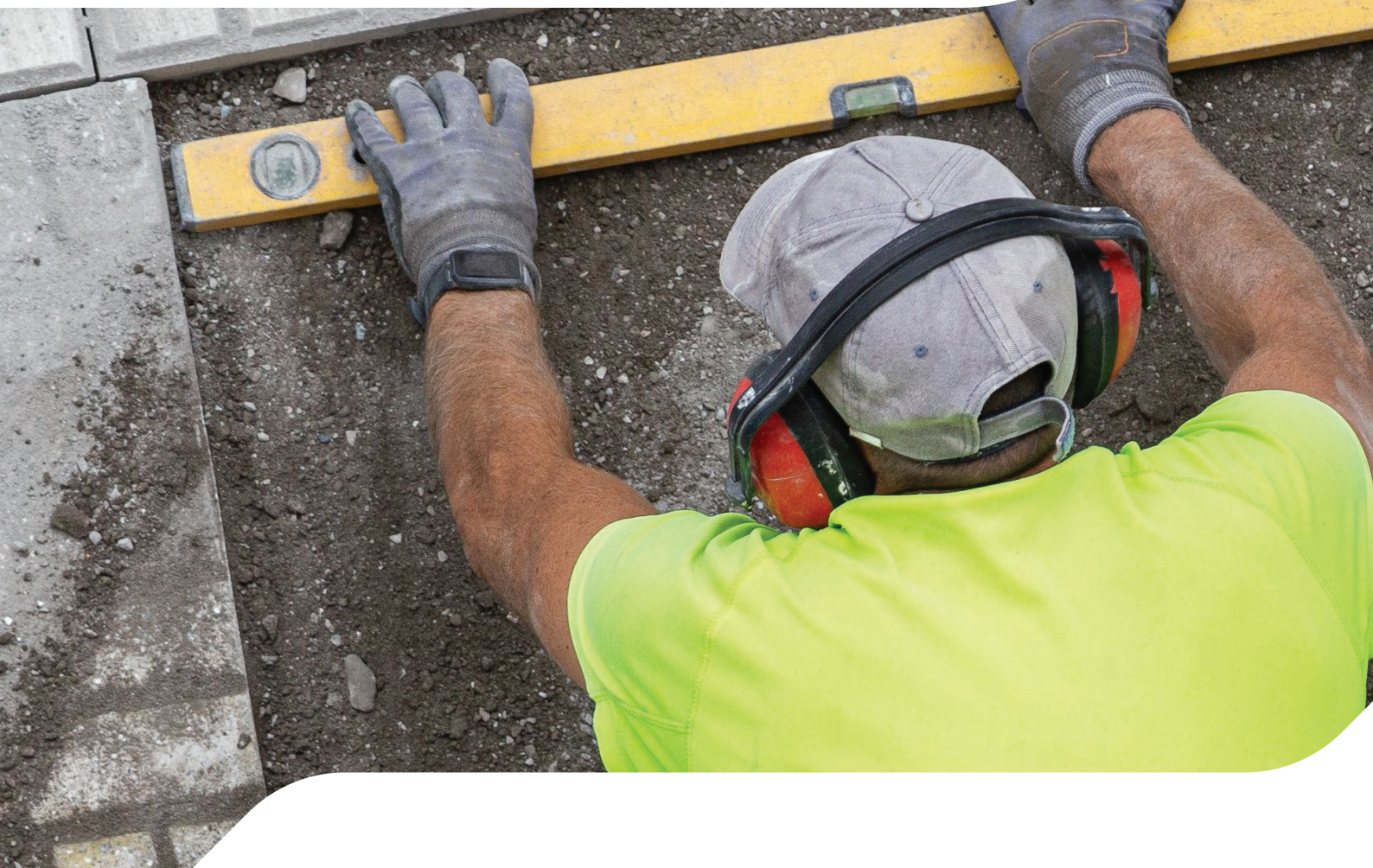
QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

REGULATORY REPORT

JANUARY–JUNE 2026

OCTOBER 2026



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COMMISSIONER'S FOREWORD

Queensland's building and construction industry continues to play a vital role in delivering homes, infrastructure and economic growth across the state.

The first half of 2026 saw strong industry participation, continued demand for construction services and ongoing investment in residential and commercial building activity. During this period, the Queensland Building and Construction Commission (QBCC) remained focused on protecting consumers, supporting compliant industry participants and maintaining confidence in Queensland's building and construction sector.

This report provides an overview of the QBCC's regulatory activities between January and June 2026. More importantly, it provides insight into what those activities tell us about industry performance, emerging risks and opportunities for improvement.

The findings demonstrate that the overwhelming majority of industry participants continue to meet their obligations and deliver quality outcomes. However, several recurring themes continue to influence regulatory activity and consumer experiences.

Building quality remains a key focus, with waterproofing, roofing, cladding and drainage continuing to feature prominently across inspections, disputes and complaints. The report also highlights the importance of strong governance, effective communication and financial management in supporting positive outcomes for consumers and industry participants alike.

One of the clearest messages emerging from this reporting period is the value of early intervention. Across inspections, audits, dispute resolution services and financial compliance activities, issues identified early were generally easier and less costly to resolve than those addressed later.

This report has been developed to support transparency, accountability and industry learning. By sharing what we are seeing across Queensland's building and construction industry, we hope to support informed discussion and encourage continual improvement across the sector.

The opportunities identified throughout this report belong to all industry participants. By continuing to focus on quality, capability and compliance, we can strengthen consumer confidence and support a building and construction industry that remains safe, fair and trusted.

Angelo Lambrinos
CEO and Commissioner

EXECUTIVE SUMMARY

The first half of 2026 demonstrated both the strengths and challenges of Queensland's building and construction industry.

Across inspections, audits, dispute resolution activities, investigations and licensing functions, the QBCC observed an industry that remains active, resilient and broadly compliant. Industry participation continued to grow, proactive regulatory activities supported consumer protection, and dispute resolution services delivered positive outcomes for home owners and contractors.

Six key themes emerged consistently throughout the reporting period.

RECURRING BUILDING QUALITY ISSUES CONTINUE

Waterproofing, roofing, cladding and drainage continue to feature prominently across inspections, disputes and complaints. These findings suggest that building exteriors and moisture management remain important areas of industry focus.

EARLY INTERVENTION DELIVERS BETTER OUTCOMES

Across multiple regulatory functions, issues identified early were generally easier to resolve and less likely to progress into more significant compliance, dispute or enforcement matters.

GOVERNANCE AND RECORD KEEPING REMAIN IMPORTANT

Trust audits, financial audits and certification audits continue to highlight the importance of strong record keeping, documentation and business systems. These findings reinforce that business capability extends beyond technical competence.

INDUSTRY PARTICIPATION REMAINS STRONG

Queensland's licensed building industry continued to grow during the reporting period, reflecting ongoing participation and confidence across the sector.

COMMUNICATION INFLUENCES OUTCOMES

The increasing use of mediation and conciliation services demonstrates the value of early engagement and practical dispute resolution in achieving positive outcomes for consumers and contractors.

LICENSEE ACCOUNTABILITY

Directions to Rectify issued to subcontractors reinforce that all licensees are accountable for the quality of their work, not only principal contractors.

GROWING DEMAND FOR LICENSING SERVICES

17,330 active Owner Builder permits
8% increase on average per year

ACTIVE LICENCES **129,420**

17% INCREASE in total applications received

OVER **100,000** ISSUED **QUEENSLAND HOME WARRANTY SCHEME** POLICIES

CLAIMS RECEIVED 1,001

TARGETED INSPECTIONS AUDITS AND COMPLIANCE

- 257 Notifiable work
- 237 Financial audits
- 177 Safer Buildings program
- 87 Trust audits
- 17 Non-conforming building products
- 14 Certification audits

304 COMPLIANCE SITE VISITS

98% compliance rate upon initial inspection

1,359 PROACTIVE INSPECTIONS

- 727 building inspections
- 458 plumbing inspections
- 90 fire inspections
- 84 mechanical inspections

FINALISED 2,140 COMPLIANCE INVESTIGATIONS

related to unlawful building work, building contracts, insurance and licences

TOP 5 COMPLIANCE INVESTIGATIONS

1. Unlawful building work
2. Non-compliant domestic building contracts and associated offences
3. Non-compliance with statutory insurance
4. Improper use of licence
5. Advertising offences

576 PENALTY INFRINGEMENT NOTICES (PINS) ISSUED.

14% INCREASE

TOP 5 DEFECTS

STRUCTURAL

1. Roof cladding
2. Wall cladding
3. External waterproofing
4. Internal waterproofing
5. Drainage

NON-STRUCTURAL

1. Painting
2. Joinery
3. Roof cladding
4. Floor tiling
5. Driveways and paths

DISPUTES AND COMPLAINTS

2877 disputes finalised

23,551 complaint items

MEDIATION AND CONCILIATION

404% increase in cases fully resolved

315 cases referred to a conciliator

218 cases proceeded to a conciliation session

2,464 total complaint items for all conciliation cases

121 cases fully resolved

16 cases partially resolved

1,585 complaint items in fully resolved cases

PROSECUTIONS

$95,549 awarded in compensation to home owners.

FINANCIAL INVESTIGATIONS

142 Total requests for internal management accounts.

Over $6 million injected back into the industry.

Unless otherwise stated, figures relate to the period 1 January to 30 June 2026. Point-in-time measures, including active licences and active Owner Builder Permits, are reported as at 30 June 2026. Comparative percentages and values compare January to June 2026 with July to December 2025.

CHAPTER 1: PROACTIVE INSPECTIONS AND SITE VISITS

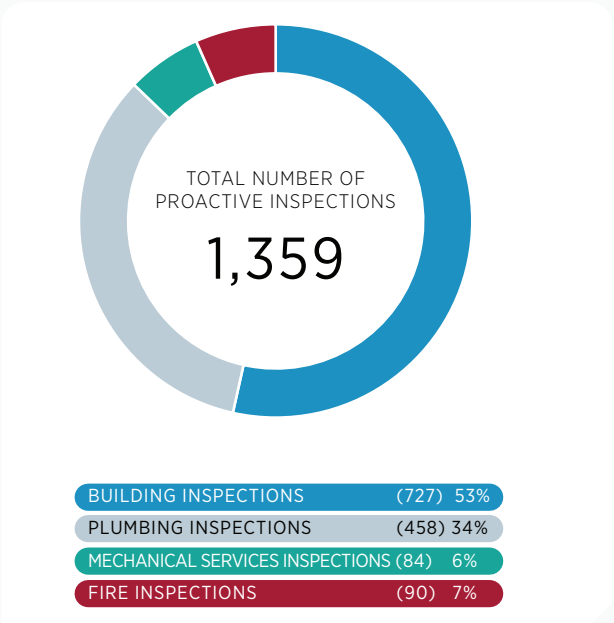
WHY PROACTIVE INSPECTIONS MATTER

Proactive inspections remain one of the QBCC's most effective regulatory tools for improving building quality and preventing consumer harm.

