



ANNUAL REPORT

1 DECEMBER 2013
TO 30 JUNE 2014

A medium shot of Tom Williams, a man with short brown hair, smiling at the camera. He is wearing a red, white, and blue plaid button-down shirt. The background shows a house with grey siding and a white door, and some green foliage in the foreground. A large blue diagonal graphic element is overlaid on the right side of the image.

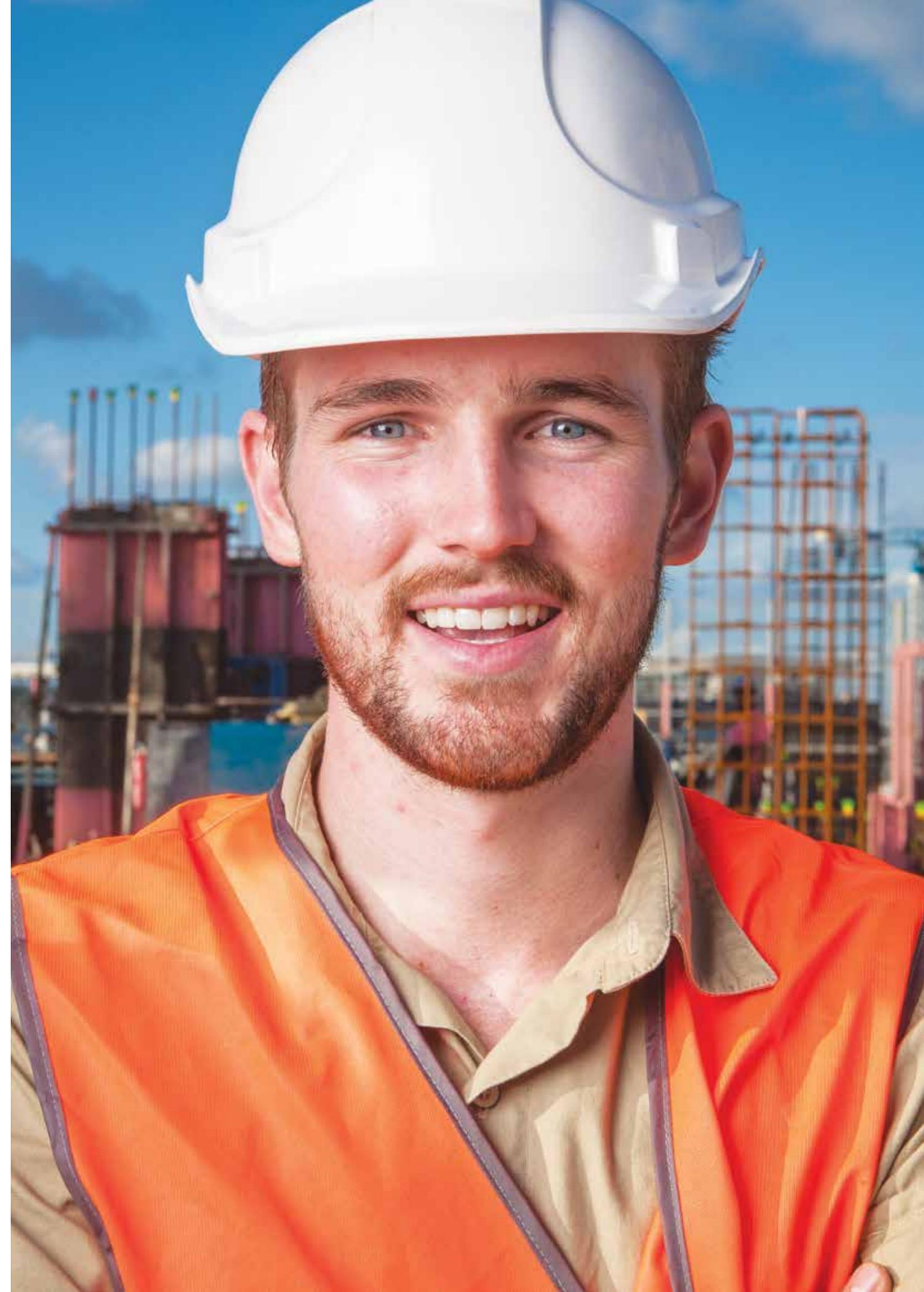
Media personality Tom Williams features in QBCC's new home owner 12-part education videos which can be viewed on YouTube (Home Owner Building Guide)

[youtube.com/QBCCBuildBetter](https://www.youtube.com/QBCCBuildBetter)

The Queensland Building and Construction Commission (QBCC) is Queensland's new building industry regulator, officially replacing the Queensland Building Services Authority on 1 December 2013.

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ABOUT THIS REPORT

This report details the Queensland Building and Construction Commission's performance from its commencement on 1 December 2013 until 30 June 2014. It gives us the opportunity to report on our performance against key business objectives and targets as set by the Queensland Building and Construction Board, the Government's Ten Point Action Plan and the 2014-18 Corporate Plan. This report also outlines the challenges we have experienced and highlights our achievements. It is structured around the objectives of the *Queensland Building and Construction Commission Act 1997* which are to:

- regulate the building industry
- ensure the maintenance of proper standards in the industry
- achieve a reasonable balance between the interests of building contractors and consumers
- provide remedies for defective building work
- provide for the efficient resolution of building disputes
- provide support, education and advice for homeowners and those undertaking building work.

READERSHIP

This report aims to communicate comprehensive information to satisfy the needs of individuals and groups who are affected by, or have an interest in, our activities, including, but not limited to:

- the building and construction industry
- the community
- our employees
- our Board and committee members
- elected members of Parliament
- Government departments
- the media.

We are committed to open and accountable governance and welcome your feedback on our reporting.

INTERPRETER SERVICE STATEMENT

The Queensland Building and Construction Commission is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you experience difficulty reading the annual report, you can contact us on 139 333 and we will arrange an interpreter to effectively communicate the report to you.



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ENQUIRIES

Readers are encouraged to download the report online at qbcc.qld.gov.au/about-us/our-finances
Where this is not possible, printed copies are available using one of the contact options below.

299 Montague Road
West End Qld 4101

or locate a regional service centre
qbcc.qld.gov.au/locate-office

Our service centres are open Monday to Friday from 8am until 5pm.

T: 139 333 (24/7)

E: info@qbcc.qld.gov.au

For more information on any of the initiatives or services mentioned in this report, visit the Queensland Building and Construction Commission website at qbcc.qld.gov.au.



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

Please address all correspondence to GPO Box 5099, Brisbane Qld 4001

T 139 333 F 07 3225 2999 W qbcc.qld.gov.au

20 August 2014

The Honourable Tim Mander MP
Minister for Housing and Public Works
GPO Box 1549
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report 2013-2014 and financial statements for the Queensland Building and Construction Commission.

The report outlines the activities and achievements of the Queensland Building and Construction Commission which replaced the Queensland Building Services Authority as the state's building and construction industry regulator on 1 December 2013.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at qbcc.qld.gov.au/about-us/our-finances

Yours sincerely

PHIL KESBY
Chairman

Queensland Building and Construction Board

Build better.

Introduction

WHO WE ARE

The Queensland Building and Construction Commission (QBCC) is Queensland's new building industry regulator, officially replacing the Queensland Building Services Authority (QBSA) on the 1 December 2013. This change eventuated after a parliamentary committee inquiry into the operations of the QBSA recommended the formation of a new regulator and other changes to the existing regulatory structure.

The QBCC is a statutory body established under the *Queensland Building and Construction Commission Act 1991* (QBCC Act) to regulate the building industry.

The objectives of the QBCC Act are to:

- regulate the building industry
- ensure the maintenance of proper standards in the industry
- achieve a reasonable balance between the interests of building contractors and consumers
- provide remedies for defective building work
- provide for the efficient resolution of building disputes
- provide support, education and advice for home owners and those undertaking building work.

The QBCC is a body corporate and consists of the:

- Queensland Building and Construction Board
- The Commissioner and the organisational unit under the control of the Commissioner.

WHO WE SERVE

With 4.64 million people currently living in Queensland and more than 10 per cent of those residents working in the construction sector, the QBCC has an important task in serving our customers, contributing to the growth of the Queensland economy and regulating the industry.

Construction is one the four pillars of the Queensland economy. We are here to serve and regulate participants in the building and construction industry to improve standards, equity and confidence for the benefit of the Queensland community.

HOW WE SERVE

The QBCC supports the growing Queensland community by providing information, advice and regulation to ensure the maintenance of proper building standards, remedies for defective building work. By doing this we promote confidence in the building and construction industry. Led by the Commissioner and governed by a board, the QBCC consists of a skilled and expert team of staff that work hard to meet the needs of industry participants and the community.

WHERE WE SERVE

The Commission regulates the building industry throughout Queensland. To provide the best customer service possible, service centres are located throughout the state including Brisbane, Gold Coast, Sunshine Coast, Toowoomba, Maryborough, Rockhampton, Mackay, Townsville and Cairns. Industry stakeholders and the community are also able to engage with the QBCC online or over the phone.

OUR SERVICES

We provide information, advice and regulation to ensure the maintenance of proper industry standards and remedies for defective building work.

The QBCC provides 5 main services to Queensland home owners and contractors. These are:

- licensing services
- compliance and enforcement
- dispute prevention and resolution services
- home warranty insurance
- information and education.

OUR CUSTOMERS

We are committed to engaging with contractors, home owners, relevant industry bodies, and all levels of government to identify and ultimately satisfy their needs and expectations.

We continue to strengthen our focus on our customers and have worked towards implementing a number of reforms to improve service delivery and operational outcomes. We have listened to our customers and have put systems and processes in place to deliver a number of new initiatives in 2014 - 2015 including Early Dispute Resolution, an internal review process and 24/7 customer service number.

The establishment of reference groups and working parties also allows us to work collaboratively with participants of the building and construction industry to achieve common goals and improve industry outcomes.

OUR STRATEGIC DIRECTION

The Queensland Building and Construction Commission 2014 - 2018 Corporate Plan sets our future direction, strategic objectives, goals and priorities as defined by the Board and the Commissioner. It outlines goals to be achieved over a four-year period and will be revised annually. It conveys our purpose *"for peace of mind"* and our vision to be *"recognised as the best and most respected regulatory service provider in Australia"*.

Our three strategic pillars are:

- Customers: we know our customers and put them at the heart of everything we do.
- People: we empower people and unleash their potential.
- Business excellence: we strive to provide high quality service at an optimal cost to serve.

The QBCC has produced an operational plan for implementation in the current 2014 - 2015 financial year, focussed on achieving our strategic objectives, as set out under the corporate plan. Our performance in achieving those objectives will be measured against the criteria provided in both the corporate and operational plan.

Under the direction of the Queensland Building and Construction Board and the Commissioner, the QBCC will continue to implement the Government's Ten Point Action Plan which paves the way for significant change to the regulation of the building and construction industry in Queensland.



Chairman's Message

As a builder, when I accepted the role of Chairman of the Queensland Building and Construction Board, I was excited by this unique opportunity to help drive the most significant reforms to the Queensland building industry in more than 20 years.

In 2012, Queensland Parliament's Transport, Housing and Local Government Committee conducted an inquiry into the operations of the former building industry regulator, the Queensland Building Services Authority (QBSA). The Committee recommended the formation of a new regulator and a number of changes to the existing regulatory structure.

The Queensland Government, through its Ten Point Action Plan, provided a framework for replacing the QBSA with the Queensland Building and Construction Commission, and the structures to introduce a series of much-needed industry reforms.

The Ten Point Action Plan included the establishment of a professional governing board, comprising seven experienced board members whom, I'm proud to say, are providing significant guidance on these important reforms.

The legislative reforms being undertaken by the QBCC will lead to service and business improvements throughout the Queensland building industry, placing our customers at the heart of everything we do. We believe these reforms will restore confidence in the building regulator and help to revitalise and grow the building and construction industry.

The Board reports directly to the Minister for Housing and Public Works, Tim Mander, and is responsible for:

- implementing the Ten Point Action Plan
- deciding QBCC strategies and operational, administrative and financial policies
- ensuring the QBCC performs its functions and exercises its powers in a proper, effective and efficient way
- providing guidance and leadership to the Commissioner and QBCC staff
- establishing key performance measures with the Commissioner
- providing advice to the Minister for Housing and Public Works
- consulting with the building industry and consumers.

I am confident that we are implementing these reforms with diligence and enthusiasm, and with an eye on the wellbeing of all our customers, including home and property owners and members of the building industry.

Some of the reforms announced by the Minister are outlined below:

- a customer-first approach to our business
- establishment of industry and consumer reference groups
- an early dispute resolution service
- a new Standards and Tolerances Guide for domestic building work
- new financial requirements for licensing
- a streamlined Building and Construction Industry Payments Agency (BCIPA)
- the transfer of plumbing and pool inspection regulation to the QBCC
- significant changes to domestic building contracts
- a new internal review service
- streamlined licence assessments and renewal processes
- a review of the demerit points system
- more proactive compliance activities, including physical surveillance of repeat offenders.

Our Early Dispute Resolution Unit is already showing great benefits and this, along with other initiatives, will result in far-reaching changes to the building and construction industry.

The Board and the QBCC are not shying away from the challenge of implementing these improvements. The pace of change has been swift, and I acknowledge the hard work and dedication of each and every person working to implement these reforms. The result is already a greatly improved regulator, which will continue to provide the best possible customer service long into the future.



PHIL KESBY
Chairman

Queensland Building and Construction Board

Commissioner's Foreword

In this, my first Commissioner's Annual Report foreword for the Queensland Building and Construction Commission, I am pleased and proud to report that the reforms being undertaken by the QBCC are progressing smoothly and rapidly.

To begin, I would like to clarify that this report covers the period since the creation of the QBCC on 1 December 2013 up to 30 June 2014 - a truncated reporting period of seven months.

I believe the changes introduced to the industry since the formation of the new regulator have already resulted in a more effective and efficient industry. As the reforms continue, they will result in reduced red tape and regulatory burden for the industry.

While there is much good work and significant progress occurring, greater detail about our legislative reforms will be outlined in the QBCC's 2014 - 2015 Annual Report, since these reforms are being implemented from 1 July 2014, and will continue to be rolled out over the next year.

Much was accomplished in the first seven months of the QBCC and there is still a lot of positive change ahead of us that will, I am certain, result in the QBCC fulfilling its vision of having a reputation as the best and most respected building industry regulator in the nation.

Internally, the structure of the QBCC was realigned to ensure that the organisation could deliver the Queensland Government's Ten Point Action Plan reforms and bring about renewed focus on effective compliance and enforcement of the industry.

Since starting at the QBCC in February this year, I have strived to instil a greater focus on our core business and to enhance our capability to deliver high-quality services to all our customers. I have initiated a number of measures to achieve this. For example, it is now simpler and easier to conduct business with the QBCC, thanks to our new, easy to remember telephone number (139 333) and 24/7 telephone service. Our customers can speak with a person located in Australia, rather than pressing buttons or recording a message, at a time that suits them to conduct business with us.

The QBCC has also launched a customer-friendly website that has been redesigned with input from both contractors and home owners.

With the new website design, almost 70 per cent of information is accessible within two clicks, and 100 per cent of information accessible within three clicks.

This is the first stage of the website development, and subsequent stages will continue to deliver an outstanding digital customer experience.

Another leap forward by the QBCC has been the establishment of a series of social media accounts, including Facebook, LinkedIn, Twitter, YouTube and Google+. If you haven't already seen these, I urge you to check them out and become part of our social media conversations.

As part of our focus on helping home owners to avoid issues during the building process, we launched a YouTube 12-part video series called, the 'Home Owner Building Guide'.

I am confident the series will also benefit contractors, as it will inform home owners about all parties' rights and responsibilities, and create realistic expectations about the building process.

Hosted by well-known Australian TV personality, Tom Williams, and Brisbane TV identity Liz Cantor, it takes home owners through the entire building process, from choosing a block of land to managing disputes with their builder.

The work undertaken by the QBCC since its inception has a common goal - to make it simpler and easier for all our customers to access our services and information - and this work will greatly contribute to our aim of being the best industry regulator in Australia. This is no lofty boast but rather the realistic objective that we are determined to achieve through continued diligence and hard work to improve our service provision for both contractors and home owners.

Finally, I'd like to thank our dedicated staff for their amazing efforts in delivering on our early achievements. Their resilience throughout the rapid changes we've made this year and willingness to embrace those changes has been outstanding and places us in good stead for the year ahead.



STEVE GRIFFIN
Commissioner

Queensland Building and Construction Commission





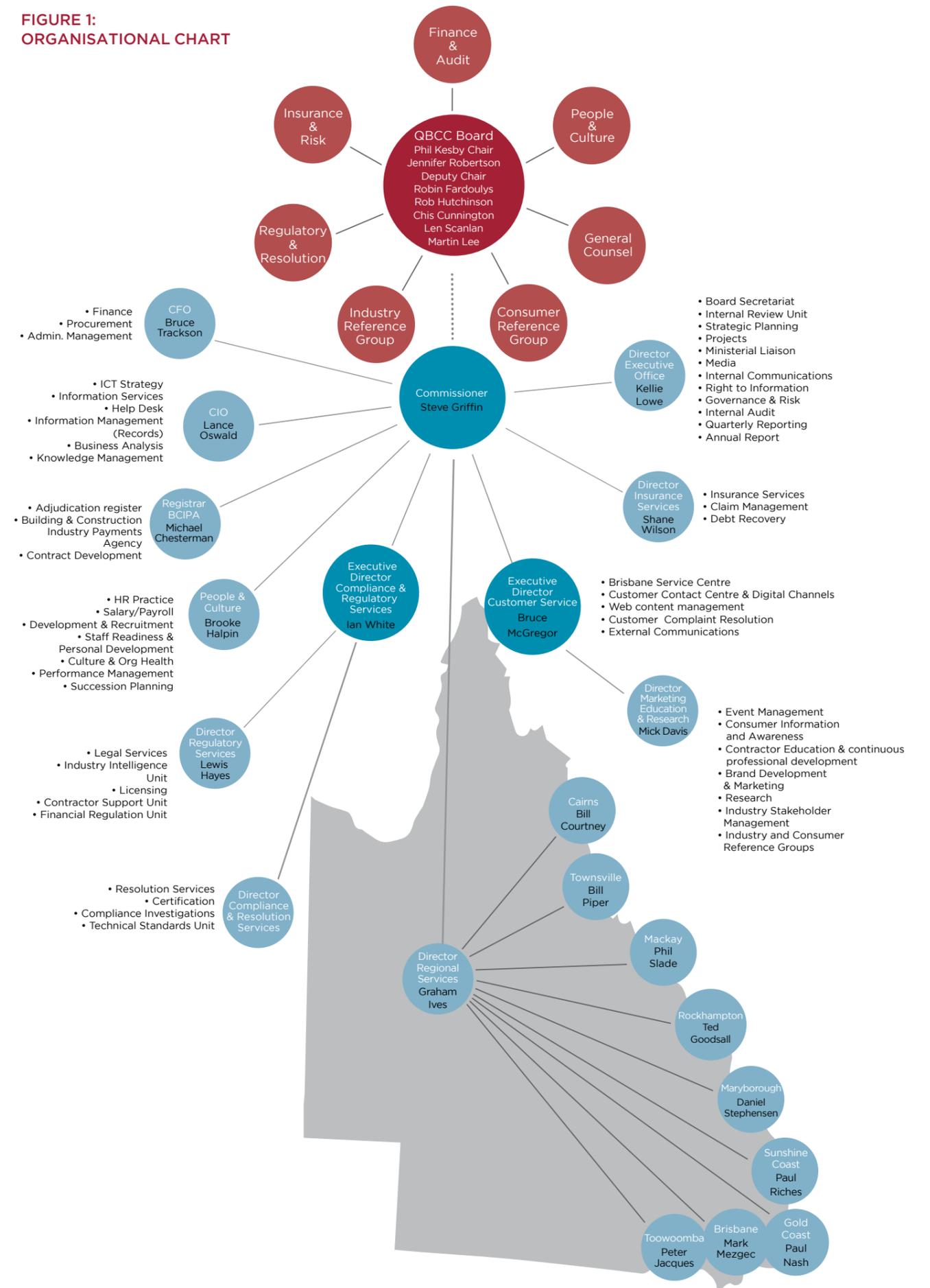
Our Structure

The QBCC has regulatory functions and responsibilities relevant to the Queensland building industry under the following legislation:

- Queensland Building and Construction Commission Act 1991
- Domestic Building Contracts Act 2000
- Building and Construction Industry Payments Act 2004
- Building Act 1975.

