

ANNUAL REPORT 2020-2021



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ATTRIBUTION

Content from this annual report should be attributed as:

Queensland Building and Construction Commission
Annual Report 2020-2021.

ABOUT THIS REPORT

This report summarises the activities and performance of the Queensland Building and Construction Commission (QBCC) for 2020-2021 against key business objectives and targets as set by the Queensland Building and Construction Board (Board), the Government's objectives for the community and the QBCC 2020-2024 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 eighth annual report since its commencement on 1 December 2013. The previous annual reports are available on our website at 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 qbcc.qld.gov.au/about-us/our-performance.

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

299 Montague Road West End Qld 4101 or locate a regional service centre qbcc.qld.gov.au/locate-office.

Addresses are also available on page 9 of this report.

T: 139 333

E: info@qbcc.qld.gov.au

For more information on any of the initiatives or services mentioned in this report, visit the QBCC's website at qbcc.qld.gov.au

ACKNOWLEDGMENT OF COUNTRY

The QBCC respectfully acknowledges the Traditional Custodians of the lands on which we work. We pay our respects to their Elders past, present and emerging.

The QBCC is dedicated to advancing reconciliation across our spheres of influence by encouraging learning, supporting diversity in our workplace and workforce, and understanding and respecting the diversity and traditions of Aboriginal and Torres Strait Islander communities, which will reflect the wider Australian community.

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1 LETTER OF COMPLIANCE

7 September 2021

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 2020-2021 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 105 of this Annual Report.

Yours sincerely



R. L. Williams
Chair
Queensland Building and Construction Board

ABOUT US

OUR ROLE

The Queensland Building and Construction Commission (QBCC) is Queensland's 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 (Board). Our responsible Minister is the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

Led by a Commissioner, our vision is "to be a regulator that builds trust and confidence in all we do". Our overarching strategies contribute to the Queensland Government's Objectives for the Community, with a focus on 'Supporting jobs', 'Building Queensland', and 'Backing small business'.

OUR STRATEGIC PLAN

The QBCC 2020-2024 Strategic Plan, which this Annual Report pertains to, lays out four strategic objectives, associated strategies, and the performance measures which we use to ascertain if we are achieving the objectives. A further discussion of our performance is contained in the following chapters of this Annual Report. 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 staff matter and commits us to always putting the welfare of our people at the forefront of all we do.

The QBCC 2020-2024 Strategic Plan can be downloaded at qbcc.qld.gov.au/about-us/our-priorities

QBC BOARD CHAIR'S MESSAGE

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It is both unexpected and dismaying that I am starting a second consecutive Chair's Message for the QBCC Annual Report by referring to the negative influence that the COVID-19 pandemic continues to have on the building and construction industry.

The pandemic has not discriminated against industries or nations, and the QBCC continues to work hard to overcome the challenges it presents.

The other current major challenge for construction industries around the world is an unprecedented demand for materials and labour and a resulting shortage of both.

In Queensland, this has resulted from a 'perfect storm' of events that include significantly increased interstate migration to our State, government financial incentives to stimulate construction, and home owners undertaking building projects when they are unable to undertake other activities, such as travel.

Amidst these challenges, the resilience and positivity of the people who work in Queensland's building and construction industry continue to impress and inspire.

Similarly impressive are the efforts of the QBCC's staff, who continue to deliver wins for our licensees and the home and property owners who contract with them.

I want to take this opportunity to thank all our staff across all of our offices for their work during the past year.

The QBCC's Customer Feedback Framework saw a 33 per cent increase in compliments for the organisation and a 17 per cent decrease in complaints. I believe that this statistic accurately reflects the high quality of the QBCC's work.

Meanwhile, home owners have continued to be protected by the QBCC-administered Queensland Home Warranty Scheme, the nation's only first-resort home warranty scheme.

In 2020-2021, the QBCC processed 168,468 insurance policies for residential construction work, and approved \$31.3 million in insurance claim costs under the scheme. This included \$16.6 million for defects claims, \$9.9 million for non-completion claims and \$4.8 million for subsidence claims. That translated to about 98 per cent of claims being fully compensated under the scheme.

In positive news for subcontractors and suppliers, the QBCC helped creditors recover about \$3.87 million in outstanding debts in 2020-2021.

Separate to these outcomes, 187 adjudication decisions worth \$37.5 million were released to claimants through the Adjudication Registry, which was established to help workers to get paid when payments are disputed.

The Queensland Building and Construction Board has not been distracted from helping to support one of Queensland's most important industries, despite the challenges confronting us.

I want to thank my colleagues on the QBC Board for their work in helping to ensure the QBCC has maintained its focus on its core regulatory role.

In the year ahead, we will continue to work hard to support our industry and the people working in it, as well as home and property owners.

We will also do everything we can to ensure that the QBCC's staff are well prepared and strongly supported to meet any challenges that might arise in the year ahead.

R. L. Williams

Chair

Queensland Building and Construction Board

COMMISSIONER'S FOREWORD

Despite the challenges posed by the COVID-19 pandemic and the booming building and construction industry, the QBCC has continued to demonstrate our ability to adapt to the rapidly evolving needs of industry participants and home owners.

This agility has helped to sustain our industry, which is one of the greatest contributors to our State's workforce and economy.

QBCC frontline staff have continued to provide face-to-face support and advice to our customers across the State. Meanwhile, our other personnel have ensured that our regulatory, licensing, insurance and other functions have continued amidst the disruptions created by the pandemic and construction boom.

I want to take this opportunity to thank our staff for their efforts to continually deliver for our stakeholders during these uncertain times.

In the 2020-2021 financial year, we continued to help industry participants to get paid for the work they do, and to help ensure that Queenslanders were kept safe in the structures where they work, live and congregate.

The *Building Industry Fairness (Security of Payment) Act*, reforms to the QBCC Act and Minimum Financial Requirements (MFR) regulations have benefitted industry participants and given home owners reassurance about the financial wellbeing of the people they contract with.

Under the MFR regulations, we have taken action against those small minority of licensees who failed to lodge their mandatory financial reports. This has ranged from applying 'no new work' conditions to licenses, to suspending and/or cancelling licenses.

I spoke above of our efforts to help keep Queenslanders safe.

This is especially evident in our work through the Safer Buildings program and the Non-Conforming Building Products (NCBP) system.

The program has helped to identify which privately owned buildings may have dangerous cladding and those which require further investigation and possible rectification to ensure they are safe.

We have also continued to enforce NCBP laws to ensure building products are safe, compliant and capable of performing to the standard that they are represented to perform to.

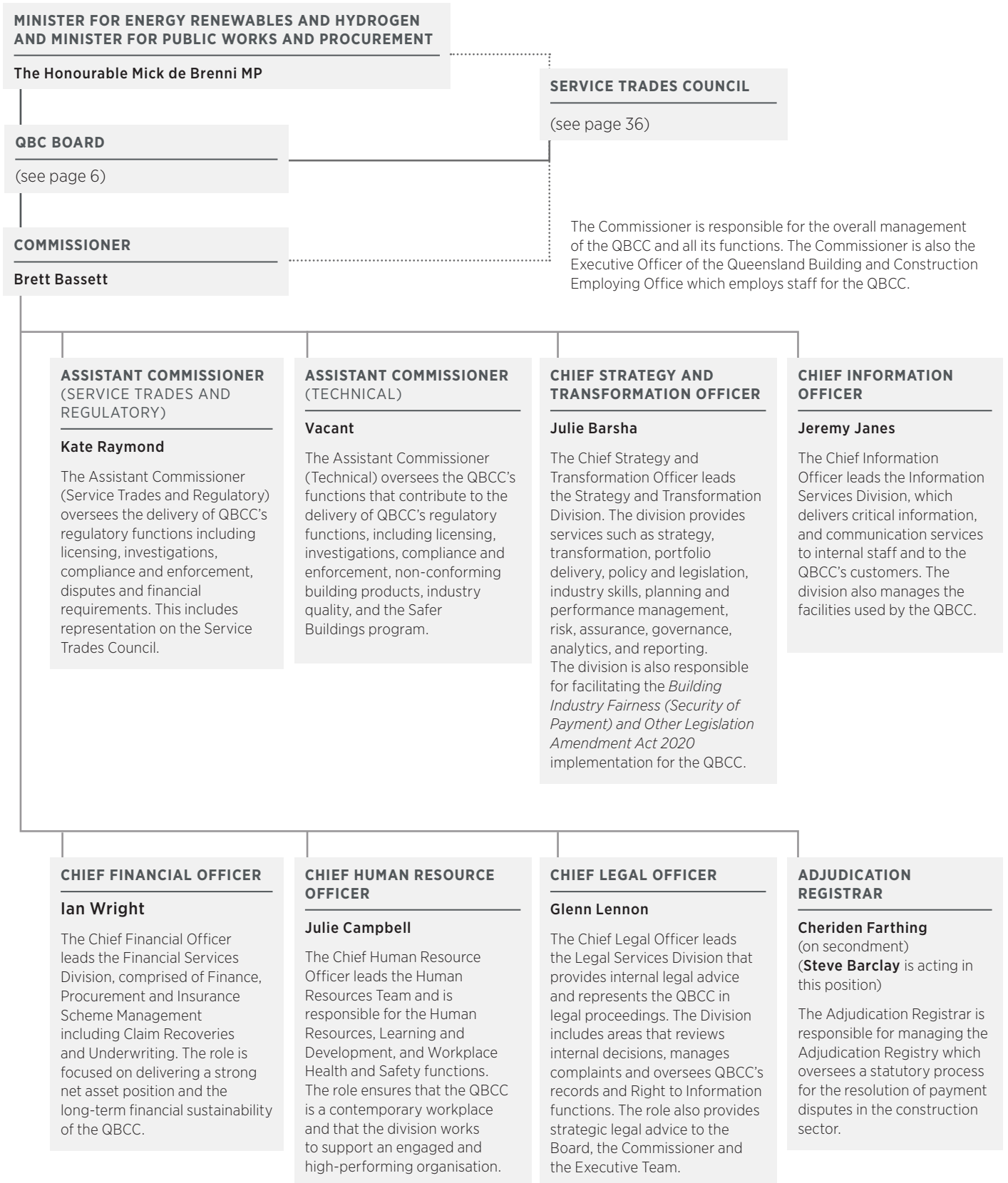
As always, the QBCC is looking ahead, preparing for the challenges that might await us in the next 12 months, rather than glancing behind us at those that we have already overcome.

I have no doubt that we will continue to serve with the agility and dedication that has seen us deliver positive results for industry participants and home owners throughout one of the most challenging periods for our industry.

Brett Bassett
Commissioner
Queensland Building and Construction Commission

OUR STRUCTURE

The QBCC's management structure chart identifies the key figures within the organisation and their areas of responsibility as at 30 June 2021.



OUR BOARD

As at 30 June 2021

R. L. WILLIAMS (CHAIR)

Appointed 1 December 2019

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

Mr Williams has in the past served as Director and Trustee with Energy Super; and as a member of Energy Super's Audit and Risk, Membership Services, Investment, Remuneration and Governance Committees; He has also served as a Director of Construction Skills Queensland; Energy Skills Queensland and is a past member of the Electrical Safety Board, and is currently conducting a review into the *Electrical Safety Act 2002* and *Electrical Safety Regulation 2002*.

He was ALP Queensland State President from 2012 to 2016 and is a former State Secretary of the Electrical Trades Union of Employees Queensland.

MICHELLE JAMES (DEPUTY CHAIR)

Appointed 1 December 2019

LLB (Hons), GAICD

The QBC Board Deputy 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.

LESLEY ANDERSON

Appointed 1 December 2019

B.Com (Hons), M.Ec (Hons), GAICD

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

Ms Anderson was a member of the Board of the National Injury Insurance Agency Queensland from 2017 to 2021 and served as a director of Ports North (Far North Queensland Ports Corporation) and as Chair of its Audit Committee from 2009 to 2012. She has also served on boards of not-for-profit organisations providing social assistance programs.

ANDREW HICKMAN

Appointed 1 December 2019

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

OUR BOARD CONTINUED

As at 30 June 2021

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JADE INGHAM

Appointed 1 December 2019

QBC Board member, Mr Ingham, is the CFMEU Assistant Divisional Branch Secretary, Qld/NT. He also holds the position of National Divisional President of the CFMEU – Construction & General Division. The CFMEU is the principal construction union in Australia, representing workers in respect of employment and other social justice matters.

Mr Ingham started as a full time official with the CFMEU in 2004 as an organiser and has worked in all sectors of the industry. He currently has responsibility for training and coordination of construction organisers, negotiation/implementation of enterprise agreements and implementing strategic policy initiatives. He is currently a Director on the Building Employees Redundancy Trust (BERT).

BRETT SCHIMMING

Appointed 1 December 2019

MBA, M.PA, B.Ed, FAICD, FAIM

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

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

ROBERT SCHWARTEN

Appointed 1 December 2019

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

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

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

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

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

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

DEBRA JOHNSON

Appointed 1 December 2019

FAICD

Ms Johnson is a licensed builder and building designer in Queensland. In 1987 she established a design, building and consultancy business on the Sunshine Coast which she successfully operates today.

Her passion for the business, her community and the development industry has been evident throughout her career.

Joining the Housing Industry Association (HIA) 25 years ago, she became heavily involved in various regional and national committees and was appointed the Queensland President of HIA in 2013. Since then, she has become a Fellow with the Australian Institute of Company Directors and an Adjunct Industry Fellow within the School of Social Science at the University of the Sunshine Coast.

In 2016 she was appointed to the Board of Architects in Queensland and in 2017 Debbie was elected as a Director on HIA's National Board. Recently she has been elected the National Vice President for HIA where she currently chairs the Board's Asset Committee and is the Board's representative on HIA's National Technical Committee.

OUR BOARD CONTINUED

As at 30 June 2021

CATH BROKENBOROUGH

Appointed 1 December 2019

BA, Dip WHS, Dip Environmental Construction Management, TAE Workplace Training and Assessment, GAICD

Ms Brokenborough is a proud Wiradjuri woman living on Quandamooka Country in the Southern Moreton Bay Islands. She has 30 years of construction and property industry management experience including construction, risk, environment, heritage and safety management; and development and delivery of construction skills courses.

She is the Chair of the Australian Indigenous Leadership Centre and has previous Board experience with the NSW Government Building and Construction Industry Long Service Leave Corporation.

Ms Brokenborough is also involved in advancing the national conversation on reconciliation and the constitutional recognition of Australia's First Nations peoples. This includes driving change in construction and property industry practices to better engage and employ First Nations people and businesses.

MEG FRISBY

Appointed 1 December 2019

LLB

QBC Board member, Ms Frisby, is a lawyer by profession and is the Director of Meg Frisby Consulting, a stakeholder relations and business development consultancy based in North Queensland. Ms Frisby specialises in working with local councils, indigenous organisations and SMEs.

She has extensive private and public sector experience having worked in the legal field as a lawyer, a Chief of Staff in State and Local Government and in the resources sector as a Stakeholder Relations Specialist.

Ms Frisby has served on boards of not-for-profit organisations predominantly in the legal and social services sector.

OUR REACH ACROSS QUEENSLAND

The QBCC offers customer, regulatory services and corporate services through eight service centres located across Queensland, and two Brisbane offices located in West End.

WHERE TO FIND US IN THE REGIONS

1. GOLD COAST

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

Manager: Shane Murphy

Active QBCC licensees: 11,670

2. TOOWOOMBA

200 Hume Street, Toowoomba Qld 4350

Manager: Jenny Phillips

Active QBCC licensees: 5,855

3. SUNSHINE COAST

6 Pikki Street, Maroochydore Qld 4558

Acting Manager: Dani Benstead

Active QBCC licensees: 10,482

4. MARYBOROUGH

302 Alice Street, Maryborough Qld 4650

Manager: Daniel Stephensen

Active QBCC licensees: 3,919

5. ROCKHAMPTON

194 Alma Street, Rockhampton Qld 4700

Manager: Edward Goodsall

Active QBCC licensees: 2,840

6. MACKAY

Tenancy 2, 42 East Gordon Street, Mackay Qld 4740

Manager: Peter Graham

Active QBCC licensees: 2,599

7. TOWNSVILLE

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

Manager: William Piper

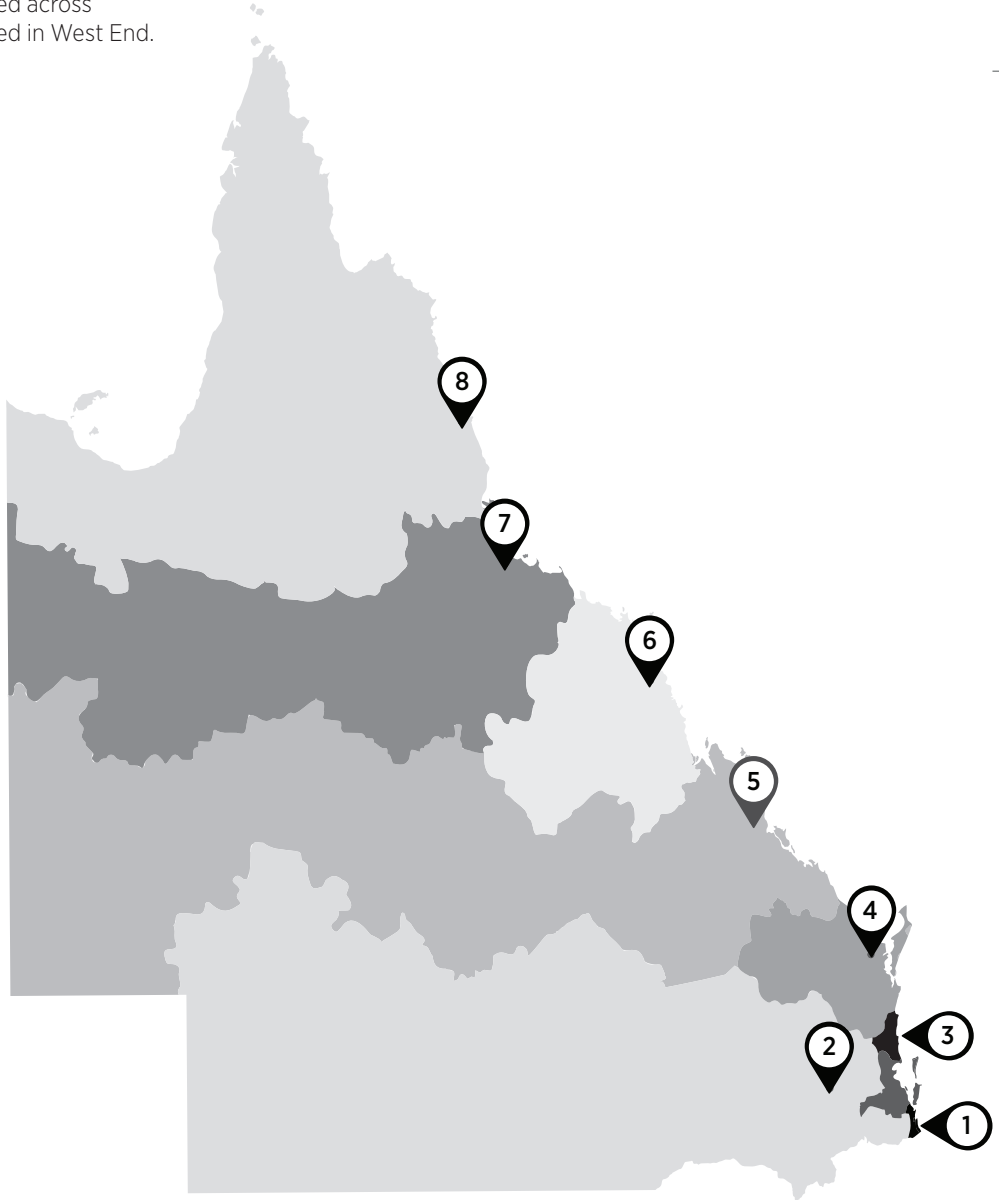
Active QBCC licensees: 3,907

8. CAIRNS

104 Mulgrave Road, Parramatta Park, Qld 4870

Manager: William Courtney

Active QBCC licensees: 5,231



OUR PERFORMANCE

The following section highlights our performance against the four objectives within the QBCC Strategic Plan 2020-2024.