Unlike complaints, disputes and enforcement activities, which typically arise after issues have occurred, proactive inspections allow potential problems to be identified during construction when they can be addressed more efficiently and at lower cost.

The program also provides valuable insight into industry practices, emerging risks and recurring compliance issues across Queensland's building and construction sector.

The QBCC is changing the way we determine where to undertake proactive inspections. This change involves moving away from a higher-volume, narrowly focused inspection program, to a targeted, intelligence driven inspection program that incorporates a wider scope of activity inspected.
This transition has resulted in some areas undertaking fewer inspections, but uncovering higher rates of non-compliance.



A consistent finding across all inspection programs is that issues identified during construction are generally easier to rectify than those identified after practical completion. This is particularly relevant for building elements that are concealed as projects progress, including waterproofing systems, framing, fire protection measures and mechanical services.

BUILDING INSPECTIONS

WHAT WE DID

The QBCC undertakes proactive inspections on 'live' residential and commercial building sites under construction. Inspectors educate QBCC licensees on legislative requirements and ensure buildings are code compliant.

Proactive risk reduction is essential to building a safer and more resilient industry. The QBCC plays a vital role in strengthening safety, quality and compliance across Queensland's building and construction sector.
Targeted audits and a balanced approach to education and enforcement help protect consumers and industry participants and reinforce confidence in Queensland's regulatory system.

The QBCC used its data and industry intelligence to focus inspections on high-risk building stages or work that may compromise occupant safety.

WHAT WE FOUND

Of the 727 inspections undertaken:

- 601 sites were compliant
- 126 sites with compliance issues that were rectified on-site
- 86 improvement notices were issued.

This resulted in an initial compliance rate of 82.7 per cent.

TOP 5 COMPLIANCE ISSUES IDENTIFIED

- Waterproofing installation and protection.
- Roof cladding installation.
- Passive fire penetrations and fire stopping.
- Structural framing and tie-down requirements.
- Building envelope weatherproofing requirements.

The concentration of compliance issues in waterproofing, fire protection, structural elements and weatherproofing reinforces the importance of verifying critical building work before construction progresses. Many of these elements become difficult to inspect or rectify once concealed, highlighting the value of early intervention through proactive inspections.

WHY IT MATTERS

Early intervention from inspections improves building quality, curbs poor industry behaviour, and reduces risk and harm to building occupants.

The QBCC's proactive units raise public awareness through building alerts on social media, and attend or speak at industry events and public forums, preventing costs incurred from hidden defects prior to building handover.

Early intervention through proactive inspections has the following impact:

- Identifies non-compliant work before it is concealed, reducing future rectification costs and impacts.
- Supports industry compliance through education, engagement and targeted regulatory presence across Queensland.
- Enables the QBCC to identify repeat issues, emerging risks and patterns of poor performance to inform future regulatory activity.

PLUMBING INSPECTIONS

WHAT WE DID

Plumbing inspections are undertaken by qualified QBCC Senior Plumbing Inspectors focused on regulated plumbing work and building work for the provision of water supply, sewerage or drainage in connection with a building, including installation and separation of water services, sewerage and drainage requirements, hot water systems, and wall frame limitations for services.

The QBCC's Senior Plumbing Inspectors assess the nature of the plumbing work on active construction sites to determine if it is compliant with the National Construction Code (NCC), relevant Australian Standards, or manufacturers specifications.

In addition to this work, inspectors provide frequent technical support and conduct checks on occupied buildings during the QBCC dispute process to ensure plumbing works is not defective.

WHAT WE FOUND

PROACTIVE PLUMBING INSPECTION ACTIVITY*

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
Proactive plumbing inspections	458	808	43% decrease in proactive inspections
Compliant sites	272	608	
Sites with compliance issues	186	200	
Compliance rate	59%	75%	16% decrease in compliance rate

* Inspections may involve multiple activities and/or activities yet to be finalised.

The 43 per cent reduction in proactive plumbing inspections reflects a deliberate shift towards intelligence-led, risk-based regulation, with greater emphasis placed on targeted inspections, meaningful engagement and education activities.

During this period, the Service Trades Unit expanded its inspection focus beyond traditional service trade installations to also examine broader 'building work' as defined under the *Queensland Building and Construction Commission Act 1991* (QBCC Act). This broader regulatory lens naturally increased the likelihood of identifying non-compliant work and provided opportunities for earlier intervention before defects became more significant issues.

The reduction in initial compliance from 75% to 59% should be considered in the context of the way the QBCC now identifies targeted sites for inspections, using data and analytics to inspect those sites considered to be at higher risk of non-compliance.

This approach is intended to identify issues earlier, engage directly with contractors, support voluntary rectification and reduce the risk of costly rework, future disputes and impacts to the Queensland Home Warranty Scheme. Importantly, the findings have informed ongoing education and engagement activities with contractors and principal contractors, helping to improve understanding of compliance obligations and supporting sustainable improvements in workmanship and quality outcomes across the industry.

COMPLIANCE ISSUES IDENTIFIED

- Inadequate pipe support, clipping and restraints.
- Insufficient separation between plumbing and other services.
- Drainage and stormwater installations.
- Standpipes and hose taps.
- Insufficient gas installations.
- Pipework exposed to sunlight or lacking insulation.

FIRE INSPECTIONS

WHAT WE DID

Fire inspections are undertaken by qualified QBCC Fire Inspectors. These inspections involve education and focus on passive fire related work, including fire collars, doors, fire walls, service penetrations through fire walls, emergency lighting and exits, firefighting requirements, etc.

The QBCC's Fire Inspectors ensure passive fire requirements, on active construction sites, are installed in accordance with the approved construction drawings, fire engineering reports, National Construction Code (NCC), relevant Australian Standards, and/or manufacturers specifications. Inspectors may also accompany Queensland Fire Safety (QFS) officers to specific occupied buildings to ensure legislative maintenance has been undertaken on fire systems and services.

Inspectors also provide frequent technical support and conduct checks on occupied buildings during the QBCC dispute process to ensure fire related works are not defective.

WHAT WE FOUND

The initial compliance rate was 75 per cent with compliance issues at 25 per cent of sites. The result reinforces the need for continued oversight of fire safety requirements.

PROACTIVE FIRE INSPECTION ACTIVITY*

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
Proactive fire inspections	90	102	12% decrease in proactive inspections
Compliant sites	68	85	
Sites with compliance issues	22	17	
Compliance rate	75%	83%	8% decrease in compliance rate

* Inspections may involve multiple activities and/or activities yet to be finalised.

These inspections demonstrate a sustained commitment to proactive, risk-based regulation, with education and meaningful industry engagement at the forefront and regulatory resources directed to areas where the risk of harm is greatest; including multi residential and commercial construction sites. Encouragingly, overall compliance remains high.

COMPLIANCE ISSUES IDENTIFIED

- Fire separation and fire resisting systems.
- Boundary fire resisting and combustible encroachments.
- Installation not matching tests, approved or specified fire systems.
- Obstructed fire stopping and penetrations.

MECHANICAL SERVICES INSPECTIONS

WHAT WE DID

Mechanical service inspections are undertaken by qualified QBCC Mechanical Service Inspectors and focus on mechanical services work, including; air-conditioning installation and maintenance, ducted work, drainage and disposal of air contaminants, gas leaks or inadequate installed systems.

The QBCC's Mechanical Service Inspectors ensure mechanical service requirements, on active construction sites, are installed in accordance, with the approved construction plans, engineering reports, National Construction Code (NCC), relevant Australian Standards, and/or manufacturers specifications.

Inspectors also provide frequent technical support and conduct checks on occupied buildings during the QBCC dispute process to ensure mechanical services related works are not defective.

WHAT WE FOUND

Inspection resources were deliberately directed towards higher-risk sites and work activities where the potential for consumer harm and future defects was greater. As a result, inspectors are more likely to identify non-compliance than would be expected through a broad, random inspection program. These inspections are designed to facilitate early intervention and direct engagement with contractors before projects are completed.

By identifying issues during construction, contractors can rectify defects when they are easier and less costly to address, reducing the likelihood of significant rectification works following handover, minimising potential impacts on the Queensland Home Warranty Scheme and helping protect consumers from defective building work in the future.

PROACTIVE MECHANICAL SERVICES INSPECTION ACTIVITY*

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
Proactive mechanical services inspections	84	99	15% decrease in proactive inspections
Compliant sites	42	57	
Sites with compliance issues	42	42	
Compliance rate	50%	58%	8% decrease in compliance rate

* Inspections may involve multiple activities and/or activities yet to be finalised.

The 50 per cent initial compliance rate for mechanical services inspections indicates there remains an opportunity to improve compliance outcomes across some areas of the sector. The most commonly identified issues related to ductwork installation, insulation, condensate drainage, vapour barriers and sealing requirements, highlighting areas where installation quality and workmanship can be strengthened. The compliance rate should be viewed in the context of the Service Trades Unit's targeted inspection methodology and expanded focus on building work.

COMPLIANCE ISSUES IDENTIFIED

- Incomplete or damaged insulation.
- Ductwork installation.
- Inadequate ductwork support.
- Condensate drainage.
- Crushed, compressed or kinked flexible ductwork.
- Vapour barriers not intact or properly sealed.
- Duct joints and connections not properly sealed.

COMPLIANCE AND ENFORCEMENT SITE VISITS

WHAT WE DID

The QBCC's Compliance and Enforcement team conducts regular site inspections to monitor compliance with licensing requirements across building and construction projects. These inspections enable the QBCC to verify that builders, site supervisors and subcontractors are appropriately licensed and undertaking work within the scope of their respective licence classes.

