QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

ANNUAL REPORT **2021–2022**

ISSN 2203-9589 (Print)

ISSN 2203-9597 (Online)

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ATTRIBUTION

Content from this annual report should be attributed as:

Queensland Building and Construction Commission Annual Report 2021-2022.

ABOUT THIS REPORT

This report summarises the activities and performance of the Queensland Building and Construction Commission for 2021-2022 against key business objectives and targets as set by the Queensland Building and Construction Board, the Government's objectives for the community and the QBCC 2020-2024 (revised for 2021-22) 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 ninth 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-corporate-publications/annual-report.

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

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

Addresses are also available on page 12 of this report.

T: 139 333

E: info@qbcc.qld.gov.au

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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LETTER OF COMPLIANCE

qbcc | QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

21 September 2022

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 2021-2022 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 114 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 (QBC Board). Our responsible Minister is the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement. The QBCC is responsible for regulating the building and construction industry, while the Department of Energy and Public Works (DEPW) assists the government to develop and progress the government's policy.

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 (revised for 2021-22) Strategic Plan, which this Annual Report relates to, lays out four strategic objectives, associated strategies, and the performance measures which we use to determine 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.

In carrying out our work, the QBCC values the following behaviours in our staff:

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

The QBCC 2020-2024 (revised for 2021-22) Strategic Plan can be downloaded at qbcc.qld.gov.au/about-us/our-corporate-publications/strategic-plan. The QBCC is currently undertaking a comprehensive review of our Strategic Plan. The new plan will be officially published by 1 July 2023.

QBC BOARD CHAIR'S MESSAGE

The 2021-2022 financial year brought with it further tests for the building and construction industry at a time when we were all hoping to see some respite from the hardships of recent years. We have recently witnessed the unusual and unfortunate situation where an increase in demand for building work has had a negative effect on our industry. A shortage of labour and increasingly expensive building materials, a boost in interstate migration to Queensland and natural disasters have exerted considerable pressure on an industry that had already been impacted by the COVID pandemic.

In situations like these, the QBCC and the QBC Board will seek practical, effective solutions to help address the issue. The QBC Board's ongoing efforts to identify potential improvements in the QBCC's business practices have been augmented by the recently released QBCC Governance Review. The review generally aligns with the strategic direction and initiatives the QBC Board had been pursuing prior to the establishment of the review, and we support and welcome its recommendations. The recommendations will help the QBCC become an even better regulator by delivering an enhanced governance framework and other improvements.

The QBCC Governance Review has been a timely and appropriate method of evaluating the QBCC, after its work in delivering a comprehensive suite of building industry reforms since 2017. The review acknowledges that the reforms have increased the compliance and enforcement activities of the QBCC and as a result, some changes are required to its existing structure.

I would like to take this opportunity to thank our people at the QBCC for their tireless efforts in the service of the Queensland building and construction industry.

I would also like to acknowledge their resilience in turning out first-class work and delivering excellent service despite at times being subjected to unjustified criticism and misinformation.

I believe that transforming the QBCC in line with the review's recommendations will be good for the building and construction industry, help home owners, and benefit all Queenslanders who live, work, study and play in the built environment.

I want to reassure industry participants that the QBCC's work regarding the QBCC Governance Review will not distract from its core regulatory responsibilities.

The QBCC will continue to work to ensure that building work is performed legally, safely and to standard by licensed individuals.

There will also be a continuing focus on the economic wellbeing of our industry, to minimise any financial risks to licensees, suppliers, and the public.

In closing and acknowledging that this will be my last annual report as Chair, as I will not be seeking reappointment, I want to sincerely thank my colleagues on the QBC Board.

Their outstanding efforts during the past 12 months have helped to guide the regulation of this industry, which is a leading employer and valuable contributor to Queensland's economy.

R. L. Williams

Chair

Queensland Building and Construction Board

COMMISSIONER'S FOREWORD

When I became CEO & Commissioner of the Queensland Building and Construction Commission in February 2022, the building and construction industry had been confronted by a number of challenges over a prolonged period of time. Since starting in the role, I have been impressed by the ongoing resilience of everyone plying their trade during one of the toughest periods our industry has ever seen.

In June this year, an independent review into the governance arrangements of the QBCC was completed. The review is comprehensive and the recommendations and actions that flow from it are overwhelmingly positive and will help us become an even more effective and efficient, outcomes-oriented and customer-centric regulator. I am sure this will be welcomed by all our stakeholders and customers.

While the review was underway, the QBCC was getting on with the important job of protecting the people of Queensland and helping everyone working in the building and construction industry.

In February 2022, Wide Bay-Burnett, the Western Downs, southeast Queensland, and other parts of the State experienced major flooding, resulting in extensive damage to residential and commercial properties and community facilities.

As is always the case after a natural disaster, the QBCC quickly got boots on the ground to provide advice and assistance during the post-flooding recovery and rebuilding phases. We also established the online Recover and Rebuild Tradie Register, connecting property owners with local, licensed contractors.

Meanwhile, our regulatory activities have also continued to deliver positive outcomes.

More than 9,000 applications were approved for new licensees in 2021-2022, taking the number of builders, trade contractors, certifiers, and occupational licence holders past 112,000. Our oversight of licensees provides reassurance to all Queenslanders because we require contractors to hold a high standard of technical qualifications and the financial capacity to complete their work.

The QBCC's achievements in the past year include 150,171 policies issued under the Queensland Home Warranty Scheme, and 1,628 claims finalised, helping owners to complete their homes and rectify defective building work through claims payments totalling $36 million.

We also helped building industry creditors recover $4.73 million through the monies-owed complaints process and facilitated the awarding of $15.85 million through the adjudication process.

Meanwhile, QBCC officers inspected 1,375 active construction sites to identify defective work.

I want to acknowledge the hard work and dedication of the 500-plus people working at the QBCC who made all of that possible in what was a tough year in many respects.

If our industry is met with further challenges over the next 12 months, I take comfort from knowing that the people working in it will adapt to any circumstances, as they have done so unflinchingly of late.

The QBCC team will also be there, as we always are, to support the building and construction industry and provide reassurance to those who undertake building work.

Anissa Levy

CEO & 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 2022.

MINISTER FOR ENERGY, RENEWABLES AND HYDROGEN AND MINISTER FOR PUBLIC WORKS AND PROCUREMENT

The Honourable Mick de Brenni MP

QBC BOARD

(See page 9)

SERVICE TRADES COUNCIL

(See page 41)

CEO & COMMISSIONER

ANISSA LEVY

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

ASSISTANT COMMISSIONER (Service Trades and Regulatory)

CHRIS McCAHON
(acting)

The Assistant Commissioner (Service Trades and Regulatory) oversees the delivery of the QBCC's regulatory functions including licensing, investigations, compliance and enforcement, disputes and financial requirements. This includes representation on the Service Trades Council.

ASSISTANT COMMISSIONER (Technical)

GARY SAUNDERS
(acting)

The Assistant Commissioner (Technical) oversees the QBCC's functions that contribute to the delivery of the QBCC's regulatory and regional functions, including licensing, investigations, compliance and enforcement, non-conforming building products, industry quality, and the Safer Buildings program.

CHIEF STRATEGY AND TRANSFORMATION OFFICER

JILL FITZROY
(acting)

The Chief Strategy and Transformation Officer leads the Strategy and Transformation Division. The division provides services such as strategy, transformation, portfolio delivery, policy and legislation, industry skills, planning and performance management, risk, assurance, governance, analytics, and reporting.
The division is also responsible for facilitating the *Building Industry Fairness (Security of Payment) and Other Legislation Amendment Act 2020* implementation for the QBCC.

CHIEF INFORMATION OFFICER

JEREMY JANES

The Chief Information Officer leads the Information & Digital Services and Customer & Communications Divisions, which delivers critical information and communication services to QBCC staff and our customers. The division also manages the facilities used by the QBCC.

CHIEF FINANCIAL OFFICER

TIM MURPHY

The Chief Financial Officer leads the Financial Services Division, comprised of Finance, Procurement and Insurance Scheme Management including Claim Recoveries and Underwriting. The role is focused on delivering a strong net asset position and the long-term financial sustainability of the QBCC.

CHIEF HUMAN RESOURCE OFFICER

FIONA LEYDEN
(acting)

The Chief Human Resource Officer leads the Human Resources Team and is responsible for the Human Resources, Learning and Development, Change management, and Workplace Health and Safety functions. The role ensures that the QBCC is a contemporary workplace and that the division works to support an engaged and high-performing organisation.

CHIEF LEGAL OFFICER

CHERIDEN FARTHING
(acting)

The Chief Legal Officer leads the Legal Services Division that provides internal legal advice and represents the QBCC in legal proceedings. The Division includes areas that review internal decisions, manages complaints and oversee the QBCC's records and Right to Information functions. The role also provides strategic legal advice to the QBC Board, the Commissioner, and the Executive Team.

ADJUDICATION REGISTRAR

STEVE BARCLAY
(acting)

The Adjudication Registrar is responsible for managing the Adjudication Registry which oversees a statutory process for the resolution of payment disputes in the construction sector.

OUR BOARD

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

JADE INGHAM

Appointed 1 December 2019

QBC Board member Mr Ingham is the CFMEU Assistant Divisional Branch Secretary, Queensland/Northern Territory. 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

QBC Board member Mr Schwarten was Queensland's 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

QBC Board member 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 Ms Johnson 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

CATH BROKENBOROUGH

Appointed 1 December 2019

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

QBC Board member
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

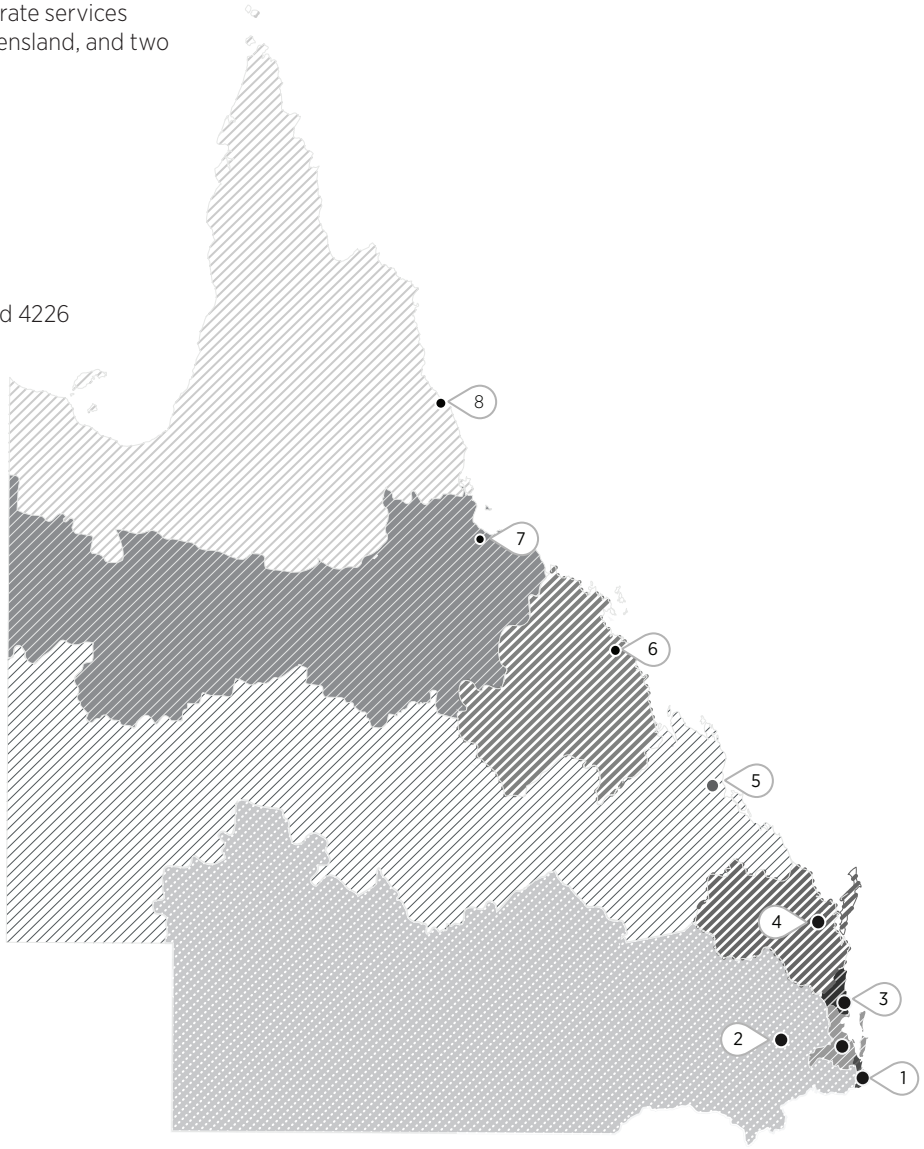
QBC Board member
Ms Frisby is a lawyer by profession and is the Director of Meg Frisby Consulting, a stakeholder relations and business development consultancy based in north Queensland. Ms Frisby specialises in working with local councils, indigenous organisations and small to medium-sized enterprises.

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, 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: 11,703

2. TOOWOOMBA

200 Hume Street, Toowoomba Qld 4350

Acting Manager: Laura Pound

Active QBCC licensees: 5,894

3. SUNSHINE COAST

6 Pikki Street, Maroochydore Qld 4558

Acting Manager: Dani Benstead

Active QBCC licensees: 10,552

4. MARYBOROUGH

302 Alice Street, Maryborough Qld 4650

Manager: Daniel Stephensen

Active QBCC licensees: 3,985

5. ROCKHAMPTON

194 Alma Street, Rockhampton Qld 4700

Manager: Edward Goodsall

Active QBCC licensees: 2,889

6. MACKAY

Tenancy 2, 42 East Gordon Street, Mackay Qld 4740

Manager: Peter Graham

Active QBCC licensees: 2,591

7. TOWNSVILLE

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

Manager: William Piper

Active QBCC licensees: 3,886

8. CAIRNS

104 Mulgrave Road, Parramatta Park, Qld 4870

Manager: William Courtney

Active QBCC licensees: 5,221

OUR PERFORMANCE

The following section highlights our performance against the four objectives within the QBCC Strategic Plan 2020-2024 (revised for 2021-22).

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

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 (NCBP), pose significant threats to the confidence of the building and construction industry.

This objective seeks to deal with these issues through the delivery of four strategies. 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 2021-2022, 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 to monitor compliance with minimum financial requirements (for licensees) and security of payment (e.g., trust account) obligations.

ACTIVITIES UNDER THE MINIMUM FINANCIAL REQUIREMENTS

As at 30 June 2022, 99.8 per cent of category 4-7 licensees lodged annual financial information with the QBCC under the new annual reporting requirements. The QBCC issued 60 show cause notices for suspected non-compliance with minimum financial requirements, eight licence suspensions and one licence cancellation, based on the financial information lodged for annual reporting purposes. The QBCC also imposed licence conditions on 17 licensees for failure to lodge the required financial information on time, which resulted in four suspensions and two cancellations.

99.9 per cent of licensees belonging to categories 1-3 had lodged their annual financial information as at 30 June 2022. The QBCC commenced 117 financial audits and issued 44 show cause notices for suspected non-compliance with minimum financial requirements to licensees in categories 1-3. Based on the financial information lodged for annual reporting purposes, the QBCC suspended 18 licences and cancelled six licences. The QBCC also imposed licence conditions on 572 licensees in categories 1-3 for failure to lodge the required financial information on time, resulting in 159 licences being suspended and 90 being cancelled.

Approximately 86.6 per cent of licensees belonging to categories SC1 and SC2 had lodged their annual financial information as at 30 June 2022. The QBCC took targeted compliance actions 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 $1.5 billion.

FINANCIAL AUDITS AND MONIES-OWED INVESTIGATIONS

During the financial year, the QBCC commenced 308 financial audits of licensees. The QBCC also conducted 201 non-payment of debts investigations, leading to 21 licence cancellations and 53 licences being suspended. Three licences were immediately suspended for breaching minimum financial requirements.

In the reporting period, approximately $4.7 million in outstanding debts were paid to creditors who lodged a 'monies-owed' complaint to the QBCC. The cumulative amount paid to 'monies-owed' creditors since the commencement of the minimum financial requirements policy in October 2014 up to 30 June 2022 was approximately $43.7 million.

The QBCC Act established 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 183 individuals due to their involvement in a financial failure during the financial year. Of this number, 75 were licensees who had their licence cancelled. There were also 13 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 53 companies excluded from holding a licence during the financial year.

PAYMENT CLAIM AUDITS

The QBCC finalised a payment claim audit of 20 licensees during the financial year. The audit reviewed payment claims for the last five projects due for practical completion between 1 January 2020 and 31 March 2021 for these licensees. The audit program found no enforcement response was required for payment offences.

PROJECT TRUST ACCOUNT APPROVED AUDITS

Parties that are required to use project trust accounts (for subcontractor payments) are subject to rules regarding deposits and withdrawals, record keeping and giving notifications. To monitor compliance with these requirements, two approved audit programs were carried out during the financial year. The audit programs reviewed the operation of 20 project trust accounts opened between 1 March 2021 and 30 June 2021, and 27 project trust accounts opened between 1 July 2021 and 28 February 2022. These audit programs did not result in any enforcement actions.