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

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Company insolvencies, non-payment of subcontractors, illegal phoenixing activities, safety incidents at worksites and at pools, along with potential harm from non-conforming building products, 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.

These are:

- **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	COMMENTS
Percentage of compliant pools with valid pool certificates across residential, rental and short-stay properties			
Qualitative statement	The QBCC's activities around its regulatory activities are described in this chapter.		
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			
Qualitative statement	The QBCC's activities around its regulatory activities are described in this chapter.		
Reduction in non-compliance evidenced by approved audit programs			
Qualitative statement	The QBCC's activities around its regulatory activities are described in this chapter.		
Year-on-year increase in compliance with minimum financial requirements			
Qualitative statement	The QBCC's activities around its regulatory activities are described in this chapter.		

SECURITY OF PAYMENT FOR SUBCONTRACTORS

In 2020-2021, 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:

- implementing legislative changes brought about through the passing of the *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 with financial audits and other activities that help ensure licensees are complying with their minimum financial requirements.

ACTIVITIES UNDER THE MINIMUM FINANCIAL REQUIREMENTS REGULATION

As at 30 June 2021, 100 per cent of category 4-7 licensees lodged annual financial information with the QBCC under the new annual reporting requirements. The QBCC issued 42 show cause notices for suspected non-compliance with minimum financial requirements, two licence suspensions and zero licence cancellations. The QBCC also imposed licence conditions on nine licensees for failure to lodge the required financial information on time.

Ninety-nine-point-nine per cent of licensees belonging to categories 1-3 had lodged their annual financial information as at 30 June 2021. The QBCC issued 48 show cause notices for suspected non-compliance with minimum financial requirements to licensees in categories 1-3, and suspended two licences for this reason. The QBCC also imposed licence conditions on 664 licensees in categories 1-3 for failure to lodge the required financial information on time, resulting in 146 licences being suspended and 83 being cancelled.

Approximately 83 per cent of licensees belonging to categories SC1 and SC2 had lodged their annual financial information as at 30 June 2021. The QBCC is taking targeted compliance action in respect of these licensees, and lodgement rates have improved over the previous year as a result.

The QBCC's activities to date under the annual reporting requirements have resulted in the net tangible asset positions of category 4-7 licensees in Queensland improving by over \$1.3 billion.

FINANCIAL AUDITS AND MONIES-OWED INVESTIGATIONS

During the financial year, the QBCC undertook 238 financial audits of licensees. The QBCC also conducted 282 non-payment of debts investigations, leading to 34 licence cancellations and 66 licences being suspended. Two licences were immediately suspended for breaching minimum financial requirements.

The QBCC assisted creditors to recover approximately \$3.87 million in outstanding debts in the reporting period. The cumulative amount recovered since the commencement of the minimum financial requirements policy on 10 October 2014 to 30 June 2021 was approximately \$38.96 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 137 individuals due to their involvement in a financial failure during the financial year. Of this number, 58 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 20 companies excluded from holding a licence during the financial year.

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, 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 our investigators with powers to investigate, monitor and enforce compliance with the BIF Act.

The below summarises activities that occurred in this area in 2020-2021:

- initiated 149 cases for breaches of section 76 and closed 154 cases, including cases carried over from the previous year. The QBCC issued 56 penalty infringement notices for contraventions of Section 76
- opened two cases for offences of section 88 and closed two cases
- issued 37 penalty infringement notices for contraventions of Section 90
- issued 10 warnings for Section 90 and Section 76
- investigated 18 cases for Information Sharing under Chapter 2
- investigated one case for Related entities under Section 24
- investigated one case 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 Adjudication Registry (Registry) is established under the BIF Act. The main purpose of the BIF Act is to assist people working in the building and construction industry to be paid for the work they do. Adjudication contributes to achieving this purpose by providing a quick and cost-effective means of dispute resolution.

ADJUDICATION APPLICATIONS

The table below outlines the total number of adjudication applications received by the Registrar for the period 1 July 2020 to 30 June 2021. The BIFOLA reforms amended various sections of the BIF Act, including the definition of a 'complex' claim. Section 64 was amended to include that the total value of the payment claim, which may or may not include GST, determines whether a claim is a standard payment claim (i.e. total value of \$750,000 or less) or a complex payment claim (more than \$750,000). This definition impacts the timeframes that a respondent may have for providing an adjudication response.

TABLE 2: NUMBER OF ADJUDICATION APPLICATIONS RECEIVED FOR 2020-2021

Adjudication application type	Total
Standard* (less than \$750,000)	253
Complex* (greater than \$750,000)	25
Total number of applications	278

* The distinction between Standard and Complex claims changed partway through the year, which may affect year-to-year comparisons.

The table below outlines the total amount claimed from the 278 adjudication applications received by the Registrar for the period 1 July 2020 to 30 June 2021.

TABLE 3: ADJUDICATION CLAIMED AMOUNT FOR 2020-2021

Total value of claims	\$114,926,171
Maximum claim	\$17,881,594
Minimum claim	\$288
Average claim	\$413,403

ADJUDICATION DECISIONS

A registered adjudicator is an independent person qualified to determine payment disputes under the BIF Act. The table below sets out adjudicator registration and renewal applications for the period 1 July 2020 to 30 June 2021.

TABLE 4: ADJUDICATOR REGISTRATIONS AND RENEWAL APPLICATIONS FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

Application type	Number	Fees paid
Registration	19	\$15,758
Renewal	42	\$24,953.75

Of the 278 adjudication applications received, a total of 251 were referred to an independent registered adjudicator for determination. The table below sets out the number of adjudication decisions released by registered adjudicators for the period 1 July 2020 to 30 June 2021.

TABLE 5: NUMBER OF ADJUDICATION DECISIONS RELEASED BY REGISTERED ADJUDICATORS IN 2020-2021

Decision type	Total
Standard* (less than \$750,000)	169
Complex* (greater than \$750,000)	18
Total number of decisions released	187

* The distinction between Standard and Complex claims changed partway through the year, which may affect year-to-year comparisons.

The table below sets out the total amounts awarded by adjudication decisions released for the period 1 July 2020 to 30 June 2021.

TABLE 6: ADJUDICATION DECISIONS RELEASED

Total value of claims - decisions released	\$82,254,751
Maximum claim value - decision released	\$17,881,594
Minimum claim value - decision released	\$550
Average claim value - decisions released	\$439,865
Total value of adjudicated amount - decisions released	\$37,503,111

The table below sets out the total amounts awarded by adjudication decisions released for the period 1 July 2020 to 30 June 2021 broken down by region.

TABLE 7: TOTAL AMOUNTS AWARDED BY ADJUDICATION DECISIONS RELEASED IN 2020-2021 – BROKEN DOWN BY REGION

Decisions by region	Number of applications made to the Registrar	Total value of claims	Number of decisions released	Total value of adjudicated amount
Brisbane	197	\$94,387,323	120	\$30,896,110
Cairns	5	\$818,262	3	\$262,435
Gold Coast	23	\$4,173,266	21	\$1,821,777
Mackay	6	\$566,108	5	\$148,316
Maryborough	6	\$2,096,976	4	\$1,876,715
Rockhampton	6	\$450,061	4	\$354,826
Sunshine Coast	17	\$5,727,913	13	\$1,153,418
Toowoomba	9	\$3,443,419	9	\$678,528
Townsville	9	\$3,262,843	8	\$310,986
Total	278	\$114,926,171	187	\$37,503,111

The table below sets out the average number of business days from application to decision for the period 1 July 2020 to 30 June 2021.

TABLE 8: AVERAGE NUMBER OF BUSINESS DAYS FROM APPLICATION TO DECISION

	Standard*	Complex*
Maximum	50	71
Minimum	9	25
Average	21	46

* The distinction between Standard and Complex claims changed partway through the year, which may affect year-to-year comparisons.

ADJUDICATION APPLICATION FEES

Under the BIF Act, an application for adjudication must be accompanied by the prescribed fee. For the period 1 July 2020 to 30 June 2021, the prescribed application fee ranged from \$59.70 for payment claims of no more than \$10,180, to a percentage of the claimed amount for payment claims of more than \$1,109,188.35 (capped at \$5,972.30). The total value of adjudication application fees for applications lodged between 1 July 2020 and 30 June 2021 was \$124,324.41.

The table below sets out the adjudication application fees and also represents the fees as a percentage of the average total claimed amount for the period 1 July 2020 to 30 June 2021.

TABLE 9: ADJUDICATION APPLICATION FEES

Claim value ¹	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 - \$10,180	79	\$59.70	\$4,730	1.26%
\$10,180 - \$50,900	82	\$179.10	\$26,071	0.69%
\$50,900 - \$101,800	27	\$298.55	\$75,229	0.40%
\$101,800 - \$254,500	36	\$418.10	\$174,914	0.24%
\$254,500 - \$509,000	19	\$537.45	\$349,487	0.15%
\$509,000 - \$763,500	11	\$656.90	\$627,438	0.10%
\$763,500 - \$1,109,188.35	6	\$776.35	\$974,098	0.08%
> \$1,109,188.35	18	\$2,871.82	\$4,705,550	0.06%

¹As per Schedule 2 Building Industry Fairness (Security of Payment) Regulation 2017

ADJUDICATOR FEES

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

The table below sets out the average adjudicator fee as a percentage of the average total claimed amount for the period 1 July 2020 to 30 June 2021.

TABLE 10: AVERAGE ADJUDICATOR FEE AS A PERCENTAGE OF THE AVERAGE TOTAL CLAIMED AMOUNT

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 - \$10,180	39	\$5,029	\$738	14.68%
\$10,180 - \$50,900	57	\$24,888	\$2,510	10.09%
\$50,900 - \$101,800	27	\$74,697	\$5,406	7.24%
\$101,800 - \$254,500	23	\$175,961	\$10,981	6.24%
\$254,500 - \$509,000	13	\$373,731	\$17,500	4.68%
\$509,000 - \$763,500	10	\$630,653	\$31,194	4.95%
\$763,500 - \$1,109,188.35	6	\$974,098	\$25,591	2.63%
> \$1,109,188.35	12	\$4,797,203	\$41,793	0.87%

ADVISORY SERVICE

The Adjudication 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 staff for timely information about the adjudication process. The advisory service enhances awareness about payment rights and obligations. For the previous 2019-2020 financial year, the Registry resolved a total of 2,066 enquiries. For the period 1 July 2020 to 30 June 2021, the Registry saw a decrease in the number of enquiries it resolved to 1,050.

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. Pursuant to Section 20(a) of the BIF Regulation, an adjudicator is eligible to be a grade 2 adjudicator if the adjudicator has:

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

Pursuant to Section 20(b) of the BIF Regulation, an adjudicator is eligible to 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 for the period 1 July 2020 to 30 June 2021, there were four grade 1 adjudicators assessed as eligible for grade 2 registration.

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to 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 through the completion of CPD activities. At the commencement of the reporting period for the CPD year there were 154 registered adjudicators.

TABLE 11: OUTCOMES PERTAINING TO THE 2020-2021 CPD YEAR

CPD records provided	151
Cancelled registrations (BIF Act Section 171)	0
Surrendered registrations	2
No record required (BIF Regulation Section 30)	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.

For the 2021-2022 financial year, increased workload for the Registry in respect of some functions is anticipated, including:

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

LICENCE CANCELLATIONS AND SUSPENSIONS

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

TABLE 12: LICENCES CANCELLED AND SUSPENDED UNDER SECTION 48 OF THE QBCC ACT IN 2020-2021

Reason for cancellation	Cancellation	Suspension
Breach of minimum financial requirements (other than 'monies-owed')	19	39
Failure to pay debts ('monies-owed')	34	66
Failure to comply with a financial audit	17	27
Breach of licence condition (including annual reporting requirements and company deregistration)	243	337
Licensee not fit and proper to hold a licence (including if the licensee's interstate or New Zealand licence is cancelled or suspended)	3	1
Licensee company ceases to have a nominee	76	178
Serious risk to health and safety	1	Nil
Total	393	648

The QBCC may immediately suspend a licence if it reasonably believes there is a real likelihood that serious financial loss or other serious harm will occur to other licensees, employees of other licensees, consumers or suppliers of building materials or services. In 2020-2021, the QBCC immediately suspended the licences of five licensees. In three cases, the immediate suspensions arose out of concerns that if the licensee was allowed to continue to trade, they would pose a serious risk of harm to others in the industry as a result of a failure to carry out commercial and statutory obligations and therefore the licensee, or the licensee's director, were not fit and proper to hold a licence. In the remaining two cases, the licensees were immediately suspended because there was a real likelihood that serious financial loss would have occurred if this regulatory action was not taken.

LICENSING ACTIONS TO ENSURE SAFE SYSTEMS OF WORK

The QBCC Act allows for the cancellation, suspension, or for conditions to be imposed on a licence if a building or other work on a building site under the licensee's control may have caused a person's death, grievous bodily harm to a person, or involved a serious risk to the health or safety of a person.

Our collaborative relationship with Workplace Health and Safety Queensland ensures a structured and appropriately focused regulatory approach to mitigating safety risks in the sector.

In 2020-2021, the QBCC imposed conditions on 11 licences where building or other work on a site under the licensee's control involved a serious risk to the health and safety of a person. The QBCC investigated a further 216 reported safety incidents to ensure the licensee was implementing an appropriate safety management system to ensure proper standards were being maintained. In 2020-2021, the QBCC did not immediately suspend any licensees for the reason of not having a safe system of work in place and real likelihood of serious risk of harm to industry participants and consumers.

NON-CONFORMING BUILDING PRODUCTS

The QBCC has continued to enforce its powers under the non-conforming building products laws. These laws establish a chain of responsibility, placing obligations on supply-chain participants at all stages, to ensure 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 2020 to 30 June 2021, the QBCC received 247 enquiries and complaints in relation to non-conforming building products. This includes community and industry-generated intelligence, as well as proactive audits instigated by the QBCC. We finalised 240 enquiries and complaints, with 52 ongoing. The number received and finalised is not equal as enquiries and complaints can be carried over from previous financial years.

Of the 240 enquiries and complaints that were finalised:

- 13 were proactively raised by the QBCC into high-risk products
- 46 were public/industry-generated complaints into product families
- 131 were public/industry-generated complaints into specific sites
- 50 were cases based on general public and industry intelligence obtained by the QBCC.

The outcomes of the 240 enquiries and complaints finalised were:

- 13 determinations of non-conforming building products, resulting in appropriate regulatory action
- eight resolutions through specific targeted education of persons in the chain of responsibility
- 17 findings of no non-conformance and resolved through provision of general education
- 31 resolutions through general education without requiring a finding of non-conformance
- 49 escalations for detailed technical investigation
- 44 resolutions through retaining information as general intelligence
- 45 re-directions of affected parties to other areas of the QBCC
- 33 were not related to non-conforming building products.

Through these actions, the QBCC has strengthened the knowledge and awareness of non-conforming building product legislation within industry 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, a 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 combustible cladding checklist is an online system that is divided into three parts with buildings exiting at each part of the process. The QBCC received registrations relating to over 19,500 buildings and, as at 30 June 2021, 13,944 buildings had been cleared at Part 1, 3,000 buildings had been cleared at Part 2, and 775 buildings had been cleared at Part 3. The remaining buildings have either been given measures outlined by fire safety engineers to mitigate the risk, or are currently being investigated by the QBCC.

The QBCC is undertaking appropriate audits to ensure the accuracy of information submitted in the checklist and to take necessary regulatory steps to ensure completion of the program. This may include site inspections and requiring the production of relevant documents to help establish if an offence has been committed.

The Part 3 compliance deadline of 3 May 2021 has now passed, with the QBCC granting 120 extensions of time. Owners of buildings remaining in the program have an ongoing obligation to complete the checklist. Failure to complete the checklist is an offence and may attract penalties or prosecution.

COMPLIANCE AND ENFORCEMENT ACTIVITIES

The QBCC uses its legal powers 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. We also carry 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 2020-2021, the five offences listed below made up 73 per cent of all investigations:

- Unlicensed contracting: 20 per cent
- Schedule 1B (domestic building contracts) offences: 20 per cent
- Advertising: 14 per cent
- Security of Payment (BIF Act): 10 per cent
- Insurance offences: 9 per cent.

TABLE 13: NUMBER OF INVESTIGATIONS OPENED AND CLOSED

	2018-2019	2019-2020	2020-2021
Unlicensed contracting	520	585	565
Schedule 1B (domestic contracts)	462	542	563
Insurance	235	268	386
Security of payment*	22	149	281
Advertising	132	90	243

*A number of new sections of the BIF Act have been included as part of investigations in 2020-2021 as a result of BIFOLA reforms, and therefore the number of investigations are not directly comparable to previous years.

In 2020-2021, the QBCC continued its dedicated team to proactively investigate unlicensed contracting and advertising offences. This involved examining advertising on various internet platforms and cross-referencing with the QBCC's own databases to identify potential breaches. This use of the QBCC's Compliance Intelligence Dashboard technology was primarily focused on the plumbing and drainage industry. For a summary of results, please refer to the plumbing complaints, investigations and disciplinary actions section in this Annual Report.

CONTRACTUAL INVESTIGATIONS

The QBCC examines suspected breaches of the QBCC Act and, when required, takes appropriate action including issuing an infringement notice under:

- Schedule 1B of the QBCC Act, which regulates contracts for domestic building work between contractors and home owners
- Part 4A of the QBCC Act, which regulates subcontracts between contractors and builders and commercial contracts.

Where there are reasonable concerns that a licensee has not been complying with the requirements of the QBCC Act, we may conduct investigations requiring the licensee to produce all contracts for review. Our key focus is on domestic contracts due to the need to better protect home owners who may only rarely deal with the building and construction industry.

TABLE 14: CONTRACTUAL INVESTIGATIONS

	2018-2019		2019-2020		2020-2021	
	Domestic contract	QBCC Act Part 4A	Domestic contract	QBCC Act Part 4A	Domestic contract	QBCC Act Part 4A
Investigations	485	35	473	19	542	71
Warnings issued	186	16	128	8	156	25
Contractors issued with an infringement notice	273	6	206	3	218	25
Infringement notices issued	287	6	211	3	219	25

The QBCC uses a range of enforcement actions, such as warnings and infringement notices, to find a balance between protecting home owners and educating and motivating contractors to comply with the legislation.

DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

The table below shows the demerit points issued to contractors in 2020-2021.

TABLE 15: DEMERIT POINTS ISSUED TO CONTRACTORS

	2018-2019	2019-2020	2020-2021
Demerit points issued for unsatisfied judgment debts	40	70	40
Demerit points issued for contractual offences	2,110	1,584	1,720
Demerit points issued for failure to rectify	1,696	1,862	2,556
Demerit points issued for failing to pay insurance premium	362	386	258
Demerit points issued for carrying out work without a nominee	0	8	0
Demerit points - other	222	156	122
Total demerit points issued	4,430	4,066	4,696
Contractors issued with demerit points	457	515	594

The total demerit points issued are correlated to the number of investigations held in the year.

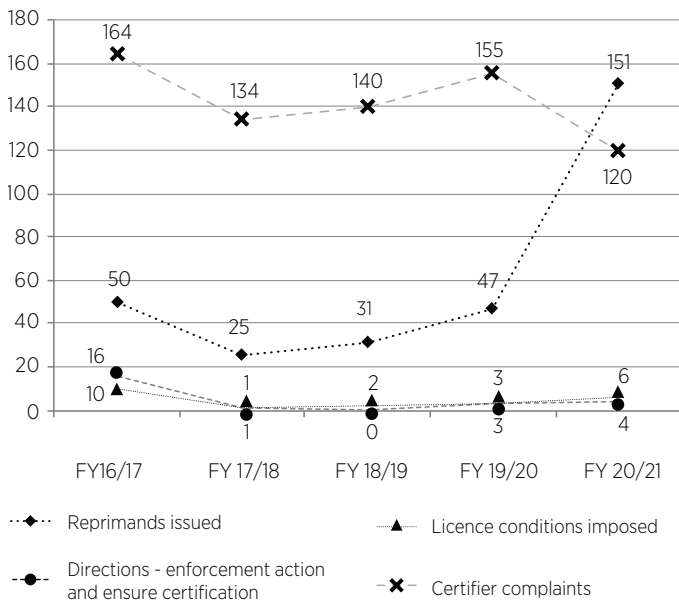
CERTIFIER COMPLIANCE

At the start of the reporting period, the QBCC had 54 open certifier complaints. An additional 120 complaints were received during 2020-2021. During the reporting period, we finalised 137 complaints. As at 30 June 2021, 37 remain open.

At the start of the reporting period, the QBCC had nine technical audits and 202 assessment audits open. During the reporting period, we commenced 61 technical audits and 24 assessment audits. We finalised 61 technical audits and 158 assessment audits over the 12 months. As at 30 June 2021, there were nine technical audits and 68 assessment audits still underway.

Of the 356 completed investigations, including complaints, technical and assessment audits undertaken in 2020-2021, 151 findings of unsatisfactory certifier conduct were found. No certifiers were found to have engaged in professional misconduct, 45 complaints were either withdrawn or closed due to insufficient evidence, and in 150 cases the certifier's conduct was found to be satisfactory. Nine cases were duplicates. One assessment audit did not proceed as the licensee was currently not practising.

CERTIFIER COMPLIANCE AND COMPLAINTS RECEIVED OVER THE PAST FIVE YEARS



In October 2020, demerit point allocation and disqualification procedures were introduced for certifier licences. These new provisions are activated when convictions are recorded for particular offences (demerit offences). No demerit points were allocated, and no persons were disqualified from holding a certifier licence in the reporting year.

PROACTIVE BUILDING INSPECTIONS

The QBCC proactively audits building works under construction to assess compliance against 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 2020-2021, audits of multi-residential buildings (both townhouses and high-rise constructions) uncovered a variety of concerns such as:

- non-compliant framing and detailing of lightweight fire separating walls
- non-compliant fixing of metal fire door frames
- unauthorised modifications of fire collars through slabs for pipework runs
- inadequate disability access particularly at lobby doorways
- inadequate temporary fire protection measures (hydrants and hose reels) during construction.

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

- non-compliant installation of lightweight cladding systems and associated control joint requirements

- inadequate design/fixing of timber fence posts to retaining walls
- non-compliant flashing/waterproofing below sliding doors leading onto waterproof decks/balconies.

PLUMBING COMPLAINTS, INVESTIGATIONS AND DISCIPLINARY ACTIONS

To ensure public health and safety, the QBCC investigates complaints about plumbing and/or drainage work that does not comply with the *Plumbing and Drainage Act 2018* (PD Act).

In 2020-2021, 141 investigations were closed, including outstanding investigations carried over from 2019-2020. The table below compares enforcement actions across the past three years.

TABLE 16: PLUMBING DISCIPLINARY ACTIONS

	2018-2019	2019-2020	2020-2021
Disciplinary orders issued to licensees	19 orders amounting to \$23,352	12 orders amounting to \$10,770	1 order amounting to \$0*
Penalty infringement notices	41 penalty infringement notices amounting to \$42,920	25 penalty infringement notices amounting to \$33,059	78 penalty infringement notices amounting to \$125,368

* Disciplinary action was taken and in this instance, it was decided that a penalty infringement notice was a more efficient and effective way of dealing with the non-compliance.

In 2020-2021, 34 individuals or entities were identified as breaching advertising provisions for plumbing or drainage work within the QBCC Act. A total of eight individuals or entities were found to have had an appropriate licence but failed to display their licence number. Of these eight people, one was issued an infringement notice, four were issued warnings, and three had no further action taken. The remaining 26 proceeded to further investigation for potential regulatory action. Generally, disciplinary action decreased in 2020/2021 in comparison to the previous year due to a different approach to plumbing enforcement by the QBCC.

This included focusing on unlawful advertising and unlawful contracting – where Penalty Infringement Notices can be issued – as well as issuing infringement notices for notifiable work offences, which is a much quicker process than taking other disciplinary action.

In addition to receiving and investigating complaints about plumbing and drainage work, the QBCC’s other functions included assessing information received as part of the approved audit program for notifiable work, analysing data on the number of hot water heaters being installed in Queensland and responding to general enquiries about plumbing and drainage. Responding to enquiries is particularly important to promote industry engagement and to raise awareness of compliance matters. A greater percentage of these enquiries was from licensees seeking information about notifiable work.

To improve the standard of plumbing and drainage work undertaken by licensed plumbers and drainers and to increase compliance with the PD Act, we were also involved in preparing and publishing a number of webinars and tutorials about plumbing and drainage work. In addition to these webinars and tutorials, we engaged with major plumbing retailers and arranged to have in-store signage installed throughout Queensland, advising consumers of the need to engage appropriately licensed plumbers when undertaking plumbing work.

In 2020-2021, the QBCC initiated work on a number of videos targeting the five most common plumbing defects. The QBCC also delivered presentations at Registered Training Organisations informing apprentices about plumbing-related matters relevant to the QBCC, such as plumbing defects and notifiable work requirements.

Throughout the year, the QBCC also delivered a number of presentations to the Master Plumbers Association of Queensland and the Institute of Plumbing Inspectors Queensland, and provided articles to the Real Estate Institute of Queensland on issues such as the importance of using licensed tradespeople and notifiable works.

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 2020-2021, there were 106,578 Form 4/4As registered, a 2.5 per cent increase over the previous financial year. The QBCC conducts an audit program to ensure plumbers are adhering to their responsibilities and maintaining high standards in plumbing and drainage work. In 2020-2021, the QBCC opened a total of 550 audits of contracting plumbers and drainers. As well as receiving education about their obligations, licensees found to have poor compliance were referred for further investigation and potential regulatory action.

In the second half of the year, the QBCC also commenced a pilot project to proactively assess the level of compliance relating to the installation of hot water heaters, which should be registered as notifiable work in some circumstances. The project reviewed QBCC's records to obtain sample sales data for analysis. This initiative has the potential to expose plumbing work performed illegally by unlicensed persons.

The QBCC engages with local governments throughout Queensland to facilitate their auditing of completed notifiable work. This year, in response to feedback received, we offered a new, improved formal arrangement to local governments for reimbursement of their notifiable work audit inspection costs. This new formal arrangement updated existing operational arrangements and introduced an automatic annual increase in payments, ensuring a more equitable distribution of the revenue from notifiable work registration.

The QBCC also developed an intuitive tool located on the QBCC website to assist plumbers better understand when a Form 4 registration is required for notifiable works. This intuitive tool can be used by licensees and their book keepers and requires five questions to be answered to determine whether the work is notifiable work that requires the lodgement of a Form 4.

POOL SAFETY

Pool safety laws require swimming pools to be registered and barriers to comply with the pool safety standard. The QBCC maintains a register of regulated pools and pool safety inspectors (PSI) who issue pool safety certificates. As at 30 June 2021, there were 413,191 pools on the pools register and 564 PSIs.

The QBCC approves continuing 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 2020-2021, the following investigations were conducted:

- 25 complaints received regarding the conduct of PSIs
- 66 complaints against PSIs were finalised
- nine complaints against PSIs were withdrawn
- no cases were closed without further investigation when allegations could not be validated
- 15 complaints had no grounds for disciplinary action
- 42 investigations established grounds for disciplinary action
- two instances where no further action was required
- 40 cases where disciplinary actions were taken, including licence suspension, monetary penalties, reprimands and requirements to refund inspection fees.

One PSI and one complainant sought review by the QBCC's Internal Review Unit (IRU) of disciplinary action decisions. The complainant subsequently applied to the Queensland Civil and Administrative Tribunal (QCAT) for review of the IRU's decision. One PSI applied directly to QCAT for review of a disciplinary decision. There are no clear trends emerging in the types of disciplinary action taken against PSIs.

In 2020-2021, three 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 15 investigations of pool owners, and of those, six resulted in the issuing of an infringement notice and two resulted in the issuing of a warning notice.

IMMERSION INCIDENT REPORTING

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

In 2020-2021, the QBCC received 89 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 for action and we follow up with the relevant PSI.

In 2020-2021, two investigations finalised against PSIs were based on information obtained following an immersion incident notice received during the previous financial year. Both investigations found grounds for disciplinary action. None of the investigations finalised against pool owners were based on information obtained following immersion incident notices.

POOL OWNER COMPLIANCE AND ENFORCEMENT

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 2021, 40,856 pool safety certificates were issued in the reporting period which included 33,486 for non-shared pools and 7,370 for shared pools. The QBCC referred 36 properties to local governments in 2020-2021.

The QBCC is currently developing the Homeowners Guide to Pool Safety and redeveloping the QBCC website to be more user friendly and to provide easier access to information including pool safety.

The QBCC also delivered a number of educational presentations to stakeholders including:

- Residential Tenancies Authority
- Real Estate Institute of Queensland
- The Swimming Pool and Spa Association.

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 2020-2021, key engagement activities included those outlined below.

TRADIE TOUR

- one State-wide Tradie Tour, which included nine face-to-face events, incorporating two sessions per event. Session One covered the technical topic of 'Plasterboard' and was run in conjunction with The Association of Wall and Ceiling Industries. Session Two addressed 'Annual Financial Reporting lodgement' and 'New Laws for Queensland' and was delivered in unison with the Department of Energy and Public Works (DEPW).

The 'New Laws for Queensland' component of the session addressed:

- » the Project Trust Account framework
- » security of payment reforms
- » changes to the QBCC Act
- » changes to the fire protection licensing framework
- » changes to the mechanical services licensing framework.

- the Annual Financial Requirements component provided information to SC1 and SC2 licensees about their impending minimum financial requirement lodgement obligation. A total of 492 individuals attended these face-to-face sessions. A subsequent webinar on the 'Plasterboard' topic attracted an audience of 380 people, while the webinar on 'Annual Financial Reporting lodgement' and 'New Laws for Queensland' garnered an audience of 440 attendees.

PRESENTATIONS AND INFORMATION SESSIONS

- one webinar entitled "Are you ready for Storm Season", which was developed and delivered in conjunction with Dr David Henderson (Chief Engineer, Cyclone Testing Station, James Cook University). This webinar provided attendees with information about building and construction in cyclone-prone regions, and how best to retrofit older homes to reduce damage from cyclones and storms. One hundred and twenty-six people attended this webinar and provided a Net Promoter Score of 31, which indicates a high level of satisfaction and a willingness to recommend this event to others.
- three webinars addressing amendments to existing legislation under the BIFOLA reforms. Topics delivered were:
 - » important information for certifiers, which attracted 171 attendees
 - » changes for adjudicators, which attracted 105 attendees
 - » changes to security of payment laws in Queensland, which attracted 306 attendees.
- nine information sessions to third and fourth-year apprentices at a variety of Registered Training Organisations throughout the State
- three sessions to students at the Queensland University of Technology
- three home owner information webinars providing guidance on the building and renovation process
- presentations at 29 externally hosted industry and stakeholder engagements, addressing issues within the Queensland building and construction industry, including:
 - » one session to educate painting contractors on common defects and best practice
 - » six Master Plumbers' Association of Queensland industry forums and webinars discussing topics including compliance and audit activities, notifiable work lodgement forms and defective work
 - » three National Association of Women in Construction (NAWIC) "Women on Tools" events and three further NAWIC-organised events, which provided opportunities to advise tradeswomen and apprentices on licensing requirements and promote the QBCC as an employer of choice in the Queensland building and construction industry
 - » one Board of Professional Engineers presentation to young Queensland engineers

- » three pool safety information sessions for government and industry association stakeholders
- » two plumbing and drainage information sessions for local government stakeholders
- » one Tablelands Regional Council Trades and Construction Business Support Open Day
- » one presentation to the Institute of Public Accountants Queensland on Annual Financial Reporting requirements
- » one Building Products Industry Council Board webinar.

EXPOS

- one Brisbane home show event generating more than 320 enquiries
- one Gold Coast Trades College and Careers Expo generating more than 150 enquiries
- one Mitre 10 trade expo event generating more than 250 enquiries.

SUPPORTING THE SKILLS UPLIFT OF THE BUILDING AND CONSTRUCTION INDUSTRY

In August 2019, the Ministerial Construction Council (MCC) and industry stakeholders discussed the need for improved skills for the building and construction industry, and specifically for builders. The MCC agreed that a subcommittee should be established to consider the necessary framework to support the introduction of a Compulsory Continuing Professional Development (CCPD) scheme in Queensland. At its inaugural meeting in October 2019, the CCPD Subcommittee commenced considering the necessary elements required for inclusion in a CCPD Framework. The CCPD Subcommittee delivered its final report to the MCC on 31 May 2020. In July 2020, the MCC endorsed the Final Report and the CCPD Framework.

In providing the Final Report and the CCPD Framework to the MCC, the CCPD Subcommittee had determined that a CCPD Framework for Queensland's building and construction industry must include a targeted approach to professional development, in business, safety, trade and professional learning areas.

The CCPD Subcommittee recommended that the CCPD Framework align with the Building Confidence Report and require professional development on the National Construction Code. The CCPD Subcommittee also recommended that the framework be tested as a pilot program.

During 2021, the QBCC commenced work on the CCPD pilot program by delivering free, structured, online professional development courses to a voluntary cohort of licensees. The pilot program topics include a minimum financial requirements and Annual Financial Reporting course, and a second course on Safety Reporting Obligations in the building and construction industry.

These two courses commenced delivery in April 2021 and will continue until November 2021. Over the course of this period, the QBCC will gather data and insights about the CCPD pilot program, including feedback from the participants.

On completion of the project, insights will be shared with industry stakeholders and government to inform the future requirements of CCPD for Queensland's building and construction industry.

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

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As a regulator, the QBCC plays an integral part in ensuring 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 our desire to deliver our services efficiently and effectively. We have two high-level strategies to help us achieve this. These are:

- **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	97.88%	
Perception of fairness in decision-making: percentage of survey respondents agree the final decision was fair*	65%	63.3%	The variance between the 2020–2021 Target and the 2020–2021 Actual is due to survey responses correlating strongly with stakeholder expectations of a favourable decision, and as such are affected by negative outcomes for stakeholders. These surveys are conducted shortly after a decision is communicated.
Percentage of decisions overturned by the Queensland Civil and Administrative Tribunal*	5%	6.85%	The number of decisions set aside by the Queensland Civil and Administrative Tribunal (QCAT) in 2020–2021 was 15 out of 219 matters. This is comparable to the previous financial year. Of those decisions set aside by the QCAT, two related to excluded individual decisions, one related to a licence suspension decision, one related to a certifier conduct decision, five related to contract termination and/or a decision to disallow a claim under the Queensland Home Warranty Scheme. The remaining six related to a decision to issue a direction to rectify defective building work.
Cost of recovering \$1.00 of funds owed to creditors*	\$0.60	\$0.64	The QBCC has no control over the value of monies owed on complaints received, which in turn has an impact on the amount that is consequently returned to relevant industry participants.
Percentage of early dispute resolution cases finalised within 28 days*	80%	89%	
Average number of days to process licence applications*	30 days	19 days	
Percentage of owner builder permits approved within 15 working days*	90%	100%	
Percentage of adjudication applications referred to an adjudicator within 4 business days*	100%	100%	

TABLE 17: OBJECTIVE 2 PERFORMANCE MEASURES CONTINUED

	TARGET	ACTUAL	COMMENTS
Percentage of insurance claims for defective work assessed and response provided within 35 business days*	50%	60%	
Average processing time for an early dispute resolution case*	28 working days	14 working days	
Average approval time for defects claims less than \$20,000*	35 working days	38 working days	Variance between the Target and the Actual is due to several significant factors outside of the QBCC's control that impacted the average processing time e.g. the need to obtain engineering or legal advice, owner absence, the need for the QBCC to retender quotes based on concern with those previously received, claim put on hold at owner request.
Percentage of internal review applicants contacted within 2 business days*	95%	97%	
STRENGTH OF STAKEHOLDER ENGAGEMENT			
Qualitative statement	See Education and Engagement section on page 20.		

* This is a 2020-2021 Service Delivery Statement Service Standard.

CUSTOMER SERVICE

The QBCC's customer contact centre staff are trained in providing general advice and aim to resolve matters at the first point of contact.

There were minimal operational impacts to the Contact Centre as a result of the evolving COVID-19 pandemic. We continued to respond to calls and provide practical guidance to steady call volumes, managing complex issues and complaints.

During 2020-2021, we focused on improving the customer and employee experience through the significant upgrade of our telephony system, evolving our data and analytics capability, enabling more digital services and optimising our workforce planning. Some key activities included:

- ongoing upskilling of staff to better support the resolution of customer enquiries across all business line queues
- implementing a post-call customer satisfaction survey to collect feedback on the quality of service offered to support ongoing improvement
- improving workforce optimisation via the introduction of a new workforce management scheduling platform that caters to employees and operational needs
- increased self-service registrations for myQBCC portal allowing licensees to manage their interactions at a time convenient to them.