WHAT WE FOUND

During this reporting period 14 audited individuals who were found to be operating outside licensing requirements.

COMPLIANCE AND ENFORCEMENT ACTIVITY

	JAN-JUN 2026	JUL-DEC 2025
Number of site visits	304	240
Number of persons audited on-site	796	616
Number of confirmed unlicensed contracting offences	11	10
Number of confirmed contractors engaging unlicensed person offences	3	2
Compliance rate upon initial inspection	98%	98%

LICENSING ISSUES IDENTIFIED

- Unlicensed contracting.
- Engagement of unlicensed individuals.
- Working outside licence scope.
- Incorrect licence class.
- Licensing administration issues.

Compliance rate upon initial inspection is 98 per cent.

There was an increase in inspection activity compared to the previous period (July to December 2025). The increase in site-based compliance activity demonstrates the QBCC's continued commitment to maintaining a visible regulatory presence across Queensland's building and construction industry and promoting compliance with licensing requirements.

Importantly, the compliance rate upon initial inspection remained stable at 98 per cent indicating that overall industry compliance remains high and the increase in detected offences does not necessarily reflect a decline in compliance standards.

WHY IT MATTERS

Licensing remains one of the industry's most important consumer protection mechanisms.

The relatively low level of offending suggests awareness of licensing requirements remains generally strong. However, continuing identification of unlicensed activity reinforces the need for visible compliance activity.

Site inspections also provide valuable opportunities for proactive engagement with property owners, contractors and industry participants. Through these interactions, the QBCC promotes awareness of licensing obligations, clarifies appropriate work scopes and provides educational information to support compliance and consumer protection outcomes. Businesses should regularly review licence scope, licence classes, subcontractor licensing status and permitted work when expanding services or undertaking new types of work.

CHAPTER 2: DEFECTIVE WORK, INSURANCE CLAIMS AND CONSUMER PROTECTION

WHY THIS MATTERS

One of the QBCC's core functions is protecting consumers when building work does not meet required standards, projects are not completed as contracted, or disputes arise between home owners and contractors.

While inspections provide insight into issues identified during construction, complaints, disputes and insurance claims provide a direct view of the issues that ultimately impact consumers.

As a result, complaint and claims data provide valuable insight into recurring defect trends, consumer expectations and areas where further improvements in construction quality may be achieved.

The QBCC receives notifications of disputes between a home owner and a contractor that relate to alleged defective work, non-completion of building work and instances of subsidence. The role of the QBCC is to assess each dispute, determine any fault of either party and where appropriate, direct rectification of building work.

Each complaint made by a home owner may include multiple defective or incomplete items. The QBCC investigates whether a defect exists and if so, determines who is at fault. If it is determined the contractor or their subcontractors are at fault, the QBCC may direct the contractor to rectify the items.

Importantly, complaint data should not be interpreted as a measure of overall industry performance. Most building work completed in Queensland never becomes the subject of a dispute, claim or regulatory intervention. However, recurring complaint trends help identify areas where industry attention can have the greatest impact on future outcomes.

DEFECTIVE WORK DISPUTES

WHAT WE DID

During the reporting period, the QBCC received 2,886 defective work disputes and finalised 2,877 matters.

These disputes generated 23,551 individual complaint items requiring assessment and investigation.

Matters progressed through a range of pathways depending on the circumstances of each complaint, including:

- dispute assessment
- referred for building inspection
- Directions to Rectify issued
- Failure to Rectify issued
- Conciliation
- No Further Action outcomes.

Note: * No Further Action (NFA) is taken for reasons including insufficient information received, outside QBCC jurisdiction, time limit expired, telephone facilitated agreement reached or withdrawn.

WHAT WE FOUND

The tables below summarise defective work dispute outcomes and activity during the reporting period.

Note: case numbers will not add up to total received due to cases in progress received before the reporting period.

DEFECTIVE WORK COMPLAINT OUTCOMES

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
Disputes received	2,886	2,952	2.2% decrease
Disputes finalised	2,877	3,053	5.7% decrease
Complaint items	23,551	26,558	11.3% decrease

BREAKDOWN OF ACTION

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
No Further Action (NFA)*	1,834	1,858	1.2% decrease
Referred for building inspection	1,501	1,544	2.7% decrease
Disputes finalised prior to inspection	145	118	22.8% increase
Directions to Rectify issued	689	671	2.6% increase
Failure to Rectify issued	254	213	19.2% increase

*NFA is taken for reasons including insufficient information received, outside jurisdiction, time limit expired, telephone facilitated agreement reached or withdrawn.

The findings demonstrate that while consumers continue to utilise QBCC dispute services at significant levels, many matters are finalised before formal regulatory action becomes necessary.

In the reporting period, the QBCC received 2,886 defective building work disputes, a 2.2 per cent decrease from 2,952 in the previous six-month period. Inspection wait times have increased to 12 weeks (statewide average) due to the sustained high level and complexity of complaints.

Notably, roof cladding remains the most reported structural defective item. This may be influenced by external environmental factors such as extreme weather events, material shortages or installation errors due to labour constraints.

Meanwhile, the proportion of disputes requiring formal building inspections remained relatively consistent (1,501 compared with 1,544), while the number of disputes finalised prior to inspection increased by 22.8 per cent from 118 in July to December 2025 to 145 in the January to June 2026 period. This indicates that more matters were resolved before a formal inspection was required, reflecting continued use of dispute resolution mechanisms and voluntary engagement between parties. Early resolution reduces the need for regulatory intervention and supports more efficient outcomes for consumers and licensees.

Failure to Rectify outcomes increased by 19.2 per cent during the reporting period. A Failure to Rectify is issued where a contractor does not comply with a Direction to Rectify. Non-compliance can occur for a range of reasons, including financial or resource constraints, business capability issues, disputes regarding responsibility for defects, or a decision not to undertake the required rectification. The increase reflects contractor compliance outcomes following regulatory intervention rather than a direct measure of overall construction quality.

WHY IT MATTERS

Defective work disputes provide one of the clearest indicators of where construction quality issues are affecting consumers.

Defective work disputes represent a relatively small proportion of overall Queensland Home Warranty Scheme activity. While disputes may relate to policies issued in previous years and therefore cannot be directly compared to policies issued during the reporting period, the volume of disputes remains low relative to the number of policies issued under the scheme. This suggests that the overwhelming majority of residential construction work proceeds without requiring QBCC dispute resolution services and that most consumers receive the outcomes they expect from their building projects.

Unlike proactive inspections, which focus on work under construction, dispute data reflects issues that have progressed far enough to affect home owners directly.

Importantly, dispute outcomes also help identify where education, technical guidance and proactive inspection programs may have the greatest preventative value.

WHAT DEFECT TRENDS ARE TELLING US ABOUT QUEENSLAND CONSTRUCTION

Defect data provides valuable insight into the recurring issues that continue to affect residential construction.

While individual projects differ significantly, common themes continue to emerge when complaint data is examined collectively.

TOP 5 STRUCTURAL DEFECTS

The most common structural defect categories identified during the reporting period were:

1. Roof cladding
2. Wall cladding
3. External waterproofing membranes
4. Internal wet areas waterproofing membranes
5. Drainage

WHY IT MATTERS

A notable observation is that four of the five most common structural defect categories relate directly to moisture management and building exteriors.

Roofing, wall cladding, waterproofing systems and drainage all perform critical functions in protecting buildings from water ingress and environmental exposure.

The continued presence of these categories across multiple reporting periods suggests they are not isolated issues but persistent areas of industry risk.

These defect categories are also among the most costly and disruptive to rectify once buildings are occupied.

Unlike some defects that can be corrected relatively easily, moisture-related defects often require significant investigation, demolition and reconstruction before repairs can occur.

Many of these defects arise at the interface between multiple building systems rather than within a single trade activity, reinforcing the importance of quality control, checks and supervision throughout construction.

TOP 5 NON-STRUCTURAL DEFECTS

The most common non-structural defect categories identified during the reporting period were:

1. Painting
2. Joinery
3. Roof cladding
4. Floor tiling
5. Driveways and paths

WHY IT MATTERS

Unlike structural defects, the most common non-structural defects primarily relate to workmanship, finishing and presentation. Although less likely to affect structural performance, they can significantly influence customer satisfaction, perceptions of quality and overall project outcomes. This highlights the importance of workmanship, finishing standards and supervision throughout construction.

QUEENSLAND HOME WARRANTY SCHEME

WHAT WE DID

The QBCC issued more than 100,000 Queensland Home Warranty Scheme (QHWS) policies during this reporting period, providing protection for residential construction work across Queensland. The QBCC also managed and assessed claims lodged by home owners affected by defective work, non-completion and other insurable events.

QHWS CLAIMS ACTIVITY

CLAIMS ACTIVITY	JAN–JUN 2026
Claims received	1,001
Claims approved	402
Claims declined (finalised)	375
Claims in progress	1,513
Value of approved claims	$27.2 million

Note: Claims approved, declined and in progress may relate to claims received in a previous reporting period. These figures do not directly reconcile to claims received during the reporting period.

Claims may be declined where eligibility, contractual or statutory requirements are not satisfied.

WHAT WE FOUND

The Queensland Home Warranty Scheme continues to provide an important consumer protection mechanism for home owners affected by defective work, non-completion and other insurable events.

The volume and value of claims demonstrate the ongoing importance of the scheme as a safety net for Queensland consumers.

The scheme operated at significant scale, with more than 100,000 policies issued, 1,001 claims received and 402 claims approved. The 1,001 claims received during this period represent a very small percentage of policies taken out. While an exact claims-to-policy ratio is difficult to determine as claims may arise from policies issued over several years, it is conservatively estimated that fewer than 5 per cent of policies ultimately result in a claim.

Claims activity remained broadly consistent with the previous reporting period, when 937 claims were received and 392 claims were approved. The total value of approved claims also decreased from $28.49 million to $27.22 million.

During the reporting period, 75 claims associated with the liquidation of a single entity were approved, with a total value of approximately $207,000. These claims were predominantly lower value refund of deposit claims (74 of 75), with an average value of less than $3,000, contributing to a lower overall value of approved claims during the period.