Our governance structure is outlined in Figure 1. Our Board members and the Executive Leadership Team are introduced in the following sections.

**FIGURE 1:
ORGANISATIONAL CHART**





Our Board

The Queensland Building and Construction Board were appointed on 1 December 2013 as the QBCC's governing body. The board consists of seven independent members appointed under the *Queensland Building and Construction Commission Act 1991*. Each board member contributes a wealth of skills, knowledge and experience including public and private sector leadership, stakeholder engagement, infrastructure delivery, corporate development and governance, construction and engineering law, audit, insurance and building industry experience.

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

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

The Board is responsible for setting the strategic, operational, administrative and financial policies to be followed by the QBCC. It also ensures we perform our functions and exercise our powers in a proper, effective and efficient way. To facilitate its efficient operation, the Board has four committees:

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

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

Two reference groups have also been formed to advise the Board. These include the Industry Reference Group and Consumer Reference Group, which comprise a wide variety of industry and consumer representatives.

More specific information relating to the board committees and reference groups can be found in section 9.



PHIL KESBY

CertConst(Hons), Licensed Builder (NSW & QLD), GAICD

Phil has more than 34 years experience in infrastructure delivery and property related industries. In 2008, he established a successful practice providing strategic guidance to his clients in the fields of infrastructure, relationship management and stakeholder engagement.

Phil is a board member of Queensland Urban Utilities and a board member of Field Services Group - Brisbane City Council.



JENNIFER ROBERTSON

LLB, GradCertBus, GAICD

Jennifer is a lawyer and consultant providing specialist corporate governance advice to companies throughout Australia.

She has significant expertise in the Queensland building and construction legislative landscape and has been responsible for a number of commercial and litigious construction matters.

Jennifer holds several professional appointments including director positions at Queensland Independent Schools Block Grant Authority Ltd, QUT Council and Asthma Australia Ltd.



LEN SCANLAN

Appointed: 1 December 2013

BBus (Acc), BA, M Pub Ad, FAICD, FCPA, FCA, FIIA (Aust), FIPAA

Len was Auditor-General of Queensland from 1997 until 2004. In this role he was also the Chief Executive Officer of the Queensland Audit Office.

Len has since pursued a successful career as an independent consultant, which has included service on audit committees as a non-executive director and general consulting work.



CHRIS CUNNINGTON

Appointed: 1 December 2013

MAICD

Chris has acted in various senior risk and compliance roles for the past 30 years. This includes roles with Suncorp Group where he is currently Head of Suncorp Banking Risk Governance and Regulatory Change.

Chris is a director of various Suncorp subsidiaries and serves on a number of financial services industry bodies, and on ASIC's Queensland's Regional Liaison Committee.



ROB HUTCHINSON

Appointed: 1 December 2013

Rob has been involved in the building industry for over 30 years and is currently the Queensland Manager of Parex Group Pty Ltd. He is also involved in a number of business and community organisations including Deputy Chair for Sunsuper and board member of Australian Made.

Rob has been a board member of the Chamber of Commerce and Industry Queensland (CCIQ). He was also a councillor on the Prince Charles and District Health Council, serving on the Finance, Mental Health and Indigenous Health Committees.



ROBIN FARDOULYS

Appointed: 1 December 2013

BAppSc(Blt.Env), GradDipBldg, LFAIB

Robin has more than 30 years construction and development experience and is a director of Fardoulis Construction, founded in 1976.

Robin is Chairman of the Australian Construction Industry Forum and a member of the Australian Building Codes Board. He has also held presidential positions within the Australian Institute of Building.



MARTIN LEE

Appointed: 1 December 2013

Licensed Builder (Qld)

Martin is a licensed builder with experience in both commercial and residential construction over several decades.

Martin is Director of Ports North and has served as Deputy Chairman of the FNQ Area Consultative Committee and board member of the Chamber of Commerce and Industry Queensland (CCIQ). He is also a former Cairns City councillor.



Our Executive Leadership Team

Led by the Commissioner, Steve Griffin, our Executive Leadership Team is responsible for implementing our strategy and the day-to-day operations of the QBCC.

The responsibilities of the Executive Leadership Team, include, but are not limited to:

- administering the licensing and inspection systems
- issuing directions for rectification of building work
- taking disciplinary and other actions where appropriate
- assessing and approving payment of insurance claims
- providing and promoting home owner and contractor education.

The Executive Leadership Team meet regularly to discuss and approve a range of strategic and operational matters with the purpose of achieving the objectives set out in our corporate and operational plans.

**STEVE GRIFFIN****Commissioner***BEcon, GCM, GAICD*

Steve became Commissioner on 3 February 2014. He has almost 30 years' experience working in senior roles within government including Deputy Commissioner with NSW Fair Trading, Assistant Commissioner of the Home Building Service and Acting Inspector-General with NSW Corrective Services. He has a strong background in leading and delivering significant regulatory reforms.

**IAN WHITE****Executive Director Compliance and Regulatory Services***BAppSc(Construction Management)*

Ian has been involved in the building industry for over 50 years. He joined the organisation in 1994 as Executive Manager of the Dispute Management Division. Prior to re-joining the organisation in 2012, Ian had been self employed as a commercial building contractor. Ian has been a referee with the Queensland Building Tribunal and a past National President of the Australian Institute of Building Surveyors.

**BRUCE MCGREGOR****Executive Director Customer Service***BBus Marketing*

Bruce has over a decade of senior customer service experience across national and international government and telecommunication providers. Prior to joining the QBCC in June 2014, Bruce led the digital service transformation for Service NSW. He has also previously managed a business unit within SingTel-Optus, accountable for a range of telco and digital-innovation services.

**MICK DAVIS****Director Marketing, Education and Research Services***BConstrMgt, Licensed Builder (Qld)*

Mick has been actively involved in the building industry since 1977, initially on-site then moving into construction management and project management of large public and commercial buildings. He joined the organisation in 1998 as an Area Manager and progressed into senior management.

**KELLIE LOWE****General Counsel / Director Executive Office***B.Bus(Acc), LLB*

Kellie is admitted as a solicitor to the Supreme Court of Queensland and the High Court of Australia. She has worked in private practice in Brisbane as a construction lawyer. Kellie has been practising in building and construction law for over 10 years and has completed post graduate qualifications in public sector management. Kellie joined the organisation in 1999. She has since performed various in-house legal and senior management roles before her appointment as General Counsel for the Queensland Building and Construction Board and the Director Executive Office with the establishment of the QBCC.

**GRAHAM IVES****Director Regional Services***Licensed Builder (Qld)*

Graham worked for the State Works Department for 16 years in a number of roles including leading hand carpenter, supervisor of works and superintendent's representative. He joined the organisation in 1995 as an area manager and managed the Building Coordination Centre following Cyclone Larry. Graham is an experienced mediator and licensed builder. He leads the QBCC's eight Regional Service Centres.

**SHANE WILSON****Director Insurance Services***LLB(Hons), BCom*

Shane has been actively involved in the building industry since 1995. He was a construction lawyer in private practice working in London, Mexico and Brisbane until joining the organisation in 2004. He performed various senior management roles and was appointed Director Insurance Services on 22 May 2014.

**LEWIS HAYES****Director Regulatory Services***BAppSc*

Lewis has over 25 years' experience in senior management positions in the public sector in both Queensland and NSW. He has been actively involved in the building industry since joining the organisation in 2001. Lewis has performed various senior management roles before his appointment as Director Regulatory Services.

**BROOKE HALPIN****Director People and Culture***BBeSc (Psych), GCPubSecLead*

Brooke commenced with the organisation in 2004. She has worked for two decades in human resources and has a wide range of experience in human resources including industrial relations, employee relations, change management, workplace health and safety, rehabilitation and project management.

**MICHAEL CHESTERMAN****Adjudication Registrar, BCIPA**

Michael has nearly 20 years' experience with the current and the former industry regulator, having joined the organisation in 1996 as Compliance Manager. In 2004 the Building & Construction Industry Payments Act 2004 (BCIPA) was implemented with Michael being appointed Registrar. Prior to joining the organisation, Michael worked for Fair Trading NSW in a number of investigative and management roles.

**LANCE OSWALD****Chief Information Officer***BBus(Inf.Sys), DipPM, GIA(Cert)*

Lance commenced with the organisation in 2012. He has wide ranging experience in a number of functional areas including commercial business operations, information technology, urban infrastructure asset management and project management. Lance has leadership experience in many industries including defence, local and state government, mining, aged care, electricity and employment services.

**BRUCE TRACKSON****Chief Financial Officer***BBus(Acc&Loc.Govt)*

Bruce's career which spans four decades has been focussed on financial matters commencing with 17 years employed by the Commonwealth Bank. He has also worked in senior positions within local governments and QLeave. He joined the organisation in 2006.

Our Performance

STRATEGIC DIRECTION

The establishment of the QBCC and the appointment of a new governing board and Commissioner represents a significantly new approach to regulating the building and construction industry in Queensland.

The QBCC provides a comprehensive building industry licensing regime and performs regulatory functions under the QBCC Act including compliance activities, complaints management, administration of the Queensland Home Warranty Scheme and provision of home owner and contractor education. The QBCC also administers the *Building and Construction Industry Payments Act 2004* and the *Domestic Building Contracts Act 2000*.

The QBCC regulates the building and construction industry to ensure the maintenance of proper building standards, provide remedies for defective building work and promote contractor and home owner confidence in the industry. The QBCC's objectives include:

- implementing the Government's Ten Point Action Plan to fulfil the commitment to grow a strong and sustainable property and construction sector
- putting customers first by making it simpler and easier to access services and information
- improving and providing high quality services at an optimal cost by being innovative, introducing best practice to systems and processes and reducing regulatory burdens.

Key factors impacting on the QBCC include building activity levels, emerging construction methods and materials and technological advances.

The building and construction industry is essential to the Queensland economy and accordingly the QBCC will contribute to the Government's priorities of:

- growing a four pillar economy through construction
- lowering the cost of living for families by cutting waste
- providing better infrastructure and better planning
- revitalising frontline services for families
- restoring accountability in government.

KEY SUCCESSES

The establishment of the QBCC together with the appointment of a commissioner and governing board represent the first key steps to improve the transparency and the culture of the organisation.

During the QBCC's first seven months, key achievements have been recorded as the organisation works towards commencing a number of significant reforms in the 2014 - 2015 financial year. These achievements have included:

- establishing the Business Excellence Program to facilitate delivery of the Government's Ten Point Action Plan and deliver outcomes to improve efficiencies for the QBCC, Government, licensees, home owners and the general public
- the appointment of industry and consumer reference groups to provide advice to the board
- commencement of the board's compliance and enforcement policy
- restructuring of the organisation to support existing and new services
- changes to the *Building and Construction Industry Payments Act 2004* introduced into Parliament
- heightened focus on customer service and alignment of services under the Government's Ten Point Action Plan
- implemented a high visibility branding strategy for all QBCC offices and vehicles
- up-skilling building inspectors with the latest skills and knowledge
- introduced a social media presence to engage with our customers
- launch of a new customer friendly website where almost 70 per cent of information is accessible within two clicks and 100 per cent of information accessible within three clicks
- audits of dwellings under construction in Mackay and Gladstone in response to industry concerns over construction in cyclone areas (these audits were followed by technical seminars which were attended by 124 local builders and tradespeople and focused on bracing and tie-down issues).

The QBCC has been busy with the ground work involved in delivering on a number of reforms and initiatives to commence in the 2014 - 2015 financial year including:

- a new and easy to remember telephone number 139 333
- a new 24/7 telephone service with no automated voice recordings and a call back option
- new financial requirements for licensing
- transfer of plumbing and pool inspection regulation to the QBCC
- significant changes to domestic building contracts
- an internal review service
- a new early dispute resolution service
- release of the Guide to Standards and Tolerances
- streamlining licence assessment and renewal processes
- increase to demerit points
- new investigation powers to obtain information directly from sources other than licensees.

PERFORMANCE OUTCOMES

During 2013 - 2014, the QBCC developed and delivered new initiatives and legislative reforms to give effect to the Government's Ten Point Acton Plan. In particular, the QBCC:

- appointed a Commissioner
- implemented legislation to streamline developers licensing requirements and improve earlier resolution of building disputes
- developed the new QBCC website and home owner educational videos.

The service standards set for the former entity were discontinued at the establishment of the QBCC on the 1 December 2013. Targets were set for the 2014 - 2015 financial year, which the QBCC has strived to achieve during the first seven months of its operation. An overview of these results are reported in table A.

TABLE A: Achievement of service standards

Service standard	2014/15 Target	1/12/13 - 30/06/14 result
Customer satisfaction	85%	82%
Percentage of complaints finalised within 28 days*	90%	98%
Average number of days to process licence applications	35 days	27 days
Average number of days to process licence renewal applications for		
Category 1 - 3 licensees	25 days	21 days
Category 4 - 8 licensees	50 days	80 days

* This is a new measure indicating turn-around efficiency in finalising customer complaints within 28 days in accordance with the QBCC's complaints management policy. QBCC is a customer centric organisation and values feedback. This measure covers complaints received from QBCC customers which are consumers (people building or renovating homes), building contractors and other stakeholders.

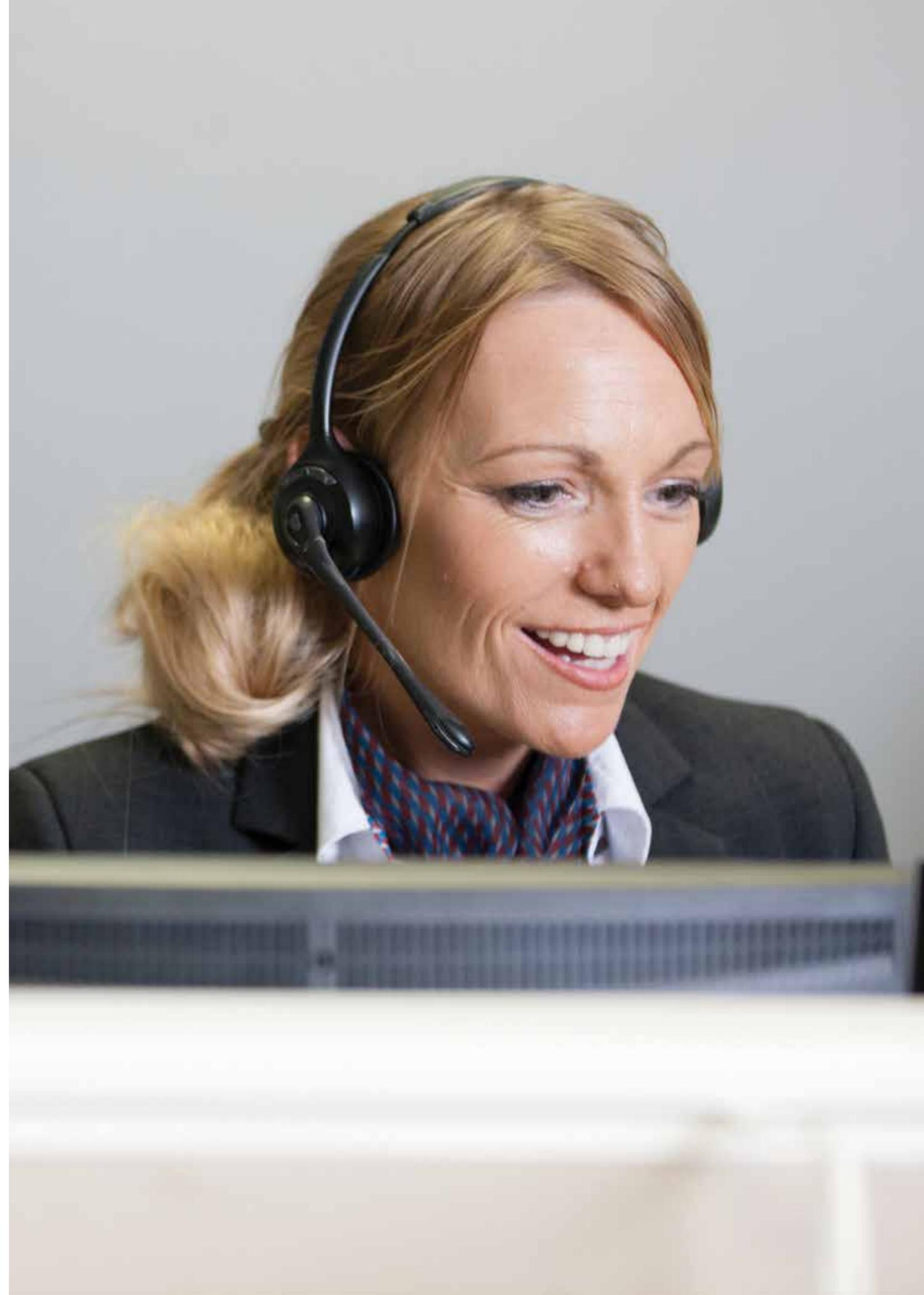
FOUR-YEAR STRATEGIC OUTLOOK

The QBCC 2014 - 2018 Corporate Plan outlines our strategic direction for the next four years.

Our vision is to be recognised as the best and most respected regulatory service provider in Australia. This vision is supported by three strategic pillars: customers, people and business excellence. From each pillar stems the focus areas that will influence our initiatives over the next four years (see table B). This Plan will keep us well on track to achieve our vision.

TABLE B: QBCC strategic direction for 2014-18

Strategic Pillar	Key Focus Areas	Strategic Success Measures
Customer	Improve service quality	<ul style="list-style-type: none"> Customer satisfaction
	Make it simpler and easier for customers to access our services and information	<ul style="list-style-type: none"> Year on year reduction in the number of customer service complaints Use of online services
	Communication to create awareness of the QBCC and its services	<ul style="list-style-type: none"> Customer brand recognition Take up rate of online consumer course
	Deliver the Government's Ten Point Action Plan reforms to provide a fairer and more equitable building and construction industry	<ul style="list-style-type: none"> Year on year improvement in the processing of adjudication applications under the <i>Building and Construction Industry Payments Act 2004</i>, within procedural timeframes Voluntary uptake rate in continuing professional development by licensees Year on year reduction in the number of customer complaints against licensees Year on year reduction in defective work Decreasing levels of unlicensed operators
	Reduced red tape and regulatory burden	<ul style="list-style-type: none"> Licensee customer satisfaction Reduction in regulatory requirement count using the Office of Best Practice Regulation calculation
People	Provide quality leadership and culture that guides, rewards and develops the QBCC's workforce	<ul style="list-style-type: none"> Employee engagement
	Make it simpler and easier for people to do their jobs	<ul style="list-style-type: none"> Employee discretionary effort
	Empower people and equip them for success	<ul style="list-style-type: none"> Low staff absenteeism rates (days/person) Separation rate
Business excellence	Sustainable financial management	<ul style="list-style-type: none"> Loss ratios Reduction in costs Increase in equity
	Supply chain management	<ul style="list-style-type: none"> Reduction in other operating costs
	Innovation and best practice processes and systems	<ul style="list-style-type: none"> Positive result at Queensland Public Sector Awards Positive result at Australian Teleservices Awards Innovated processes or systems identified for review and redesign for best practice New innovative processes or systems implemented Staff satisfaction rating with innovations Customer satisfaction rating with innovations



Our Services

Construction is one of the four pillars of the Queensland economy. We are here to serve and regulate industry participants to improve standards, equity and confidence for the benefit of the Queensland community.

OUR CUSTOMERS

CUSTOMER SERVICE

The QBCC is a customer-focused organisation who put our customers at the heart of everything we do. During the 2013 - 2014 reporting period, the QBCC worked hard to prepare all that is necessary to deliver initiatives in the 2014 -2015 financial year to improve customer service outcomes and make services and information more accessible. The Consumer Reference Group was also established to provide advice to the Board from a customer perspective.