TABLE 18: CUSTOMER CONTACT CENTRE STATISTICS

	2018-2019	2019-2020	2020-2021
Customer phone calls	200,677	250,245	238,479
Customer emails	13,011	15,217	20,683

LICENSING

The QBCC Act establishes a licensing system for individuals and companies carrying out building work regulated under the Act. The table below shows the number of individuals and companies licensed under the QBCC Act by licence type as at 30 June 2021.

TABLE 19:
QBCC ACT LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2021

	INDIVIDUAL	COMPANY	TOTAL
Builder	27,029	9,058	36,087
Builder restricted	2,095	690	2,785
Contractor	41,038	11,248	52,286
Occupational	1,989	N/A	1,989
Total	72,151	20,996	93,147

In 2020-2021, the QBCC processed 1,230 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 system for individuals and companies carrying out fire protection work regulated under the Act.

In May 2021 a new fire protection licensing framework commenced. It introduces:

- five streams of fire protection licences
- new design classes
- changes to the fire safety professional licence class
- changes to fire protection work regulated by the QBCC
- changes of scope of work for transitioning licence classes.

The introduction of the new fire protection licensing framework will help to improve standards in the building and construction industry.

As at 30 June 2021, the QBCC licensed 4,491 companies and individuals to undertake regulated fire protection work. Each licensee may hold one or more licence classes across each of the fire protection streams.

TABLE 20: QBCC ACT FIRE PROTECTION CLASSES BY LICENCE TYPE AS AT 30 JUNE 2021

LICENCE STREAM	LICENCE TYPE	LICENCE CLASSES
Portables	Contractor/ nominee supervisor	850
	Occupational	1,552
Passive	Contractor/ nominee supervisor	994
	Occupational	960
Special hazard	Contractor/ nominee supervisor	379
	Occupational	278
Water-based	Contractor/ nominee supervisor	1,553
	Occupational	402
Electrical	Contractor/ nominee supervisor	961
	Occupational	1,869
Fire Safety Professional	Contractor/ nominee supervisor	91
	Occupational	12
Licence classes issued		9,901

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.

As at 30 June 2021, there were 2,071 owner builder permits granted by the QBCC.

The QBCC is ensuring home owners 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
- and those they engage 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. The table below shows the number of licensees as at 30 June 2021.

TABLE 21: PD ACT LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2021

OCCUPATIONAL LICENCE TYPE	CLASSES OF LICENCE
Provisional plumber	1,095
Provisional drainer	1,073
Plumber	13,526
Drainer	13,695
Restricted licences	1,856
Total	31,245 ²

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.

There are three specialist streams recognised under the mechanical services licensing framework:

- mechanical services - medical gas
- mechanical services - plumbing
- mechanical services - air-conditioning and refrigeration.

The below table shows the number of licensees under each stream as at 30 June 2021. Licensing of mechanical services contributes to the overall health and safety of the community. Licensing of practitioners provides comfort that operators hold an appropriate technical qualification, contractors are financially sound and that the QBCC can take action against individuals performing substandard work or using non-conforming building products.

TABLE 22: MECHANICAL SERVICES LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2021

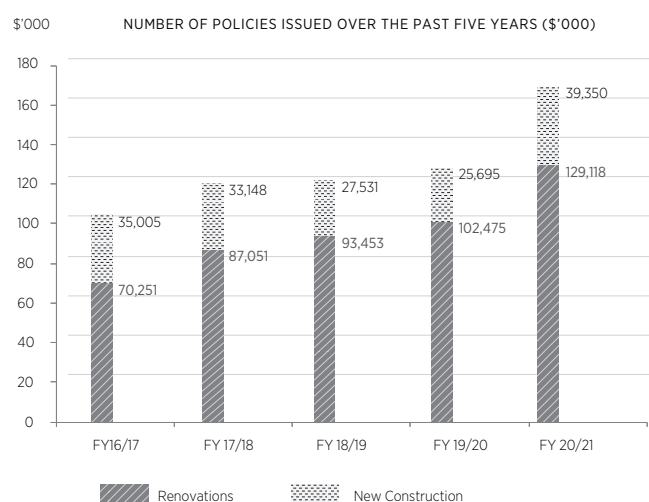
LICENCE TYPE	NUMBER OF LICENSEES
Medical gas	301
Mechanical plumbing	817
Air-conditioning and refrigeration	3,455

²Number includes plumbers and drainers holding occupational plumbing drainage licences under the PD Act who may also hold plumbing/drainage contractor licences under the QBCC Act.

QUEENSLAND HOME WARRANTY SCHEME

The QBCC administers a home warranty scheme that provides insurance cover for residential construction work in Queensland.

During 2020-2021, the QBCC processed 168,468 insurance policies. The breakdown of residential construction work carried out during the period was approximately 77 per cent renovations compared to 23 per cent new home construction.

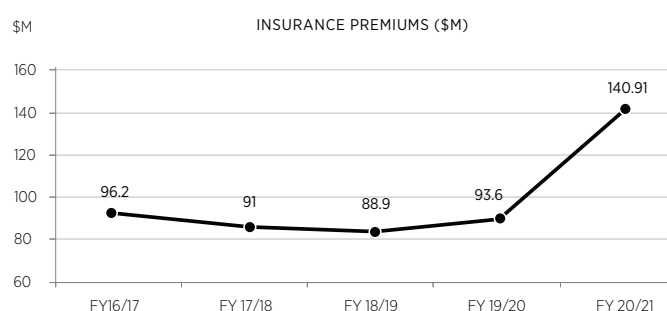


*As at 28 October 2016, the type of work covered by the Queensland Home Warranty Scheme was expanded. The introduction of cover for manufactured homes, which was previously excluded, resulted in an increase in policies covered under the “New construction” data. The introduction of cover for swimming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

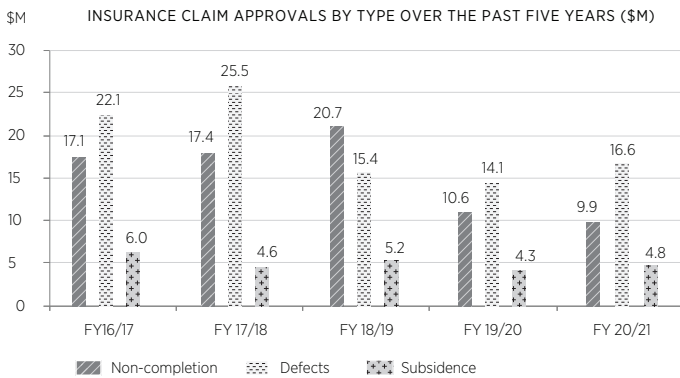
The number of new builds in 2019-2020 was the lowest since the Global Financial Crisis. In 2020-2021, 39,350 policies were taken out for new builds, largely due to the HomeBuilder stimulus. The new build sector went from the bottom of the cycle to the top of the cycle, reaching near record levels of activity, in the space of 12 months.

Renovation activity was at high levels prior to the COVID-19 pandemic, but during 2020-2021 strengthened further reaching record levels. The COVID-19 pandemic which caused families to spend more time at home, and prevented overseas travel, is likely the cause of the surge in activity. The HomeBuilder stimulus played less of a role in the renovation sector.

In 2020-2021, the QBCC received \$140.91 million in insurance premiums compared to \$93.6 million in 2019-2020. The premium revenue reflects the number and value of contracts signed in 2020-2021, and the 1.4 per cent increase in premiums charged which took effect from 1 July 2020.



The QBCC approved a total of \$31.3 million in insurance claim costs during 2020-2021. This included \$16.6 million for defects claims, \$9.9 million for non-completion claims and \$4.8 million for subsidence claims. Defect claims were slightly lower than actuarial forecasts, while subsidence claims were higher.



The financial failure of licensed new-home builders is the primary driver of non-completion claims. There were fewer insolvencies in 2020-2021 likely attributable to temporary changes to insolvency laws due to the COVID-19 pandemic, and the boom in activity during the same period which likely helped many contractors who were struggling financially to recover. The introduction of the Minimum Financial Requirements Regulation in 2019 has also contributed to a more financially sustainable construction industry, leading to an injection of over \$1.3 billion of working capital into the Queensland construction sector.

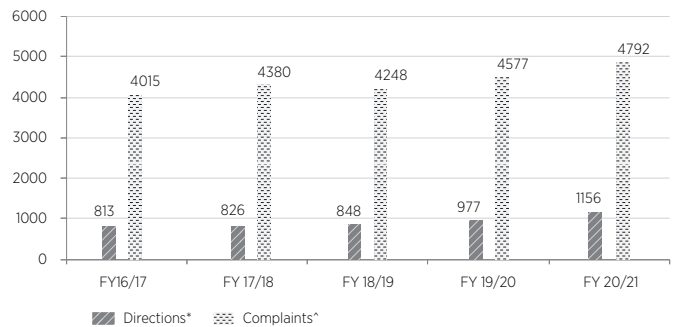
The QBCC holds licensees responsible for monies-owed as a result of claims made against the Queensland Home Warranty Scheme. While most of the claims made against the Scheme are unrecoverable due to builder insolvency, where possible, the QBCC will attempt to recover the money owed. We recovered close to \$3.2 million in 2020-2021 for the Scheme.

To ensure a solid financial framework for its insurance operations, the QBCC has continued to comply with various Australian Prudential Regulatory Authority (APRA) standards that apply to general insurers to the extent that it is reasonable and prudent for the QBCC to do so. (The Queensland Home Warranty Scheme is a statutory insurer and is not regulated by APRA, and therefore is not required to comply with APRA standards.) 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

The QBCC may be able to help resolve building disputes between home owners and principal contractors. During 2020-2021, these types of building disputes totalled 5,449, of which 4,792 related to works after construction was completed and 657 which were during the construction process. This represented an increase of six per cent from 2019-2020 which totalled 5,148 building disputes.

COMPLAINTS AND DIRECTIONS OVER THE PAST FIVE 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, although QBCC does not have the remit to be involved in a contractual dispute.

During 2020-2021, the QBCC received 657 EDR cases, with 647 finalised during the reporting period. The number of cases received and cases finalised is not equal as cases can be carried over from previous financial years. The number of cases received in 2020-2021 represents a 15 per cent increase compared to 2019-2020, when 571 cases were received. The increase in EDR cases is likely due to the increase in new construction and renovation works occurring across the state.

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 2020-2021, we opened 1,010 internal review cases and 995 internal review cases were closed during the reporting period. We also processed cases from previous financial years.

As a result of the internal reviews completed during 2020-2021:

- 558 (56 per cent) original decisions were upheld
- 111 (11 per cent) original decisions were overturned
- 98 (10 per cent) original decisions were varied
- 228 (23 per cent) matters were discontinued.

The QBCC's Internal Review Unit are 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 outcome to the original decision was reached.

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

The QBCC discontinued 228 matters because:

- 72 of those matters were outside jurisdiction, as the applications did not relate to a 'reviewable decision' or the applicant had also applied to QCAT for external review
- in relation to four of the original decisions purportedly under review, the decision had not yet been made
- applications concerning 70 decisions were withdrawn by the applicant
- one application was closed with no further action taken, because of mistakenly referred correspondence taken to be an application
- 81 applications were not accepted outside the legislated timeframe.

As at 30 June 2021, 64 cases remained open. On average, it took 26 days to process an internal review case in the reporting period.

CUSTOMER FEEDBACK POLICY

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

TABLE 23: CUSTOMER FEEDBACK STATISTICS COMPARED TO THE PREVIOUS YEAR

	2019-2020	2020-2021	Percentage change from the previous year
Suggestions	751	625	17% decrease
Compliments	98	130	33% increase
Service complaints	1,174	932	21% decrease

The decrease in feedback cases reflects a continued improvement in the way the QBCC captures cases that accurately reflect the definition of customer complaints. Prompt action was taken in relation to the majority of feedback received.

All service complaints were assessed and investigated in accordance with the Customer Feedback Policy, and steps were taken to improve communications and address the concerns where appropriate. Suggestions provided by our customers were also reviewed and actioned, where appropriate.

CONDUCT COMPLAINTS

Complaints about the conduct of QBCC staff are referred to the Integrity and Complaints Branch within the QBCC. In the 2020-2021 period, the Integrity and Complaints Branch received 69 referrals of complaints, of which 58 were deemed suitable for managerial action and 11 were referred for investigation. The Queensland Public Service Commission benchmark for completion of matters suitable for managerial action is set at 75 per cent of matters finalised within 51 days. Of the 58 matters, 85 per cent were finalised within the benchmark. The benchmark for matters requiring investigation is set at 139 days. Of the 11 matters referred for investigation, 91 per cent were completed under the benchmark. Three matters required disciplinary intervention.

IMPLEMENTING THE HUMAN RIGHTS ACT 2019 IN THE QBCC

The QBCC is committed to compliance with, and furthering the objects of, the *Human Rights Act 2019*. In 2020-2021, the QBCC continued to implement steps to identify and address the broader impacts the Human Rights Act 2019 may have on clients of the QBCC as a result of carrying out its regulatory functions.

In 2020, the QBCC appointed an audit officer to review, assess and make recommendations regarding the compatibility of all relevant policies and procedures with the *Human Rights Act 2019*. Substantial progress has been made in the review process, which is expected to be completed in 2021-2022.

The QBCC captures human rights complaints within its current complaints management system. One complaint was assessed as a potential human rights complaint. The outcome of the complaint assessment was that there had been no limit to the complainant's human rights and therefore no further action was taken.

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

The QBCC's people are our greatest asset. As is 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. These are:

- 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 our everyday decisions.

TABLE 24: OBJECTIVE 3 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS
Agency engagement score from the Working for Queensland survey	85%	86%	
Agency participation rate in the Working for Queensland survey	Over 90%	97%	
Percentage of staff turnover	Up to 15%	13.95%	Turnover includes temporary staff and is within the range of the broader sector.
Overall QBCC gender parity	50%/50%	44% (M) / 56% (F)	
Gender parity – Senior Leadership Team and Directors	50%/50%	47% (M) / 53% (F)	
Gender pay gap	10%	8.39%	
Lost time injury frequency rate	Less than 2%	0	
Average days lost due to absenteeism	10 days or less	9.4	

WORKFORCE PROFILE

As at 30 June 2021, the QBCC employed 523.29 (513.49 active)¹ full-time equivalent (FTE) staff across professional, technical and administrative roles against a target of 547 FTE, with 85.6%² per cent of our staff providing frontline services.

TABLE 25: WORKPLACE PROFILE

Equal Employment Opportunity (EEO) target groups	2018-2019	2019-2020	2020-2021
Women	272	299	297
Aboriginal and/or Torres Strait Islander	4	5	10
People with a disability	18	20	18
Non-English speaking background	59	59	71

¹ MOHRI FTE data for fortnight ending 25 June 2021

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

TABLE 26: WORKFORCE DIVERSITY AS AT 30 JUNE 2021
(BASED ON SUBSTANTIVE POSITION)

Level	Male	Female	Total	EEO target groups*
Administrative A01-A03	31	53	84	22
Administrative A04-A05	58	132	190	39
Middle management A06-A08	139	101	240	36
Executive management SO	9	5	14	1
Executive management SES	4	6	10	1
Percentage of total staff	45%	55%	100%	18.4%

*The numbers in this column represent the Aboriginal and/or Torres Strait Islander peoples, people with a disability and people from a non-English speaking background EEO target groups.

ATTRACTING AND RETAINING OUR WORKFORCE

In 2020-2021, the QBCC continued its commitment to attract and retain a skilled and capable workforce. We continued our Employee Value Proposition and introduced key supporting initiatives including:

- introducing a capability development program to support leaders in managing organisational change in the workplace
- changing the Human Resources Service delivery model to better support our leadership teams
- introducing a specific program of workplace training and support for Domestic and Family Violence
- introducing journey mapping and developing the employee experience for staff members
- providing staff various training and learning opportunities through an online platform
- recognising staff for exceptional behaviours demonstrated throughout the year at the QBCC's end-of-year 2020 celebration and awards ceremony
- offering staff up to five days of paid Cultural Leave, which is beyond what is currently offered across the Queensland Public Service (see Diversity and Inclusion section).

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

The QBCC's 2020-2021 permanent separation rate was 7.07 per cent.

KEEPING OUR STAFF SAFE AND HEALTHY

Health and safety are important at the QBCC. In 2020-2021, we took steps to ensure that:

- approximately 90 per cent of our workforce were able to work from home as part of the COVID-19 pandemic response and recovery. The Change4theBetter survey undertaken in April 2021 indicated that 96 per cent of our staff felt that we met, exceeded or far exceeded their support needs during this time
- staff were supported and trained to manage challenging interactions with our customers, de-escalate situations and build resilience
- Health and Safety representatives continued to support and fully represent work groups
- the Wellness Strategy developed in 2019 continues to be a foundation for improving the safety and wellness of our employees
- sufficient office space was available for staff as a result of our expanding responsibilities
- the Work Health and Safety Committee adequately trained all members

- Work Health and Safety issues were recorded, investigated and actioned appropriately
- Annual Safety Management Plan activities were carried out in full
- Toolbox Talks covering a variety of short safety topics were held
- risk management activities were implemented, including health and safety hazard inspections across all office locations
- sufficient first aid officers were available in all office locations
- each office location had adequately trained emergency control members
- staff had access to rehabilitation for work and non-work related injuries or illnesses
- staff had access to the Employee Assistance Program which provides confidential counselling and wellbeing support to all staff and their immediate family members
- flu vaccinations and hepatitis injections were made available to QBCC staff.

KEEPING OUR STAFF ENGAGED

The QBCC participated in the 2020 Working for Queensland survey which is used across Queensland public service agencies to measure employee perceptions of the workplace climate. The 2020 staff engagement results saw a positive increase, with 86 per cent of our staff reporting a positive or neutral rating compared to the 2019 result which was 82 per cent. Our 2020 staff participation rate was 97 per cent compared to 90 per cent completion in 2019. The survey yielded valuable information on what could be improved, and resulted in action plans across the organisation to continue to enhance the employee experience.

PROFESSIONAL DEVELOPMENT AND CAREER PATHS

The QBCC maintains a Performance Development Framework to guide the development of staff and ensure the achievement of organisational strategies, business plans and performance outcomes of work teams and individual staff members. Individual performance is reviewed regularly. Formal checkpoints are scheduled half-yearly when individual performance is recorded in Performance Development Plans. The QBCC's half-way checkpoint was at 94 per cent completion rate, which is above our target of 90 per cent.

The QBCC is committed to encouraging lifelong learning. This is demonstrated through our Study and Research Assistance Scheme (SARAS). It provides support for our staff seeking to gain qualifications to support their work and careers. Two staff members utilised Study Leave only, and eight staff members are being funded through their own business unit's budgets.

The QBCC Leadership Capability Framework helps define and guide leadership expectations and standards. This incorporates our Emerging Leaders Program that seeks to help individuals develop competencies required of a senior leader, and to enhance succession planning for future leaders. Five staff members attended the Emerging Leaders Program in 2020-2021.

The success of the program was demonstrated recently with the internal promotion on merit of one of the program participants. The QBCC will continue with the program in 2022-2023 with the program accepting new nominations.

The QBCC's Talent Management Framework supports the development of all staff across the organisation. In 2020-2021, the QBCC's Learning and Development team developed, organised and delivered 200 courses (eLearning, workshops and webinars). Mandatory training is represented as a median completion rate across the financial year and the KPI is set at 80%.