WHY IT MATTERS

While approved claims provide important support for home owners, they also highlight the broader costs associated with defects, incomplete work and business failure. Every claim represents a circumstance where issues could not be resolved through normal project delivery or rectification processes.

The strongest lesson from claims data is that prevention continues to deliver better outcomes than remediation. Reducing defects, improving project controls and strengthening business resilience remain the most effective ways to reduce future claims.

CHAPTER 3: AUDITS AND COMPLIANCE PROGRAMS

WHY AUDITS MATTER

Inspections provide visibility of construction activities. Complaints and disputes provide insight into consumer experiences. Audits provide a different perspective by examining the systems, processes and governance arrangements that support compliant industry performance.

Through targeted audit programs, the QBCC assesses compliance in areas that are often not visible through site inspections alone, including financial management, trust account administration, certification practices, regulatory reporting obligations and product compliance.

Collectively, these programs help identify emerging risks, recurring compliance issues and opportunities to strengthen industry capability before more significant problems develop. Across the various audit programs, findings more commonly related to systems, processes, documentation and administrative controls than technical construction expertise.

Audit activity is prioritised using a risk-based, intelligence-led approach, enabling regulatory resources to be directed towards areas of greatest potential harm and non-compliance.

NOTIFIABLE WORK AUDITS

WHAT WE DID

Plumbing licensees are required to lodge a Form 4 with the QBCC for plumbing work that is considered notifiable work.

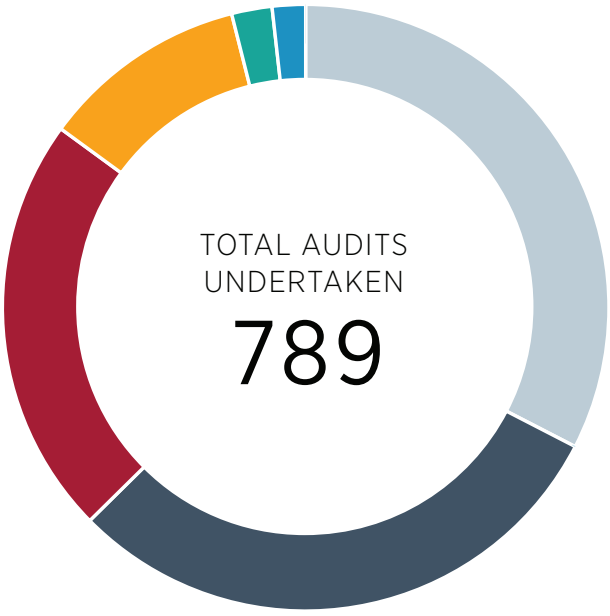
The QBCC undertook 257 notifiable work audits during the reporting period to assess compliance with plumbing notification requirements. Audits compare lodged notifications against business and project records, including invoices, to determine whether regulated plumbing work has been reported in accordance with legislative requirements.

Of the audits conducted:

- 124 were compliant
- 67 were non-compliant
- 60 were in progress
- 6 were withdrawn.

The compliance rate for completed audits upon initial audit was 64.9 per cent.

Note: The QBCC does not undertake inspections of notifiable work. The above audit data does not include withdrawn or cancelled audits. A withdrawn audit is an audit that is initiated but formally discontinued due to valid reasons preventing completion, such as the licensee not contracting, or facing other legitimate challenges.



NOTIFIABLE WORK	(257)	32.6%
FINANCIAL AUDITS	(237)	30%
SAFER BUILDINGS PROGRAM	(177)	22.4%
TRUST AUDITS	(87)	11%
NON-CONFORMING BUILDING PRODUCTS	(17)	2.2%
CERTIFICATION AUDITS	(14)	1.8%

WHAT WE FOUND

The audit program identified both compliant and non-compliant behaviours across a range of plumbing businesses.

TOP 5 CATEGORIES OF NOTIFIABLE WORK

1. Installing, replacing or removing a water heater (Category 6).
2. Extending, altering, replacing or removing water supply pipes (Category 1).
3. Installing, replacing or removing a temperature control device (Category 5).
4. Extending, altering, replacing or removing sanitary plumbing (Category 3).
5. Installing or relocating a fixture in a class 1 or 10 building (Category 9).

WHY IT MATTERS

Notifiable work requirements support transparency and traceability of plumbing work throughout Queensland.

While notification obligations are administrative in nature, they form an important record of regulated plumbing work and assist future owners, contractors and regulators to understand what work has been completed.

The findings suggest that compliance challenges often arise from business processes rather than technical plumbing deficiencies. Integrating notification requirements into normal job completion processes can help support compliance and improve the accuracy of regulatory records.

TRUST AUDITS

Specified building projects require licence holders to establish and administer Project Trust Accounts (PTAs) and, where applicable, Retention Trust Accounts (RTAs). The QBCC audits trustees to assess compliance with their legislative obligations.

These audits safeguard funds held for subcontractors and suppliers by promoting the lawful and appropriate administration of trust accounts. This regulatory oversight supports payment security, financial integrity and confidence across Queensland's building and construction industry.

WHAT WE DID

The QBCC undertook targeted trust account audits to assess compliance with project trust account and retention trust account requirements. That audit activity uses a risk-based, intelligence-led approach. Minor and moderate breaches are dealt with by using a variety of educational techniques, including where necessary recorded remote presentations allowing stakeholders to discuss issues and understand the legislation.

TOP 5 TRUST AUDIT NON-COMPLIANCE ISSUES

1. Trustee fails to keep proper trust records.
2. Trustee withdraws amount from project trust account for an unlawful purpose.
3. Trustee failure to give Commission notice of retention trust opening, closing or name change within 5 business days.
4. Trustee fails to repay amount withdrawn from PTA for unlawful purpose as soon as practicable.
5. Trustee withdraws amount from retention trust for an unlawful purpose.

TRUST AUDIT OUTCOMES*	
Companies selected for audit	87
NFA — retention account not required	1
Non-compliant	84
In progress	45
Regulatory action — education	84
Prosecution (in progress)	1

WHAT WE FOUND

Trust account non-compliance continued to be identified across several areas of administration and record management. These are minor in nature and there is no systematic evidence that there is a deliberate attempt to undermine the framework.

WHY IT MATTERS

Trust accounts play an important role in supporting payment security and confidence throughout the construction supply chain.

A notable feature of trust audit findings is that most issues continue to relate to record keeping, administration and process management rather than deliberate misuse of trust funds.

This suggests compliance outcomes are closely linked to the quality of governance systems operating within a business. As business operations grow, trust account processes may also need to adapt to support ongoing compliance.

FINANCIAL AUDITS

WHAT WE DID

Financial audits assess whether licensees remain financially viable and continue to meet their MFR obligations.

Audits are generally commenced where information indicates a heightened risk of financial failure or serious non-compliance. This may include:

- failure to provide requested financial information
- financial information indicating potential non-compliance with the MFR
- increasing levels of debt
- monies owed complaints
- other indicators of financial instability.

A financial audit requires the licensee to provide financial information prepared in accordance with prescribed accounting standards and certified by a qualified accountant.

Through this risk-based approach, the QBCC seeks to identify and address financial risks early, reducing potential harm to consumers, subcontractors, suppliers and the broader construction industry.

FINANCIAL AUDIT OUTCOMES	
Financial audits commenced	237
Audit complied with and met MFR	114
In progress	130
Non-compliant audits*	85

* Non-compliant audits refer to any financial audit that was closed for a reason other than by way of meeting the MFR.

OUTCOMES OF THE NON-COMPLIANT AUDITS*	
Licences cancelled (non-compliant with audit)	24
Licences cancelled (other reason)	11
Licences cancelled (contractor request)	29
Audits withdrawn (Grounds to suspect non-compliance no longer exist)	21

* Numbers in these tables may not add up because of carryover of audits commenced in the previous period.

WHAT WE FOUND

Financial audits resulted in a range of outcomes, from businesses demonstrating full compliance with the MFR through to matters requiring further regulatory assessment, which may ultimately result in the suspension or cancellation of a licence. At least half of licensees subject to financial audit were found to be compliant with the MFR, with licensees requiring further regulatory action to get to compliance.

TOP FINANCIAL AUDIT ISSUES

- Failure to provide requested financial information.
- Financial information demonstrating MFR non-compliance.
- Negative net tangible asset position or deficient current ratio.
- Failure to pay debts as they fall due.
- Inadequate financial record keeping or monitoring.
- Lack of awareness of the MFR.

WHY IT MATTERS

Financial audits play an important role in identifying and addressing emerging financial risks before they result in business failure or adversely impact consumers and the broader supply chain. Experience indicates that financial deterioration often occurs gradually through declining financial performance, poor cashflow management, inadequate governance practices, or ineffective financial reporting, rather than as a result of a sudden event.

Financial audits provide the QBCC with greater visibility of a licensee's financial position, enabling earlier intervention where concerns are identified and supporting timely action to restore compliance with the MFR.

Financial audits support financially sustainable business practices, industry stability, ensuring subcontractors and employees continue to be paid on time, helping to protect consumers and ensuring licensees remain financially viable and capable of meeting their contractual obligations.

CERTIFICATION AUDITS

WHAT WE DID

The QBCC undertook certification audits across Queensland to assess compliance with legislative obligations, inspection requirements and certification processes.

The QBCC conducts two types of certification audits:

- Assessment audits (administration or desktop audits), which specifically involve the auditing of building certifiers' files (approval and inspection documents) and their administrative procedures to assess compliance with legislative requirements. These audits do not require a site visit.
- Technical audits (site audits), which involve inspections of on-site building work under construction. These audits relate to building certifier approval documentation as required under Section 133 of the *Building Act 1975*.

Audits are conducted across all classes of buildings.

CERTIFICATION AUDIT OUTCOMES

Total completed audits		14
	TECHNICAL AUDITS	ASSESSMENT AUDITS
Completed audits	5	9
Conduct not unsatisfactory—with no recommendations	0	3
Conduct not unsatisfactory—with recommendations	4	1
Not conducted due to insufficient information or evidence*	0	0
Not conducted strategic**	1	5
Audits unsatisfactory conduct with reprimand	0	0

* Not conducted due to insufficient information or evidence: The audit could not be completed because there was not insufficient information or supporting evidence available for the auditor to assess whether the certification requirements had been met.

** Not conducted strategic: The audit was not conducted because the certifier had already completed audits across multiple sites during the financial year and determined that further auditing was not necessary.

