Regulation Authority (APRA) supervises the financial safety and soundness of general insurers such that the community can have confidence that they will meet their financial commitments under all reasonable circumstances. As a statutory insurer the QBCC is not regulated by APRA, however it chooses to voluntarily comply with most prudential standards applicable to general insurers, with exceptions relating to supervisory review, disclosure and reporting to APRA and the application of an asset concentration risk charge on the basis the QBCC investment options are restricted by the *Statutory Bodies Financial Arrangements Act 1982*.

#### 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

**SECTION 2 NOTES ABOUT OUR FINANCIAL PERFORMANCE**

**B1. REVENUE**

	NOTES	2023 \$'000	2022 \$'000
<b>B1-1 LICENCE REVENUE</b>			
Renewal fees		37 913	42 304
Application fees		5 666	5 749
		<b>43 579</b>	<b>48 053</b>

Accounting Policy - Upon application for a licence, new entrants pay both an application fee (for assessing and processing the application) and a renewal fee (to maintain a licence over the selected period). Revenue is recognised upfront when a licence is issued or renewed as all performance obligations have been met upon the issuance/renewal of the licence. Licences can be renewed for one year up to five. As there are multiple renewal periods that can be selected, licence fee revenue will fluctuate year to year depending on the number of renewals and the period they are renewed for.

**B1-2 PREMIUM REVENUE**

Premiums	B2-3	145 758	138 470
Movement in unearned premiums		(38 621)	(21 238)
		<b>107 137</b>	<b>117 232</b>

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 C11.

**B1-3 INSURANCE ADMINISTRATION FEES REVENUE**

Exchange commission fees received from reinsurers		51 477	43 729
Administration fees received from policyholders		1	18
		<b>51 478</b>	<b>43 747</b>

Accounting Policy - Administration fees are the amounts charged to cover administration costs for insurance contracts. For insurance contracts dated on or after the 28th October 2016, an exchange commission fee is charged to the reinsurers for insurance contracts to cover administration costs for insurance contracts. The QBCC continues to charge administration fees from policyholders 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.



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B1. REVENUE (CONTINUED)

NOTES	2023 \$'000	2022 \$'000
<b>B1-4 REINSURANCE AND OTHER RECOVERIES REVENUE</b>		
Reinsurers' share of claims approved	31 974	18 643
Reinsurers' share of future claims movement	15 816	52 939
Reinsurers' share of claims management fee	660	789
Recovery revenue	39 964	32 828
	<b>88 414</b>	<b>105 199</b>

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

Changes in fair value of investments	22 941	(23 424)
Distributions	8 360	7 461
Interest	1 034	188
	<b>32 335</b>	<b>(15 775)</b>

**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**

Non-recurrent funding from Department of Energy and Public Works	27 589	9 984
Notifiable works	3 413	3 305
Infringements and court fines awarded	2 426	2 387
Pool safety certificate fees	1 566	1 690
Owner-builder fees	1 387	1 330
Adjudication application fees	180	117
Certificate fees	125	126
Search fees	73	91
Other	37	31
	<b>36 796</b>	<b>19 061</b>

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B2. EXPENSES

	NOTES	2023 \$'000	2022 \$'000
<b>B2-1 OUTWARD REINSURANCE</b>			
Reinsurers' share of premium		51 934	69 239
Reinsurers' share of recovery		1 776	1 296
		<b>53 710</b>	<b>70 535</b>

**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 on the Statement of Financial Position at the reporting date. Refer to Note C4.

**B2-2 CLAIMS APPROVED AND CHARGED**

Claims approved		69 406	35 974
Movement in provision for future claims processing cost	C12	4 738	17 417
Movement in provision for future claims	C12	51 044	93 066
Movement in unexpired risk	C11	4 629	1 096
		<b>129 817</b>	<b>147 553</b>

**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 C12.

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**

Premiums received	B1-2	145 757	138 470
Less: Outward reinsurance premium expense	B2-1	(51 934)	(69 239)
QBCC's share of premiums		93 823	69 231
Less: Unearned premiums at the end of year	C11	(28 356)	(23 014)
Total premiums received and earned during the year		65 467	46 217
Add: Unearned premiums at the beginning of the year	C11	23 014	23 640
Less: Exchange commission		(33 278)	(21 864)
<b>EARNED PREMIUMS</b>		<b>55 202</b>	<b>47 993</b>
Claims approved and charged	B2-2	129 817	147 553
Less: Reinsurance and other recoveries		(52 813)	(72 398)
<b>NET CLAIMS</b>		<b>77 004</b>	<b>75 155</b>
<b>PROFIT/(LOSS) ON UNDERWRITING</b>		<b>(21 802)</b>	<b>(27 162)</b>

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B2. EXPENSES (CONTINUED)

**PARTICIPATION IN THE INSURANCE SCHEME**

DATE	QBCC	BROKERS/ REINSURERS
Pre - 01/07/91	10.0%	90.0%
01/07/91 - 30/06/98	25.0%	75.0%
01/07/98 - 30/09/99	30.0%	70.0%
01/10/99 - 30/06/03	25.0%	75.0%
01/07/03 - 30/06/04	32.5%	67.5%
01/07/04 - 30/06/08	25.0%	75.0%
01/07/08 - 30/06/10	20.0%	80.0%
01/07/10 - 30/06/15	30.0%	70.0%
01/07/15 - 30/06/22	50.0%	50.0%
01/07/22 - 30/06/23	67.0%	33.0%

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B2. EXPENSES (CONTINUED)

	NOTES	2023 \$'000	2022 \$'000
<b>B2-4 EMPLOYEE EXPENSE</b>			
<b>EMPLOYEE BENEFITS</b>			
Wages and salaries		56 322	50 984
Employer superannuation contributions		7 502	6 623
Annual leave expense		5 826	5 670
Long service leave expense		1 684	2 177
Termination benefits		159	-
<b>EMPLOYEE-RELATED EXPENSES</b>			
Payroll tax		3 375	3 054
Workers' compensation premium		232	288
Fringe benefits tax		353	97
Training		820	445
Recruitment		670	344
Other employee related expenses		163	166
		<b>77 105</b>	<b>69 849</b>
Full-Time Equivalent Employees		579	511

**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 C9.

**Accounting Policy - Annual Leave and Long Service Leave**

Annual Leave and Long Service Leave are accrued based on award entitlement. Refer to Note C9.

**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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B2. EXPENSES (CONTINUED)

	NOTES	2023 \$'000	2022 \$'000
<b>B2-5 SUPPLIES AND SERVICES</b>			
Consultants and contractors		15 885	8 922
Information system maintenance, equipment and furniture		9 455	5 332
Legal cost		5 317	3 535
Communications and marketing		2 017	4 304
Bank fees and charges		2 131	2 015
Property lease expenses		1 388	1 552
Property maintenance		1 711	1 653
Motor vehicles operating cost		275	211
Printing and stationery		357	336
Travel		363	172
		<b>38 898</b>	<b>28 032</b>

**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. Lease expenses includes lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note C-7 for breakdown of lease expenses and other lease disclosures.

**B2-6 DEPRECIATION AND AMORTISATION**

Depreciation - right-of-use assets	C7	3 580	3 622
Depreciation - property plant and equipment	C6	843	901
Amortisation - intangibles	C5	214	359
		<b>4 637</b>	<b>4 882</b>

**B2-7 IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

Sundry receivables		34 291	31 866
		<b>34 291</b>	<b>31 866</b>

**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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

B2. EXPENSES (CONTINUED)

	NOTES	2023 \$'000	2022 \$'000
<b>B2-8 FINANCE/BORROWING COSTS</b>			
Interest on lease liabilities		196	282
		<b>196</b>	<b>282</b>

Accounting Policy - Finance costs are recognised as an expense in the period in which they are incurred. Refer to Note C7 for further detail on lease expenses.