The completion rate was impacted by the introduction of new Mandatory training modules introduced during the reporting period and the commencement of new staff members. A proactive approach is taken to ensuring leaders are aware of the mandatory training completion rates of their team members. This achieved an 86 per cent attendance rate, and 71 per cent completion rate for mandatory e-learning modules.

The completion rate was impacted by the introduction of new training modules introduced during the reporting period and the commencement of new staff members. Staff satisfaction for the 2020-2021 year was 95 per cent across the 200 courses delivered.

DIVERSITY AND INCLUSION

The QBCC is committed to promoting an inclusive work culture and environment for our staff and the people we come into contact with on a daily basis. Led by our REDI (Respect, Equity, Diversity and Inclusion) Squad and Reconciliation Action Working Group, the QBCC has acknowledged and/or celebrated a number of events including:

- NAIDOC Week, National Reconciliation Week, National Sorry Day, National Apology Day, National Close the Gap Day and Mabo Day by reflecting, acknowledging and celebrating the history, culture and achievements of Aboriginal and Torres Strait Islander peoples
- International Day Against Homophobia, Transphobia and Biphobia and Intersex Awareness Day
- International Women's Day and International Men's Day
- Harmony Week
- ANZAC Day and Remembrance Day, with content distributed to staff to reflect and remember as well as the Last Post sounded in our offices.

Throughout this past financial year, the QBCC continued to champion a number of initiatives supporting diversity and inclusion across our business. The QBCC's new People Strategy 2021-2022 has a focus on creating, developing and sustaining a personalised employee experience for QBCC staff, built on a shared sense of culture, purpose and inclusivity.

As part of this work, the REDI Squad has begun a process of engaging with employees and seeking external advice to better understand the challenges and opportunities that different diversity cohorts experience across the organisation.

The QBCC has partnered with the QUT Business School to seek research and best practice advice from up and coming Human Resource professionals.

This work is anticipated to continue into the new financial year with recommendations resulting in real change across the organisation.

The QBCC has successfully delivered its inaugural Reflect Reconciliation Action Plan (RAP) and will move to the next stage of the Reconciliation Action Plan-Innovate. Initiatives delivered under this Reflect Reconciliation Action Plan include:

- a self-assessment and Q&A survey to capture data and measure our staff's current knowledge and understanding of Aboriginal and Torres Strait Islander cultures, histories and achievements
- an approval to roll-out the SBS Cultural Competence Program (3 Modules)
- developing and implementing a communications plan to raise awareness amongst all QBCC staff about our RAP commitments
- developing a communications plan to raise awareness both internally and externally, including publishing social media updates
- updating the QBCC's internal policy to enable Aboriginal and Torres Strait Islander employees to take up to five days of paid Cultural Leave
- publishing various cultural documents including the RAP Terms of Reference, Acknowledgement of Country Options, Welcome and Acknowledgement of Country Procedure, Cultural Language Guideline and QBCC Cultural Protocol
- promoting the Acknowledgement of Country and the significance of our Aboriginal and Torres Strait Islander history and cultures in publications, on our external website and internal channels.

Through this and future Reconciliation Action Plans, we aim to deepen our understanding, respect and support for Aboriginal and Torres Strait Islander peoples in our communities.

EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

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

INDUSTRIAL AND EMPLOYEE RELATIONS

The QBCC has an ongoing positive relationship with the Together Union. Agency Consultative Committee meetings are held every six weeks and are attended by Together Union and the QBCC's management representatives. We work collaboratively with the Union to ensure an effective public sector, delivering quality services to Queenslanders. We also ensured Human Resources policies reflected current industrial instruments and consistency with the *Industrial Relations Act 2016*.

OBJECTIVE 4: BE EFFICIENT AND FINANCIALLY SUSTAINABLE

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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. 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 27: OBJECTIVE 4 PERFORMANCE MEASURES

	TARGET	ACTUAL	COMMENTS
Financial management – Achieve budget +/- 5%	See Financial Performance section in the Annual Report on page 39.		
Divisions to identify annual budget efficiency savings of 5%	See Financial Performance section in the Annual Report on page 39.		
IT services – post release satisfaction	80%	99%	
IT services - Help desk satisfaction	85%	94.8%	

INSIGHTS-DRIVEN REGULATOR

The QBCC remains committed to delivering on the Insights-Driven Regulator (IDR) program to ensure the QBCC becomes a more efficient and effective risk-based regulator, with a corresponding uplift in staff capability. The proposed five-year delivery timeline for the IDR project anticipated full implementation of the IDR program in 2023.

The QBCC has developed data architecture and visualisation tools that enable early warning and detection capability of:

- early detection of insolvency / licensee risk model
- defective work disputes to claims
- licensee risk model
- compliance intelligence dashboard.

Further development of dashboards and the integration of insights into the business is now a focus.

RISK AND ISSUE MANAGEMENT

The QBCC is moving towards its vision of becoming an insights-driven, risk-based regulator and is in the process of more effectively utilising data, trends and analytics to inform our regulatory activities.

The QBCC continues to follow a strategic risk approach that focuses on managing and mitigating regulatory risk (industry non-compliance and insurance fund management issues) and corporate risk (human resources, systems and data, governance, reputation and financial management, and sustainability issues).

The Risk and Governance Committee continued to provide the Executive Team with a valuable forum to undertake collaborative quarterly risk assessment and risk-based decision making. Following a resolution by the QBC Board, the Board Finance, Audit and Risk Committee was split to create two Board committees – Finance and Audit Committee and the Risk Committee. Quarterly risk assessment reporting through the Executive Team Risk and Governance Committee to the Board Risk Committee and the QBC Board continued in the 2020-2021 reporting period.

In 2020-2021, the QBCC implemented an integrated electronic Risk Management Tool which supports clear accountability and oversight of risk, control and treatment actions ownership. The QBCC reviewed the strategic risks as part of the strategic planning process. This process supported the QBCC to identify emerging risks, manage risks against organisational objectives and realise opportunities which would enhance service delivery.

The QBCC continued to strengthen its commitment to the prevention of fraud and corruption through fraud awareness training and the continuation of fraud and corruption risk assessments and reporting. Educational activities included providing materials and support to managers to ensure their teams continued to thrive while working remotely during the COVID-19 pandemic. An online reporting tool, iDeclare, was launched to enable employees to make necessary declarations of Conflict of Interest, Secondary Employment, and Gifts and Benefits.

Please see section Acting ethically and responsibility – integrity matters and declarations for more about iDeclare.

INTERNAL AND EXTERNAL AUDITS

Over the 2020-2021 reporting period, the QBCC's internal auditors, O'Connor Marsden & Associates (OCM), undertook internal audits in the areas of IT planning, Governance and Assurance, COVID-19 Response, Information Management, and Risk Maturity Assessment.

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

PRUDENT INVESTMENT MANAGEMENT

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

The QBCC's Investment Policy was reviewed and approved in November 2020. As a minimum, the policy is reviewed annually. Our investment powers are governed by the *Statutory Bodies Financial Arrangements Act 1982*.

RIGHT TO INFORMATION AND INFORMATION PRIVACY

The QBCC is committed to compliance with the objects of the *Right to Information Act 2009* (RTI Act) and the *Information Privacy Act 2009* (IP Act). To do this, the QBCC has a stand-alone permanent unit of officers, including independent decision makers.

In 2020-2021, we finalised 250 applications under the RTI and IP Acts with 141,279 pages and 264 audios assessed. Of the documents assessed, 123,092 pages were released in full and 6,954 were partially released. There were 194 audios released in full and 31 partially released to QBCC applicants. There was one IP Amendment application finalised.

The QBCC Administrative Access Policy (AA) 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 164 AA requests in 2020-2021, releasing 3,917 pages and two audios 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 in the reporting period.

OPEN DATA

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

The information published relates to:

- consultancies
- Queensland Language Service Policy.

An overseas travel expenditure for the 2020-2021 reporting period was not required due to overseas travel not being undertaken by any officers of the QBCC.

RECORDS MANAGEMENT

The QBCC captured approximately 2.6 million records in 2020-2021, 69 per cent through automation. During the reporting period, the QBCC also upgraded its records management platform, Enterprise Content Management, to better enable access in a more dispersed working environment brought about by the COVID-19 pandemic.

Additionally, the QBCC records management framework was updated to give staff additional guidance on appropriate digital recordkeeping while working from home, as well as the drafting and testing of several records-related procedures.

The QBCC has initiated work on improvements to its retention schedule for core business records resulting from the implementation of new regulatory provisions as part of the BIFOLA change framework, including project trust accounts and safer buildings. To this end, the QBCC is working to automate, enhance and ensure compliance with regards to these new legislative requirements.

CORPORATE GOVERNANCE

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

ROLE AND RESPONSIBILITIES OF THE BOARD

As at 30 June 2021, there were 10 independent, non-executive members on the Board. Board members are appointed by the Governor in Council under the QBCC Act for a three-year term.

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

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

BOARD MEETINGS

Ordinary meetings of the Board are scheduled monthly. Recognising the need to be flexible and adapt to changing environments and circumstances, the Board can consider routine matters out of session by flying minute or by way of an extraordinary Board meeting where the matter is complex or requires fulsome discussion.

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

COMMITTEE MEETINGS

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

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

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

FINANCE AND AUDIT COMMITTEE

In 2021, the previous Finance, Audit and Risk Committee had its functions separated to allow for a better governance arrangement, resulting in a separate committee for the Finance and Audit functions, and a new Risk Committee.

The Finance and Audit Committee provides independent comment, advice and counsel to the Board on the suitability of the QBCC's accountability and control framework, including audit and audit-related findings, and financial planning and reporting, and associated policies.

The Committee comprised Lesley Anderson (Committee Chair), Michelle James, Brett Schimming and R. L. Williams.

The Committee's core duties are to:

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

In 2020-2021, the Committee met five[#] times and conducted the following activities:

- reviewed and monitored the QBCC's internal and external audit activities
- reviewed and monitored the monthly financial results and variations in the budget
- ensured the financial report is completed within legislated timeframes
- reviewed and monitored the preparation of the 2020-2021 annual budget.

RISK COMMITTEE

The Risk Committee oversees and advises the Board on the QBCC's responsibilities regarding oversight of the QBCC's structures, systems and processes to manage risk and compliance with legislative, regulatory and other obligations.

The Committee comprised Debra Johnson (Committee Chair), R. L. Williams, Michelle James and Cath Brokenborough.

The Committee's core responsibilities are to:

- ensure that the QBCC has appropriate risk management frameworks, systems and monitoring mechanisms in place
- ensure that the QBCC has appropriate compliance management frameworks, systems and monitoring mechanisms in place to ensure that the QBCC complies with its legislative, regulatory and internal policy requirements
- review the QBCC's risk profile and risk appetite in light of the QBCC's strategic direction
- liaise with other Board Committees regarding the monitoring of risks that fall within their charters
- assist and contribute to the QBCC's internal and external audit planning processes relating to risk
- review the QBCC's insurance on an annual basis.

TABLE 28: BOARD MEMBER ATTENDANCE AND REMUNERATION 2020-2021

QUEENSLAND BUILDING AND CONSTRUCTION BOARD					
Act or instrument	<i>Queensland Building and Construction Commission Act 1991</i>				
Functions	Governing body of the Queensland Building and Construction Commission				
Achievements	<ul style="list-style-type: none"> • Endorsed and supported internal redesign efforts to achieve meaningful improvements in service delivery and culture, including the functional realignment of the QBCC • Provided oversight of the performance and operations of the QBCC. 				
Financial reporting	Transactions of the entity are accounted for in the financial statements.				
REMUNERATION					
POSITION	NAME	MEETINGS/ SESSIONS ATTENDANCE	APPROVED ANNUAL, SESSIONAL OR DAILY FEE ²	APPROVED SUB- COMMITTEE FEES IF APPLICABLE	ACTUAL FEES RECEIVED ³
Chair	R. L. Williams	32	\$50,000	N/A	\$55,000
Deputy Chair	Michelle James	20	\$25,000	N/A	\$27,000
Member	Lesley Anderson	22	\$25,000	N/A	\$27,000
Member	Andrew Hickman	13	\$25,000	N/A	\$27,000
Member	Jade Ingham	14	\$25,000	N/A	\$27,000
Member	Brett Schimming	24	\$25,000	N/A	\$27,000
Member	Robert Schwarten	17	\$25,000	N/A	\$27,000
Member	Debra Johnson	18	\$25,000	N/A	\$27,000
Member	Cath Brokenborough	19	\$25,000	N/A	\$27,000
Member	Meg Frisby	15	\$25,000	N/A	\$27,000
No. scheduled meetings/sessions	R. L. Williams – 33 Michelle James – 23 Lesley Anderson – 22 Andrew Hickman – 17 Jade Ingham – 17		Brett Schimming – 27 Robert Schwarten – 17 Debra Johnson – 18 Cath Brokenborough – 23 Meg Frisby – 17		
Total out of pocket expenses	\$15,518. Other operational costs totalled \$288,829 ⁴ .				

² Approved fees do not include superannuation amounts.³ Actual fees include superannuation amounts.⁴ In 2020-2021, the QBC Board used consultants for advice on multiple matters. This was also the first full financial year with 10 members and related fees.

REGULATORY AND RESOLUTION COMMITTEE

The Regulatory and Resolution Committee supports the Board by overseeing and advising on the QBCC's licensing regulatory framework and systems.

The Committee comprised Michelle James (Committee Chair), Meg Frisby, Andrew Hickman, Debra Johnson, Robert Schwarten and R. L. Williams.

The Committee was responsible for providing support to the Board by overseeing and providing advice on issues relating to:

- ensuring that the licensing 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.

PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee ensures that the QBCC establishes appropriate people and culture strategies and policies consistent with business requirements.

The Committee also embeds a culture of accountability, participation, customers and community, creativity, delivering value and safety.

The Committee comprised Cath Brokenborough (Committee Chair), Jade Ingham, Brett Schimming and R. L. Williams.

The Committee is charged with advisory and decision-making functions, and duties in the following areas:

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

INSURANCE COMMITTEE

The Insurance Committee provides advice to the Board on the performance and issues relating to the Home Warranty Scheme.

The Committee comprised Brett Schimming (Committee Chair), Lesley Anderson, Cath Brokenborough and R. L. Williams.

The Committee's duties and responsibilities include:

- monitoring and reporting to the Board on the performance of the Scheme

- reviewing the Scheme in the context of the economic and environmental climate conditions
- ensuring substantial compliance with APRA standards in accordance with the QBCC's Risk Management Framework
- ensuring that the QBCC is effective in responding to insolvency events in the domestic building sector
- monitoring the QBCC's claims administration to ensure that efficient results are being achieved
- monitoring underwriting principles to make sure the scheme achieves sound results
- collaborating with reinsurers in the performance of the Scheme and monitoring reinsurance agreements
- monitoring and reporting to the Board with regards to the actuarial assessment of the Scheme on any action required to ensure that the Scheme remains viable and effective.

STAKEHOLDER ADVISORY COMMITTEE

The Stakeholder Advisory Committee was established to enhance the operational efficiency of the QBCC by obtaining stakeholder feedback and making recommendations to the Board, allowing feedback to be addressed in a timely and appropriate manner.

The Committee comprised Robert Schwarten (Committee Chair), Meg Frisby, Debra Johnson, R. L. Williams and key external stakeholders.

The Committee fulfils the following functions:

- providing a forum where views about the conduct of operational matters can be aired, examined, debated and recommendations developed
- encouraging stakeholder feedback, whether negative or positive, to allow for a timely organisational response that respects confidentiality and addresses the issue to the satisfaction of the Committee
- identifying and developing a clear channel of communication that offers committee members the opportunity to bring forward issues to relevant officers of the QBCC in-between meeting dates
- welcoming new ideas and initiatives that will enhance the operational efficiency of the QBCC and strengthen the service delivery of the organisation.

Many of the members of the Committee already have regular dialogue with the QBCC as part of their industry liaison or sit on the Ministerial Construction Council. Consequently, given there were no new agenda items referred that were not being dealt with already, and as a result of the COVID-19 pandemic, it was not necessary to convene this Committee.

Notes for this section on Committees:

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

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. 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 to effectively and efficiently perform the Commissioner's functions under Part 2, Divisions 1 to 7 of the PD Act
- e) establishing other panels to assist the Council to effectively and efficiently perform its functions
- f) reviewing decisions of the Commissioner made under Section 51 of the 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 2020-2021, in accordance with its functions under the PD Act, the Council:

- was re-established in June 2020 and welcomed its new members to the first meeting on 23 July 2020
- replaced the former Complex Licensing Panel with the Service Trades Licensing Advisory Panel to better align the panel to its purpose and function
- prepared an educational video in response to concerns about passive fire defects
- progressed hot water heater educational videos
- endorsed changes to the technical qualifications for the restricted water plumber – electrical licence
- provided feedback on proposed legislation changes
- facilitated consultation to industry on matters affecting the treatment of on-site sewerage
- delivered educative forums both in-person and online.

TABLE 29: SERVICE TRADES COUNCIL MEMBER ATTENDANCE AND REMUNERATION 2020-2021

SERVICE TRADES COUNCIL					
Act or instrument	<i>Plumbing and Drainage Act 2018</i>				
Functions	Advisory body				
Achievements	<ul style="list-style-type: none"> Acting as the internal review mechanism for licensees who have received disciplinary action under the <i>Plumbing and Drainage Act 2018</i> Reporting to the Minister for 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. 				
Financial reporting	Transactions of the entity are accounted for in the Financial Statements.				
REMUNERATION					
Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub- committee fees if applicable	Actual fees received [^]
Chair	Penny Cornah	6	\$390	N/A	\$0
Deputy Chair	Janet Cumming	6	N/A	N/A	\$0
Member	Glen Chatterton	6	\$300	N/A	\$1,314
Member	Michelle Kennedy	5	N/A	N/A	\$0
Member	Greg Moore	6	N/A	N/A	\$0
Member	Anne Neuendorf	4	N/A	N/A	\$0
Member	Gary O'Halloran	4	\$300	N/A	\$0
Member	Adrian Shackleton	5	\$300	N/A	\$1,317
Member	Sharon Simmers	5	N/A	N/A	\$0
Member	Geoff Woodall	4	N/A	N/A	\$0
Member	Assistant Commissioner, Service Trades and Regulatory, QBCC	6	N/A	N/A	\$0
No. scheduled meetings/sessions	6				
Total out of pocket expenses	\$0. Other operational costs totalled \$7,382.				

[^]Actual fees include superannuation amounts.

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 2020-2021 to discuss and approve a range of strategic and operational matters with the purpose of achieving the objectives set out in our strategic and operational plans.

ACTING ETHICALLY AND RESPONSIBLY

PUBLIC SECTOR ETHICS ACT 1994 AND THE CODE OF CONDUCT

The QBCC follows the principles and values of the *Public Sector Ethics Act 1994* as well as our corporate behaviours. Board members, associated advisory committees and QBCC staff are expected to maintain the highest ethical standards in discharging their responsibilities and duties.