Between 1 December 2013 and 30 June 2014, the contact centre:

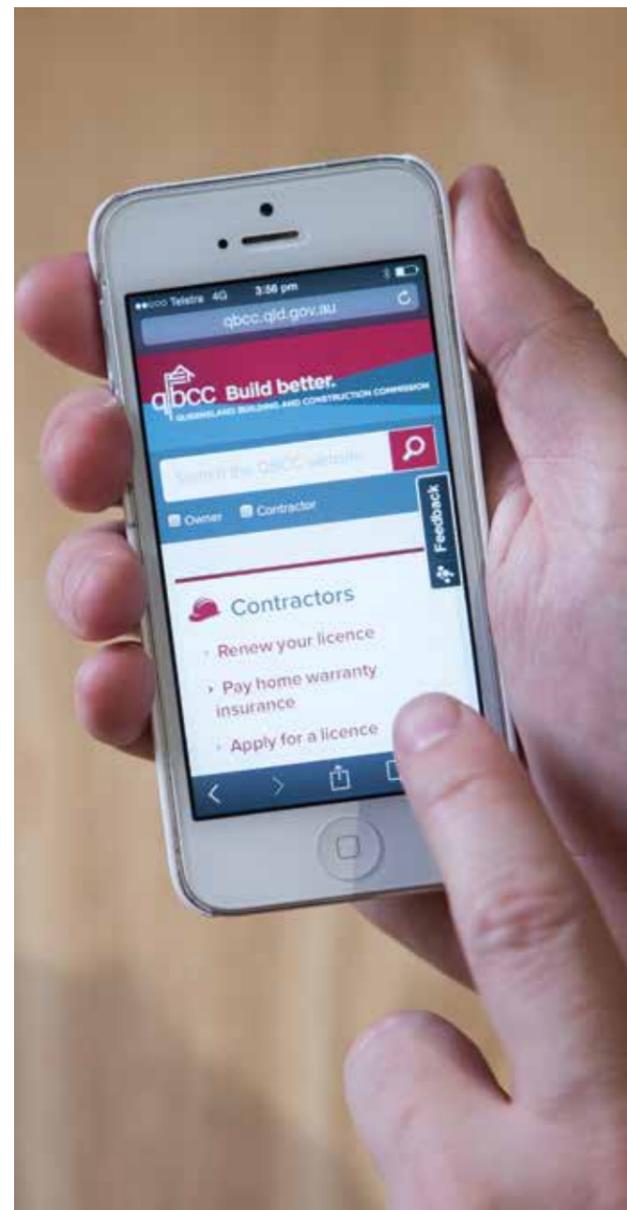
- answered 97,343 calls with 86 per cent answered within 60 seconds
- received 4,635 customer emails and responded to 98 per cent within 4 days.

TABLE C: Contact centre telephone statistics from 1 December 2013 to 30 June 2014

Call type	Number	% of total calls
General enquiries - defective work	12,702	13%
General enquiries - licensing and owner builders	25,356	27%
General enquiries - other	20,747	21%
Insurance payments	15,740	16%
Licence renewals	20,861	21%
Special events (eg seminars)	1,937	2%
Total	97,343	100%

To measure the quality of advice provided through the contact centre, surveys are undertaken of customers who have accessed contact centre services by telephone or through face-to-face contact. Of those who responded to the survey, 86 per cent said they were either satisfied or very satisfied with the overall level of service they received and 70 percent said they were either satisfied or very satisfied with the ease of access to the QBCC's services.

The QBCC also engaged with our customers through the launch of social media in May 2014.



Listening and engaging with our customers to Build Better

By putting our customers at the heart of everything we do, the QBCC is a customer-focused organisation. We are listening to what our customers want to deliver initiatives that make a real difference.

We are making it simpler and easier for our customers to do business with us and access the information they need. During the reporting period, we have worked towards the launch of a number of key initiatives on 1 July 2014 including:

- a new and easy to remember telephone number 139 333
- a new 24/7 telephone service with no automated voice recordings and a call back option
- a new customer-friendly website with design input from our customers
- introduction of social media to the organisation.

Digital self-service terminals have been installed in all regional service centres to provide customers with easy access to our online services.

Skilled and experienced stakeholders have been appointed to industry and consumer reference groups to provide advice to the Queensland Building and Construction Board on the activities and initiatives being undertaken by the QBCC.

We have re-branded our head office, regional services centres and fleet vehicles to enhance our visibility within the community. A new corporate wardrobe for customer service staff makes our team look professional and approachable.

We have implemented a new approach to home owner education by developing a series of videos featuring media personalities, Tom Williams and Liz Cantor. These videos can be viewed on YouTube at the convenience of our customers. Our QBCC website has been designed so it can be viewed easily on any device whether that be a desktop computer, tablet or smart phone.

By continuing to focus on our customers and what they need, the QBCC aims to give people working or investing in the building and construction industry peace of mind.

LICENSING

During the seven month reporting period, the QBCC received 4,048 licence applications with an average processing time of 27 days. This average processing time falls within the service standard range target of 35 days set for the 2014 - 2015 financial year.

The QBCC also processes "mutual recognition" applications from contractors who hold an interstate licence and wish to obtain a QBCC licence to work in Queensland.

During the reporting period, the QBCC processed 250 mutual recognition applications, with 92.4 per cent approved.

OWNER-BUILDER PERMITS

The QBCC approved 939 owner builder permits in the period between 1 December 2013 and 30 June 2014.

Owners of land are required to obtain an owner-builder permit where the value of the building work they wish to construct exceeds \$11,000.

ONLINE LICENCE SEARCH

The QBCC's free online licence search facility was used to conduct 525,845 licence searches during the reporting period. The number of licence searches undertaken has increased which indicates the QBCC's awareness raising activities are receiving traction. The majority of users of the online search facility are consumers who are checking contractors' history before engaging them to perform building work.

HOME WARRANTY INSURANCE SCHEME

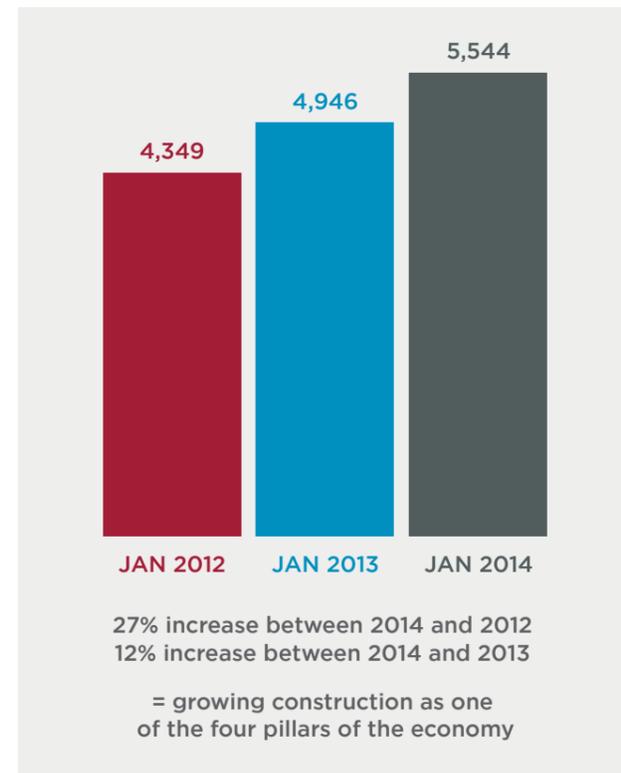
The QBCC is responsible for managing the Home Warranty Insurance Scheme (the Scheme). The Scheme protects home owners from loss arising under a contract for residential construction work if the building contractor does not complete contracted works, fails to rectify defective work or where there is subsidence.

For the period 1 December 2013 to 30 June 2014 the QBCC processed 42,998 policies under the Scheme. Gross premiums receipts totalled \$47,682,203.

The breakdown of residential construction work carried out in Queensland during the period was 62 per cent alterations and additions, and 38 per cent new home construction.

Figure 2 represents the positive growth experienced in the construction industry over the past two years with a 27 per cent increase in insurance policies written.

Figure 2: Insurance policy data between 2012 and 2014



Between the 1 December 2013 and 30 June 2014, there were 666 claims made by consumers against the Scheme and 1,569 claim approvals were processed for a total value of \$19.3 million.



Introduction of social media to listen and engage with our customers

We recognise the importance of listening to what our customers are saying online and engaging with them through social media. In May 2014 the QBCC created Facebook, Twitter, LinkedIn, YouTube and Google+ accounts, with the intention of developing these channels into a preferred method of customer communication and engagement.

Our social media channels are now used for a variety of mutually-beneficial purposes including home owner and contractor education, emergency broadcasts, customer liaisons and industry related surveys.



TABLE D: Claims by approval type

	Non-completion		Defects		Subsidence	
	Approval numbers	\$M	Approval numbers	\$M	Approval numbers	\$M
1/12/13 – 30/06/14	151	\$3.8	842	\$10.9	576	\$4.6

To ensure a solid financial framework for its insurance operations, the QBCC has continued to materially comply with various Australian Prudential Regulatory Authority (APRA) standards that apply to general insurers. 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.

COMPLAINTS

The QBCC received 2,180 complaints in relation to defective or incomplete building work during the reporting period.

Reflecting population density, 66.7 per cent of complaints came from south east Queensland (Brisbane, Gold Coast and Sunshine Coast regions) compared to 33.3 per cent in regional areas.

The QBCC finalised 2,311 complaints between 1 December 2013 and 30 June 2014. Thirty-five per cent of complaints were mediated without the need for a site inspection.

DIRECTIONS TO RECTIFY DEFECTIVE WORK

There were 389 formal directions to rectify issued within the reporting period, with 44.5 per cent of these directions fully complied with as at 30 June 2014. There has been a reduction in the number of formal directions issued which reflects the QBCC’s focus on mediation in the first instance where possible for all complaints as opposed to simply issuing formal directions.

TABLE E: Complaints received and number of directions to rectify issued

	Complaints received	Directions issued
1/12/13 – 30/06/14	2,180	389

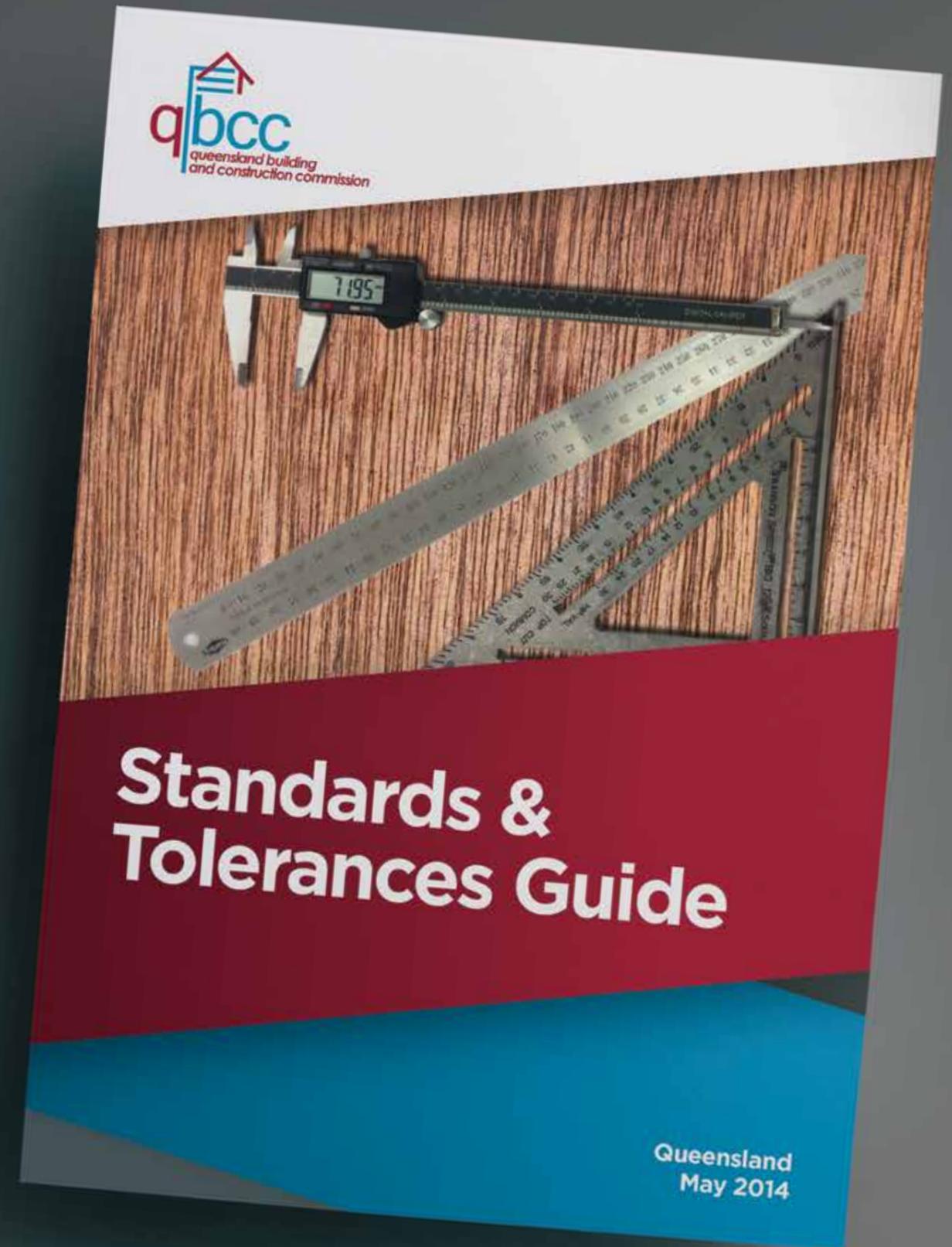


TABLE F: Ten most common defects during the reporting period

Ten most common defects	Ranking	Number
Roof cladding - steel roof sheet - flashing/capping	1	126
Linings wall internal - plasterboard - installation/workmanship	2	75
External waterproofing membranes - decks and podium slabs - membrane installation	3	68
Joinery - aluminium door/window - installation/workmanship	4	62
Floor tiling - ceramic, terracotta, porcelain etc. - installation/workmanship	5	59
Joinery - timber door/window - installation/workmanship	6	59
Internal wet areas waterproofing membranes - shower recess - membrane installation	7	52
Painting - internal - paint application	8	46
Fascia, gutters and downpipes - eaves gutters - construction	9	42
Painting - external - paint application	10	42

CONTRACTOR AND HOME OWNER EDUCATION

As part of our commitment to improving building standards and reducing disputes, the QBCC has delivered education and awareness raising activities for both home owners and contractors during the reporting period.

Between the 1 December 2013 and 30 June 2014, the QBCC presented 55 contractor information sessions in various locations across the state. These sessions were attended by 3,984 industry participants. The QBCC received positive feedback from participants of the information sessions with the majority stating they would recommend the sessions to others.

Topics covered in the sessions included fire separating walls in Class 1A buildings, common defects in tiling, timber framing in cyclonic wind areas and fire separation and compartmentation in Class 2 - 9 buildings.

Technical fact sheets and publications are also available on the QBCC's website to educate and inform contractors particularly in relation to the ten most commonly reported defects.

During the reporting period, the QBCC reviewed the previous approach to home owner education and awareness raising of home owners' rights and responsibilities, home maintenance and dispute resolution.

RESEARCH

During the reporting period, major research activities undertaken by the QBCC included:

- researching, drafting and designing the Queensland edition of the Guide to Standards and Tolerances

- researching and preparing documentation and presentations for the QBCC contractor education program. These primarily related to common defects in waterproofing and tiling and passive fire protection in classes 2 - 9 buildings
- researching, drafting scripts, filming and editing chapters for the home owner education videos
- drafting education and awareness article for publication in the QBCC Connections e-newsletter and other industry publications
- reviewing and drafting educational and awareness fact sheets, publications and content for the new website.

REGULATION

BUILDING AND CONSTRUCTION INDUSTRY PAYMENTS AGENCY (BCIPA)

The Building and Construction Industry Payments Agency, funded by the QBCC, was introduced to improve contractual and payment outcomes in the building and construction industry and provide administrative support for the *Building and Construction Industry Payments Act 2004*.

Contractors and trade contractors are the most frequent users of the adjudication processes under BCIP Act and awareness of the legislation continues to grow among suppliers and consultants.

During the period 1 December 2013 to 30 June 2014, 324 adjudication applications were lodged under the BCIP Act for payment claims totalling \$663,651,275.

During the reporting period, 265 adjudication decisions were released for a total value of \$66,337,180.



Rapid adjudication and payment reforms

The QBCC is committed to strengthening support to sub-contractors against non-payment and improving outcomes for stakeholders within the Queensland building and construction industry.

In April 2014 following extensive consultation with industry stakeholders, the Government announced reforms to the operation of the *Building and Construction Industry Payments Act 2004*.

These reforms are likely to commence in September 2014 and will address issues raised by stakeholders. The reforms include

- the establishment of a single registry for appointment of adjudicators within the QBCC, with the QBCC to monitor performance of adjudicators and appoint adjudicators based on skills, knowledge and experience

- removing the role of Authorised Nominating Authorities (ANAs) and giving this authority to the registry

- improved timeframes to address the imbalance between requirements for claimants and respondents to respond to payment claims and to ensure a fairer system for more complex claims.

These reforms will assist in reducing red tape and costs and provide a fairer and more equitable system for appointing adjudicators. These reforms will also provide a better balance between the interests of claimants and respondents.

DEBT RECOVERY

The QBCC holds licensees responsible for monies owed as a result of claims made against the Queensland Home Warranty Scheme as well as Magistrates Court and Queensland Civil and Administrative Tribunal (QCAT) penalties.

The QBCC's Debt Recovery team recovered \$2.734 million from 1 December 2013 to 30 June 2014. \$2.616 million was recovered for the Queensland Home Warranty Scheme.

During the reporting period, there was \$65,068 recovered for QCAT penalties and \$52,669 for Magistrates Court penalties.

There were 32 debtors outsourced to the QBCC's Debt Recovery Legal Panel, resulting in \$70,559 being recovered during the reporting period.

Recovery of Magistrates Court fines is the responsibility of the State Penalties Enforcement Registry (SPER).

TABLE G: Funds received

Activity	1/12/13 - 30/06/14
Insurance claims	\$2,616,812
Tribunal actions	\$65,068
Magistrates Court	\$52,669
Total funds recovered	\$2,734,549

UNLICENSED CONTRACTING

The QBCC supports a fair playing field for licensee in Queensland by identifying and penalising unlawful operations.

The QBCC investigates complaints made by consumers and QBCC-licensed contractors. In the reporting period, 222 investigations were undertaken into allegations of unlicensed contracting.

LICENCE AUDITS

The QBCC conducts licensing audits twice a year at randomly selected sites. One of these audits was undertaken during the reporting period in April and May 2014. During the reporting period, 4,215 contractors were interviewed at 1,251 building sites.

TABLE H: Unlicensed contractors

	1/12/13 - 30/06/14
Site interviews conducted	4,215
Suspected unlicensed contractors detected	51
Unlicensed rate in the industry	1.21%
Disaster recovery assessments	N/A

SUPPORT OFFERED TO CONTRACTORS IN FINANCIAL DISTRESS

The QBCC's Financial Investigation Unit monitors licensees who are or may be in financial distress. In appropriate situations the QBCC provides a licensee reasonable opportunity to continue trading by demonstrating that they meet the Financial Requirements for Licensing (FRL) to hold a QBCC licence.

The QBCC conducted 208 financial audits of licensees between 1 December 2013 and 30 June 2014.

JUDGMENT DEBT POLICY

Licensed contractors who do not pay judgment debts risk having their licence suspended or cancelled. This potential penalty is a strong incentive to licensees to pay debts.

TABLE I: Judgment debt outcomes

	1/12/13 - 30/06/14
Judgment debts investigated	196
Suspensions for not meeting FRL resulting from an unsatisfied judgment debt	14
Cancellations for not meeting FRL resulting from an unsatisfied judgment debt	6
Judgment debts paid in full	39
Repayment arrangements entered into	3
Judgment debts appealed in court	1

REGULATING FINANCIAL REQUIREMENTS FOR LICENSING

The Licence Entitlement Unit assesses a licensee's entitlement to hold a licence and imposes exclusions, disqualifications and bans on individuals. The unit also investigates and takes action against breaches of allowable annual turnover.

The unit conducted 591 audits of licensees suspected of exceeding their turnover limits to ensure they were operating within their financial capacity.

Between the 1 December 2013 and 30 June 2014, 95 individuals and 47 companies were excluded from holding a QBCC contractor or nominee-supervisor licence for 5 years due to their involvement in a financial failure.

Permanent exclusion from holding a contractor or nominee-supervisor licence was imposed on 36 individuals for their involvement in a second financial failure.