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

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

OFFENCE PROVISIONS UNDER CHAPTER 3 OF THE BIF ACT

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

The below summarises activities that occurred in this area in 2021-2022:

- initiated 119 cases for breaches of Section 76 and closed 120 cases, including cases carried over from the previous year
- issued 25 penalty infringement notices for contraventions of Section 76
- opened two cases for offences of Section 88 and closed one case
- issued 10 penalty infringement notices for contraventions of Section 90
- issued no warnings for Section 90 and Section 76
- investigated one case for Information Sharing under Chapter 2
- investigated no cases for Related entities under Section 24
- investigated no cases for Ending Project Bank Accounts under Section 21.

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

ADJUDICATION REGISTRY

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

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

ADJUDICATION APPLICATIONS

The table below outlines the total number of valid adjudication applications received by the Registrar for the period 1 July 2021 to 30 June 2022.

TABLE 2: NUMBER OF VALID ADJUDICATION APPLICATIONS RECEIVED FOR 2021-2022

ADJUDICATION APPLICATION TYPE	TOTAL
Standard (less than $750,000)	264
Complex (greater than $750,000)	29
Total number of applications	**293**

The table below outlines the total amount claimed from the 293 valid adjudication applications received by the Registrar for the period 1 July 2021 to 30 June 2022.

TABLE 3: ADJUDICATION CLAIMED AMOUNT FOR 2021-2022

Total value of claims	**$101,938,586.07**
Maximum claim	$9,949,440.97
Minimum claim	$522.68
Average claim	$347,913.26

ADJUDICATION DECISIONS

A registered adjudicator is an independent person, qualified to determine payment disputes under the BIF Act.

The table below sets out the total number of adjudicator registration and renewal applications for the period 1 July 2021 to 30 June 2022.

TABLE 4: ADJUDICATOR REGISTRATIONS AND RENEWAL APPLICATIONS FOR 2021-2022

APPLICATION TYPE	NUMBER	FEES PAID
Registration	6	$5,904.15
Renewal	44	$37,111.80

Of the 293 adjudication applications received, a total of 262 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 2021 to 30 June 2022.

TABLE 5: NUMBER OF ADJUDICATION DECISIONS RELEASED BY REGISTERED ADJUDICATORS IN 2021-2022

DECISION TYPE	TOTAL
Standard (less than $750,000)	157
Complex (greater than $750,000)	19
Total number of decisions released	**176**

The table below sets out the total amounts awarded by adjudication decisions released for the period 1 July 2021 to 30 June 2022.

TABLE 6: ADJUDICATION DECISIONS RELEASED

Total value of claims - decisions released	**$51,816,750.76**
Maximum claim value - decision released	$6,238,689.22
Minimum claim value - decision released	$1,320.00
Average claim value - decisions released	$294,413.36
Total value of adjudicated amount - decisions released	**$15,854,533.66**

Table 7 sets out the total value of claims and amounts awarded by adjudication decisions released for the period 1 July 2021 to 30 June 2022, broken down by region.

TABLE 7: TOTAL AMOUNTS AWARDED BY ADJUDICATION DECISIONS RELEASED IN 2021-2022 - BROKEN DOWN BY REGION

DECISIONS BY REGION	NUMBER OF APPLICATIONS MADE TO THE REGISTRAR	TOTAL VALUE OF CLAIMS	NUMBER OF DECISIONS RELEASED	TOTAL CLAIMED AMOUNT OF DECISIONS RELEASED	TOTAL VALUE OF ADJUDICATED AMOUNT
Brisbane	175	$44,325,595.28	104	$22,444,375.46	$5,011,276.50
Cairns	3	$328,787.80	3	$328,787.80	$164,114.51
Gold Coast	19	$5,959,449.75	10	$2,475,723.08	$974,875.25
Mackay	17	$20,346,800.51	12	$3,751,264.75	$524,054.28
Maryborough	7	$1,218,583.13	6	$1,208,418.03	$640,837.55
Rockhampton	19	$4,946,879.92	10	$4,374,308.94	$2,220,277.92
Sunshine Coast	16	$1,319,357.37	7	$497,851.93	$314,785.54
Toowoomba	22	$12,038,724.83	13	$5,787,288.42	$3,318,577.90
Townsville	15	$11,454,407.48	11	$10,948,732.35	$2,685,734.21
Total	**293**	**$101,938,586.07**	**176**	**$51,816,750.76**	**$15,854,533.66**

The table below sets out the average number of business days from making an adjudication application to having an adjudication decision made, for the period 1 July 2021 to 30 June 2022.

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

	STANDARD	COMPLEX
Maximum	38.0	93.0
Minimum	5.0	21.0
Average	20.8	47.2

ADJUDICATION APPLICATION FEES

Under the BIF Act, an application for adjudication must be accompanied by the prescribed fee. For the period 1 July 2021 to 30 June 2022, the prescribed application fee ranged from $60.70 for payment claims of no more than $10,353.05, to a percentage of the claimed amount for payment claims of more than $1,128,044.55 (capped at $6,073.80). The total value of adjudication application fees for applications lodged between 1 July 2021 and 30 June 2022 was $117,731.15.

The table below sets out the adjudication application fees and represents the fee as a percentage of the average total claimed amount for applications received by the registrar in the period 1 July 2021 to 30 June 2022.

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 to $10,353.05	90	$60.70	$5,260.47	1.15%
>$10,353.05 to $51,765.30	78	$182.15	$24,441.92	0.75%
>$51,765.30 to $103,530.60	38	$295.48	$78,944.56	0.37%
>$103,530.60 to $258,826.50	37	$425.21	$167,691.10	0.25%
>$258,826.50 to $517,653	16	$546.60	$345,565.19	0.16%
>$517,653 to $776,479.50	6	$668.05	$625,173.02	0.11%
>$776,479.50 to $1,128,044.55	3	$789.55	$955,893.72	0.08%
> $1,128,044.55	25	$2,214.59	$3,128,257.91	0.07%

[1] As 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 fees and expenses capped by regulation. For progress payments over $25,000, fees and expenses are to be agreed between the adjudicator and the parties. In the absence of agreement, an adjudicator is entitled to an amount that is reasonable, having regard to the work done and expenses incurred.

The table below sets out the average adjudicator fee as a percentage of the average total claimed amount for decisions released in the period 1 July 2021 to 30 June 2022.

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 to $10,353.05	42	$5,734.25	$782.19	13.6%
>$10,353.05 to $51,765.30	52	$23,691.07	$2,736.90	11.6%
>$51,765.30 to $103,530.60	26	$83,034.45	$7,781.34	9.4%
>$103,530.60 to $258,826.50	25	$166,186.01	$12,030.26	7.2%
>$258,826.50 to $517,653	10	$335,304.92	$10,046.98	3.0%
>$517,653 to $776,479.50	2	$570,434.41	$13,827.00	2.4%
>$776,479.50 to $1,128,044.55	3	$955,893.72	$22,409.53	2.3%
> $1,128,044.55	16	$2,291,801.98	$44,537.10	1.9%

ADVISORY SERVICE

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

For the previous 2020-2021 financial year, the Registry received a total of 1,050 enquiries. For the period 1 July 2021 to 30 June 2022, the Registry saw a decrease in the number of enquiries received to 902. This annual reduction in enquiries received can be attributed to the Registry's efforts to improve application templates and a revision into information provided on the QBCC website.

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 become a grade 2 adjudicator if the adjudicator has:

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

Pursuant to Section 20(b) of the BIF Regulation, an adjudicator is eligible to receive a grade 2 registration if the Registrar considers the person's experience is equivalent to meeting the requirements set out above.

In respect of the adjudicator grade review for the period 1 July 2021 to 30 June 2022, there were five 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 (1 April to 31 March in the following year) through the completion of CPD activities. At the commencement of the reporting period for the CPD year, there were 153 registered adjudicators.

TABLE 11: ACTIVITIES PERTAINING TO THE 2021-2022 CPD YEAR

CPD RECORDS PROVIDED	**143**
Cancelled registrations (BIF Act Section 171)	5
Surrendered registrations	3
No record required (BIF Regulation Section 30)	2

FORECAST OF REGISTRY OPERATIONS

With the implementation of the BIF Act in December 2018 and routine legislative amendments, the Registry continues to conduct a review of all systems and processes to ensure maximum efficiency in meeting its statutory mandate. To enhance regional customer experiences, the Registry conducts annual training on the adjudication process and associated procedures, with QBCC regional office staff across the State.

For the 2022-2023 financial year, increased workload for the Registry in respect of some functions is anticipated, including but not limited to:

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

LICENCE SUSPENSIONS AND CANCELLATIONS

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

TABLE 12: LICENCES SUSPENDED AND CANCELLED UNDER SECTION 48 OF THE QBCC ACT IN 2021-2022

REASON FOR SUSPENSION /CANCELLATION	**SUSPENSION**	**CANCELLATION**
Breach of minimum financial requirements (other than 'monies-owed')	60	24
Failure to pay debts ('monies-owed')	53	21
Failure to comply with a financial audit	36	14
Breach of licence condition (including annual reporting requirements and company deregistration)	3,238	1,717
Licensee not fit and proper to hold a licence (including if the licensee's interstate or New Zealand licence is cancelled or suspended)	0	9
Licensee was convicted of an indictable offence	0	2
Licensee owed an amount to the QBCC and failed to comply with a demand to discharge the debt	8	5
Licensee company ceases to have a nominee	131	63
Serious risk to health and safety	1 [2]	0
Total	**3,527**	**1,855**

[2] The suspended licence holder formally surrendered their licence.

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 2021-2022, the QBCC immediately suspended four licences. In one case, 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 three 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

In the event a building or other work on a building site under a licensee's control caused death, grievous bodily harm or a serious risk to health or safety, the QBCC Act allows for the cancellation, suspension, or conditioning of a licence.

Licensees are required under the law to report safety matters to the QBCC. Further, there is an information-sharing arrangement whereby the QBCC is advised by Workplace Health and Safety (WHS) when they become aware of incidents.

This collaborative relationship ensures a structured and appropriately focused regulatory approach to mitigating safety risks in the sector. Although immediate suspension may be taken against licensees where there is current or future risk of harm to others, that ability had been confined to specific categories of people. On 10 June 2022, following consultation between the QBCC and DEPW, the protective scope was expanded in legislation to include risk to any person.

In 2021-2022, the QBCC investigated 265 safety-related incidents involving licensees, seeking and receiving information about incidents from licensees, WHS and other parties when necessary. Generally, licensees demonstrated appropriate safety systems and behaviours. However, on 18 occasions in this period the QBCC issued show cause notices to licensees as to why their licence should not be suspended or cancelled, providing an opportunity for licensees to formally respond.

After due consideration was provided to responses received, as required by the legislation, one licensee was suspended by the QBCC. When a subsequent notice was made to cancel that same licensee, the licence was surrendered. Remedial training was imposed as a condition on two other licensees and a condition with a reprimand was imposed on another. The remaining 14 licensees complied with and satisfied the requirements within the QBCC notices issued, showing to have adequate safety systems in place.

NON-CONFORMING BUILDING PRODUCTS

The QBCC has continued to use its powers under the NCBP 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 2021 to 30 June 2022, the QBCC received 193 enquiries and complaints in relation to NCBPs. This includes community and industry-generated intelligence, as well as proactive audits instigated by the QBCC. We finalised 200 enquiries and complaints, with 44 ongoing. The number received and finalised is not equal as enquiries and complaints can be carried over from previous financial years.

Of the 200 enquiries and complaints that were finalised:

- 61 were public/industry-generated complaints into product families
- 121 were public/industry-generated complaints into specific sites
- 18 were cases based on general public and industry intelligence obtained by the QBCC.

The outcomes of the 200 enquiries and complaints finalised were:

- 11 determinations of NCBP, resulting in appropriate regulatory action or voluntary remedial action
- six resolutions through specific targeted education of persons in the chain of responsibility
- nine findings of conforming products, resolved through general education
- 57 resolutions through general education without requiring a finding of non-conformance
- 24 escalations for detailed technical investigation
- 43 resolutions through retaining information as general intelligence
- 42 re-directions of affected parties to other areas of the QBCC
- four were not related to non-conforming building products
- four matters were closed in the previous financial year but were not declared as NCBP until this financial year.

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 19,940 buildings and, as at 30 June 2022, 13,978 buildings had been cleared at part 1, 3,065 buildings had been cleared at part 2, and 913 buildings had been cleared at part 3. The remaining buildings (less than 2000) have either been given measures outlined by fire safety engineers to mitigate the risk or are currently being investigated by the QBCC for non-compliance and possible referral for commencement of prosecution. These measures are undertaken to ensure the safety of occupants in buildings that may have a combustible cladding fire risk.

The QBCC continues to undertake 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 product.

The part 3 compliance deadline of 3 May 2021 has now passed, including 120 registrations previously granted extensions of time, that have now expired. The QBCC has commenced 35 prosecutions against building owners, who did not complete the Safer Building checklist program, or where a combustible fire risk may be present, due to incorrect or incomplete document lodgement.

One hundred and twenty-eight private buildings have undergone cladding replacement or rectification by building owners due to the information they received from industry professionals or fire engineers during the Safer Building Checklist program.

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 2021-2022, the five offences listed below made up 80 per cent of all investigations:

- unlicensed contracting: 23 per cent
- Schedule 1B (domestic building contracts) offences: 26 per cent
- advertising: 13 per cent
- Security of Payment (BIF Act): seven per cent
- insurance offences: 11 per cent.

TABLE 13: NUMBER OF INVESTIGATIONS OPENED AND CLOSED

	2019-2020	2020-2021	2021-2022
Unlicensed contracting	585	565	651
Schedule 1B (domestic contracts)	542	563	719
Insurance	268	386	312
Security of payment[3]	149	281	185
Advertising	90	243	354

[3] A number of new sections of the BIF Act were 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 years prior to 2020-2021.

In 2021-2022, the QBCC continued to focus its investigations on unlicensed contracting, advertising and contract offences as well as safety matters. This was achieved through a considered approach which combined education and engagement activities to both licensees and property owners (where appropriate) and more robust enforcement actions where necessary. This can be seen in the above table, which shows an increase of 15 per cent in investigations for unlicensed contracting, and an increase of 28 per cent in investigations for domestic contract offences.

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

	2019-2020		2020-2021		2021-2022	
	DOMESTIC CONTRACT	QBCC ACT PART 4A	DOMESTIC CONTRACT	QBCC ACT PART 4A	DOMESTIC CONTRACT	QBCC ACT PART 4A
Investigations	473	19	542	71	802	52
Warnings issued	128	8	156	25	285	22
Contractors issued with an infringement notice	206	3	218	25	263	8
Infringement notices issued	211	3	219	25	269	8

The QBCC uses a range of regulatory tools and approaches, from education to warnings and infringement notices, to encourage contractors to comply with legislative requirements, whilst protecting the rights of home owners.

DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

The table below shows the demerit points issued to contractors in 2021-2022.

TABLE 15: DEMERIT POINTS ISSUED TO CONTRACTORS

	2019-2020	2020-2021	2021-2022
Demerit points issued for unsatisfied judgment debts	70	40	110
Demerit points issued for contractual offences	1,584	1,720	1,866
Demerit points issued for failure to rectify	1,862	2,556	2,768
Demerit points issued for failing to pay insurance premium	386	258	332
Demerit points issued for carrying out work without a nominee	8	0	0
Demerit points – other	156	122	68
Total demerit points issued	**4,066**	**4,696**	**5,144**
Contractors issued with demerit points	**515**	**594**	**672**

The issuance of demerit points has increased at a steady rate over the past three financial years. The most significant area of growth is seen in the issuance of demerit points for unsatisfied judgement debts which has increased by 175 per cent in the current financial year. This is a direct outcome of the QBCC's goal to ensure all licensees are paid on time.

CERTIFIER COMPLIANCE

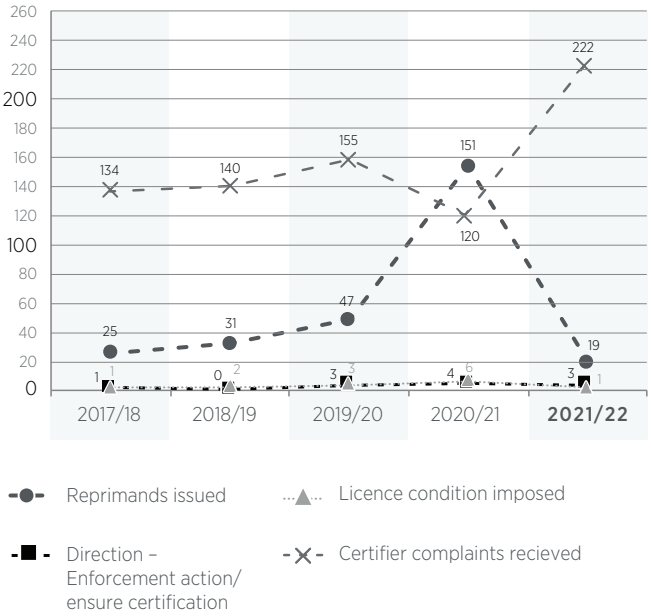
At the start of the reporting period, the QBCC had 37 open certifier complaints. An additional 222[4] complaints were received during 2021-2022. During the reporting period, we finalised 217 complaints. As at 30 June 2022, 42 remain open.

At the start of the reporting period, the QBCC had nine technical audits and 68 assessment audits open. During the reporting period, we commenced one technical audit and six assessment audits. We finalised four technical audits and four assessment audits over the 12 months. As at 30 June 2022, there were six technical audits and 70 assessment audits still underway.

Of the 225 completed investigations, including complaints, technical and assessment audits undertaken in 2021-2022, 19 findings of unsatisfactory certifier conduct were found.