All existing employees and new starters are required to complete mandatory training across key integrity e-learning modules in:

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

INTEGRITY MATTERS AND DECLARATIONS

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

Each quarter, we publish on our website a reportable gifts and benefits register arising from declarations made by our employees. In July 2020, the QBCC launched a new reporting tool called iDeclare that allows staff to easily make their conflict of interests, secondary employment and reportable gifts and benefit declarations. Roadshows were conducted in July and August 2020 to promote the use of the tool to staff.

The CIPP details staff obligations to declare perceived or actual conflicts of interest and information about where and when they can occur. The Commissioner is responsible for managing the CIPP.

CORRUPT CONDUCT AND PUBLIC INTEREST DISCLOSURES

The QBCC maintains a policy that establishes procedures for the effective reporting of corrupt conduct and the effective administration of public interest disclosures. Of the 69 conduct cases received, suspected corrupt conduct was identified in eight cases and seven have been subsequently closed.

These eight cases were referred to the Crime and Corruption Commission for their independent assessment.

There were five cases that involved an employee making a public interest disclosure.

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

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

EXTERNAL SCRUTINY

In 2020, the Queensland Audit Office (QAO) issued a performance audit report assessing how the QBCC effectively regulates the building and construction industry by issuing and managing licences in a fair and balanced way (Report 16: Licensing builders and building trades). The report contained 11 recommendations 'to help the QBCC become a stronger and more effective regulator'. The QBCC has implemented the majority of recommendations in the report within the required timeframes.

Some recommendations require significant business change and will take longer to implement. Their delivery has been incorporated into the QBCC's broader transformation agenda.

The Transport and Resources Committee report, 'Examination of Auditor-General Report 16 2019-20 - Licensing Builders and Building Trades' (tabled on 28 July, 2021) concluded that the Committee was satisfied that the QBCC is taking appropriate action to address the Auditor-General's recommendations.

Following the QAO's recent introduction of a new online self-assessment system, all agencies were requested to use the system to self-assess progress on implementing relevant audit recommendations in reports issued between 2015 and 2018. The QBCC undertook a self-assessment on recommendations contained in the Fraud Risk Management Report 6: 2017-18 (Fraud Risk Report). The QBCC reported that all recommendations have been implemented resulting in increased maturity in fraud risk management systems in recent years.

FINANCIAL PERFORMANCE

The following pages provide details around the QBCC's financial performance in 2020-2021.

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SUMMARY OF FINANCIAL PERFORMANCE

The QBCC returned a surplus of \$61.16 million in 2020-2021 and has a strong net asset position of \$195.243 million.

Total income was \$303.31 million, 54.5 per cent higher than 2019-2020. Income was predominately higher due to the performance of the investment markets with a return of over 18 per cent, a difference of \$37.74 million. The increased activity in the housing sector has resulted in increased income from license renewals and applications, as well as insurance premiums.

Total expenditure was \$242.15 million, 24.5 per cent higher than 2019-2020. This increase is primarily due to the increase in the number of insurance policies issued, creating an increase in expenditure for reinsurance and provisions for future claims under the Queensland Home Warranty Scheme.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
FOR THE YEAR ENDED 30 JUNE 2021
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QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

OPERATING RESULT	Notes	2021 Actual \$'000	2021 Original Budget \$'000	Budget Variance* \$'000	2020 Actual \$'000
INCOME					
Licence revenue	B1-1	45 040	40 280	4 760	37 121
Premium revenue	B1-2	107 309	80 500	26 808	76 109
Insurance administration fees revenue	B1-3	43 377	29 727	13 650	28 077
Reinsurance and other recoveries revenue	B1-4	50 258	63 396	(13 138)	41 654
Investment revenue	B1-5	35 934	7 885	28 049	(1 808)
Other revenue	B1-6	21 364	20 262	1 101	15 093
Total revenue		303 282	242 050	61 231	196 246
Gains on disposals/revaluation of assets		33	2	30	38
TOTAL INCOME		303 315	242 052	61 261	196 284
EXPENSES					
Outward reinsurance	B2-1	71 908	47 660	24 249	48 361
Claims approved and charged	B2-2	45 816	50 908	(5 092)	10 998
Employee expenses	B2-4	64 191	66 957	(2 766)	64 133
Supplies and services	B2-5	28 111	42 339	(14 228)	28 019
Depreciation and amortisation	B2-6	6 877	6 262	615	6 801
Impairment losses on financial assets	B2-7 & C2-1	23 536	41 489	(17 953)	34 707
Finance/borrowing costs	B2-8	373	396	(24)	421
Other expenses	B2-9	1 343	641	702	1 031
Total expenses		242 155	256 652	(14 497)	194 472
OPERATING RESULT		61 160	(14 600)	75 760	1 812
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		61 160	(14 600)	75 760	1 812

*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
FOR THE YEAR ENDED 30 JUNE 2021

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	Notes	2021 Actual \$'000	2020 Actual \$'000
CURRENT ASSETS			
Cash and cash equivalents	C1	17 239	26 669
Receivables	C2	19 776	17 147
Reinsurance receivables	C3	22 974	21 976
Other financial assets	D1-2	376 045	277 448
Other current assets	C4	28 607	19 970
TOTAL CURRENT ASSETS		464 641	363 210
NON-CURRENT ASSETS			
Reinsurance receivables	C3	72 009	66 906
Intangible assets	C5	1 747	4 122
Property, plant and equipment	C6	3 830	3 500
Right-of-use assets	C13	19 382	23 092
TOTAL NON-CURRENT ASSETS		96 968	97 621
TOTAL ASSETS		561 609	460 830
CURRENT LIABILITIES			
Payables	C7	38 118	29 488
Lease liabilities	C13	3 555	3 477
Accrued employee benefits	C8	8 383	6 891
Provisions	C9	-	160
Unearned income liability	C10	51 786	37 490
Future claims and associated costs	C11	54 936	51 557
TOTAL CURRENT LIABILITIES		156 778	129 062
NON-CURRENT LIABILITIES			
Accrued employee benefits	C8	8 969	8 008
Lease liabilities	C13	17 822	21 354
Provisions	C9	947	644
Future claims and associated costs	C11	181 850	167 679
TOTAL NON-CURRENT LIABILITIES		209 588	197 685
TOTAL LIABILITIES		366 366	326 747
NET ASSETS		195 243	134 083
EQUITY			
Contributed equity		395	395
Accumulated surplus		194 848	133 688
TOTAL EQUITY		195 243	134 083

The accompanying notes form part of these statements.

The QBCC was not required to include a budgeted Statement of Financial Position in the original published Service Delivery Statement tabled in Parliament for the 2020-21 financial year

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity \$'000	Accumulated Surplus \$'000	Total Equity \$'000
BALANCE AS AT 1 JULY 2019	395	131 876	132 271
Total comprehensive income for the year	-	1 812	1 812
BALANCE AT 30 JUNE 2020	395	133 688	134 083
Total comprehensive income for the year	-	61 160	61 160
BALANCE AT 30 JUNE 2021	395	194 848	195 243

The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

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		2021 Actual \$'000	2020 Actual \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
INFLOWS			
Received from licence fees		44 920	36 928
Received from insurance administration fees		43 384	28 070
Received from interest		288	310
GST input tax credits from ATO		7 983	6 503
GST collected from customers		13 833	9 177
Received from other revenue		20 498	15 282
		130 906	96 271
OUTFLOWS			
Payments to employees		(57 145)	(54 737)
Payments to suppliers		(33 566)	(35 907)
Finance/borrowing costs		(373)	(421)
GST paid to suppliers		(7 998)	(6 632)
GST remitted to ATO		(13 557)	(9 042)
		(112 639)	(106 739)
		18 267	(10 469)
INSURANCE			
Received from premiums		124 760	77 810
Payments to reinsurers		(79 169)	(48 618)
Claims paid		(26 241)	(32 081)
Received from reinsurers and other recoveries		20 446	19 460
		39 796	16 571
Net cash provided by operating activities	CF-1	58 063	6 101
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant, equipment and intangibles		(1 060)	(1 258)
Investment in other financial assets		(69 000)	-
Payments for investments		-	-
Investments redeemed		6 049	13 971
Net cash used in investing activities		(64 011)	12 713
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	C13	(3 482)	(3 422)
Net cash used in financing activities		(3 482)	(3 422)
Net increase/(decrease) in cash and cash equivalents		(9 430)	15 392
Cash and cash equivalents - opening balance		26 669	11 278
Cash and cash equivalents - closing balance	C1	17 239	26 669

The accompanying notes form part of these statements.

The QBCC was not required to include a budgeted Statement of Cashflows in the original published Service Delivery Statement tabled in Parliament for the 2020-21 financial year

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE STATEMENT OF CASH FLOW

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

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	2021 \$'000	2020 \$'000
Operating surplus/(deficit)	61 160	1 812
<i>Non-Cash items included in operating result</i>		
Depreciation and amortisation expense	6 877	6 801
Net (gains)/losses on disposal of property, plant and equipment	(33)	(38)
Movement in impairment losses	465	(48 200)
Changes in net market value of investments	(35 646)	2 118
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(9 195)	57 860
(Increase)/decrease in other current assets	136	(772)
(Increase)/decrease in prepayments - outward reinsurance	(8 773)	(1 007)
Increase/(decrease) in payables	8 630	2 057
Increase/(decrease) in accrued employee benefits	2 452	3 085
Increase/(decrease) in provisions	143	(50)
Increase/(decrease) in unearned income liability	14 296	(1 308)
Increase/(decrease) in future claims	17 551	(16 256)
Net Cash Provided by Operating Activities	58 063	6 101

CF-2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2020-21	<i>Non-cash changes</i>			<i>Cash flows</i>		Closing balance \$'000
	Opening balance \$'000	New leases acquired \$'000	Other \$'000	Cash received \$'000	Cash repayments \$'000	
Lease liabilities	24 831	-	28	-	(3 482)	21 377
Total	24 831	-	28	-	(3 482)	21 377

2019-20	<i>Non-cash changes</i>			<i>Cash flows</i>		Closing balance \$'000
	Opening balance \$'000	New leases acquired \$'000	Other \$'000	Cash received \$'000	Cash repayments \$'000	
Lease liabilities	26 994	-	1 258	-	(3 422)	24 831
Total	26 994	-	1 258	-	(3 422)	24 831

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 2021

SECTION 1 – HOW WE OPERATE - OUR OBJECTIVES AND ACTIVITIES

47 **A1. BASIS OF FINANCIAL STATEMENT PREPARATION**

GENERAL INFORMATION

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

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

THE REPORTING ENTITY

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

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

The QBCEO is also a statutory body established under the QBCC Act, and is controlled by the QBCC. The QBCEO, through its employees, provides the skilled labour required to deliver the services provided by the QBCC.

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

BASIS OF CONSOLIDATION

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

A1. BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

STATEMENT OF COMPLIANCE

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The QBCC has prepared these financial statements in compliance with section 39 of the Financial and Performance Management Standard 2019.

The QBCC is a not-for-profit entity and these are general purpose financial statements prepared on an accrual basis (except for the Consolidated Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning 1 July 2020, and other authoritative pronouncements.

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

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 2019-20 financial statements. There has been no material restatement of prior period amounts.

CURRENT/NON-CURRENT CLASSIFICATION

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

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

A2. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE QBCC

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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 self-funded 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 2021

A3. INSURANCE CONTRACTS RISK MANAGEMENT (continued)

Risk is managed through several mechanisms.

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REINSURANCE

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

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

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

RISK MITIGATION

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

UNDERWRITING - RISK ACCEPTANCE

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

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

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

RISK PRICING

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

WARRANTY TERMS OF COVER

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

A3. INSURANCE CONTRACTS RISK MANAGEMENT (continued)

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CLAIMS MANAGEMENT

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

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

INVESTMENT MANAGEMENT

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

REGULATORY RISK

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

CLAIMS DEVELOPMENT

The Scheme 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 2021

SECTION 2 NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1. REVENUE

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	Notes	2021 \$'000	2020 \$'000
B1-1 LICENCE REVENUE			
Renewal fees		39 514	32 334
Application fees		5 526	4 787
		45 040	37 121

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	137 669	91 155
Movement in unearned premiums		(30 360)	(15 046)
		107 309	76 109

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

B1-3. INSURANCE ADMINISTRATION FEES REVENUE

Administration fees received from policyholders		8	6
Exchange commission fees received from reinsurers		43 369	28 071
		43 377	28 077

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

B1. REVENUE (continued)

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	Notes	2021 \$'000	2020 \$'000
B1-4 REINSURANCE AND OTHER RECOVERIES REVENUE			
Reinsurers' share of claims approved		16 393	15 484
Reinsurers' share of future claims movement		6 101	(11 794)
Reinsurers' share of claims management fee		900	1 063
Recovery revenue		26 864	36 901
		50 258	41 654

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

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

B1-5 INVESTMENT REVENUE

Interest		287	309
Distributions		26 034	5 427
Changes in fair value of investments		9 613	(7 544)
		35 934	(1 808)

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		12 788	7 605
Notifiable works		3 202	2 992
Infringements and court fines awarded		2 383	1 798
Pool safety certificate fees		1 655	1 516
Owner-builder fees		971	827
Adjudication application fees		117	162
Certificate fees		114	89
Search fees		100	73
Other		34	31
		21 364	15 093

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 2021

B2. EXPENSES

	Notes	2021 \$'000	2020 \$'000
B2-1 OUTWARD REINSURANCE			
Reinsurers' share of premium		68 836	45 572
Reinsurers' share of recovery		3 072	2 789
		71 908	48 361

Accounting Policy - Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium is treated as a prepayment and presented as other current asset expense on the Statement of Financial Position at the reporting date. Refer to Note C4.

B2-2 CLAIMS APPROVED AND CHARGED

Claims approved		31 511	29 428
Movement in provision for future claims processing cost	C11	1 284	2 499
Movement in provision for future claims	C11	16 267	(18 755)
Movement in unexpired risk	C10	(3 246)	(2 174)
		45 816	10 998

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

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

B2-3 PROFIT/(LOSS) ON UNDERWRITING

Premiums received	B1-2	137 669	91 155
Less: Outward reinsurance premium expense	B2-1	(68 836)	(45 572)
QBCC's share of premiums		68 833	45 584
Less: Unearned premiums at the end of year	C10	(23 640)	(14 872)
Total premiums received and earned during the year		45 193	30 711
Add: Unearned premiums at the beginning of the year	C10	14 872	13 862
Less: Exchange commission		(21 685)	(14 035)
Earned premiums		38 380	30 537
Claims approved and charged	B2-2	45 816	10 998
Less: Reinsurance and other recoveries		(23 984)	(4 844)
Net claims		21 832	6 154
Profit/(Loss) on underwriting		16 548	24 383

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

B2. EXPENSES (continued)

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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 - 30/06/21	50.0%	50.0%

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

B2. EXPENSES (continued)

	Notes	2021 \$'000	2020 \$'000
B2-4 EMPLOYEE EXPENSE			
EMPLOYEE BENEFITS			
Wages and salaries		47 551	47 601
Employer superannuation contributions		6 202	5 886
Annual leave expense		5 082	4 685
Long service leave expense		1 530	1 872
Termination benefits		-	181
Less: capitalised cost		-	(253)
EMPLOYEE-RELATED EXPENSES			
Workers' compensation premium		313	333
Payroll tax		2 836	2 736
Fringe benefits tax		140	178
Training		203	530
Recruitment		203	212
Other employee related expenses		131	175
		64 191	64 133
Full-Time Equivalent Employees		523	529

Accounting Policy - Employee Expense

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

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

Accounting Policy - Wages and Salaries

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

Accounting Policy - Annual Leave and Long Service Leave

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

Accounting Policy - Sick Leave

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

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

B2. EXPENSES (continued)

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	Notes	2021 \$'000	2020 \$'000
B2-5 SUPPLIES AND SERVICES			
Consultants and contractors		9 670	10 002
Information system maintenance, equipment and furniture		5 982	5 941
Legal cost		4 146	3 623
Communications and marketing		2 965	3 587
Bank fees and charges		1 745	1 416
Property lease expenses		1 414	1 129
Property maintenance		1 592	1 474
Motor vehicles operating cost		174	232
Printing and stationery		296	381
Travel		127	234
		28 111	28 019

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-13 for breakdown of lease expenses and other lease disclosures.

B2-6 DEPRECIATION AND AMORTISATION

Depreciation - property plant and equipment	C6	727	630
Depreciation - right-of-use assets	C13	3 738	3 815
Amortisation - intangibles	C5	2 412	2 356
		6 877	6 801

B2-7 IMPAIRMENT LOSSES

Sundry receivables		23 536	34 707
		23 536	34 707

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 2021

B2. EXPENSES (continued)

	Notes	2021 \$'000	2020 \$'000
B2-8 FINANCE/BORROWING COSTS			
Interest on lease liabilities		373	421
		373	421

Accounting Policy - Finance costs are recognised as an expense in the period in which they are incurred. Refer to Note C13 for further detail on lease expenses.

B2-9 OTHER EXPENSES

Internal audit ⁽¹⁾		210	163
External audit fees ⁽²⁾		104	107
Board members' fees and costs ⁽³⁾		601	342
Insurance Premiums ⁽⁴⁾		399	363
Special payments ⁽⁵⁾			
Ex-gratia payments		29	57
		1 343	1 031

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 2020-21 financial statements are estimated to be \$96,000 (2020: \$106,800). There are no non-audit services included in this amount.
- (3) The amount disclosed includes the costs for the Board members fees, travel, industry events, meeting costs and professional development.
- (4) The QBCC's non-current physical assets and other risks are insured through private insurance companies with premiums paid on a risk assessment basis.
- (5) Special payments represent ex gratia expenditure and other expenditure that the QBCC is not contractually or legally obliged to make to other parties. The QBCC made two special payments during 2020-21 above \$5,000 (2020: two). These were payments due to Home Warranty Insurance claim disputes.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

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C1. CASH AND CASH EQUIVALENTS

	Notes	2021 \$'000	2020 \$'000
Cash		1 938	990
Deposits at call		15 301	25 679
		17 239	26 669

The QBCC Act requires the cash and cash equivalents of the General Statutory Fund and Insurance Fund to remain separate. The cash and cash equivalent balance of the funds held by the QBCC as at 30 June 2021 are:

General Statutory Fund

Cash	1 037	311
Deposits at call	6 082	5 008
	7 119	5 319

Insurance Fund

Cash	901	678
Deposits at call	9 219	20 672
	10 120	21 350

Total	17 239	26 669
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Accounting Policy - Cash and Cash Equivalents

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

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

C2. RECEIVABLES

	Notes	2021 \$'000	2020 \$'000
Sundry debtors		72 688	69 594
Less: Loss allowance		(52 912)	(52 447)
		19 776	17 147

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Accounting Policy - Receivables

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

C2-1. IMPAIRMENT OF RECEIVABLES

Accounting Policy - Impairment of Receivables

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

Impairment loss expense for the current year regarding the QBCC's receivables is disclosed in Note B2-7.

