

# MEDIA STATEMENT

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## Immediate review of building industry financial reporting

The financial-reporting requirements for members of the building industry will be immediately reviewed amid harsh criticism that a policy introduced by the previous QBC Board has weakened the industry regulator's effectiveness in monitoring the financial health of its licensees.

Chair of the current Queensland Building and Construction (QBC) Board, Dick Williams, said the Minimum Financial Requirements (MFR) Policy introduced by the previous board had significant flaws that decreased protection for home owners and industry members against the financial failure of licensees, and building company collapses.

Mr Williams said the policy failed to provide the Queensland Building and Construction Commission (QBCC) with a strong, proactive regulatory tool to deal with potential financial failures and related offences.

He said the current QBC Board would immediately review the MFR Policy, and had already started the process of restructuring the QBCC's Financial Investigations Unit to ensure it had the appropriate capability and capacity to investigate and act upon financial irregularities and reported payment issues in the building industry.

"The QBCC, even with an improved MFR Policy, cannot prevent builders from going bust due to bad management, too-thin margins or other matters out of its control. However, what it will assist with is providing the QBCC with another tool to combat the shonky practices that have been allowed to flourish under the current inadequate MFR provisions.

"I'm gobsmacked that the current policy puts the onus on building industry members to provide the QBCC with information about non-payment of debts and other serious financial issues before the QBCC can investigate these concerns. This is a policy that had no proactive regulatory component in it for the QBCC to use, which is mind-boggling."

Mr Williams said another significant failing of the MFR Policy was the removal of the requirement for audited financial accounts to be provided to the QBCC when licences are renewed, which has raised concerns about the accuracy of the information available to the QBCC about the financial wellbeing of licensees.

"All those decisions greatly weakened the MFR Policy, and this was compounded by the lack of resourcing provided to the QBCC Financial Investigations Unit to implement the policy and to act on any financial issues it uncovered. The QBCC was given a half-baked, reactive policy and insufficient resourcing to implement it, creating a system with inadequate regulatory, monitoring and investigative powers.

"This policy just isn't working as it should be, but my board is going to ensure that it does, by providing proactive powers and appropriate resources to the QBCC so that it can better protect home owners,

subcontractors, suppliers and other industry participants against the threat of suspicious financial activity."

ENDS

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