WHAT WE FOUND

Most certification audits found that certifiers were generally maintaining appropriate records and complying with their obligations. Where issues were identified, they primarily related to documentation, recordkeeping, internal processes and administrative compliance matters.

Common findings included failures to meet statutory obligations relating to engagement documentation, inspection certification requirements, regulatory notifications and supporting evidence.

Audit findings are assessed according to their nature, severity and potential impact on legislative and certification compliance. While many issues can be addressed through corrective action, education and improved practices, more serious matters may result in increased monitoring, further audits or formal regulatory action.

TOP CERTIFICATION AUDIT FINDINGS

FINDING	EXAMPLE
Missing or incomplete documentation	Aspect certificates, floor plans, Forms 12 and 16, or engagement records.
Issues with incomplete and undocumented inspection records	Incomplete stage, or inspection and certificate issue dates not recorded
Legislative requirements not consistently met	Delays in notifying owners or local government, or notifications not being provided
Administrative process gaps	Inadequate tracking of documents, approvals or deadlines
Improving recordkeeping and evidence-based decisions	Incomplete compliance records or evidence supporting certification decisions

WHY IT MATTERS

Certification systems rely heavily on accurate records, inspection evidence and supporting documentation. While the audit program provides opportunities for education and guidance on certifier duties and responsibilities, it also plays an important role in identifying issues that may affect compliance with legislative requirements.

Even where technical decisions are sound, weaknesses in record management can undermine confidence in certification outcomes and create challenges when decisions are later reviewed. Where issues are identified, the QBCC may take regulatory action to ensure the safety of owners and occupiers, uphold certification standards and maintain confidence in the building certification system.

NON-CONFORMING BUILDING PRODUCTS

WHAT WE DID

The QBCC continued targeted compliance activity relating to non-conforming building products including audits and assessment of potential non-conformance and supply chain obligations.

Over the past nine years, Queensland's non-conforming building products regulatory framework has evolved into a mature and nationally recognised compliance regime aimed at strengthening building safety and integrity across the construction industry.

Established in response to growing concerns regarding the use of unsafe and non-compliant building products, the framework promotes accountability throughout the building product supply chain and supports greater confidence in the products used in Queensland's built environment.

WHAT WE FOUND

The program identified recurring issues involving product suitability, documentation and due diligence.

During the reporting period, the QBCC completed 17 audits relating to suspected non-conforming building products. Audit activity remained high, with 13 new audits opened and 5 still in progress at period end. More audits were closed than opened, reflecting continued focus on finalising carry-over matters. Although audits opened decreased from 22 to 13 compared with the previous period, findings increased from six to eight. This indicates targeted proactive audits and the triaging process of complaints and enquiries are progressively directing compliance effort towards priority matters and improving identification of non-conformance issues.

NON-CONFORMING BUILDING PRODUCTS COMPLIANCE AUDITS

	JAN–JUN 2026	JUL–DEC 2025
Completed audits	17	16
New audits opened	13	22
In progress at period end	5	9
Resulted in a finding	8	6

When a non-conforming building product is identified, the matter is referred to a dedicated team to undertake regulatory and enforcement action. This action can include requiring remedial action, providing education, accepting an enforceable undertaking, taking disciplinary action, or commencing prosecution action where appropriate.

These responses are assessed case by case, having regard to the nature of the product, the risk, the available evidence, the conduct of parties in the chain of responsibility and the most effective way to achieve a safe and proportionate outcome. The eight investigations are still ongoing.

ISSUES IDENTIFIED

Of the 8 determined non-conforming building products:

- 5 products had no evidence of suitability as required by the National Construction Code, and 2 of which were further identified as having safety risks not addressed.
- 2 products were not tested against the relevant Australian Standard.
- 1 product did not comply with the relevant Australian Standard.

WHY IT MATTERS

Product compliance is influenced by every participant in the supply chain, not solely manufacturers or suppliers.

The findings suggest many compliance issues arise when critical information becomes unavailable or is not adequately verified as products move through procurement and construction processes.

The findings reinforce the importance of maintaining accurate product information and evidence of suitability throughout the supply chain.

SAFER BUILDINGS PROGRAM

WHAT WE DID

The QBCC continues administering the Safer Buildings Program through compliance and audit activities relating to combustible cladding obligations.

In 2018, Part 4A Combustible Cladding of the Building Regulation 2006, came into effect to help identify privately owned buildings in Queensland that may have combustible cladding. Owners of these buildings were required to register their building and undertake a self-auditing process called the Combustible Cladding Checklist.

SAFER BUILDINGS PROGRAM AUDIT OUTCOMES	
Audits undertaken	177
Compliant	144
Non-compliant	14
Education	19

WHAT WE FOUND

Most affected building owners continued to meet their obligations, with identified issues generally relating to ongoing management and compliance requirements.

Audits identified 14 non-compliant sites. Following investigation, 13 sites achieved compliance by displaying the required notice, while the remaining site demonstrated it had completed remediation works, removing the requirement for a notice to be displayed.

COMPLIANCE ISSUES IDENTIFIED

- Failure to display an Affected Private Building Notice where required.
- Not undertaking remediation or removal of affected cladding material.
- Ongoing management of combustible cladding obligations.

WHY IT MATTERS

The findings reinforce that significant building risks often require long-term management rather than one-off regulatory responses.

Management of combustible cladding remains an ongoing responsibility for affected building owners and managers.

Buildings in Queensland that were identified as a Cladding Fire Risk (CFR) through the checklist program that have not undertaken remediation or removal of the affected cladding material, are required to display an ‘Affected Private Building Notice’ advising the public of the presence of combustible cladding.

If a building owner does not comply after education has been provided, the QBCC may proceed with regulatory action against the owner.

CHAPTER 4: MEDIATION AND CONCILIATION

WHY EARLY DISPUTE RESOLUTION MATTERS

Building disputes can be time-consuming, costly and stressful for both home owners and contractors.

When disputes remain unresolved, relatively minor issues can escalate into formal complaints, regulatory intervention, legal proceedings and project delays.

The QBCC's mediation and conciliation services provide an alternative pathway, supporting parties to resolve issues through facilitated discussions and practical problem-solving before disputes escalate further.

These services form an increasingly important part of the regulatory framework by helping parties achieve outcomes that may not be possible through enforcement action alone. Early agreement making prevents or reduces the need for participants to seek referral to the Queensland Civil and Administrative Tribunal (QCAT).

Commencing as a pilot program in late 2023, the Mediation and Conciliation service was continued as a temporary service and formally evaluated before being made a permanent part of the QBCC's operations during this reporting period. Following a positive evaluation demonstrating timely agreement making capability, the service took on the QBCC's Early Dispute Resolution function relating primarily to disputes with contracts still 'on foot' while also continuing to deal with residential defective building work complaint cases.

A significant increase in overall case numbers has since been achieved due to increased funding allowing for the building of organisational capability. The QBCC has developed a hybrid service utilising both the QBCC Internal conciliators and external suppliers. The QBCC will continue to look for opportunities to optimise these services to pursue timely outcomes for home owners and licensees in suitable cases.

WHAT WE DID

During the reporting period:

MEDIATION AND CONCILIATION

	JAN-JUN 2026	JUL-DEC 2025	PERCENTAGE OF CHANGE
Cases referred to a conciliator	315	55	472.7%
Cases proceeded to a conciliation session	218	47	363.8%
Total complaint items for all conciliation cases	2,464	419	488%
Cases fully resolved	121	24	404%
Cases partially resolved	16	7	128.5%
Complaint items in fully resolved cases	1,585	234	577.3%

WHAT WE FOUND

One of the most significant findings since the inception of the service was that conciliation provides an effective and timely option for participants in disputes with cases proceeding to conciliation taking an average of 32 days to finalise.

Importantly, 73 per cent of matters that progressed to conciliation achieved either full, partial or procedural/in principle resolution. The service continued to support home owners and contractors across a broad range of residential construction disputes.

TOP 5 ISSUES ADDRESSED THROUGH CONCILIATION

1. Defective workmanship concerns.
2. Incomplete building work.
3. Scope of works disputes.
4. Communication and expectation management issues.
5. Project completion and rectification arrangements.

While each matter is unique, these themes continue to reflect the types of issues commonly encountered across residential building disputes.

WHY IT MATTERS

Conciliation activity shows that many disputes contain both technical and non-technical elements. In many cases, the construction issue itself is relatively straightforward.

However, disputes often become more difficult to resolve when:

- communication breaks down
- expectations diverge
- project relationships deteriorate
- confidence between parties is lost.

The growth in conciliation outcomes suggests that many disputes can be successfully resolved when parties are provided with an opportunity to re-engage and focus on practical solutions. Early dispute resolution can prevent issues becoming entrenched and support more efficient outcomes for both home owners and contractors.

CHAPTER 5: INVESTIGATIONS, ADJUDICATIONS AND PROSECUTIONS

WHY ENFORCEMENT MATTERS

The QBCC's regulatory approach is built on the principle that most industry participants seek to comply with their obligations and deliver quality outcomes.

As a result, education, inspections, audits and dispute resolution remain important tools for achieving compliance.

However, where conduct presents a risk to consumers, undermines confidence in the industry or demonstrates repeated or deliberate non-compliance, stronger intervention may be required.

Investigations and prosecutions provide the mechanisms through which the QBCC addresses these higher-risk matters and maintains confidence in Queensland's regulatory framework.

As outlined in the Compliance and Enforcement Strategy 2026–2030, the QBCC employs a risk-based approach to regulation and prioritises its actions accordingly.

This means that although the QBCC will rigorously assess all alleged contraventions, not every matter can be fully investigated. This will depend on the weight of the evidence available, and priority will be given to those matters posing the greatest risk of harm to Queenslanders or the industry.

COMPLIANCE INVESTIGATIONS

WHAT WE DID

During the reporting period, the QBCC opened 2,180 compliance investigations and closed 2,140 investigations, representing increases of 52 per cent and 41 per cent respectively compared with the previous reporting period. These increases were driven by a combination of targeted queue reduction initiatives, improved case throughput and a more risk-based compliance model that sought to resolve lower-risk matters quickly while focusing investigative resources on matters posing the greatest regulatory harm.

Investigations arose from a range of sources, including consumer complaints, audit findings, compliance activities, intelligence referrals and information received from industry participants.

