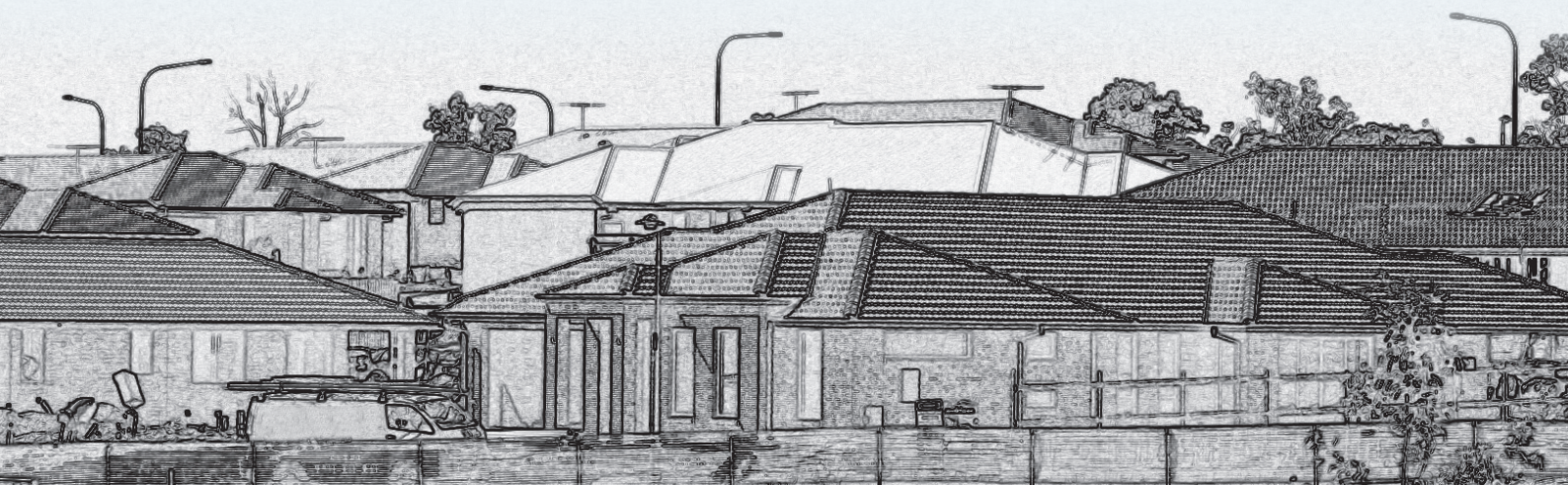


Building Services Authority

Annual Report 2012 - 13



Helping Queenslanders Build Better

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Our report

The action taken during the reporting period complies with Section 23 and Schedule of the *Public Sector Ethics Act 1994*.

In accordance with the *Public Records Act 2002*, the BSA uses record-keeping best practices and identifies, captures and maintains complete and accurate records which are retained in an accessible and useable format that preserves the evidential integrity of those records for as long as they are required.

This annual report is available on our website at www.bsa.qld.gov.au

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About us

Who we are

The Building Services Authority (BSA) is a statutory authority established under the *Queensland Building Services Authority Act 1991*.

What we do

The BSA's charter is to:

- regulate the building industry through the licensing of contractors
- educate consumers about their rights and obligations
- make contractors aware of their legal rights and responsibilities
- handle disputes fairly and equitably
- protect consumers against loss through statutory insurance
- implement and enforce legislative reforms
- where necessary prosecute persons not complying with the law.

Our Vision

A highly competent, compliant, sustainable and responsive Queensland building industry.

We achieve this by:

- creating a positive people culture with a strong business focus
- protecting consumers and contractors through effective regulation
- supporting and educating contractors and consumers.

Our Purpose

To improve standards, equity and confidence in the building industry.

Our Values

Innovation and continuous improvement

Consultation and collaboration

Accountability for our actions

Respect and trust

Energy and fun

Consolidated outcomes

	2012-2013 (\$M)	2011-2012 (\$M)
Financial performance		
Total revenue	138.619	142.442
Total expenses	120.346	157.576
Operating result	18.273	(15.134)
Financial position		
Total assets	361.586	346.537
Total liabilities	307.385	310.609
Net assets	54.201	35.928
Cash flow		
Net cash provided by operating activities	10.879	(2.109)
Cash at the end of the financial year	19.655	16.816
Ratios		
Current ratio	1.18	2.04
Liabilities/asset ratio	0.85	0.89
Liabilities/equity ratio	5.67	8.64

Performance summary

Strategies

Performance indicators

Results 2012-13

Customer Relations

- Educate consumers about their rights and responsibilities and inform contractors of their obligations and responsibilities
- Provide accurate, clear, consistent advice on regulatory requirements and obligations
- Liaise, and negotiate, develop and implement contractual reforms for the industry
- Engage and communicate with stakeholders to continue to build investment in the building industry
- Reform resolution processes and services to achieve greater effectiveness and efficiencies

- 90% of customers satisfied with advice and support provided
- Over 5 years, reduction in call waiting times, case processing times, case handling costs and decisions reviewed

- 94% of customers had their issues dealt with in a timely manner
- 93% said they were given the correct information
- 96% of customers either satisfied or very satisfied with the overall level of service
- 8,138 licensees attended trade seminars, an increase of 3,500 on the previous year
- 73% of calls answered within 60 seconds
- 5% reduction in case-processing time for subsidence claims from last financial year
- 55% compliance with directions

Compliance

- Ensure a timely and targeted compliance and enforcement framework that directs resources to high-risk contractors
- Undertake audits and investigative programs which focus on work standards, unlicensed contracting, certification practices and contractual responsibility
- Improve the financial viability of the industry by investigating, monitoring and working with contractors

- Over 5 years, reduction in incidence of unlicensed contracting, non-compliance with financial requirements for licensing, including breaches of allowable annual turnover and contractual breaches
- Audits of certifiers' assessments of building permits reveal full compliance

- Reduced rate of 0.9% for unlicensed contracting (2011-12:2.56%) - 6,972 interviews conducted with 62 suspected incidents of unlicensed contracting
- 139 company licences and 280 individual licences cancelled due to a financial failure
- 123 permanent exclusions
- 78 certifier complaints finalised with 42 certifiers found at fault

Research

- Conduct research in order to improve building standards
- Strengthen contractor skills, capabilities and industry standards

- 80% of contractors report they have benefited from education program
- Over 5 years, reduction in recurring defects

- 88% of contractors felt that they had benefited from a BSA education session
- 18.8% reduction in 2012-13, compared to 5-year average

Leadership

- Implement and develop reforms identified by the Government in relation to the BSA, to ensure a strong building regulatory environment
- Liaise with stakeholders to achieve continuous improvements in policies and legislation and implement change efficiently
- Provide assistance to consumers and building contractors affected by natural disasters
- Lead the debate and influence national reforms to ensure we protect and provide an effective and efficient regulatory and home warranty system

- Policies and legislative amendments introduced and implemented in accordance with legislative timeframes

- Met all legislative timeframes and deadlines
- 628 assessments undertaken of properties damaged by floods which occurred in 2011 and 2012

People

- Ensure staff are developed, informed, involved, recognised and rewarded
- Promote and nurture effective organisational leadership skills and encourage innovation through staff involvement with BSA's improvement strategies
- Create a 'greener' working environment through education and innovation

- Below 8% staff separation rate
- 80% of staff committed and engaged
- Continuous improvement in BSA's energy efficiency

- Staff separation rate of 9.39%
- 73.5% of staff committed and engaged
- 11% reduction achieved in electricity consumption target of 144,000kw/year

Organisational capability

- Provide consumers and contractors with greater access to the BSA through technology and face-to-face service
- Enhance our business systems to ensure our infrastructure is contemporary, cost effective and efficient
- Enhance governance mechanisms including risk management, compliance, controls, performance measures and structure

- Over 5 years, movement to 30% web self-service utilisation
- 90% of customers satisfied with ease of access to BSA services

- Achieved 24% web self-service utilisation this financial year
- 94% of customers satisfied with ease of access to BSA services

Financial

- Achieve financial strategies, goals and budgets
- Seek to achieve better than industry-accepted standards with regards to investment

- Over five years, growth in net asset position of General Fund
- Maintain acceptable loss ratio for the Queensland Home Warranty Scheme
- Insurance Fund meets APRA Financial Standards

- Insurance Fund meets APRA prudential margin for outstanding claims
- Acceptable loss ratios are being maintained

Value for money

Low licence fees, extensive service

Table 1: Comparison of licence fees in financial category SC2*

	VIC	QLD	WA	TAS	SA	NSW	NT	ACT
Annual licence fee (\$) 2012-13	223.15	284.35	195.00	345.65	383.00	339.00	362.50	207.00
Application fee (\$) 2012-13	619.90	340.10	190.00	172.80	179.80	260.00	242.00	207.00

* Queensland fee is based on licence fees in financial category SC2 which is the self-certification category for builders and trade contractors with an allowable annual turnover of \$300,000.

All fees have been based on a Contracting Domestic builder for a single year's renewal.

The BSA provides value for money by offering an extensive range of services to its licensees and only charging one fee regardless of the number of licences held. By 30 June 2013, the BSA had 84,357 licensees who held 129,672 licences.

In the 2011-12 financial year those figures were 84,828 and 129,201 respectively. This decrease in licence numbers is indicative of the challenging market conditions in the Queensland building and construction industry.

Insurance cover and premiums

The Queensland Home Warranty Scheme continues to provide the only 'first resort' home warranty insurance in Australia. The Scheme delivers true protection to consumers in the event of non-completion of contracted residential construction work and defects in, or subsidence of, residential construction work.

Table 2: Queensland Home Warranty Scheme premiums (¹ Rates from July 23, 2012)

Contract value (\$)	Queensland premium ¹ (\$)
20,000	197.40
50,000	492.35
100,000	984.65
150,000	1,495.95
200,000	1,994.55
250,000	2,414.60
300,000	2,998.85
350,000	3,191.05
400,000	3,579.20

General Manager's report

The 2012-13 year has seen ongoing change at the Queensland Building Services Authority, as the organisation implemented improvements and advances across its operation and investigated other potential future developments.

While the BSA has been investigating changes to a number of internal and external operating systems, workloads in some traditional areas, such as directions to rectify defective building work, have decreased.

This reflects the continuing downward trend in the building and construction industry that has been evident across the nation during the past five years.

In 2012-13, residential construction work in Queensland was comprised of 65 per cent alterations and additions and 35 per cent new home construction, compared to 64 per cent and 36 per cent in the previous financial year.

Fire-safety construction was a key element in the BSA's education program in 2012-13, with 3,913 contractors attending 25 compulsory sessions on this topic at various locations around Queensland.

The education program is a key part of the organisation's drive to strengthen contractor skills, capabilities and industry standards, and a total of 83 contractor information sessions were delivered, attended by 8,138 people.

Directions to Rectify in 2012-13 decreased by 3.46 per cent to 865 (2011-12: 896). I believe this reduction is partly attributable to the BSA's continued focus on mediation in the first instance for all complaints, where possible, rather than issuing formal orders.

This approach saw the successful mediation of about 26 per cent of complaints without the need for a site inspection.

While Directions to Rectify decreased, complaints about defective or incomplete building work increased slightly in 2012-13 to 4,843 complaints, up from 4,726 in 2011-12.

The BSA again assisted the Queensland Reconstruction Authority (QRA) in assessing rebuilding efforts after further flooding of Queensland in early 2013.

BSA officers measured the rate of residential building recovery at 628 sites, checked licensing compliance and assisted contractors and consumers by ensuring appropriate contractual and home warranty insurance arrangements were in place.

As part of its wider role in auditing industry compliance in 2012-13, 6,972 contractors were interviewed at 2,139 building sites, with 62 suspected unlicensed contractors detected (2011-12: 2,229 site interviews and 57 ULCs).

The BSA continued to explore a range of technological options for improving both its internal and external business operations in the short term and for the future, including extensive work on a website redevelopment which is scheduled to go live later this year.

A total of 15,937 licensees have registered for BSA Online Services, with which they can conduct BSA business 24 hours a day, seven days a week to make insurance payments, renew licences and perform many other functions.

In addition to this, 8,393 licensees have registered for the Find a Local Contractor service, which enables the public to identify and contact a local contractor for their project.

2012-13 has proven to be a year of changes and challenges within our industry and our organisation. More changes and challenges await us all in the year ahead, including a change of name and restructure for the BSA.

It is hoped that we will also see some positive developments in the industry which stimulate growth and create optimism for contractors and consumers alike.

Ian Jennings
General Manager
Queensland Building Services Authority

Chairman's report

During the 2012-13 financial year the BSA processed 74,826 policies under the scheme in 2012-13, a moderate increase from 73,256 in the previous year, and an increase that is comparable to the current level of consumer optimism.

Gross premium receipts totalled \$70.2 million (compared to \$67 million in 2011-12) for works valued at approximately \$7.78 billion (2011-12: \$8.13 billion).

1,496 claims were made by consumers against the scheme (2011-12: 1,585) and 3,012 claim approvals were processed (2011-12: 2,824) for a total value of \$44.78 million (2011-12: \$37.56 million).

The scheme saw a decrease in non-completion approvals of 19.5 per cent to 339 (2011-12: 421) for a total value of \$7.16 million (2011-12: \$11.15 million). This occurred through a combination of the BSA's continued work on proactive investigations and monitoring of the fiscal position of licensees, and the reduction in building activity since the GFC.

Defective building work approvals increased 15.4 per cent on the previous year to 1,783 (2011-12: 1,509) for a total value of \$27.06 million (2011-12: \$17.4 million).

However, this increase must be put in context, as the BSA approved its largest ever insurance claim of \$10.80 million for a firewall-rectification project involving multiple dwellings at Brendale, in Brisbane.

Subsidence approvals fell to 890, (2011-12: 894), for a total value of \$10.56 million (2011-12: \$9.07 million). The increase in subsidence rectification costs relates to the robust rectification methodology used by the BSA-approved panel of Professional Registered Engineers.

Following actuarial advice, the Queensland Building Services Board and the Queensland Government took the hard decision to approved a 7 per cent increase in Queensland Home Warranty Scheme premiums from 23 July, 2012.

Equity losses over the previous two years meant it was essential that the Queensland Building Services Authority increased the premiums so that ongoing and potential future payments from the scheme were provided for.

In late 2012, the Queensland Government announced a review of the BSA by the Parliamentary Committee for Transport, Housing and Local Government.

The review produced 41 recommendations for reforming the BSA. Following the review, it was announced on 29 May, 2013 that the BSA would be replaced by the Queensland Building and Construction Commission (QBCC).

This change is part of the Queensland Government's 10-point plan for the organisation, which is being implemented during the next 12 months and beyond.

I believe the BSA has experienced incremental improvements over the years but every organisation must continue to improve, and I believe that these reforms will result in ongoing benefits for the building industry, contractors and consumers.

It was pleasing to note that the BSA's Customer Contact Centre won a second consecutive Australian Teleservices Association Award in 2012, being judged the best Queensland Contact Centre in the 31-80 staff category.

Regarding the other side of its client base, the BSA continued to work with contractors to assist and educate them on how best to manage the financial aspects of their businesses.

As part of this role, the BSA included business management sessions in its contractor educational seminars held throughout Queensland during the past year.

While some future forecasts and current trends suggest a possible improvement in the fortunes for our industry in the year ahead, contractors must always be mindful of their financial position and ensure they administer their businesses with care and responsibility.

In closing, I would also like to take the opportunity to thank the members of the Queensland Building Services Board for their service throughout the 2012-13 year.

John Gaskin
Chairman
Queensland Building Services Board

Corporate governance

BSA regulates the building industry

The BSA is a statutory authority established under the *Queensland Building Services Authority Act 1991* (the QBSA Act).

The BSA's charter is to regulate the building industry through the licensing of contractors; educating consumers about their rights and obligations; making contractors aware of their legal rights and responsibilities; handling disputes fairly and equitably; protecting consumers against loss through statutory insurance; implementing and enforcing legislative reforms; and where necessary prosecuting people not complying with the law.

The BSA has a head office in Brisbane and area offices in Cairns, Townsville, Mackay, Rockhampton, Maryborough, Toowoomba and the Gold and Sunshine coasts.

Role of the General Manager

The General Manager has all executive powers and is responsible for the overall management of the BSA.

The General Manager's role is to provide leadership to the organisation, ensure conformity with statutory and accountability requirements, and advise the Housing and Public Works Minister on the BSA's performance and key issues facing the industry.

The General Manager is independent of the Queensland Building Services Board, but reports to the board on the administration of legislation, the BSA's performance and the board's policies.

Roles and responsibilities of the board

The Queensland Building Services Board is a non-executive board which makes and reviews policies governing the administration of the QBSA Act, and in conjunction with the General Manager establishes the strategic direction of the BSA. The board also provides guidance and leadership to the General Manager and is responsible for advising the Minister on building and construction issues and the administration of the QBSA Act and the BSA.

The board comprises eight members who represent stakeholder interests and provide a balance of skills and experience. The public service officer on the board does not have voting powers.

Members are appointed, for a term of no longer than three years, by the Governor in Council upon

recommendation from the Minister. The Minister may give a direction to the board or the General Manager on matters relating to the administration of the QBSA Act.

At an organisational level, staff engage in operational planning to achieve corporate goals consistent with the strategic direction.

Five committees have been established to assist the board to carry out its role: the Finance, Audit and Risk Committee; the Policy Committee; the Licensing Committee; the Insurance Committee and the Fire Occupational Licensing Committee. The Policy Committee did not meet, as policy reforms were being addressed by the Parliamentary Review into the performance and operations of the BSA.

Board induction and training

On appointment, board members receive an information kit to assist them to understand the role and operations of the board and the BSA.

Members take part in an induction program involving other board members, the General Manager and the BSA's executive management team.

The General Manager regularly meets with the board and provides it with comprehensive overviews on industry issues, program functions and performance.

Board remuneration

The Governor in Council determines remuneration rates paid to board members. Allowances paid to the board members in 2012-13 totalled \$23,988.00.

The allowances exclude travel and associated expenses incurred in the course of their duties.