**B2-9 OTHER EXPENSES**

Internal audit(1)		68	120
External audit fees(2)		125	135
Board members' fees and costs (3)		294	357
Insurance Premiums(4)		607	440
Special payments(5)			
Ex-gratia payments		465	71
		<b>1 559</b>	<b>1 123</b>

**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 2022-23 financial statements are estimated to be \$131,880 (2022: \$119,000). There are no non-audit services included in this amount.
- (3) The amount disclosed includes the costs for the Board members fees, travel, industry events, meeting costs, professional development and contractors / consultants engaged by the Board.
- (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 seven special payments during 2022-23 above \$5,000 (2022: three). Three payments were due to defective administration, three payments for employee related matters and one payment was in relation to a Home Warranty Insurance claim dispute. The previous financial year payments were due to Home Warranty Insurance claim disputes and employee related matters.

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**SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION**

**C1. CASH AND CASH EQUIVALENTS**

	NOTES	2023 \$'000	2022 \$'000
Cash		1 490	1 584
Deposits at call		21 668	23 226
		<b>23 158</b>	<b>24 810</b>

**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**

Sundry debtors		96 068	81 091
Less: Loss allowance		(74 125)	(61 384)
		<b>21 943</b>	<b>19 707</b>

**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 parties, 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 B2-7.

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C2. RECEIVABLES (CONTINUED)

C2-1. IMPAIRMENT OF RECEIVABLES (CONTINUED)

**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 2023. 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.

Set out below is the credit risk exposure on the QBCC's sundry debtors broken down by the groupings and ageing band.

**GENERAL FUND GROUP - INFRINGEMENTS AND MAGISTRATES ORDERS SUNDRY DEBTORS**

AGEING	2023			2022		
	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000
1 to 30 days overdue	218	83%	211	188	82%	154
31 to 60 days overdue	203	83%	169	228	83%	188
61 to 90 days overdue	98	83%	81	275	76%	209
> 90 days overdue	7 116	85%	6 001	7 025	85%	5 967
<b>TOTAL</b>	<b>7 636</b>		<b>6 462</b>	<b>7 716</b>		<b>6 518</b>

**GENERAL FUND GROUP - OTHER SUNDRY DEBTORS**

AGEING	2023			2022		
	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000
1 to 30 days overdue	1,817	0%	2	1,706	0%	1
31 to 60 days overdue	848	1%	5	768	0%	0
61 to 90 days overdue	164	99%	162	181	97%	177
> 90 days overdue	1 926	100%	1 926	1 908	95%	1 811
<b>TOTAL</b>	<b>4 755</b>		<b>2 145</b>	<b>4 564</b>		<b>1 989</b>

**INSURANCE FUND GROUP**

AGING	2023			2022		
	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000
1 to 30 days overdue	10,982	42%	4 593	7,734	32%	2 473
31 to 60 days overdue	4,632	85%	3 938	1,995	74%	1 482
61 to 90 days overdue	1,610	84%	1 347	2,261	78%	1 758
> 90 days overdue	66 453	84%	55 641	56 821	83%	47 165
<b>TOTAL</b>	<b>83 677</b>		<b>65 518</b>	<b>68 811</b>		<b>52 878</b>



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C2. RECEIVABLES (CONTINUED)

C2-1. IMPAIRMENT OF RECEIVABLES (CONTINUED)

**MOVEMENTS IN LOSS ALLOWANCE FOR SUNDRY DEBTORS**

	2023 \$'000	2022 \$'000
Loss allowance as at 1 July	61 384	52 912
Increase/(decrease) in allowance recognised in operating result	34 291	31 866
Amounts written-off during the year	(21 550)	(23 394)
<b>Loss allowance as at 30 June</b>	<b>74 125</b>	<b>61 384</b>

C3. REINSURANCE RECEIVABLES

**CURRENT**

Reinsurers' share of future claims provision	54 142	44 037
	<b>54 142</b>	<b>44 037</b>

**NON-CURRENT**

Reinsurers' share of future claims provision	109 596	103 885
	<b>109 596</b>	<b>103 885</b>

**REPRESENTED BY**

Expected future recoveries	183 773	163 270
Less discount to present value	(51 185)	(41 997)
	132 587	121 273
Risk margin	31 151	26 649
	<b>163 738</b>	<b>147 922</b>

**RECONCILIATION OF MOVEMENT DURING THE YEAR**

Balance at 1 July	147 922	94 983
Provisions made	35 102	38 377
Payments made	(34 787)	(18 439)
Effects of changes in assumptions to prior year provisions	15 501	33 001
<b>Balance at 30 June</b>	<b>163 738</b>	<b>147 922</b>

**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.

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C3. REINSURANCE RECEIVABLES (CONTINUED)

	2023 \$'000	2022 \$'000
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**DISCLOSURE - CREDIT RISK EXPOSURE**

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

Category

<b>Financial assets</b>		
Reinsurance receivables	163 738	147 922
<b>Total</b>	<b>163 738</b>	<b>147 922</b>

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 - outward reinsurance on unearned premium liability	18 350	24 994
Prepayments	3 257	2 715
Other - refundable bond	80	80
	<b>21 687</b>	<b>27 789</b>

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C5. INTANGIBLES AND AMORTISATION EXPENSE

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 Internally Generated	10-34%
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**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.

**Software-as-a-Service (SaaS) arrangements**

SaaS arrangements are service contracts providing the QBCC with the right to access the cloud provider's application software over the contract period. As such the QBCC does not receive a software intangible asset at the contract commencement date.

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

The QBCC does not recognise the current SaaS arrangements as intangible assets for any software systems under this type of arrangement. Licensing, support and maintenance costs are recognised over the contract period.

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C5. INTANGIBLES AND AMORTISATION EXPENSE (CONTINUED)

C5-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2023 \$'000	2022 \$'000
<b>SOFTWARE INTERNALLY GENERATED : AT COST</b>		
Gross	11 814	11 814
Less: Accumulated amortisation	(11 471)	(11 256)
	343	558
<b>Total</b>	<b>343</b>	<b>558</b>

	SOFTWARE INTERNALLY GENERATED \$'000	SOFTWARE WORK IN PROGRESS \$'000	TOTAL \$'000
<b>2022-23</b>			
Carrying amount at 1 July 2022	558	-	558
Acquisitions	-	-	-
Amortisation	( 215)	-	( 215)
<b>Carrying amount at 30 June 2023</b>	<b>343</b>	<b>-</b>	<b>343</b>
<b>2021-22</b>			
Carrying amount at 1 July 2021	917	-	917
Acquisitions	-	-	-
Amortisation	( 359)	-	( 359)
<b>Carrying amount at 30 June 2022</b>	<b>558</b>	<b>-</b>	<b>558</b>

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C6. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

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	15-20%
IT equipment	20-33%
Other equipment	3-33%
Leasehold improvements	3-44%

**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.

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C6. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (CONT.)

C6-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	NOTES	2023 \$'000	2022 \$'000
<b>Plant &amp; equipment</b>			
Gross		2 879	3 093
Less: Accumulated depreciation		(1 697)	(1 572)
		1 182	1 521
<b>Leasehold improvements</b>			
Gross		9 966	9 966
Less: Accumulated depreciation		(8 853)	(8 415)
		1 113	1 551
<b>TOTAL</b>		<b>2 295</b>	<b>3 072</b>

Property, plant and equipment reconciliation

	LEASEHOLD \$'000	PLANT & EQUIPMENT \$'000	TOTAL \$'000
<b>2022-23</b>			
Carrying amount at 1 July 2022	1 551	1 521	3 072
Acquisitions	-	69	69
Disposals		( 4)	( 4)
Depreciation expense	( 438)	( 405)	( 843)
<b>CARRYING AMOUNT AT 30 JUNE 2023</b>	<b>1 113</b>	<b>1 182</b>	<b>2 295</b>
<b>2021-22</b>			
Carrying amount at 1 July 2021	2 035	1 795	3 830
Acquisitions	13	242	255
Disposals	( 53)	( 59)	( 112)
Depreciation expense	( 444)	( 457)	( 901)
<b>CARRYING AMOUNT AT 30 JUNE 2022</b>	<b>1 551</b>	<b>1 521</b>	<b>3 072</b>

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C7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

**Right-of-use assets**

	BUILDINGS \$'000	TOTAL \$'000
<b>2022-23</b>		
Opening balance at 1 July	11 283	11 283
Acquisitions	-	-
Disposals / derecognition	-	-
Depreciation expense	(3 580)	(3 580)
Other adjustments	1 061	1 061
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>8 764</b>	<b>8 764</b>

	BUILDINGS \$'000	TOTAL \$'000
<b>2021-22</b>		
Opening balance at 1 July	19 382	19 382
Acquisitions	-	-
Disposals / derecognition	-	-
Depreciation expense	(3 622)	(3 622)
Other adjustments	(4 477)	(4 477)
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>11 283</b>	<b>11 283</b>

**Lease liabilities**

	2023 \$'000	2022 \$'000
<b>CURRENT</b>		
Lease liabilities	4 034	3 672
<b>NON-CURRENT</b>		
Lease liabilities	6 413	9 621
<b>TOTAL LEASE LIABILITIES</b>	<b>10 447</b>	<b>13 293</b>

**Accounting Policy - Leases**

**Right-of-use assets**

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets are subsequently depreciated over the lease term and subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates or a change in lease term.