TABLE J: Compliance statistics

Activities	1/12/13 - 30/06/14
Financial audits	208
Suspensions for non-compliance with audit	17
Suspensions for not meeting FRL resulting from financial audit	20
Cancellations for non-compliance with audit	13
Cancellations for not meeting FRL resulting from financial audit	14
Immediate suspension due to insolvent trading or other serious risk	7
Audits for suspected breach of turnover limit	591
Company licences cancelled due to exclusion	47
Individual licenses cancelled due to exclusion	95
Permanent exclusions	36

CONTRACTOR COMPLIANCE WITH LEGISLATION INVESTIGATED

The Compliance Investigations Unit and regional service centres examine suspected breaches of the QBCC Act and the *Domestic Building Contracts Act 2000* (DBC Act), and when required, takes appropriate action in the circumstances, including issuing an infringement notice.

Where the QBCC has reasonable grounds for concern that a licensee has not been complying with the requirements of the QBCC Act or DBC Act, it may conduct an audit requiring the licensee to produce all contracts for review by the QBCC.

TABLE K: Act compliance

	1 December 2013 - 30 June 2014	
Activity	DBC Act	QBCC Act Part 4A
Audits	1	0
Investigations	226	45
Contractors issues a warning notice as result of an audit or investigation	11	0
Number of contractors issued with infringement notices for breaches	57	1
Number of infringement notices issued	87	1

DEMERIT POINTS ISSUED TO CONTRACTORS FOR BREACHES OF LEGISLATION

In the reporting period, 182 contractors had demerit points listed against their records.

TABLE L: Demerit points issued

	1/12/13 – 30/06/14
Demerit points issued for unsatisfied judgment debts	270
Demerit points issued for contractual offences	152
Demerit points issued for failure to rectify	216
Demerit points issued for failing to pay insurance premium	74
Demerit points issued for carrying out work without a nominee	0
Contractors issued demerit points	182
Total demerit points issued	712

CERTIFIERS

As at the 30 June 2014, the QBCC had 408 licensed building certifiers. This included 21 new registrations and 14 de-registrations throughout the reporting period.

At the time of the QBSA final report on 30 November 2013, there were 85 open certifier complaints. During the period 1 December 2013 to 30 June 2014 the QBCC received an additional 64 complaints, and finalised 117. As at the 30 June 2014, the QBCC had 32 open complaints.

Of the 117 complaints, investigations found 45 certifiers at fault, 30 complaints were either withdrawn or closed due to insufficient evidence, and in 42 cases the certifier conduct was found to be satisfactory.

TABLE M: Certification statistics 1 December 2013 – 30 June 2014

Action	Number of certifiers
Reprimand with no further action	45
Direction – enforcement action and ensure certification	7
Licence condition imposed	1
Total	53

Note: While 45 certifiers were found to be at fault, the above number of 53 indicates that a complaint can result in more than one action.



Certification reforms get the green light

On the 15 June 2014 the Minister for Housing and Public Works, the Honourable Tim Mander MP announced a review of building certification as part of the Government's strong plan to grow the construction industry and ensure it has a bright future.

This review will deliver on action item 9 of the Government's Ten Point Action Plan and aims to address concerns previously raised as to the appointment, role and responsibilities of building certifiers in Queensland.

Concerns with private certifiers were further highlighted during a compliance audit by the QBCC in the Mackay area in early 2014 which aimed to identify compliance with framing requirements in high wind areas.

During these audits, the QBCC inspected 112 properties and identified 11 which failed to meet acceptable framing requirements. These results were deemed unacceptable.

The certification review will examine probity, conflicts of interest, quality and accountability for private certifiers to ensure the certification system is responsive to the needs of consumers and the industry. The review will also examine potential improvements to the *Building Act 1975* that will further cut costs and reduce delays.

The review is being led by construction-law barrister Andrew Wallace and will involve extensive consultation across the state.



Our People

Our People and Culture team are responsible for a range of functions including learning and development, organisational development, performance and reward, workplace health and safety, employee wellbeing and workplace relations.

OUR VALUES

The QBCC's staff and Board are expected to perform their duties in line with the following values



Customers first

- Know your customers
- Deliver what matters
- Make decisions with empathy



Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



Empower people

- Lead empower and trust
- Play to everyone's strengths
- Develop yourself and those around you



Healthy & Safe Workforce

- Keep and eye on your fellow employee's health
- Make health and safety everyone's priority
- Think safe, act safe
- Take responsibility for preventing injuries

WORKPLACE PROFILE

The QBCC employed 358 active FTE (full-time equivalent) staff at 30 June 2014 (compared with 325 at 30 June 2013) in a variety of professional, technical and administrative roles. This increase in active FTE staff is a result of increasing the number of front line positions.

The QBCC's staff separation rate was 9.01 per cent at 30 June 2013 and one redundancy payment was made from 1 December 2013 to 30 June 2014.

TABLE N: Workplace profile as at 30 June 2014

EEO	2013-14	2012-13	2011-12	2010-11
Women	193	174	194	208
Aboriginal and Torres Strait Islander	6	6	7	7
People with a disability	23	27	32	30
Non English speaking background	36	40	56	70

TABLE O: Workplace diversity as at 30 June 2014 (based on substantive positions)

LEVEL	Male	Female	Total	EEO Target groups
Administrative A01-A03	34	83	117	35
Administrative A04-A05	68	77	145	35
Middle Management A06-A08	53	31	84	15
Executive Management S0-S05	10	2	12	0
% of total staff	46%	54%	100%	23%

QBCC FOLLOWS EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN

The Equal Employment Opportunity Management Plan outlines the QBCC's approach to ensuring all employees work in an environment committed to principles of Equal Employment Opportunity (EEO), anti-harassment and anti-discrimination.

All staff, including new employees completed the initial EEO and workplace harassment online training. A refresher is undertaken every 2 years.

IMPORTANCE PLACED ON WORKPLACE HEALTH AND SAFETY

The QBCC'S continued commitment to Workplace Health and Safety (WHS) has included preventative measures and the promotion of safe and healthy work practices. The QBCC maintains an active Workplace Health and Safety Committee who meet quarterly and includes four representatives nominated by staff.

This year the Corporate Health Strategy included promoting the employee assistance program, supporting staff to participate in the annual corporate games and offering of flu vaccines. Information was also developed and distributed on implementation of the *Work Health and Safety Act 2011* and risk management framework. A compulsory fire evacuation online training course was completed by all staff.

ENCOURAGING STAFF WORK, LIFE AND FAMILY BALANCE

The QBCC encouraged staff to achieve a balance between work and family responsibilities. The QBCC provided a range of options available to help staff achieve a good work-life balance, such as variable working hours, part-time opportunities and employing 45 part-time staff. Other incentives employed to retain staff included a fun and energetic culture and financial support for further study and professional development opportunities.

WORKFORCE PLANNING, ATTRACTION AND RETENTION

A number of strategic initiatives have been identified to attract and retain a skilled and capable workforce including:

- Learning and development system
- Performance planning and development
- Implementation of a Learning Management System involving development of a competency framework, leadership development for managers, technical training and development, and talent and succession planning
- Reward and recognition strategy.

Other attraction and retention strategies in place extend to the QBCC's recruitment and selection process. We use a range of recruitment strategies to ensure we are employing the most suitable staff. We also conducted quarterly surveys to gauge staff satisfaction and develop appropriate strategies to address any employee concerns raised.

Emphasis has been placed on recruitment to service delivery roles to align resources with demand. Part-time and job share opportunities are available with arrangements mutually agreed upon between the employee and QBCC. Flexible work practices are also encouraged.

There were no early retirements or retrenchments.

PERFORMANCE MANAGEMENT AND STAFF RECOGNITION

The QBCC maintains a performance management system to ensure the achievement of organisational strategies, operational plans and performance outcomes of work teams and individual employees. The six core elements of the QBCC's performance management system are:

- planning for performance
- position competencies
- employee development scheme
- recognition of performance
- performance improvement
- managing disciplinary action.

We believe it is important to acknowledge staff for a job well done and have a number of recognition processes

in place. We introduced an honour board system where staff who receive positive feedback from customers are publically recognised by the Commissioner in his weekly message to staff.

A monthly awards ceremony is also held to recognise staff who consistently demonstrate their commitment to our organisational values. We also continue to present our long-serving staff with recognition awards.

LEADERSHIP AND MANAGEMENT DEVELOPMENT FRAMEWORK

A new Executive Leadership Team was appointed during the reporting period to drive change within the QBCC and deliver a new approach to regulating the building and construction industry in Queensland.

A Leadership Development Capability Program has been developed based on the key competencies identified for leaders at the QBCC. The outcome of this program will be an individual plan provided to each member of the Executive Leadership Team to help them exceed and go beyond expectations. This process is complimentary to the performance management plans with performance indicators developed annually.

Programs for leaders and emerging leaders has focused on change management. Prosci Change Management training was attended by all managers to enhance the organisation's capacity to manage projects. Other team leaders attended courses including "Understanding and managing my own response to change" and "Understanding and leading others through change".

BUILDING INSPECTORS' CONFERENCE AND TRAINING

A building inspectors' conference was held to maintain and improve the knowledge base of all inspectors. Conferences provide professional development for our technical staff and are recognised and awarded Continuing Professional Development (CPD) points by organisations such as the Australian Institute of Building Surveyors. The QBCC's certifiers also attended conference sessions to obtain CPD points.

The training provided information on the QBCC's policies and procedures to best ensure consistency in building inspectors' decision making processes across the State.

Guest speakers and subject matter experts such as geotechnical engineers, timber consultants and legal officers presented information and awareness sessions on topical issues to inform and enhance the skillset of QBCC technical staff.

An internally delivered building inspector training program was developed specific to the role. The training is aligned to a nationally recognised qualification being a Certificate IV in Government (Investigations) and through partnership with a Registered Training Organisation (RTO) for assessment purposes.

Building inspectors and other employees involved in dispute resolution also completed the LeadR mediation program.

QBCC REMAINS COMMITTED TO STAFF EDUCATION

The QBCC has continued to initiate an ongoing, progressive learning and development program for all employees to improve its position as a people-oriented employer. The QBCC provides a variety of training courses to maximise its productivity and achieve successful outcomes.

Training and development programs have been developed with a strong emphasis on business processes to ensure timely, consistent and effective customer service in core business areas. Training courses were also conducted on a range of IT software and applications. As at 30 June 2014, there were four dedicated training officers at the QBCC.

Mandatory online training for new employees continues to be provided, including the following topics:

- code of conduct
- social media
- service complaints
- fraud and corruption
- record management
- managing emails as a public record
- bullying prevention
- equal employment opportunity
- workplace health and safety
- privacy
- online induction.

Refresher courses were also delivered to staff during this period on topics including the code of conduct, workplace health and safety, delegations manual, fraud and corruption control policy.

The customer service program is based on the QBCC's values, vision and mission. Every role within the QBCC delivers service to both internal and external customers. A program was therefore developed to provide all personnel with the opportunity to enhance their customer service skills and knowledge.

PROFESSIONAL DEVELOPMENT AND CAREER PATHS

Leadership development and mentoring programs, delivered through coaching and interactive workshops, continue to foster a culture of proactive learning, innovation and customer service fun workplace environment.

Employees, including lawyers, accountants and certifiers are given support to attend a range of functions to meet compulsory professional development requirements.

In June 2008, a certification undergraduate program commenced. This program includes supporting a staff member to successfully complete a Bachelor of Building Surveying while they undertook a rotation through the QBCC, other government departments and private sector businesses to develop a broad range of skills and knowledge.

STAFF ASSISTED WITH TERTIARY STUDIES

The QBCC continued its sponsorship commitment of further education for 17 employees by paying \$16,919 in tertiary course fees. Under the Public Service Training Package, three employees are engaged in the Certificate IV, Diploma and Advanced Diploma courses.

INDUSTRIAL AND EMPLOYEE RELATIONS

The QBCC has an ongoing positive relationship with the Together Union. There are no longer formal consultative committee meetings but discussions occur on any issues that arise. There were no industrial matters raised during the reporting period of 1 December 2013 to 30 June 2014.

QUEENSLAND CULTURAL DIVERSITY POLICY

As part of the Queensland cultural diversity policy released on the 20 December 2013, the QBCC is committed to ensuring equality of opportunity for all Queenslanders. Access to interpreters and translated resources is considered necessary for individuals who need assistance to communicate effectively with government services, and to participate in other aspects of the community.

Table P demonstrates the QBCC's activities towards improving access to interpreters for clients when accessing services.

TABLE P: QBCC reporting on core outcome of Queensland cultural diversity policy

WHOLE-OF-GOVERNMENT CORE OUTCOME		
Core outcome	Performance Indicators	Measure
Improved access to interpreters for clients when accessing services	Amount spent annually on interpreters engaged by department and government funded non-government organisations	\$792.00
	Number of interpreters engaged annually by the department and government funded non-government organisations	20

MOVING FORWARD

The QBCC has developed and provided staff with a new vision and new expectations to strive towards. With the new vision came new core values placing enhanced emphasis on customer service. It has also allowed staff to take ownership of their roles and provide ideas on how the organisation can do things differently while providing excellent customer service in a safe and healthy workplace. For example, the QBCC introduced an employee survey which invited staff to provide their thoughts on how they felt the organisation as a whole was travelling.

A structural realignment has occurred to ensure we can undertake new functions and provide the best possible service to customers. As part of this realignment our Executive Leadership Team has implemented a process to develop and maintain a committed and dedicated workforce, looking at elements such as:

- attracting and retaining key personnel in a competitive labour market
- enhancing the skills of our people to promote higher levels of productivity
- ensuring job satisfaction levels remain a priority
- creating opportunities for professional development
- developing knowledge pathways to support future advancement of staff within the organisation.

Training for staff will continue to focus on change management, new systems, legislation being implemented and customer service. A competency based program was been developed and implemented for building inspectors and LeadR mediation training has been undertaken by relevant employees.



Up-skilling building inspectors to mediate fair and equitable outcomes for our customers

We are dedicated to ensuring that building inspectors employed by the QBCC keep their knowledge and skills up-to-date in relation to building regulations, standards and codes. We now require all building inspectors to complete a QBCC training course that focuses on the core competencies required by building inspectors. As part of this training program a robust assessment process was also developed.

The QBCC consequently entered into a partnership agreement with a registered training organisation. Following the completion of a competency based training package building inspectors will now obtain a Certificate IV in Government Investigations.

Dispute resolution is one of the core competencies of a building inspector's role. All building inspectors have therefore completed the 5-day LeadR mediation course as part of the program. Since commencing this program many compliments have been received by customers on the conduct of building inspectors and the behaviours they have displayed in building dispute resolution.



Corporate Governance

The QBCC demonstrates its commitment to sound corporate governance performance and practices. We achieve this by complying with relevant legislation, regulation, guidelines and directives and where appropriate, substantially complying with other relevant governance principles such as the ASX Corporate Governance Principles and Recommendations and the Australian Prudential Regulatory Authority (APRA) requirements.

LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLE OF THE BOARD

The Queensland Building and Construction Board consists of 7 independent members appointed under the *QBCC Act*. Board members were appointed on the 1 December 2013 with the establishment of the QBCC as the organisation's governing body.

The Board is responsible for setting strategy and operational, administrative and financial policies to be followed by the QBCC. It also ensures we perform our functions and exercise our powers in a proper, effective and efficient way.

Under the guidance and leadership of the Board, the Commissioner has the authority to manage and supervise the day-to-day operations and activities of the QBCC.

BOARD MEMBERSHIP

The QBCC's governing legislation requires that the Board consists of 7 members appointed by the Governor in Council. When appointing a person as a member, consideration must be given to the person's ability to make a contribution to the effective and efficient performance of the Commission's functions. Each board member is appointed for a term of no more than 3 years.

The appointed board members contribute a wealth of skills, knowledge and experience including public and private sector leadership, stakeholder engagement, infrastructure delivery, corporate development and

governance, construction and engineering law, audit, insurance and building industry experience.

STRUCTURE THE BOARD TO ADD VALUE

BOARD FUNCTIONS AND RESPONSIBILITIES

Under Section 11 of the *QBCC Act* the board has the following functions:

- decide the strategies and the operational, administrative and financial policies to be followed by the QBCC
- ensure the QBCC performs its functions and exercises its powers in a proper, effective and efficient way
- make and review policies governing the administration of the *QBCC Act*
- provide guidance and leadership to the Commissioner
- advise the Minister on issues affecting the building industry, consumers, the administration of the *QBCC Act* and the administration of the QBCC
- advise the Minister about unfair and unconscionable trading practices affecting the security of payments to contractors and subcontractors
- consult with the building industry and its consumers and advance their interest, consistently with the objects of the *QBCC Act*.

BOARD MEETINGS

Board ordinary meetings are scheduled monthly in accordance with the Board Charter. Recognising the need to be flexible and adapt to changing environments and circumstances, the Board from time-to-time considers routine matters out-of-session by circular resolution or by way of an extraordinary board meeting where the matter is complex, or requires fulsome discussion.

To provide advice and support to the Board, the Commissioner and the General Counsel attended ordinary and extraordinary board meetings between the 1 December 2013 and 30 June 2014.

Recognising the need for board members to have sufficient time to review, consider and seek information prior to an ordinary board meeting, management circulated board papers at least 5 business days before ordinary meetings.

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

COMMITTEE MEETINGS

The Board has 4 sub-committees to assist in the execution of its duties, and to allow for detailed consideration of complex issues of special interest:

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

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

A summary of attendance of board members at committee meetings is set out in Table Q.

TABLE Q: Summary of attendance

Member		Full Board		Finance and Audit Committee	Insurance and Risk Committee	People and Culture Committee	Regulatory and Resolution Committee
		Ordinary	Extraordinary				
		8	2	2	2	2	2
	Term of Appointment*						
Phil Kesby	< 1 year	8	2	2	2	1	2
Jennifer Robertson	< 1 year	8	2	2	n/a	2	n/a
Len Scanlan	< 1 year	8	2	2	n/a	n/a	n/a
Chris Cunnington	< 1 year	8	2	n/a	2	n/a	n/a
Rob Hutchinson	< 1 year	8	2	n/a	2	n/a	n/a
Robin Fardoulis	< 1 year	7	2	n/a	n/a	2	2
Martin Lee	< 1 year	7	2	n/a	n/a	n/a	2

* All Board members appointed at the establishment of the Queensland Building and Construction Commission on 1 December 2013.

REMUNERATE FAIRLY AND RESPONSIBLY

BOARD REMUNERATION

Remuneration rates paid to board members, as determined by the Governor in Council, totalled \$126,476 in the period 1 December 2013 to 30 June 2014.

RECOGNISE AND MANAGE RISK

RISK MANAGEMENT

Our risk management framework ensures our ability to manage risk by embedding culture and capability that can rapidly adapt and respond to dynamic changes, demands, opportunities and threats. This aims to safeguard the sustainability and reputation of the organisation.

The QBCC's risk management strategy is consistent with the AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines. This enables the achievement of organisational goals, compliance with relevant legal and regulatory requirements, facilitates risk-based planning and decision making, promotes and supports a risk-focused culture and improves organisational resilience.

FINANCE AND AUDIT COMMITTEE

The membership of the Finance and Audit Committee was Len Scanlan (Chair), Jennifer Robertson and Phil Kesby. The Committee was also attended by the Commissioner, General Counsel, Chief Financial Officer and internal auditors Ernst & Young.

The Committee assists in the effective discharge of the board's responsibilities prescribed in the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, *QBCC Act*, the *Statutory Bodies Financial Arrangements Act 1982* and other relevant financial legislation and prescribed requirements. In doing so, the Committee provides independent assurance to the Board on the suitability of the QBCC's accountability and control framework.

The Committee's core duties are to provide advice to the Board on the adequacy, timeliness and reliability of the QBCC's operations and systems including audit planning processes, internal audit and compliance with

legislation and statutory obligations. The Committee is also responsible for considering matters and making recommendations to the Board relating to financial affairs including investment strategies, annual operating budget and three year forward estimates, quarterly position assessments and annual financial statements.

Between 1 December 2013 and 30 June 2014 the Committee met twice (see page 45 for table of attendance) and conducted the following activities:

- reviewed the QBCC's internal and external audit activities
- reviewed the monthly financial results
- monitored the transition of outstanding financial activities from the former QBSA to the QBCC
- ensured financial reporting is completed within legislated timeframes
- considered the current investment strategy and historical results
- reviewed identified financial risks and trends with a focus on those considered of particular concern
- considered and recommended solutions for the implementation of a new case management system
- reviewed the QBCC's procurement policy.