No certifiers were found to have engaged in professional misconduct, 181 complaints were dismissed, withdrawn or closed due to insufficient evidence, and in 18 cases, the certifier's conduct was found to be satisfactory. Seven cases were duplicates.

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). As at 30 June 2022, 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 2021-2022, 1,375 site visits or inspections were undertaken with 35 improvement notices issued.

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

- non-compliant fire door sets
- non-compliant fixing of plaster-ceiling
- non-compliant waterproofing to external door openings
- non-compliant exterior floor sheeting
- numerous non-compliance issues relating to passive fire installations
- non-compliant incorrect installation of fire-separating walls
- inadequate disability access, particularly at lobby doorways and/or ramps
- non-compliance with timber-framing code
- non-compliance with flashings to wall openings.

[4] 118 complaints lodged related to four certifiers within one certification company. The complaints were opened and closed within the 2021-2022 financial year.

PLUMBING COMPLAINTS, INVESTIGATIONS AND COMPLIANCE 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 2021-2022, 115 investigations were closed, including outstanding investigations carried over from 2020-2021. The table below compares enforcement actions across the past three years.

TABLE 16: PLUMBING COMPLIANCE ACTIONS

	2019-2020	2020-2021	2021-2022
Disciplinary orders issued to licensees	12 orders amounting to $10,770	1 order amounting to $0[5]	1 order amounting to $8,679
Penalty infringement notices	25 penalty infringement notices amounting to $33,059	78 penalty infringement notices amounting to $125,368	91 penalty infringement notices amounting to $146,013

[5] Disciplinary action was taken and it was decided that a penalty infringement notice was a more efficient and effective way of dealing with the non-compliance

In 2021-2022, 16 individuals or entities were identified as breaching advertising provisions for plumbing or drainage work within the QBCC Act. A total of 24 individuals or entities were found to have had an appropriate licence but failed to display their licence number. Of these 24 individuals or entities, eight were issued an infringement notice, nine were issued warnings, and seven had no further action taken.

Generally, compliance action remained consistent in 2021-2022 compared to the previous year due to having a similar 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, a much quicker process than taking disciplinary action which has mandatory timeframes (at least 20 business days) and increases the time for an investigation to be finalised.

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 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.

To improve the standard of plumbing and drainage work undertaken by licensed plumbers and drainers and to increase compliance with the PD Act, the QBCC was also involved in preparing and publishing webinars and tutorials about plumbing and drainage work.

In 2021-2022, the QBCC initiated work on producing and distributing educational videos targeting hot water heater installations. The QBCC also delivered presentations at Registered Training Organisations informing apprentices about plumbing-related matters relevant to the QBCC, such as plumbing defects, notifiable work requirements, and licensing.

Throughout the year, the QBCC delivered a number of presentations to plumbing, drainage and fire protection practitioners at Service Trades Council forums and the Institute of Plumbing Inspectors Queensland and attended real estate businesses across Queensland to provide advice and information on issues such as the importance of using licensed tradespeople and notifiable work requirements.

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 2021-2022, there were 106,952 Form 4/4As registered, a 0.35 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 2021-2022, the QBCC opened 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 possible regulatory action.

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 to better understand when a Form 4/4A registration is required for notifiable works. This tool can be used by licensees and their bookkeepers and requires five questions to be answered to determine whether the work is notifiable work that requires the lodgement of a Form 4/4A.

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 (PSIs) who issue pool safety certificates. As at 30 June 2022, there were 422,629 pools on the pools register and 566 PSIs.

The QBCC approves CPD activities for PSIs and allocates CPD points for those activities. The QBCC also investigates complaints and takes disciplinary action against PSIs. In 2021-2022:

- 30 complaints were received regarding the conduct of PSIs
- 28 complaints against PSIs were finalised
- two complaints against PSIs were withdrawn
- one complaint was closed without further investigation when allegations could not be validated
- five complaints had no grounds for disciplinary action
- 20 investigations established grounds for disciplinary action
- one investigation found where no further action was required
- 19 investigations lead to disciplinary actions taken, including licence suspension, monetary penalties, reprimands and requirements to refund inspection fees.

One complainant sought review by the QBCC's Internal Review Unit (IRU) on a disciplinary action decision. There are no clear trends emerging in the types of disciplinary action taken against PSIs.

In 2021-2022, 62 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 four investigations of pool owners, and of those, two resulted in the issuing of an infringement notice and two resulted in no further action.

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 2022, 40,638 pool safety certificates were issued in the reporting period which included 33,271 for non-shared pools and 7,367 for shared pools. The QBCC referred 32 properties to local governments in 2021-2022.

The QBCC published a series of educational videos for pool safety inspectors on its YouTube channel. The QBCC also delivered a co-regulatory webinar to local government authorities.

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 2021-2022, the QBCC received 102 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 which is then addressed with the relevant PSI.

In 2021-2022 there were no recorded referrals of this nature to the QBCC from local governments.

EDUCATION AND ENGAGEMENT

Education and engagement is a regulatory requirement under our enabling legislation and fundamental to encouraging compliance, supporting safe practices and raising awareness of legislative changes. The QBCC provides education and engagement through a variety of mediums to home owners, licensees and other industry participants. In 2021-2022, key engagement activities included those outlined below.

FACE TO FACE EVENTS AND WEBINARS

QBCC LED

- one Statewide Tradie Tour, which included 10 face-to-face events, incorporating two sessions per event:
  - » session one covered the technical topic of concreting and was run in conjunction with Cement Concrete and Aggregates Australia
  - » session two addressed implementation issues in relation to Project Trust Accounts
  - » a total of 341 individuals attended these face-to-face sessions
  - » a subsequent webinar on the concreting topic attracted an audience of 300 people, while the webinar on Project Trust Account implementation garnered an audience of 80 attendees.
- one webinar entitled 'Tradie Tour: A guide to building disputes prevention' was developed and delivered in conjunction with the Adjudication Registry. 257 people attended the webinar.
- 19 webinars focused on the trust account framework under the BIFOLA reforms. Topics delivered included:
  - » eligibility and overview of the framework, which was delivered six times and attracted 783 attendees
  - » managing a trust, which was delivered five times and attracted 380 attendees
  - » auditing a trust account, which was delivered once and attracted 66 attendees
  - » small group trustee question-and-answer sessions attracted 37 attendees. These sessions allowed trustees to meet with trust account experts to discuss any issues or specific compliance questions.
- 24 webinar sessions of the compulsory retention trust training have been delivered since the start of 2022. This training is required as part of the trust account framework and BIFOLA reforms. A total of 339 trustees (and their employees), adjudicators, accountants and auditors attended.
- 11 information sessions were delivered, discussing the operation of new trust account framework requirements with various industry stakeholder groups.
- three home owner information webinars were delivered providing guidance on the building and renovation process.

INDUSTRY FORUMS

- presentations were delivered at externally hosted industry and stakeholder engagements, addressing issues within the Queensland building and construction industry, including:
  - » 10 in-person compulsory retention trust training sessions. These sessions attracted 89 attendees
  - » eight information sessions to third and fourth-year apprentices at a variety of Registered Training Organisations throughout the State
  - » one information session to construction management students at the Queensland University of Technology providing an overview of the QBCC and its functions
  - » four presentations to the Institute of Plumbing Inspectors Queensland industry forums, with topics including compliance and audit activities, notifiable work lodgement forms and defective work
  - » four National Association of Women in Construction (NAWIC) 'Women on Tools' events and four further NAWIC-organised events
  - » one joint webinar with Timber Queensland and Master Builders Queensland discussing post-flood assessment and repair, and dealing with the aftermath of the February 2022 flood event
  - » one pool safety information session for government and industry association stakeholders
  - » one plumbing and drainage information session for local government stakeholders
  - » two Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships presentations to provide an overview of the QBCC's functions including licensing, the Queensland Home Warranty Scheme, compliance and dispute resolution
  - » one Master Builders Queensland subcontractor's forum presentation on Security of Payment, monies owed and the early dispute resolution process
  - » one Construction Skills Queensland strategic presentation and discussion on trends in construction in the Townsville region.

EXPOS

The QBCC participated in:

- two Brisbane Home Show events which generated more than 653 enquiries
- The Sunshine Mitre 10 Trade Expo and Ipswich City Council/ Queensland Police – Get Ready Community Safety and Crime Prevention Expo.

In addition, the QBCC launched a public education campaign in April 2022 with the aim of helping to protect home owners when they undertake building work, and increase awareness among licensees of their responsibilities, and how we can help them to get paid. With the building and construction industry busier than ever, the QBCC wants to help home owners avoid unlicensed tradespeople and minimise unlicensed building activity.

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

- Accelerated Builder–Consumer Dispute Framework (ABCD), which is a temporary independent mediation service to help parties experiencing issues with domestic building contracts due to industry material or labour shortages
- a free and voluntary pilot project which offered professional industry training for licensees on Minimum Financial Requirements and Annual Financial Report and Safety Obligations as part of the Compulsory Continuing Professional Development (CCPD) program
- disaster preparedness, which sought to help licensees and home owners prepare for and recover from natural disasters affecting their building sites or properties
- pool safety, which was aimed at home owners to better understand swimming pool safety laws and what to know when building a pool or buying or leasing a property with a pool
- the south-east Queensland flooding event resulted in establishment of the Recover and Rebuild Tradie Register, connecting property owners with local licensed contractors and providing tips and resources to aid the flood recovery effort.

SUPPORTING THE SKILLS UPLIFT OF THE BUILDING AND CONSTRUCTION INDUSTRY

With the building and construction industry constantly changing, licensees and industry stakeholders need to keep up with the latest changes to legislation and standards. While some professionals, such as private certifiers, architects and engineers are required to do CPD. While it is good business practice, there is currently no formal framework for the wider building and construction industry, specifically for QBCC licensees. A sub-committee of the Ministerial Construction Council (MCC) with significant support from industry developed a draft CCPD Framework for consideration by DEPW.

To test elements of the draft framework, the QBCC delivered a pilot program which delivered free online professional development courses from May to November 2021.

Topics covered included Minimum Financial Requirements and Annual Financial Reporting, and safety obligations. More than 160 participants from across Queensland and interstate took part in the courses, with initial training course registrations filling up within 22 minutes of release.

The QBCC has provided data and insights gathered from the pilot program to the DEPW, to assist with its consideration on whether CCPD is legislated in Queensland.

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

As a regulator, the QBCC plays an integral part in ensuring 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

OBJECTIVE	TARGET	ACTUAL	COMMENTS
Percentage of claims fully compensated under the Queensland Home Warranty Scheme	95% within policy limits	99%	
Perception of fairness in decision-making: percentage of survey respondents agree the final decision was fair*	65%	67%	A recent review of datasets found that this measure has been incorrectly reported in the past as the average Customer Experience score from QBCC's Customer Feedback surveys. For consistency with previous reporting and to allow for full year data consideration, the result using the Customer Experience score was 53 per cent.
Percentage of decisions set aside (within the financial year period) by the Queensland Civil and Administrative Tribunal*	7%	5.8%	The variance between the actual result, and the estimated actual result as published in the Service Delivery Statements (SDS) 2022-23 (7 per cent), and the 2021-2022 target is due to the Queensland Civil and Administrative Tribunal (QCAT) being a merits review jurisdiction. QCAT can consider fresh evidence which may result in a decision being set aside. For example, expert reports may be obtained whilst a matter is before QCAT. It is therefore difficult to predict when, or if, such evidence may come to light. Accordingly, some variance is to be expected. Further, as 2021-2022 marked the first year in which this measure was tracked in this way, additional data will assist in informing future targets.
Cost of recovering $1.00 of funds owed to creditors*	$0.70	$0.52	The variance between the actual result, and the estimated actual result as published in the SDS 2022-23 ($0.44), and the 2021-2022 target is due to there being no control over the number, value or type of monies owed complaints received by the QBCC. This in turn has an impact on the amount consequently returned to industry participants under monies owed investigations.
Percentage of early dispute resolution cases finalised within 28 days*	80%	88%	The positive variance between the actual result, and the estimated actual result as published in the SDS 2022-2023 (80 per cent), and the 2021-2022 target was due to experiencing the benefits of improved internal processes and efficiency initiatives.
Average number of days to process licence applications*	30 days	18 days	For transparency, it should be noted that the QBCC has been using the median to calculate the performance of this measure. It is more reflective of the processing time taken, due to the effect that outlier applications can have on the mean. The mean number of days to process licence applications is 25 days.

TABLE 17: OBJECTIVE 2 PERFORMANCE MEASURES (CONTINUED)

OBJECTIVE	TARGET	ACTUAL	COMMENTS
Percentage of owner builder permits approved within 15 working days*	90%	83%	Variance between actual result and the estimated actual result as published in the SDS 2022-2023 (100 per cent) was due to a problem recently identified with the reporting system after the estimated actual figure was provided. The variance between the 2021-2022 actual and target is due to some applications lacking the necessary information and the QBCC providing additional time for the applicant to make the necessary submissions.
Percentage of adjudication applications referred to an adjudicator within 4 business days*	100%	100%	
Percentage of insurance claims for defective work assessed and response provided within 35 business days*	50%	57%	The positive variance between the actual result and the estimated actual result as published in the SDS 2022-23 (50 per cent), and the 2021-2022 target was due to experiencing the benefits of improved internal processes and efficiency initiatives.
Average processing time for an early dispute resolution case*	28 working days	16 working days	The positive variance between the actual result and the estimated actual result as published in the SDS 2022-23 (21 working days), and the 2021-2022 target was due to experiencing the benefits of improved internal processes and efficiency initiatives.
Average approval time for defects claims less than $20,000*	35 working days	35.7 working days	Variance between the actual result and the estimated actual result as published in the SDS 2022-23 (40 working days) is due to impacts beyond the control of the QBCC, such as claimants not providing timely information, the complexity of the claims, and the need to obtain advice from engineers and other consultants which affected response times
Percentage of internal review applicants contacted within 2 business days*	95%	95%	
Strength of stakeholder engagement			
Qualitative statement	See Education and Engagement section on page 24.		

* This is a 2021-2022 Service Delivery Statement Service Standard.

CUSTOMER SERVICE

During 2021-2022, the QBCC focused on customer and employee experience by improving our digital services, making it easier for our customers to access information and ensuring highly skilled staff were available to meet customer needs.

The below outlines key initiatives which enabled an improved customer experience:

- deployment of a refreshed website in April 2022 which has realised several important benefits for stakeholders, including improved navigation, simplified content, alignment with the Government's commitment to public-facing services, and alignment of the QBCC's goal to be an insights-driven regulator
- ongoing upskilling of staff to better support the resolution of customer enquiries across all service queues
- improvements to the myQBCC portal, including an improved customer interface and streamlined processes, enhancements to myQBCC insurance searches to enable quicker response times, and additional functionality to support the Project Trust Account framework
- on 1 July 2021, as part of the ABCD, a new independent third-party mediation service commenced to help resolve disputes caused by trade and building product shortages. From 1 July 2021 to 30 June 2022, the QBCC's Contact Centre supported the ABCD by:
  - » processing 80 applications received for mediation
  - » answering 1,622 calls regarding industry shortages.

TABLE 18: CUSTOMER CONTACT CENTRE STATISTICS

	2019-2020	2020-2021	2021-22
Customer phone calls	250,245	238,479	256,933
Customer emails	15,217	20,683	10,761

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 2022.

TABLE 19: QBCC ACT LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2022

	INDIVIDUAL	COMPANY	TOTAL
Builder	27,183	9,215	36,398
Builder restricted	2,036	719	2,755
Contractor	41,160	11,832	52,992
Occupational	2,979	N/A	2,979
Total	**73,358**	**21,766**	**95,124**

In 2021-2022, the QBCC processed 1,460 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 introduced:

- 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 2022, the QBCC licensed 4,469 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 2022

LICENCE STREAM	LICENCE TYPE	LICENCE CLASSES
Portables	Contractor/nominee supervisor	1,103
	Occupational	1,619
Passive	Contractor/nominee supervisor	1,476
	Occupational	1,240
Special hazard	Contractor/nominee supervisor	462
	Occupational	315
Water-based	Contractor/nominee supervisor	1,993
	Occupational	577
Electrical	Contractor/nominee supervisor	1,963
	Occupational	3,232
Fire Safety Professional	Contractor/nominee supervisor	84
	Occupational	16
Licence classes issued		**14,080**

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 2022, there were 2,988 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.*

[6] Number 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.

PLUMBER AND DRAINER LICENSING

The QBCC administers Queensland's licensing system for plumbers and drainers under the PD Act. As at 30 June 2022, the QBCC had 16,278 licensees holding one or more licence types as shown in the table below.

TABLE 21: PD ACT LICENCES BY LICENCE TYPE AS AT 30 JUNE 2022

OCCUPATIONAL LICENCE TYPE	CLASSES OF LICENCE
Provisional plumber	947
Provisional drainer	943
Plumber	13,469
Drainer	13,617
Restricted licences	1,974
Total	**30,950[6]**

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 2022. 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 NCBP.

TABLE 22: MECHANICAL SERVICES LICENSEES BY LICENCE TYPE AS AT 30 JUNE 2022

LICENCE TYPE	NUMBER OF LICENSEES
Medical gas	382
Mechanical plumbing	1,694
Air-conditioning and refrigeration	5,381

QUEENSLAND HOME WARRANTY SCHEME

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

During 2021-2022, the QBCC processed 150,171 insurance policies. The breakdown of residential construction work carried out during the period was approximately 80 per cent renovations compared to 20 per cent new home construction.