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C7. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

**Accounting Policy - Leases (continued)**

The QBCC measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

The QBCC has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses as and when they occur. An asset is considered low value where it is expected to cost less than \$10,000 when new.

**Lease Liabilities**

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that QBCC is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date

When measuring the lease liability, the QBCC uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all QBCC's leases. To determine the incremental borrowing rate, the QBCC uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Subsequent to initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.



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C7. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

**Disclosures - Leases**

(i) Details of leasing arrangements - Property leases

The QBCC currently has seven external property leases that are recognised as right-of-use assets and lease liabilities. Some of the leases have fixed rent reviews, whereas other leases are subject to market rent reviews or CPI-based rent increases. As the future rent increases for market based and CPI reviews are variable, they are not captured in the right-of-use asset or lease liability until the increases take effect.

(ii) Office accommodation

The Department of Energy and Public Works (DEPW) provides the QBCC with access to office accommodation under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DEPW has substantive substitution rights over the assets. The QBCC had two office accommodations under this framework during the financial year and the expenses are included in Note B2-5.

(iii) Amounts recognised in profit or loss

	2023 \$'000	2022 \$'000
Depreciation expense for right of use assets	3 580	3 622
Interest expense on lease liabilities	196	282
Breakdown of 'Property lease expenses' included in Note B2-5.		
- Expenses relating to office accommodation provided by DEPW	1 206	1 356
- Expenses relating to short-term leases	182	196
(iv) Total cash outflow for leases	3 907	3 607

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### C8. PAYABLES

	NOTES	2023 \$'000	2022 \$'000
Sundry creditors		11 477	11 101
Accruals		3 660	2 295
Claims approved but not yet paid		36 524	20 174
Reinsurers' share of recoveries provision		7 341	8 281
		<b>59 001</b>	<b>41 851</b>
GST payable		1 339	1 364
GST receivable		(1 055)	( 822)
		284	542
<b>TOTAL</b>		<b>59 285</b>	<b>42 393</b>

#### 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 unpaid at reporting date. Claims outstanding are assessed and estimated changes in the ultimate cost of settling claims.

### C9. ACCRUED EMPLOYEE BENEFITS

#### Current

Wages and salaries outstanding		1 715	841
Annual leave provision		8 593	7 832
Long service leave provision		972	907
Time off in lieu provision		71	83
		<b>11 351</b>	<b>9 663</b>

#### Non-Current

Long service leave provision		10 990	10 271
		<b>10 990</b>	<b>10 271</b>

#### 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.

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**C9. 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.

Superannuation contributions by the QBCC are made to an employee superannuation scheme and to other funds 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 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.

**C10. PROVISIONS**

	NOTES	2023 \$'000	2022 \$'000
<b>CURRENT</b>			
Leasehold restoration		-	502
		-	<b>502</b>
<b>NON-CURRENT</b>			
Leasehold restoration		1 263	636
		<b>1 263</b>	<b>636</b>

**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**

As at 30 June 2023, the QBCC has nine offices in Queensland, of which eight are commercial agreements and one agreement via the Queensland Government Accommodation Office. The leasehold restoration provision relates to seven properties as per the current agreements. One property does not have a provision for leasehold restoration as it was paid in advance at the beginning of the lease. The provision has been calculated by an estimated rate per square metre, based on historical trends at current rates.

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C11. UNEARNED INCOME LIABILITY

	NOTES	2023 \$'000	2022 \$'000
<b>Current</b>			
<b>Unearned premium liability</b>			
QBCC's share		28 357	23 014
Unexpired risk liability		8 253	3 624
Reinsurers' share		18 350	24 994
		<b>54 960</b>	<b>51 632</b>

**Accounting Policy - Unearned income**

**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 2023 identified a deficiency for the insurance scheme.

For the purpose of the liability adequacy test, the premium liability provision required is \$36.61 million (2022 \$26.63 million), including a risk margin of \$6.102 million (2022 \$4.063 million). The unearned premium liability in the account totalled \$28.36 million (2022 \$23.01 million) and the deficiency of \$8.254 million (2022 \$3.624 million) has been recorded as an unexpired risk liability.

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C12. FUTURE CLAIMS AND ASSOCIATED COSTS

	NOTES	2023 \$'000	2022 \$'000
Current		129 503	95 905
Non-current		273 549	251 365
		<b>403 052</b>	<b>347 270</b>

**Represented by**

Expected future claims payments		456 061	385 343
Claims handling provision		71 163	65 240
		<b>527 224</b>	<b>450 583</b>
Less discount to present value		(190 046)	(154 795)
		<b>337 178</b>	<b>295 788</b>
Risk margin		65 874	51 482
Liability for outstanding claims		<b>403 052</b>	<b>347 270</b>

**Reconciliation of movement during the year**

**Gross Liability**

Balance at 1 July		347 270	236 786
Provisions made		101 239	91 747
Payments made		(111 812)	(57 731)
Effects of changes in assumptions to prior year provisions		66 355	76 468
<b>BALANCE AT 30 JUNE</b>		<b>403 052</b>	<b>347 270</b>

**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 2023.

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.

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C12. 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	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)	2018 (\$)	2019 (\$)	2020 (\$)	2021 (\$)	2022 (\$)	2023 (\$)	TOTAL (\$)
<b>ESTIMATE OF ULTIMATE CLAIMS COST:</b>												
At end of underwriting year				29,640,378	27,003,441	28,189,318	24,612,480	21,680,438	31,713,675	31,150,573	42,067,420	
One year later			18,961,852	25,817,769	27,838,578	26,177,202	17,628,599	17,137,832	33,647,700	28,795,524		
Two years later		13,842,436	20,025,080	27,289,236	25,389,310	21,019,056	16,495,690	17,970,873	30,160,030			
Three years later	10,555,862	13,464,079	19,386,944	24,183,647	23,388,914	21,122,412	17,976,068	15,113,509				
Four years later	9,770,627	13,648,380	17,234,916	22,315,526	22,709,988	23,223,225	16,409,543					
Five years later	10,425,045	12,008,208	16,377,701	23,273,356	24,302,731	21,265,040						
Six years later	9,163,340	11,801,909	16,021,245	25,027,651	21,829,455							
Seven years later	8,686,681	12,439,504	16,899,314	24,487,202								
Eight years later	8,951,033	12,868,391	16,852,029									
Nine years later	9,428,493	12,684,342										
Ten years later	9,295,839											
Current estimate of cumulative claims cost	9,295,839	12,684,342	16,852,029	24,487,202	21,829,455	21,265,040	16,409,543	15,113,509	30,160,030	28,795,524	42,067,420	<b>238,959,933</b>
Cumulative payments	9,010,176	11,888,481	15,285,990	20,349,537	16,173,014	13,109,825	7,859,138	4,709,928	9,068,537	3,838,817	750,680	<b>112,044,122</b>
Undiscounted outstanding claims	285,664	795,861	1,566,039	4,137,665	5,656,441	8,155,215	8,550,405	10,403,582	21,091,493	24,956,707	41,316,740	126,915,811
												<b>TOTAL</b>
Undiscounted outstanding claims for prior underwriting years												544,572
Claims handling expenses												85,218,813
Event Claims (large claims)												50,782,157
Backlog allowance												5,254,146
Non-reinsurance recoveries												5,520,820
<b>CENTRAL ESTIMATE OF OUTSTANDING CLAIMS</b>												<b>274,236,319</b>
Discount												(33,035,943)
<b>DISCOUNTED CENTRAL ESTIMATE</b>												<b>241,200,376</b>
Risk margin												34,722,684
Net insurance liability												275,923,061
Premium Liability												36,609,826
<b>OUTSTANDING CLAIMS LIABILITY</b>												<b>239,313,234</b>

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C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONT.)