Members of the Queensland Building Services Board

A new board was appointed in December 2011. This board will serve until 31 October 2014, or until replaced by the new QBCC board.

Keith Eaton

Public Service member (non-voting)

Keith is the General Manager, Portfolio Management and Operation, the custodian of the government's social housing assets within the Department of Housing and Public Works. He has extensive experience in public sector administration and within the construction industry.

Keith is a quantity surveyor and a Fellow of the Australian Institute of Quantity Surveyors, a Fellow of the Australian Institute of Company Directors and has been accredited as a Certified Practising Project Director by the Australian Institute of Project Management.

Table 3: Board and committee meetings 2012-13

	Full board	Insurance Committee	Licensing Committee	Finance, Audit and Risk Committee	Fire Occupational Licensing Committee
Meetings held	12	4	2	6	2
John Gaskin	12	4	2	n/a	2
Jim Russell	10	n/a	n/a	6	n/a
Wally Trohear	8	n/a	2	n/a	2
Christopher Taylor	12	4	2	6	n/a
Jean Althoff	9	n/a	n/a	0	0
Karen Dare	11	1	n/a	n/a	n/a
Keith Eaton	9	n/a	n/a	n/a	n/a
Susan Carter	3	n/a	n/a	2	n/a

Jean Althoff

Representative of licensed contractors other than builders

Jean is a director of the licensed trade contractor company E.A. & S. Plaster Company Pty Ltd, a family-owned business which has been operating in the industry for over 40 years.

She is a past president of the Housing Industry Association and the Association of Wall and Ceiling Industries of Australia. Since 1990 she has held positions on the Housing Industry Association's Industrial Relations and Legal Committee, Technical Committee and Training Committee. Jean holds an MBA from the University of Queensland and is also a Fellow of the Australian Institute of Company Directors.

Wally Trohear

Representative of building and construction unions

Wally has 48 years experience in the building industry and has been active in the trade union movement for more than 30 years. He is the immediate past state secretary of the Construction, Forestry, Mining and Energy Union.

He is Chair of the Workplace Health and Safety Construction Sector Standing Committee and OzHelp Queensland. Wally is a director of several industry organisations including Construction Income Protection Queensland and B.U.S.S.Q. Superannuation Scheme.

Karen Dare

Representative of consumers

Karen is the General Manager of Community Queensland, an organisation providing client care

and care coordination through aged and disability services, community development, community education, mental health services, welfare services and early childhood services.

Karen is a member of several boards, including Suncorp Stadium Management Advisory Committee, 4Walls Housing Company and Future Growth and Development Sub-Committee. She is also a community shareholder representative, Brisbane Housing Company and a member of Brisbane City Council's Inclusive Brisbane Board.

Jim Russell

Representative of consumers

Jim has extensive experience in the insurance industry and as a board director. He was a member of the Builders Registration Board of Queensland until he joined the Queensland Building Services Board in 1991. Jim is a CPA and holds a Bachelor of Commerce from the University of Queensland.

He was State Manager of Mercantile Mutual Life and Chairman of the Sisters of Charity and Holy Spirit Health Services Queensland and is a past Queensland Chairman of the Life Insurance Federation of Australia. He is currently a trustee of Mary Aikenhead Ministries (Sisters of Charity), operators of the St Vincent's Health and Aged Care network.

Chris Taylor

Representative of licensed contractors

Chris is a Townsville-based licensed Open Builder with 21 years experience in the industry. He has worked in the family business, Taylor Builders Pty Ltd and Taylor Homes, for most of his working life.

He undertakes housing, renovation and small commercial projects on an ongoing basis and is an active participant in industry organisation. Chris holds a Bachelor of Commerce, a postgraduate Diploma of Construction, and a Bachelor of Law.

Susan Carter (December 2011– October 2012)

Representative of the accounting profession

Susan was a Fellow of the Institute of Chartered Accountants, a member of CPA Australia, a member of the Insolvency Practitioners Association of Australia, and an Official Liquidator of the Supreme Court.

Until her retirement in 2010 she was a partner of the firm Worrells Solvency and Forensic Accountants and had approximately 30 years experience in accounting, business management and insolvency.

Susan became a registered liquidator in 1996 and an official liquidator in 1998. She advised accountants and their clients about insolvency-related issues, and was often called upon to give presentations for accounting bodies.

John Gaskin

Representative of licensed builders and Chairman

John has 52 years experience in the building industry. His career has taken him from apprentice carpenter/joiner through on-site supervisory roles to senior management positions with some of Queensland's leading construction contractors including Watkins Ltd (10 years), Watpac Australia (12 years) and Multiplex Constructions (8 years).

John is the immediate past president and Executive Member of the Queensland Master Builders Association and is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management. John is also the immediate past President, Australian Institute of Building, Queensland Chapter and a regional director of Brookfield Multiplex.

Insurance Committee

The Insurance Committee advises the board on the performance of the Queensland Home Warranty Scheme and associated issues. Chaired by board member Jim Russell, it also includes board members Karen Dare, Chris Taylor and BSA General Manager, Ian Jennings.

The 2012-13 financial year resulted in \$44.78 million in claim approvals compared to \$37.56 million in approvals in 2011-2012.

The committee continued to review the performance

of the scheme, particularly the risk profiles for non-completion, defects and subsidence claims.

The committee has continued to monitor the changing profile of claims over the past few years, which has been attributable to the ongoing building industry downturn and climatic conditions. Over the past 12 months, non-completion claims continued to decrease, defect claims continued to rise as a consequence of cancelled licensees from previous years and subsidence claims continued to increase due to changes in climatic conditions.

To address these trends, work throughout the year focused on strategies to reduce defect and subsidence claim costs and incidents. Such strategies have included closely reviewing engineering solutions to address subsidence and fine-tuning claims management.

The insurance scheme continues to operate on a sound financial basis. Based on actuarial advice and the claims of previous years being adversely affected by non-completions and increasing trends in defects and subsidence, the committee and board resolved that the insurance premium should increase by 7 per cent from 23 July, 2012.

The increase was needed to help protect the Home Warranty Scheme from the ongoing impacts of the Global Financial Crisis and changing claim profile.

Fire Occupational Licensing Committee

The Fire Occupational Licensing Committee advised the board on scopes of work and requirements for occupational and contractor licensing in the fire protection industry.

The committee, chaired by board member Wally Trohear, also includes board members John Gaskin and Jean Althoff.

The compulsory licensing of fire protection employees took effect on 1 January, 2011. The committee has been working closely with the industry to ensure all employees and employers were aware of licensing requirements.

In the past 12 months awareness activities have included mail-outs and information sessions for industry associations. The committee continued to review the scopes of work to ensure they are relevant to the work performed in the industry and national training qualifications.

The Committee also established a compliance strategy to address the incidence of defective or unlicensed fire protection work.

Licensing Committee

The Licensing Committee advises the board on licence eligibility requirements which include experience, managerial and technical qualifications. The committee also monitors the scopes of works to ensure that they are appropriate to industry needs. The committee is chaired by Wally Trohear and includes John Gaskin and Ian Jennings.

The committee continued to monitor the licence classes and considered submissions from industry regarding the potential licensing of activities. The committee continued to review and advise on the proposed National Licensing reforms' possible effects on the Queensland licensing regime.

The Committee also undertook a review of all licence classes and it is expected that this review should be finalised next financial year for consultation with industry.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee oversees the internal audit function. This includes strategic and annual audit plans and management responses to the internal auditor's recommendations for improvements and strategic risk management. The committee considers the BSA's budgetary functions, financial statements and financial position.

It is independent of management and reports directly to the board. The committee is chaired by board member Chris Taylor and comprised board members Jim Russell and Jean Althoff. Key BSA staff, including Ian Jennings, assist the committee.

Finance

Throughout the year, on a bimonthly basis, the committee monitored the BSA's financial performance

and viability, considering risks and stressors to ensure funds were used to assist the industry in the tough economic climate. The committee considered and endorsed the outcomes of the mid-year budget review to the board and assessed and approved the proposed 2013-14 budget.

Investments

The Finance, Audit and Risk Committee is responsible for monitoring the performance of its fund managers, Queensland Investment Corporation and Queensland Treasury Corporation. The Committee monitors performance through advice from the BSA's actuary, its fund managers, BSA management and information from other relevant sources.

The BSA's investment policy and strategies involve insurance fund monies being invested into 70 per cent growth assets and 30 per cent cash and cash-enhanced assets. While short-term insurance funds are held with Queensland Treasury Corporation, the general fund monies are invested in the long term with a cash strategy, being 100 per cent cash enhanced and short term with Queensland Treasury Corporation.

The BSA's investment policy and strategies have been in place for a number of years. The policy and strategies are reviewed annually with a thorough review every two years. This financial year the committee, in conjunction with management, undertook an internal review.

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 continue to manage the funds.

Table 4: Funds invested

Investment value	2012-13 \$'000	2011-12 \$'000	2010-11 \$'000	2009-10 \$'000	2008-09 \$'000
Value	171,190	151,820	151,709	137,343	126,370
Revenue					
Cash funds	515	375	661	489	386
Managed fund	16,051	2,370	16,257	10,898	(1,804)
Total	16,566	2,745	16,918	11,387	(1,418)

Risk Management

The BSA's risk management strategy, compliant with Australian/New Zealand Risk Management Standard (AS/NZS150 31000: 2009), assesses the adequacy of the risk management framework and risk policies that deal with all facets of operations.

Risks are categorised as strategic, operational, people or financial, with identified controls and treatments actioned through the internal audit program or specific projects and initiatives.

A risk register is monitored by the committee at each meeting. High-risk projects are also reported to the committee at each meeting. The risks are also reported to the board and closely monitored.

The key risks that were monitored over the past 12 months were:

- change management, innovation and management of organisational culture
- revenue and cost control
- fraud
- viability and relevance of the insurance scheme
- Information Technology and business need alignment
- IT projects - replacement of contractor management system.

Monitoring, accountability and risk management

Internal audit is an independent function responsible for the systematic review and appraisal of the efficiency and effectiveness of the BSA's operations. It is instrumental in promoting and improving internal controls, accountability and operational efficiency.

The BSA uses internal audit to add value to the governance and administration of the organisation.

BSA's internal auditor is appointed through a tender process conducted by the Finance, Audit and Risk Committee every three years.

The BSA's three-year Strategic Plan and Annual Audit Plan is developed through structured risk assessment and issues identified during consultation with executive management and the committee.

Internal audit also assists the external auditors in the examination of the BSA's annual accounts. The committee considers audit reports which include the findings of the internal auditors and management responses.

Internal audit reports directly to the Finance Audit and Risk Committee. The internal audits performed were:

- resolution services
- budgeting and performance management
- accounts receivable
- contractor management
- system replacement.

The committee also monitors the implementation of internal and external audit recommendations. Progress on implementing previous audit recommendations is reported to the committee every two months. The BSA's management of identified risks is also monitored by the committee.

Audits and investigations

BSA's internal audit program involved several audits on the BSA's core processes of contractor management, resolution services and budgeting and performance management. High-risk issues were identified in these audits (see Table 6 below).

Processes were or are being implemented to address all issues raised in these audits and to streamline business operations.

Table 5: Audits and Investigations 2012-13

Audit	Issue	Risk Rating	Status
Resolution Services	Completeness of complaint files	High	Procedures amended and training conducted to ensure all records are included in complaint files.
Budgeting and Performance Management	Budgeting Strategies	High	The process requiring managers to review performance against budget has been reinforced.
	Budgeting reporting and variance management	High	The process requiring managers to review variances from budget has been reinforced.
	Operational planning and reporting	High	Key performance indicators have been reviewed and are being monitored to ensure strategies are achieved.
Contractor Management	Prequalification of the Rectification Panel	High	The audit officer is to conduct a review to identify non-complying contractors by 1 December 2013 following which appropriate action will be taken
	Contractor Performance Management		

External audit undertook the end of financial year audit. No material issues were identified in this audit.

The audit program has been based on the outcomes of the BSA's risk assessment to ensure ongoing governance of core functions and processes.

Strategic business planning and budgeting

The strategic planning framework aims to align operations, human resources and financial resources with the objectives of the 2012-2017 Strategic Plan. The planning begins with consideration of the long-term strategic objectives,

timeframes and availability of resources.

Short-term goals are set to support the objectives, plans are developed and resources allocated. BSA staff are fully informed of the planning process, initiatives and desired outcomes. The planning framework allows the BSA to monitor and assess its performance throughout the year.

Organisational performance

The BSA used the Australian Business Excellence Framework to identify both strengths and areas for improvement and to provide a baseline for strategic and organisational change.

Diagram 1: Building Services Authority organisational structure

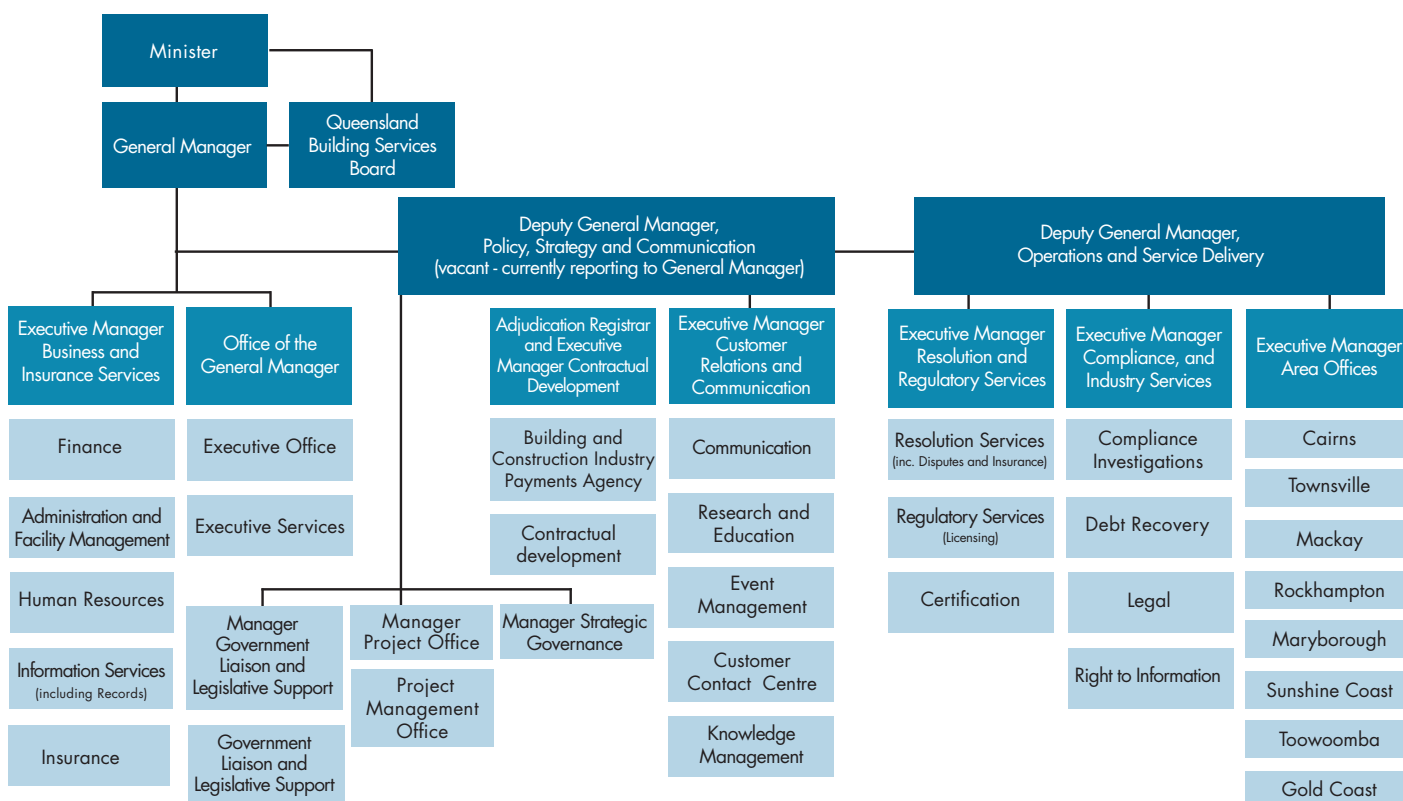


Table 6: Building Services Authority executive team 2012-13

Name	Position
Ian Jennings	General Manager
currently vacant	Deputy General Manager, Policy, Strategy and Communication
Ian White	Deputy General Manager, Operations and Service Delivery
Shane Wilson	A/Executive Manager, Business and Insurance Services
Lewis Hayes	Executive Manager, Compliance and Industry Services
Mick Davis	A/Executive Manager, Customer Relations and Communication
Chris Boyle	Executive Manager, Resolution and Regulatory Services
Michael Chesterman	Executive Manager, Contractual Development and Adjudication Registrar
Graham Ives	A/Executive Manager, Area Offices

Enhanced governance mechanisms

The BSA focused on enhancing corporate governance mechanisms, including risk identification, compliance, controls, and performance measures. These areas were enhanced through establishing risk profiles and control strategies for each business unit in conjunction with the units' operational plan.

Direction from the Minister

On 8 April 2013, the Minister for Housing and Public Works, the honourable Timothy Mander MP, issued the following direction to the Queensland Building Services Authority.

"Under s 7 of the *Queensland Building Services Authority Act 1991*, the Minister for Housing and Public Works directs the Queensland Building Services Authority ('the Authority') to:

- a. cooperate with the Building Industry Complaints Review Unit, Department of Housing and Public Works ('the Review Unit') in relation to the Review Unit's review, investigation of and dealing with service and administrative process complaints made about the Authority; and
- b. disclose to the Review Unit all such documents and information (including personal information and confidential information held by the Authority) as are required by the Review Unit for the purposes of reviewing and investigating those complaints, upon the Director-General, Department of Housing and Public Works giving the Authority a written undertaking that the Department will not use or disclose personal information and confidential information obtained from the Authority for any purpose other than the Review Unit's review, investigation of and dealing with complaints made about the Authority.

This direction applies until a further direction is given which terminates this direction."

Code of Conduct

A Code of Conduct is implemented in accordance with the ethics principles outlined in the *Public Sector Ethics Act 1994*. This enables consistent standards and approaches to be adopted when interacting with stakeholders. The code is communicated as part of the BSA corporate induction program and through periodic staff briefings.