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

New build numbers eased significantly in 2021-2022, dropping below the five and 10-year average, but remained significantly higher than pre-COVID levels.

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

In 2021-2022, the QBCC received $142.7 million in insurance premiums compared to $140.9 million in 2020-2021. The premium revenue reflects the number and value of contracts which were notified to the QBCC in 2021-2022.

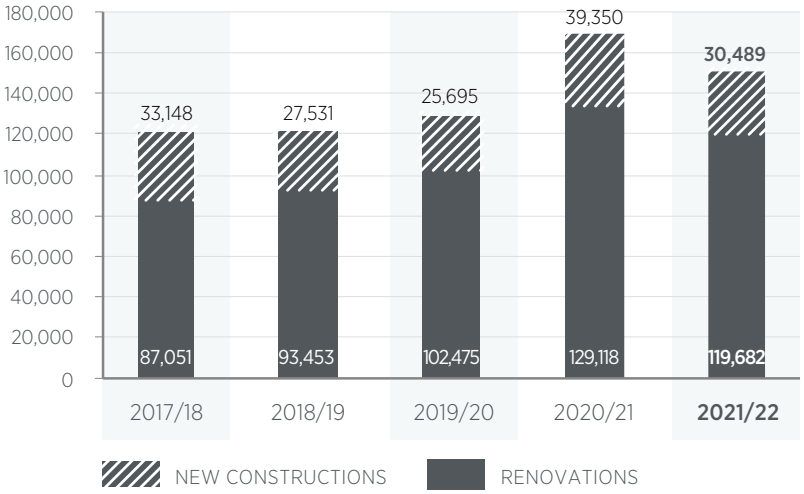
The premium payable for a contract for residential construction work increases as the value of the contract increases. Premiums received in 2021-2022 were higher than those received in 2020-2021 despite lower policy numbers due to the impact of home building cost inflation on contract values for new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

The QBCC approved a total of $36 million in insurance claim costs during 2021-2022. This included $16.9 million for defects claims, $13.4 million for non-completion claims and $5.7 million for subsidence claims.

The financial failure of licensed new-home builders is the primary driver of non-completion claims. While there were collapses in 2021-2022, however the typical increase in claim approvals was not observed. Analysis of claims resulting from those collapses shows a change in development, where the majority of claims are for refund of deposit only, because work had not started on site. Such claims have considerably lower average claim approvals compared to non-completion claims where completion of the home is required. This change in claim development is likely due to the HomeBuilder grant and supply chain issues.

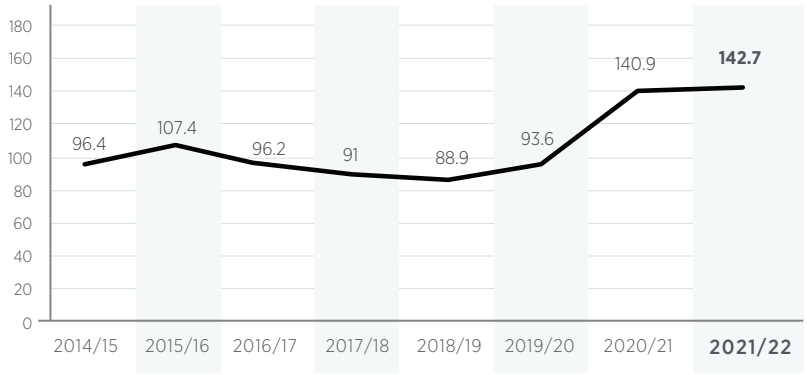
The QBCC holds licensees responsible for monies owed as a result of claims made against the Queensland Home Warranty Scheme.

NUMBER OF POLICIES ISSUED OVER PAST 5 YEARS

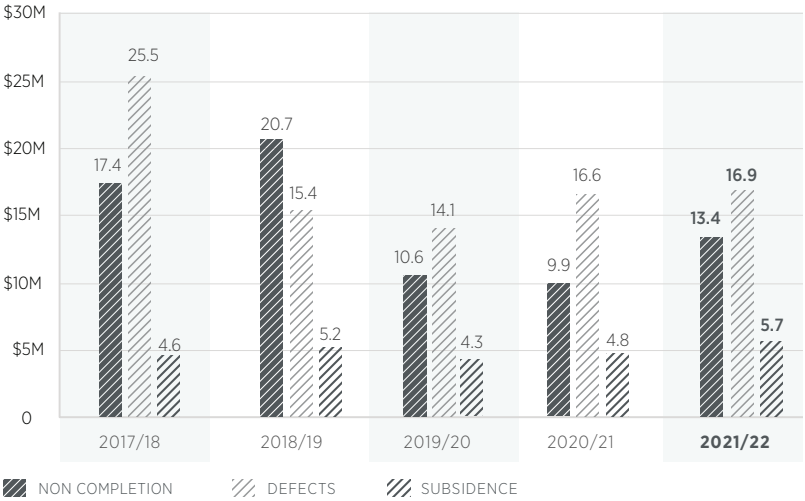


As at 28 October 2016, the type of work covered by the Queensland Home Warranty Scheme was expanded. The introduction of cover for manufactured homes, which was previously excluded, resulted in an increase in policies covered under the "New construction" data. The introduction of cover for swimming pools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

INSURANCE PREMIUMS ($M)



INSURANCE CLAIM APPROVALS BY TYPE OVER THE PAST FIVE YEARS ($M)



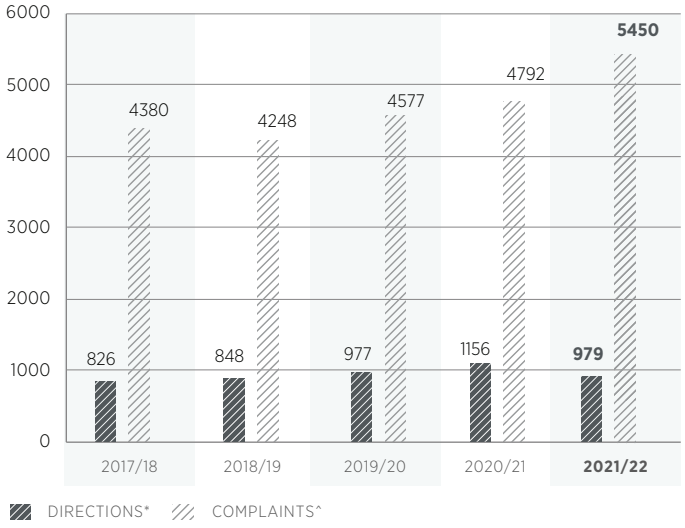
While most of the claims made against the Queensland Home Warranty Scheme are unrecoverable due to builder insolvency, where possible, the QBCC will attempt to recover the money owed. We recovered $2.3 million in 2021-2022 for the Queensland Home Warranty Scheme.

To ensure a solid financial framework for its insurance operations, the QBCC has continued to comply with various Australian Prudential Regulatory Authority (APRA) standards that apply to general insurers to the extent that it is reasonable and prudent for the QBCC to do so. (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 2021-2022, these types of building disputes totalled 6,500, of which 5,450 related to works after construction was completed and 1,050 which were during the construction process. This represented an increase of 19 per cent from 2020-2021 which totalled 5,449 building disputes.

COMPLAINTS AND DIRECTIONS OVER THE PAST 5 YEARS



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

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

EARLY DISPUTE RESOLUTION

The QBCC offers a free Early Dispute Resolution (EDR) service for domestic building work valued in excess of $3,300, where issues arise between principal contractors and home owners before completion of the contract. Defective building work, non-completion and contractual disputes are handled in the EDR process, although the QBCC does not have the remit to be involved in a contractual dispute.

During 2021-2022, the QBCC received 1,050 EDR cases, with 1,051 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 2021-2022 represents a 60 per cent increase compared to 2020-2021, when 657 cases were received.

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 2021-2022, we opened 834 internal review cases and closed 845 internal review cases. We also processed cases from previous financial years.

As a result of the internal reviews completed during 2021-2022:

- 438 (52 per cent) original decisions were upheld
- 132 (16 per cent) original decisions were overturned
- 62 (7 per cent) original decisions were varied
- 213 (25 per cent) matters were discontinued.

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

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

An 'overturned' decision means that a different 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 213 matters because:

- 96 matters were outside of jurisdiction, as the applications did not relate to a 'reviewable decision' or the applicant had also applied to QCAT for external review
- in relation to eight of the original decisions purportedly under review, the decision had not yet been made
- applications concerning 40 decisions were withdrawn by the applicant
- five applications were closed with no further action taken, because of mistakenly referred correspondence taken to be an application
- 64 applications were outside the legislated timeframe and not accepted.

As at 30 June 2022, 59 cases remained open. On average, it took 25.9 days to process an internal review case in the reporting period.

CUSTOMER FEEDBACK

We encourage our customers to provide feedback so that we can continuously improve our business. For the 2021-2022 reporting period, the following suggestions, compliments, and complaints were received by the QBCC:

TABLE 23: CUSTOMER FEEDBACK STATISTICS COMPARED TO THE PREVIOUS YEAR

	2020-2021	2021-2022	PERCENTAGE CHANGE FROM THE PREVIOUS YEAR
Suggestions	625	471	25% decrease
Compliments	130	94	28% decrease
Service complaints	932	1,175	26% increase

Customer service complaints were assessed and investigated in accordance with the QBCC Customer Feedback Policy available on the QBCC website. The increase in customer service complaints may be attributable to ongoing efforts to uplift organisational understanding of the customer service complaints management process. The QBCC is committed to providing customer-focused, prompt, efficient and effective management of all feedback.

OUR CODE OF CONDUCT

The Queensland Government Code of Conduct is applicable to all QBCC employees. Being an employee of the QBCC involves a significant level of trust to perform required duties to a high standard, both with respect to public administration and conduct. To ensure our employees are aware of their ethical obligations under the *Public Sector Ethics Act 1994* and the Code of Conduct, the QBCC has established and delivers online training modules including:

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

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

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

QBCC staff are regularly updated on integrity-related matters.

EMBEDDING HUMAN RIGHTS

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

In 2020, the QBCC implemented a process to embed the *Human Rights Act 2019* into our business to ensure we act and make decisions that are compatible with human rights.

The QBCC records human rights complaints within its framework for managing complaints. We received no human rights complaints during the 2021–2022 period.

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%	79%	The 2021 staff engagement results saw a slight decrease, with 79 per cent of our staff reporting a positive or neutral rating compared to the 2020 result which was 86 per cent.
Agency participation rate in the Working for Queensland survey	Over 90%	85%	Our 2021 staff participation rate was 85 per cent compared to 97 per cent completion in 2020. This is in comparison to the Queensland Government participation rate of 43 per cent for 2021.
Percentage of staff turnover	Up to 15%	14.7%	The turnover rate remains under the benchmark of 15 per cent. In 2021-2022, employees left the QBCC for many reasons, such as the conclusion of fixed-term contracts, career opportunities and retirement.
Overall QBCC gender parity	50%/50%	44% (M) / 56% (F)	The QBCC continues to promote and support gender balance across the organisation.
Gender parity – Senior Leadership Team and Directors	50%/50%	46 % (M) / 54% (F)	The QBCC continues to promote and support gender balance across the organisation.
Gender pay gap	10%	7.5%	55 per cent of roles in middle management (AO6 and above) are occupied by men.
Lost time injury frequency rate	Less than 2%	1%	
Average days lost due to absenteeism	10 days or less	13.1	During 2021-2022 there have been many challenges which may have affected attendance, including the COVID-19 pandemic, influenza in the community and the flood events in February 2022.

WORKFORCE PROFILE

Table 25 shows the number of full-time equivalent (FTE) staff as at 30 June 2022, with Table 26 showing in greater detail data on the representation of women, women in leadership roles, Aboriginal Peoples and Torres Strait Islander Peoples, people with disability and people with culturally and linguistically diverse backgrounds.

TABLE 25: WORKPLACE PROFILE DATA

	2021-22
Total FTE for the QBCC	511

TABLE 26: TARGET GROUP DATA

GENDER	NUMBER (HEADCOUNT)	PERCENTAGE OF TOTAL WORKFORCE (CALCULATED ON HEADCOUNT)
Man	230	44%
Woman	297	56%
Non-binary	0	0
DIVERSITY GROUPS	**NUMBER (HEADCOUNT)**	**PERCENTAGE OF TOTAL WORKFORCE (CALCULATED ON HEADCOUNT)**
Women	297	56%
Aboriginal Peoples and Torres Strait Islander Peoples	10	1.9%
People with disability	22	4.2%
Culturally and Linguistically Diverse – Born overseas	115	21.8%
Culturally and Linguistically Diverse – Speak a language at home other than English including Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages	66	12.5%
	NUMBER (HEADCOUNT)	**PERCENTAGE OF TOTAL LEADERSHIP COHORT (CALCULATED ON HEADCOUNT)**
Women in leadership roles[7]	14	50%

[7] Women in Leadership Roles are considered those positions that are Senior Officer and equivalent and above.

ATTRACTING AND RETAINING OUR WORKFORCE

In 2021-2022, the QBCC continued its commitment to attract and retain a skilled and capable workforce. Our flexible work arrangements encourage employees and managers to have ongoing conversations that promote a culture of trust, open communication, cooperation and negotiation.

In addition, our investment in learning and professional development for our people is recognised as an important engagement factor, as indicated by 68 per cent of our staff in the Working for Queensland 2021 survey. The QBCC also celebrates its people by acknowledging exceptional performance and those who lead by example through the annual awards ceremony.

KEEPING OUR STAFF SAFE AND HEALTHY

Health, safety, and wellbeing are important elements of our operations at the QBCC. In 2021-2022, we delivered:

- wellbeing initiatives such as online modules, webinars, and access to resources encouraging employees to focus on their health
- a response to the COVID-19 pandemic that enabled 90 per cent of our workforce to work from home safely and continued flexible arrangement
- Health and Safety representatives to continue to support and fully represent work groups
- annual Safety Management Plan activities
- toolbox talks that continued to be used to start meetings
- health and safety hazard inspections across all office locations in addition to these initiatives
- we also continued to ensure first aid officers were appointed and trained, employees' return-to-work (post injury) plans were in place, flu vaccinations were made available and ongoing access to the employee assistance program were maintained.

KEEPING OUR STAFF ENGAGED

In September 2021 the QBCC participated in the 2021 Working for Queensland survey which is used across Queensland public service agencies to measure employee perceptions of the workplace climate. Our 2021 staff participation rate was 85 per cent, compared to 97 per cent in 2020. The survey yielded valuable information on what could be improved and resulted in action plans across the organisation to continue to enhance our employees' experience.

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 discussed regularly with managers and team members. Formal checkpoints are scheduled half-yearly when individual performance is recorded in Performance Development Plans. The QBCC's half-way checkpoint was in February 2022 and had an 89 per cent completion rate.

The QBCC is committed to encouraging lifelong learning. This is demonstrated through our Study and Research Assistance Scheme (SARAS). It provides support for our people who are seeking to gain qualifications to support their work and careers. During the year, 14 employees applied and were approved for SARAS funding.

The QBCC has an Emerging Leaders Program that seeks to help individuals develop competencies required of a senior leader, and to enhance succession planning for future leaders. Six staff members were accepted for the Emerging Leaders Program in 2022-2023. The success of the 2021-2022 program has been confirmed with three of the program graduates having secured higher-level positions, an achievement they have attributed to the learning they undertook as part of the Emerging Leaders' program. The QBCC continues to review and refine this program to ensure it remains contemporary and relevant in the changing work environment.

In 2021-2022, the QBCC's Learning, and Development team developed, organised and delivered 165 courses (workshops and webinars). These achieved an 87 per cent attendance rate and staff satisfaction for the 2021-2022 year was 94 per cent across the 165 courses delivered.

DIVERSITY AND INCLUSION

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

We have 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 on, 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.

Throughout this past financial year, the QBCC continued to champion a number of initiatives supporting diversity and inclusion across our business.

As we move to 2023, the QBCC will focus on reinvigorating and re-establishing our REDI (Respect, Equity, Diversity and Inclusion) Squad to continually improve our processes for engaging with employees and seek external advice to better understand the challenges and opportunities that different diversity cohorts experience across the organisation.

The QBCC has successfully delivered Reflect Reconciliation Action Plan (RAP) and has now moved into the drafting phase of our next RAP - Innovate.

Through this and future RAPs, 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 is committed to growing a 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

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

OBJECTIVE	TARGET	ACTUAL	COMMENTS
Financial management – Achieve budget +/- 5%	See Financial Performance section in the Annual Report on page 44.		
Divisions to identify annual budget efficiency savings of 5%	See Financial Performance section in the Annual Report on page 44.		
IT services – post release satisfaction	80%	93.3%	Improvements in release and governance processes are improving the overall quality of delivery outcomes as reflected in the performance of the measure.
IT services - Help desk satisfaction	85%	97.8%	Improvements in service desk response processes are improving overall first level response time frames and resolution.

INSIGHTS-DRIVEN REGULATOR

In 2021-2022, the QBCC undertook a review of the systems and tools delivered in the original proof of concepts for insights and analytics data architecture and early warning dashboards. Given advancements in technology since original development, the QBCC will now focus on contemporising its data and analytics environment. This will build on the existing work and incorporate learnings from internal and external sources.

The revised focus for this work will uplift data-led decision-making across the QBCC and generate dashboards and insights for a robust decision-making organisation with data and analytics at its core.

