

Building and Plumbing Newsflash 563

Phase 2 of New Minimum Financial Requirements (MFR) for licensing in the building and construction industry

Purpose

To advise that the:

- second phase of the reforms to the Minimum Financial Requirements (MFR) for licensing within the building and construction industry commence on 2 April 2019
- current MFR Policy will be repealed.

Background

Insolvencies and corporate collapses in Queensland's building and construction industry can have wide-ranging financial and social impacts. To help mitigate these impacts, the Queensland Government committed through the Queensland Building Plan to create new laws that strengthen the MFR. Effective regulation, well enforced, builds confidence in the industry and creates job opportunities which helps grow a stronger economy.

The MFR changes are being implemented in two phases. The first phase of changes commenced on 1 January 2019 with the introduction of the [Queensland Building and Construction Commission \(Minimum Financial Requirements\) Regulation 2018](#) (Regulation). Changes in this Regulation included reintroducing mandatory annual reporting and requiring higher risk licensees (categories 4-7) to report decreases in Net Tangible Assets of 20 per cent or more.

The second phase of the changes commence on 2 April 2019.

How the changes will be implemented

From 2 April 2019, the following changes are made to the Regulation:

- Larger, high-risk licensees (categories 4-7) need to report more detailed information (i.e. more information about debtors) to the Queensland Building and Construction Commission (QBCC).
- The QBCC is able to seek independent accountancy advice if the QBCC believes that false and misleading information has been provided in an MFR report.
- Any significant changes made by an accountant to an MFR report need to be clearly identified and supported by updated financial information.
- Licensees who wish to rely on a Deed of Covenant and Assurance or related entity loan (in order to meet their asset thresholds) need to provide the QBCC with more detailed financial information to show the agreement can be honoured.
- New penalties are introduced for failing to comply.
- The current MFR Policy is repealed, as all of the requirements are included in the Regulation.

Together, the MFR reforms help the QBCC to better detect and act on potential insolvencies and corporate collapses.

More information

If you have any questions regarding the new MFR framework, please email mfr@hpw.qld.gov.au.

To find out more about the new requirements visit the Queensland Building and Construction Commission's website www.qbcc.qld.gov.au or the Department of Housing and Public Works' website www.hpw.qld.gov.au.

Contact us

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