The code applies to all BSA board members and staff.

A mandatory online training program was developed on the principles of this code and ethical decision-making

and all employees have successfully completed it.

The code provides the ethical framework for behaviour, actions and decisions within the BSA and plays an integral role in supporting the BSA values of innovation and continual improvement, consultation and collaboration, accountability, respect and trust and energy and fun. It enables consistent standards and approaches to be adopted when interacting with stakeholders.

To reinforce acceptable conduct standards, the BSA continues the strategy for the delivery of 11 other mandatory online training modules, including Bullying Prevention, Equal Employment Opportunity, Workplace Health and Safety, Privacy, Fraud and Corruption, Service Complaints, Online Induction, Social Media, Keep the Knowledge – Make a Record, Managing Emails as a Public Record and Green Office, with two-year mandatory refresher modules to be undertaken.

A Code of Conduct refresher training module is distributed to all staff annually.

Information systems implemented

Management of information systems is coordinated through the development and review of the Information and Communications Technology Strategic Plan, maintained in accordance with the business planning cycle.

Implementation of the plan is overseen by the Information Steering Committee, comprising the General Manager, Deputy General Managers, Executive Manager Business Services, the Chief Information Officer and an external advisor.

The plan ensures information and communication technology resources are appropriately allocated, supported and aligned with organisational and whole-of-government outcomes.

Strategic, practical enhancement of BSA information management was achieved through the following initiatives:

- practical progress was made towards replacing the BSA Contractor Management System, with the first module released into production on schedule in June 2013
- continued enhancement of the organisation's resilience to technology disruptions
- delivery of key components of the BSA Online Services strategy
- development of key technology-related strategy documents.

The BSA participated in a number of reviews of its information technology and records management practices both internally and externally to ensure its continued systemic compliance with mandatory standards and alignment with industry best practice.

Queensland Carers (Recognition) Act 2008

The BSA fully supports the principles and aims of the *Queensland Carers (Recognition) Act 2008*. The BSA's human resource management policies provide flexible working arrangements to assist carers to meet their commitments, including flexible hours and part-time work arrangements.

The organisation commits to ensuring that all staff induction programs include training on the principles of the Carers Charter and that carers and their representative bodies, where appropriate, are consulted on any planning or policy decision that may affect them.

Right to Information

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 such as the BSA to provide the community with greater access to information. BSA-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.

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.

The BSA is committed to following the objects of these Acts, with applications including administrative access requests finalised by June 30, 2013 totalling almost 90,000 folios processed, with approximately 90 per cent of these released in full.

The BSA also actively supplies information under various administrative schemes in addition to the release of documents administratively by the RTI unit according to the intentions of the legislature.

All external reviews processed to date have been informally resolved by the information or have been affirmed.

Our publication scheme on the BSA website describes and categorises information routinely available from BSA and BCIPA. Information is grouped and accessible through seven classes and has been developed to give the community greater access to information held by the BSA.

Table 7: Applications received and finalised by the RTI/IP Unit 2012-13

Applications received	Number	%	Folios finalised	Number	%
Administrative	76	31.7	Full access	79,253	90
Information Privacy	57	23.7	Partial access	4,254	4.8
Right to Information	101	42.1	Full exemption	4,596	5.20
Notice to Provide pursuant to legislation	6	2.5			
Total	224	100	Total	88,103	100
Applications withdrawn or transferred	14				
Internal reviews RTI and IP only	10	6.3			
External reviews RTI and IP only	5	3.2			

The BSA also has a disclosure log on its 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.

Only two applications have met the criteria for publication to date. However, further applications will be progressively published as they meet the requirements.

Overseas travel

Information relating to overseas travel is now reported on the Queensland Government Open Data website at <http://www.qld.gov.au/data>

Consultancies

Information relating to consultancies is now reported on the Queensland Government Open Data website at <http://www.qld.gov.au/data>

Workplace Health and Safety

In accordance with the *Work Health and Safety Act 2011*, the Queensland Building Services Authority has two trained safety advisors to support the organisation in meeting its due diligence requirements and work health and safety obligations.

Service Complaints Management System

Stakeholders may lodge complaints, compliments, enquires and suggestions directly to the BSA's service complaint management system by mail, telephone or through the "Contact Us" tab on the BSA's website.

The system was implemented from 1 July 2010 in line with Queensland Government policy under the provisions of the *Public Service Act 2008* and the recommendations of the Office of the Queensland Ombudsman.

Of the 322 matters entered into the system in 2012-13 financial year, there were 106 enquiries, 130 complaints, 48 compliments and 38 suggestions.

Prompt action was taken in relation to all contacts received. All service complaints were investigated and appropriate steps taken to improve communications and address complainants' concerns in accordance with the BSA's published Service Complaints Policy.

QCAT affirms majority of BSA decisions

Of the 261 decisions determined by the Tribunal for review in 2012-13, 90.03 per cent were determined in the BSA's favour.

The BSA also undertook prosecutions and disciplinary proceedings for breaches of legislation, resulting in 32 successful findings and the awarding of a total of \$899,422 in penalties and fines payable to the BSA, an increase of \$166,279, from the 2011-12 financial year.

A green approach to business

Video conferencing

The BSA has established video conferencing facilities in its Brisbane head office, and its regional offices. This has reduced the need for staff travel.

The Brisbane office also has the facility to video conference with external organisations, therefore reducing the need for interstate travel. These initiatives have assisted in the reduction of BSA's carbon footprint.

Carbon offsets

The BSA has in place a service level agreement with the Procurement Transformation Division of the Department of Housing and Public Works for offsetting travel-related carbon emissions. This system has been in operation for the past 2 years and forms the baseline for comparative tracking and targeted reduction.

The BSA paid \$165 this financial year towards carbon offsetting, down from \$712 the previous year. This reduction has been brought about largely from an increased use of our video conference facilities and subsequent decrease in air travel.

Vehicles

The BSA continues to achieve its target of a Green Vehicle Guide rating above 5.5 for 100 per cent of fleet vehicles.

Grey water

Rainwater is harvested from the roof of the BSA's head office in Brisbane and stored in four water tanks with a combined capacity of 88,000 litres. This water is used for the operation of toilets and in a typical summer up to 70 per cent of the required capacity is supplied by harvested water.

Solar hot water

BSA's head office has solar panels on the roof assisting in the heating of hot water for use throughout the building.

Our customers

Licence applications remain steady

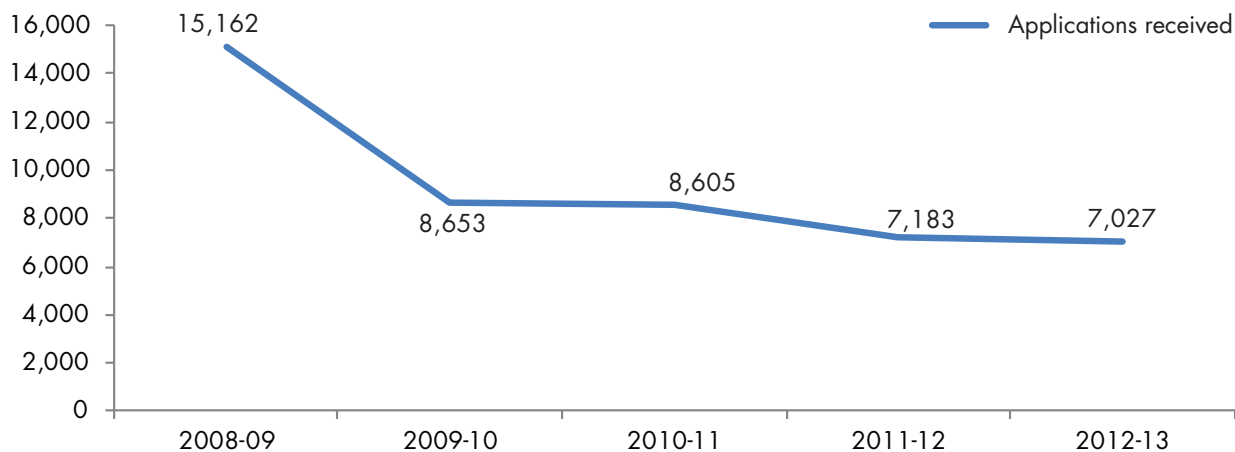
In 2012-13, the BSA received 7,027 licence applications (2011-12: 7,183), with an average processing time of 27 days. The average processing time in 2011-12 was 29 days.

The BSA also processes “mutual recognition” applications from practitioners who hold an interstate licence and wish to obtain a BSA licence to work in Queensland.

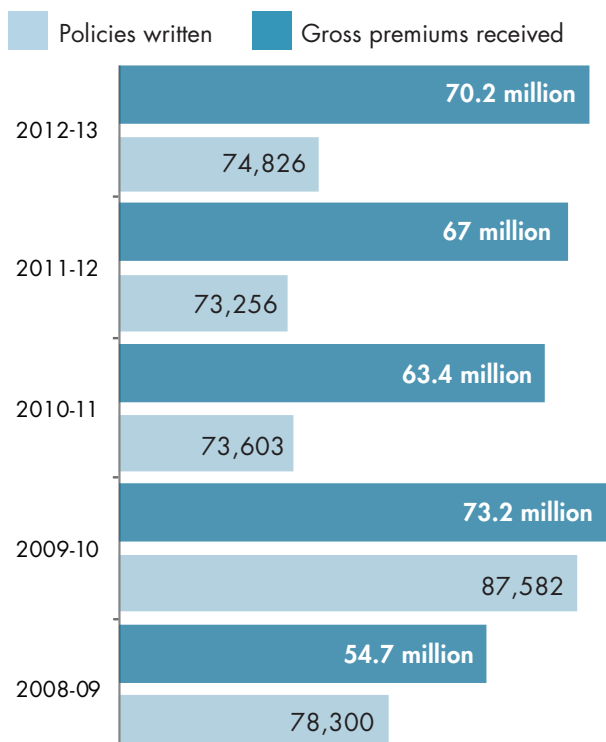
This year the BSA processed 461 mutual recognition applications compared to 564 in 2011-12.

The overall demand for licences remained steady during the 2012-13 financial year.

Graph 1: Licence applications received



Graph 2: Policies written and gross premiums received



Steady number of insurance policies

In 2012-13, the BSA processed 74,826 policies under the Queensland Home Warranty Scheme, which was a moderate increase from the 73,256 of the previous year.

Gross premium receipts totalled \$70.2 million (compared to \$67.0 million in 2011-12) for works valued at approximately \$7.78 billion.

There was a slight increase (2.1 per cent) in the number of policies written in 2012-13 compared with that of 2011-12. An increase of this size is congruent with the current level of consumer optimism.

The breakdown of residential construction work carried out in Queensland was 65 per cent alterations and additions and 35 per cent new home construction, compared to 64 per cent alterations and additions and 36 per cent new home construction the previous financial year.

Online licence search

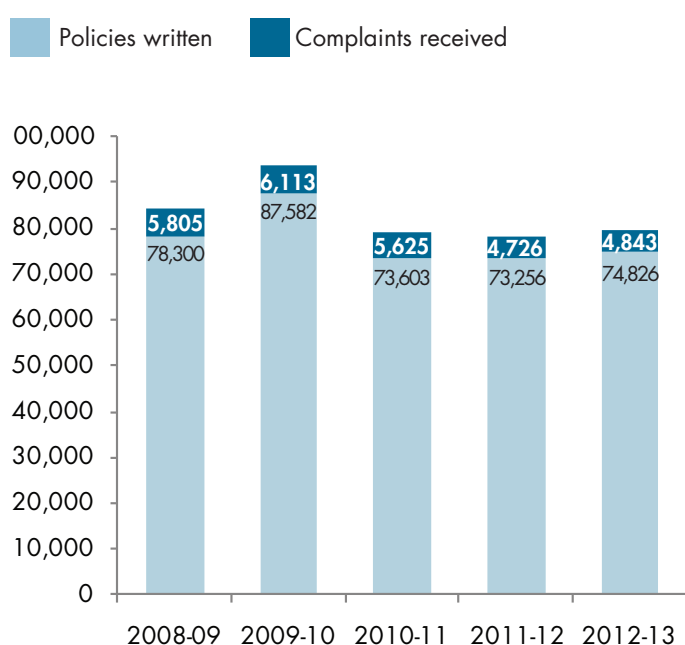
The BSA’s free online licence search facility was used to conduct 418,437 licence searches, compared to 436,430 in 2011-12. The majority of users of the online search facility remain consumers who, based on BSA education initiatives, are checking contractors’ histories before engaging them to perform building work.

Owner-builder numbers continue to decline

Owner Builder permit numbers have been steadily decreasing over the past three to four years due to the economic climate and owners electing to engage a contractor to build their homes. The BSA approved 1,623 permits this year, compared to 1,880 in 2011-12.

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.

Graph 3: Policies written and complaints received



Managing consumer claims

1,496 claims were made by consumers against the Home Warranty Scheme (2011-12: 1,585) and 3,012 claim approvals were processed (2011-12: 2,824) for a total value of \$44.78 million (2011-12: \$37.56 million).

Non-completions

The BSA continued work on proactive investigations, monitoring the fiscal position of licensees. This, combined with a reduction in building activity since the GFC, saw a decrease in non-completion approvals of 19.5 per cent to 339 (2011-12: 421) for a total value of \$7.16 million (2011-12: \$11.15 million).

Table 8: Claims by approval type

Year	Non-completion		Defects		Subsidence	
	Approval numbers	\$M	Approval numbers	\$M	Approval numbers	\$M
2012-13	339	7.16	1783	27.06	890	10.56
2011-12	421	11.15	1509	17.4	894	9.01
2010-11	521	13.77	1500	14.6	894	10.79
2009-10	918	21.3	1423	13.8	656	7.1
2008-09	621	12.4	1073	8.1	820	8

Defects

Defective building work approvals experienced an increase of 15.4 per cent on the previous year to 1,783 (1,509 in 2011-12) for a total value of \$27.06 million (2011-12: \$17.4 million). This considerable increase in monetary expenditure needs to be put in context, as the BSA's largest ever insurance claim was a firewall-rectification project in Brendale, which accounted for \$10.80 million.

The BSA continues to face difficulties in obtaining realistic pricing for rectification in some geographic locations (i.e. those situated in mining communities where rectifying contractors need to be flown in and housed during the period of the works) which adds dramatically to overall costs.

Subsidence

The number of subsidence approvals fell to 890, (894 in 2011-12), for a total value of \$10.56 million (2011-12: \$9.07 million). The increase in subsidence rectification costs relates to the robust rectification methodology adopted by the current BSA-approved panel of Professional Registered Engineers.

APRA's 75 per cent probability requirement adopted

To ensure a solid financial framework for its insurance operations the BSA has continued to comply with various Australian Prudential Regulatory Authority (APRA) standards that apply to general insurers, including 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 provision will be adequate.

Graph 4: Subsidence claims

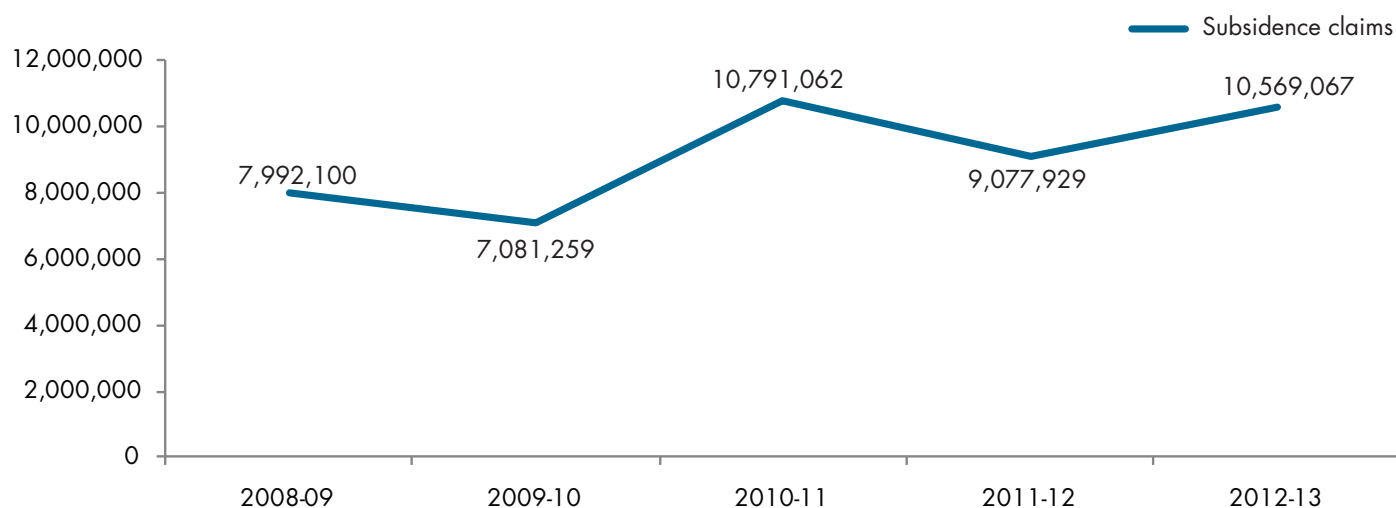


Table 9: Complaints received and Directions to Rectify issued

Year	Complaints received	Directions issued
2012-13	4,843	865
2011-12	4,726	896
2010-11	5,625	852
2009-10	6,113	1,188
2008-09	5,805	849

Satisfactory resolution of majority of complaints

During 2012-13, the BSA received 4,843 complaints in relation to defective or incomplete work, compared to 4,726 for 2011-12.

Reflecting population density, 74.56 per cent of complaints came from southeast Queensland (2011-12: 72.67 per cent) and the remaining 25.44 per cent came from regional Queensland. The BSA finalised 4,621 complaints in 2012-13 (2011-12: 5,315).

Directions to Rectify defective work

The number of formal Directions to Rectify in 2012-13 decreased by 3.46 per cent to 865, from 896 in 2011-12. This reduction is due in part to the BSA's continued focus on mediation in

the first instance where possible for all complaints, as opposed to simply issuing formal orders.

The BSA continues to successfully mediate about 26.25 per cent of complaints without the need for a site inspection. This figure compares favourably with the 2011-12 result of 26.36 per cent.