FUTURE BLUEPRINT

In 2021-2022, the QBCC developed a program of work to enable a future-focused, innovative, and resilient organisation that builds trust and confidence in the building and construction industry. This program sets out strategic investments to modernise and consolidate our current technology and streamline processes to adapt to the changing needs of QBCC customers and the building and construction industry. Identified enhancements in technology and re-engineering of business processes underpin future strategic reform to provide effective and efficient regulatory and customer services, and deliver legislative, and core regulatory functions.

RISK AND ISSUE MANAGEMENT

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

Over the past 12 months, the QBCC continued to refine its approach to risk management across the organisation, adopting practices aligned with Australian standards (ISO 3100:2018 Risk management – Guidelines) and Queensland government guidelines (Treasury's Guide to Risk Management).

The QBCC has implemented a number of changes in response to the recommendations of the Risk Maturity Internal Audit Report (the risk maturity recommendations) including developing a revised Risk Appetite Statement, risk categories and risk assessment tools, and updating strategic risks. These products have been incorporated into a revised Risk Management Framework and Risk Policy for the organisation which will support the QBCC to continue to deliver against the risk maturity recommendations, further develop risk capability, and embed a risk-based decision-making culture across the organisation.

During 2021-2022 the QBCC reviewed and updated a suite of policies to support the identification, prevention, and management of fraud and corruption. This is intended to further strengthen the QBCC's fraud and corruption prevention framework and ensure it aligns with best practice and the requirements of integrity bodies such as the Crime and Corruption Commission (CCC), the Queensland Ombudsman and the Queensland Audit Office (QAO).

AO.

The online reporting tool, *iDeclare*, launched by the Integrity and Complaints Branch on 1 July 2020, continued to provide significant successes and take-up with employees making the necessary declarations of Conflict of Interest, Secondary Employment, Gifts and Benefits and Public Interest Disclosures.

During 2021-2022, the Integrity and Complaints Branch continued to implement its three-year integrity operational strategy to further develop the capability of QBCC staff and the QBCC as a whole. This involved presenting a robust Integrity Roadshow to all regional service points and business units within the QBCC, supported by awareness campaigns across a variety of integrity focus areas. The topics presented during 2021-2022 included the appropriate use and disclosure of confidential information, conflicts of interest, and customer engagement management to enhance client service provision.

The Integrity and Complaints Branch further strengthened its preventative approach during 2021-2022 by undertaking contemporary portfolio wide, all-staff communication and promotional activities to address emerging trends. These initiatives are commensurate with conduct and integrity matters referred to the QBCC by the CCC to deal with as necessary, and to address any identified systemic failures and enhancements as required.

INTERNAL AND EXTERNAL AUDITS

Over the 2021-2022 reporting period, the QBCC's internal auditors, O'Connor Marsden & Associates, undertook internal audits in the areas of Services Management, Key Financial Reporting and Cash Receipt/ Payment Controls Design, and Regional Operations.

The 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 Leadership Team and economic information from other relevant sources.

The QBCC's Investment Policy was reviewed and approved in November 2021 and had minor updates in June 2022. 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). In 2021-2022, we finalised 207 applications under the RTI and IP Acts with 167,636 pages and 209 audio recordings assessed. Of the documents assessed, 131,868 pages were released in full and 8,467 were partially released. There were 170 audio recordings released in full and 11 partially released to QBCC applicants. There were no IP Amendment applications received in 2021-2022.

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 149 AA requests in 2021-2022, releasing 5,565 pages and two audio recordings 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. Seven privacy complaints were received by the QBCC in the reporting period.

OPEN DATA

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

- consultancies
- overseas travel
- Queensland Language Service Policy.

An overseas travel expenditure for the 2021-2022 reporting period was not required due to overseas travel not being undertaken by any officers of the QBCC.

RECORDS MANAGEMENT

The QBCC captured approximately 3.2 million records, a 23 per cent increase in records capture compared to the previous reporting cycle. Seventy per cent of these records were generated through automation.

During 2021-2022, the QBCC saw its reviewed retention and disposal schedule progress to the Queensland State Archives for review and consultation with a view to have it finalised and implemented into the recognised record keeping system, Content Manager, for automatic sentencing inside the next reporting cycle.

The QBCC also rolled out a mandatory online records management training module which touched on points relating to the misuse of confidential information based on advice from the CCC, when to capture, email records, information security classification, and relationships with other acts regarding disposal.

CORPORATE GOVERNANCE

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

ROLE AND RESPONSIBILITIES OF THE QBC BOARD

As at 30 June 2022, there were 10 independent, non-executive members on the QBC Board. QBC 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 QBC 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.

QBC BOARD MEETINGS

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

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

COMMITTEE MEETINGS

To facilitate its efficient operation, the QBC 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.

TABLE 28: QBC BOARD MEMBER ATTENDANCE AND REMUNERATION 2021-2022

Queensland Building and Construction Board					
Act or instrument	*Queensland Building and Construction Commission Act 1991*				
Functions	Governing body of the Queensland Building and Construction Commission				
Achievements	• 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[8]**	**APPROVED SUB-COMMITTEE FEES IF APPLICABLE**	**ACTUAL FEES RECEIVED[9]**
Chair	R. L. Williams	31	$50,000	N/A	$55,000
Deputy Chair	Michelle James	21	$25,000	N/A	$28,000
Member	Lesley Anderson	17	$25,000	N/A	$28,000
Member	Andrew Hickman	13	$25,000	N/A	$28,000
Member	Jade Ingham	12	$25,000	N/A	$28,000
Member	Brett Schimming	22	$0	N/A	$26,000[10]
Member	Robert Schwarten	14	$25,000	N/A	$28,000
Member	Debra Johnson	19	$25,000	N/A	$28,000
Member	Cath Brokenborough	20	$25,000	N/A	$28,000
Member	Meg Frisby	16	$25,000	N/A	$28,000
No. scheduled meetings/ sessions	R. L. Williams – 33 Michelle James – 24 Lesley Anderson – 21 Andrew Hickman – 16 Jade Ingham – 16 Brett Schimming – 25 Robert Schwarten – 16 Debra Johnson – 20 Cath Brokenborough – 24 Meg Frisby – 16				
Total out of pocket expenses	$19,482. Other operational costs totalled $317,736[11].				

[8] Approved fees do not include superannuation amounts.
[9] Actual fees include superannuation amounts.
[10] Under review
[11] In 2021-2022, the QBC Board used consultants for advice on multiple matters.

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee provides independent comment, advice and counsel to the QBC 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 QBC 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.

In 2021-2022, the Committee met four# 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 from budget for the 2021-2022 financial year
- ensured the financial report is completed within legislated timeframes
- reviewed and monitored the preparation of the 2022-2023 annual budget.

RISK COMMITTEE

The Risk Committee oversees and advises the QBC 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), Michelle James, Cath Brokenborough and R. L. Williams.

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 QBC 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.

REGULATORY AND RESOLUTION COMMITTEE

The Regulatory and Resolution Committee supports the QBC 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 QBC 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 QBC 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 QBC Board on the performance of the Queensland Home Warranty Scheme
- reviewing the Queensland Home Warranty 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 Queensland Home Warranty Scheme achieves sound results
- collaborating with reinsurers in the performance of the Queensland Home Warranty Scheme and monitoring reinsurance agreements
- monitoring and reporting to the QBC Board with regards to the actuarial assessment of the Queensland Home Warranty 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 QBC 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 MCC. 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 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:

1. conferring on national policy development and implementation for the plumbing and drainage trade
2. reporting to the Minister on any issue relating to the plumbing and drainage trade:
   a. that the Minister refers to the Council or
   b. any issue the Council considers the Minister should know about
3. making recommendations to the Commissioner about the performance of the Commissioner's functions under the PD Act
4. 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
5. establishing other panels to assist the Council to effectively and efficiently perform its functions
6. 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.)
7. performing other functions relating to the plumbing and drainage trade given to the Council under the PD Act or another Act.

In 2021-2022, in accordance with its functions under the PD Act, the Council:

- delivered an industry forum in Bundaberg
- endorsed recommendations from the Council's On-site Sewage Treatment Panel
- made recommendations to the QBCC Commissioner to amend the technical qualifications document for plumber and drainer licences and to undertake industry engagement in relation to compliance matters
- reported to the Minister about issues with licensing requirements for soil assessment, removal of the restricted water plumber – water and sanitary licence and the On-site Sewage Treatment Panel's recommendations
- reviewed a decision of the QBCC to take disciplinary action against a licensee
- completed a recruitment process for the new term of the Council's Service Trades Licensing Advisory Panel.

TABLE 29: SERVICE TRADES COUNCIL MEMBER ATTENDANCE AND REMUNERATION 2021-2022

Service Trades Council	
Act or instrument	*Plumbing and Drainage Act 2018*
Functions	Advisory body
Achievements	• Acting as the internal review mechanism for licensees who have received disciplinary action under the *Plumbing and Drainage Act 2018* • 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[12]	NAME	MEETINGS/ SESSIONS ATTENDANCE	APPROVED ANNUAL, SESSIONAL OR DAILY FEE	APPROVED SUB-COMMITTEE FEES IF APPLICABLE	ACTUAL FEES RECEIVED[13]
Chair	Penny Cornah	7	N/A	N/A	$0
Deputy Chair	Janet Cumming	7	N/A	N/A	$0
Member	Glen Chatterton[14]	2	$300	N/A	$1,650
Member	Michelle Kennedy	6	N/A	N/A	$0
Member	Greg Moore	4	N/A	N/A	$0
Member	Anne Neuendorf	5	N/A	N/A	$0
Member	Gary O'Halloran	2	N/A	N/A	$0
Member	Adrian Shackleton[14]	4	$300	N/A	$1,980
Member	Sharon Simmers	6	N/A	N/A	$0
Member	Geoff Woodall	6	N/A	N/A	$0
Member	Assistant Commissioner, Service Trades and Regulatory, QBCC	7	N/A	N/A	$0
No. scheduled meetings/ sessions	7				
Total out of pocket expenses	$0. Other operational costs totalled $8,518.				

[12] A Deputy Member may be appointed to act for a Member in the Member's absence (PD Act 2018, section 110)
[13] Actual fees include superannuation amounts.
[14] Member resigned in November 2021

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 2021-2022 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.

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 95 conduct cases received, suspected corrupt conduct was identified in 16 cases and nine have been subsequently closed. These 16 cases were referred to the CCC for their independent assessment. There were 19 cases that involved an employee making a public interest disclosure.

The Commissioner must refer all complaints to the CCC where the Commissioner suspects corrupt conduct. The QBCC has no power to deal with such matters unless they are assessed by the CCC and referred back 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 QAO issued a performance audit report assessing whether 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'. At the request of the QAO, in June 2022, the QBCC undertook a self-assessment on progress in implementing the recommendations from the Report using the QAO online self-assessment system.

The QBCC reported the following:

- six recommendations fully implemented
- four recommendations partially implemented
- one recommendation is no longer applicable.

Ongoing programs of work are planned to continue implementation of the outstanding recommendations.

In November 2021, the Queensland Government commissioned an independent review into the governance arrangements of the QBCC to ensure it is contemporary and fit for purpose. The QBCC Governance Review 2022, containing 17 recommendations and 77 corresponding actions for implementation, was received by the Government in May 2022 from Mr Jim Varghese AM.

The Government publicly released the review through the DEPW, including the Government's response and 90-day implementation plan, on 29 June 2022.

FINANCIAL PERFORMANCE

The following pages provide details around the QBCC's financial performance in 2021-2022.

FINANCIAL PERFORMANCE

The QBCC returned a loss of $36.57 million in 2021-2022 and has a strong net asset position of $158.23 million.

Total income was $317.55 million, 4.69 per cent higher than 2020-2021. The QBCC continued to see increased activity in the housing sector, albeit not as high as 2020-2021, which has resulted in higher than budgeted income from licence renewals and applications. The inflation in home building costs has increased the contract price for building a new dwelling, resulting in higher premium income. Investment returns were volatile during the year with the changes in fair value of investments decreasing in 2021-2022.

Total expenditure was $354.12 million, 47 per cent higher than 2020-2021. This increase is primarily due to the increase in the provisions for future claims under the Queensland Home Warranty Scheme caused by the inflation in home building costs in Queensland which will impact the cost of future claims.

This increase has also impacted income for the reinsurers' share of the future claims liability, which is recorded as an asset in the statement of financial performance.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
FOR THE YEAR ENDED 30 JUNE 2022

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QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

Operating Result	NOTES	2022 ACTUAL $'000	2022 ORIGINAL BUDGET $'000	BUDGET VARIANCE* $'000	2021 RESTATED ACTUAL** $'000
INCOME					
Licence revenue	B1-1	48 053	45 539	2 514	45 040
Premium revenue	B1-2	117 232	80 440	36 792	107 309
Insurance administration fees revenue	B1-3	43 747	30 173	13 574	43 377
Reinsurance and other recoveries revenue	B1-4	105 199	63 507	41 692	50 258
Investment revenue	B1-5	(15 775)	5 393	(21 168)	35 934
Other revenue	B1-6	19 061	17 599	1 462	21 364
Total revenue		**317 517**	**242 651**	**74 865**	**303 282**
Gains on disposals/revaluation of assets		37	9	28	33
TOTAL INCOME		**317 554**	**242 660**	**74 893**	**303 315**
EXPENSES					
Outward reinsurance	B2-1	70 535	48 341	22 194	71 908
Claims approved and charged	B2-2	147 553	45 147	102 406	45 816
Employee expenses	B2-4	69 849	73 827	(3 979)	64 191
Supplies and services**	B2-5	28 032	43 587	(15 555)	28 148
Depreciation and amortisation**	B2-6	4 882	6 077	(1 195)	5 592
Impairment losses on financial assets	B2-7 & C2-1	31 866	39 773	(7 907)	23 536
Finance/borrowing costs	B2-8	282	345	(63)	373
Other expenses	B2-9	1 123	684	439	1 343
TOTAL EXPENSES		**354 122**	**257 781**	**96 340**	**240 907**
OPERATING RESULT **		**(36 568)**	**(15 121)**	**(21 447)**	**62 408**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME**		**(36 568)**	**(15 121)**	**(21 447)**	**62 408**

*An explanation of major variances is included in Note E1

** The June 2021 balances have been restated, refer to Note F6

The accompanying notes form part of these financial statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTES	2022 ACTUAL $'000	2022 ORIGINAL BUDGET $'000	BUDGET VARIANCE* $'000	2021 RESTATED ACTUAL** $'000
CURRENT ASSETS					
Cash and cash equivalents	C1	24 810	3 758	21 052	17 239
Receivables	C2	19 707	12 234	7 473	19 776
Reinsurance receivables	C3	44 037	21 976	22 061	22 974
Other financial assets	D1-2	398 747	336 885	61 862	376 045
Other current assets	C4	27 789	19 102	8 687	28 607
TOTAL CURRENT ASSETS		**515 090**	**393 955**	**121 135**	**464 641**
NON-CURRENT ASSETS					
Reinsurance receivables	C3	103 885	64 574	39 311	72 009
Intangible assets**	C5	558	446	112	917
Property, plant and equipment	C6	3 072	3 557	(485)	3 830
Right-of-use assets	C7	11 283	15 602	(4 319)	19 382
TOTAL NON-CURRENT ASSETS		**118 798**	**84 179**	**34 619**	**96 138**
TOTAL ASSETS		**633 888**	**478 134**	**155 754**	**560 779**
CURRENT LIABILITIES					
Payables	C8	42 393	29 598	12 795	38 118
Lease liabilities	C7	3 672	3 494	178	3 555
Accrued employee benefits	C9	9 663	10 347	(684)	8 383
Provisions	C10	502	-	502	-
Unearned income liability	C11	51 632	38 476	13 156	51 786
Future claims and associated costs	C12	95 905	51 557	44 348	54 936
TOTAL CURRENT LIABILITIES		**203 767**	**133 472**	**70 295**	**156 778**
NON-CURRENT LIABILITIES					
Accrued employee benefits	C9	10 271	9 241	1 030	8 969
Lease liabilities	C7	9 621	14 328	(4 707)	17 822
Provisions	C10	636	755	(119)	947
Future claims and associated costs	C12	251 365	179 316	72 049	181 850
TOTAL NON-CURRENT LIABILITIES		**271 893**	**203 640**	**68 253**	**209 588**
TOTAL LIABILITIES		**475 660**	**337 112**	**138 548**	**366 366**
NET ASSETS**		**158 228**	**141 022**	**17 206**	**194 413**
EQUITY					
Contributed equity		778	-		395
Accumulated surplus**		157 450			194 018
TOTAL EQUITY		**158 228**	**-**	**-**	**194 413**

*An explanation of major variances is included in Note E1
** The June 2021 balances have been restated, refer to Note F6
The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	CONTRIBUTED EQUITY $'000	ACCUMULATED SURPLUS $'000	TOTAL EQUITY $'000
BALANCE AS AT 1 JULY 2020*	395	131 610	132 005
Total comprehensive income for the year*	-	62 408	62 408
BALANCE AT 30 JUNE 2021*	**395**	**194 018**	**194 413**
Operating result	-	(36 568)	(36 568)
Equity injection	383	-	383
Total comprehensive income for the year	**383**	**(36 568)**	**(36 185)**
BALANCE AT 30 JUNE 2022	**778**	**157 450**	**158 228**