INSURANCE AND RISK COMMITTEE

The Insurance and Risk Committee is chaired by Chris Cunnington with Rob Hutchinson and Phil Kesby as standing members. Committee meetings are also attended by the Commissioner, General Counsel, the Director Insurance Services and the Governance and Risk Manager.

The Committee is responsible for providing support to the Board to oversee and provide advice on issues relating to the performance of the Home Warranty Insurance Scheme (the Scheme), issues confronting the Scheme and the risk management framework and policies.

Between 1 December 2013 and 30 June 2014 the Committee met twice (see page 45 for table of attendance) and conducted the following activities:

- reviewed Scheme trends, risks, major claims and claim statistics
- considered steps that could be taken to

reduce the frequency and size of claims

- monitored the review of the Scheme as part of the Government's Ten Point Action Plan
- oversaw the reinsurance negotiations
- guided the QBCC in the development of the organisation's Risk Radar and Risk Appetite Statement.

PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee is chaired by Jennifer Robertson, with Phil Kesby and Robin Fardoulys as standing members. Committee meetings were also attended by the Commissioner, General Counsel and the Director People and Culture.

The purpose of the Committee is to provide advice to the Board to ensure the QBCC establishes appropriate human resource strategies and policies consistent with business requirements. The Committee is charged with advisory and decision-making functions and duties in relation to nomination and appointments, remuneration and evaluation, succession, organisation structure and organisation change.

Between 1 December 2013 and 30 June 2014 the committee met twice (see page 45 for table of attendance) and conducted the following activities:

- monitored staff numbers, in-house training and absenteeism
- oversaw the development of a succession plan
- approved the performance and development plan process for the Executive Leadership Team and all staff
- reviewed the 2013 employee survey results and endorsed a new quarterly survey to be undertaken
- reviewed the QBCC's current recruitment and selection processes and approval of alternative processes
- approved the appointment of 3rd View Consulting to undertake a culture diagnosis
- approved the staff reward and recognition program, and motor vehicle policy.

REGULATORY AND RESOLUTION COMMITTEE

The Regulatory and Resolution Committee met twice between 1 December 2013 and 30 June 2014 with the membership including Robin Fardoulys (Chair), Martin Lee and Phil Kesby (see page 45 for table of attendance). The meetings were also attended by the Commissioner, General Counsel and the Executive Director Compliance and Regulatory Services.

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

- ensuring the licensing regulatory framework continues to meet the needs and adds value to the building industry while continuing to protect consumers
- ensuring that appropriate resolution systems are in place to handle disputes fairly and equitably
- ensuring that appropriate mechanisms are in place to educate contractors on their legal rights and responsibilities
- providing advice to the Board on the dispute resolution, compliance mechanisms, contractual and security of payment issues.

Specifically the Committee has monitored progress with:

- the implementation of the Internal Review Unit and Early Dispute Resolution services
- reforms to domestic building contracts
- reviews of the licensing system, financial requirements for licensing and demerit points system
- proposed continuous professional development system for licensees,
- amendments to the BCIP Act
- the implementation of a field based technology solution
- the development of the Guide to Standards and Tolerances
- progress with implementing the Queensland Government's Ten Point Action Plan.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

INTERNAL AUDIT

Internal audit is an independent function within the QBCC to assist the Commissioner in the discharge of his responsibilities under the *Financial Accountability Act 2009* and to provide an independent review of internal system controls.

Ernst & Young were engaged to perform the internal audit function for the QBCC in accordance with the 2013 - 2014 internal audit plan. The Finance and Audit Committee acted as a forum for internal audit and oversaw its planning, monitoring and reporting processes. This process forms part of the governance processes that ensures the QBCC's internal audit function operates effectively, efficiently and economically. The internal audit is also performed independently of management and authorised auditors. Internal audit has fulfilled its function in accordance with the above requirements.

In 2013 - 2014, the internal audit plan was approved by the management of the former entity. A total of 5 internal audit engagements were undertaken including payroll services, asset management, procure to pay, transition management, customer complaints, the facilitation of a risk management workshop and a follow up audit of prior audit recommendations.

EXTERNAL AUDIT

The Queensland Audit Office is the QBCC's external auditor under the terms of the *Financial Accountability Act 2009*. Pricewaterhouse Coopers has been contracted by the Queensland Audit Office to audit the Annual Financial Statements of the QBCC on its behalf under the terms of Section 62 (1) (c) of the *Financial Accountability Act 2009*. Aside from the report on financial statements, no other government body, including the Queensland Audit Office, issued any other external scrutiny reports regarding the operations of the QBCC.

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

The QBCC's investment policy and strategies involve insurance fund monies being invested into the longer term in line with an equilibrium strategy. The QBCC's optimal long term strategy involves a mix of 70 per cent growth assets and 30 per cent cash and cash-enhanced assets.

The QBCC's investment policy and strategies will be reviewed as required in the light of trends in the investment market. As a minimum, the policy and strategies will be reviewed annually prior to the formulation of the QBCC's annual budget, with a thorough review every 2 years.

The QBCC's investment policy is currently being reviewed with a view to increasing returns on unused funds tempered by any additional risk involved.

The Committee recommended that the investment policy and strategies continue. This recommendation has been endorsed by the Board. Queensland Investment Corporation and Queensland Treasury Corporation will also continue to manage the funds.

RIGHT TO INFORMATION AND INFORMATION PRIVACY

Queensland's information regime is set out in the *Right to Information Act 2009* and the *Information Privacy Act 2009*.

The *Right to Information Act 2009* implements the commitment of the Queensland Government and agencies to provide the community with greater access to information. QBCC held information should be available unless on balance it is contrary to the public interest to do so.

The *Information Privacy Act 2009* recognises the importance of protecting the personal information of individuals. It creates a right for individuals to access and amend their personal information and provides

rules for how agencies may and must handle personal information as set out in the Information Privacy Principles.

A publication scheme is available on our website which describes and categorises information routinely available from the QBCC and the Building and Construction Industry Payments Agency.

A disclosure log is also on the website to provide details of non-personal information released under the *Right to Information Act 2009* that is considered to be of significant interest to the wider public. Right to Information (RTI) applications will be progressively published as they meet the criteria for publication.

The QBCC is committed to following the objectives of these Acts, with applications including administrative access requests finalised by 30 June 2014 totalling at

least nearly 20,000 folios processed, with 90 per cent of these released in full.

One external review was finalised by the Office of the Information Commissioner Queensland (OIC) in the reporting period.

Chapter 5 of the *Information Privacy Act 2009* provides for an individual to make a complaint about an agency's breach of the privacy principles within 12 months of the alleged breach. No formal privacy complaints had been received by the QBCC by 30 June 2014.

OPEN DATA

The QBCC meets its requirements to publish information through the Queensland Government's Open Data website.

TABLE R: Applications received and reviewed by the Right to Information / Information Privacy Unit between 1 December 2013 and 30 June 2014.

Applications type	Application no.	%	Folios finalised	No.	%
Administrative	32	27.8	Full Access	17805	89.6
Information Privacy	17	14.8	Partial Access	1232	6.2
Right to Information	54	47	Full Exemption	842	4.2
Requests from Government Agencies relating to law enforcement	12	10.4			
Total	115	100	Total	19879	100
Withdrawn or transferred	9				
Internal reviews RTI & IP	3	2.6			
External Review RTI & IP	0	0			

RECORDS MANAGEMENT

Management of information systems and records management for the QBCC was coordinated through the continued development and review of the Information and Communications Technology Strategic Plan, maintained in accordance with the business planning cycle. The QBCC has experienced significant changes in its strategic and operational direction since its establishment and a new Digital Business strategy is currently being developed.

Implementation of the strategic plan is overseen by the QBCC's Executive Leadership Team and the Board. Some of the major work achieved includes:

- practical progress with the development of the contractor management system replacement incorporating new functionality to support legislative changes
- initial pilots for case management functionality
- system and business process changes to support the Government's Ten Point Action Plan
- business intelligence capabilities to support real-time operational monitoring
- supporting the transition to customer focused digital delivery of core business services.

The QBCC's records are governed and monitored by Information Services in accordance with the *Public Records Act 2002* and the Queensland Government Chief Information Office (QGCIO) Information Standard 40 - Recordkeeping.

Business units within the QBCC forward all physical records that are business-related to Information Services for appraisal and sentencing in accordance with the QBCC's approved Retention and Disposal Schedule - QDAN 185 Version 2 and the Building Construction Industry Payments Agency (BCIPA) - QDAN 673 Version 1.

PROMOTING ETHICAL AND RESPONSIBLE DECISION-MAKING

ETHICAL STANDARDS AND DISCLOSURES

The QBCC maintains a conflict of interest policy that applies to all employees, external contractors and board members. The purpose of the policy is to raise awareness and provide a consistent framework for the identification, management and reporting of all conflicts of interest and potential conflicts of interest with the QBCC.

The policy details employee obligations and declares perceived or actual conflicts of interest and where and when they can occur. The Commissioner is responsible for managing this policy.

CODE OF CONDUCT

Board members and employees are expected to maintain the highest ethical standards in discharging their responsibilities and duties. All decisions made must be consistent with our organisational values, our policies and overarching legislative requirements.

A code of conduct policy has been in place for the duration of the reporting period. The purpose of this policy is to reinforce our commitment to maintaining the highest possible standards of professional conduct and upholding the QBCC's values when interacting with our customers.

The QBCC's code of conduct applies equally to every individual employed, appointed or otherwise attached to the QBCC. It is the foundation upon which we conduct our business and build our reputation.

OFFICIAL MISCONDUCT AND PUBLIC INTEREST DISCLOSURES

The QBCC maintains a policy that establishes procedures for the effective reporting of official misconduct and the effective administration of public interest disclosures.

The Commissioner has a duty to refer all complaints to the Crime and Corruption Commission (CCC) where the Commissioner suspects official misconduct. The QBCC has no power to deal with matters unless they are referred back to the QBCC from the CCC for action.

Outcomes of any investigations are reviewed and monitored.

The QBCC reports annually to the Public Service Commission on the number of disclosures received and verified.

PUBLIC SECTOR ETHICS ACT 1994

A code of conduct has always been implemented in accordance with the ethics principles outlined in the *Public Sector Ethics Act 1994*, supporting the QBCC's pursuit for consistent standards and approaches in interactions with stakeholders.

The code is communicated as part of the corporate induction program and through periodic staff training which applied to all QBCC staff, including board members. Code of conduct training was assimilated via mandatory online programs, ensuring consistency and complete participation.

The code provides the ethical framework for behaviour, actions and decisions within the QBCC. It played an integral role in supporting the QBCC's values of customer first, unleash potential, be courageous, ideas into action, empower people and safe and healthy workforce.

The QBCC's code of conduct specifically states where employees may take their concerns and outlines possible ramifications if breaches of the code occur.

The QBCC's procedures and practices support the code as employees are fully aware of their obligations in regards to their ethics and principles - these include their obligation to report unethical conduct. The QBCC's code of conduct makes direct reference to the four ethics principles:

- integrity and impartiality
- promoting the public good
- commitment to the systems of government
- accountability and transparency.

The QBCC maintains its commitment to building an ethical workplace environment and to maintain and enhance public confidence in the integrity of itself and its staff.

ACTING AS THE MODEL LITIGANT

Of the decisions that the QBCC referred to the Queensland Consumer and Administrative Tribunal (QCAT) between 1 December 2013 and 30 June 2014, 80.27 per cent were determined in the QBCC's favour.

Where appropriate the QBCC also undertook prosecutions and disciplinary proceedings for breaches of legislation, resulting in 36 successful findings and the awarding of a total \$213,907 in penalties and fines payable to the QBCC.

QBCC COMPLIANCE AND ENFORCEMENT POLICY

A new compliance and enforcement policy was approved by the Board during the reporting period.

The objective of the policy is to promote high compliance with the law. The focus is not on enforcement alone, but rather on a full range of activities and powers to encourage and enforce compliance with the laws the QBCC is responsible for administering.

To make the best use of resources and to increase benefits to the public, the QBCC will place enforcement priority on matters where there is evidence that there may be potential loss to consumers. A range of other tools are available to the QBCC that may be used as an alternative to prosecution.

MAKING TIMELY AND BALANCED DISCLOSURES

CONSULTANCIES

The QBCC has engaged a number of consultants to identify business improvements, implement strategies and provide advice about key programs and other initiatives being implemented under the Government's Ten Point Action Plan. Table S fulfils State Government disclosure obligations for consultancies for the reporting period 1 December 2013 to 30 June 2014.

TABLE S: Consultancies

Service provided	\$
Early Dispute Resolution model	6,180
Corporate identity and branding concepts	25,320
Due diligence exercise, transfer of plumbing and pool safety licensing	61,071
Certification review	48,045
Implementation strategy for case management system (Sales Force)	39,800
Implementation strategy for social media monitoring	39,000
Audience engagement strategy	5,500
Business customer centric exercise	37,500
Total expenditure for consultancies	262,416

OVERSEAS TRAVEL

The QBCC incurred no expenditure for overseas travel between 1 December 2013 and 30 June 2014.

RESPECT THE RIGHTS OF CUSTOMERS AND STAKEHOLDERS

CUSTOMER SERVICE COMPLAINTS

Stakeholders may lodge complaints, compliments, enquiries and suggestions directly to the QBCC’s service complaint management system by mail, telephone or through the “contact us” page on the QBCC website.

The system is in line with the Queensland Government policy under the provisions of the *Public Service Act 2008* and the recommendations of the Office of the Queensland Ombudsman.

Of the 128 items entered into the service complaint management system in the reporting period between 1 December 2013 and 30 June 2014, there were 66 enquiries, 41 complaints, 14 compliments and 7 suggestions.

Prompt action has been taken in relation to all correspondence received. All service complaints were investigated and appropriate steps taken to improve communications and address complainants’ concerns in accordance with the QBCC’s Complaints Management policy.

WEBSITE

The QBCC’s website is an important tool for providing services and sharing information with contractors, home owners and other industry stakeholders. Between 1 December 2013 and 30 June 2014 the QBCC’s website was accessed by 532,428 visitors with 57.36 per cent repeat visitors. The website will remain an important tool for engaging with stakeholders and has undergone a major review to improve useability and ease of access.

INDUSTRY REFERENCE GROUP

The Industry Reference Group includes 12 industry representatives appointed for the period of one year from March 2014. The purpose of the reference group is to provide a collaboration process on industry issues. They are responsible for providing feedback to the Board on issues relating to:

- policy and legislative reform associated with contractor licensing, dispute resolution, the Home Warranty Insurance Scheme and contractor education and training
- the level of regulatory compliance in the industry
- the performance of the QBCC in undertaking its administrative and regulatory functions.

During the reporting period, the reference group met twice and undertook the following activities:

- debated the QBCC’s proposed amendments to the financial requirements for licensing policy
- discussed the reviews of demerit points, licensing and Home Warranty Insurance Scheme
- reviewed the QBCC’s proposed amendments to the *QBCC Act*
- provided feedback on the reforms to domestic building contracts
- considered the development of processes for the Early Dispute Resolution service pilot.

CONSUMER REFERENCE GROUP

The Consumer Reference Group includes nine consumer representatives appointed for the period of one year from March 2014. The reference group is responsible for providing feedback to the Board on consumer issues including:

- policy and legislative reform associated with dispute resolution, the Home Warranty Insurance Scheme and consumer education and training
- the level of regulatory compliance in the industry
- the performance of the QBCC in undertaking its administrative and regulatory functions.

The group met twice within the reporting period and discussed the same topics as the Industry Reference Group from a consumer perspective.



Financial Performance

The QBCC returned a surplus of \$3.050 million and a balance sheet equity position of \$69.390 million during the accounting period 1 December 2013 to 30 June 2014. This includes an inherited a budget from its predecessor organisation.

The QBCC has been in an ongoing progressive transition phase since its inception and has required additional expenditure in order to progress the Government's Ten Point Action Plan. This expenditure will continue into the 2014 - 2015 financial year.

The impact of additional spend on QBCC's financial position has not been detrimental as shown in the annual financial statements to follow.

INSURANCE PREMIUMS

The relationship QBCC has with the re-insurance aspects of its insurance business affects the net financial outcomes in relation to both premium revenue and claims approved.

Insurance premiums received are dispersed according to an arrangement the QBCC has with re-insurance providers (currently 70 per cent reinsurer 30 per cent QBCC after administration fees are deducted).

Results over the 7-month period:

TABLE T: Insurance premiums

	Actual	Budget	Variance	Variance %
	\$m	\$m	\$m	%
Premium revenue	37.978	32.087	5.891	18.36%
Administration fees retained	8.336	7.079	1.257	17.76%
Subtotal	29.642	25.008	4.634	18.53%
Less outward reinsurance premium	26.913	22.422	4.491	20.03%
Net result for premiums collected	2.729	2.586	1.433	5.54%

Most of the result can be attributed to annual premium increases and increases in cost of housing construction generally which determines premium levels. It is pleasing to note though that the remainder indicates a greater than anticipated revival in the domestic building construction industry in Queensland.

INSURANCE CLAIMS (NET OF PROVISION EXPENSE FOR FUTURE CLAIMS)

The reinsurance arrangement also extends to insurance claims approved.

TABLE U: Insurance claims

	Actual	Budget	Variance	Variance %
	\$m	\$m	\$m	%
Claims approved and charged	19.220	22.076	(2.856)	(12.94%)
Less reinsurance and other recoveries	15.624	14.672	0.952	6.49%
Net result for insurance claims	3.596	7.404	(3.808)	(51.43%)

INVESTMENT REVENUE

Investment revenue is in line with budget predictions in total dollar terms.

Cash based investments performed below budget due to the continued maintenance of low interest rates throughout the year. This was compensated by higher than expected returns in the Queensland Investment Corporation's Growth Fund (4.25 per cent above the return rate used to budget).

FINANCIAL PROGRESS

At the segmented level (Note 35) the general fund returned a deficit of \$1.006 million.

The budget inherited from BSA had not provided for additional expense in implementing the Government's Ten Point Action Plan which increased the original planned deficit of \$0.195 million.

The insurance fund recorded a surplus of \$4.057 million mainly due to a lessening of the expense anticipated to provide for possible future claims.

The statements of financial position reflects the QBCC's sound financial position which discloses an accumulated surplus of \$69.390 million.

All current and future liabilities totalling \$283.439 million (net of unearned premium income) are fully funded via invested funds that total \$195.382 million and net receivables (after allowance for doubtful debts) \$156.887, resulting in a total of \$352.269 million.

There were no identified going concern issues and this has been conveyed to external auditors as part of their examination of QBCC's accounting records.

Please refer to the QBCC website for Queensland Audit Office certified financial statements.



Creating the right infrastructure to support delivery of frontline services.

The QBCC is committed to improving service quality making it simpler and easier for customers to access our services and information. To achieve this, a number of changes have been put in place.

Our organisational structure has been realigned to ensure that we have staff with the right skills and knowledge, in the correct positions, to provide quality services.

These changes would not be able to occur and would not be successful without leadership. A focus has been placed on building a strong Executive Leadership Team and encouraging emerging leaders to participate in these changes. Professional development is being offered to current and future leaders and the coming year will focus on building leadership competencies.

The QBCC's Executive Leadership Team has been integral in setting the future direction of the organisation, leading the way for all employees. This has had a positive impact on the culture and assisted employees with the transition

Strong leadership and culture, along with the correct organisational systems are paramount for exceptional customer service delivery.

Glossary

ANA	Authorised Nominating Authorities
APRA	Australian Prudential Regulatory Authority
BCIP ACT	<i>Building and Construction Industry Payments Act 2004</i>
QBSA	Queensland Building Services Authority
CCC	Crime and Corruption Commission
CPD	Continuing Professional Development
DBC ACT	<i>Domestic Building Contracts Act 2000</i>
EEO	Equal employment opportunity
FRL	Financial Requirements for Licensing
FTE	Full-time equivalent
QBCC	Queensland Building and Construction Commission
QBCC ACT	<i>Queensland Building and Construction Commission Act 1991</i>
QCAT	Queensland Civil and Administrative Tribunal
RTO	Registered Training Organisation
SPER	State Penalties Enforcement Registry

Queensland Building and Construction Commission and Controlled Entity
Financial Statements
for the reporting period ended
30 June 2014

**Queensland Building and Construction Commission and Controlled Entity
Financial Statements**

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General Information

These financial statements cover the Queensland Building and Construction Commission and its controlled entities.