Table 10 - Ten most common defects 2012-13

Ten most common defects	Ranking	No.
Fire separation	1	299
Roof drainage	2	206
Wall/ceiling internal plasterboard	3	186
Shower screen recess	4	137
Steel sheet (roof cover)	5	127
Decks	6	126
Aluminium window/door installation	7	121
Timber window/door installation	8	116
Ceramic floor installation	9	109
External cement render	10	91

Communication and customer service

The BSA's Contact Centre entered the national Australian Teleservices Association Awards for the second consecutive time in 2012 and was again judged the best Queensland Contact Centre (31-80 staff category) and was again a finalist for the national title.

The judging criteria included continuous improvement processes, quality assurance measures and best practice standards for overall customer service.

179,675 calls were answered by the centre in 2012-13 with 73 per cent of calls answered within 60 seconds, which exceeds the key performance measure of 70 per cent. A summary of the types of calls is provided in Table 11 below.

Table 11 - Contact Centre telephone statistics 2012-13

Call type	Number	% of total calls
General enquiries – defective work	27,006	14%
General enquiries – licensing and owner builders	25,679	23%
General enquiries – other	44,871	22%
Insurance payments	35,187	17%
Licence renewals	40,997	21%
Special events (e.g. seminars)	5,935	3%
Total	179,675	100%

The Contact Centre also received 4,594 customer emails during 2012-13 and responded to 98 per cent of these within four days, significantly exceeding the key performance measure of 90 per cent of emails responded to within 10 days.

To measure the quality of advice provided through the Contact Centre, surveys are undertaken with customers who have accessed Contact Centre services either via the telephone or through face-to-face contact.

Of those who responded to the survey, 96 per cent said they were either satisfied or very satisfied with

the overall level of service they received and 94 per cent said they were either satisfied or very satisfied with the ease of access to BSA services.

Consumer Education

Ten consumer education seminars were presented in Brisbane during 2012-13 which attracted 100 attendees.

These seminars covered the entire building process, including design, obtaining quotes, contracts, certifiers, plans and building inspections, construction, and dispute resolution. These sessions were also available on the BSA's YouTube Channel, with the two most popular sessions being On Completion and After Moving In and Certifiers, Plans and Building Inspections, which received 809 and 570 views respectively.

Consumer fact sheets and publications are also available on the BSA website to inform and educate consumers about construction and the building process, covering topics such as Facts for Smart Building and Renovating, A Simple Guide to Preventing Structural Damage to Your Home, Maintaining Your Home and Choosing Your Contractor.

Contractor Education

The BSA's 2012-2017 Strategic Plan includes a strategy to "Strengthen contractor skills, capabilities and industry standards". As part of this strategy in 2012-13, the BSA presented 83 contractor information sessions in 24 locations across the State. 8,138 people attended these sessions.

The information sessions were presented free of charge to all attendees and topics included Roof Drainage, Timber Balustrades, Timber Durability, External Waterproofing, Concreting, Brick and Block Laying, Project Management and Supervision, Contractual Obligations, and Fire Separating Walls in Class 1A Buildings.

These sessions were presented with the assistance of industry experts from Timber Queensland, the Australian Steel Institute, the Master Tilers Association and Catchpole Building Services.

With the exception of the Fire Separating Walls presentation, attendance at all other presentations was voluntary. BSA research and audits had identified a generally poor level of compliance in relation to fire separating wall construction

and due to its impact on the safety of building residents, attendance at the Fire Separating Walls seminar was mandatory for some licensees.

More than 90 per cent of attendees who responded to a survey said they would recommend the sessions to others.

The BSA's YouTube Channel featured contractor education videos on such topics as Timber Durability, the Timber Framing Code, Timber Balustrades, External Waterproofing, Roof Drainage and Building on Challenging Sites.

The two most popular BSA YouTube technical videos in 2012-13 were Timber Balustrades, which received 495 views and 42.75 hours of viewing time, and the Timber Framing Code, which had 481 views and 30.18 hours of viewing time. The BSA YouTube Channel also included an Ergon Energy Electrical Safety video which also proved popular, receiving 357 views and 15.73 hours of viewing time.

Research

In 2012-13, the BSA concluded its research and development of a new defect data-collection system. The system will better identify the cause of defective work issues reported to the BSA and better identify skills and training deficiencies in the industry.

The new defect data-collection system was implemented on 1 July, 2013 and the information collected will enable the BSA to better target its contractor education and information sessions. It will also enable the BSA to provide to standards committees and the Australian Building Codes Board data to substantiate required changes to standards and the Building Code.

The data will also be useful for the training industry to identify deficiencies in the current training regime and to make improvements to address these deficiencies.

The BSA Research team also reviewed proposed changes to the Australian Standard AS3660.1 Termite Management and made a submission to the sub-committee considering the standard.

Other research activities included developing education material for BSA contractor and consumer education sessions, with significant time devoted to reviewing and identifying industry issues related to fire separation and developing the fire separation information sessions.

Regulation

BCIPA

The Building and Construction Industry Payments Agency, funded by the Building Services Authority, 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* (BCIPA).

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

Seven hundred and twenty-one adjudication applications were lodged under the Act in 2012-13, for payment claims totalling \$874,700,640. In 2011-12, 731 applications were lodged, for claims totalling \$394,741,017.

In 2012-13, 531 adjudication decisions were released for a total value of \$311,362,457. (2011-12: 553 decisions, \$242,676,619).

Debt recovery

The BSA holds licensees responsible for debts 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 BSA's Debt Recovery team recovered \$3.036 million this financial year. \$2.369 million was recovered for the Queensland Home Warranty Scheme, about 2 per cent less than the previous financial year.

Table 12: Funds received

Activity	2012-13	2011-12	2010-11	2009-10	2008-09
Insurance claims	\$ 2,369,690	\$ 2,410,873	\$ 1,813,946	\$ 2,795,804	\$2,713,312
Tribunal actions	\$ 38,816	\$ 51,382	\$ 64,006	\$ 84,886	\$ 44,792
Magistrates Court	\$ 628,388	\$ 67,209	\$79,263	\$ 30,680	\$29,302
Total funds recovered	\$3,036,894	\$2,529,464	\$1,957,215	\$ 2,911,370	\$2,787,406

The number of claims received for recovery decreased by 4 per cent from 2011-12 and the value of claims paid also decreased by 11 per cent.

There was a 19 per cent decrease in the recovery of QCAT penalties, with \$38,816 recovered.

Magistrates Court penalties spiked, with one fine of \$492,000 comprising the bulk of the \$628,388 recovered, a 90 per cent increase on court penalties from the previous year.

There were 35 debtors outsourced to the BSA's Debt Recovery Legal Panel during this financial year, resulting in \$923,836 being recovered in 2012-13.

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

Proactive compliance

The BSA's Compliance team employs a comprehensive approach to regulation, with three sub-divisions:

- Contractor Support Unit
- Financial Regulation Unit
- Investigations Unit.

These units undertake a range of activities to help ensure compliance occurs within the building industry.

Unlicensed contracting and contractual regulation

The Investigations Unit supports a fair playing field for licensees in Queensland by identifying and penalising unlawful operators.

The BSA investigates complaints made by consumers and BSA-licensed contractors. In 2012-13, 522 investigations were undertaken into allegations of unlicensed contracting, compared to 780 in 2011-12.

Table 13: Unlicensed contractors

Activity	2012-13	2011-12	2010-11	2009-10	2008-09
Site interviews conducted	6972	2229	7222	9,594	7470
Suspected unlicensed contractors detected	62	57	64	123	120
Unlicensed rate in the industry	0.9%	2.56%	0.9%	1.3%	1.6%
Disaster Recovery Assessments	628	20,686	-	-	-

Support offered to contractors in financial distress

The BSA's Contractor Support Unit monitors licensees who are or may be in financial distress and in appropriate situations will afford the licensee a reasonable opportunity to save their business and demonstrate that they meet the financial requirements to hold a BSA licence.

The Contractor Support Unit conducted 529 financial audits of licensees in 2012-13 (2011-2012: 451).

Regulating Financial Requirements for Licensing (FRL)

The Financial Regulation Unit manages breaches of FRL by individuals or companies, including infringement of allowable annual turnover.

The unit conducted 834 audits of licensees suspected of exceeding their financial capacity (2011-12: 963) to ensure their financial viability.

In 2012-13, 283 individuals and 139 companies

were excluded from holding a BSA-contractor or nominee-supervisor licence for five years due to their involvement in a financial failure (2011-2012: 311 individuals and 99 companies).

Permanent exclusion from holding a BSA-contractor or nominee-supervisor licence was imposed on 123 individuals for their involvement in a second financial failure (2011-12: 138).

The BSA believes the numbers of exclusions is indicative of a lack of planning and business management skills by contractors who have been unprepared for the current contraction in the building and construction marketplace.

Contractor compliance with legislation investigated

The Domestic Building Contracts Act 2000 (DBCA) regulates contracts for domestic building work between contractors and consumers. Part 4A of the QBSA Act regulates subcontracts between contractors and builders and commercial contracts.

Table 14: Contractual investigations

Activity	2012-13		2011-12		2010-11		2009-10		2008-09	
	DBCA	QBSA Part 4A	DBCA	QBSA Part 4A	DBCA	QBSA Part 4A	DBCA	QBSA Part 4A	DBCA	QBSA Part 4A
Audits	5	0	2	0	1	2	4	0	4	1
Investigations	310	38	312	22	325	48	272	11	215	19
Contractors issued a warning notice as result of an audit or investigation	25	0	23	0	25	0	21	0	13	1
Number of contractors issued with infringement notices for breaches	163	21	170	14	137	14	136	6	114	11
Number of infringement notices issued	297	25	401	18	304	15	305	12	286	14

The Investigations Unit examines suspected breaches, and when required, takes appropriate action in the circumstances, including issuing an infringement notice.

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

Licence audits and disaster recovery audits

In 2012-13, the BSA again assisted the Queensland Reconstruction Authority with assessing rebuilding efforts after further flooding of Queensland in early 2013. The BSA conducted two licensing audits at randomly selected sites, in addition to disaster recovery assessments.

In 2012-13, 6,972 contractors were interviewed at 2,139 building sites. Sixty-two suspected unlicensed contractors were detected (2011-12: 57 ULCs and 2,229 site interviews).

The BSA also undertook 628 disaster recovery assessments on behalf of the Queensland Reconstruction Authority.

Table 15: Compliance statistics 2012-13

Activities	2012-13	2011-12	2010-11	2009-10	2008-09
Financial audits	529	451	512	538	255
Suspensions for non compliance with audit	61	44	44	77	30
Suspensions for not meeting FRL resulting from financial audit	11	10	48	41	33
Cancellations for non compliance with audit	53	31	30	56	25
Cancellations for not meeting FRL resulting from financial audit	16	40	50	77	55
Immediate suspension due to insolvent trading or other serious risk	8	10	11	10	14
Audits for suspected breach of turnover limit	834	963	898	1152	1237
Company licences cancelled due to exclusion	139	99	88	66	79
Individual licences cancelled due to exclusion	283	311	264	151	113
Permanent exclusions	123	138	101	43	39

This involved inspections to measure the rate of residential building recovery, policing licensing and assisting contractors and consumers to ensure they had the appropriate contractual and home warranty insurance arrangements in place.

The BSA also conducted audits on advertising, site signage, compliance with contractual obligations and compliance with payment of Queensland Home Warranty Scheme premiums.

Table 16: Judgment debt statistics 2012-13

Activity	No.
Judgment debts investigated	190
Suspensions for not meeting FRL resulting from an unsatisfied judgment debt	8
Cancellations for not meeting FRL resulting from an unsatisfied judgment debt	4
Judgment debts paid in full	20
Repayment arrangements entered into	3
Judgment debts appealed in court	1

Table 17: Demerit points issued

Activity	2012-13	2011-12	2010-11	2009-10	2008-09
Demerit points issued for unsatisfied judgment debts	730	710	450	990	860
Demerit points issued for contractual offences	452	464	364	368	266
Demerit points issued for failure to rectify	430	504	648	470	236
Demerit points issued for failing to pay premium*	206	154	116	164	50
Demerit points issued for carrying out work without a nominee	4	2	0	4	12
Contractors issued demerit points	372	399	335	389 ¹	245
Total demerit points issued	1822	1834	1,578	1,996	1,424

*Queensland Home Warranty Scheme premium

¹ The figure of 389 ('Contractors issued demerit points', 2009-10), was incorrectly recorded as 462 in the 2009-10 and 2010-11 BSA annual reports due to a typographical error.

Table 18: Certification results 2012-13

Action	Number of certifiers
Reprimand	52
Direction – enforcement action and ensure certification	9
Licence condition imposed	4
Total	65

Note: While 61 certifiers were found to be at fault, the above number, 65, indicates that a case can result in more than one action being taken.

Judgment Debt policy

On 1 October, 2012 the FRL was amended to the effect that licensed contractors must not have unsatisfied judgment debts in relation to amounts owing under contracts to carry out building work or to supply goods and services for building work.

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

Demerit points issued to contractors for breaches of legislation

This year, 372 contractors had demerit points listed against their records (2011-12: 399). No individuals were disqualified for three years for accumulating 30 demerit points (2011-2012: 4).

Certifiers

As at 30 June 2013, the BSA licensed 402 building certifiers:

- 192 Level 1
- 166 Level 2
- 44 Level 3.

There were 37 new registrations and 29 de-registrations throughout the year.

As at 1 July 2012, BSA had 152 complaints open. During 2012-2013, the BSA received an additional 164 complaints. During 2012-13, the BSA finalised 163. The BSA currently has 153 open complaints.

Of the 163 complaints finalised, investigations found 61 certifiers at fault, 43 complaints were either withdrawn or closed due to insufficient evidence, and in 59 cases, certifier conduct was found to be satisfactory.

Our people

BSA's workforce profile

The BSA employed 325 active FTE (full-time equivalent) staff at June 30, 2012 (2011-12: 350) in a variety of professional, technical and administrative roles.

The 2012-13 reduction in active FTE is a result of procedural improvements which have enabled the BSA to reduce staff through natural attrition and decreased reliance on contract staff.

The BSA's staff separation rate was 9.39 per cent (2011-12: 10.09 per cent). One redundancy payment was made in 2012-13.

BSA follows Equal Employment Opportunity Management Plan

The Equal Employment Opportunity Management Plan outlines the BSA's approach to ensuring all BSA employees work in an environment committed to principles of Equal Employment Opportunity (EEO),

anti-harassment and anti-discrimination.

New employees continued to be educated on EEO, discrimination and workplace harassment issues. All staff completed the initial EEO and workplace harassment online training and a refresher is undertaken every two years.

A stronger and more cohesive team developed

The BSA conducts an annual survey that encourages staff to express their job satisfaction and identify workplace issues.

Past issues identified included communication difficulties between different areas within the BSA. The internal organisational review has helped address staff communication by integrating the BSA's main service areas.

This year's survey yielded results that were, on average, similar to last year's survey. Customer orientation and Change management improved, while Strategic direction and Employee control decreased in comparison with last year's results.

Table 19: Workforce profile as at 30 June 2013

EEO	2012-13	2011-12	2010-11	2009-10	2008-09
Women	174	194	208	217	193
Aboriginal and Torres Strait Islander	6	7	7	7	9
People with a disability	27	32	30	30	27
Non-English-speaking background	40	56	70	55	50
% of total staff	54%	55%	56%	56%	56%

Table 20: Workplace diversity 2012-13

Level	Male	Female	Total	EEO target groups
Administrative A01-A03	28	70	98	29
Administrative A04-A05	67	75	142	31
Middle Management A06-A08	51	29	80	13
Executive Management S0-SES	5	0	5	0
% of total staff	46%	54%	100%	22%

BSA remains committed to staff education

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

Training and development programs have been created with a strong emphasis on business processes to ensure timely, consistent and effective customer service in core business areas.

There are four dedicated Training Officers in the BSA (Human Resources, Contact Centre, Resolution Services and Information Services).

Thirty-two in-house training courses were delivered across three learning areas: ICARE Customer Service Program, Technical Building, and Organisation Capability (2011-12: 43).

Table 21: Staff survey results 2012-13

Area	Average score
Learning and development opportunities	3.91
Performance management	3.59
Job satisfaction	4.38
Organisational commitment	4.41
Work environment	3.62
Customer orientation - overall	4.59
Change management	3.69
Consultation	4.23
Team work	4.48
Executive Management communication	3.86
Manager/team leader communication	4.47
Co-worker communication	4.61
Strategic direction	3.71
Employee control	3.21

A scale of 1 – 6 is used.

1 = strongly disagree and 6 = strongly agree

Mandatory online training courses for all employees included Keep the Knowledge - Make a Record, Social Media, Fire Evacuation, and EEO and Workplace Harassment refresher training.

Training courses were also conducted on a range of IT software and applications. The BSA's commitment to education and training saw 820 training days delivered.

This equated to 2.38 days and \$312 per employee (compared to 1,252 training days, 3.39 days and \$597 per employee in the previous financial year).

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 within a fun workplace environment.

Under the Leadership Development Framework, 40 managers attended a forum which included strategic and operational planning and undertaking risk management. All staff were included in operational planning workshops to identify areas for organisational improvement areas and participate in the development of the operational plans.

Three courses from the Department of Justice and Attorney-General's Mediation and Dispute Resolution Program were delivered to employees, including Handling Difficult Behaviours, Interest-based Negotiations and Direct Negotiations.

Employees, including lawyers, accountants and certifiers, are given support to attend a range of functions to meet continuing professional development (CPD) 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 undertake a rotation through the BSA, other government departments and private sector businesses to develop a broad range of skills and knowledge. Two staff currently participate in this program.

Staff assisted with tertiary studies

The BSA continued its sponsorship commitment of further education for 15 employees by paying \$37,424 in tertiary course fees. This compares to \$31,086 for 22 employees in 2011-12. Under the Public Service Training Package, three employees are engaged in the Certificate IV, Diploma and Advanced Diploma courses (15 in 2011-12). To date, 46 staff have graduated.