** The June 2021 balances have been restated, refer to Note F6*

The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 ACTUAL $'000	2022 ORIGINAL BUDGET $'000	BUDGET VARIANCE* $'000	2021 RESTATED ACTUAL**
CASH FLOWS FROM OPERATING ACTIVITIES					
INFLOWS					
Received from licence fees		48 801	43 820	4 981	44 920
Received from insurance administration fees		43 747	30 173	13 574	43 384
Received from interest		189	627	(438)	288
GST input tax credits from ATO		7 558	9 892	(2 334)	7 983
GST collected from customers		13 907	11 656	2 251	13 833
Received from other revenue		18 360	17 439	921	20 498
		132 562	**113 607**	**18 955**	**130 906**
OUTFLOWS					
Payments to employees		(61 475)	(71 392)	9 917	(57 145)
Payments to suppliers**		(34 256)	(43 676)	9 420	(33 601)
Finance/borrowing costs		(282)	(345)	63	(373)
GST paid to suppliers		(7 492)	(9 892)	2 400	(7 998)
GST remitted to ATO		(13 760)	(11 656)	(2 104)	(13 557)
		(117 265)	**(136 961)**	**19 697**	**(112 675)**
		15 297	**(23 354)**	**38 652**	**18 231**
INSURANCE					
Received from premiums		115 435	80 440	34 996	124 760
Payments to reinsurers		(69 101)	(44 133)	(24 968)	(79 169)
Claims paid		(33 040)	(45 147)	12 107	(26 241)
Received from reinsurers and other recoveries		20 976	25 914	(4 938)	20 446
		34 270	**17 074**	**17 196**	**39 796**
Net cash provided by operating activities	**CF-1**	**49 567**	**(6 280)**	**55 848**	**58 027**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant, equipment and intangibles**		(106)	(270)	164	(1 023)
Investment in other financial assets		(43 000)	-	(43 000)	(69 000)
Payments for investments		-	(3 244)	3 244	-
Investments redeemed		4 334	-	4 334	6 049
Net cash used in investing activities		**(38 772)**	**(3 514)**	**(35 258)**	**(63 973)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity injections		383	383	-	-
Lease payments	C7	(3 607)	(3 532)	(75)	(3 482)
Net cash used in financing activities		**(3 224)**	**(3 149)**	**(75)**	**(3 482)**
Net increase/(decrease) in cash and cash equivalents		7 571	(12 943)	20 514	(9 430)
Cash and cash equivalents - opening balance		17 239	16 701	538	26 669
Cash and cash equivalents - closing balance	**C1**	**24 810**	**3 758**	**21 052**	**17 239**

*An explanation of major variances is included in Note E1
** The June 2021 balances have been restated, refer to Note F6
The accompanying notes form part of these statements.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE STATEMENT OF CASH FLOW

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

	2022 $'000	2021 RESTATED ACTUAL* $'000
Operating surplus/(deficit)*	(36 568)	62 408
Non-Cash items included in operating result:		
Depreciation and amortisation expense*	4 882	5 592
Net (gains)/losses on disposal of property, plant and equipment	(37)	(33)
Movement in impairment losses	8 472	465
Changes in net market value of investments	15 964	(35 646)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(61 342)	(9 195)
(Increase)/decrease in other current assets	195	136
(Increase)/decrease in prepayments - outward reinsurance	623	(8 773)
Increase/(decrease) in payables	4 275	8 630
Increase/(decrease) in accrued employee benefits	2 583	2 452
Increase/(decrease) in provisions	191	143
Increase/(decrease) in unearned income liability	(154)	14 296
Increase/(decrease) in future claims	110 483	17 551
Net Cash Provided by Operating Activities*	**49 567**	**58 027**

* The June 2021 balances have been restated, refer to Note F6

CF-2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2021-22	OPENING BALANCE $'000	NON-CASH CHANGES		CASH FLOWS		CLOSING BALANCE $'000
		NEW LEASES ACQUIRED $'000	OTHER $'000	CASH RECEIVED $'000	CASH REPAYMENTS $'000	
Lease liabilities	21 377	-	(4 477)	-	(3 607)	13 293
Total	**21 377**	-	**(4 477)**	-	**(3 607)**	**13 293**

2020-21	OPENING BALANCE $'000	NON-CASH CHANGES		CASH FLOWS		CLOSING BALANCE $'000
		NEW LEASES ACQUIRED $'000	OTHER $'000	CASH RECEIVED $'000	CASH REPAYMENTS $'000	
Lease liabilities	24 831	-	28	-	(3 482)	21 377
Total	**24 831**	-	**28**	-	**(3 482)**	**21 377**

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 2022

SECTION 1

HOW WE OPERATE - OUR OBJECTIVES AND ACTIVITIES

A1. BASIS OF FINANCIAL STATEMENT PREPARATION

GENERAL INFORMATION

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

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

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

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

THE REPORTING ENTITY

This financial report represents the financial statements for the consolidated entity of the QBCC, consisting of the parent entity, the QBCC, and its controlled entity, the QBCEO. The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of the QBCC.

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

BASIS OF CONSOLIDATION

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

A1. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

STATEMENT OF COMPLIANCE

These general purpose financial statements are prepared on an accrual basis and in accordance with the Australian Accounting Standards (AASBs) and Interpretations, other authoritative pronouncements, the *Financial and Performance Management Standard 2019* and Queensland Treasury's Minimum Reporting Requirements

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 2020-21 financial statements. There has been restatement of prior period amounts however are not material. Refer to Note F6-1.

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 CEO & Commissioner, the Chair of the Board and the Chief Financial Officer at the date of signing the Management Certificate.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

A2. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE QBCC

The QBCC's objectives include:

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

The QBCC's principal activities are:

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

Our supporting business activities are:

- education and awareness campaigns
- payment dispute resolution.

The QBCC and the QBCEO are 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.

A3. INSURANCE CONTRACTS RISK MANAGEMENT (CONTINUED)

Risk is managed through several mechanisms.

Reinsurance

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

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

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

Risk mitigation

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

Underwriting - risk acceptance

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

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

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

Risk pricing

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

Warranty terms of cover

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

A3. INSURANCE CONTRACTS RISK MANAGEMENT (CONTINUED)

Claims management

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

Investment management

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

Regulatory risk

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

Claims development

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

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

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

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

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

SECTION 2 NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1. REVENUE

B1-1 LICENCE REVENUE

	NOTES	2022 $'000	2021 $'000
Renewal fees		42 304	39 514
Application fees		5 749	5 526
		48 053	**45 040**

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	138 470	137 669
Movement in unearned premiums		(21 238)	(30 360)
		117 232	**107 309**

Accounting Policy

Premium revenue is the amounts charged to policyholders for insurance contracts. Premium revenue is earned from the date of notification (generally this is similar to the date of contract) over the period of the contract in accordance with the pattern of the incidence of risk expected. This period is thirteen months from the date of notification. The unearned portion of premium is recognised as an unearned income liability in the Statement of Financial Position. Refer to Note C11.

B1-3 INSURANCE ADMINISTRATION FEES REVENUE

Administration fees received from policyholders		18	8
Exchange commission fees received from reinsurers		43 729	43 369
		43 747	**43 377**

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 2022

B1. REVENUE (CONTINUED)

B1-4 REINSURANCE AND OTHER RECOVERIES REVENUE

	NOTES	2022 $'000	2021 $'000
Reinsurers' share of claims approved		18 643	16 393
Reinsurers' share of future claims movement		52 939	6 101
Reinsurers' share of claims management fee		789	900
Recovery revenue		32 828	26 864
		105 199	**50 258**

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		188	287
Distributions		7 461	26 034
Changes in fair value of investments		(23 424)	9 613
		(15 775)	**35 934**

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		9 984	12 788
Notifiable works		3 305	3 202
Infringements and court fines awarded		2 387	2 383
Pool safety certificate fees		1 690	1 655
Owner-builder fees		1 330	971
Adjudication application fees		117	117
Certificate fees		126	114
Search fees		91	100
Other		31	34
		19 061	**21 364**

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 2022

B2. EXPENSES

B2-1 OUTWARD REINSURANCE

	NOTES	2022 $'000	2021 $'000
Reinsurers' share of premium		69 239	68 836
Reinsurers' share of recovery		1 296	3 072
		70 535	**71 908**

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		35 974	31 511
Movement in provision for future claims processing cost	C12	17 417	1 284
Movement in provision for future claims	C12	93 066	16 267
Movement in unexpired risk	C11	1 096	(3 246)
		147 553	**45 816**

Accounting Policy

Claims approved, the movement in future claims and processing costs are recognised in respect of direct insurance business. The expense for claims approved is recognised when a home warranty insurance claim is approved by the QBCC. The QBCC also provides for claims reported but not yet approved, incurred but not reported, incurred but not enough reported. Refer to Note C12.

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

B2-3 PROFIT/(LOSS) ON UNDERWRITING

Premiums received	B1-2	138 470	137 669
Less: Outward reinsurance premium expense	B2-1	(69 239)	(68 836)
QBCC's share of premiums		69 231	68 833
Less: Unearned premiums at the end of year	C11	(23 014)	(23 640)
Total premiums received and earned during the year		46 217	45 193
Add: Unearned premiums at the beginning of the year	C11	23 640	14 872
Less: Exchange commission		(21 864)	(21 685)
Earned premiums		**47 993**	**38 380**
Claims approved and charged	B2-2	147 553	45 816
Less: Reinsurance and other recoveries		(72 398)	(23 984)
Net claims		**75 155**	**21 832**
Profit/(Loss) on underwriting		**(27 162)**	**16 548**

B2. EXPENSES (CONTINUED)

B2-3 PROFIT/(LOSS) ON UNDERWRITING (CONTINUED)

Participation in the Insurance Scheme

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

B2. EXPENSES (CONTINUED)

B2-4 EMPLOYEE EXPENSE

	NOTES	2022 $'000	2021 $'000
EMPLOYEE BENEFITS			
Wages and salaries		50 984	47 551
Employer superannuation contributions		6 623	6 202
Annual leave expense		5 670	5 082
Long service leave expense		2 177	1 530
EMPLOYEE-RELATED EXPENSES			
Workers' compensation premium		288	313
Payroll tax		3 054	2 836
Fringe benefits tax		97	140
Training		445	203
Recruitment		344	203
Other employee related expenses		166	131
		69 849	**64 191**
Full-Time Equivalent Employees		**511**	**523**

Accounting Policy - Employee Expense

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

Accounting Policy - Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised at current salary rates. As the QBCC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Refer to Note C9.

Accounting Policy - Annual Leave and Long Service Leave

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

Accounting Policy - Sick Leave

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

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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B2. EXPENSES (CONTINUED)

B2-5 SUPPLIES AND SERVICES

	NOTES	2022 $'000	2021 $'000
Consultants and contractors*		8 922	9 707
Information system maintenance, equipment and furniture		5 332	5 982
Legal cost		3 535	4 146
Communications and marketing		4 304	2 965
Bank fees and charges		2 015	1 745
Property lease expenses		1 552	1 414
Property maintenance		1 653	1 592
Motor vehicles operating cost		211	174
Printing and stationery		336	296
Travel		172	127
		28 032	**28 148**

* The June 2021 balances have been restated, refer to Note F6

Accounting Policy

The QBCC recognises expenses when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Lease expenses includes lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note C-7 for breakdown of lease expenses and other lease disclosures.

B2-6 DEPRECIATION AND AMORTISATION

Depreciation - property plant and equipment	C6	901	727
Depreciation - right-of-use assets	C7	3 622	3 738
Amortisation - intangibles*	C5	359	1 127
		4 882	**5 592**

* The June 2021 balances have been restated, refer to Note F6

B2-7 IMPAIRMENT LOSSES

Sundry receivables		31 866	23 536
		31 866	**23 536**

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
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B2. EXPENSES (CONTINUED)

	NOTES	2022 $'000	2021 $'000
B2-8 FINANCE/BORROWING COSTS			
Interest on lease liabilities		282	373
		282	**373**

Accounting Policy

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

B2-9 OTHER EXPENSES

Internal audit[1]		120	210
External audit fees[2]		135	104
Board members' fees and costs [3]		357	601
Insurance Premiums[4]		440	399
Special payments[5]			
Ex-gratia payments		71	29
		1 123	**1 343**

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 2021-22 financial statements are estimated to be $119,000 (2021: $96,000). There are no non-audit services included in this amount.

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

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

(5) Special payments represent ex gratia expenditure and other expenditure that the QBCC is not contractually or legally obliged to make to other parties. The QBCC made three special payments during 2021-22 above $5,000 (2021: two). Two payments made were to ex-employees and one in relation to a Home Warranty Insurance claim dispute. The previous financial year payments were due to Home Warranty Insurance claim disputes.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

C1. CASH AND CASH EQUIVALENTS

	NOTES	2022 $'000	2021 $'000
Cash		1 584	1 938
Deposits at call		23 226	15 301
		24 810	**17 239**

Accounting Policy - Cash and Cash Equivalents

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

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

C2. RECEIVABLES

Sundry debtors		81 091	72 688
Less: Loss allowance		(61 384)	(52 912)
		19 707	**19 776**

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.

C2. RECEIVABLES (CONTINUED)

C2-1. IMPAIRMENT OF RECEIVABLES (CONTINUED)

Disclosure - Credit Risk Exposure of receivables

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

The QBCC has determined three material groupings for measuring expected credit losses. One group for General Fund measures expected credit losses determined using a provision matrix. The calculation for the provision matrix is based on historical observed default rates calculated using credit losses experienced during the past five years preceding 30 June 2022. The second General Fund group measures expected credit loss based on legislated license payment timeframes and individual assessment.

The Insurance Fund group is assessed individually for impairment.

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

General Fund Group - infringements and magistrates orders sundry debtors

	2022			2021		
AGEING	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**
1 to 30 days overdue	188	82%	154	156	82%	123
31 to 60 days overdue	228	83%	188	159	78%	123
61 to 90 days overdue	275	76%	209	204	81%	164
> 90 days overdue	7 025	85%	5 967	8 056	84%	6 806
Total	**7 716**		**6 518**	**8 575**		**7 216**

General Fund Group - other sundry debtors

	2022			2021		
AGEING	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**
1 to 30 days overdue	1,706	0%	1	1,786	0%	2
31 to 60 days overdue	768	0%	0	1,113	0%	0
61 to 90 days overdue	181	97%	177	397	99%	395
> 90 days overdue	1 908	95%	1 811	1 929	95%	1 828
Total	**4 564**		**1 989**	**5 225**		**2 225**

Insurance Fund Group

	2022			2021		
AGEING	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**	**GROSS RECEIVABLES $'000**	**LOSS RATE %**	**EXPECTED CREDIT LOSSES $'000**
1 to 30 days overdue	7,734	32%	2 473	6,082	22%	1 339
31 to 60 days overdue	1,995	74%	1 482	1,536	59%	901
61 to 90 days overdue	2,261	78%	1 758	1,833	73%	1 334
> 90 days overdue	56 821	83%	47 165	49 437	81%	39 898
Total	**68 811**		**52 878**	**58 888**		**43 472**

C2. RECEIVABLES (CONTINUED)

C2-1. IMPAIRMENT OF RECEIVABLES (CONTINUED)

Movements in loss allowance for sundry debtors

	2022 $'000	2021 $'000
Loss allowance as at 1 July	52 912	52 447
Increase/(decrease) in allowance recognised in operating result	31 866	23 536
Amounts written-off during the year	(23 394)	(23 071)
Loss allowance as at 30 June	**61 384**	**52 912**

C3. REINSURANCE RECEIVABLES

CURRENT

Reinsurers' share of future claims provision	44 037	22 974
	44 037	**22 974**

NON-CURRENT

Reinsurers' share of future claims provision	103 885	72 009
	103 885	**72 009**

Represented by		
Expected future recoveries	163 270	97 207
Less discount to present value	(41 997)	(19 193)
	121 273	**78 014**
Risk margin	26 649	16 969
	147 922	**94 983**

RECONCILIATION OF MOVEMENT DURING THE YEAR

Balance at 1 July	94 983	88 882
Provisions made	38 377	28 429
Payments made	(18 439)	(17 535)
Effects of changes in assumptions to prior year provisions	33 001	(4 793)
Balance at 30 June	**147 922**	**94 983**

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.

C3. REINSURANCE RECEIVABLES (CONTINUED)

	2022 $'000	2021 $'000
Disclosure - Credit Risk Exposure		
QBCC is exposed to credit risk for reinsurance receivables as follows:		
CATEGORY		
FINANCIAL ASSETS		
Reinsurance receivables	147 922	94 983
Total	**147 922**	**94 983**

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	2 715	2 946
Prepayments - outward reinsurance on unearned premium liability	24 994	25 617
Other - refundable bond	80	44
	27 789	**28 607**

C5. INTANGIBLES AND AMORTISATION EXPENSE

C5-1 ACCOUNTING POLICIES

Recognition and Measurement of Intangibles

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

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

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

Amortisation Expense

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

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

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

The following amortisation rates are used:

Software Internally Generated	10-34%

Impairment of intangible assets

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

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

Software-as-a-Service (SaaS) arrangements

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

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

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

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C5. INTANGIBLES AND AMORTISATION EXPENSE (CONTINUED)

C5-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2022 $'000	2021* $'000
Software purchased : At cost		
Gross	-	-
Less: Accumulated amortisation	-	-
	-	-
Software internally generated : At cost		
Gross	11 814	11 814
Less: Accumulated amortisation	(11 256)	(10 897)
	558	917
Software work in progress : At cost		
Gross	-	-
	-	-
Total	**558**	**917**

	SOFTWARE INTERNALLY GENERATED $'000	SOFTWARE WORK IN PROGRESS $'000	TOTAL $'000
2021-22			
Carrying amount at 1 July 2021	917	-	917
Acquisitions	-	-	-
Amortisation	(359)	-	(359)
Carrying amount at 30 June 2022	**558**	**-**	**558**
2020-21*			
Carrying amount at 1 July 2020	2 044	-	2 044
Acquisitions	-	-	-
Amortisation	(1 127)	-	(1 127)
Carrying amount at 30 June 2021	**917**	**-**	**917**

* The June 2021 balances have been restated, refer to Note F6

C6. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C6-1 ACCOUNTING POLICIES

Property Plant and Equipment

Recognition Thresholds for Property, Plant and Equipment

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

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

Acquisition of Assets

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

Items comprising the QBCC technical library are expensed on acquisition.