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 2021. 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C2. RECEIVABLES (continued)**C2-1. IMPAIRMENT OF RECEIVABLES (continued)**

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

General Fund Group - infringements and magistrates orders sundry debtors

Ageing	2021			2020		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
1 to 30 days overdue	156	82%	123	177	81%	143
31 to 60 days overdue	159	78%	123	143	79%	113
61 to 90 days overdue	204	81%	164	18	98%	18
> 90 days overdue	8 056	84%	6 806	7 574	84%	6 352
Total	8 575		7 216	7 912		6 626

General Fund Group - other sundry debtors

Ageing	2021			2020		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
1 to 30 days overdue	1,786	0%	2	1,750	0%	0
31 to 60 days overdue	1,113	0%	0	796	0%	1
61 to 90 days overdue	397	99%	395	244	99%	242
> 90 days overdue	1 929	95%	1 828	1 979	93%	1 845
Total	5 225		2 225	4 768		2 088

Insurance Fund Group

Ageing	2021			2020		
	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross receivables \$'000	Loss rate %	Expected credit losses \$'000
1 to 30 days overdue	6,082	22%	1 339	7,495	22%	1 645
31 to 60 days overdue	1,536	59%	901	2,274	87%	1 982
61 to 90 days overdue	1,833	73%	1 334	4,158	46%	1 905
> 90 days overdue	49 437	81%	39 898	42 986	89%	38 201
Total	58 888		43 472	56 914		43 733

Movements in loss allowance for sundry debtors

	2021 \$'000	2020 \$'000
Loss allowance as at 1 July	52 447	100 647
Increase/(decrease) in allowance recognised in operating result	23 536	34 707
Amounts written-off during the year	(23 071)	(82 907)
Loss allowance as at 30 June	52 912	52 447

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C3. REINSURANCE RECEIVABLES

	2021 \$'000	2020 \$'000
Current		
Reinsurers' share of future claims provision	22 974	21 976
	22 974	21 976
Non-Current		
Reinsurers' share of future claims provision	72 009	66 906
	72 009	66 906
Represented by		
Expected future recoveries	97 207	90 140
Less discount to present value	(19 193)	(17 179)
	78 014	72 961
Risk margin	16 969	15 921
	94 983	88 882
Reconciliation of movement during the year		
Balance at 1 July	88 882	100 676
Provisions made	28 429	21 705
Payments made	(17 535)	(16 947)
Effects of changes in assumptions to prior year provisions	(4 793)	(16 552)
Balance at 30 June	94 983	88 882

Accounting Policy - Reinsurance Receivables

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

Disclosure - Credit Risk Exposure

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

Category

Financial assets

Reinsurance receivables	94 983	88 882
Total	94 983	88 882

No collateral is held as security by the QBCC.

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

C4. OTHER CURRENT ASSETS

Prepayments	2 946	3 082
Prepayments - outward reinsurance on unearned premium liability	25 617	16 844
Other - refundable bond	44	44
	28 607	19 970

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C5. INTANGIBLES

C5-1. ACCOUNTING POLICIES

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RECOGNITION AND MEASUREMENT OF INTANGIBLES

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

It has been determined that there is not an active market for any of the QBCC's intangible assets.

As such, the assets are recognised and carried at a cost less accumulated amortisation and accumulated impairment losses.

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

AMORTISATION EXPENSE

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

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

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

The following amortisation rates are used:

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

IMPAIRMENT OF INTANGIBLE ASSETS

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

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

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C5. INTANGIBLES (continued)

C5-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

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	2021 \$'000	2020 \$'000
Software purchased : At cost		
Gross	548	548
Less: Accumulated amortisation	(548)	(548)
	-	-
Software internally generated : At cost		
Gross	19 639	19 639
Less: Accumulated amortisation	(17 929)	(15 517)
	1 710	4 122
Software work in progress : At cost		
Gross	37	-
	37	-
Total	1 747	4 122

	Software internally generated \$'000	Software Work in Progress \$'000	Total \$'000
2020-21			
Carrying amount at 1 July 2020	4 122	-	4 122
Acquisitions	-	37	37
Transfer from WIP	-	-	-
Amortisation	(2 412)	-	(2 412)
Carrying amount at 30 June 2021	1 710	37	1747
2019-20			
Carrying amount at 1 July 2019	5 349	642	5 991
Acquisitions	-	487	487
Transfer from WIP	1129	(1129)	-
Amortisation	(2 356)	-	(2 356)
Carrying amount at 30 June 2020	4 122	-	4 122

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C6. PROPERTY, PLANT AND EQUIPMENT

C6-1 ACCOUNTING POLICIES

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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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C6. PROPERTY, PLANT AND EQUIPMENT (continued)

C6-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Notes	2021 \$'000	2020 \$'000
Plant & equipment			
Gross		3 048	3 115
Less: Accumulated depreciation		(1 253)	(1 001)
		1 795	2 114
Leasehold improvements			
Gross		10 006	9 068
Less: Accumulated depreciation		(7 971)	(7 682)
		2 035	1 386
Total		3 830	3 500

PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

	Leasehold improvements \$'000	Plant & equipment \$'000	Total \$'000
2020-21			
Carrying amount at 1 July 2020	1 386	2 114	3 500
Acquisitions	938	161	1 099
Disposals	-	(43)	(43)
Depreciation expense	(289)	(437)	(726)
Carrying amount at 30 June 2021	2 035	1 795	3 830
2019-20			
Carrying amount at 1 July 2019	1 566	1 753	3 319
Acquisitions	41	1 067	1 108
Disposals	(22)	(275)	(297)
Depreciation expense	(199)	(430)	(630)
Carrying amount at 30 June 2020	1 386	2 114	3 500

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C7. PAYABLES

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	Notes	2021 \$'000	2020 \$'000
Sundry creditors		10 253	7 490
Accruals		1 827	2 464
Claims approved but not yet paid		17 284	12 073
Reinsurers' share of recoveries provision		8 363	7 382
		37 727	29 409
GST payable		1 216	940
GST receivable		(825)	(861)
		391	79
Total		38 118	29 488

ACCOUNTING POLICY - PAYABLES

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

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

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

CLAIMS

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

C8. ACCRUED EMPLOYEE BENEFITS

CURRENT

Wages and salaries outstanding	627	433
Annual leave provision	6 821	5 683
Long service leave provision	854	687
Time off in lieu provision	81	88
	8 383	6 891
Non-Current		
Long service leave provision	8 969	8 008
	8 969	8 008

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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C8. ACCRUED EMPLOYEE BENEFITS (continued)

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

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

The long service leave provision also takes into account employees' prior service in other state, local or federal government entities.

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

C9. PROVISIONS

	Notes	2021 \$'000	2020 \$'000
Current			
Leasehold restoration		-	160
		-	160
Non-Current			
Leasehold restoration		947	644
		947	644

ACCOUNTING POLICY - PROVISIONS

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

PROVISION FOR LEASEHOLD RESTORATION

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C10. UNEARNED INCOME LIABILITY

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	Notes	2021 \$'000	2020 \$'000
Current			
Unearned premium liability			
QBCC's share		23 640	14 872
Unexpired risk liability		2 528	5 774
Reinsurers' share		25 618	16 844
		51 786	37 490

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 2021 identified a deficiency for the insurance scheme.

For the purpose of the liability adequacy test, the premium liability provision required is \$26.17 million (2020 \$20.65 million), including a risk margin of \$3.647 million (2020 \$2.953 million). The unearned premium liability in the account totalled \$23.64 million (2020 \$14.872 million) and the deficiency of \$2.528 million (2020 \$5.773 million) has been recorded as an unexpired risk liability.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C11. FUTURE CLAIMS AND ASSOCIATED COSTS

	Notes	2021 \$'000	2020 \$'000
Current		54 936	51 557
Non-current		181 850	167 679
		236 786	219 236
Represented by			
Expected future claims payments		242 810	222 731
Claims handling provision		46 148	41 985
		288 958	264 716
Less discount to present value		(85 571)	(76 399)
		203 387	188 317
Risk margin		33 399	30 918
Liability for outstanding claims		236 786	219 236
Reconciliation of movement during the year			
GROSS LIABILITY			
Balance at 1 July		219 236	235 492
Provisions made		71 744	56 371
Payments made		(48 967)	(47 583)
Effects of changes in assumptions to prior year provisions		(5 227)	(25 045)
Balance at 30 June		236 786	219 236

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 2021.

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

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

Refer to Note D1 for more details.

C11. FUTURE CLAIMS AND ASSOCIATED COSTS (continued)

Claims Development

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

Underwriting year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Estimate of ultimate claims cost:													
At end of underwriting year					16,506,499	29,640,378	27,003,441	28,189,318	24,612,480	21,680,438	31,713,675		
One year later				15,107,838	18,961,852	25,817,769	27,838,578	26,177,202	17,628,599	17,137,832			
Two years later					11,357,807	13,842,436	20,025,080	27,289,236	25,389,310	21,019,056	16,495,690		
Three years later						14,011,560	10,555,862	13,464,079	19,386,944	24,183,647	23,388,914	21,122,412	
Four years later							12,005,540	12,565,405	9,770,627	13,648,380	17,234,916	22,315,526	22,709,988
Five years later								10,225,203	11,904,706	10,425,045	12,008,208	16,377,701	23,273,356
Six years later									10,113,384	11,830,714	9,163,340	11,801,909	16,021,245
Seven years later										10,182,276	10,597,756	8,686,681	12,439,504
Eight years later											9,210,594	10,449,324	8,951,033
Nine years later												9,040,874	10,329,340
Ten years later													9,350,678
Current estimate of cumulative claims cost	9,350,678	10,329,340	8,951,033	12,439,504	16,021,245	23,273,356	22,709,988	21,122,412	16,495,690	17,137,832	31,713,675	189,544,753	
Cumulative payments	9,173,462	9,872,885	8,312,493	10,858,291	12,999,146	15,809,658	13,938,391	10,750,483	5,735,877	2,046,008	815,927	100,312,620	
Undiscounted outstanding claims	177,216	456,455	638,540	1,581,213	3,022,099	7,463,698	8,771,598	10,371,930	10,759,813	15,091,824	30,897,748	89,232,133	
Undiscounted outstanding claims for prior underwriting years												229,490	
Claims handling expenses												54,382,437	
Event Claims (large claims)												6,421,751	
Non-reinsurance recoveries												5,344,375	
Central estimate of outstanding claims												155,610,187	
Discount												(4,068,625)	
Discounted central estimate												151,541,561	
Risk margin												16,430,120	
Net insurance liability												167,971,681	
Premium Liability												(26,168,167)	
Outstanding Claims Liability												141,803,514	

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C11. FUTURE CLAIMS AND ASSOCIATED COSTS (continued)

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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 2021.

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

The Scheme Actuary incorporated a prudential margin loading of 16.2% 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 2021	Risk Margin 2020
Defects	16.2%	16.7%
Non-Completion	17.1%	17.7%
Subsidence	16.3%	16.8%
Professional Fees	16.9%	17.3%
Total	16.2%	16.7%

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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C11. FUTURE CLAIMS AND ASSOCIATED COSTS (continued)

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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:

	2021	2020
Inflation rate	2.50%	2.00%
Discount rate (first year)	0.00%	0.10%

The weighted average time until liabilities are expected to be approved is estimated to be 3.2 years.

SENSITIVITY TESTING

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

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

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

JUNE 2021	Gross Outstanding Claims Provision \$m		Net Outstanding Claims Provision \$m	
	236.787		141.804	
Change to Valuation	Change in Gross Provision \$m	Difference	Change in Net Provision \$m	Difference
2% Super-Imposed Inflation for Defects	3.300	1.4%	1.950	1.4%
QBCC are advised of a defect "event" which will result in a \$10 million claim costs	11.77	5.0%	4.039	2.8%
1% increase in inflation rate	8.327	3.5%	4.887	3.4%
1% decrease in inflation rate	(7.993)	(3.4%)	(4.691)	(3.3%)
1% increase in discount rates	(7.267)	(3.1%)	(4.451)	(3.1%)
1% decrease in discount rates	7.722	3.3%	4.735	3.3%
Risk Margin increased to 22.5%	11.000	4.6%	5.395	3.8%
Cessation of non-RI Recoveries (recoveries and costs)	3.901	1.6%	(4.372)	(3.1%)
Claims Handling Expense rate of 30%	11.578	4.9%	11.578	8.2%
Claims Handling Expense rate of 15%	(13.233)	(5.6%)	(13.233)	(9.3%)
Adopted claims frequencies increase 10%	20.944	8.8%	12.025	8.5%
Adopted average claims sizes increase 10%	20.944	8.8%	12.025	8.5%

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C11. FUTURE CLAIMS AND ASSOCIATED COSTS (continued)

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

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JUNE 2020	Gross Outstanding Claims Provision \$m		Net Outstanding Claims Provision \$m	
	219.236		130.353	
Change to Valuation	Change in Gross Provision \$m	Difference	Change in Net Provision \$m	Difference
2% Super-Imposed Inflation for Defects	3.140	1.4%	1.845	1.4%
QBCC are advised of a defect "event" which will result in a \$10 million claim costs	12.178	5.6%	4.502	3.5%
1% increase in inflation rate	7.315	3.3%	4.266	3.3%
1% decrease in inflation rate	(7.025)	(3.2%)	(4.096)	(3.1%)
1% increase in discount rates	(6.647)	(3.0%)	(4.090)	(3.1%)
1% decrease in discount rates	7.060	3.2%	4.353	3.3%
Risk Margin increased to 22.5%	9.310	4.2%	4.494	3.4%
Cessation of non-RI Recoveries (recoveries and costs)	3.615	1.6%	(4.271)	(3.3%)
Claims Handling Expense rate of 30%	8.943	4.1%	8.943	6.9%
Claims Handling Expense rate of 20%	(5.962)	(2.7%)	(5.962)	(4.6%)
Adopted claims frequencies increase 10%	18.708	8.5%	9.031	6.9%
Adopted average claims sizes increase 10%	18.708	8.5%	9.031	6.9%

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
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C12. NET CLAIMS INCURRED

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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.

	2020-21			2019-20		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses - undiscounted	77 559	(11 265)	66 294	65 962	(48 159)	17 803
Reinsurance and other recoveries - undiscounted	(27 763)	(15 773)	(43 536)	(22 857)	12 802	(10 055)
Net claims incurred - undiscounted	49 796	(27 038)	22 758	43 105	(35 357)	7 748
Discount and discount movement - gross claims incurred	(2 476)	(418)	(2 894)	(1 263)	6 418	5 155
Discount and discount movement - reinsurance and other recoveries	881	10 081	10 962	434	4 073	4 507
Net discount movement	(1 594)	9 663	8 068	(829)	10 491	9 662
Total discounted net incurred claims	48 201	(17 375)	30 826	42 276	(24 866)	17 410

	2021 \$'000	2020 \$'000
Other recoveries undiscounted		
Claims recoverable from licensees	26 854	36 893
Allowance for impaired receivables	(22 292)	(32 950)
	4 562	3 943
Reinsurers' portion	(3 072)	(2 789)
Total undiscounted recoveries	1 490	1 154
Total discounted net incurred claims	23 322	7 309
Add: other recoveries undiscounted	(1 500)	(1 162)
Underwriting claims	21 823	6 146

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
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C13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

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	Buildings \$'000	Total \$'000
2020-21		
Opening balance at 1 July	23 092	23 092
Acquisitions	-	-
Disposals / derecognition	-	-
Depreciation expense	(3 738)	(3 738)
Other adjustments	28	28
Closing balance at 30 June	19 382	19 382

	Buildings \$'000	Total \$'000
2019-20		
Opening balance at 1 July	25 652	25 652
Acquisitions	-	-
Disposals / derecognition	(21)	(21)
Depreciation expense	(3 815)	(3 815)
Other adjustments	1 276	1 276
Closing balance at 30 June	23 092	23 092

LEASE LIABILITIES

	2021 \$'000	2020 \$'000
Current		
Lease liabilities	3 555	3 477
Non-current		
Lease liabilities	17 822	21 354
Total lease liabilities	21 377	24 831

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C13. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

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.

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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

C13. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

DISCLOSURES - LEASES

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(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 has two office accommodations under this framework and the expenses are included in Note B2-5.

(iii) Amounts recognised in profit or loss

	2021 \$'000	2020 \$'000
Depreciation expense for right of use assets	3 738	3 815
Interest expense on lease liabilities	373	421
Breakdown of 'Property lease expenses' included in Note B2-5.		
- Expenses relating to office accommodation provided by DEPW	1 291	1 095
- Expenses relating to short-term leases	123	34
(iv) Total cash outflow for leases	3 482	3 422

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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SECTION 4 NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

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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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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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 2021. There have been no transfers between Level 1 and Level 2 during the current financial period.

As at 30 June 2021

	Classification according to fair value hierarchy			Total Carrying Amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 \$'000
Financial Assets				
Investments with QTC	-	15 301	-	15 301
Investments with QIC	-	376 045	-	376 045
Total	-	391 346	-	391 346

As at 30 June 2020

	Classification according to fair value hierarchy			Total Carrying Amount
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 \$'000
Financial Assets				
Investments with QTC	-	25 679	-	25 679
Investments with QIC	-	277 448	-	277 448
Total	-	303 127	-	303 127

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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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	2021 \$'000	2020 \$'000
Financial assets			
Cash and cash equivalents	C1	17 239	26 669
Receivables	C2	19 776	17 147
Investments	D1-2	376 045	277 448
Total		413 060	321 263
Financial liabilities			
Payables	C7	38 118	29 488
Lease Liabilities	C13	21 377	24 831
Total		59 495	54 319

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 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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D2. FINANCIAL RISK DISCLOSURES (continued)

D2-2. FINANCIAL RISK MANAGEMENT (continued)

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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.

	2021 Payable in		Total \$'000
	<1 year \$'000	>1 years \$'000	
Financial liabilities			
Payables	38 118	-	38 118
Lease Liabilities	3 555	17 822	21 378
Total	41 673	17 822	59 495

	2020 Payable in		Total \$'000
	<1 year \$'000	>1 years \$'000	
Financial liabilities			
Payables	29 488	-	29 488
Lease Liabilities	3 477	21 354	24 831
Total	32 965	21 354	54 319

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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D3. CONTINGENT LIABILITIES

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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

The QBCC Commissioner and QBCEO Executive Officer will be leaving the organisation effective from 3rd September 2021. An interim CEO and Commissioner has been appointed while the role is being recruited. The cessation of employment and any associated termination benefit will be in line with the terms of the contract.

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 17 has issued a new standard which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. AASB 17 requires all insurance contracts to be accounted for in a consistent manner and measures insurance contracts either under the general model or a simplified version of this called the 'premium allocation approach'.

During 2020, the AASB issued amendments to AASB 17 to address concerns and implementation challenges that were identified after AASB 17 was published. The amendments defer the date of initial application of AASB 17 to annual reporting periods beginning on or after 1 January 2023. Though, the AASB has temporarily excluded not-for-profit public sector entities from the scope of AASB 17 to allow for specific consideration surrounding applicability and suitability of this new standard. As such, 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.