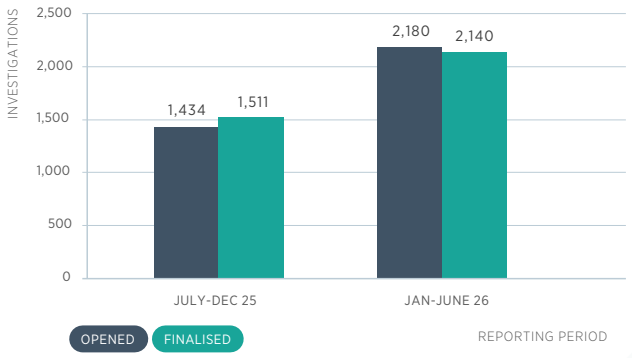
WHAT WE FOUND

The most common investigation categories remained broadly consistent with previous reporting periods.

TOP 5 INVESTIGATIONS UNDERTAKEN

1. Unlawful building work.
2. Non-compliant domestic building contracts and associated offences.
3. Non-compliance with the statutory insurance scheme.
4. Improper use of licence.
5. Advertising offences.

COMPLIANCE INVESTIGATIONS OPENED VS FINALISED



These categories continue to represent areas where consumers and industry participants are most exposed to risk.

Unlawful building work is a longstanding priority and remained the main focus of these investigations, reinforcing the QBCC's commitment to addressing poor or illegal practices that undermine trust in the construction sector.

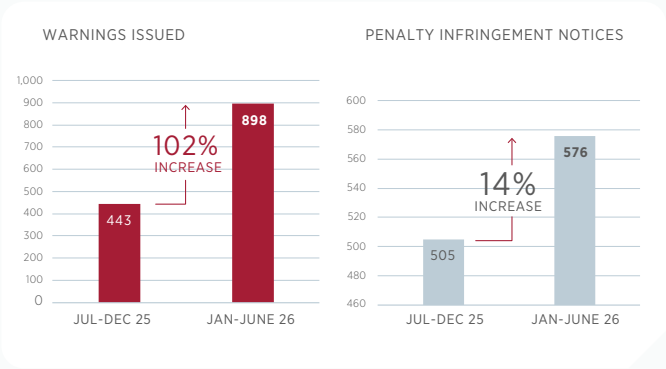
Between January and June 2026, increased use of regulatory tools was evident, with 898 warnings issued compared to 443 in the previous six-month period (102 per cent increase), and 576 Penalty Infringement Notices (PINs) issued compared to 505 previously (14 per cent increase).

These increases largely reflect a deliberate shift in regulatory strategy rather than a corresponding increase in offending behaviour. During the reporting period, the QBCC implemented a risk-based compliance model, assessing matters according to their potential financial and safety impacts on consumers and industry participants.

Matters assessed as lower risk were, where appropriate, resolved quickly through warnings and educational interventions, particularly where the conduct involved a first-time or isolated breach. This enabled the QBCC to prioritise compliance and enforcement resources towards matters presenting the greatest regulatory harm, including recidivist unlicensed contracting and other serious offences.

The increased use of warnings contributed to a significant reduction in investigation backlogs while maintaining a visible regulatory response to non-compliance. At the same time, the more targeted use of enforcement resources supported increases in both investigations opened (52 per cent) and investigations finalised (41 per cent) demonstrating an enhanced capacity to identify, assess and resolve compliance matters.

Failure to comply with a direction to rectify remained the leading reason for issuing PINs, while late or non-payment of insurance premiums by licensed contractors emerged as the third most common PIN offence under Section 68B(2) of the QBCC Act.



In addition, there were 57 prosecution briefs referred seeking prosecution of offenders, and two disciplinary actions during this reporting period.

PENALTY INFRINGEMENT NOTICES (PIN)

TOP 3 PIN OFFENCES

1. Fail to comply with a direction to rectify or remedy defective building work.
2. Unlawful carrying out of building work.
3. When insurance premium is payable by licensed contractor.

WHY IT MATTERS

A notable feature of investigation data is that many matters involve behaviours that undermine key consumer protection mechanisms, such as licensing requirements, insurance obligations and contractual protections. This reinforces that regulatory compliance begins well before construction work commences.

Enforcement rarely begins with prosecution. Most compliance matters are addressed through graduated responses intended to achieve compliance, correct behaviour and reduce future risk.

This reflects a regulatory approach that seeks to resolve issues proportionately while maintaining stronger enforcement options where necessary.

FINANCIAL COMPLIANCE

WHAT WE DID

The QBCC continued financial compliance activities relating to Minimum Financial Requirements, contractor sustainability and monies owed complaints.

Financial monitoring and requests for management accounts remained important tools for identifying emerging risks.

The Minimum Financial Requirements (MFR) Regulation was introduced in Queensland on 1 January 2019 to establish a baseline for licensees to operate a financially sustainable business and industry and to ensure that people are paid for their work on time. It is part of the QBCC's remit to build a stronger and fairer industry.

The regulation outlines what MFR must be met to ensure a contractor-type licensee has a strong and financially sustainable business with an appropriate level of working capital. In making this determination, the QBCC considers a contractor's allowable annual turnover (Maximum Revenue) as determined by their working capital (Net Tangible Assets) and its Current Ratio (in relation to their debts).

WHAT WE FOUND

TOP 5 FINANCIAL COMPLIANCE ISSUES

1. Monies owed complaints.
2. Financial reporting deficiencies.
3. MFR compliance concerns.
4. Inability to demonstrate financial viability.
5. Delays in providing financial information.

The QBCC's financial compliance activities also facilitated the return of significant funds to industry participants during the reporting period.

During this reporting period, 142 requests for internal management accounts were made (down from 240). This reduction is expected, as proactive regulatory activities are undertaken between July and November targeting licensees suspected of not meeting MFRs. Internal management accounts are generally the preferred information source during proactive regulatory work, as they provide timely and relevant financial information while minimising costs for licensees. A financial audit is typically only initiated where non-compliance with the minimum financial requirements is confirmed or further assurance is required to assess potential financial risks.

Consistent with this trend, the total value reinvested into businesses to support compliance with MFRs was lower than the previous period, decreasing from $16.79 million to $6.15 million.

This reflects seasonal regulatory patterns, with proactive compliance activities and annual financial reporting assessments concentrated in the first half of the financial year. Where a licensee is unable to demonstrate compliance or is experiencing financial stress, they may elect to inject additional capital to strengthen their financial position and return to compliance. Where appropriate, the QBCC supports licensees in achieving compliance through credible plans and capital injections are therefore typically higher between July and December when regulatory activity is at its peak.

FINANCIAL INVESTIGATIONS	
Total requests for internal management accounts	142
Total value injected back into the industry	$6,151,535

The QBCC also investigates complaints from subcontractors who have not been paid for their work. Not paying a debt when it is due is a breach of the conditions for holding a QBCC licence.

Monies owed complaints decreased from 368 to 326 in the previous period, but the total value of those complaints remained steady at $7.12 million (down from $7.64 million). Finalised disputes increased from 333 to 384, while the amount recovered decreased from $3.18 million to $2.33 million.

MONIES OWED COMPLAINTS	
Complaints received	326
Complaints finalised	384
Complaints in dispute (unable to be dealt with and referred to alternative process. For example, adjudication process or QCAT)	91
$ value of complaints received	$7,120,078
$ value of money recovered	$2,336,689

WHY IT MATTERS

Financial pressures rarely emerge suddenly.

More commonly, they develop gradually through declining cashflow, reporting deficiencies or governance weaknesses.

The findings highlight the importance of financial visibility in identifying risks before they become business failures or payment security issues.

The QBCC requires most contractor-type licensees to demonstrate this financial viability when they apply for a contractor-type licence and through regular reporting of their finances.

The QBCC undertakes investigations where concerns are identified that licensees may not be complying with the MFR. One regulatory tool available is to request internal management accounts from licensees that provide more up-to-date financial information. Where deficiencies or non-compliance with the MFR is identified, the licensee is given the opportunity to rectify this situation, which is usually by improving their Net Tangible Asset position. This improvement in Net Tangible Assets is recorded by the QBCC as 'total dollar value injected back into the industry'.

By ensuring the financial information is true and correct, the QBCC can identify risks and work with licensees to improve the sustainability of the building industry in Queensland. Educational materials are available to licensees and accountants on the QBCC website, including guides explaining MFR and business support. In addition, the QBCC hosts regional tours and webinars each year, providing opportunities for stakeholders across Queensland to learn more.

ADJUDICATION

WHAT WE DID

The QBCC continued administering adjudication functions under Queensland's security of payment framework.

Adjudication is a fast and cost-effective way to resolve payment disputes in the building and construction industry. It is governed by the *Building Industry Fairness (Security of Payment) Act 2017* (BIF Act) and is designed to help construction industry participants be paid on time, supporting cash flow and financial stability.

Independent adjudicators (not employed or engaged by the Adjudication Registry or the QBCC) decide how much money is owed in a dispute (Adjudicated Amount). They are qualified and registered through the Adjudication Registry and adjudicators charge fees for their decision.

Many applications are withdrawn, often because payment was received by the claimant or a settlement was reached between the parties to the dispute.

WHAT WE FOUND

During the reporting period:

- 281 valid adjudication applications were received
- 173 decisions were released
- more than $35 million was awarded through adjudication outcomes.

In terms of adjudication activity, the number of valid adjudication applications rose to 281 for the reporting period (up from 196 from the prior reporting period), indicating ongoing industry reliance on the mechanism for resolving payment disputes under the *Building Industry Fairness (Security of Payment) Act 2017*. Overall, the total value of these applications increased significantly from $144 million to $1.79 billion.

This substantial increase was primarily driven by five large applications, which collectively accounted for $1,650,799,125.89 of the total value. Ongoing use of adjudication by construction industry participants indicates that the regulatory mechanism is of value to the industry in providing an avenue to resolve payment disputes.

ADJUDICATION OUTCOMES	
Valid applications received	281
Value of valid applications received	$1,795,825,868
Applications withdrawn	100
Value of claims withdrawn due to discontinuance	$399,963,809
Value of claims withdrawn due to payment	$317,905,516
Decisions released	173
Adjudicated amount awarded to claimants	$ 35,131,812

WHY IT MATTERS

The continued use of adjudication reinforces the importance of payment security mechanisms within the construction industry.