Depreciation of Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost progressively over its estimated useful life to the Commission. For each class of depreciable assets, the following depreciation rates are used:

Class	Rate
Plant and equipment:	
Motor vehicles	15-20%
IT equipment	20-33%
Other equipment	3-33%
Leasehold improvements	3-44%

Impairment of non-current assets

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

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
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C6. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (CONT.)

C6-2 BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	NOTES	2022 $'000	2021 $'000
Plant and equipment			
Gross		3 093	3 048
Less: Accumulated depreciation		(1 572)	(1 253)
		1 521	1 795
Leasehold improvements			
Gross		9 966	10 006
Less: Accumulated depreciation		(8 415)	(7 971)
		1 551	2 035
Total		**3 072**	**3 830**

PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
2021-22			
Carrying amount at 1 July 2021	2 035	1 795	3 830
Acquisitions	13	242	255
Disposals	(53)	(59)	(112)
Depreciation expense	(444)	(457)	(901)
Carrying amount at 30 June 2022	**1 551**	**1 521**	**3 072**
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**

C7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	BUILDINGS $'000	TOTAL $'000
2021-22		
Opening balance at 1 July	19 382	19 382
Acquisitions	-	-
Disposals / derecognition	-	-
Depreciation expense	(3 622)	(3 622)
Other adjustments	(4 477)	(4 477)
Closing balance at 30 June	**11 283**	**11 283**

	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**

LEASE LIABILITIES

	2022 $'000	2021 $'000
CURRENT		
Lease liabilities	3 672	3 555
NON-CURRENT		
Lease liabilities	9 621	17 822
Total lease liabilities	**13 293**	**21 377**

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.

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

ACCOUNTING POLICY - LEASES (CONTINUED)

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

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

Lease Liabilities

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

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

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

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

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

DISCLOSURES - LEASES

(i) Details of leasing arrangements

Property leases

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

(ii) Office accommodation

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

(iii) Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Depreciation expense for right of use assets	3 622	3 738
Interest expense on lease liabilities	282	373
Breakdown of 'Property lease expenses' included in Note B2-5.		
- Expenses relating to office accommodation provided by DEPW	1 356	1 291
- Expenses relating to short-term leases	196	123

(iv) Total cash outflow for leases	3 607	3 482

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C8. PAYABLES

	NOTES	2022 $'000	2021 $'000
Sundry creditors		11 101	10 253
Accruals		2 295	1 827
Claims approved but not yet paid		20 174	17 284
Reinsurers' share of recoveries provision		8 281	8 363
		41 851	37 727
GST payable		1 364	1 216
GST receivable		(822)	(825)
		542	391
Total		**42 393**	**38 118**

Accounting Policy - Payables

Sundry creditors are recognised upon receipt of the goods and services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.
The QBCC is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation, with the exception of Fringe Benefits Tax (FBT) and GST. FBT and GST are the only taxes accounted for by the QBCC. GST credits receivable from and GST payable to the Australian Taxation Office (ATO), are recognised.

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

Claims

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

C9. ACCRUED EMPLOYEE BENEFITS

	NOTES	2022 $'000	2021 $'000
CURRENT			
Wages and salaries outstanding		841	627
Annual leave provision		7 832	6 821
Long service leave provision		907	854
Time off in lieu provision		83	81
		9 663	**8 383**
NON-CURRENT			
Long service leave provision		10 271	8 969
		10 271	**8 969**

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.

C9. ACCRUED EMPLOYEE BENEFITS (CONTINUED)

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

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

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

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

C10. PROVISIONS

	NOTES	2022 $'000	2021 $'000
CURRENT			
Leasehold restoration		502	-
		502	**-**
NON-CURRENT			
Leasehold restoration		636	947
		636	**947**

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.

C11. UNEARNED INCOME LIABILITY

	NOTES	2022 $'000	2021 $'000
CURRENT **UNEARNED PREMIUM LIABILITY**			
QBCC's share		23 014	23 640
Unexpired risk liability		3 624	2 528
Reinsurers' share		24 994	25 618
		51 632	**51 786**

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 2022 identified a deficiency for the insurance scheme.

For the purpose of the liability adequacy test, the premium liability provision required is $26.63 million (2021 $26.17 million), including a risk margin of $4.063 million (2021 $3.647 million). The unearned premium liability in the account totalled $23.01 million (2021 $23.64 million) and the deficiency of $3.624 million (2021 $2.528 million) has been recorded as an unexpired risk liability.

C12. FUTURE CLAIMS AND ASSOCIATED COSTS

	NOTES	2022 $'000	2021 $'000
Current		95 905	54 936
Non-current		251 365	181 850
		347 270	**236 786**

REPRESENTED BY

Expected future claims payments		385 343	242 810
Claims handling provision		65 240	46 148
		450 583	288 958
Less discount to present value		(154 795)	(85 571)
		295 788	203 387
Risk margin		51 482	33 399
Liability for outstanding claims		**347 270**	**236 786**

RECONCILIATION OF MOVEMENT DURING THE YEAR

GROSS LIABILITY

Balance at 1 July		236 786	219 236
Provisions made		91 747	71 744
Payments made		(57 731)	(48 967)
Effects of changes in assumptions to prior year provisions		76 468	(5 227)
Balance at 30 June		**347 270**	**236 786**

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 2022.

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.

C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONTINUED)

CLAIMS DEVELOPMENT

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

Underwriting year	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	TOTAL $
Estimate of ultimate claims cost:												
At end of under writing year					29,640,378	27,003,441	28,189,318	24,612,480	21,680,438	31,713,675	31,150,573	
One year later				18,961,852	25,817,769	27,838,578	26,177,202	17,628,599	17,137,832	33,647,700		
Two years later			13,842,436	20,025,080	27,289,236	25,389,310	21,019,056	16,495,690	17,970,873			
Three years later		10,555,862	13,464,079	19,386,944	24,183,647	23,388,914	21,122,412	17,976,068				
Four years later	12,565,405	9,770,627	13,648,380	17,234,916	22,315,526	22,709,988	23,223,225					
Five years later	11,904,706	10,425,045	12,008,208	16,377,701	23,273,356	24,302,731						
Six years later	11,830,714	9,163,340	11,801,909	16,021,245	25,027,651							
Seven years later	10,597,756	8,686,681	12,439,504	16,899,314								
Eight years later	10,449,324	8,951,033	12,868,391									
Nine years later	10,329,340	9,428,493										
Ten years later	10,374,191											
Current estimate of cumulative claims cost	10,374,191	9,428,493	12,868,391	16,899,314	25,027,651	24,302,731	23,223,225	17,976,068	17,970,873	33,647,700	31,150,573	**222,869,209**
Cumulative payments	9,994,889	8,838,863	11,454,630	14,095,171	17,913,836	14,988,348	11,844,664	6,833,174	3,570,102	2,976,956	359,736	**102,870,369**
Undiscounted outstanding claims	379,302	589,630	1,413,761	2,804,143	7,113,815	9,314,384	11,378,561	11,142,893	14,400,771	30,670,743	30,790,837	119,998,840
Undiscounted outstanding claims for prior underwriting years												636,509
Claims handling expenses												77,748,823
Event claims (large claims)												20,564,705
Non-reinsurance recoveries												5,056,264
Central estimate of outstanding claims												**224,005,140**

C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONTINUED)

CLAIMS DEVELOPMENT (CONTINUED)

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

Underwriting year	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	TOTAL $
Discount												(22,852,186)
Discounted central estimate												201,152,954
Risk margin												24,832,651
Net insurance liability												225,985,605
Premium liability												26,638,135
Outstanding claims liability												**199,347,469**

C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONT.)

REINSURANCE RECEIVABLES AND FUTURE CLAIMS COST AND ASSOCIATED COST

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

The QBCC engaged the Scheme Actuary to prepare the insurance liabilities valuation as at 30 June 2022. The philosophy adopted in this review is similar to the previous year.

The Scheme Actuary incorporated a prudential margin loading of 18.0% in relation to projected future claims in order to achieve a 75% confidence level that the outstanding claims provision would be adequate. No additional contingency margin was incorporated.

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

	RISK MARGIN	
	2022	2021
Defects	17.8%	16.2%
Non-Completion	17.8%	17.1%
Subsidence	17.6%	16.3%
Professional Fees	18.0%	16.9%
Total	18.0%	16.2%

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.

C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONT.)

REINSURANCE RECEIVABLES AND FUTURE CLAIMS COST AND ASSOCIATED COST (CONTINUED)

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

	2022	2021
• Inflation rate	3.20%	2.50%
• Discount rate (first year)	1.00%	0.00%

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 as a result of four large builder insolvencies.

IMPACT OF CHANGES IN VALUATION ON GROSS AND NET OUTSTANDING CLAIMS PROVISION

June 2022	GROSS OUTSTANDING CLAIMS PROVISION $M	NET OUTSTANDING CLAIMS PROVISION $M
	347.270	225.986

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

C12. FUTURE CLAIMS AND ASSOCIATED COSTS (CONT.)

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%

C13. NET CLAIMS INCURRED

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

	2021-22			2020-21		
	CURRENT YEAR $'000	PRIOR YEARS $'000	TOTAL $'000	CURRENT YEAR $'000	PRIOR YEARS $'000	TOTAL $'000
Gross claims incurred and related expenses - undiscounted	121 891	69 736	191 627	77 559	(11 265)	66 294
Reinsurance and other recoveries - undiscounted	(44 649)	(43 169)	(87 818)	(27 763)	(15 773)	(43 536)
Net claims incurred - undiscounted	77 242	26 567	103 809	49 796	(27 038)	22 758
Discount and discount movement - gross claims incurred	(13 021)	(20 028)	(33 049)	(2 476)	(418)	(2 894)
Discount and discount movement - reinsurance and other recoveries	4 720	9 735	14 455	881	10 081	10 962
Net discount movement	(8 301)	(10 293)	(18 594)	(1 594)	9 663	8 068
Total discounted net incurred claims	**68 941**	**16 274**	**85 215**	**48 201**	**(17 375)**	**30 826**

	2022 $'000	2021 $'000
OTHER RECOVERIES UNDISCOUNTED		
Claims recoverable from licensees	32 765	26 854
Allowance for impaired receivables	(30 652)	(22 292)
	2 113	4 562
Reinsurers' portion	(1 296)	(3 072)
Total undiscounted recoveries	**817**	**1 490**
Total discounted net incurred claims	75 972	23 322
Add: other recoveries undiscounted	(880)	(1 500)
Underwriting claims	**75 092**	**21 823**

SECTION 4
NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

D1. FAIR VALUE MEASUREMENT

D1-1. ACCOUNTING POLICIES AND BASIS FOR FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the QBCC include, but are not limited to, share prices, inflation rate, interest rate, and government bond rates.

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

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

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

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

D1. FAIR VALUE MEASUREMENT (CONTINUED)

D1-2. HIERARCHY OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents the QBCC's assets and liabilities measured and recognised at fair value at 30 June 2022. There have been no transfers between Level 1 and Level 2 during the current financial period.

As at 30 June 2022

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

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**

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

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	2022 $'000	2021 $'000
FINANCIAL ASSETS			
Cash and cash equivalents	C1	24 810	17 239
Receivables	C2	19 707	19 776
Investments	D1-2	398 747	376 045
Total		**443 264**	**413 060**
FINANCIAL LIABILITIES			
Payables	C8	42 393	38 118
Lease Liabilities	C7	13 293	21 377
Total		**55 686**	**59 495**

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

D2-2. FINANCIAL RISK MANAGEMENT

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

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

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

The QBCC measures risk exposure using a variety of methods:

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

Credit Risk Exposure

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

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

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

D2. FINANCIAL RISK DISCLOSURES (CONTINUED)

D2-2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk

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

Interest Rate Sensitivity Analysis

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

Price Risk

Price risk relates to QBCC's investments in funds managed by QTC and QIC. The QBCC currently invests in the QTC capital guaranteed cash fund, QIC cash enhanced fund and QIC long term diversified fund in accordance with the QBCC investment powers under the *Statutory Bodies Financial Arrangements Act 1982*. The fund most impacted by price risk is the QIC long term diversifed 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.

	2022 PAYABLE IN		
	<1 YEAR $'000	>1 YEARS $'000	TOTAL $'000
Financial liabilities			
Payables	42 393	-	42 393
Lease Liabilities	3 672	9 621	13 293
Total	**46 065**	**9 621**	**55 686**

	2021 PAYABLE IN		
	<1 YEAR $'000	>1 YEARS $'000	TOTAL $'000
Financial liabilities			
Payables	38 118	-	38 118
Lease Liabilities	3 555	17 822	21 377
Total	**41 673**	**17 822**	**59 495**

D3. CONTINGENT LIABILITIES

Building Disputes

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

Financial Guarantees and Associated Credit Risk

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

D4. EVENTS OCCURRING AFTER THE REPORTING DATE

During August 2022, liquidators were appointed to a large residential building company and consequently the QBCC licence was cancelled. As this company will no longer be trading, assistance may be available under the Queensland Home Warranty Scheme, subject to the limitations in the legislated terms of cover. This event will increase the liability for future claims expense and the corresponding asset for the reinsurance of this liability. The estimated impact of this event is an increase of $15.62 million in the future claims liability and an increase of $8.36 million in reinsurance recoveries, being a net impact of $7.5 million. These amounts are high level estimates based on the limited information at the time of signing the financial statements.

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, effective 1 January 2023, 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'. This version is not applicable to public sector entities. The AASB has issued ED 319 to add public sector guidance, particularly around identifying which arrangements in the public sector are insurance contracts within the scope of the standard. This exposure draft also proposes an effective date of 1 July 2025 for public sector entities.

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 ongoing 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 deficit from continuing operations of $36,568,000 (2021: $62,408,000 surplus restated)
- Net asset position of $158,228,000 (2021: $194,413,000 restated)
- Net cash provided from operating activities of $49,567,000 (2021: $58,027,000 restated)

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.

SECTION 5
NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

E1. BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the QBCC's actual 2021-22 financial results and the original budget presented to Parliament.

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

Premium and Insurance administration fees revenue	The increase in premium and insurance administration fees revenue is due to an increased number of insurance policies issued in 2021-22 due to activity in the industry.
Reinsurance and other recoveries revenue	The increase in reinsurance and other recoveries revenue is due to the increase in provision for reinsurers' share of claims due the actuarial assessment of future claims provision with the increase in inflation in the building and construction industry.
Investment revenue	The decrease in investment revenue is due to the performance of the QIC long term diversified fund.
Outward reinsurance	The increase in outward reinsurance is due to the higher reinsurers' share of premium revenue resulting from the increased number of insurance policies issued in 2021-22 as a result of activity in the industry.
Claims approved and charged	The increase in claims approved and charged is due to the actuarial assessment of future claims provision due to the increase in inflation in the building and construction industry.
Supplies and services	The decrease in supplies and services is due to continued impact of COVID and deferral of budgeted projects that were expected in 2021-22.
Depreciation and amortisation	The decrease in depreciation and amortisation is due to the change in the accounting policy for the treatment of cloud computing and software-as-a-service (SaaS) costs, as a result of the issuance of the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision on Configuration or customisation costs in a cloud computing arrangement.
Impairment losses on financial assets	The decrease in impairment losses on financial assets is due to lower than anticipated claim recoveries income resulting in lower claim debts written off or provisioned.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

E1. BUDGETARY REPORTING DISCLOSURES (CONTINUED)

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

Cash and cash equivalents	The increase in cash and cash equivalents is due to the QBCC holding additional funds to meet short term commitments.
Receivables	The increase in receivables is due to an increase in claims recoveries debts and a lower than expected number of claim debts written-off.
Reinsurance receivables	The increase in reinsurance receivables is due to an increase in the provision for reinsurers' share of future claims provision as a result of the actuarial assessment for the increase in inflation in the building and construction industry.
Other financial assets	The increase in other financial assets is due to a higher than budgeted closing balance at 30 June 2021 impacting the balance at 30 June 2022 while the movement was similar. The closing balance was higher due to activity in the industry, increasing the number of insurance policies issued in 2021-22.
Other current assets	The increase in other current assets is due to a higher than budgeted reinsurers' share of unearned premium as a result of increased number of insurance policies issued in 2021-22 due to activity in the industry.
Non-current reinsurance receivables	The increase in reinsurance receivables is due to an increase in the provision for reinsurers' share of future claims as a result of the actuarial assessment for the increase in inflation in the building and construction industry.
Right-of-use assets	The decrease in right-of-use assets is due to a change in the lease end date of a leased property.
Payables	The increase in payables is due to an increase in the claims approved but no yet paid and other payables increasing as at end of financial year.
Unearned income liability	The increase in unearned income liability is due to higher than budgeted closing balance at 30 June 2021 and increased number of insurance policies issued in 2021-22 due to activity in the industry.
Future claims and associated costs	The increase in future claims and associated costs is due to an actuarial assessment for the increase in inflation in the building and construction industry.
Non-current lease liabilities	The decease in non-current lease liabilities is due to a change in the lease end date of a leased property.
Non-current future claims and associated costs	The increase in future claims and associated costs is due to an actuarial assessment for the increase in inflation in the building and construction industry.