**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 2023. The philosophy adopted in this review is similar to the previous year.

The Scheme Actuary incorporated a prudential margin loading of 25.0% 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**

	2023	2022
Defects	19.8%	17.8%
Non-Completion	20.0%	17.8%
Subsidence	19.7%	17.6%
Professional Fees	20.3%	18.0%
<b>TOTAL</b>	<b>20.0%</b>	<b>18.0%</b>

To determine the appropriate risk margin the Scheme Actuary applied the approach recommended in "A Framework for Assessing Risk Margins", a paper prepared by a taskforce of the Institute of Actuaries of Australia. That approach requires estimates of coefficients of variation (standard deviation as a proportion of the mean) and various correlations. To determine the assumptions the Scheme Actuary applied some high level statistical tests on QBCC's claims experience, however, a considerable element of judgement is also required when selecting the assumptions.

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.

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C12. 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:

	2023	2022
Inflation rate	3.23%	3.20%
Discount rate (first year)	4.30%	1.00%

The weighted average time until liabilities are expected to be approved is estimated to be 3.1 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%
- cessation of non-reinsurance recoveries (recoveries and costs)
- The QBCC is advised of defect "event" which will result in \$10 million in claim costs as a result of six large builder insolvencies.

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

JUNE 2023	GROSS OUTSTANDING CLAIMS PROVISION \$M		NET OUTSTANDING CLAIMS PROVISION \$M	
	452.773		275.923	
CHANGE TO VALUATION	CHANGE IN GROSS PROVISION \$M	DIFFERENCE	CHANGE IN NET PROVISION \$M	DIFFERENCE
4% p.a. long term inflation rate (the valuation assumes 3.2% p.a.)	9.445	2.1%	5.923	2.1%
2% p.a. long term inflation rate (the valuation assumes 3.2% p.a.)	(14.514)	(3.2%)	(9.095)	(3.3%)
1% p.a. increase to the discount rates	(6.337)	(1.4%)	(4.011)	(1.5%)
1% p.a. decrease to the discount rates	6.527	1.4%	4.134	1.5%
Risk margin increased from 20% to 22%	6.587	1.5%	3.472	1.3%
Risk margin decreased from 20% to 18%	(6.587)	(1.5%)	(3.472)	(0.8%)
Gross claims cost associated with the six large builder insolvencies increases by \$10 million	14.000	3.1%	7.704	1.7%
Cessation of non-RI recoveries and costs	4.308	1.0%	(4.374)	(1.0%)
Claims Handling Expense rate of 30% (currently 20%)	31.448	6.9%	31.448	11.4%
Claims Handling Expense rate of 15% (currently 20%)	(15.724)	(3.5%)	(15.724)	(5.7%)



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JUNE 2022	GROSS OUTSTANDING CLAIMS PROVISION \$M		NET OUTSTANDING CLAIMS PROVISION \$M	
	347.270		225.986	
CHANGE TO VALUATION	CHANGE IN GROSS PROVISION \$M	DIFFERENCE	CHANGE IN NET PROVISION \$M	DIFFERENCE
Inflation returns to long term level in September 2024 (the valuation assumes September 2023)	26.103	6.7%	15.262	6.8%
4% p.a. long term inflation rate (the valuation assumes 3.2% p.a.)	6.349	1.6%	3.738	1.7%
2% p.a. long term inflation rate (the valuation assumes 3.2% p.a.)	(9.582)	(2.4%)	(5.641)	(2.5%)
1% p.a. increase to the discount rates	(5.688)	(1.5%)	(3.381)	(1.5%)
1% p.a. decrease to the discount rates	5.860	1.5%	3.484	1.5%
Risk margin increased from 18% to 22.5%	12.879	3.3%	6.212	2.7%
Risk margin decreased from 18% to 16.2%	(5.142)	(1.3%)	(2.480)	(0.6%)
Gross claims cost associated with the four large builder insolvencies increases by \$10 million	13.963	3.6%	6.635	1.7%
Cessation of non-RI recoveries and costs	4.308	1.1%	(4.374)	(1.1%)
Claims Handling Expense rate of 30% (currently 21.6%)	22.738	5.8%	22.738	10.1%
Claims Handling Expense rate of 15% (currently 21.6%)	(18.032)	(4.6%)	(18.032)	(8.0%)

### C13. 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.

	2022-23			2021-22		
	CURRENT YEAR \$'000	PRIOR YEARS \$'000	TOTAL \$'000	CURRENT YEAR \$'000	PRIOR YEARS \$'000	TOTAL \$'000
Gross claims incurred and related expenses - undiscounted	130 330	30 157	160 487	121 891	69 736	191 627
Reinsurance and other recoveries - undiscounted	(40 252)	(24 428)	(64 680)	(44 649)	(43 169)	(87 818)
Net claims incurred - undiscounted	90 078	5 729	95 807	77 242	26 567	103 809
Discount and discount movement - gross claims incurred	(14 733)	( 328)	(15 061)	(13 021)	(20 028)	(33 049)
Discount and discount movement - reinsurance and other recoveries	4 467	899	5 365	4 720	9 735	14 455
Net discount movement	(10 266)	570	(9 696)	(8 301)	(10 293)	(18 594)
<b>TOTAL DISCOUNTED NET INCURRED CLAIMS</b>	<b>79 812</b>	<b>6 300</b>	<b>86 111</b>	<b>68 941</b>	<b>16 274</b>	<b>85 215</b>
					2023 \$'000	2022 \$'000
<b>Other recoveries undiscounted</b>						
Claims recoverable from licensees					39 829	32 765
Allowance for impaired receivables					(33 030)	(30 652)
					6 799	2 113
Reinsurers' portion					(1 776)	(1 296)
<b>TOTAL UNDISCOUNTED RECOVERIES</b>					<b>5 023</b>	<b>817</b>
Total discounted net incurred claims					82 027	75 972
Add: other recoveries undiscounted					(5 158)	( 880)
<b>UNDERWRITING CLAIMS</b>					<b>76 869</b>	<b>75 092</b>

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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## 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.

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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 2023. There have been no transfers between Level 1 and Level 2 during the current financial period.

**AS AT 30 JUNE 2023**

	CLASSIFICATION ACCORDING TO FAIR VALUE HIERARCHY			TOTAL CARRYING AMOUNT
	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	2023 \$'000
<b>FINANCIAL ASSETS</b>				
Investments with QTC	-	21 668	-	21 668
Investments with QIC	-	487 562	-	487 562
<b>TOTAL</b>	-	<b>509 229</b>	-	<b>509 229</b>

**AS AT 30 JUNE 2022**

	CLASSIFICATION ACCORDING TO FAIR VALUE HIERARCHY			TOTAL CARRYING AMOUNT
	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	2022 \$'000
<b>FINANCIAL ASSETS</b>				
Investments with QTC	-	23 226	-	23 226
Investments with QIC	-	398 747	-	398 747
<b>TOTAL</b>	-	<b>421 973</b>	-	<b>421 973</b>

**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 long term diversified fund

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## D2. FINANCIAL RISK DISCLOSURES

### D2-1. FINANCIAL INSTRUMENT CATEGORIES

Financial assets and financial liabilities are recognised in the statement of financial position when the QBCC becomes party to the contractual provisions of the financial instrument. The QBCC has the following categories of financial assets and financial liabilities:

CATEGORY	NOTES	2023 \$'000	2022 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	C1	23 158	24 810
Receivables	C2	21 943	19 707
Investments	D1-2	487 562	398 747
<b>TOTAL</b>		<b>532 663</b>	<b>443 264</b>
<b>Financial liabilities</b>			
Payables	C8	59 286	42 393
Lease Liabilities	C7	10 447	13 293
<b>TOTAL</b>		<b>69 733</b>	<b>55 686</b>

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

### 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 requirements 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.