Building Inspector's conference

A Building Inspector conference was held to help improve the knowledge base of inspectors. Conferences provide professional development for our technical staff and are recognised and awarded CPD points by organisations such as the Australian Institute of Building Surveyors. BSA certifiers also attend some conference sessions to obtain CPD points.

Apart from discussions about new and emerging issues in the building industry from a disputes perspective, training is also held on BSA policies and procedures to best ensure consistency in decision-making processes by building inspectors 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 the BSA's technical staff.

Area Managers' forum

Area Managers came together at two forums to encourage networking and exchanges of knowledge and skills and to provide information on current issues. Area Managers are encouraged to work with and mentor each other.

Staff recognised and rewarded

The BSA believes acknowledging good performance is essential to its culture, and it recognises and rewards staff achievements. As part of the ICARE Customer Service Program, staff are encouraged to recognise and promote the exceptional customer service delivered by their colleagues.

Encouraging, rewarding and recognising people in a supportive team-based culture has resulted in strong staff performance which has been instrumental in the BSA becoming a leading industry regulator in Australia.

Staff encouraged to balance work, life and family

The BSA encourages staff to achieve a balance between work and family responsibilities.

The BSA has a range of options available to help staff achieve a good work-life balance, such as variable working hours and part-time opportunities. The BSA now employs 52 part-time staff, seven more than in the previous financial year.

There are many incentives in place to retain staff, including access to variable working hours, a

fun and energetic culture, and financial support for further study and professional development opportunities.

Benefits of working at the BSA are prominently displayed on the BSA's website, which is continually updated.

Competency-based framework

A competency-based framework has been developed that forms the basis for the Cognology 360 degree feedback system. Staff assisted in providing detailed lists of the specific skills, knowledge and behaviours required for their roles for each competency.

Staff have been consulted on the benefits of this framework, including using the available information for career planning and cross skilling, for performance management and recruitment and selection processes. A training calendar has been developed based on these competencies and other information obtained from the Cognology system.

Importance placed on Workplace Health and Safety

The BSA's continued commitment to Workplace Health and Safety has included preventative measures and the promotion of safe and healthy work practices.

The BSA maintains an active Workplace Health and Safety Committee which gives staff access to a network of first aid officers in each BSA office. This year the Corporate Health Strategy included promoting an employee counselling service.

Information was also developed and distributed on implementation of the *Work Health and Safety Act 2011* and risk management. A compulsory Fire Evacuation online training course was completed by all staff.

Business Improvement Council

The Business Improvement Council (BIC), an initiative of the Executive Management team, was formed in 2002 to enhance procedural efficiency and foster an environment of continuous improvement.

The BIC ideology is staff ownership of issues along with staff-driven solutions. BIC members are representatives from all business areas, providing a broad operational platform.

An expansive view is taken towards problem solving, with issues such as cost, practicability and work-life balance being assessed against the potential benefit to business process.

Financial overview

The BSA returned a surplus of \$18.273 million in 2012-13 and a balance sheet equity position of \$54.201 million.

However, this positive result needs to be viewed in the context of previous financial results, being deficits of \$15.134 million in 2011-12 and \$1.169 million in 2010-11. The positive result can be largely attributed to a reduction in insurance provisioning of \$12.384 million as determined by the Scheme's actuary. This reduction was due to a decrease in activity and subsequent future claims.

The Statement of Comprehensive Income relative to Budget shows an outcome which has yielded a turnaround in four main areas of BSA's operations relative to budget.

These are :

- Insurance Premiums
- Insurance Claims
- Investment Revenue
- Employee Expenses

Insurance Premiums

The relationship BSA has with the reinsurance 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 BSA has with reinsurance providers (currently 70% Reinsurer 30% BSA after administration fees are deducted).

Therefore:	Actual \$m	Budget \$m	Variance \$m	Variance % %
Premium Revenue	55.159	53.014	2.145	4.05
Administration Fees Retained	<u>13.314</u>	<u>11.102</u>	<u>2.212</u>	19.92
Subtotal	68.473	64.116	4.357	6.80
Less outward reinsurance premium	<u>38.922</u>	<u>37.479</u>	<u>1.443</u>	3.85
Net Result for Premiums collected	29.551	26.637	2.914	10.94

The result can be attributed to annual premium increases and increases in the cost of housing construction generally which determine premium levels.

Insurance Claims

Similarly, the reinsurance arrangement extends to insurance claims approved.

	Actual \$m	Budget \$m	Variance \$m	Variance % %
Claims approved and Charged	33.759	63.197	(29.438)	(46.58%)
Less Reinsurance and other recoveries	20.185	48.908	(28.723)	(58.73%)
Net Result for Insurance Claims	13.574	14.289	(0.715)	(5.00%)

It should be noted that each of the elements are considerably under budget due to the negative cost this year of providing for future claims as determined by BSA's appointed actuary. A reduction of \$12.384 million in this provision (see Note 23) has reduced the net cost of claims approval from last year's \$23.623 million (see Note 3.2).

Investment revenue

This revenue also exceeded expectations due to a recovery in the investment market segment where BSA retains the majority of its invested funds to meet the longer-term requirements of future insurance claims. Queensland Investment Corporation's Growth Fund returned 14.96% for the year.

The expected rate of return used for budget purposes was 9.6%. The compounding effect of the higher returns added to the investment balance on a monthly basis has also assisted to produce a higher revenue.

Employment expenses

Employment expenses did not increase in line with budget (11.94% under budget) due to continued Enterprise Bargaining Agreement negotiations which have led to wage and salaries being maintained at the 2011-12 financial year levels.

In addition, staffing numbers have reduced given the decrease in service demands as a consequence of sustained low industry activity.

Financial progress

At the segmented level (Note 25) the General Fund returned a surplus of \$3.305 million, increasing net assets to \$25.832 million. The Insurance Fund recorded a surplus of \$14.968 million, increasing net assets to \$28.369 million.

Licensing revenue (Note 2) increased by \$1.045 million (3.72%).

Net premium revenue (Note 3.1) i.e. Premiums received and adjusted by recognition premium revenue from previous years less premium revenue to be recognised in future years - increased by \$0.897 million (5.85%).

Investment revenue (Note 4) rose by \$13.821 million (503.42%). This result has been discussed in the budget outcomes above. It is mentioned BSA does spread investment risk by retaining funds in cash-based investments which returned lower yields due to downward pressure on interest rates generally.

Other revenue (note 5) decreased by \$709,000 (14.23%) and comprises various fines, penalties, and other charges, all of which have reduced, particularly court-awarded fines.

Employee expenses (Note 8) decreased by \$2.185 million (6.58%) for reasons discussed above.

The BSA's balance sheet reflects the Authority's sound financial position. All current and future liabilities are fully funded via invested funds. No going concern issues due to financial considerations were identified during the audit of BSA's Annual Financial Statements based on current operations. The position will be reassessed when BSA is replaced by the Queensland Building and Construction Commission during the 2013-2014 financial year.

*Queensland Building Services Authority and Controlled Entity***Statements of Comprehensive Income**

for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income					
Revenue					
Licence renewal and application fees	2	29 149	28 104	29 149	28 104
Premium revenue	3.1	55 159	53 013	55 159	53 013
Reinsurance and other recoveries revenue	3.2	20 185	45 453	20 185	45 453
Administration fees	3.3	13 314	8 154	13 314	8 154
Investment revenue	4	16 566	2 745	16 566	2 745
Other revenue	5	4 274	4 983	4 274	4 983
Total Revenue		138 647	142 452	138 647	142 452
Gains/Loss					
Gain/(Loss) on sale of property, plant and equipment	6	(28)	(10)	(28)	(10)
Total Income		138 619	142 442	138 619	142 442
Expenses					
Supplies and services	7	13 420	15 240	43 346	47 025
Depreciation and amortisation	10	1 595	1 449	1 595	1 449
Claims approved and charged	3.2	33 759	69 076	33 759	69 076
Outward reinsurance premium expense	3.1	38 922	37 673	38 922	37 673
Employee expenses	8	31 032	33 217	1 110	1 436
Other expenses	11	1 618	921	1 614	917
Total Expenses		120 346	157 576	120 346	157 576
Operating Result		18 273	(15 134)	18 273	(15 134)
Other Comprehensive Income					
Total Comprehensive Income for the year		18 273	(15 134)	18 273	(15 134)

The above Statements of Comprehensive Income are to be read in conjunction with the Notes to the Financial Statements

Queensland Building Services Authority and Controlled Entity
Statements of Financial Position
as at 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current Assets					
Cash and cash equivalents	30	19 655	16 816	19 655	16 816
Receivables	13	15 976	17 306	15 976	17 306
Reinsurance receivable	14	28 739	28 468	28 739	28 468
Other financial assets	12	156 540	135 019	156 540	135 019
Other current assets	15	20 686	19 600	20 686	19 600
Total Current Assets		241 596	217 209	241 596	217 209
Non-Current Assets					
Reinsurance receivable	14	111 236	121 106	111 236	121 106
Property, plant and equipment	16	6 225	6 834	6 225	6 834
Intangible assets	17	2 247	1 034	2 247	1 034
Leasehold restoration paid in advance	18	282	354	282	354
Total Non-Current Assets		119 990	129 328	119 990	129 328
Total Assets		361 586	346 537	361 586	346 537
Current Liabilities					
Payables	19	36 170	27 573	44 035	35 710
Accrued employee benefits	20	4 163	4 289	250	114
Provisions	21	312	353	312	353
Future claims and associated costs	23	47 537	46 713	47 537	46 713
Unearned premium liability	22	28 316	27 325	28 316	27 325
Total Current Liabilities		116 498	106 253	120 450	110 215
Non-Current Liabilities					
Accrued employee benefits	20	3 952	4 027	-	65
Provisions	21	1 641	1 827	1 641	1 827
Future claims and associated costs	23	185 294	198 502	185 294	198 502
Total Non-Current Liabilities		190 887	204 356	186 935	200 394
Total Liabilities		307 385	310 609	307 385	310 609
Net Assets		54 201	35 928	54 201	35 928
Equity					
Accumulated surplus		54 201	35 928	54 201	35 928
Total Equity		54 201	35 928	54 201	35 928

The above Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements.

Queensland Building Services Authority and Controlled Entity
Statements of Cash Flows
for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash flows from operating activities					
Received from renewal and licence fees		28 921	27 875	28 921	27 875
Received from administration fees		11 955	11 873	11 955	11 873
Received from interest		515	714	515	714
Received from other revenue		3 779	3 897	3 779	3 897
GST receipts		6 853	6 693	6 853	6 693
		<u>52 023</u>	<u>51 052</u>	<u>52 023</u>	<u>51 052</u>
Payments to suppliers		(16 645)	(18 917)	(44 982)	(47 888)
GST payments		(6 887)	(6 676)	(6 887)	(6 676)
Payments to employees		(28 591)	(29 089)	(254)	(118)
		<u>(52 123)</u>	<u>(54 682)</u>	<u>(52 123)</u>	<u>(54 682)</u>
		<u>(100)</u>	<u>(3 630)</u>	<u>(100)</u>	<u>(3 630)</u>
Received from premiums		56 147	55 487	56 147	55 487
Payments to reinsurers		(39 363)	(39 576)	(39 363)	(39 576)
Claims paid		(32 814)	(42 113)	(32 814)	(42 113)
Received from reinsurers		27 009	27 723	27 009	27 723
		<u>10 979</u>	<u>1 521</u>	<u>10 979</u>	<u>1 521</u>
Net cash provided by operating activities	29	<u>10 879</u>	<u>(2 109)</u>	<u>10 879</u>	<u>(2 109)</u>
Cash flows from investing activities					
Payments for plant, equipment and intangibles		(2 172)	(2 022)	(2 172)	(2 022)
Disposal of/(Investment in) other financial assets		(5 470)	1 365	(5 470)	1 365
Net cash provided by (used in) investing activities		<u>(7 642)</u>	<u>(657)</u>	<u>(7 642)</u>	<u>(657)</u>
Net outflow of Cyclone Larry & NDRA Funds	1(r)	<u>(398)</u>	<u>2 070</u>	<u>(398)</u>	<u>2 070</u>
Net increase/(decrease) in cash and cash equivalents		2 839	(696)	2 839	(696)
Cash and cash equivalents at the beginning of the financial year		<u>16 816</u>	<u>17 512</u>	<u>16 816</u>	<u>17 512</u>
Cash and cash equivalents at the end of the financial year	30	<u>19 655</u>	<u>16 816</u>	<u>19 655</u>	<u>16 816</u>

Non-cash investing activities

Payments for plant, equipment and intangibles disclosed above are stated net of consideration on motor vehicles traded-in to the value of \$252,000 (2012 \$247,000).

The above Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

QAO
certified statements

Queensland Building Services Authority and Controlled Entity
Statements of Changes in Equity
for the year ended 30 June 2013

	Consolidated Entity				Parent Entity			
	Accumulated Surplus		Total Equity		Accumulated Surplus		Total Equity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance as at 1 July	35 928	51 062	35 928	51 062	35 928	51 062	35 928	51 062
Total Comprehensive Income for the year	18 273	(15 134)	18 273	(15 134)	18 273	(15 134)	18 273	(15 134)
Balance as at 30 June	54 201	35 928	54 201	35 928	54 201	35 928	54 201	35 928

The above Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements.



Queensland Building Services Authority and Controlled Entity

Notes to and forming part of the financial statements

for the year ended 30 June 2013

General

This financial report includes the consolidated financial statements and notes of Queensland Building Services Authority (BSA) and its controlled entity ('Consolidated Entity'), and the separate financial statements and notes of Queensland Building Services Authority as an individual parent entity ('Parent Entity').

BSA is a Statutory Authority established under the *Queensland Building Services Authority Act 1991*, to regulate the building industry.

BSA's charter is to regulate the building industry by: licensing builders, trade contractors, designers and certifiers; educating consumers about their rights and obligations; making licensees aware of their legal rights and responsibilities; handling disputes fairly and equitably; protecting consumers against loss through home warranty insurance; implementing and enforcing legislative reforms; and where necessary prosecuting persons not complying with the law.

On 23 April 2007 the Queensland Parliament passed the *Statutory Bodies Legislation Amendment Act (2007)* which amended the *Queensland Building Services Authority Act (1991)*. These amendments included the creation of the Queensland Building Services Employing Office (BSEO) as a statutory body for the purposes of the *Financial Accountability Act (2009)*. The BSEO, through its employees, provides the skilled labour required to deliver the services provided by the Queensland Building Services Authority. On a fortnightly basis the BSEO invoices BSA for salary and associated costs paid as well as increases in accrued employee entitlements for the period. BSA immediately pays the cash component only and the increase in employee entitlements will accrue as a BSEO receivable and a BSA payable.

BSA and its controlled entity are statutory bodies within the portfolio of the Minister for Housing and Public Works. The principal place of business for BSA is 299 Montague Road, West End, Queensland.

For information in relation to BSA's financial statements please call 1300 272 272 or visit www.bsa.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Note 1 Summary of significant accounting policies

(a) Going Concern

The financial statements have been prepared on an ongoing concern basis.

On 22 August 2013, the Queensland Building Services Authority Amendment Bill 2013 was passed in Parliament. The purpose of the Bill is for the Queensland Building Services Authority to be replaced with a new entity to be called the Queensland Building and Construction Commission. Under the transition and provisions of the proposed Act all of the Queensland Building Services Authority's assets, liabilities and rights will rest in the Queensland Building and Construction Commission on a date to be set by proclamation.

(b) Statement of compliance

BSA 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 2013, and other authoritative pronouncements.

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

BSA is comprised of a General Statutory Fund and an Insurance Fund as stipulated by Sections 25 and 26 of the *Queensland Building Services Authority Act 1991*. The financial statements of BSA 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 BSA, certain disclosures have been made in the Statement of Comprehensive Income and Statement of Financial Position, which are additional to those required by the *Financial and Performance Management Standard 2009*.

QAO
certified statements

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(c) The Reporting Entity

The consolidated financial statement include the value of all assets, liabilities, equity, revenues and expenses of the Consolidated Entity.

The Consolidated Entity as an economic entity consists of the parent entity, BSA, together with the BSEO, 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*.

All intra-group balances and transactions between entities in the consolidated group, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(d) 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 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 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 on the statements 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 statements of financial position at the reporting date.

(iii) Claims

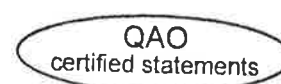
Claims expenses and a liability for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files and estimating 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 of 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 claims in the future.

Goods and services tax (GST) on claims expenditure

BSA 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 made from and including 1 July 2000.



Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(d) Significant accounting policies related to general insurance contracts (continued)

(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, which 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.

(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 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 statements of comprehensive income with the corresponding impact on the statements of financial position recognised as an unexpired risk liability.

(e) Receivables and revenue recognition

Insurance claims recoverable from licensed builders are recognised when a claim paid to a consumer is finalised. Tribunal fines receivables are recognised when an order from the Tribunal is issued in favour of BSA. Magistrates Court fines receivables are recognised when a conviction from the Magistrates Court is issued in favour of BSA. Appraisals of government contracts receivable are recognised when the services provided by BSA are invoiced at the end of each month. Licence fees consist of two components, an application fee and a renewal fee.

Upon application for a licence, new entrants pay both an application fee (the cost to BSA of assessing and processing the application) and a renewal fee (the cost of maintaining a licence for twelve months). The application fee is recognised once the application is received and entered into our system for assessment. The renewal fee component of the application is recognised once the application is approved.

Renewal fees are paid annually by all licensees on the anniversary of their approval and the fee is recognised on the date their renewal fee is due.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. An allowance for impaired debts is raised where some doubt exists over recoverability.

(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 assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

(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
Land	\$1
Major Plant and Equipment	\$5,000
Plant and Equipment	\$5,000
Other	\$5,000

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

(h) Revaluations of non-current physical and intangible assets

Major plant and equipment is measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of BSA to materially represent their fair value at the end of the reporting period.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(h) Revaluations of non-current physical and intangible assets (continued)

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment, other than major plant and equipment, is measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies*.

(i) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to BSA. The residual value is zero for all of BSA's intangible assets.

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

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

Purchased Software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to BSA, namely 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 have been capitalised and are amortised on a straight-line basis over the period of expected benefit to BSA, between 3 and 10 years.