E1. BUDGETARY REPORTING DISCLOSURES (CONTINUED)

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

Received from insurance administration fees	The increase in received from insurance administration fees is due to an increased number of insurance policies issued in 2021-22 due to activity in the industry.
Payments to employees	The decrease in payments to employees is due to a high level of vacant positions during the financial year.
Payments to suppliers	The decrease in payments to suppliers is due to continued impact of COVID and deferral of budgeted projects that were expected in 2021-22.
Received from premiums	The increase in received from premiums is due to an increased number of insurance policies issued in 2021-22 due to activity in the industry.
Payments to reinsurers	The increase in payments to reinsurers' is due to the increased reinsurer share of premiums received.
Claims paid	The decrease in claims paid is due to a lower than budget amount of claims approved in the financial year.
Received from reinsurers and other recoveries	The decrease in received from reinsurers and other recoveries is due to the reduction in recoveries from reinsurers for lower claim approvals.
Investment in other financial assets	The increase in investment in other financial assets is due to the higher premium collected due to the activity in the industry and this cash being transferred to investments.

SECTION 6
OTHER INFORMATION

F1. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of Key Management Personnel

The QBCC's responsible Minister, the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, is identified as part of the QBCC's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*.

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the QBCC during 2021-22 and 2020-21. 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 (till 03/09/2021)	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.
CEO & Commissioner (from 03/09/2021)	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 lead and manage the Regulatory teams and Service Trades Unit. This position assists the Service Trades Council (STC) which was established through the *Plumbing and Drainage Act 2002* (PDA).
Assistant Commissioner (Technical) *	Strategically lead and manage the technical workforce and focus on the role of technical standards and building products in the regulation of the building and construction industry
Chief Legal Officer *	Strategically lead and manage the legal, integrity, right to information and internal review functions of the QBCC. This role also provides legal support to the Board.
Chief Human Resources Officer *	Strategically lead and manage the human resources, payroll, and workplace health and safety functions of the QBCC.
Chief Information Officer *	Strategically lead and manage the information services, customer communications and facilities.
Chief Strategy & Transformation Officer *	Strategically lead and manage the transformation, strategy and industry insights divisions.
Chief Financial Officer *	Strategically lead and manage the Commission's finance, insurance and procurement functions.
Adjudication Registrar *	Strategically lead and manage the registry and the administration of the registry. The position is appointed under the *Building Industry Fairness (Security of Payment) Act 2017.*

*Indicates employees of the QBCEO

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

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The QBCC does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2021-22, which are published as part of Queensland Treasury's Report on State Finances.

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

For the 2019-20 year, remuneration packages of KMP did not increase. This was due to the negotiation of the State Government Entities Certified Agreement continuing with the matter now referred to Arbitration. The matter is listed for a mention before the Queensland Industrial Relations Commission on 13 September 2019.

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

Remuneration expenses for these KMP comprises the following components:

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

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

Remuneration Expenses

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

1 July 2021 - 30 June 2022	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 (until 03/09/2021)	68	-	2	8	35	**113**
Interim CEO & Commissioner (26/08/2021 until 08/03/2022)	265	-	72	29	-	**366**
CEO & Commissioner (from 14/02/2022)	186	15	115	7	-	**323**
Assistant Commissioner (Service Trades & Regulatory) (until 09/07/2021)	7	-	-	1	7	**15**
Assistant Commissioner (Service Trades & Regulatory) (acting from 09/07/2021 until 04/02/2022)[1]	123	-	8	13	-	**144**
Assistant Commissioner (Service Trades & Regulatory) (acting from 02/03/2022)	66	-	1	6	-	**73**
Assistant Commissioner (Technical) (acting from 01/07/2021 until 28/04/2022)	177	-	11	18	-	**206**
Assistant Commissioner (Technical) (acting from 26/04/2022)	58	-	5	4	-	**67**
Chief Legal Officer (until 09/07/2021)[2]	6	-	-	1	-	**7**
Chief Legal Officer (from 16/08/2021)[2]	166	-	8	20	-	**194**
Chief Human Resources Officer (until 25/03/2022)	145	-	3	16	-	**164**
Chief Human Resources Officer (acting from 28/03/2022 until 25/04/2022)	13	-	-	1	-	**14**
Interim Chief Human Resources Officer (from 26/04/2022)	46	-	-	5	-	**51**
Chief Information Officer	193	-	1	20	-	**214**
Chief Strategy & Transformation Officer (on leave from 05/10/2021)	62	-	1	6	-	**69**
Interim Chief Strategy & Transformation Officer (from 10/01/2022)[3]	96	-	-	10	-	**106**
Chief Financial Officer (until 16/09/2021)[4]	84	-	-	9	-	**93**
Chief Financial Officer (from 04/01/2022)[4]	111	-	-	12	-	**123**
Adjudication Registrar	182	-	6	17	-	**205**
Total Remuneration	**2,054**	**15**	**233**	**203**	**42**	**2,547**

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

1. Position was vacant from 05/02/2022 until 01/03/2022.
2. Position was vacant from 10/07/2021 until 15/08/2021.
3. The Interim Chief Strategy & Transformation Officer resigned effective from 23/07/2022.
4. Position was vacant from 17/09/2021 until 03/01/2022.

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

Remuneration Expenses (continued)

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.

F2. BOARD DISCLOSURES

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

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

Current Board – Member	DATE OF ORIGINAL APPOINTMENT	DATE OF RE-APPOINTMENT
R. L. Williams (Chair)	1/12/2016	1/12/2019
Michelle James (Deputy Chair)	1/12/2016	1/12/2019
Lesley Anderson	1/12/2016	1/12/2019
Brett Schimming	1/12/2016	1/12/2019
Robert Schwarten	1/12/2016	1/12/2019
Andrew Hickman	19/07/2018	1/12/2019
Jade Ingham	19/07/2018	1/12/2019
Debra Johnson	1/12/2019	
Cath Brokenborough	1/12/2019	
Meg Frisby	1/12/2019	

Board Member Remuneration	2022 $'000	2021 $'000
R. L. Williams (Chair)	55	55
Michelle James (Deputy Chair)	28	27
Lesley Anderson	28	27
Brett Schimming	26	27
Robert Schwarten	28	27
Andrew Hickman	28	27
Jade Ingham	28	27
Debra Johnson	28	27
Cath Brokenborough	28	27
Meg Frisby	28	27
	305	**298**

F3. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to the QBCC

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

Transactions with other Queensland Government-controlled entities

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

The QBCC received funds from Queensland Treasury (through the Department of Energy and Public Works) to support business as usual operations $9,984,000 and capital funding $383,000. In 2020-21, the QBCC also received funding 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. This is reflected in Note B1-6 and contributed equity in the Statement of Financial Position.

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 2022

F4. SEGMENT INFORMATION

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

2021-22	GENERAL STATUTORY FUND $'000	INSURANCE FUND $'000	TOTAL $'000
INCOME			
Licence revenue	48 053	-	48 053
Premium revenue	-	117 232	117 232
Insurance administration fees revenue	-	43 747	43 747
Reinsurance and other recoveries revenue	-	105 199	105 199
Investment revenue	(24)	(15 751)	(15 775)
Other revenue	18 970	91	19 061
Gains on disposals/ revaluation of assets	37	-	37
Total Income	**67 036**	**250 518**	**317 554**
EXPENSES			
Outward reinsurance	-	70 535	70 535
Claims approved and charged	-	147 553	147 553
Employee expenses	67 692	2 157	69 849
Supplies and services	22 204	5 828	28 032
Depreciation and amortisation	4 882	-	4 882
Impairment losses	800	31 066	31 866
Finance/borrowing costs	282	-	282
Other expenses	1 123	-	1 123
Total Expenses	**96 983**	**257 139**	**354 122**
Interfund Transfer	**26 479**	**(26 479)**	**-**
Operating Result	**(3 468)**	**(33 100)**	**(36 568)**

F4. SEGMENT INFORMATION (CONTINUED)

2020-21*	GENERAL STATUTORY FUND $'000	INSURANCE FUND $'000	TOTAL $'000
INCOME			
Licence revenue	45 040	-	45 040
Premium revenue	-	107 309	107 309
Reinsurance and other recoveries revenue	-	43 377	43 377
Insurance administration fees 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	5 001	28 148
Depreciation and amortisation*	4 800	792	5 592
Impairment losses	904	22 631	23 536
Finance/borrowing costs	373	-	373
Other expenses	1 343	-	1 343
Total Expenses	**93 278**	**147 629**	**240 907**
Interfund Transfer	**25 496**	**(25 496)**	**-**
Operating Result	**(1 203)**	**63 611**	**62 408**

* The June 2021 balances have been restated, refer to Note F6

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

F4. SEGMENT INFORMATION (CONTINUED)

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

F4. SEGMENT INFORMATION (CONTINUED)

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*	917	-	917
Property, plant and equipment	3 831	-	3 831
Right-of-use assets	19 382	-	19 382
Total Non-Current Assets	**24 129**	**72 009**	**96 138**
Total Assets	**63 001**	**497 778**	**560 779**
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
Unearned income liability	-	-	-
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	**19 065**	**175 349**	**194 413**
EQUITY			
Contributed equity	395	-	395
Accumulated surplus*	18 670	175 349	194 018
Total Equity	**19 065**	**175 349**	**194 413**

* The June 2021 balances have been restated, refer to Note F6

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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

Statement of Comprehensive Income

	CONSOLIDATED QBCC $'000	QBCC $'000	QBCEO $'000
EXPENSES FROM CONTINUING OPERATIONS			
Employee expenses	69 848	3 050	66 798
Other expenses	1 123	1 066	57
Total Expenses from Continuing Operations	**70 971**	**4 116**	**66 855**

The difference of $66.798 million between the consolidated financial statements and the QBCC represents the employee expenses of all employees of the QBCC except the CEO & Commissioner. The CEO & Commissioner is the only employee not employed by the QBCEO.

The $0.057 million difference on other expenses represents audit fees and special payments for the QBCEO Financial Statements.

Statement of Financial Position

	CONSOLIDATED QBCC $'000	QBCC $'000	QBCEO $'000
CURRENT ASSETS			
Receivables - other	19 707	19 707	-
Total Current Assets	**19 707**	**19 707**	**-**
CURRENT LIABILITIES			
Payables	42 393	42 056	337
Employee benefits	9 663	33	9 630
Total Current Liabilities	**52 056**	**42 089**	**9 967**
NON-CURRENT LIABILITIES			
Employee benefits	10 271	138	10 133
Total Non-Current Liabilities	**10 271**	**138**	**10 133**

The difference of $0.337 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
- $0.060 million provision for Fringe Benefits Tax payable for employees of the QBCEO
- $0.269 million provision for Payroll Tax payable for employees of the QBCEO.

The difference of $9.630 million between the current accrued employee benefits on the consolidated financial statements and the QBCC represents:

- $7.807 million annual leave provision for employees of the QBCEO
- $0.907 million long service leave current provision for employees of the QBCEO
- $0.829 million 4 days wages payable for employees of the QBCEO
- $0.083 million time off in lieu provision for employees of the QBCEO
- $0.003 million parental leave payable due but not yet paid for employees of the QBCEO

The difference of $10.133 million between the non-current accrued employee benefits on the consolidated financial statements and the QBCC represents the long service leave provision for employees of the QBCEO.

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

Statement of Cash Flows

	NOTES	CONSOLIDATED QBCC $'000	QBCC $'000	QBCEO $'000
OUTFLOWS				
Payments to employees		(61 476)	(611)	(60 865)
Payments to suppliers		(34 256)	(30 836)	(3 420)
		(95 732)	**(31 447)**	**(64 285)**

NOTES TO RECONCILIATIONS

The difference of $60.865 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 2021-22. The $3.420 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.

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

Accounting standards applied for the first time

There are no accounting standards or interpretations that apply to the QBCC for the first time in 2021-22 that have any material impact on the financial statements.

Following the issuance of the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision on Configuration or customisation costs in a cloud computing arrangement in April 2021, the QBCC has changed its accounting policy for certain cloud computing and software-as-a-service (SaaS) costs. The effects of this change is detailed in Note F6-1 below.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2021-22.

F6-1 CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

1. Summary of change in accounting policy

The QBCC changed its accounting policies in 2021-22 after completing a full analysis of the QBCC's previously capitalised software in response to the IFRIC agenda decision released in March 2021.

The QBCC's new accounting policy now considers where the software code resides, whether it is identifiable and whether the QBCC has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

a) Where the configuration or customisation is considered a **distinct** (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expenses when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.

b) Where the configuration or customisation is **not a distinct service** from the QBCC's right to access the software, the costs are expenses over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Software that qualifies as an intangible asset is recognised and accounted for in accordance with the QBCC's existing accounting policies on software assets detailed in Note C-5, which has not changed.

The changes have been applied retrospectively with an adjustment of comparative opening balances at 1 July 2020. However, a separate statement of financial position as at 1 July 2020 is not provided because the overall impact of these changes in not considered material.

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

F6-1 CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

2. Impact of changes

As a result of the change in accounting policy, $2.078 million of capitalised software intangible assets as at 1 July 2020 have been expensed through opening accumulated surplus, with a $1.284 million reduction in 2020-21's reported amortisation expense. In the Statement of Cash Flows, payment for capitalised configuration and customisation costs in 2020-21 reported as "Payments for plant, equipment and intangibles" have been reclassified to "Supplies and services" under cash outflows from operating activities.

The net impacts are summarised in the table below.

		$'000
BALANCES AS AT 1 JULY 2020		
	Intangible assets	(2 078)
	Accumulated surplus	2 078
REVENUE AND EXPENSES FOR 2020-21		
	Depreciation and amortisation	(1 284)
	Supplies and services	37
CASH OUTFLOW FOR 2020-21		
	Supplies and services (outflows from operating activities)	37
	Payments for plant, equipment and intangibles (outflows from investing activities)	(37)

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 and Climate Action Plan 2030.

QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
MANAGEMENT CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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

Chair of the Board

Brisbane

Anissa Levy

CEO & Commissioner

Brisbane

Tim Murphy

Chief Financial Officer

Brisbane

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:
a) gives a true and fair view of the the group's financial position as at 30 June 2022, 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 2022, 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 Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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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.

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Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009,* for the year ended 30 June 2022:

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 enable the preparation of a true and fair financial report.

21 September 2022

Brydie Morris
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

GLOSSARY

AA	Administrative Access
AASB	Australian Accounting Standards Board
ABCD	Accelerated Builder - Consumer Dispute Framework
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	*Building Industry Fairness (Security of Payment) Act 2017*
BIFOLA	*Building Industry Fairness (Security of Payment) and Other Legislation Amendment Act 2020*
BIF Regulation	*Building Industry Fairness (Security of Payment) Regulation 2019*
CCC	Crime and Corruption Commission
CCPD	Compulsory Continuing Professional Development
CPD	Continuing Professional Development
DEPW	Department of Energy and Public Works
EDR	Early Dispute Resolution
FAA	*Financial Accountability Act 2009*
FBT	Fringe Benefits Tax
FPMS	*Financial and Performance Management Standard 2019*
FTE	Full-time equivalent
GST	Goods and Services Tax
HIA	Housing Industry Association
IFRIC	International Financial Reporting Standards Interpretations Committee
IP Act	*Information Privacy Act 2009*
IRU	Internal Review Unit
KMP	Key Management Personnel
MCC	Ministerial Construction Council
NAWIC	National Association of Women in Construction
NCBP	Non-Conforming Building Products
PD Act	*Plumbing and Drainage Act 2018*

GLOSSARY (CONTINUED)

PSIs	Pool Safety Inspectors
QAO	Queensland Audit Office
QBC Board	Queensland Building and Construction Board
QBCC	Queensland Building and Construction Commission
QBCC Act	*Queensland Building and Construction Commission Act 1991*
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	*Right to Information Act 2009*
SaaS	Software-as-a-Service
SARAS	Study and Research Assistance Scheme
SDS	Service Delivery Statements
WHS	Work Health and Safety

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COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	4
Accessibility	Table of contents	ARRs – section 9.1	3
	Glossary		111
	Public availability	ARRs – section 9.2	2
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	2
	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	2
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	2
General information	Introductory Information	ARRs – section 10	5
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	13-37
	Agency service areas and service standards	ARRs – section 11.3	13-37
Financial performance	Summary of financial performance	ARRs – section 12.1	44
Governance – management and structure	Organisational structure	ARRs – section 13.1	8
	Executive management	ARRs – section 13.2	8
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	39, 42
	Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	32
	Human Rights	*Human Rights Act 2019* ARRs – section 13.5	32
	Queensland public service values	ARRs – section 13.6	5 (found in Our Strategic Plan section)

COMPLIANCE CHECKLIST (CONTINUED)

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance – risk management and accountability	Risk management	ARRs – section 14.1	40
	Audit committee	ARRs – section 14.2	40
	Internal audit	ARRs – section 14.3	40
	External scrutiny	ARRs – section 14.4	43
	Information systems and recordkeeping	ARRs – section 14.5	37
	Information Security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	34-35
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	35
Open Data	Statement advising publication of information	ARRs – section 16	37
	Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	107
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	108

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

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P0074_v23_09/22

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