Unlike many other regulatory activities discussed in this report, adjudication is primarily focused on commercial relationships and cashflow rather than construction quality.

The findings demonstrate that payment disputes remain an important challenge across the supply chain.

PROSECUTIONS

WHAT WE DID

The QBCC continued to pursue prosecution action where stronger regulatory intervention was considered necessary.

As outlined earlier in this document, the Compliance and Enforcement Strategy 2026-2030 outlines a number of regulatory tools that the QBCC can use to achieve compliance. They range from providing education and issuing warnings for lower risk non-compliance up to commencing prosecution action for the more serious, higher risk offences. The below figures show prosecution action by the QBCC during the reporting period:

- 24 prosecutions commenced
- 28 matters were finalised
- 22 defendants sentenced (guilty pleas or ex parte).

WHAT WE FOUND

TOP 5 PROSECUTED OFFENCE CATEGORIES

- 24 Unlawful carrying out of building work
- 14 Deposit-related offences
- 13 Contracted services must not start before regulated contract complies with requirements
- 5 Improper use of a licence, licence certificate, or licence number
- 2 Person must not pretend to be a licensee.

The total number of prosecutions commenced and finalised has remained consistent with the same period last year. There has been a considerable focus on seeking compensation or restitution for home owners where the QBCC is able to do so. Between 1 January 2026 and 30 June 2026, a total of $95,549.47 was awarded in compensation to home owners.

CHARGES PROSECUTED*	
TOTAL CHARGES PROSECUTED	**61**
Total value of fines imposed	$213,825
Total value of any restitution, compensation and costs awarded	$151,724

* Numbers in these tables may not add up because of carryover of cases received in the previous period.

WHY IT MATTERS

Prosecutions represent the most serious end of the QBCC's regulatory response framework.

Compared with the large volume of education, warning and compliance activities undertaken during the reporting period, prosecution activity remains relatively targeted and reserved for more serious, repeated or deliberate non-compliance.

The continued prominence of unlawful building work reinforces the importance of licensing as a consumer protection mechanism.

While prosecutions represent only a small proportion of the QBCC's overall regulatory activity, it remains an important mechanism for addressing serious, repeated or deliberate non-compliance.

CHAPTER 6: LICENSING AND INDUSTRY PARTICIPATION

WHY LICENSING MATTERS

Licensing remains one of the foundations of Queensland's building and construction regulatory framework.

It helps ensure building work is undertaken by appropriately qualified and accountable individuals and businesses, while providing consumers with confidence in those undertaking regulated work.

Licensing data also provides valuable insight into broader industry participation, workforce activity and emerging trends across the sector.

During the reporting period, the QBCC continued administering Queensland's licensing framework while implementing initiatives aimed at improving customer experience and reducing administrative burden for compliant participants.

INDUSTRY PARTICIPATION AND LICENCE GROWTH

WHAT WE DID

The Licensing Services branch handles key licensing responsibilities including:

- assessing licence applications and deciding whether to approve or refuse them
- renewing licences when they are due
- providing advice on what work different licence classes cover
- maintaining a variety of public registers of licensees under different laws
- updating licensee details when their circumstances change.

The branch also supports regional office staff with training and guidance on licensing.

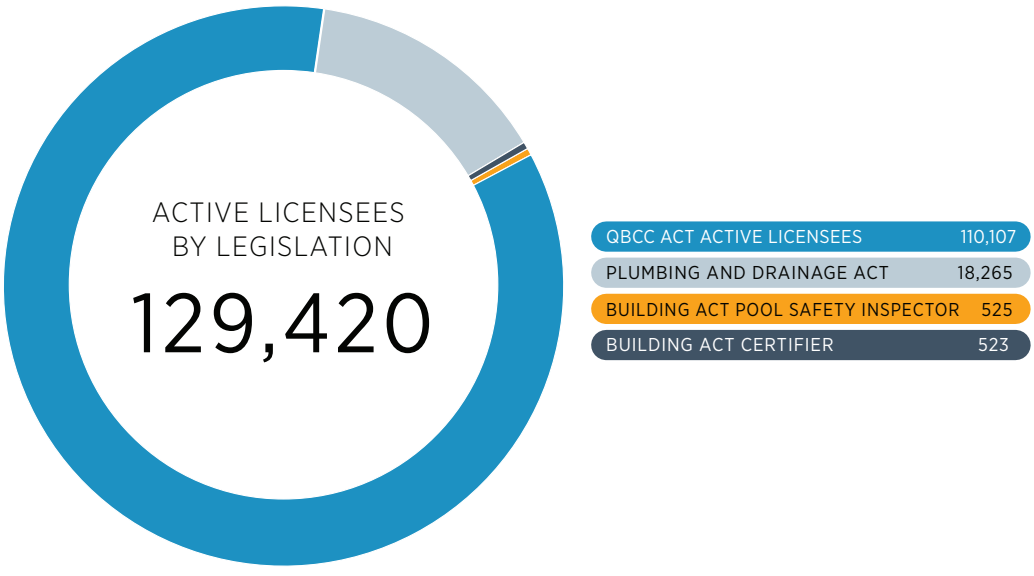
WHAT WE FOUND

Application volumes remained strong and licensing demand continued across both individual and company licence categories.

As of 30 June 2026, there were **129,420 active licences**, many of those including several classes of building work in their scope. Last financial year the QBCC licensing program finalised 22,493 applications for licences and permits.

During this reporting period there has been a 17 per cent increase in total applications received of all licence types compared to the previous six months (July-December 2025).

Despite this increase in applications, time frames for processing applications have remained relatively static at 25 business days.



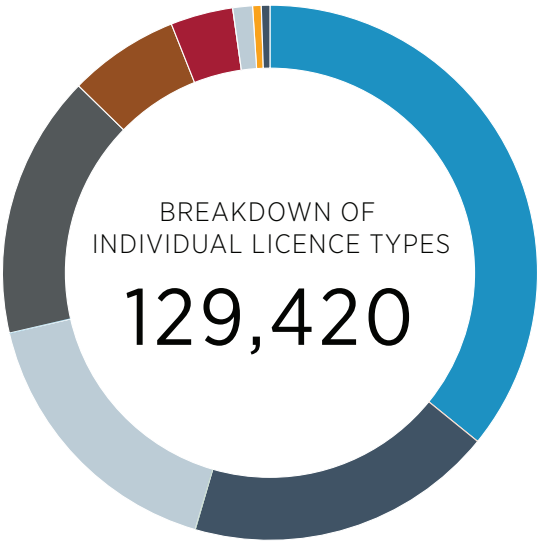
Active Owner Builder Permits have experienced an 8 per cent increase on average per financial year for the last five financial years. There were 17,330 Active Owner Builder Permits in June 2026, compared to 16,529 reported in the previous period in December 2025.

LICENSING TRENDS

- Continued growth in active licence numbers.
- Strong demand for new licence applications.
- Growth across both individual and company licences.
- Ongoing participation in the Owner Builder scheme.
- Increasing use of digital licensing services.

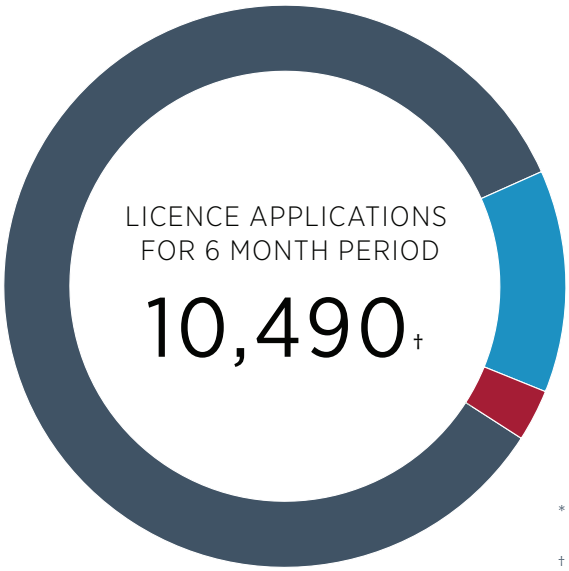
The most common active licence classes remain broadly stable, with Carpentry, Builder—Low Rise, Drainer, followed by Plumber continuing to be the largest licence classes across the industry. At the same time, several specialised trade classes experienced stronger growth and moved up the rankings.

Structural landscaping increased, moving from 12th to 9th among active licence classes between 2024 and 2026, while Roof and Wall Cladding rose from 15th to 11th. Metal Fascias and Gutters and Floor Finishing and Covering also entered the top 20 in 2026, indicating growing activity across a range of landscaping, exterior building and property improvement services.



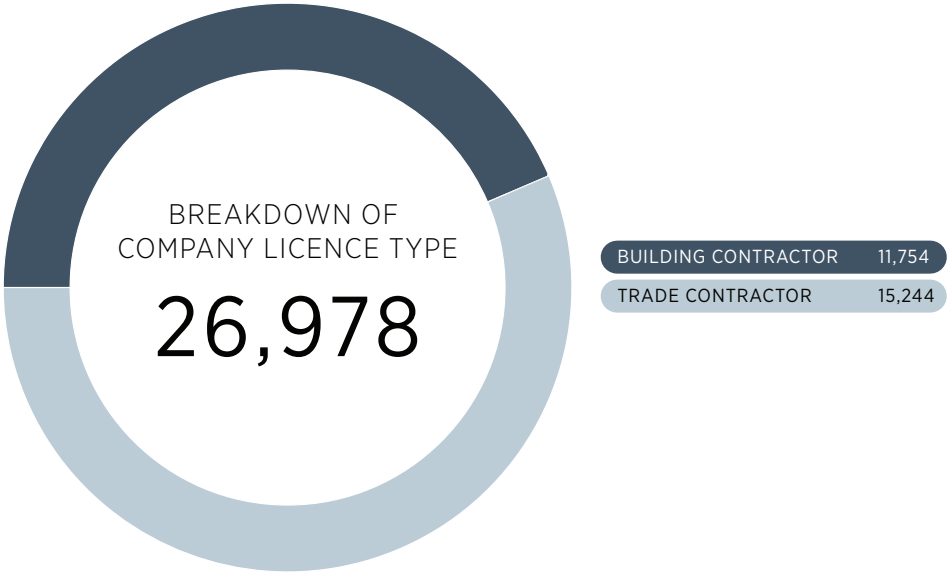
TRADE CONTRACTOR	36,258
BUILDING CONTRACTOR	18,863
PLUMBERS/DRAINERS OCCUPATIONAL	17,057
NOMINEE SUPERVISOR	16,112
SITE SUPERVISOR	6,756
FIRE AND MECHANICAL OCCUPATIONAL	3,819
PLUMBERS/DRAINERS PROVISIONAL	1,208
POOL SAFETY INSPECTOR	525
BUILDING CERTIFIER	523

* Due to individual licensees potentially holding more than one type of licence, individual row totals do not add up to the grand total, which is a distinct count.