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

All intangible assets of BSA 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 BSA.

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.

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 BSA.

The depreciable amount of improvement to or on leasehold land is allocated progressively over the estimated 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.

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

Class	Rate %
Plant and equipment:	
Motor vehicles	15%
Leasehold improvement	3-20%
Office furniture and equipment	5-50%
Intangible assets:	
Software purchased	20-29%
Software internally generated	10-33.33%

QAO
certified statements

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(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, BSA 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 risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks 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

Overnight facilities in both funds are recorded at cost.

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

Changes in the net market values of investments (or cost of acquisition, if acquired during the financial year) are recognised as revenue or expenses in the Statements of Comprehensive Income.

Income derived from investments is brought to account when earned.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statements of Financial Position when BSA becomes party to the contractual provisions 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.

BSA does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, BSA holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by BSA are included in Note 28.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(o) 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 Statements 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 BSA 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.

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 BSA 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 BSA'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 BSA 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 expenses in the period in which they are paid or payable. BSA 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 BSA'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 Report.

Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirement for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 9 for the disclosures on key executive management personnel and remuneration.

(p) 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.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(q) Provisions

Provisions are recorded when BSA 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 amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of the assets.

(r) Cash and cash equivalents

Excess cash balances in BSA's General and Insurance bank accounts are cleared to QTC Cash Fund overnight to maximise investment returns. Consequently, period end Cash at Bank may reflect a negative balance due to the timing of unrepresented cheques. BSA does not have an overdraft facility and is precluded from doing so by legislation.

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

BSA has assisted in the distribution of funds directed from the Premier's Disaster Relief Fund - Cyclone Larry and the Premier's Disaster Relief Fund - Queensland Floods 2011 - Lockyer Valley Relocation Funds through an account established in BSA's records. Under arrangements with Premier's Department, funds held by BSA pending final payment of approved relief claims are to be recorded in BSA's Balance sheet. On this basis the cash held is equal to a liability BSA has to ultimately pay approved claims. Funds held as at 30 June 2012 are recorded at Note 30.

(s) Insurance

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

(t) Goods and Services Tax (GST)

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 Statements 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.

(u) Taxation

BSA 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 BSA. GST credits receivable from, and GST payable to the ATO, are recognised.

(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.

Comparative information has been restated where necessary to be consistent with disclosure in the current reporting period.

(w) Issuance of Financial Statements

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

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(x) 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.

BSA places high reliance on actuarial estimates provided by its actuary, DeeDeeRa Actuaries Pty Ltd, in calculating the provision for outstanding claims and the reinsurers' share of the outstanding claims provisions as at the end of the financial year. Refer to Note 1(d), 14, 22, 23 and 31.

(y) New and revised Accounting Standards

The BSA did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time for 2012-13 have had minimal effect on the BSA's financial statements, as explained below.

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] became effective from reporting periods beginning on or after 1 July 2012. The only impact for the BSA is that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section are now presented in different sub-sections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

The BSA 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 BSA has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The BSA applies standards and interpretations 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 13 *Fair Value Measurement* applies 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 will apply to all of the BSA's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

While the BSA is yet to complete this review, no substantial changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the BSA's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the BSA, the amount of information to be disclosed will be relatively greater.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

AASB 119 has redefined "short-term employee benefits" to only include benefits that are expected to be wholly settled before 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 needs to be made at a whole-of-class basis, and therefore should have minimal impact on the BSA.

The only implications for the BSA are that the revised standard clarifies the concept of "termination benefits" and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the 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 will 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 employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(y) New and revised Accounting Standards (continued)

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The BSA 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 BSA.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from 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 Accounting 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.

Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the BSA 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 BSA, 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 (including the BSA) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the BSA.

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* ; and
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] .

The AASB is planning to amend AASB 10. Such amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence, the BSA is not yet in a position to reliably determine the future implications of these new and revised standards for the BSA's financial statements.

AASB 10 redefines and clarifies the concept of control of another entity, which is the basis for determining which entities should be consolidated into an entity's financial statements. Therefore, once the AASB finalises its not-for-profit amendments to AASB 10, the BSA will need to reassess the nature of its relationships with other entities, including entities that aren't currently consolidated.

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 AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, the BSA will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint arrangement does exist, the BSA will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 1 Summary of significant accounting policies (continued)

(y) New and revised Accounting Standards (continued)

AASB 12 contains a wide range of new disclosure requirements in respect of interests in other entities, whether those entities are controlled entities, associates, joint arrangements, or structured entities that aren't consolidated. The volume and nature of disclosures that the BSA will be required to make as from its 2014-15 financial statements will depend on the BSA's eventual assessment of the implications of the new and revised standards listed above, particularly AASB 10, AASB 11 and AASB 128.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's Budgetary Service Delivery Statements, this means the BSA will need to include in these financial statements the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows. These budgeted statements 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 budgeted financial statement.

Under the new AASB 9 classification and measurement requirements, the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date. As such, the BSA's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the BSA enters into, it is not expected that any of the BSA's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the BSA's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(n) and 28). 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 BSA's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Note 2 Licence renewal and application fees					
Renewal fees		26 503	25 628	26 503	25 628
Application fees		2 646	2 476	2 646	2 476
		<u>29 149</u>	<u>28 104</u>	<u>29 149</u>	<u>28 104</u>
Note 3 Underwriting					
Note 3.1 Earned premiums					
Premiums received		55 489	53 727	55 489	53 727
Less: Outward reinsurance premium expense		(38 922)	(37 673)	(38 922)	(37 673)
BSA's share of premiums		16 567	16 054	16 567	16 054
Less: Unearned premiums at end of year		(8 219)	(7 991)	(8 219)	(7 991)
Total premiums received and earned during the year		8 348	8 063	8 348	8 063
Add: Unearned premiums at beginning of year		7 991	7 277	7 991	7 277
Earned premiums		<u>16 339</u>	<u>15 340</u>	<u>16 339</u>	<u>15 340</u>
Less: Allowance for doubtful receivables - Premiums		(102)	-	(102)	-
		<u>16 237</u>	<u>15 340</u>	<u>16 237</u>	<u>15 340</u>
Note 3.2 Net claims					
Claims approved and charged		33 759	69 076	33 759	69 076
Less: Reinsurance and other recoveries revenue		(20 185)	(45 453)	(20 185)	(45 453)
Net claims	26	<u>13 574</u>	<u>23 623</u>	<u>13 574</u>	<u>23 623</u>
Profit/(Loss) on underwriting		<u>2 765</u>	<u>(8 283)</u>	<u>2 765</u>	<u>(8 283)</u>
Participation in the Insurance Scheme					
Date		BSA	Brokers/ Reinsurers	BSA	Brokers/ Reinsurers
Pre - 01/07/91		10.0%	90.0%	10.0%	90.0%
01/07/91 - 30/06/98		25.0%	75.0%	25.0%	75.0%
01/07/98 - 30/09/99		30.0%	70.0%	30.0%	70.0%
01/10/99 - 30/06/03		25.0%	75.0%	25.0%	75.0%
01/07/03 - 30/06/04		32.5%	67.5%	32.5%	67.5%
01/07/04 - 30/06/08		25.0%	75.0%	25.0%	75.0%
01/07/08 - 30/06/10		20.0%	80.0%	20.0%	80.0%
01/07/10 - 30/06/13		30.0%	70.0%	30.0%	70.0%
Note 3.3 Administration Fees					
Administration fees received		11 942	11 852	11 942	11 852
Movement in the provision for future claims processing		1 372	(3 698)	1 372	(3 698)
Administration fees after provision for future claims processing		<u>13 314</u>	<u>8 154</u>	<u>13 314</u>	<u>8 154</u>
Note 4 Investment revenue					
Interest		515	714	515	714
Changes in net market value of investments - unrealised		16 051	2 031	16 051	2 031
		<u>16 566</u>	<u>2 745</u>	<u>16 566</u>	<u>2 745</u>
Note 5 Other revenue					
Court fines awarded		2 843	3 278	2 843	3 278
Search fees		103	114	103	114
Owner builder fees		545	609	545	609
Appraisal of government contracts		386	478	386	478
Other		397	504	397	504
		<u>4 274</u>	<u>4 983</u>	<u>4 274</u>	<u>4 983</u>

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Note 6 Gain/(Loss) on disposal of non-current assets					
Proceeds from sale of non-current assets		252	247	252	247
Carrying value of non-current assets sold or disposed	16	(280)	(257)	(280)	(257)
Gain/(Loss) on disposal		(28)	(10)	(28)	(10)
Note 7 Supplies and services					
Equipment maintenance		128	134	128	134
Information systems maintenance		1 116	1 393	1 116	1 393
Lease rentals		640	883	640	883
Miscellaneous office equipment		183	695	183	695
Office rentals and outgoings		3 148	3 144	3 148	3 144
Amortisation of leasehold restoration paid in advance	18	72	72	72	72
Legal fees		3 148	3 853	3 148	3 853
Engineering and other commission fees		1 127	1 278	1 127	1 278
Consultants fees		1 027	705	1 027	705
Printing and stationery		241	351	241	351
Travelling expenses		192	307	192	307
Motor vehicle expenses		332	344	332	344
Postage and telephones		966	1 086	966	1 086
Advertising		169	227	169	227
Bank fees and charges		731	572	731	572
Insurance costs		200	196	200	196
Administration charges - BSEO		-	-	29 926	31 785
		13 420	15 240	43 346	47 025

Total internal audit fees relating to the 2012-2013 financial year are \$214,752 (2012 \$272,290). Ernst & Young have performed internal audits & investigations during the financial year.

Note 8 Employee expenses

Employee Benefits

Wages and salaries	22 896	24 087	698	802
Employer superannuation contributions	2 982	3 096	27	26
Annual leave expense	2 282	2 583	23	19
Long service leave expense	479	1 034	7	11
Other employee benefits	339	-	-	-
Less: capitalised cost	(119)	(48)	-	-
	28 859	30 752	755	858

Employee Related Expenses

Workers' compensation premium	153	150	1	1
Payroll tax	1 422	1 446	53	13
Fringe benefits tax	311	321	14	16
Training	263	412	263	412
Recruitment	9	103	9	103
Other employee related expenses	15	33	15	33
	2 173	2 465	355	578
	31 032	33 217	1 110	1 436

The number of employees including both full-time employees and part-time employees measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of Employees	340	363	1*	1*
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*The only full time employee of the BSA is the General Manager. However, from time to time BSA pays for the services of contractors and temporary staff from external agencies. The total number of contractors and temporary staff as at the 30 June 2013 was eleven. The cost of these staff have been classified as salary costs.

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Queensland Building Services Authority and Controlled Entity
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Note 9 Key executive management personnel and remuneration

a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
General Manager	The General Manager is required to strategically lead and manage the BSA to deliver its services to the building construction industry and consumers.	SES4.2; Governor in Council	2/04/2001
Deputy General Manager *	The Deputy General Manager is required to provide leadership support to the General Manager and strategically coordinate Area Office service delivery with the activities of BSA programs.	SES2.5; Contract	2/12/2002 (20/07/2012)
Deputy General Manager Operations and Service Delivery*	The Deputy General Manager is required to provide leadership support to the General Manager and strategically coordinate Operations and Service delivery with the activities of BSA programs.	SES2.5; Contract	6/02/2012
Deputy General Manager Policy, Strategy and Legislation Development *	The Deputy General Manager is required to provide leadership support to the General Manager and strategically coordinate policy, strategy and legislation development within BSA.	SES2.5; Contract	23/01/2012** (2/03/2013)
Executive Manager Resolution and Regulatory Services *	The Executive Manager Resolution and Regulatory Services is required to provide leadership support to the General Manager and strategically lead and manage the Resolution and Regulatory Program.	SES2.2; Contract	23/01/2012***
Executive Manager Compliance, Recoveries and Legal Services *	The Executive Manager Compliance, Recoveries and Legal Services is required to provide leadership support to the General Manager and strategically lead and manage the Compliance, Debt Recovery, Legal Services and Right to Information Programs.	SO.3; Contract	2/06/2008
Executive Manager Business Services and Insurance *	The Executive Manager Business Services and Insurance is required to provide leadership support to the General Manager and strategically lead and manage the Insurance and Business Services Program.	SO.3; Contract	2/06/2008 (15/11/2012)
Executive Manager Business Services and Insurance *	The Executive Manager Business Services and Insurance is required to provide leadership support to the General Manager and strategically lead and manage the Insurance and Business Services Program.	SO.3; Contract	16/11/2012 (acting)
Executive Manager Policy, Legislation and Research *	The Executive Manager Policy, Legislation & Research is required to provide leadership support to the General Manager and strategically lead and manage the Legislation and Support Services Program.	SO.3; Contract	23/01/2012 (14/09/2012)
Executive Manager Customer Relations and Communication *	The Executive Manager Customer Relations and Communication is required to provide leadership support to the General Manager and strategically lead and manage the Customer Relations, Strategic Communication and Education Program.	SO.3; Contract	14/06/2008 (12/04/2013)
Executive Manager Customer Relations and Communication *	The Executive Manager Customer Relations and Communication is required to provide leadership support to the General Manager and strategically lead and manage the Customer Relations, Strategic Communication and Education Program.	SO.3; Contract	13/04/2013 (acting)
Adjudication Registrar and Executive Manager Contractual Development *	The Adjudication Registrar and Executive Manager Contractual Development is required to manage the registry and the administrative affairs of the adjudication registry, and manage the development and use of construction contracts.	SO.1; Contract	25/06/2008
Executive Manager Area Offices *	The Executive Manager Area Offices is required to provide leadership support to the General Manager and strategically coordinate Area Office service delivery.	SO.1; Contract	16/05/2011 (acting)

* Indicates employees for the BSEO

** Appointed from Executive Manager Resolution and Regulatory Services

*** Appointed from Executive Manager Policy, Legislation and Research

Note 9 Key executive management personnel and remuneration (Continued)

a) Key Executive Management Personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chair of the Board	The Board Members are required to provide strategic advice to the General Manager and provide advice to the Minister on issues affecting the industry.	Governor in Council	1/10/2005
Board Member		Governor in Council	1/08/1994
Board Member		Governor in Council	22/01/2007
Board Member		Governor in Council	20/10/2008 (12/11/2012)
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011

Note: all current board members were reappointed on 01/12/2011

b) Remuneration

Remuneration policy for the agency's key executive management personnel is set by the BSA. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of other benefit including motor vehicles.

For the 2012-13 year, remuneration of key executive management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components :

- Short term employee benefits which include:

-Base - consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.

-Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

- Long term employee benefits include amounts expensed in respect of Long service leave.

- Post employment benefits include amounts expensed in respect of employer superannuation obligations.

- Redundancy payments 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 the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

Note 9 Key executive management personnel and remuneration (Continued)

a) Key Executive Management Personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chair of the Board	The Board Members are required to provide strategic advice to the General Manager and provide advice to the Minister on issues affecting the industry.	Governor in Council	1/10/2005
Board Member		Governor in Council	1/08/1994
Board Member		Governor in Council	22/01/2007
Board Member		Governor in Council	20/10/2008 (12/11/2012)
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011
Board Member		Governor in Council	1/12/2011

Note: all current board members were reappointed on 01/12/2011

b) Remuneration

Remuneration policy for the agency's key executive management personnel is set by the BSA. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of other benefit including motor vehicles.

For the 2012-13 year, remuneration of key executive management personnel increased by 2.2% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components :

- Short term employee benefits which include:

-Base - consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.

-Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

- Long term employee benefits include amounts expensed in respect of Long service leave.

- Post employment benefits include amounts expensed in respect of employer superannuation obligations.