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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 leases, 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, leases and 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 long term diversified 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 long term diversified 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.

	2023 PAYABLE IN		
	<1 YEAR \$'000	>1 YEARS \$'000	TOTAL \$'000
<b>Financial liabilities</b>			
Payables	59 285	-	59 285
Lease Liabilities	4 034	6 413	10 447
<b>TOTAL</b>	<b>63 319</b>	<b>6 413</b>	<b>69 733</b>
	2022 PAYABLE IN		
	<1 YEAR \$'000	>1 YEARS \$'000	TOTAL \$'000
<b>Financial liabilities</b>			
Payables	42 393	-	42 393
Lease Liabilities	3 672	9 621	13 293
<b>TOTAL</b>	<b>46 065</b>	<b>9 621</b>	<b>55 686</b>

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### D3. CONTINGENT LIABILITIES

#### **Building Disputes**

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.

### D4. 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.

### D5. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

Australian accounting standards and interpretations with future effective dates are either not applicable to the QBCC's activities or have no material impact. See below specific commentary on AASB 17 'Insurance Contracts'.

#### **AASB 17 Insurance Contracts**

"AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector makes amendments to AASB 17 Insurance Contracts. The amendment standards is effective on or after 1 July 2026. The main modifications to AASB 17 include providing public sector entities with:

- (a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
- (b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
- (c) an exemption from sub-grouping contracts issued no more than a year apart;
- (d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous; and
- (e) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach.

The QBCC is yet to commence analysing the changes in recognition, measurement, presentation and disclosure of its insurance contracts against this new standard and is yet to form conclusions about significant impacts. QBCC will continue to monitor updates from the AASB in this regard.

### D6. GOING CONCERN

The consolidated financial statements have been prepared on the assumption that QBCC will continue as a going concern.

Management remains confident that QBCC will be able to continue as a going concern. This assumes QBCC will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial statements. In determining this position, management have considered the following factors:

- Operating surplus from continuing operations of \$19,522,000 (2022: \$36,568,000 deficit)
- Net asset position of \$178,141,000 (2022: \$158,228,000)
- Net cash provided from operating activities of \$67,806,000 (2022: \$49,567,000)

Based on the above factors and the ongoing support of the QBCC from the Queensland Government including the provision of funding to support operational needs as required, management consider that the QBCC will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of the consolidated financial statements.

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**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 2022-23 financial results and the original budget presented to Parliament.

**E1-1 EXPLANATIONS OF MAJOR VARIANCES - STATEMENT OF COMPREHENSIVE INCOME**

Premium and Insurance administration fees revenue	The increase in premium and insurance administration fees revenue is due to industry activity and increase in building costs which determines insurance premiums.
Reinsurance and other recoveries revenue	The increase in reinsurance and other recoveries revenue is due to an increase in the reinsurers' share of future claims as a result of the actuarial assessment of the Home Warranty Insurance Scheme liability.
Investment revenue	The increase in investment revenue is due to the investment performance of the QIC long term diversified fund and increase in the cash rate.
Other revenue	The increase in other revenue is due to release of funding centrally held for 2022-23.
Claims approved and charged	The increase in claims approved and charged is due increase in non-completion claims as a result of several project home builders collapses.
Employee expenses	The decrease in employee expenses is due to the current difficulties in the recruitment market. The QBCC has progressed during 2022-23 to fill vacant roles with a focus on frontline and technical positions.
Supplies and services	The decrease in supplies and services is due to a number of budgeted initiatives being delayed or not occurring.
Impairment losses on financial assets	The decrease in impairment losses on financial assets is due to lower than anticipated claim write offs due to a higher recovery rate than budgeted.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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E1 BUDGETARY REPORTING DISCLOSURES (CONTINUED)

E1-2 EXPLANATIONS OF MAJOR VARIANCES - STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	The increase in cash and cash equivalents is due to the increased General Fund cash holding from the funding being released in 2022-23.
Receivables	The increase in receivables is due to an increase in claims recoveries debts and a lower than expected number of claim debts written-off.
Current reinsurance receivables	The increase in reinsurance receivables is due to an increase in the provision for reinsurers' share of future claims provision as a result of an actuarial assessment for the change in reinsurance quota share for 2022-23 which was not forecast in the budget.
Other financial assets	The increase in other financial assets is due to increased cash flow from insurance premiums as a result of industry activity and higher unrealised gains in investments.
Non-current reinsurance receivables	The decrease in non-current reinsurance receivables is due to a decrease in the provision for reinsurers' share of future claims provision as a result of an actuarial assessment for the change in reinsurance quota share for 2022-23 which was not forecast in the budget.
Right-of-use assets	The decrease in right-of-use assets is due to the ageing of the lease agreements for the leased properties.
Payables	The increase in payables is due to an increase in the claims approved but not yet paid and other payable accounts increasing as at end of financial year.
Future claims and associated costs	The increase in future claims and associated costs is due to an actuarial assessment for the change in the QBCC quota share for 2022-23 which was not forecast in the budget.
Non-current lease liabilities	The decrease in non-current lease liabilities is due to the ageing of the lease agreements for the leased properties.
Non-current future claims and associated costs	The decrease in non-current future claims and associated costs is due to an actuarial assessment for the change in the QBCC quota share for 2022-23 which was not forecast in the budget.



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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E1 BUDGETARY REPORTING DISCLOSURES (CONTINUED)

E1-3 EXPLANATIONS OF MAJOR VARIANCES - STATEMENT OF CASH FLOWS

Received from licence fees	The increase in the cashflow from licence fees is due to a higher take up rate of multi-year licence renewals in 2022-23.
Received from insurance administration fees	The increase in received from insurance administration fees is due to an increased number of insurance policies issued in 2022-23 as a result of industry activity and increase in building costs which is linked to insurance premiums.
Received from other revenue	The increase in received from other revenue is due to release of funding centrally held for 2022-23.
Payments to employees	The decrease in payments to employees is due to the current difficulties in the recruitment market. The QBCC has progressed during 2022-23 to fill vacant roles with a focus on frontline and technical positions.
Received from premiums	The increase in received from premiums is due to an increased number of insurance policies issued in 2022-23 as a result of industry activity and increase in building costs which is linked to insurance premiums.
Received from reinsurers and other recoveries	The increase in received from reinsurers and other recoveries is due to an increased reinsurer share in claims approved as a result of several project home builders collapses causing a significant increase in non-completion claims.
Investment in other financial assets	The increase in investment in other financial assets is due to increased cash flow from insurance premiums as a result of industry activity.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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SECTION 6 – OTHER INFORMATION

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

**Details of Key Management Personnel**

The QBCC's responsible Minister, the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, 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 2022-23 and 2021-22. 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
CEO & 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.
Chief Building Regulator *	Strategically lead and manage the Commission's regulatory and technical services.
Assistant Commissioner (Service Trades & Regulatory)*	Strategically lead and manage the Regulatory teams and Service Trades Unit. This position assists the Service Trades Council (STC) which was established through the <i>Plumbing and Drainage Act 2002 (PDA)</i> .
Assistant Commissioner (Technical) *	Strategically lead and manage the technical workforce and focus on the role of technical standards and building products in the regulation of the building and construction industry
Chief Integrity & Risk Officer *	Strategically lead and manage the integrity, internal review and risk functions of the QBCC.
Chief Legal Officer *	Strategically lead and manage the legal and right to information functions of the QBCC. This role also provides legal support to the Board.
Chief Human Resources Officer *	Strategically lead and manage the human resources, payroll, and workplace health and safety functions of the QBCC.
Chief Information Officer *	Strategically lead and manage the information services and customer communications.
Chief Strategy & Transformation Officer *	Strategically lead and manage the transformation, strategy and industry insights divisions.
Chief Financial Officer *	Strategically lead and manage the Commission's finance, insurance, facilities and procurement functions.
Adjudication Registrar *	Strategically lead and manage 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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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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 2022-23, 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 may provide for the provision of other non-monetary benefits.