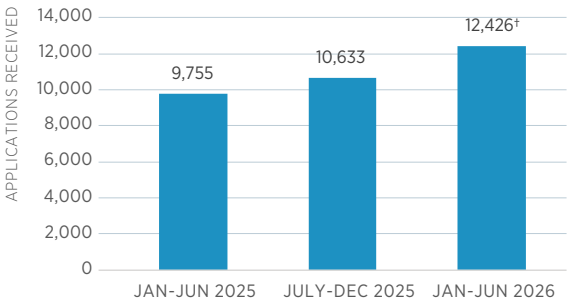


APPROVED	9,336
WITHDRAWN	1,419
REFUSED	330

* Due to individual licensees potentially holding more than one type of licence, individual row totals do not add up to the grand total which is a distinct count
† Total does not include Owner Builder Permit applications.

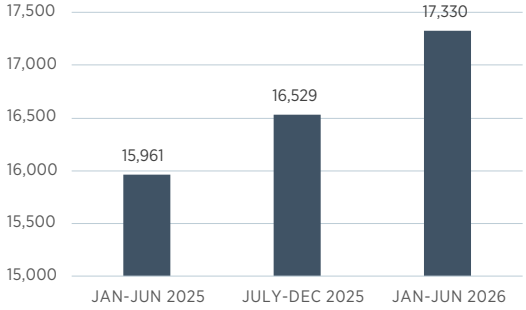


TOTAL APPLICATIONS - ALL TYPES

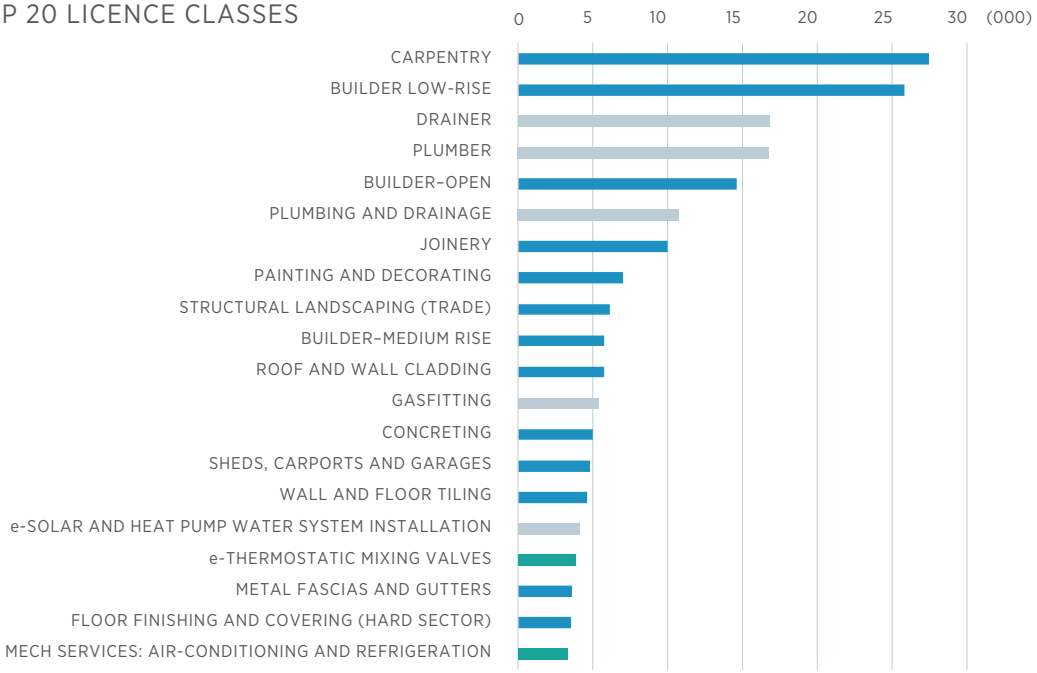


† Total does not include Owner Builder Permit applications.

ACTIVE OWNER-BUILDER PERMITS



TOP 20 LICENCE CLASSES



WHY IT MATTERS

Licence growth remains an indicator of participation and confidence within Queensland's building and construction industry.

The continued growth in licence numbers suggests individuals and businesses continue to identify opportunities within the sector despite broader commercial pressures, workforce constraints and project delivery challenges.

At the same time, growth places increasing importance on maintaining standards, capability and effective supervision across a larger and more diverse industry workforce. As participation continues to grow, supporting consistent quality outcomes across increasingly complex projects remains an important industry challenge.

The total number of current licensees continues to grow. Company licence types showed an increase in trade contractor licences from 14,403 to 15,224 (5.7 per cent increase), while company building contractor licences also increased from 11,426 to 11,754 (2.8 per cent increase). In contrast, individual licence figures showed relative consistency across both builder and trade contractor classes.

LICENSING COMPLIANCE

WHAT WE FOUND

Licensing compliance activities continued to identify a range of issues relating to licence scope, eligibility requirements and business administration.

Licensing Services also takes action against licences when required, including imposing conditions, suspending or cancelling a licence. These actions can be taken for several reasons as outlined in the following tables.

REASON FOR SUSPENSION	
Annual licence fee not paid	6,527
Breach of licence condition	7
Breach of MFR	13
Failure to comply with an audit	37
Failure to pay debts	21
Immediate suspension	2
No current nominee	70
Undischarged debt to the QBCC	1
TOTAL	**6,678**

REASON FOR CANCELLATION	
Annual licence fee not paid	2,241
Breach of licence condition	5
Breach of MFR	13
Contractor request	692
Convicted of indictable offence	1
Deceased	32
Disqualified individual	2
Excluded	124
Failure to pay debts	8
Failure to comply with an audit	24
No current nominee	24
Not fit and proper to hold a licence	1
Undischarged debt to the QBCC	1
TOTAL	**3,169**

Suspensions and cancellations rose in this reporting period, with 6,678 licences suspended (up from 4,962) and 2,241 licences cancelled for non-payment of annual fees (up from 1,843). These were overwhelmingly (around 98 per cent of suspensions) due to unpaid licence fees, rather than issues with conduct or competency.

The QBCC reminds licensees prior to renewal dates as well as issuing notices of proposed suspension and cancellation allowing them time to pay renewals should they wish to retain their licence. This suggests licensees make a conscious decision not to renew which could be for a variety of reasons.

WHY IT MATTERS

Licensing obligations are intended to ensure work is undertaken by appropriately qualified and accountable individuals and businesses.

Many identified issues did not involve deliberate non-compliance. Rather, they arose where business operations expanded or changed without a corresponding review of licensing requirements. This highlights the importance of regularly reviewing licence obligations as business activities, nominee arrangements and operating models change.

SIX AREAS FOR INDUSTRY FOCUS

The findings throughout this report identify several recurring themes that continue to influence consumer outcomes, business performance and regulatory activity across Queensland's building and construction industry.

While each business, project and sector faces its own challenges, five areas stand out as having the greatest potential to improve outcomes for consumers and industry participants alike.

1. MOISTURE MANAGEMENT AND BUILDING EXTERIORS

Waterproofing, roofing, cladding and drainage continue to feature prominently across inspections, disputes and defect complaints. These systems form an interconnected part of a building's ability to manage water and environmental exposure. When they fail, defects can be costly, disruptive and difficult to rectify once buildings are occupied.

Industry focus: Prioritise verification of waterproofing, roofing, cladding and drainage systems before work becomes concealed.

2. QUALITY ASSURANCE DURING CONSTRUCTION

Many of the issues identified through proactive inspections occur during critical construction stages and have the potential to become significantly more costly to address after completion. Consistent quality assurance remains one of the most effective methods of reducing future defects, disputes and rectification costs.

Industry focus: Implement inspection and verification processes at critical construction hold points.

3. GOVERNANCE AND RECORD KEEPING

Trust audits, financial audits, certification audits and licensing compliance activities continue to identify recurring administrative and documentation issues. Strong governance systems support compliance, financial management and business sustainability.

Industry focus: Regularly review record-keeping, reporting and compliance processes to ensure they remain fit for purpose.

4. COMMUNICATION AND DISPUTE PREVENTION

The growth in mediation and conciliation activity demonstrates the value of early engagement when issues arise.Many disputes become more difficult to resolve when communication breaks down, or expectations are not clearly understood.

Industry focus: Address concerns early, maintain accurate records and communicate proactively throughout the life of a project.

5. FINANCIAL RESILIENCE

Financial audits, trust account audits, adjudication activity and monies owed complaints continue to reinforce the importance of sound financial management. Financial resilience supports not only individual businesses, but confidence throughout the broader construction supply chain.

Industry focus: Monitor financial performance regularly and ensure governance arrangements remain aligned with business growth and risk.

6. LICENSEE ACCOUNTABILITY

All licensees are accountable for the quality of the work they undertake, including subcontractors working within their respective licence scopes. Directions to Rectify issued to subcontractors reinforce that responsibility for defective work does not rest solely with principal contractors.

Industry focus: Ensure every licensee takes responsibility for the quality of their work, responds promptly when defects are identified and completes required rectification.

KEY MESSAGE

The themes identified throughout this report are not new. They continue to appear because they have a significant influence on construction quality, consumer outcomes and industry confidence. For most businesses, meaningful improvements are unlikely to come from doing entirely new things. They are more likely to come from consistently doing the fundamentals well:

- delivering quality work
- maintaining effective systems
- communicating clearly
- managing risk proactively
- addressing issues early.

Need more information?
Visit **qbcc.qld.gov.au** / call **139 333** / write to **PO Box 5099, Brisbane Qld 4001** /

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