- Redundancy payments 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 the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

Note 9 Key executive management personnel and remuneration (Continued)

b) Remuneration (Continued)

1 July 2011 - 30 June 2012

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
General Manager	196	23	5	25	-	249
Deputy General Manager *	27	17	3	13	-	60
Deputy General Manager Operations and Service Delivery*	63	4	2	7	-	76
Deputy General Manager Policy, Strategy and Legislation Development *	146	20	4	18	-	188
Executive Manager Resolution and Regulatory Services *	92	26	2	13	-	133
Executive Manager Compliance, Recoveries and Legal Services *	119	25	3	16	-	163
Executive Manager Business Services and Insurance *	116	32	3	15	-	166
Executive Manager Policy, Legislation and Research *	56	5	1	7	-	69
Executive Manager Customer Relations and Communication *	123	25	3	16	-	167
Adjudication Registrar and Executive Manager Contractual Development *	110	11	3	14	-	138
Executive Manager Area Offices *	117	12	3	14	-	146
Chair of the Board	3	-	-	-	-	3
Board Member	5	-	-	-	-	5
Board Member (less than \$1,000)	-	-	-	-	-	-
Board Member	3	-	-	-	-	3
Board Member	1	-	-	-	-	1
Board Member	4	-	-	-	-	4
Board Member	1	-	-	-	-	1
Board Member	2	-	-	-	-	2
Board Member	1	-	-	-	-	1
Total Remuneration	1 185	200	32	158	-	1 575

* Indicates employees for the BSEO

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Note 10 Depreciation and Amortisation					
Depreciation and amortisation were incurred in respect of:					
Plant and equipment	16	160	124	160	124
Motor vehicles	16	281	303	281	303
Leasehold improvements	16	838	724	838	724
Software purchased	17	32	10	32	10
Software internally generated	17	284	288	284	288
		<u>1 595</u>	<u>1 449</u>	<u>1 595</u>	<u>1 449</u>
Note 11 Other expenses					
External audit fees		81	88	77	84
Board members' fees and special assignments		36	40	36	40
Allowance for doubtful and impaired debts - General		1 501	793	1 501	793
		<u>1 618</u>	<u>921</u>	<u>1 614</u>	<u>917</u>
Total external audit fees relating to the 2012-2013 financial year are estimated to be \$87,000 (BSA \$82,500 and BSEO \$4,500) (2012 BSA \$84,000 and BSEO \$4,600). PricewaterhouseCoopers performed the audit this year on behalf of the Queensland Audit Office. There are no non-audit services included in this amount.					
Note 12 Other financial assets					
Queensland Investment Corporation - at market value		<u>156 540</u>	<u>135 019</u>	<u>156 540</u>	<u>135 019</u>
		<u>156 540</u>	<u>135 019</u>	<u>156 540</u>	<u>135 019</u>
Note 13 Receivables					
Sundry debtors		83 903	82 650	83 903	82 650
Less: Allowance for impairment loss		(67 927)	(65 344)	(67 927)	(65 344)
		<u>15 976</u>	<u>17 306</u>	<u>15 976</u>	<u>17 306</u>
Note 14 Reinsurance receivable					
Current					
Reinsurers' share of future claims provision		<u>28 739</u>	<u>28 468</u>	<u>28 739</u>	<u>28 468</u>
		<u>28 739</u>	<u>28 468</u>	<u>28 739</u>	<u>28 468</u>
Non-Current					
Reinsurers' share of future claims provision		<u>111 236</u>	<u>121 106</u>	<u>111 236</u>	<u>121 106</u>
		<u>111 236</u>	<u>121 106</u>	<u>111 236</u>	<u>121 106</u>
Note 15 Other current assets					
Prepayments		589	266	589	266
Prepayments - outward reinsurance on unearned premium liability	22	20 097	19 334	20 097	19 334
		<u>20 686</u>	<u>19 600</u>	<u>20 686</u>	<u>19 600</u>

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Note 16 Plant and equipment				
<i>Total plant and equipment</i>				
At cost	11 204	10 912	11 204	10 912
Less: Accumulated depreciation	(4 979)	(4 078)	(4 979)	(4 078)
	<u>6 225</u>	<u>6 834</u>	<u>6 225</u>	<u>6 834</u>

Movement in carrying amount of plant and equipment

	Consolidated Entity		Plant & Equipment \$'000	Total \$'000
	2012	2013		
Carrying amount at beginning of year		4 767	1 700	6 467
Acquisitions		896	879	1 775
Disposals		-	(257)	(257)
Depreciation		(724)	(427)	(1 151)
Carrying amount at end of year		<u>4 939</u>	<u>1 895</u>	<u>6 834</u>
Carrying amount at beginning of year		4 939	1 895	6 834
Acquisitions		521	429	950
Disposals		-	(280)	(280)
Depreciation		(838)	(441)	(1 279)
Carrying amount at end of year		<u>4 622</u>	<u>1 603</u>	<u>6 225</u>
Carrying amount at beginning of year		4 767	1 700	6 467
Acquisitions		896	879	1 775
Disposals		-	(257)	(257)
Depreciation		(724)	(427)	(1 151)
Carrying amount at end of year		<u>4 939</u>	<u>1 895</u>	<u>6 834</u>
Carrying amount at beginning of year		4 939	1 895	6 834
Acquisitions		521	429	950
Disposals		-	(280)	(280)
Depreciation		(838)	(441)	(1 279)
Carrying amount at end of year		<u>4 622</u>	<u>1 603</u>	<u>6 225</u>

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Consolidated Entity		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Note 17 Intangible assets				
<i>Total Intangible assets</i>				
At cost	10 001	8 471	10 001	8 471
Less: Amortisation	(7 754)	(7 437)	(7 754)	(7 437)
	<u>2 247</u>	<u>1 034</u>	<u>2 247</u>	<u>1 034</u>
<i>Software Internally Generated</i>				
At cost	8 796	7 625	8 796	7 625
Less: Amortisation	(7 277)	(6 992)	(7 277)	(6 992)
	<u>1 519</u>	<u>633</u>	<u>1 519</u>	<u>633</u>
<i>Software Acquired</i>				
At cost	553	551	553	551
Less: Amortisation	(477)	(445)	(477)	(445)
	<u>76</u>	<u>106</u>	<u>76</u>	<u>106</u>
<i>Software Work in Progress</i>				
At cost	652	295	652	295
Less: Amortisation	-	-	-	-
	<u>652</u>	<u>295</u>	<u>652</u>	<u>295</u>

Movement in carrying amount of other intangible assets

	Software	Software	Total
	Acquired \$'000	Internally Generated \$'000	\$'000
Consolidated Entity			
2012			
Carrying amount at beginning of year	16	872	888
Acquisitions	100	344	444
Amortisation	(10)	(288)	(298)
Carrying amount at end of year	<u>106</u>	<u>928</u>	<u>1 034</u>
2013			
Carrying amount at beginning of year	106	928	1 034
Acquisitions	1	1 528	1 529
Amortisation	(32)	(284)	(316)
Carrying amount at end of year	<u>75</u>	<u>2 172</u>	<u>2 247</u>
Parent Entity			
2012			
Carrying amount at beginning of year	16	872	888
Acquisitions	100	344	444
Amortisation	(10)	(288)	(298)
Carrying amount at end of year	<u>106</u>	<u>928</u>	<u>1 034</u>
2013			
Carrying amount at beginning of year	106	928	1 034
Acquisitions	1	1 528	1 529
Amortisation	(32)	(284)	(316)
Carrying amount at end of year	<u>75</u>	<u>2 172</u>	<u>2 247</u>

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Note 18 Leasehold restoration paid in advance					
Leasehold restoration paid in advance		354	426	354	426
Less: Amortisation leasehold restoration paid in advance	7	(72)	(72)	(72)	(72)
		<u>282</u>	<u>354</u>	<u>282</u>	<u>354</u>
Note 19 Payables					
Current					
Sundry creditors		35 203	26 536	35 117	26 462
Payable to BSEO for employment entitlements		-	-	7 956	8 216
Accruals		946	935	941	930
		<u>36 149</u>	<u>27 471</u>	<u>44 014</u>	<u>35 608</u>
GST payable		643	588	643	588
GST receivable		(622)	(486)	(622)	(486)
		<u>21</u>	<u>102</u>	<u>21</u>	<u>102</u>
		<u>36 170</u>	<u>27 573</u>	<u>44 035</u>	<u>35 710</u>
Note 20 Accrued Employee Benefits					
Current					
Wages and salaries outstanding		711	734	48	6
Annual leave provision		2 985	3 180	130	108
Long service leave provision		467	375	72	-
		<u>4 163</u>	<u>4 289</u>	<u>250</u>	<u>114</u>
Non-Current					
Long service leave provision		3 952	4 027	-	65
		<u>3 952</u>	<u>4 027</u>	<u>-</u>	<u>65</u>
Note 21 Provisions					
Current					
Leasehold restoration		-	44	-	44
Lease incentive		312	309	312	309
		<u>312</u>	<u>353</u>	<u>312</u>	<u>353</u>
Non-Current					
Leasehold restoration		697	600	697	600
Lease incentive		944	1 227	944	1 227
		<u>1 641</u>	<u>1 827</u>	<u>1 641</u>	<u>1 827</u>
Movement in provisions					
Leasehold restorations					
Balance at 1 July		644	733	644	733
Additional provision recognised		97	-	97	-
Reductions in provision due to completion of lease		(44)	(89)	(44)	(89)
Balance at 30 June		<u>697</u>	<u>644</u>	<u>697</u>	<u>644</u>
Leasehold incentive					
Balance at 1 July		1 536	1 844	1 536	1 844
Additional leasehold incentive		32	-	32	-
Recognition of leasehold incentive		(312)	(308)	(312)	(308)
Balance at 30 June		<u>1 256</u>	<u>1 536</u>	<u>1 256</u>	<u>1 536</u>
Note 22 Unearned premium liability					
BSA's share	3.1	8 219	7 991	8 219	7 991
Reinsurers' share	15	20 097	19 334	20 097	19 334
		<u>28 316</u>	<u>27 325</u>	<u>28 316</u>	<u>27 325</u>

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Queensland Building Services Authority and Controlled Entity
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Note 22.1 Liability adequacy test

The conduct of the liability adequacy test as at 30 June 2013 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 \$24,921,000. This compares to an unearned premium as at 30 June 2013 of \$33,759,000. The difference between the actual calculation for unearned premium (\$28,315,895) and the estimated calculation (\$33,759,000) under the liability adequacy test is a result of the immediate recognition of the administration component of the premium. The estimated present value of expected future underwriting cash flows for future claims without the administration-related component is \$22,511,000.

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 23.1) 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.

	Consolidated Entity		Parent Entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Note 23 Future claims and associated costs				
Expected future claims payments	255 801	264 945	255 801	264 945
Discount to present value	(22 970)	(19 730)	(22 970)	(19 730)
Liability for outstanding claims	<u>232 831</u>	<u>245 215</u>	<u>232 831</u>	<u>245 215</u>
Current	47 537	46 713	47 537	46 713
Non-Current	<u>185 294</u>	<u>198 502</u>	<u>185 294</u>	<u>198 502</u>
	<u>232 831</u>	<u>245 215</u>	<u>232 831</u>	<u>245 215</u>
Represented by:				
Future claims provision	209 072	220 084	209 072	220 084
Future claims processing provision	<u>23 759</u>	<u>25 131</u>	<u>23 759</u>	<u>25 131</u>
	<u>232 831</u>	<u>245 215</u>	<u>232 831</u>	<u>245 215</u>

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

For the succeeding year

Inflation rate	4.50%	4.50%	4.50%	4.50%
Discount rate	2.90%	2.50%	2.90%	2.50%

For subsequent years

Inflation rate	4.00%	4.50%	4.00%	4.50%
Discount rate	2.90%	2.50%	2.90%	2.50%

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

	3.51years	3.47years	3.51years	3.47years
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Note 23.1 Valuation of outstanding claims liabilities

The actuaries incorporated a prudential margin loading of 12% (2012: 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 has been incorporated.

Note 24 Commitments

Operating lease commitments

Total operating lease expenditure, exclusive of GST, contracted for at balance date but not provided for in accounts payable:

- not later than one year	3 038	3 023	3 038	3 023
- later than one year and not later than five years	9 589	11 319	9 589	11 319
- later than five years	<u>1 674</u>	<u>1 686</u>	<u>1 674</u>	<u>1 686</u>
	<u>14 301</u>	<u>16 027</u>	<u>14 301</u>	<u>16 027</u>

BSA leases property, plant and equipment under operating leases expiring from 1 to 11 years. Property leases generally provide BSA with a right of renewal at which time all terms are renegotiated. Lease payments are generally fixed with inflation escalation clauses on which contingent rentals are determined.

Note 25 Segment information

As stated in Note 1(b), BSA is comprised of a General Statutory Fund and an Insurance Fund. The General Statutory Fund derives the majority of its revenue from fees received from building industry contractors to obtain and renew licences required under the *Queensland Building Services Authority Act 1991*. The Insurance Fund derives its revenue from underwriting premiums and administration fees from operating the insurance scheme.

	General Statutory Fund		Insurance Fund		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Consolidated Entity						
Primary reporting segments						
Revenue						
Revenue from external sources	34 272	34 084	104 347	108 358	138 619	142 442
Total segment revenue	<u>34 272</u>	<u>34 084</u>	<u>104 347</u>	<u>108 358</u>	<u>138 619</u>	<u>142 442</u>
Expenditure						
Expenditure from external sources	30 967	33 254	89 379	124 322	120 346	157 576
Total segment expenditure	<u>30 967</u>	<u>33 254</u>	<u>89 379</u>	<u>124 322</u>	<u>120 346</u>	<u>157 576</u>
Net segment result	<u>3 305</u>	<u>830</u>	<u>14 968</u>	<u>(15 964)</u>	<u>18 273</u>	<u>(15 134)</u>
Parent Entity						
Primary reporting segments						
Revenue						
Revenue from external sources	34 272	34 084	104 347	108 358	138 619	142 442
Total segment revenue	<u>34 272</u>	<u>34 084</u>	<u>104 347</u>	<u>108 358</u>	<u>138 619</u>	<u>142 442</u>
Expenditure						
Expenditure from external sources	30 967	33 254	89 379	124 322	120 346	157 576
Total segment expenditure	<u>30 967</u>	<u>33 254</u>	<u>89 379</u>	<u>124 322</u>	<u>120 346</u>	<u>157 576</u>
Net segment result	<u>3 305</u>	<u>830</u>	<u>14 968</u>	<u>(15 964)</u>	<u>18 273</u>	<u>(15 134)</u>

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 25 Segment information (continued)

	General Statutory Fund			Insurance Fund			Larry Fund			Total		
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	
Consolidated Entity												
Primary reporting segments												
Assets												
Segment assets	38 137	35 192	321 629	309 127	1 820	2 218	361 586	346 537				
Liabilities												
Segment liabilities	12 305	12 664	293 260	295 727	1 820	2 218	307 385	310 609				
Net assets												
Segment net assets	<u>25 832</u>	<u>22 528</u>	<u>28 369</u>	<u>13 400</u>	<u>-</u>	<u>-</u>	<u>54 201</u>	<u>35 928</u>				
Other segment information												
Acquisition of non-current segment assets	2 479	2 219	-	-	-	-	2 479	2 219				
Depreciation and amortisation of non-current segment assets	1 594	1 450	1	-	-	-	1 595	1 450				
Other non-cash segment expenses / (gains)	(1 255)	(537)	(1 815)	(8 844)	-	-	(3 070)	(9 381)				
Parent Entity												
Primary reporting segments												
Assets												
Segment assets	38 137	35 192	321 629	309 127	1 820	2 218	361 586	346 537				
Liabilities												
Segment liabilities	12 305	12 664	293 260	295 727	1 820	2 218	307 385	310 609				
Net assets												
Segment net assets	<u>25 832</u>	<u>22 528</u>	<u>28 369</u>	<u>13 400</u>	<u>-</u>	<u>-</u>	<u>54 201</u>	<u>35 928</u>				
Other segment information												
Acquisition of non-current segment assets	2 479	2 219	-	-	-	-	2 479	2 219				
Depreciation and amortisation of non-current segment assets	1 594	1 450	1	-	-	-	1 595	1 450				
Other non-cash segment expenses / (gains)	(1 255)	(537)	(1 815)	(8 844)	-	-	(3 070)	(9 381)				



Queensland Building Services Authority and Controlled Entity

**Notes to and forming part of the financial statements
for the year ended 30 June 2013**

Note 27 Contingent liabilities

Consolidated revenue grant

During the 1998/99 financial year BSA received a \$1.45M grant from the State Government Consolidated Revenue. The grant was made to provide short-term funding support for BSA pending resolution of BSA's long-term funding strategy through the Government's Better Building Industry reforms. The grant was treated as income in BSA's accounts and as a general expense in the Government's accounts for 1998/99. As a result of a subsequent Cabinet Decision, the Government requires the grant to be repaid on a future date. Treasury advice is that the funds are to be repaid as a dividend, with the timing of this repayment dependent on BSA's capacity to do so and to be examined in subsequent annual budget development processes.

As at 30 June 2013, the value of the contingent liability remained at \$1.45M. Provision for payment of the contingent liability, in full or part, was not made in the 2013/14 BSA budget.

Note 28 Financial instruments

(a) Categorisation of Financial Instruments

The Consolidated Entity has the following categories of financial assets and financial liabilities:

Category	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial Assets					
Cash and cash equivalents	30	19 655	16 816	19 655	16 816
Receivables	13	15 976	17 306	15 976	17 306
Reinsurance receivable	14	139 975	149 574	139 975	149 574
Investments with Queensland Investment Corporation (QIC)	12	156 540	135 019	156 540	135 019
Total		332 146	318 715	332 146	318 715
Financial Liabilities					
Financial liabilities measured at amortised cost:					
Payables	19	36 170	27 573	44 035	35 710
Total		36 170	27 573	44 035	35 710

(b) Financial Risk Management

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

Financial risk management is implemented pursuant to Government and BSA policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Consolidated Entity.

All financial risk is managed by the Business Service Division under policies approved by the BSA. The BSA provides written principles for overall risk management, as well as policies covering specific areas.

The Consolidated Entity measures 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 Consolidated Entity may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Consolidated Entity's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk Category	Note	Consolidated Entity		Parent Entity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial Assets					
Reinsurance receivable	14	139 975	149 574	139 975	149 574
Total		139 975	149 574	139 975	149 574

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

(c) Credit Risk Exposure (continued)

The carrying amount of receivables 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 Consolidated Entity.

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

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

The method for calculating any allowance for impairment is based on past experience for certain receivables such as fines and costs awarded by courts. In the case of recovery of insurance claims, each receivable is 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 cease to trade due to bankruptcy or insolvency. The Consolidated Entity recognises this facet of its business and makes the necessary allowance in premium charges and budget expenditure forecasts.

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

Consolidated Entity

<i>2013 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	655	363	179	2 070	3 267
Receivables - Insurance Fund	5 505	609	290	2 097	8 501
Total	6 160	972	469	4 167	11 768

<i>2012 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	625	795	300	2 411	4 131
Receivables - Insurance Fund	1 869	528	253	4 650	7 300
Total	2 494	1 323	553	7 061	11 431

Parent Entity

<i>2013 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	655	363	179	2 070	3 267
Receivables - Insurance Fund	5 505	609	290	2 097	8 501
Total	6 160	972	469	4 167	11 768

<i>2012 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	625	795	300	2 411	4 131
Receivables - Insurance Fund	1 869	528	253	4 650	7 300
Total	2 494	1 323	553	7 061	11 431

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

(c) Credit Risk Exposure (continued)

Consolidated Entity

2013 Impaired Financial Assets	Less than 30			More than 90		Total
	Days	30 -60 Days	61 -90 Days	Days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Receivables - General Fund	17	27	6	3 813		3 863
Allowance for Impairment - General Fund	(7)	(9)	(1)	(3 421)		(3 438)
Receivables - Insurance Fund	1 460	1 358	1 130	64 324		68 272
Allowance for Impairment - Insurance Fund	(1 015)	(1 119)	(921)	(61 434)		(64 489)
Total	455	257	214	3 282		4 208

2012 Impaired Financial Assets	Less than 30			More than 90		Total
	Days	30 -60 Days	61 -90 Days	Days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Receivables - General Fund	14	27	15	2 573		2 629
Allowance for Impairment - General Fund	(2)	(8)	(5)	(2 195)		(2 210)
Receivables - Insurance Fund	3 057	3 458	1 225	60 844		68 584
Allowance for Impairment - Insurance Fund	(2 104)	(2 941)	(1 149)	(56 940)		(63 134)
Total	965	536	86	4 282		5 869

Parent Entity

2013 Impaired Financial Assets	Less than 30			More than 90		Total
	Days	30 -60 Days	61 -90 Days	Days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Receivables - General Fund	17	27	6	3 813		3 863
Allowance for Impairment - General Fund	(7)	(9)	(1)	(3 421)		(3 438)
Receivables - Insurance Fund	1 460	1 358	1 130	64 324		68 272
Allowance for Impairment - Insurance Fund	(1 015)	(1 119)	(921)	(61 434)		(64 489)
Total	455	257	214	3 282		4 208

2012 Impaired Financial Assets	Less than 30			More than 90		Total
	Days	30 -60 Days	61 -90 Days	Days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Receivables - General Fund	14	27	15	2 573		2 629
Allowance for Impairment - General Fund	(2)	(8)	(5)	(2 195)		(2 210)
Receivables - Insurance Fund	3 057	3 458	1 225	60 844		68 584
Allowance for Impairment - Insurance Fund	(2 104)	(2 941)	(1 149)	(56 940)		(63 134)
Total	965	536	86	4 282		5 869

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

(d) Liquidity Risk

Liquidity risk refers to the situation where the Consolidated Entity may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Consolidated Entity is exposed to liquidity risk in respect of its payables.