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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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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 2022 - 30 JUNE 2023	SHORT TERM		LONG TERM \$'000	POST- EMPLOYMENT \$'000	TERMINATION BENEFITS \$'000	TOTAL EXPENSES \$'000
	MONETARY \$'000	NON- MONETARY \$'000				
CEO & Commissioner	555	4	13	25	-	<b>597</b>
Chief Building Regulator (from 29/8/2022)	224	-	5	24	-	<b>253</b>
Assistant Commissioner (Service Trades & Regulatory)	210	-	4	22	-	<b>236</b>
Assistant Commissioner (Technical)	224	-	5	23	-	<b>252</b>
Chief Integrity & Risk Officer (from 12/09/2022)	214	-	4	23	-	<b>241</b>
Chief Legal Officer	210	-	4	22	-	<b>236</b>
Chief Human Resources Officer (from 04/07/2022)	226	-	5	24	-	<b>255</b>
Chief Information Officer	202	-	4	21	-	<b>227</b>
Chief Strategy & Transformation Officer 1	131	-	3	13	-	<b>147</b>
Chief Financial Officer	239	-	5	25	-	<b>269</b>
Adjudication Registrar	195	-	4	20	-	<b>219</b>
<b>TOTAL REMUNERATION</b>	<b>2,630</b>	<b>4</b>	<b>56</b>	<b>242</b>	<b>-</b>	<b>2,932</b>

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

<sup>1</sup>. Position was vacant from 23/07/2022 until 04/12/2022.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

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

Remuneration Expenses (continued)

1 JULY 2021 - 30 JUNE 2022	SHORT TERM		LONG TERM \$'000	POST- EMPLOYMENT \$'000	TERMINATION BENEFITS \$'000	TOTAL EXPENSES \$'000
	MONETARY \$'000	NON- MONETARY \$'000				
Commissioner (until 03/09/2021)	68	-	2	8	35	<b>113</b>
Interim CEO & Commissioner (26/08/2021 until 08/03/2022)	265	-	72	29	-	<b>366</b>
CEO & Commissioner (from 14/02/2022) <sup>5</sup>	186	15	1	7	-	<b>209</b>
Assistant Commissioner (Service Trades & Regulatory) (until 09/07/2021)	7	-	-	1	7	<b>15</b>
Assistant Commissioner (Service Trades & Regulatory) (acting from 09/07/2021 until 04/02/2022) <sup>1</sup>	123	-	8	13	-	<b>144</b>
Assistant Commissioner (Service Trades & Regulatory) (acting from 02/03/2022)	66	-	1	6	-	<b>73</b>
Assistant Commissioner (Technical) (acting from 01/07/2021 until 28/04/2022)	171	-	11	18	-	<b>200</b>
Assistant Commissioner (Technical) (acting from 26/04/2022)	58	-	5	4	-	<b>67</b>
Chief Legal Officer (until 09/07/2021) <sup>2</sup>	6	-	-	1	-	<b>7</b>
Chief Legal Officer (from 16/08/2021) <sup>2</sup>	166	-	8	20	-	<b>194</b>
Chief Human Resources Officer (until 25/03/2022)	145	-	3	16	-	<b>164</b>
Chief Human Resources Officer (acting from 28/03/2022 until 25/04/2022)	13	-	-	1	-	<b>14</b>
Interim Chief Human Resources Officer (from 26/04/2022)	46	-	-	5	-	<b>51</b>
Chief Information Officer	193	-	1	20	-	<b>214</b>
Chief Strategy & Transformation Officer (on leave from 05/10/2021)	62	-	1	6	-	<b>69</b>
Interim Chief Strategy & Transformation Officer (from 10/01/2022) <sup>3</sup>	96	-	-	10	-	<b>106</b>
Chief Financial Officer (until 16/09/2021) <sup>4</sup>	84	-	-	9	-	<b>93</b>
Chief Financial Officer (from 04/01/2022) <sup>4</sup>	111	-	-	12	-	<b>123</b>
Adjudication Registrar	182	-	6	17	-	<b>205</b>
<b>TOTAL REMUNERATION</b>	<b>2,047</b>	<b>15</b>	<b>119</b>	<b>203</b>	<b>42</b>	<b>2,427</b>

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

1. Position was vacant from 05/02/2022 until 01/03/2022.

2. Position was vacant from 10/07/2021 until 15/08/2021.

3. The Interim Chief Strategy & Transformation Officer resigned effective from 23/07/2022.

4. Position was vacant from 17/09/2021 until 03/01/2022.

5. Correction of long service leave entitlement

6. Adjustment to figures related to the removal of acting arrangements that are not for a material period of the financial year.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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F2. BOARD DISCLOSURES

The Board decides the strategies and the administrative, operational and financial policies to be followed by the QBCC ensuring the QBCC performs its functions and exercises its powers in an efficient, effective and proper way. The QBCC Board consists of seven members appointed by the Governor-in-Council. The members are employed under the QBCC Act.

Current Board	DATE OF ORIGINAL APPOINTMENT	DATE OF RE-APPOINTMENT	DATE CEASED FROM POSITION
<b>MEMBER</b>			
Michelle James (Chair)	1/12/2016	1/12/2022	
John Anderson (Deputy Chair)	1/12/2022		
Meg Frisby	1/12/2019	1/12/2022	
Robyn Petrou	1/12/2022		
Christopher Edwards	1/12/2022		
Suzanne Baker	1/12/2022		
Colin Cassidy	1/12/2022		

Previous Board	DATE OF ORIGINAL APPOINTMENT	DATE OF RE-APPOINTMENT	DATE CEASED FROM POSITION
R. L. Williams (Chair)	1/12/2016	1/12/2019	30/11/2022
Lesley Anderson	1/12/2016	1/12/2019	30/11/2022
Brett Schimming	1/12/2016	1/12/2019	30/11/2022
Robert Schwarten	1/12/2016	1/12/2019	30/11/2022
Andrew Hickman	19/07/2018	1/12/2019	30/11/2022
Jade Ingham	19/07/2018	1/12/2019	30/11/2022
Debra Johnson	1/12/2019		30/11/2022
Cath Brokenborough	1/12/2019		30/11/2022

Board Member Remuneration	2023 \$'000	2022 \$'000
Michelle James (Chair)	44	28
John Anderson (Deputy Chair)	16	-
Meg Frisby	27	28
Robyn Petrou	16	-
Christopher Edwards	16	-
Suzanne Baker	16	-
Colin Cassidy	16	-

Previous Board	2023 \$'000	2022 \$'000
R. L. Williams (Chair)	23	55
Lesley Anderson	12	28
Brett Schimming	-	26
Robert Schwarten	12	28
Andrew Hickman	12	28
Jade Ingham	11	28
Debra Johnson	12	28
Cath Brokenborough	12	28
	<b>245</b>	<b>305</b>

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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### 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 Queensland Treasury (through the Department of Energy and Public Works) to support business as usual operations \$27,589,000 and capital funding \$391,000. In 2021-22, the QBCC also received funding to support business as usual operations \$9,984,000 and capital funding \$383,000. This is reflected in Note B1-6 and contributed equity in the Statement of Financial Position.

The QBCC had two contractual arrangements during the financial year with the Queensland Government Accommodation Office (QGAO) for the supply and management of office accommodation. The total payments to QGAO in this financial year are \$1,358,254 (2022: \$1,518,384).

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

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.