The Queensland Building and Construction Commission is a Queensland Statutory Body established under *Queensland Building and Construction Commission Act 1991*.

The head office and principal place of business of the Queensland Building and Construction Commission is:

299 Montague Road
West End Queensland 4101

A description of the nature of the Commission's operations and its principal activities are included in the notes to the financial statements.

For information in relation to the Commission's financial statements please call 139 333, email info@qbcc.qld.gov.au, or visit www.qbcc.qld.gov.au.

**Queensland Building and Construction Commission and Controlled Entity
Statement of Comprehensive Income
for the 7 month period ended 30 June 2014**

	Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Income from Continuing Operations			
Licence revenue	2	16 146	16 146
Premium revenue	3	37 978	37 978
Reinsurance and other recoveries revenue	4	35 452	35 452
Administration fees revenue	5	8 336	8 336
Investment revenue	6	7 150	7 150
Other revenue	7	2 106	2 106
Total Revenue		<u>107 168</u>	<u>107 168</u>
Gain/(Loss) on disposal of assets	8	(7)	(7)
Total Income from Continuing Operations		<u>107 161</u>	<u>107 161</u>
Expenses from Continuing Operations			
Outward reinsurance	9	31 035	31 035
Claims approved and charged	10	26 870	26 870
Employee expenses	12	19 002	842
Supplies and services	15	10 701	28 866
Depreciation and amortisation	16	1 039	1 039
Impairment losses	17	15 102	15 102
Other expenses	18	362	357
Total Expenses from Continuing Operations		<u>104 111</u>	<u>104 111</u>
Operating Result from Continuing Operations		<u>3 050</u>	<u>3 050</u>
Operating Result from Discontinued Operations		<u>-</u>	<u>-</u>
Operating Result for the Year		<u>3 050</u>	<u>3 050</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>3 050</u>	<u>3 050</u>

The accompanying notes form part of these statements.

Queensland Building and Construction Commission and Controlled Entity
Statement of Financial Position
as at 30 June 2014

	Notes	Consolidated Entity 2014 \$'000	Parent Entity 2014 \$'000
Current Assets			
Cash and cash equivalents	19	14 233	14 233
Receivables	20	15 060	15 060
Reinsurance receivables	21	32 187	32 187
Other financial assets	22	181 149	181 149
Other current assets	23	24 913	24 913
Total Current Assets		267 542	267 542
Non-Current Assets			
Reinsurance receivables	21	109 640	109 640
Leasehold restoration paid in advance	24	210	210
Intangible assets	25	4 153	4 153
Property, plant and equipment	26	5 442	5 442
Total Non-Current Assets		119 445	119 445
Total Assets		386 987	386 987
Current Liabilities			
Payables	27	33 242	41 740
Accrued employee benefits	28	4 342	51
Provisions	29	365	365
Unearned premium liability	30	34 158	34 158
Future claims and associated costs	31	53 940	53 940
Total Current Liabilities		126 047	130 254
Non-Current Liabilities			
Accrued employee benefits	28	4 207	-
Provisions	29	1 276	1 276
Future claims and associated costs	31	186 067	186 067
Total Non-Current Liabilities		191 550	187 343
Total Liabilities		317 597	317 597
Net Assets		69 390	69 390
Equity			
Accumulated surplus		69 390	69 390
Total Equity		69 390	69 390

The accompanying notes form part of these statements.

Queensland Building and Construction Commission and Controlled Entity
Statement of Changes in Equity
for the 7 month period ended 30 June 2014

	Consolidated Entity 2014 \$'000		Parent Entity 2014 \$'000	
	Accumulated Surplus	Total Equity	Accumulated Surplus	Total Equity
Opening Balance	-	-	-	-
Transfer of equity on 1 December	66 340	66 340	66 340	66 340
Total comprehensive income for the period	3 050	3 050	3 050	3 050
Balance as at the 30 June 2014	69 390	69 390	69 390	69 390

The accompanying notes form part of these statements.

Queensland Building and Construction Commission and Controlled Entity
Statement of Cash Flows
for the 7 month period ended 30 June 2014

Note	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Cash flows from operating activities		
Received from renewal and licence fees	16 215	16 215
Received from administration fees	8 349	8 349
Received from interest	98	98
GST input tax credits from ATO	3 844	3 844
GST Collected from customers	4 715	4 715
Received from other revenue	2 508	2 508
	35 729	35 729
Outflows		
Payments to employees	(16 676)	(366)
Payments to suppliers	(12 816)	(29 126)
GST paid to suppliers	(3 944)	(3 944)
GST remitted to ATO	(4 562)	(4 562)
	(37 998)	(37 998)
	(2 269)	(2 269)
Received from premiums	39 491	39 491
Payments to reinsurers	(29 253)	(29 253)
Claims paid	(24 141)	(24 141)
Received from reinsurers	15 214	15 214
	1 311	1 311
Net cash provided by operating activities	(958)	(958)
Cash flows from investing activities		
Payments for plant, equipment and intangibles	(1 673)	(1 673)
Disposal of/ (Investment in) other financial assets	(7 937)	(7 937)
Net cash used in investing activities	(9 610)	(9 610)
Net inflow of Disaster Relief Funds	(809)	(809)
Net increase/(decrease) in cash held	(11 377)	(11 377)
Cash at the beginning of the financial year	25 610	25 610
Cash at the end of the financial year	14 233	14 233

The accompanying notes form part of these statements.

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

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Objectives and principal activities of the Commission

The objectives of the Queensland Building and Construction Commission (QBCC) are to:

- regulate the building industry,
- ensure the maintenance of proper standards in the industry,
- achieve a reasonable balance between the interests of building contractors and consumers,
- provide remedies for defective building work,
- provide for efficient resolution of building disputes, and
- provide support, education and advice for homeowners and those undertaking building work.

The QBCC and its controlled entity are self-funded statutory bodies within the portfolio of the Minister for Housing and Public Works.

On the 1 December the QBCC was established through the *Queensland Building Services Authority Amendment Act 2013*. Under the transition and provisions of the Act all of the Queensland Building Services Authority's assets, liabilities and rights will vest in the QBCC at the values at which they were held by Queensland Building Services Authority.

Note 1 Summary of significant accounting policies

(a) Statement of compliance

The QBCC has prepared these financial statements in compliance with section 43 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

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

The QBCC is comprised of a General Statutory Fund and an Insurance Fund as stipulated by Sections 25 and 26 of the Queensland Building and Construction Commission Act 1991. The financial statements of QBCC 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.

Due to the nature of the general insurance business conducted by QBCC, certain disclosures have been made in these financial statements, which are additional to those required by the Financial and Performance Management Standard 2009.

(b) The reporting entity

The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of the QBCC.

The Consolidated Entity as an economic entity consists of the parent entity, the QBCC, together with the Queensland Building and Construction Employing Office (QBCEO), as a controlled entity. In order to provide enhanced disclosure, the Consolidated Entity has adopted the principles outlined in Australian Accounting Standard AASB 127 Consolidated and Separate Financial Statements. This approach is considered appropriate as it reflects the relationship between the QBCC core business activities and those of the QBCEO. In the process of reporting on the Consolidated Entity as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full.

The Queensland Building and Construction Employing Office is a statutory body for the purposes of the Financial Accountability Act 2009. The QBCEO, through its employees, provides the skilled labour required to deliver the services provided by the QBCC. On a fortnightly basis the QBCEO invoices the QBCC for salary and associated costs paid, including accrued employee entitlements for the period. The QBCC immediately pays the cash component only and the employee entitlements will accrue as a QBCEO receivable and QBCC payable.

(c) Significant accounting policies related to general insurance contracts

The home warranty 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.

(i) Premium revenue

Premium revenue comprises amounts charged to policyholders (direct premiums) for insurance contracts. Premium revenue is recognised as earned from the date of attachment of risk (generally the date a contract is agreed to) over the period of the related insurance contracts in accordance with the pattern of the incidence of risk expected under the contracts. The pattern of the risks underwritten is generally matched by the passing of time. Premium for unclosed business (business written close to the reporting date where attachment of risk is prior to reporting date and there is insufficient information to accurately identify the business) is brought to account based on the previous years' experience with due allowance for any changes in the pattern of new business and renewals. The unearned portion of premium is recognised as an unearned premium liability in the Statement of Financial Position.

(ii) Outward reinsurance

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 deferred reinsurance expense on the Statement of Financial Position at the reporting date.

(iii) Claims

Claims expenses and a liability for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and the anticipated direct and indirect cost of settling those claims. Claims outstanding are assessed by review of individual claims files and estimated changes in the ultimate cost of settling claims, IBNR's and settlement costs using statistics based on past experience and trends. Outstanding claims relating to "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 liability for outstanding claims for "long-tail" classes is measured at the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost for settling claims, which is affected by factors arising during the period to settlement such as inflation. Such estimates are subject to uncertainty due to variations of both a random and non-random nature, which may affect components of the estimates. The expected future payments are discounted to present value at the balance date using market determined, risk adjusted 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 the development of the claims in the future.

Goods and services tax (GST) on claims expenditure

The QBCC incurs 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.

(iv) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNR's, and IBNER's are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable in relation to "long-tail" classes are measured at the present value of the expected future receipts. These recoveries are calculated on the same basis as the liability for outstanding claims net of any provision for impairment based on objective evidence for individual receivables. The QBCC also attempts to recover claim cost from policy holders when found at fault.

(c) Significant accounting policies related to general insurance contracts (cont'd)

(v) Liability adequacy test

The liability adequacy test is an assessment of the carrying 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 contracts, 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 arising from the test is recognised in the Statement of Comprehensive Income with the corresponding impact on the Statement of Financial Position recognised as an unexpired risk liability.

(d) Revenue and receivables recognition

Licence fees consist of two components, application fee and a renewal fee. Upon application for a licence, new entrants pay both an application fee (the cost of assessing and processing the application) and a renewal fee (the cost of maintaining a licence for the selected period). The application fee component of the application is recognised once the application is receipted and the renewal fee component is recognised once the application is approved. Renewal fees are paid by all licensees on the anniversary of their approval and the fee is recognised on the date their renewal fee is due.

Insurance claims recoverable from licensed builders are recognised when a claim paid to a consumer is finalised.

Fines are recognised when issued, awarded or when convictions are issued in favour of the QBCC.

All other revenue is recognised when goods or services are provided.

The collectability of receivables is assessed periodically with provision being made for impairment. An allowance for impaired debts is raised where some doubt exist over recoverability. All known bad debts were written-off as at 30 June. Increases in the allowance for impairment are based on loss events as disclosed in Note 37 Financial Instruments.

(e) 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 at 30 June as well as deposits at call with financial institutions and un-presented cheques. Consequently, period end cash at bank may reflect a negative balance due to the timing of un-presented cheques. The QBCC does not have an overdraft facility and is precluded from doing so by legislation.

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

The QBCC is assisting with the distribution of funds directed from the Premier's Disaster Relief Fund – Queensland Floods 2011 - Lockyer Valley Relocation Funds through an account established in the QBCC's name. Under arrangements with the Premier's Department, funds held by the QBCC pending final payment of approved relief claims are to be recorded in the QBCC's Statement of Financial Position. On this basis the cash held is equal to a liability the QBCC has to ultimately pay for approved claims. Funds held as at 30 June are recorded at Note 19.

(f) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset 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.

Where assets are received free of charge from another Queensland Government Entity (as in the case for the abolishment of Queensland Building Services Authority and the creation of the Queensland Building and Construction Commission), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

(g) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Buildings	\$10,000
Infrastructure	\$10,000
Plant and Equipment	\$5,000
Other (including heritage and cultural)	\$5,000

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

(h) 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 directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are 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 judgements 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the QBCC for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, 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 measurement that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the QBCC's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by the QBCC, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the QBCC's assets and liabilities is outlined in Notes 37.

(i) Intangibles

Intangible assets 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.

No intangibles asses have been classified as held for sale or form part of a disposal group held for sale.

Purchased Software

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 3 to 5 years.

Internally Generated Software

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

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 3 to 5 years.

(j) Amortisation and depreciation of intangibles and property, plant and equipment

All intangibles assets of the QBCC have finite useful lives and are amortised on a straight-line basis.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the QBCC.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the QBCC.

The depreciation amount of improvements to or on leasehold land is allocated progressively over the estimate useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

Items comprising the QBCC technical library are expensed on acquisition.

For each class of depreciable asset, the following depreciation and amortisation rates are used:

Class	Rate
Plant and equipment:	
Motor Vehicles	15-20%
Leasehold improvements	3-20%
Other equipment	5-50%
Intangible assets:	
Software purchased	20-29%
Software Internally Generated	10-34%

(k) Impairment of non-current assets

All non-current physical and 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.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risk and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risk and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(m) Other financial assets

Investments with Queensland Investment Corporation in both funds are measured at their net market value at each balance date.

Changes in the net market value of investments (or cost of acquisition, if acquired during the financial year) are recognised as revenue or expenses in the Statement of Comprehensive Income. Income derived from investments is brought to account when earned.

(n) Payables

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

(o) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the QBCC becomes party to the contractual provision of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost.

The QBCC does not enter into transactions for speculative purposes, nor for hedging.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the QBCC are included in Note 37.

(p) Employee benefits

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 employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

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.

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent the amount which the QBCC has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at the nominal amounts based on the expected settlement amounts and include related on-costs.

(p) Employee benefits (continued)

Long Service Leave

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.

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 recognition of employees' prior service in other state, local or federal government entities. Recognition of prior service has been agreed as part of the Enterprise Development Agreement for the Consolidated Entity.

Superannuation

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

Key Management Personnel and Remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 13 for the disclosures on key executive management personnel and remuneration.

(q) Provisions

Provisions are recorded when 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.

The QBCC leases properties throughout Queensland and the provision represents the cost to restore these properties to their original state. The provision also includes any incentives provided to the QBCC by the lessor, and these are recognised over the period of the lease.

(r) Insurance

The QBCC's non-current physical assets and other risks are insured through private insurance companies, premiums being paid on a risk assessment basis. In addition, the QBCC pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(s) Taxation

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 Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the QBCC. GST credits receivable from and GST payable to the ATO, are recognised (refer to Note 27).

Revenues (including earned premiums), expenses and assets are recognised net of the amount of GST unless (in relation to expenses and assets) the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these instances the GST is recognised as part of the amount of the expense or is recognised as part of the cost of acquisition of the asset.

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.

Cash flows are included in the Statement of Cash Flows on a gross basis with the 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.

(t) Issuance of financial statements

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

(u) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The QBCC places high reliance on actuarial estimates, provided by its appointed actuary, DeeDeeRa Actuaries Pty Ltd, in calculating the provision for future claims and the reinsurers' share of the future claims provision as at the end of the period.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

Valuation of Future claims and associated cost – Note 31

Valuation of Reinsurance receivables – Note 21

Accrued Employee Benefits – Note 1(p) and Note 28

Provision – Note 1 (q) and Note 29

Depreciation and Amortisation – Note 1 (j) and Note 16

Unearned premium liability - Note 30

(v) Rounding and comparatives

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 to the correct sub-totals or total due to rounding.

There is no comparative information in the financial statements as these are the first financial statements of the QBCC.

(w) New and revised accounting standards

The QBCC did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the QBCC's financial statements are those arising from AASB 13 Fair Value Measurement, as explained below.

AASB 13 Fair Value Measurement became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the QBCC's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The QBCC reviewed its fair value methodologies for all items valued at fair value to ensure they comply with AASB 13. All methods comply with the standard and therefore no adjustments were required.

A revised version of AASB 119 Employee Benefits applied from reporting periods beginning on or after 1 January 2013. AASB 119 has redefined "short-term employee benefits" to only include benefits that are expected to be wholly settled within 12 months after the end of the annual reporting period in which the employees render the related service. If this definition is not met, the benefits will be categorised as "other long-term employee benefits". The distinction is made at a whole-of-class basis, and therefore the QBCC has deemed the annual leave liability meets the "short-term employee benefits" and therefore has no impact on the QBCC.

The standard also revised the concept of 'termination benefits' and recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of 'other long-term employee benefits' are accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefits plans, and the measurement and presentation of changes in such liabilities/assets. The QBCC makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the QBCC.

AASB 1053 Application of Tiers of Australian Accounting Standards became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Account Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the QBCC may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the QBCC, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore the release of AASB 1053 and associated amending standards has had no impact on the QBCC.

(w) New and revised accounting standards (continued)

The QBCC is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the QBCC has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Commission applies standards and interpretation in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 1055 Budgetary Reporting applies from reporting periods beginning on or after 1 July 2014. The Commission will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Statement of Cash Flow as published in the 2014-2015 Queensland Government Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 127 (revised) Separate Financial Statements;
- AASB 128 (revised) Investments in Associates and Joint Ventures;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]; and
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013-8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. On the basis of those accounting standards, the QBCC has reviewed the nature of its relations with the Queensland Building and Construction Employing Office and other entities that the QBCC is connected with, including entities that are not currently consolidated, to determine the impact of AASB 2013-8. The QBCC's conclusion is that it will continue to have control over The Queensland Building and Construction Employing Office and, based on existing circumstances, will not have any control over any additional entities.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB11 are more aligned to the actual rights and obligations of the parties to the arrangement. The QBCC has assessed its arrangement with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangement, no joint arrangements exist.

(w) New and revised accounting standards (continued)

AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the QBCC are that they will change the requirements for classification, measurement and disclosures associated with the QBCC's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The QBCC has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial asset at the date of initial application of AASB 9 will depend on the facts and circumstances existing at the date, the QBCC's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transaction the QBCC enters into, it is not expected that any of the QBCC's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the QBCC's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classification presently used in Notes 1 (f), 1(i), 25 and 26). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the QBCC's receivables, the carrying amount is expected to be a reasonable approximation of fair value, however some receivables may need to be measured at fair value due to their nature.

The QBCC will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the QBCC enters into, the ongoing disclosure will not be significant.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the QBCC's activities, or will have no material impact.

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 2 Licence revenue		
Renewal fees	14 534	14 534
Application fees	1 612	1 612
	16 146	16 146
Note 3 Premium revenue		
Premiums	11 38 412	11 38 412
Movement in unearned premiums	(434)	(434)
	37 978	37 978
Note 4 Reinsurance and other recoveries revenue		
Reinsurers' share of claims approved	12 950	12 950
Reinsurers' share of future claims	2 756	2 756
Recovery revenue	19 746	19 746
	35 452	35 452
Note 5 Administration fees		
Administration fees received	8 336	8 336
	8 336	8 336
Note 6 Investment revenue		
Interest	202	202
Changes in fair value of investments - unrealised	6 948	6 948
	7 150	7 150
Note 7 Other revenue		
Infringements and court fines awarded	1 366	1 366
Search fees	51	51
Owner builder fees	329	329
Certificate fees	40	40
Appraisal of government contracts	227	227
Other	93	93
	2 106	2 106
Note 8 Gain/(Loss) on disposal of non-current assets		
Proceeds from sale of non-current assets	106	106
Carrying value of non-current assets sold or disposed	(113)	(113)
	(7)	(7)
Note 9 Outward reinsurance		
Reinsurers' share of premium	26 913	26 913
Reinsurers' share of recovery	4 122	4 122
	31 035	31 035
Note 10 Claims approved and charged		
Claims approved	19 241	19 241
Movement in provision for future claims	31 6 850	31 6 850
Movement in provision for future claims processing cost	31 779	31 779
	26 870	26 870

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 11 Profit/(Loss) on underwriting		
Premiums received	38 368	38 368
Less: Outward reinsurance premium expense	(26 913)	(26 913)
QBCC's share of premiums	11 455	11 455
Less: Unearned premiums at the end of year	(9 930)	(9 930)
Total premiums received and earned during the year	1 525	1 525
Add: Unearned premiums at the beginning of the year	9 497	9 497
Earned premiums	11 021	11 021
Claims approved and charged	26 869	26 869
Less: Reinsurance and other recoveries	(16 590)	(16 590)
Net claims	10 279	10 279
Profit/(Loss) on underwriting	742	742
Participation in the Insurance Scheme		Brokers/ Reinsurers
Date	QBCC	
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 - 30/11/14	30.0%	70.0%
Note 12 Employee expenses		
Employee benefits		
Wages and salaries	13 427	267
Employer superannuation contributions	1 793	24
Annual leave expenses	1 504	(6)
Long service leave expense	880	(10)
Termination benefits	186	186
Less: capitalised cost	(169)	-
	17 621	461
Employee related expenses		
Workers' compensation premium	88	1
Payroll tax	843	43
Fringe benefits tax	126	13
Training	200	200
Recruitment	107	107
Other employee related expenses	17	17
	1 381	381
	19 002	842
The number of employees as at 30 June, including both full-time employees and part-time employees measured on a full-time equivalent basis (reflected Minimum Obligatory Human Resource Information (MOHRI)) is:		
Number of employees	361	1*

*The only full time employee of the QBCC is the Commissioner. However, from time to time QBCC pays for the services of contractors and temporary staff from external agencies. The total number of contractors and temporary staff whose costs have been classified as salary cost as at the 30 June was four.