The COVID-19 pandemic has had widespread economic impacts. Although these impacts continue to evolve, 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 \$61,160,000 (2020: \$1,812,000)
- Net current asset position of \$195,243,000 (2020: \$134,147,000)
- Net cash provided from operating activities of \$58,063,000 (2020: \$6,101,000)

As a result of the above, management conclude that QBCC's financial position is stable, and it 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.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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SECTION 5 NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1. BUDGETARY REPORTING DISCLOSURES

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This section contains explanations of major variances between the QBCC's actual 2020-21 financial results and the original budget presented to Parliament.

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

Licence revenue	The increase in licence revenue is due to the three year licence renewal cycle and activity in the industry.
Premium and Insurance administration fees revenue	The increase in premium and insurance administration fees revenue is due to an increased number of insurance policies issued in 2020-21 as a result of stimulus packages and grants.
Reinsurance and other recoveries revenue	The decrease in reinsurance and other recoveries revenue is due to a decrease in claims approved during the financial year which has led to a decrease in claims recoveries from responsible contractors and the reinsurers share of claims approved.
Investment revenue	The increase in investment revenue is due to the investment performance of a positive return of 18.3% in the QIC long term diversified fund.
Outward reinsurance	The increase in outward reinsurance is due to the higher reinsurer share of premium revenue resulting from the increased number of insurance policies issued in 2020-21 as a result of stimulus packages and grants.
Claims approved and charged	The decrease in claims approved and charged is due to a decrease in the claims approved offset by an increase in the provision for future claims as a result of an actuarial assessment at end of the financial year.
Supplies and services	The decrease in supplies and services is due to timing of implementation of the Queensland Building Plan reforms and internal projects.
Impairment losses on financial assets	The decrease in impairment losses on financial assets is due to a lower number of claim recovery debts written off as a result of lower claim recovery debts in the year.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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SECTION 6 OTHER INFORMATION

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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 2020-21 and 2019-20. Further information on these positions can be found in the body of the Annual Report under the section relating to Our Executive Team.

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

Position	Position Responsibility
Commissioner	Strategically lead and manage the QBCC to deliver its services to the building and construction industry and its consumers. The position is also the Executive Officer of the Queensland Building and Construction Employing Office.
Assistant Commissioner (Service Trades & Regulatory)*	Strategically leads 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 leads and support the technical workforce and focus on the role of technical standards and building products in the regulation of the building and construction industry
Chief Legal Officer *	Strategically leads the legal division. This role also provides legal support to the Board.
Chief Human Resources Officer *	Strategically leads the human resources, payroll, integrity, internal review, workplace health and safety and right to information functions of the QBCC.
Chief Information Officer *	Strategically leads the information services, customer communications and facilities.
Chief Strategy & Transformation Officer *	Strategically leads and manages the transformation, strategy and industry insights divisions.
Chief Financial Officer *	Strategically leads and manages the Commission's finance, insurance and procurement functions.
Adjudication Registrar *	Strategically leads and manages the registry and the administration of the registry. The position is appointed under the <i>Building Industry Fairness (Security of Payment) Act 2017</i> .

* Indicates employees of the QBCEO

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

KMP Remuneration Policies

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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 2020-21, which are published as part of Queensland Treasury's Report on State Finances.

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

87 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 2020 - 30 June 2021	Short Term		Long Term	Post-Employment	Termination Benefits	Total Expenses
Position (date resigned if applicable)	Monetary \$'000	Non-Monetary \$'000	\$'000	\$'000	\$'000	\$'000
Commissioner	399	-	9	49	-	457
Assistant Commissioner (Service Trades & Regulatory)	207	-	1	23	-	231
Assistant Commissioner (Technical) (until 20/05/2021)	252	-	1	30	14	297
Chief Legal Officer	201	-	8	22	-	231
Chief Human Resources Officer	184	-	6	19	-	209
Chief Information Officer ¹	39	-	2	3	-	44
Chief Strategy & Transformation Officer	208	-	-	22	-	229
Chief Financial Officer (from 10/05/2021) ²	39	-	-	4	-	43
Interim Chief Financial Officer (until 06/01/2021)	145	-	3	16	-	164
Adjudication Registrar	194	-	4	20	-	218
Total Remuneration	1,868	-	34	208	14	2,124

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

¹ Position was vacant from 25/07/2020 until 23/05/2021.

² Position was vacant from 07/01/2021 until 09/05/2021.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration Expenses (continued)

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1 July 2019 - 30 June 2020 Position (date resigned if applicable)	Short Term		Long Term	Post- Employment	Termination Benefits	Total Expenses
	Monetary \$'000	Non-Monetary \$'000	\$'000	\$'000	\$'000	\$'000
Commissioner	356	-	7	48	-	411
Deputy Commissioner ¹	246	-	-	26	181	454
Assistant Commissioner (Service Trades & Regulatory) ²	187	-	-	17	-	204
Assistant Commissioner (Technical) (from 19/08/2019)	234	-	1	33	-	267
Chief Legal Officer ³	104	-	23	11	-	138
Chief Human Resources Officer	196	35	4	21	-	256
Chief Information Officer	191	9	3	20	-	223
Chief Strategy & Transformation Officer ⁴	109	-	-	10	37	156
Chief Financial Officer (on leave from 13/01/2020)	161	-	5	17	-	183
Interim Chief Financial Officer (from 06/01/2020)	116	-	-	9	-	125
Adjudication Registrar	173	-	4	19	-	196
Total Remuneration	2,075	44	46	231	218	2,614

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

¹ Position abolished from 13/05/2020

² Position was vacant from 31/08/2019 until 15/10/2019

³ Position was vacant from 16/10/2019 until 29/03/2020

⁴ Position was vacant from 26/09/2019 until 08/04/2020

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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F2. BOARD DISCLOSURES

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

Current Board

Member	Date of appointment	Date ceased from position
R. L. Williams (Chair)	1/12/2019	-
Michelle James (Deputy Chair)	1/12/2019	-
Lesley Anderson	1/12/2019	-
Brett Schimming	1/12/2019	-
Robert Schwarten	1/12/2019	-
Andrew Hickman	1/12/2019	-
Jade Ingham	1/12/2019	-
Debra Johnson	1/12/2019	-
Cath Brokenborough	1/12/2019	-
Meg Frisby	1/12/2019	-

Board Member Remuneration

	2021 \$'000	2020 \$'000
R. L. Williams (Chair)	55	55
Jennifer Robertson (Deputy Chair) - ceased 30/11/19	-	12
Michelle James (Deputy Chair)	27	27
Lesley Anderson	27	27
Brett Schimming	27	27
Robert Schwarten	27	27
Andrew Hickman	27	27
Jade Ingham	27	27
Debra Johnson	27	16
Cath Brokenborough	27	16
Meg Frisby	27	16
Yvonne Pengilly - ceased 24/7/19	-	2
	298	279

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

F3. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to the QBCC

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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 and ongoing Queensland Building Plan reforms \$4,682,000; and funding for the Building Industry Fairness reforms \$8,106,000 (2020 \$3,892,000). In 2019-20, the QBCC also received funding for the insights Driven Regulator program (\$2,975,000) and one-off employee payments (\$738,000). This is reflected in Note B1-6.

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 2021

F4. SEGMENT INFORMATION

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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.

2020-21	General Statutory Fund \$'000	Insurance Fund \$'000	Total \$'000
Income			
Licence revenue	45 040	-	45 040
Premium revenue	-	107 309	107 309
Insurance administration fees revenue	-	43 377	43 377
Reinsurance and other recoveries revenue	-	50 258	50 258
Investment revenue	242	35 693	35 935
Other revenue	21 264	99	21 364
Gains on disposals/ revaluation of assets	33	-	33
Total Income	66 579	236 736	303 315
Expenses			
Outward reinsurance	-	71 908	71 908
Claims approved and charged	-	45 816	45 816
Employee expenses	62 711	1 480	64 191
Supplies and services	23 147	4 964	28 111
Depreciation and amortisation	6 085	792	6 877
Impairment losses	904	22 631	23 536
Finance/borrowing costs	373	-	373
Other expenses	1 343	-	1 343
Total Expenses	94 563	147 592	242 155
Interfund Transfer	25 496	(25 496)	-
Operating Result	(2 488)	63 648	61 160

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

F4. SEGMENT INFORMATION (continued)

2019-20	General Statutory Fund \$'000	Insurance Fund \$'000	Total \$'000
Income			
Licence revenue	37 120	-	37 120
Premium revenue	-	76 109	76 109
Reinsurance and other recoveries revenue	-	41 654	41 654
Insurance administration fees revenue	-	28 077	28 077
Investment revenue	483	(2 291)	(1 808)
Other revenue	15 003	89	15 093
Gains on disposals/ revaluation of assets	38	-	38
Total Income	52 644	143 638	196 283
Expenses			
Outward reinsurance	-	48 361	48 361
Claims approved and charged	-	10 998	10 998
Employee expenses	62 769	1 365	64 133
Supplies and services	23 274	4 745	28 019
Depreciation and amortisation	6 009	792	6 801
Impairment losses	1 398	33 308	34 705
Finance/borrowing costs	421	-	421
Other expenses	1 020	11	1 031
Total Expenses	94 891	99 580	194 470
Interfund Transfer	26 218	(26 218)	-
Operating Result	(16 029)	17 841	1 812

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

F4. SEGMENT INFORMATION (continued)

93

30 JUNE 2021	General Statutory Fund \$'000	Insurance Fund \$'000	Total \$'000
Consolidated Entity			
Current Assets			
Cash and cash equivalents	7 119	10 120	17 239
Receivables	4 359	15 417	19 776
Reinsurance receivables	-	22 974	22 974
Other financial assets	20 418	355 627	376 045
Other current assets	6 976	21 631	28 607
Total Current Assets	38 872	425 769	464 641
Non-Current Assets			
Reinsurance receivables	-	72 009	72 009
Intangible assets	1 401	346	1 747
Property, plant and equipment	3 831	-	3 831
Right-of-use assets	19 382	-	19 382
Total Non-Current Assets	24 613	72 355	96 968
Total Assets	63 485	498 124	561 609
Current Liabilities			
Payables	4 798	33 321	38 118
Lease liabilities	3 555	-	3 555
Accrued employee benefits	8 175	207	8 382
Unearned income liability	-	51 786	51 786
Future claims and associated costs	-	54 936	54 936
Total Current Liabilities	16 528	140 250	156 778
Non-Current Liabilities			
Accrued employee benefits	8 639	330	8 969
Lease liabilities	17 822	-	17 822
Provisions	947	-	947
Future claims and associated costs	-	181 850	181 850
Total Non-Current Liabilities	27 408	182 180	209 588
Total Liabilities	43 936	322 430	366 366
Net Assets	19 549	175 694	195 243
Equity			
Contributed equity	395	-	395
Accumulated surplus	19 154	175 694	194 848
Total Equity	19 549	175 694	195 243

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

F4. SEGMENT INFORMATION (continued)

30 JUNE 2020	General Statutory Fund \$'000	Insurance Fund \$'000	Total \$'000
Consolidated Entity			
Current Assets			
Cash and cash equivalents	5 319	21 350	26 669
Receivables	3 965	13 182	17 147
Reinsurance receivables	-	21 976	21 976
Other financial assets	20 307	257 141	277 448
Other current assets	7 341	12 629	19 970
Total Current Assets	36 932	326 278	363 210
Non-Current Assets			
Reinsurance receivables	-	66 906	66 906
Intangible assets	3 021	1 101	4 122
Property, plant and equipment	3 500	-	3 500
Right-of-use assets	23 092	-	23 092
Total Non-Current Assets	29 613	68 007	97 621
Total Assets	66 545	394 285	460 830
Current Liabilities			
Payables	4 385	25 103	29 488
Lease liabilities	3 477	-	3 477
Accrued employee benefits	6 742	150	6 891
Provisions	160	-	160
Unearned income liability	-	37 490	37 490
Future claims and associated costs	-	51 557	51 557
Total Current Liabilities	14 763	114 299	129 062
Non-Current Liabilities			
Accrued employee benefits	7 747	261	8 008
Lease liabilities	21 354	-	21 354
Provisions	644	-	644
Future claims and associated costs	-	167 679	167 679
Total Non-Current Liabilities	29 745	167 940	197 685
Total Liabilities	44 508	282 240	326 747
Net Assets	22 037	112 046	134 083
Equity			
Contributed equity	395	-	395
Accumulated surplus	21 642	112 046	133 688
Total Equity	22 037	112 046	134 083

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

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

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STATEMENT OF COMPREHENSIVE INCOME	Consolidated QBCC \$'000	QBCC \$'000	QBCEO \$'000
EXPENSES FROM CONTINUING OPERATIONS			
Employee expenses	64 191	1 801	62 390
Other expenses	1 343	1 335	8
TOTAL EXPENSES FROM CONTINUING OPERATIONS	65 534	3 136	62 398

The difference of \$62.390 million between the consolidated financial statements and the QBCC represents the employee expenses of all employees of the QBCC except the Commissioner. The Commissioner is the only employee not employed by the QBCEO.

The \$0.008 million difference on other expenses represents audit fees for the QBCEO Financial Statements.

STATEMENT OF FINANCIAL POSITION	Consolidated QBCC \$'000	QBCC \$'000	QBCEO \$'000
CURRENT ASSETS			
Receivables - other	19 776	19 758	19
TOTAL CURRENT ASSETS	19 776	19 758	19
CURRENT LIABILITIES			
Payables	38 118	37 809	310
Employee benefits	8 383	112	8 271
TOTAL CURRENT LIABILITIES	46 501	37 920	8 581
NON-CURRENT LIABILITIES			
Employee benefits	8 969	-	8 969
TOTAL NON-CURRENT LIABILITIES	8 969	-	8 969

The difference of \$0.019 million between the receivables on the consolidated financial statements and the QBCC represents a receivable from another Queensland Government entity for a seconded employee.

The difference of \$0.310 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
- \$0.058 million provision for Fringe Benefits Tax payable for employees of the QBCEO
- \$0.244 million provision for Payroll Tax payable for employees of the QBCEO.

The difference of \$8,271 million between the current accrued employee benefits on the consolidated financial statements and the QBCC represents:

- \$6.808 million annual leave provision for employees of the QBCEO
- \$0.763 million long service leave current provision for employees of the QBCEO
- \$0.613 million 3 days wages payable for employees of the QBCEO
- \$0.081 million time off in lieu provision for employees of the QBCEO
- \$0.006 million parental leave payable due but not yet paid for employees of the QBCEO

The difference of \$8.969 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 2021

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

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STATEMENT OF CASH FLOWS

	Notes	Consolidated QBCC \$'000	QBCC \$'000	QBCEO \$'000
OUTFLOWS				
Payments to employees		(57 145)	(488)	(56 657)
Payments to suppliers		(33 566)	(30 305)	(3 261)
		(90 712)	(30 794)	(59 918)

NOTES TO RECONCILIATIONS

The difference of \$56.657 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 2020-21. The \$3.261 million difference in payments to suppliers is made up of payments of other employee related costs incurred by the QBCEO during the year such as payroll tax, workcover and fringe benefits tax.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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

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Accounting standards applied for the first time

The QBCC applied AASB 1059 Service Concession Arrangements: Grantors for the first time in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities. The QBCC does not currently have any arrangements that would fall within the scope of AASB 1059.

No other accounting standards or interpretations that apply to the QBCC for the first time in 2020-21 have any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

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's Climate Transition Strategy.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
MANAGEMENT CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2021

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 period ending 30 June 2021 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.

R.L. Williams

R. L. Williams
Chair of the Board

Brisbane
26 August 2021

Brett Bassett

Brett Bassett
Commissioner

Brisbane
26 August 2021

INDEPENDENT AUDITOR'S REPORT

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

99

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 the group's financial position as at 30 June 2021, and its 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 2021, 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 summaries of significant accounting policies and other explanatory 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 Standard 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 expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies 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 express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

101

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- 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.



Paul Christensen
as delegate of the Auditor-General

31 August 2021

Queensland Audit Office
Brisbane

GLOSSARY

AA	Administrative Access
AASB	Australian Accounting Standards Board
ALP	Australian Labor Party
APRA	Australian Prudential Regulatory Authority
ARRs	Annual Report Requirements for Queensland Government agencies
ATO	Australian Taxation Office
BERT	Building Employees Redundancy Trust
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	Building Industry Fairness (Security Of Payment) Regulation 2019
Board	Queensland Building and Construction Board
CCC	Crime and Corruption Commission
CPD	Continuing Professional Development
CCPD	Compulsory Continuing Professional Development
CIPP	Conflict of Interest Policy and Procedure
DEPW	Department of Energy and Public Works
EDR	Early Dispute Resolution
EEO	Equal Employment Opportunity
FAA	<i>Financial Accountability Act 2009</i>
FBT	Fringe Benefits Tax
FPMS	Financial and Performance Management Standard 2019
FTE	Full-time equivalent
GST	Goods and Services Tax
HIA	Housing Industry Association
IDR	Insights-Driven Regulator
IP Act	<i>Information Privacy Act 2009</i>
KMP	Key Management Personnel
MCC	Ministerial Construction Council
MFR	Minimum Financial Requirements
NAWIC	National Association of Women in Construction
NCBP	Non-Conforming Building Products
PD Act	<i>Plumbing and Drainage Act 2018</i>
PSI	Pool Safety Inspector
QAO	Queensland Audit Office

GLOSSARY CONTINUED

QBCC	Queensland Building and Construction Commission
QBCC Act	<i>Queensland Building and Construction Commission Act 1991</i>
QBCEO	Queensland Building and Construction Employing Office
QCAT	Queensland Civil and Administrative Tribunal
QIC	Queensland Investment Corporation
QTC	Queensland Treasury Corporation
RAP	Reconciliation Action Plan
REDI	Respect, Equity, Diversity, Inclusion
REMS	Reinsurance Management Strategy
RTI Act	<i>Right to Information Act 2009</i>
SARAS	Study and Research Assistance Scheme

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COMPLIANCE CHECKLIST

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SUMMARY OF REQUIREMENT	BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7 1
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1 iii 102
	Public availability	ARRs – section 9.2 ii
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3 ii
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4 ii
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5 ii
	General information	Introductory Information ARRs – section 10 2
Non-financial performance	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1 2
	Agency objectives and performance indicators	ARRs – section 11.2 10-32
	Agency service areas and service standards	ARRs – section 11.3 10-32
Financial performance	Summary of financial performance ARRs – section 12.1 39	
Governance – management and structure	Organisational structure	ARRs – section 13.1 5
	Executive management	ARRs – section 13.2 5
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3 34,37
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 38
	Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5 27
	Queensland public service values	ARRs – section 13.6 2 (on our Strategic Plan)
Governance – risk management and accountability	Risk management	ARRs – section 14.1 33
	Audit committee	ARRs – section 14.2 33
	Internal audit	ARRs – section 14.3 33
	External scrutiny	ARRs – section 14.4 38
	Information systems and recordkeeping	ARRs – section 14.5 32
	Information Security attestation	ARRs – section 14.6 Not applicable

COMPLIANCE CHECKLIST CONTINUED

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	29-30
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	30
Open Data	• Statement advising publication of information	ARRs – section 16	32
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	32
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	98
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	99

FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2019</i>
ARRs	Annual report requirements for Queensland Government agencies

Need more information?

Visit qbcc.qld.gov.au or call us on 139 333.