<b>2022-23</b>	GENERAL STATUTORY FUND \$'000	INSURANCE FUND \$'000	TOTAL \$'000
<b>Income</b>			
Licence revenue	43 579	-	43 579
Premium revenue	-	107 137	107 137
Insurance administration fees revenue	-	51 478	51 478
Reinsurance and other recoveries revenue	-	88 414	88 414
Investment revenue	1 497	30 838	32 335
Other revenue	36 723	73	36 796
Gains on disposals/ revaluation of assets	( 4)	-	( 4)
<b>TOTAL INCOME</b>	<b>81 795</b>	<b>277 940</b>	<b>359 735</b>
<b>Expenses</b>			
Outward reinsurance	-	53 710	53 710
Claims approved and charged	-	129 817	129 817
Employee expenses	74 356	2 748	77 104
Supplies and services	31 874	7 025	38 899
Depreciation and amortisation	4 637	-	4 637
Impairment losses	857	33 434	34 291
Finance/borrowing costs	196	-	196
Other expenses	1 559	-	1 559
<b>TOTAL EXPENSES</b>	<b>113 479</b>	<b>226 734</b>	<b>340 213</b>
<b>INTERFUND TRANSFER</b>	<b>31 379</b>	<b>(31 379)</b>	<b>-</b>
<b>OPERATING RESULT</b>	<b>( 305)</b>	<b>19 827</b>	<b>19 522</b>
<b>2021-22</b>			
<b>Income</b>			
Licence revenue	48 053	-	48 053
Premium revenue	-	117 232	117 232
Reinsurance and other recoveries revenue	-	43 747	43 747
Insurance administration fees revenue	-	105 199	105 199
Investment revenue	( 24)	(15 751)	(15 775)
Other revenue	18 970	91	19 061
Gains on disposals/ revaluation of assets	37	-	37
<b>TOTAL INCOME</b>	<b>67 036</b>	<b>250 518</b>	<b>317 554</b>
<b>Expenses</b>			
Outward reinsurance	-	70 535	70 535
Claims approved and charged	-	147 553	147 553
Employee expenses	67 692	2 157	69 849
Supplies and services*	22 204	5 828	28 032
Depreciation and amortisation*	4 882	-	4 882
Impairment losses	800	31 066	31 866
Finance/borrowing costs	282	-	282
Other expenses	1 123	-	1 123
<b>TOTAL EXPENSES</b>	<b>96 983</b>	<b>257 139</b>	<b>354 122</b>
Interfund Transfer	26 479	(26 479)	-
<b>OPERATING RESULT</b>	<b>(3 468)</b>	<b>(33 100)</b>	<b>(36 568)</b>



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

F4. SEGMENT INFORMATION (CONTINUED)

30 June 2023	GENERAL STATUTORY FUND \$'000	INSURANCE FUND \$'000	TOTAL \$'000
<b>Consolidated Entity</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6 430	16 728	23 158
Receivables	3 783	18 160	21 943
Reinsurance receivables	-	54 142	54 142
Other financial assets	27 429	460 132	487 562
Other current assets	8 910	12 776	21 687
<b>TOTAL CURRENT ASSETS</b>	<b>46 553</b>	<b>561 939</b>	<b>608 492</b>
<b>Non-Current Assets</b>			
Reinsurance receivables	-	109 596	109 596
Intangible assets	343	-	343
Property, plant and equipment	2 295	-	2 295
Right-of-use assets	8 764	-	8 764
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11 402</b>	<b>109 596</b>	<b>120 998</b>
<b>TOTAL ASSETS</b>	<b>57 955</b>	<b>671 535</b>	<b>729 490</b>
<b>Current Liabilities</b>			
Payables	8 450	50 836	59 286
Lease liabilities	4 034	-	4 034
Accrued employee benefits	11 054	297	11 351
Unearned income liability	-	54 960	54 960
Future claims and associated costs	-	129 503	129 503
<b>TOTAL CURRENT LIABILITIES</b>	<b>23 538</b>	<b>235 596</b>	<b>259 134</b>
<b>Non-Current Liabilities</b>			
Accrued employee benefits	10 675	315	10 990
Lease liabilities	6 413	-	6 413
Provisions	1 263	-	1 263
Future claims and associated costs	-	273 549	273 549
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>18 351</b>	<b>273 864</b>	<b>292 215</b>
<b>TOTAL LIABILITIES</b>	<b>41 889</b>	<b>509 460</b>	<b>551 349</b>
<b>NET ASSETS</b>	<b>16 065</b>	<b>162 076</b>	<b>178 141</b>
<b>Equity</b>			
Contributed equity	1 169	-	1 169
Accumulated surplus	14 896	162 076	176 972
<b>TOTAL EQUITY</b>	<b>16 065</b>	<b>162 076</b>	<b>178 141</b>

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
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F4. SEGMENT INFORMATION (CONTINUED)

30 June 2022	GENERAL STATUTORY FUND \$'000	INSURANCE FUND \$'000	TOTAL \$'000
<b>Consolidated Entity</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5 003	19 807	24 810
Receivables	3 773	15 934	19 707
Reinsurance receivables	-	44 037	44 037
Other financial assets	24 282	374 465	398 747
Other current assets	6 774	21 015	27 789
<b>TOTAL CURRENT ASSETS</b>	<b>39 832</b>	<b>475 258</b>	<b>515 090</b>
<b>Non-Current Assets</b>			
Reinsurance receivables	-	103 885	103 885
Intangible assets	558	-	558
Property, plant and equipment	3 073	-	3 073
Right-of-use assets	11 282	-	11 282
<b>TOTAL NON-CURRENT ASSETS</b>	<b>14 913</b>	<b>103 885</b>	<b>118 798</b>
<b>TOTAL ASSETS</b>	<b>54 745</b>	<b>579 143</b>	<b>633 888</b>
<b>Current Liabilities</b>			
Payables	5 096	37 297	42 393
Lease liabilities	3 672	-	3 672
Accrued employee benefits	9 358	305	9 663
Provisions	502	-	502
Unearned income liability	-	51 632	51 632
Future claims and associated costs	-	95 905	95 905
<b>TOTAL CURRENT LIABILITIES</b>	<b>18 628</b>	<b>185 139</b>	<b>203 767</b>
<b>Non-Current Liabilities</b>			
Accrued employee benefits	9 881	390	10 271
Lease liabilities	9 621	-	9 621
Provisions	636	-	636
Future claims and associated costs	-	251 365	251 365
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20 138</b>	<b>251 755</b>	<b>271 893</b>
<b>TOTAL LIABILITIES</b>	<b>38 766</b>	<b>436 894</b>	<b>475 660</b>
<b>NET ASSETS</b>	<b>15 979</b>	<b>142 249</b>	<b>158 228</b>
<b>Equity</b>			
Contributed equity	778	-	778
Accumulated surplus	15 201	142 249	157 450
<b>TOTAL EQUITY</b>	<b>15 979</b>	<b>142 249</b>	<b>158 228</b>

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
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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 \$'000	QBCC \$'000	QBCEO \$'000
<b>EXPENSES FROM CONTINUING OPERATIONS</b>			
Employee expenses	77 105	5 050	72 055
Other expenses	1 559	1 465	94
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>78 664</b>	<b>6 515</b>	<b>72 149</b>

The difference of \$72.055 million between the consolidated financial statements and the QBCC represents the employee expenses of all employees of the QBCC except the CEO & Commissioner. The CEO & Commissioner is the only employee not employed by the QBCEO. The \$0.094 million difference on other expenses represents audit fees and special payments for the QBCEO Financial Statements.

**STATEMENT OF FINANCIAL POSITION**

	CONSOLIDATED QBCC \$'000	QBCC \$'000	QBCEO \$'000
<b>CURRENT ASSETS</b>			
Receivables - other	21 943	21 943	-
<b>TOTAL CURRENT ASSETS</b>	<b>21 943</b>	<b>21 943</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Payables	59 286	58 854	432
Employee benefits	11 351	68	11 283
<b>TOTAL CURRENT LIABILITIES</b>	<b>70 637</b>	<b>58 922</b>	<b>11 715</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	10 990	-	10 990
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10 990</b>	<b>-</b>	<b>10 990</b>

The difference of \$0.432 million between the payables on the consolidated financial statements and the QBCC represents;

- \$0.008 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
- \$0.358 million provision for Payroll Tax payable for employees of the QBCEO.