Note 13 Key management personnel and remuneration expenses

a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of QBCC during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Contract classification and appointment authority	Date from/to
Commissioner	The Commissioner strategically leads and manages the QBCC to deliver its services to the building and construction industry and its consumers.	CEO Contract	From 3/02/2014
Acting Commissioner		SES4.2 Contract	From 1/12/2013 to 31/01/2014
Executive Director Compliance and Regulatory Services *	The Executive Director Compliance and Regulatory Services strategically leads compliance and regulatory services by ensuring the Commission delivers effective, reactive and proactive compliance services and an effective, fair and transparent dispute resolution services.	SES2.5 Contract	From 6/02/2012
Executive Director Customer Service *	The Executive Director Customer Service strategically leads and manages the frontline customer service delivery channels of the Commission.	SES2.5 Contract	From 5/06/2014
Executive Manager Resolution and Regulatory Services *	The Executive Manager Resolution and Regulatory Services is required to provide leadership support to the Commissioner and strategically lead and manage the Resolution and Regulatory Program.	SES2.2 Contract	From 23/01/2012 to 31/01/2014
Director Marketing, Education and Research *	The Director Marketing, Education and Research leads the stakeholder and consumer consultation and engagement activities by developing and managing the licensee and consumer education programs of the Commission.	SO.3 Contract	From 15/04/2013
Adjudication Registrar and Director Contractual Development *	The Adjudication Registrar and Director Contractual Development manages the administrative affairs of the adjudication registry as well as managing the development and use of construction contracts.	SO.3 Contract	From 25/06/2008
Director Executive Office *	The Director Executive Office provides effective leadership of the executive office functions of the Commission.	SO.3 Contract	From 3/02/2014
Director Insurance Services *	The Director Insurance Services strategically leads and manages the insurance services division.	SO.3 Contract	From 16/11/2012

* Indicates employees for the QBCEO

Note 13 Key management personnel and remuneration expenses (continued)

a) Key management personnel (continued)

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Director Regulatory Services *	The Director Regulatory Services strategically leads and manages the regulatory services program which includes licensing, contractor support, financial regulation, industry intelligence and legal services.	SO.3 Contract	From 2/06/2008
Director Regional Services *	The Director Regional Services strategically coordinates regional service delivery across Queensland.	SO.1 Contract	From 16/05/2011
Director Compliance and Resolution Services *	The Director Compliance and Resolution Services strategically leads and manages the Commission's compliance and dispute resolution services branches in the delivery of high quality dispute resolution services and compliance and enforcement outcomes.	SO.3 Contract	From 11/06/2014 to 19/06/14
Chief Financial Officer *	The Chief Financial Officer strategically leads and manages the Commission's finance and administration functions.	SO.1 Contract	From 10/03/2014
Chief Information Officer *	The Chief Information Officer strategically leads and manages the information services team which develops and maintains systems and provides advisory and operational services.	SO.1 Contract	From 10/03/2014
Director People and Culture *	The Director People and Culture provides leadership support to attain the vision, purpose and values of the Commission.	SO.1 Contract	From 10/03/2014

* Indicates employees for the QBCEO

b) Remuneration expenses

Remuneration policy for key management personnel is set by QBCC. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provided for the provision of other benefits including motor vehicles.

For the 2013-14 year, remuneration packages of key management personnel increased by 2.2% in accordance with government policy.

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

Note 13 Key management personnel and remuneration expenses (continued)

b) Remuneration expenses (continued)

Remuneration expenses for key management personnel comprises the following

- Short term employee expenses which includes:

year or for that part of the year during which the employee occupied the specified positions.

- non-monetary benefits - consisting of provision of 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. Contracts of employment provide only for notice periods or payment in lieu of notice on Termination regardless of reason for termination.

1 December 2013 - 30 June 2014

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits \$'000	Post-Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Monetary Expenses \$'000	Non-Monetary Expenses \$'000				
Commissioner	148	4	3	9	0	164
Commissioner (31/01/2014)	30	15	1	4	201	251
Executive Director Compliance and Regulatory Services *	106	15	2	12	0	135
Executive Director Customer Service *	14	0	0	1	0	15
Executive Manager Resolution and Regulatory Services * (31/01/2014)	26	5	1	3	0	35
Director Marketing, Education and Research *	67	9	2	8	0	86
Adjudication Registrar and Director Contractual Development *	70	13	2	10	0	95
Director Executive Office *	52	0	1	5	0	58
Director Insurance Services *	62	16	2	10	0	90
Director Regulatory Services *	73	15	2	10	0	100
Director Regional Services *	61	12	2	9	0	84
Director Compliance and Resolution Services * (19/06/2014)	4	0	0	1	0	5
Chief Financial Officer *	40	7	1	4	0	52
Chief Information Officer *	39	5	1	5	0	50
Director People and Culture *	33	0	1	5	0	39
Total Remuneration	825	116	21	96	201	1,259

* Indicates employees for the QBCEO

c) Performance payments

QBCC does not have an allowance for performance payments in any employment contracts.

Note 14 Board Disclosure

The Board provides direction to the Commission in administrative, operational and financial policies, ensuring the Commission performs its functions and exercises its powers in an efficient, effective and proper way.

The Queensland Building and Construction Board consist of seven members appointed by the Governor in Council and are employed under the *Queensland Building and Construction Commission Act 1991*.

Member	Date of appointed
Phil Kesby (Chairperson)	1 December 2013
Jennifer Robertson (Deputy Chairperson)	1 December 2013
Len Scanlan	1 December 2013
Chris Cunnington	1 December 2013
Rob Hutchinson	1 December 2013
Robin Fardoulis	1 December 2013
Martin Lee	1 December 2013

Board member remuneration

	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Phil Kesby (Chairperson)	32	32
Jennifer Robertson (Deputy Chairperson)	16	16
Len Scanlan	16	16
Chris Cunnington	16	16
Rob Hutchinson	16	16
Robin Fardoulis	16	16
Martin Lee	16	16
	128	128

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 15 Supplies and services		
Information system maintenance, equipment and furniture	1 605	1 605
Property lease and maintenance	1 833	1 833
Amortisation of leasehold restoration paid in advance	24 42	42
Consultants and contractors	2 134	2 134
Legal cost	2 666	2 666
Communications and marketing	1 415	1 415
Printing and stationery	171	171
Travel	129	129
Motor vehicles operating cost	206	206
Bank fees and charges	500	500
Administration charges - QBCEO	-	18 165
	10 701	28 866
Note 16 Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	121	121
Motor vehicles	159	159
Leasehold improvements	499	499
Software purchased	15	15
Software internally generated	245	245
	1 039	1 039
Note 17 Impairment losses		
Impairment losses on receivables	15 102	15 102
	15 102	15 102
Note 18 Other expenses		
External audit fees	75	70
Board members' fees and costs	143	143
Insurance Premiums	144	144
	362	357

Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$77,000 (QBCC \$72,000). There are no non-audit services included in this amount.

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 19 Cash and cash equivalents		
Cash	2 610	2 610
Deposits at call	11 623	11 623
	14 233	14 233
The Queensland Building and Construction Commission Act 1991 requires the cash and cash equivalents of the General Statutory Fund and Insurance Fund to remain separate. The cash and cash equivalent balance of the funds held by the Commission as at 30 June 2014 are:		
General Statutory Fund		
Cash	1 546	1 546
Deposits at call	2 394	2 394
	3 940	3 940
Insurance Fund		
Cash	1 017	1 017
Deposits at call	8 615	8 615
	9 632	9 632
Disaster Relief Fund		
Cash	47	47
Deposits at call	614	614
	661	661
Queensland Building and Construction Employing Office		
Cash	-	-
Deposits at call	-	-
	-	-
Total	14 233	14 233
Note 20 Receivables		
Sundry debtors	87 039	87 039
Less: Allowance for impairment loss	(71 979)	(71 979)
	15 060	15 060
Refer to Note 37 (c) Financial Instruments (credit risk exposure) for an analysis of movement in the allowance for impairment loss.		
Note 21 Reinsurance receivables		
Current		
Reinsurers' share of future claims provision	32 187	32 187
	32 187	32 187
Non-Current		
Reinsurers' share of future claims provision	109 640	109 640
	109 640	109 640
Note 22 Other financial assets		
Investments with Queensland Investment Corporation	181 149	181 149
	181 149	181 149
Refer to Note 37 (e) Financial Instruments (fair value) for more details.		

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

	Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 23 Other current assets			
Prepayments		685	685
Prepayments - outward reinsurance on unearned premium liability		24 228	24 228
		24 913	24 913
Note 24 Leasehold restoration paid in advance			
Leasehold restoration paid in advance		252	252
Less: Amortisation leasehold restoration paid in advance	15	(42)	(42)
		210	210
Note 25 Intangibles			
Software purchased : At cost			
Gross		553	553
Less: Accumulated amortisation		(503)	(503)
		50	50
Software internally generated : At cost			
Gross		9 040	9 040
Less: Accumulated amortisation		(7 707)	(7 707)
		1 333	1 333
Software work in progress : At cost			
Gross		2 770	2 770
		2 770	2 770
Total		4 153	4 153

Intangibles reconciliation

	Software Purchased \$'000	Software internally generated \$'000	Software WIP \$'000	Total \$'000
Consolidated Entity				
Carrying amount at 1 December	65	1 579	1 380	3 024
Acquisitions	-	-	1 389	1 389
Amortisation	(15)	(245)	-	(260)
Carrying amount at 30 June	50	1 333	2 770	4 153
Parent Entity				
Carrying amount at 1 December	65	1 579	1 380	3 024
Acquisitions	-	-	1 389	1 389
Amortisation	(15)	(245)	-	(260)
Carrying amount at 30 June	50	1 333	2 770	4 153

Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

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

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

	Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 26 Property, plant and equipment			
Plant & equipment			
Gross		2 831	2 831
Less: Accumulated depreciation		(1 212)	(1 212)
		1 619	1 619
Leasehold improvements			
Gross		8 666	8 666
Less: Accumulated depreciation		(4 843)	(4 843)
		3 823	3 823
Total		5 442	5 442

Property, plant and equipment reconciliation

	Leasehold improvements \$'000	Plant & equipment \$'000	Total \$'000
Consolidated Entity			
Carrying amount at 1 December	4 261	1 727	5 988
Acquisitions	61	285	346
Disposals	-	(113)	(113)
Depreciation	(499)	(280)	(779)
Carrying amount at 30 June	3 823	1 619	5 442
Parent Entity			
Carrying amount at 1 December	4 261	1 727	5 988
Acquisitions	61	285	346
Disposals	-	(113)	(113)
Depreciation	(499)	(280)	(779)
Carrying amount at 30 June	3 823	1 619	5 442

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 27 Payables		
Sundry creditors	31 567	31 484
Payable to the QBCEO for employment entitlements	-	8 586
Accruals	1 647	1 642
	<u>33 214</u>	<u>41 712</u>
GST payable	858	858
GST receivable	(830)	(830)
	<u>28</u>	<u>28</u>
	<u>33 242</u>	<u>41 740</u>
Note 28 Accrued employee benefits		
Current		
Wages outstanding	876	51
Annual leave provision	3 046	-
Long service leave provision	420	-
	<u>4 342</u>	<u>51</u>
Non-Current		
Long service leave provision	4 207	-
	<u>4 207</u>	<u>-</u>
Note 29 Provisions		
Current		
Leasehold restoration	53	53
Lease incentive	312	312
	<u>365</u>	<u>365</u>
Non-Current		
Leasehold restoration	644	644
Lease incentive	632	632
	<u>1 276</u>	<u>1 276</u>
Movement in provisions		
Leasehold restoration		
Total balance at 1 December	697	697
Additional provision recognised	-	-
Reductions in provision due to completion of lease	-	-
Balance at end of reporting period	<u>697</u>	<u>697</u>
Lease incentive		
Total balance at 1 December	1 126	1 126
Additional lease incentive	-	-
Recognition of lease incentive	(182)	(182)
Balance at end of reporting period	<u>944</u>	<u>944</u>

Provision for leasehold restoration

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

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 30 Unearned premium liability		
QBCCs' share	9 930	9 930
Reinsurers' share	24 228	24 228
	<u>34 158</u>	<u>34 158</u>

Liability adequacy test

The conduct of the liability adequacy test as at 30 June 2014 identified a surplus for the insurance scheme.

After allowing for future recoveries but before allowing for claims handling expenses, GST and the prudential margin, the projected loss ratio on claims arising in respect of unearned premiums is 85%. After allowing 14% for claims handling expenses, 15% for the prudential margin and GST, the estimated present value of expected future cash flows for future claims under the liability adequacy test is \$37,473,000. This compares to an unearned premium as at 30 June 2014 of \$40,652,000. The difference between the actual calculation for unearned premium (\$34,158,000) and the estimated calculation (\$40,652,000) under the liability adequacy test is result of the immediate recognition of the administration related component. The estimated present value of expected future underwriting cash flows for future claims without the administration component is \$32,070,000.

The premium liabilities have been assessed after incorporating a prudential margin of 15%. This loading is to achieve a 75% confidence level in the calculation of the liabilities. This level of prudential margin is based on the indicative margins shown in the guidelines supplied by the Institute of Actuaries of Australia for meeting the 75% confidence requirement. Given the nature of the cover provided, no adjustment has been made to allow for diversification of risks.

The prudential margin for premium liabilities (15%) is higher than the prudential margin for the outstanding claims provisions (12% Note 31) which are also subject to a 75% confidence requirement. Generally a higher margin is required for premium liabilities to achieve the 75% confidence level than for outstanding claims liabilities, as the average remaining period of settlement of the liabilities is greater than for claims in respect of past policy years, giving rise to greater uncertainty.

Note 31 Future claims and associated costs

Current	53 940	53 940
Non-Current	186 067	186 067
	<u>240 007</u>	<u>240 007</u>

Represented by

Future claims provision	215 516	215 516
Future claims processing provision	24 491	24 491
	<u>240 007</u>	<u>240 007</u>

Expected future claims payments	(22 147)	(22 147)
Discount to present value	262 154	262 154
Liability for outstanding claims	<u>240 007</u>	<u>240 007</u>

Refer to Note 37 (e) Financial Instruments (fair value) for more details.

Valuation of outstanding claims liabilities

The actuaries incorporated a prudential margin loading of 12% 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.

Note 32 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.

	30 June 2014					
	Consolidated Entity			Parent Entity		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses - undiscounted	35 795	(12 885)	22 910	35 795	(12 885)	22 910
Reinsurance and other recoveries - undiscounted	(20 456)	7 498	(12 958)	(20 456)	7 498	(12 958)
Net claims incurred - undiscounted	15 339	(5 387)	9 952	15 339	(5 387)	9 952
Discount and discount movement - gross claims incurred	(6 432)	11 171	4 739	(6 432)	11 171	4 739
Discount and discount movement - reinsurance and other recoveries	3 679	(6 640)	(2 961)	3 679	(6 640)	(2 961)
Net discount movement	(2 753)	4 531	1 778	(2 753)	4 531	1 778
Total discounted net incurred claims	12 586	(856)	11 730	12 586	(856)	11 730

Note	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Other recoveries undiscounted		
Claims recoverable from licensees	19 746	19 746
Allowance for impaired receivables	(14 740)	(14 740)
	5 006	5 006
Reinsurers' portion	(4 122)	(4 122)
Total undiscounted recoveries	884	884
Total discounted net incurred claims	10 384	10 384
Add: other recoveries undiscounted	(884)	(884)
Underwriting claims	9 500	9 500

Note 33 Segment information

As stated in Note 1 (a), 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 *Queensland Building and Construction Commissions Act 1991*. The Insurance Fund derives its' revenue from underwriting premiums and administration fees from operating the insurance scheme.

	General Statutory Fund 2014 (7 months) \$'000	Insurance Fund 2014 (7 months) \$'000	Total 2014 (7 months) \$'000
Consolidated Entity			
Income			
Licence revenue	16 146	-	16 146
Premium revenue	-	37 978	37 978
Reinsurance and other recoveries revenue	-	35 452	35 452
Administration fees revenue	-	8 336	8 336
Investment revenue	437	6 713	7 150
Other revenue	2 106	-	2 106
Gain/(Loss) on disposal of assets	(7)	-	(7)
Total Income	18 682	88 479	107 161
Expenses			
Outward reinsurance	-	31 035	31 035
Claims approved and charged	-	26 870	26 870
Employee expenses	18 510	492	19 002
Supplies and services	9 017	1 684	10 701
Depreciation and amortisation	1 039	-	1 039
Impairment losses	335	14 767	15 102
Other expenses	362	-	362
Total Expenses	29 263	74 848	104 111
Interfund Transfer	(9 576)	9 576	-
Operating Result	(1 005)	4 055	3 050

Note 33 Segment information (continued)

	General Statutory Fund 2014 \$'000	Insurance Fund 2014 \$'000	Disaster Relief 2014 \$'000	Total 2014 \$'000
Consolidated Entity				
Current Assets				
Cash and cash equivalents	3 940	9 632	661	14 233
Receivables	6 359	8 701	-	15 060
Reinsurance receivables	-	32 187	-	32 187
Other financial assets	18 982	162 167	-	181 149
Other current assets	685	24 228	-	24 913
Total Current Assets	29 966	236 915	661	267 542
Non-Current Assets				
Reinsurance receivables	-	109 640	-	109 640
Leasehold restoration paid in advance	210	-	-	210
Intangible assets	4 153	-	-	4 153
Property, plant and equipment	5 442	-	-	5 442
Total Non-Current Assets	9 805	109 640	-	119 445
Total Assets	39 771	346 555	661	386 987
Current Liabilities				
Payables	2 988	29 593	661	33 242
Accrued employee benefits	4 260	82	-	4 342
Provisions	365	-	-	365
Unearned premium liability	-	34 158	-	34 158
Future claims and associated costs	-	53 940	-	53 940
Total Current Liabilities	7 613	117 773	661	126 047
Non-Current Liabilities				
Accrued employee benefits	4 005	202	-	4 207
Provisions	1 276	-	-	1 276
Future claims and associated costs	-	186 067	-	186 067
Total Non-Current Liabilities	5 281	186 269	-	191 550
Total Liabilities	12 894	304 042	661	317 597
Net Assets	26 877	42 513	-	69 390
Equity				
Accumulated surplus	26 877	42 513	-	69 390
Total Equity	26 877	42 513	-	69 390

Notes	Consolidated Entity 2014 (7 months) \$'000	Parent Entity 2014 (7 months) \$'000
Note 34 Commitments		
<i>Operating lease commitments</i>		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	3 375	3 375
Later than one year and not later than five years	7 746	7 746
Later than five years	1 144	1 144
	12 265	12 265
The QBCC leases property, plant and equipment under operating leases expiring from 1 to 11 years. Property leases generally provide the QBCC with a right of renewal at which time all terms are renegotiated. No leases have escalation clauses other than in the event of payment default. Some leases have renewal or purchase options. Where such options exist, they are all exercisable at market prices.		
No lease arrangements create restrictions on other financing transactions.		
Note 35 Contingent liabilities		
There are unresolved building disputes which may result in a potential cost to the Commission and are actively being managed.		
Note 36 Reconciliation of operating surplus to net cash from operating activities		
Operating surplus/(deficit)	3 050	3 050
Depreciation and amortisation expense	1 039	1 039
Net losses on disposal of property, plant and equipment	7	7
Impairment losses	2 759	2 759
(Increase)/decrease in receivables	(7 916)	(7 916)
(Increase)/decrease in other current assets	62	62
Changes in net market value of investments	(6 948)	(6 948)
(Increase)/decrease in prepayments - outward reinsurance	(1 112)	(1 112)
Increase/(decrease) in payables	(1 525)	(671)
Increase/(decrease) in accrued employee benefits	634	(220)
Increase/(decrease) in provisions	(182)	(182)
Increase/(decrease) in unearned premiums	1 545	1 545
Increase/(decrease) in future claims	7 629	7 629
Net cash from operating activities	(958)	(958)

Note 37 Financial instruments

(a) Categorisation of financial instruments

The QBCC has the following categories of financial assets and financial liabilities:

Category	Note	Consolidated	Parent
		Entity 2014 \$'000	Entity 2014 \$'000
Financial assets			
Cash and cash equivalents	19	14 233	14 233
Receivables	20	15 060	15 060
Reinsurance receivables	21	141 827	141 827
Investments	22	181 149	181 149
Total		352 269	352 269
Financial liabilities			
Financial liabilities measure at amortised cost:			
Payables	27	33 242	41 740
Financial liabilities measured at fair value:			
Future claims and associated costs	31	240 007	240 007
Total		273 249	281 747

(b) Financial risk management

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

Financial risk management was implemented pursuant to Government and QBCC policy. These policies focused on the unpredictability of financial markets and sought to minimise potential adverse effects on the financial performance of the QBCC.