The Consolidated Entity manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Consolidated Entity 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 are held with Queensland Treasury Corporation in order to maximise opportunity gains. Long term requirements are invested in various Queensland Investment Corporation products.

The following table sets out the liquidity risk of financial liabilities held by the Consolidated Entity.

Consolidated Entity

		2013 Payable in		
		< 1 year	> 1 year	Total
Financial Liabilities	Note	\$'000	\$'000	\$'000
Payables	19	36 170	-	36 170
Future claims and associated costs	23	47 537	185 294	232 831
Total		83 707	185 294	269 001

		2012 Payable in		
		< 1 year	> 1 year	Total
Financial Liabilities	Note	\$'000	\$'000	\$'000
Payables	19	27 573	-	27 573
Future claims and associated costs	23	46 713	198 502	245 215
Total		74 286	198 502	272 788

Parent Entity

		2013 Payable in		
		< 1 year	> 1 year	Total
Financial Liabilities	Note	\$'000	\$'000	\$'000
Payables	19	44 035	-	44 035
Future claims and associated costs	23	47 537	185 294	232 831
Total		91 572	185 294	276 866

		2012 Payable in		
		< 1 year	> 1 year	Total
Financial Liabilities	Note	\$'000	\$'000	\$'000
Payables	19	35 710	-	35 710
Future claims and associated costs	23	46 713	198 502	245 215
Total		82 423	198 502	280 925

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

(e) Market Risk

The Consolidated Entity does not trade in foreign currency and is not materially exposed to commodity price changes. The Consolidated Entity is exposed to interest rate risk and equity investment market risk through its investments with QTC (Cash) and Queensland Investment Corporation (QIC) (Cash and Equities). The Consolidated Entity does not undertake any hedging in relation to interest risk and manages its risk as per the Consolidated Entity's liquidity risk management strategy articulated in the Consolidated Entity's Financial Management Practice Manual.

(f) Interest Rate and Market 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 to profit and loss if interest rates would change by +/-1% from the year end rates applicable to the Consolidated Entity's investment assets. With all other variables held constant, the Consolidated Entity would have a surplus and equity increase/(decrease) of \$1,762,000 (2011: \$1,518,000). This is mainly due to the Consolidated Entity's exposure to variable interest rates on its cash investments and the volatility of the equity market.

BSA's investment focus is toward managing balance sheet risk. This strategy aims to ensure BSA is able to meet its long term liabilities as and when they arise. This strategy is implemented by gradually pursuing an investment strategy of 70% growth, 30% between cash and cash enhanced. The last review was undertaken in 2013 with a commencement date of 2013. Decisions regarding maintenance or adjustment to the strategy are based on BSA's actuarial and investment managers advice.

The Consolidated Entity monitors closely its investment assets particularly as it is exposed to a greater market rate variance than shown with regards to its equity investments.

Consolidated Entity

Financial Instruments	Carrying Amount \$,000	2013 Interest rate /equity market risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash incl QTC and QIC investments	19 655	(197)	(197)	197	197
QIC Cash Enhanced Fund	43 103	(431)	(431)	431	431
QIC Growth Fund	113 437	(1 134)	(1 134)	1 134	1 134
Overall effect on profit and equity		(1 762)	(1 762)	1 762	1 762

Financial Instruments	Carrying Amount \$,000	2012 Interest rate /equity market risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash incl QTC Investments	16 816	(168)	(168)	168	168
QIC Cash Enhanced Fund	39 872	(399)	(399)	399	399
QIC Growth Fund	95 146	(951)	(951)	951	951
Overall effect on profit and equity		(1 518)	(1 518)	1 518	1 518

Parent Entity

Financial Instruments	Carrying Amount \$,000	2013 Interest rate /equity market risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash incl QTC and QIC investments	19 655	(197)	(197)	197	197
QIC Cash Enhanced Fund	43 103	(431)	(431)	431	431
QIC Growth Fund	113 437	(1 134)	(1 134)	1 134	1 134
Overall effect on profit and equity		(1 761)	(1 761)	1 761	1 761

Financial Instruments	Carrying Amount \$,000	2012 Interest rate /equity market risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash incl QTC Investments	16 816	(168)	(168)	168	168
QIC Cash Enhanced Fund	39 872	(399)	(399)	399	399
QIC Growth Fund	95 146	(951)	(951)	951	951
Overall effect on profit and equity		(1 518)	(1 518)	1 518	1 518

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

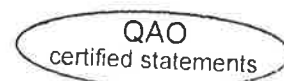
(g) Fair Value

The BSA does not recognise any financial assets or financial liabilities at fair value.

The fair value of receivables and payables is assumed to approximate the value of the original transactions, less any allowance for impairment.

Note 29 Reconciliation of net cash provided by operating activities to operating surplus/(deficit)

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Operating Surplus/(Deficit)	18 273	(15 134)	18 273	(15 134)
Non-cash items in operating surplus:				
Provisions for impaired debts	2 583	9 036	2 583	9 036
Depreciation and amortisation	1 595	1 449	1 595	1 449
Net loss on sale of plant and equipment	28	10	28	10
Changes in net market value of investments	(16 051)	(2 031)	(16 051)	(2 031)
Net change in operating assets and liabilities:				
(Increase) / decrease in receivables	8 346	(28 100)	8 346	(28 100)
(Increase) / decrease in other current assets	(323)	106	(323)	106
Increase / (decrease) in accrued employee benefits	(201)	962	72	13
Increase / (decrease) in provisions	(227)	(398)	(227)	(398)
Increase / (decrease) in sundry creditors and accruals	9 012	(3 894)	8 739	(2 945)
Increase / (decrease) in accrued claims	(12 384)	35 170	(12 384)	35 170
Increase / (decrease) in unearned premiums	991	2 541	991	2 541
(Increase) / decrease in prepayments - outward reinsurance	(763)	(1 826)	(763)	(1 826)
Net cash provided by operating activities	10 879	(2 109)	10 879	(2 109)



Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 28 Financial instruments (continued)

(c) Credit Risk Exposure (continued)

The carrying amount of receivables 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 Consolidated Entity.

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

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

The method for calculating any allowance for impairment is based on past experience for certain receivables such as fines and costs awarded by courts. In the case of recovery of insurance claims, each receivable is 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 cease to trade due to bankruptcy or insolvency. The Consolidated Entity recognises this facet of its business and makes the necessary allowance in premium charges and budget expenditure forecasts.

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

Consolidated Entity

<i>2013 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	655	363	179	2 070	3 267
Receivables - Insurance Fund	5 505	609	290	2 097	8 501
Total	6 160	972	469	4 167	11 768

<i>2012 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	625	795	300	2 411	4 131
Receivables - Insurance Fund	1 869	528	253	4 650	7 300
Total	2 494	1 323	553	7 061	11 431

Parent Entity

<i>2013 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	655	363	179	2 070	3 267
Receivables - Insurance Fund	5 505	609	290	2 097	8 501
Total	6 160	972	469	4 167	11 768

<i>2012 Financial Assets Past due But Not Impaired</i>	Less than 30			More than 90	
	Days	30 -60 Days	61 -90 Days	Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables - General Fund	625	795	300	2 411	4 131
Receivables - Insurance Fund	1 869	528	253	4 650	7 300
Total	2 494	1 323	553	7 061	11 431

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
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Note 31 Insurance Contracts Risk Management

The Authority's home warranty insurance provides Queensland consumers with a comprehensive "first resort" Home Warranty Insurance scheme. The scheme provides protection 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 Authority is overseen by the Queensland Building Services Board (QBS Board) which also has the responsibility for overseeing the Statutory Insurance Scheme.

As a statutory provider of home warranty insurance the Authority 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 Authority is committed to a 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.

Reinsurance

As part of the risk management strategy the Authority 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 Authority's business. The strategy is reviewed and approved by the QBS Board each financial year.

The level of reinsurance is agreed by the QBS Board on advice from the Authority's appointed Actuary, General Manager and Executive Manager Business Services and Insurance. The level of reinsurance must ensure that at all times the Authority will have sufficient capacity to meet its obligations as they fall due.

Reinsurers must be approved by the QBS Board upon recommendation from the General Manager and Executive Manager Business Services and Insurance.

Risk Mitigation

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

Underwriting

Risk acceptance

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

Under BSA's financial requirements 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 the insurance scheme is automatic. Queensland Building Services Authority Act 1991 Part 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.

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 31 Insurance Contracts Risk Management (continued)

Risk Pricing

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

Claims Management

The Authority'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 Authority'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 QBS 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 Authority is not subject to the general insurance industry's regulatory supervisor, the Australian Prudential Regulatory Authority (APRA). The Authority does, however, voluntarily comply with the conditions APRA places upon the general insurance industry.

Claims Development

The Authority's 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 Authority'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 Authority's management of the scheme, the Authority's actuary reviews claims development patterns as part of the bi-annual scheme performance review and calculates the outstanding claims liability.

Outstanding Claims Provision	30/06/2013	30/06/2012
	\$m	\$m
Central estimate of future claims	186.6	197.5
Risk margin based on the 75% adequacy level	22.4	22.6
Future claims processing provision	23.8	25.1
Total	232.8	245.2

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 31 Insurance Contracts Risk Management (continued)

The Authority 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.

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.

Sensitivity testing

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

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

Inflation Rate and Discount Rate Sensitivity Analysis

The estimate of the Consolidated Entity's liability for future claims and associated costs is influenced by the effects of inflation and the discount rate used to obtain the present value of those estimated future costs. The discount rate is the projected "risk free" rate as at 30 June. The tables below indicate the effect a 1% variance would have on the assumed rates used.

Consolidated Entity

Primary results inflation assumption: 4.0%

Financial Instruments	Carrying Amount \$,000	2013 Inflation rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	232 831	8 082	8 082	(8 409)	(8 409)
Reinsurers' share of future claims provision	(139 975)	(4 817)	(4 817)	5 010	5 010
Overall effect on profit and equity		3 265	3 265	(3 399)	(3 399)

Primary results inflation assumption: 4.5%

Financial Instruments	Carrying Amount \$,000	2012 Inflation rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	245 215	8 088	8 088	(8 411)	(8 411)
Reinsurers' share of future claims provision	(149 573)	(4 931)	(4 931)	5 126	5 126
Overall effect on profit and equity		3 157	3 157	(3 285)	(3 285)

Parent Entity

Primary results inflation assumption: 4.0%

Financial Instruments	Carrying Amount \$,000	2013 Inflation rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	232 831	8 082	8 082	(8 409)	(8 409)
Reinsurers' share of future claims provision	(139 975)	(4 817)	(4 817)	5 010	5 010
Overall effect on profit and equity		3 265	3 265	(3 399)	(3 399)

Primary results inflation assumption: 4.5%

Financial Instruments	Carrying Amount \$,000	2012 Inflation rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	245 215	8 088	8 088	(8 411)	(8 411)
Reinsurers' share of future claims provision	(149 573)	(4 931)	(4 931)	5 126	5 126
Overall effect on profit and equity		3 157	3 157	(3 285)	(3 285)

QAO
certified statements

Queensland Building Services Authority and Controlled Entity
Notes to and forming part of the financial statements
for the year ended 30 June 2013

Note 31 Insurance Contracts Risk Management (continued)

Inflation Rate and Discount Rate Sensitivity Analysis

Consolidated Entity

Primary results discount rate assumption: 2.9%

Financial Instruments	Carrying Amount \$,000	2013 Discount rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	232 831	(7 485)	(7 485)	7 071	7 071
Reinsurers' share of future claims provision	(139 975)	4 454	4 454	(4 209)	(4 209)
Overall effect on profit and equity		(3 031)	(3 031)	2 862	2 862

Primary results discount rate assumption: 2.5%

Financial Instruments	Carrying Amount \$,000	2012 Discount rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	245 215	(7 550)	(7 550)	7 132	7 132
Reinsurers' share of future claims provision	(149 573)	4 598	4 598	(4 345)	(4 345)
Overall effect on profit and equity		(2 952)	(2 952)	2 787	2 787

Parent Entity

Primary results discount rate assumption: 2.9%

Financial Instruments	Carrying Amount \$,000	2013 Discount rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	232 831	(7 485)	(7 485)	7 071	7 071
Reinsurers' share of future claims provision	(139 975)	4 454	4 454	(4 209)	(4 209)
Overall effect on profit and equity		(3 031)	(3 031)	2 862	2 862

Primary results discount rate assumption: 2.5%

Financial Instruments	Carrying Amount \$,000	2012 Discount rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Future claims and associated costs	245 215	(7 550)	(7 550)	7 132	7 132
Reinsurers' share of future claims provision	(149 573)	4 598	4 598	(4 345)	(4 345)
Overall effect on profit and equity		(2 952)	(2 952)	2 787	2 787

Note 32 Subsequent Event

On 22 August 2013, the Queensland Building Services Authority Amendment Bill 2013 was passed in Parliament to replace the Queensland Building Services Authority with the Queensland Building and Construction Commission. However, no date has been proclaimed for this transfer.

Certificate of the Queensland Building Services Authority

These general purpose financial statements have been prepared pursuant to s.62(1) of the Financial Accountability Act 2009 (the Act), relevant sections of the Financial and Performance Management Standard 2009 and the 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 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 Services Authority and its controlled entity for the financial year ended 30 June 2013 and of the financial position of the Authority at the end of that year.



John Gaskin
Chairman



Ian Jennings
General Manager

Brisbane
30 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Building Services Authority

Report on the Financial Report

I have audited the accompanying financial report of Queensland Building Services Authority, which comprises the statements of financial position as at 30 June 2013, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year 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 year's end or from time to time during the financial year.

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 Services Authority and the consolidated entity for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Emphasis of Matter – Abolition of Queensland Building Services Authority

Without modifying my opinion, attention is drawn to Note 1(a) in the financial report which identifies that the Queensland Building Services Authority is to be abolished. While the specific timing is unknown, inherent uncertainty exists in the future operations of Queensland Building Services Authority.

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.



C F DOUGHERTY CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

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Letter of compliance

20 September 2013

The Honorable Tim Mander MP
Minister for Housing and Public Works
GPO Box 2457
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report 2012–13 and financial statements for the Queensland Building Services Authority.

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*.
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies 2012–13

A checklist outlining the annual reporting requirements can be found on page 75 of this report or accessed at www.bsa.qld.gov.au

Yours faithfully

John Gaskin
Chairman
Queensland Building Services Board

Compliance checklist

Summary of requirement		Basis	Report reference
Letter of compliance	Letter of compliance from the QBSA to the Minister.	ARRs - section 8	Pages: 75
Accessibility	Table of contents and glossary	ARRs - section 10.1	Pages: 74
	Public availability	ARRs - section 10.2	Pages: 2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARR - section 10.3	Pages: 2
	Copyright notice	<i>Copyright Act 1968</i> ARR - section 10.4	Pages: 2
	Information licensing	<i>Queensland Government Enterprise Architecture - Information licensing</i> ARR - section 10.5	Pages: 2
General information	Introductory information	ARRs - section 11.1	Pages: 3,5
	Agency role and main functions	ARRs - section 11.2	Pages: 3
	Operating environment	ARRs - section 11.3	Pages: 17–25
	Machinery of Government changes	ARRs - section 11.4	Pages: 6,7
Non-financial performance	Government objectives for the community	ARRs - section 12.1	Pages: 6,7
	Agency objectives and performance indicators	ARRs - section 12.3	Pages: 4
	Agency service areas, service standards and other measures	ARRs - section 12.4	Pages: 17–25
Financial performance	Summary of financial performance	ARRs - section 13.1	Pages: 3
	Chief Financial Officer statement	ARRs - section 13.2	Pages: 29
Governance - management and structure	Organisational structure	ARRs - section 14.1	Pages: 13
	Executive management	ARRs - section 14.2	Pages: 13
	Boards and committees	ARRs - section 14.4	Pages: 8–11
	<i>Public Sectors Ethics Act 1994</i>	<i>Public Sectors Ethics Act 1994 (section 23 and Schedule)</i> ARR - section 14.5	Pages: 14,
Governance- risk management and accountability	Risk management	ARRs - section 15.1	Pages: 12
	External scrutiny	ARRs - section 15.2	Pages: 14
	Audit committee	ARRs - section 15.3	Pages: 11
	Internal audit	ARRs - section 15.4	Pages: 12
	Information systems and record keeping	ARRs - section 15.7	Pages: 14, 26–28
	Governance - human resources	Workforce planning, attraction and retention and performance	ARRs - section 16.1
Early retirement, redundancy and retrenchment		Directive No. 11/12 Early Retirement, Redundancy and Retrenchment ARR - section 16.2	Pages: 26–28
Voluntary Separation Program		ARRs - section 16.3	Pages: 26–28
Open data	Open data	ARRs - section 17	Pages: 16
Financial statements	Certification of financial statements	FAA - section 62 FPMS - section 42,43 and 50 ARRs - section 18.1	Pages: 70
	Independent Auditors Report	FAA - section 62 FPMS - section 50 ARRs - section 18.2	Pages: 71
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARR - section 18.3	Pages: 47

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*