The difference of \$11.283 million between the current accrued employee benefits on the consolidated financial statements and the QBCC represents:

- \$8.546 million annual leave provision for employees of the QBCEO
- \$0.970 million long service leave current provision for employees of the QBCEO
- \$1.675 million 5 days wages payable for employees of the QBCEO
- \$0.071 million time off in lieu provision for employees of the QBCEO
- \$0.019 million parental leave payable due but not yet paid for employees of the QBCEO

The difference of \$10.990 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

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

**STATEMENT OF CASH FLOWS**

	CONSOLIDATED QBCC \$'000	QBCC \$'000	QBCEO \$'000
<b>OUTFLOWS</b>			
Payments to employees	(71 363)	(1 912)	(69 451)
Payments to suppliers	(41 350)	(41 257)	( 94)
	<b>(112 713)</b>	<b>(43 168)</b>	<b>(69 545)</b>

**NOTES TO RECONCILIATIONS**

The difference of \$69.451 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 2022-23. The \$0.094 million difference in payments to suppliers is made up of special payments to ex-employees and external audit fees.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

F6. FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE  
IN ACCOUNTING POLICY

**Accounting standards applied for the first time**

There are no accounting standards or interpretations that apply to the QBCC for the first time in 2022-23 that have any material impact on the financial statements.

**Accounting standards early adopted**

No Australian Accounting Standards have been early adopted for 2022-23.

F7. CLIMATE RISK DISCLOSURE

The QBCC has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government Climate Action Plan 2020-2030 and other Government publications or directives.

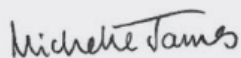
QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION  
MANAGEMENT CERTIFICATE  
FOR THE YEAR ENDED 30 JUNE 2023

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the Financial and Performance Management Standard 2019 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 financial year ended 30 June 2023 and of the financial position of the Commission at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the Financial and Performance Management Standard 2019 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.

Signed in accordance with a resolution by the QBC Board.



Michelle James  
Chair of the Board



Anissa Levy  
CEO & Commissioner



Tim Murphy  
Chief Financial Officer

24 August 2023  
Brisbane

24 August 2023  
Brisbane

24 August 2023  
Brisbane



## 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 2023, 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 2019 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at 30 June 2023, 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 material accounting policy information and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the Auditor-General 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 parent and 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 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 2019 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. This is not done for the purpose of forming an opinion on the effectiveness of the entity's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group'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 parent or 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 form 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

### Statement

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2023:

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

### Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the Financial Accountability Act 2009, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

A handwritten signature in black ink, appearing to read "Sri Narasimhan".

29 August 2023

Sri Narasimhan  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## GLOSSARY

ACRONYM	FULL TITLE
AA	Administrative Access
APRA	Australian Prudential Regulatory Authority
ARRs	Annual Report Requirements for Queensland Government agencies
ATO	Australian Taxation Office
BIF Act	<i>Building Industry Fairness (Security of Payment) Act 2017</i>
BIFOLA	<i>Building Industry Fairness (Security of Payment) and Other Legislation Amendment Act 2020</i>
BIF Regulation	<i>Building Industry Fairness (Security of Payment) Regulation 2019</i>
QBC Board	Queensland Building and Construction Board
CCC	Crime and Corruption Commission
CCPD	Compulsory Continuing Professional Development
CPD	Continuing Professional Development
DEPW	Department of Energy and Public Works
EDR	Early Dispute Resolution
FAA	<i>Financial Accountability Act 2009</i>
FPMS	Financial and Performance Management Standard 2019
FTE	Full-time equivalent
IP Act	<i>Information Privacy Act 2009</i>
IRU	Internal Review Unit
MFR	Minimum Financial Requirements
MCC	Ministerial Construction Council
NAWIC	National Association of Women in Construction
NCBP	Non-conforming building products
PD Act	<i>Plumbing and Drainage Act 2018</i>
PSIs	Pool Safety Inspectors
QAO	Queensland Audit Office
QBCC	Queensland Building and Construction Commission
QBCC Act	<i>Queensland Building and Construction Commission Act 1991</i>
QCAT	Queensland Civil and Administrative Tribunal
QHWS	Queensland Home Warranty Scheme
RAP	Reconciliation Action Plan
RTI Act	<i>Right to Information Act 2009</i>
SARAS	Study and Research Assistance Scheme
SDS	Service Delivery Statements
WHS	Workplace Health and Safety
WHSQ	Workplace Health and Safety Queensland

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## COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE*
LETTER OF COMPLIANCE	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 7</li> </ul>	4
ACCESSIBILITY	<ul style="list-style-type: none"> <li>Table of contents</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 9.1</li> </ul>	3
	<ul style="list-style-type: none"> <li>Glossary</li> </ul>		114
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 9.2</li> </ul>	2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<ul style="list-style-type: none"> <li>Queensland Government Language Services Policy</li> <li>ARRs – section 9.3</li> </ul>	2
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<ul style="list-style-type: none"> <li><i>Copyright Act 1968</i></li> <li>ARRs – section 9.4</li> </ul>	2
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<ul style="list-style-type: none"> <li>QGEA – Information Licensing</li> <li>ARRs – section 9.5</li> </ul>	2
GENERAL INFORMATION	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 10</li> </ul>	5
NON-FINANCIAL PERFORMANCE	<ul style="list-style-type: none"> <li>Government's objectives for the community and whole-of-government plans/specific initiatives</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 11.1</li> </ul>	2
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 11.2</li> </ul>	13-39
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FINANCIAL PERFORMANCE	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 12.1</li> </ul>	51
GOVERNANCE – MANAGEMENT AND STRUCTURE	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 13.1</li> </ul>	9
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 13.2</li> </ul>	9
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 13.3</li> </ul>	41-43, 48
	<ul style="list-style-type: none"> <li>Public Sector Ethics</li> </ul>	<ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994</i></li> <li>ARRs – section 13.4</li> </ul>	32
	<ul style="list-style-type: none"> <li>Human Rights</li> </ul>	<ul style="list-style-type: none"> <li><i>Human Rights Act 2019</i></li> <li>ARRs – section 13.5</li> </ul>	32
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 13.6</li> </ul>	5 (Found in Our Strategic Plan section)
GOVERNANCE – RISK MANAGEMENT AND ACCOUNTABILITY	<ul style="list-style-type: none"> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.1</li> </ul>	38
	<ul style="list-style-type: none"> <li>Audit committee</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.2</li> </ul>	44
	<ul style="list-style-type: none"> <li>Internal audit</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.3</li> </ul>	44
	<ul style="list-style-type: none"> <li>External scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.4</li> </ul>	49
	<ul style="list-style-type: none"> <li>Information systems and recordkeeping</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.5</li> </ul>	39
	<ul style="list-style-type: none"> <li>Information Security attestation</li> </ul>	<ul style="list-style-type: none"> <li>ARRs – section 14.6</li> </ul>	Not applicable

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE*
GOVERNANCE – HUMAN RESOURCES	• Strategic workforce planning and performance	• ARRs – section 15.1	34-36
	• Early retirement, redundancy and retrenchment	• Directive No.04/18 Early Retirement, Redundancy and Retrenchment • ARRs – section 15.2	36
OPEN DATA	• Statement advising publication of information	• ARRs – section 16	38
	• Consultancies	• ARRs – section 31.1	data.qld.gov.au
	• Overseas travel	• ARRs – section 31.2	data.qld.gov.au
	• Queensland Language Services Policy	• ARRs – section 31.3	data.qld.gov.au
FINANCIAL STATEMENTS	• Certification of financial statements	• FAA – section 62 • FPMS – sections 38, 39 and 46 • ARRs – section 17.1	110
	• Independent Auditor's Report	• FAA – section 62 • FPMS – section 46 • ARRs – section 17.2	111

ARRs Annual Report Requirements for Queensland Government agencies

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2019

\* Page numbers shown correspond with the PDF version of the Annual Report 2022-2023.

## Need more information?

Visit [qbcc.qld.gov.au](http://qbcc.qld.gov.au), call 139 333 or write to us at GPO Box 5099, Brisbane Qld 4001.