All financial risk was managed by the Finance Division under policies approved by the QBCC. The QBCC provided written principal for overall risk management, as well as policies covering specific areas.

The QBCC measured risk exposure using a variety of methods as follows:

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

(c) Credit risk exposure

Credit risk exposure refers to the situation where the QBCC may have incurred 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 was the gross carrying amount of those assets inclusive of any provision for impairment.

The following table represents the QBCC maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk	Category	Note	Consolidated	Parent
			Entity 2014 \$'000	Entity 2014 \$'000
Financial assets				
Reinsurance receivables		21	141 827	141 827
Total			141 827	141 827

Note 37 Financial instruments (continued)

(c) Credit risk exposure (continued)

The carrying amount of receivable represents the maximum exposure to credit risk. As such receivables is not included in the above disclosure.

No collateral is held as security and no credit enhancements relate to financial assets held by the QBCC.

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

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

The method for calculating any allowance for impairment was based on past experience for certain receivables such as fines and cost 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 the light of the circumstances surrounding the creation of the receivable and subsequent recovery attempts.

Most impairment losses occur in the area of recovery of insurance claims paid from offending builders who in the majority of cases ceased to trade due to bankruptcy or insolvency. The QBCC recognised this facet of its business and made the necessary allowance in the premium charges and budget expenditure forecasts.

Impairment loss expense for the current year regarding the QBCC's receivables is \$2,759,000. The increase is due to additional recovery of insurance claims.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

Consolidated Entity

2014 Financial assets past due but not impaired

	Less than 30			More than 90	
	Days \$'000	30 -60 Days \$'000	61 -90 Days \$'000	Days \$'000	Total \$'000
Receivables - General Fund	693	422	255	2 258	3 628
Receivables - Insurance Fund	2 199	982	118	2 407	5 706
Total	2 892	1 404	372	4 665	9 334

2014 Individually impaired financial assets

	Less than 30			More than 90	
	Days \$'000	30 -60 Days \$'000	61 -90 Days \$'000	Days \$'000	Total \$'000
Receivables - General Fund	18	6	9	3 160	3 193
Allowance for impairment - GF	(5)	(2)	(7)	(2 830)	(2 844)
Receivables - Insurance Fund	2 890	1 787	2 143	67 692	74 512
Allowance for impairment - IF	(1 982)	(1 154)	(2 021)	(63 978)	(69 135)
Total	921	637	124	4 044	5 726

Note 37 Financial instruments (continued)
(c) Credit risk exposure (continued)

Parent Entity

2014 Financial assets past due but not impaired

	Less than 30			More than 90	Total
	Days	30 -60 Days	61 -90 Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	693	422	255	2 258	3 628
Receivables - Insurance Fund	2 199	982	118	2 407	5 706
Total	2 892	1 404	372	4 666	9 334

2014 Individually impaired financial assets

	Less than 30			More than 90	Total
	Days	30 -60 Days	61 -90 Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables - General Fund	18	6	9	3 160	3 193
Allowance for impairment - GF	(5)	(2)	(7)	(2 830)	(2 844)
Receivables - Insurance Fund	2 890	1 787	2 143	67 692	74 512
Allowance for impairment - IF	(1 982)	(1 154)	(2 021)	(63 978)	(69 135)
Total	921	637	124	4 044	5 726

Consolidated	Parent
Entity	Entity
2014	2014
\$'000	\$'000

Movements in allowance for impairment

Balance as at 1 December	69 221	69 221
Increase/(decrease) in allowance recognised in operating result	15 089	15 089
Amounts written-off during the year	(12 331)	(12 331)
Balance at 30 June	71 979	71 979

(d) Liquidity risk

Liquidity risk refers to the situation where the QBCC may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery 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 aimed 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 medium term requirements were held with Queensland Treasury Corporation in order to maximise opportunity gains. Long term requirements are invested in various Queensland Investment Corporation products.

Consolidated Entity	Note	2014 Payable in		Total
		<1 year	>1 years	
		\$'000	\$'000	\$'000
Financial liabilities				
Payables	27	33 242	-	33 242
Future claims and associated costs	31	53 940	186 067	240 007
Total		87 182	186 067	273 249

Parent Entity	Note	2014 Payable in		Total
		<1 year	>1 years	
		\$'000	\$'000	\$'000
Financial liabilities				
Payables	27	41 740	-	41 740
Future claims and associated costs	31	53 940	186 067	240 007
Total		95 680	186 067	281 747

Note 37 Financial instruments (continued)

(e) 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 equity investment market risk through its investments with Queensland Treasury Corporation (QTC), Queensland Investment Corporation (QIC) and cash deposited in interest bearing accounts. The QBCC does not undertake any hedging in relation to interest risk and manages its risk as per the QBCC's liquidity risk management strategy articulated in the QBCC's Financial Management Practice Manual.

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on monthly reports to management depicting current returns on investments accompanied by market analysis provided by QIC. It depicts the outcome on net income if interest rates would change by +/- 1% from the year end rates applicable to the QBCC's financial assets and liabilities. With all other variables held constant, the QBCC would have a surplus and equity increase/(decrease) of \$1,954,000. This is mainly attributable to the QBCC's exposure to variable interest rates on its investments and volatility of the equity market.

Consolidated Entity

2014 Interest rate/equity market risk

Financial Instruments	Carrying Amount \$'000	-1%		1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	14 233	(142)	(142)	142	142
QIC Cash Enhanced Fund	41 879	(419)	(419)	419	419
QIC Growth Fund	139 271	(1 393)	(1 393)	1 393	1 393
Potential impact		(1 954)	(1 954)	1 954	1 954

Parent Entity

2014 Interest rate/equity market risk

Financial Instruments	Carrying Amount \$'000	-1%		1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	14 233	(142)	(142)	142	142
QIC Cash Enhanced Fund	41 879	(419)	(419)	419	419
QIC Growth Fund	139 271	(1 393)	(1 393)	1 393	1 393
Potential impact		(1 954)	(1 954)	1 954	1 954

Note 37 Financial instruments (continued)

(g) Fair value

The following table presents the QBCC's assets and liabilities measure and recognised at fair value at 30 June 2014. All fair value measurements are categorised as either level 2 or level 3 fair value measurements. There have been no transfers between level 1 and level 2 during the current financial period.

For more information on the fair value hierarchy see Note 1 (h).

**Consolidated Entity
As at 30 June 2014**

	Classification according to fair value hierarchy			Total Carrying Amount 2014 \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Investments with QTC	-	11 623	-	11 623
Investments with QIC	-	181 150	-	181 150
Reinsurance receivables	-	-	141 827	141 827
Total	-	192 773	141 827	334 600
Financial Liabilities				
Future claims and associated costs	-	-	240 007	240 007
Total	-	-	240 007	240 007

**Parent Entity
As at 30 June 2014**

	Classification according to fair value hierarchy			Total Carrying Amount 2014 \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Investments with QTC	-	11 623	-	11 623
Investments with QIC	-	181 150	-	181 150
Reinsurance receivables	-	-	141 827	141 827
Total	-	192 773	141 827	334 600
Financial Liabilities				
Future claims and associated costs	-	-	240 007	240 007
Total	-	-	240 007	240 007

**Valuation Techniques
Investments**

Investments are with QTC and 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 fund (account closed during the reporting period),
- QIC cash enhanced fund, and
- QIC growth fund.

Note 37 Financial instruments (continued)

(g) Fair value (continued)

Reinsurance receivables and future claims cost and associated cost

The QBCC relies on an independent actuary, DeeDeeRa Actuaries Pty Ltd, to value reinsurance receivables and future claims and associated cost. The Actuary uses historical claims trends, the new business issued, and expert models to arrive at a value.

The QBCC enters into agreements for reinsurance with external insurance companies. The rate of reinsurance is stated in the agreements and the rates are listed in Note 11. 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:

- Average claim size;
- Ultimate claims rate;
- Large claims loading;
- Inflation;
- Super-imposed inflation;
- Discount rate; and
- Claims handling expense ratio.

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

Inflation rate	4.00%
Discount rate	2.80%

The weighted average expected term of settlement of the outstanding claims from the balance date is estimated to be 3.49 years.

Sensitivity testing

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

- Average claims size;
- Ultimate claims rate;
- Inflation;
- Large claims loading; and
- Discount rate.

Inflation rate and discount rate sensitivity analysis

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 cost. The discount rate is the projected "risk free" rate as at 30 June. The tables below indicate the effect a 1% variance would have on the assumed rates used.

**Consolidated Entity
Inflation assumption 4.0%**

Financial Instruments	Carrying Amount \$'000	2014 Inflation rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	240 007	8 160	8 160	(8 487)	(8 487)
Reinsurance receivables	141 827	(4 776)	(4 776)	4 966	4 966
Potential impact		3 384	3 384	(3 521)	(3 521)

Note 37 Financial instruments (continued)
(g) Fair value (continued)
Discount rate assumption 2.8%

Financial Instruments	Carrying Amount \$'000	2014 Inflation rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	240 007	(7 564)	(7 564)	7 145	7 145
Reinsurance receivables	141 827	4 418	4 418	(4 175)	(4 175)
Potential impact		(3 146)	(3 146)	2 970	2 970

Parent Entity
Inflation assumption 4.0%

Financial Instruments	Carrying Amount \$'000	2014 Inflation rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	240 007	8 160	8 160	(8 487)	(8 487)
Reinsurance receivables	141 827	(4 776)	(4 776)	4 966	4 966
Potential impact		3 384	3 384	(3 521)	(3 521)

Discount rate assumption 2.8%

Financial Instruments	Carrying Amount \$'000	2014 Inflation rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	240 007	(7 564)	(7 564)	7 145	7 145
Reinsurance receivables	141 827	4 418	4 418	(4 175)	(4 175)
Potential impact		(3 146)	(3 146)	2 970	2 970

Level 3 fair value reconciliation
Future claims and associated costs

	Consolidated Entity (7 months) \$'m	Parent Entity (7 months) \$'m
Value of future claims approvals at start of period (excluding administration loading)	208.6	208.6
Add back 1/24ths adjustment at start of period	27.7	27.7
Value of liability for outstanding claims at start of period	236.3	236.3
Change in liability due to passage of time	4.0	4.0
Change in liability due to change in discount rate	1.6	1.6
Change in liability due to changes in other assumptions	(4.3)	(4.3)
Increase in liability due to additional part-year's exposure	37.0	37.0
Approvals in period	(27.7)	(27.7)
Change in liability due to differences between actual defects approvals and those expected as at 1/12/13	(4.4)	(4.4)
Change in liability due to differences between actual non-completion approvals and those expected as at 1/12/13	3.6	3.6
Change in liability due to differences between actual subsidence approvals and those expected as at 1/12/13	(2.2)	(2.2)
Change in liability re allowance for potential subsidence claims at Rosegum Place	2.4	2.4
Actuarial gain/(loss)	1.5	1.5
Value of liability for outstanding claims at end of period	247.8	247.8
Less 1/24ths adjustment at end of period	31.4	31.4
Value of future claims approvals at end of period (excluding administration loading)	216.4	216.4

The administration loading is equal to \$24,491,000 added to the value of future claims approval at the end of the period of \$215,516,000 provides the total future claims of \$240,007,000. Refer to Note 31 Future claims and associated costs for more details.

Note 37 Financial instruments (continued)
(g) Fair value (continued)
Level 3 fair value reconciliation

Reinsurance receivables
The reinsurance receivables is calculated based on the fair value of the future claims excluding the administration fee and GST and reinsurance rate. The reinsurance rate is based on the participation in the scheme for the period in which the original building contract was signed (see Note 11 for listing).

Policies written	Reinsurance percentage	Future Claims approvals (exc Administration fee) \$'000	Future Claims approvals (exc Administration fee & GST) \$'000	Reinsurance Receivables \$'000
1/07/2001 to 30/06/2002	75.0%	57	52	39
1/07/2002 to 30/06/2003	75.0%	271	246	185
1/07/2003 to 30/06/2004	67.5%	455	413	279
1/07/2004 to 30/06/2005	75.0%	1 148	1 044	783
1/07/2005 to 30/06/2006	75.0%	4 513	4 103	3 077
1/07/2006 to 30/06/2007	75.0%	11 903	10 821	7 938
1/07/2007 to 30/06/2008	75.0%	12 952	11 775	8 831
1/07/2008 to 30/06/2009	80.0%	14 540	13 218	10 575
1/07/2009 to 30/06/2010	80.0%	23 998	21 816	17 453
1/07/2010 to 30/06/2011	70.0%	30 054	27 322	19 125
1/07/2011 to 30/06/2012	70.0%	38 329	34 845	24 391
1/07/2012 to 30/06/2013	70.0%	45 904	41 731	29 212
1/07/2013 to 30/06/2014	70.0%	31 392	28 538	19 940
		215 516	195 924	141 827

Note 38 Insurance contracts risk management

The QBCC's home warranty insurance provides Queensland consumers with a comprehensive "first resort" Home Warranty Insurance scheme. The scheme provides protections against non-completion of contracted works, ancillary benefits such as fire, storm and tempest and rectification of defects, including protection against subsidence and settlement.

The scheme is a not for profit scheme.

The QBCC is overseen by the Queensland Building and Construction Board (QBC Board) which also has the responsibility for overseeing the Statutory Insurance Scheme.

As a statutory provider of home warranty insurance the QBCC insures all residential construction work throughout Queensland and does not have the ability to be selective with its acceptance of risk.

To ensure the scheme continues to provide comprehensive "cost effective" cover, the QBCC is committed to dedicated risk management framework which provides reasonable assurance to the scheme's stakeholders that the scheme is soundly managed.

Risk is managed through several mechanisms.

Note 38 Insurance contracts risk management (continued)

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 QBC Board each financial year.

The level of reinsurance is agreed by the QBC Board on advice from the QBCC's appointed Actuary, the Commissioner, and Director Insurance. 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 QBC Board upon management's recommendations.

Risk Mitigation

Any insurance or product 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 building licence.

Under QBCC's financial requirement for licensing, an entity wishing to hold a technical licence to perform residential construction work in Queensland must meet experiential, financial and managerial requirements. Currently these requirements include a sliding scale of net tangible assets depending on the contractor's annual turnover and a minimum liquidity test of 1:1 for all contractors.

Once an entity has been granted a licence to perform residential construction work, eligibility to insurance scheme is automatic. *Queensland Building and Construction Commission Act 1991* Pat 5 Section 69 (2) provides that any contract entered into by an entity licensed to perform residential construction work is deemed covered by the statutory insurance scheme whether or not the premium has been paid.

Risk is managed by monitoring the licensee's capacity to continually meet the financial requirements and restricting their annual allowable turnover based on the level of net tangible assets held. The licensee's actual turnover is then monitored through the value of the contracts entered into, which is part of the data collected for each insurance policy issued. If it is shown that, at any stage, a licensee fails to meet those requirements the licence is suspended and may ultimately be cancelled.

Risk pricing

The QBCC establishes, monitors and reviews its product pricing in accordance with sound prudential management standards. 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's Actuary to ensure adequacy prior to implementation.

Warranty contract terms and conditions

The terms and conditions of the QBCC's warranty contract reflect the level of risk accepted by the scheme. The QBCC's contracts are of six and half years duration for a single premium payment. As a statutory provider the terms and conditions of the contract are not negotiable.

Note 38 Insurance contracts risk management (continued)

Claims management

The QBCC's claims are primarily handled by case managers with the requisite degree of experience and technical skill. All claims are managed in accordance with strict policies and procedures including strict financial delegations.

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

Investment management

The scheme's assets are invested in accordance with the QBC 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 shall still substantially comply with the relevant APRA Prudential Standards. This is on the basis that if the management determines the 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 Insurance and Risk Committee and/or the Queensland Building and Construction Board.

Claims development

The QBCC relies on an independent actuary, DeeDeeRa Actuaries Pty Ltd, to value future claims and associated cost. The actuary uses historical claims trends, the new business issued, and expert models to arrive at a value.

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

As part of the bi-annual reporting, the QBCC's actuary provides comment in relation to claims development. The scheme provides cover against non-completion of contract works, defects in contracted works and subsidence or movement in contracted works. Each of these claims types has a distinct development pattern; non-completion claims being approved principally in the first two development periods, defects being approved up to the 9th development period and subsidence up to the 10th and 11th development period.

As part of the QBCC's management of the scheme, the QBCC's 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 account standard AASB 1023 for the calculation and preparation of the financial statements. The calculation of the outstanding claims provision meets this accounting standard.

The key assumptions which are used to determine the scheme's performance and the outstanding claims provisions are:

Outstanding claims provision	30/06/2014
	\$'000
Central estimate of future claims	192 430
Risk margin based on the 75% adequacy level	23 086
Future claims processing provision	24 491
	<u>240 007</u>

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

See Financial Instrument note 37 (e) for more information on valuation techniques.

Queensland Building and Construction Commission and Controlled Entity
Notes to and forming part of the Financial Statements for the 7 month period ended 30 June 2014

Note 39 Transfer of net assets

On the 1 December the QBCC was established through the *Queensland Building Services Authority Amendment Act 2013*. Under the transition and provisions of the Act all of the Queensland Building Services Authority's assets, liabilities and rights will vest in the QBCC at the values at which they were held by Queensland Building Services Authority. Disclosed below is the Statement of Financial Position from the financial statements as at 30 November 2013 for the Queensland Building Services Authority (BSA) which became the starting position for the QBCC.

	BSA
	30 Nov 2013
	\$'000
Current Assets	
Cash and cash equivalents	25 610
Receivables	12 661
Reinsurance receivables	27 737
Other financial assets	166 264
Other current assets	23 863
Total Current Assets	256 135
Non-Current Assets	
Reinsurance receivables	111 334
Leasehold restoration paid in advance	252
Intangible assets	3 024
Property, plant and equipment	5 988
Total Non-Current Assets	120 598
Total Assets	376 733
Current Liabilities	
Payables	43 308
Accrued employee benefits	271
Provisions	312
Unearned premium liability	32 613
Future claims and associated costs	45 850
Total Current Liabilities	122 354
Non-Current Liabilities	
Accrued employee benefits	-
Provisions	1 511
Future claims and associated costs	186 528
Total Non-Current Liabilities	188 039
Total Liabilities	310 393
Net Assets	66 340
Equity	
Accumulated surplus	66 340
Total Equity	66 340

Certificate of Queensland Building and Construction Commission

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- 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 seven month period ending 30 June 2014 and of the financial position of the Commission at the end of that year;
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to the financial reporting throughout the reporting period.



Phil Kesby
Chairperson of the Board



Steve Griffin
Commissioner

Brisbane
27 August 2014

Brisbane
27 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Building and Construction Commission

Report on the Financial Report

I have audited the accompanying financial report of Queensland Building and Construction Commission, which comprises the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the 7 month period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and General Manager of the entity and the consolidated entity comprising the Board and the entities it controlled at the period's end or from time to time during the 7 month financial period.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of *Queensland Building and Construction Commission* and the consolidated entity for the financial period 1 December 2013 to 30 June 2014 and of the financial position as at the end of that period.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



M J KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



