

A practical guide

To Key Queensland Building and Construction Commission (“QBCC”) Licence Requirements

Summary tables below are for guidance only on major areas of compliance for the specified categories of QBCC licence¹.

Key Minimum Financial Reporting Requirements

- Prepare quarterly management accounts²
- Maintain a current ratio > 1:1
- Actual Revenue³ < QBCC-Approved Maximum Revenue
- Maintain Net Tangible Assets (“NTA”) sufficient to support Actual Revenue
- Pay all undisputed debts as and when they fall due and payable
- Pay sub-contractors within 25 business days of a payment claim
- Hold an appropriate level of PI insurance
- Maintain Project Trust Accounts where required
- Lodge financial report with the QBCC annually

MFR Report

An independent review or audit (“MFR Report”) is required⁴ when:

- Applying for a new licence or to increase the Maximum Revenue
- NTA has decreased by:
 - > 30% (Categories 1 – 3)
 - > 20% (Categories 4 – 7)
- There is significant change to the business (changes to directors or shareholders)
- Requested by QBCC

MFR reports are not required for annual reporting purposes.

Calculating NTA

	\$
Net assets (in accordance with Accounting Standards)	X
Less: (main exclusions only)	
Intangible assets	(X)
Net deferred tax assets	(X)
Trade debtors > 180 days (discount amount by 50%)	(X)
Trade debtors > 365 days	(X)
Unlisted units or unlisted shares	(X)
“Uncollectible” related party receivables ⁵	(X)
Other assets specifically disallowed by the QBCC ⁶	(X)
Actual NTA	X

Next steps

For more information or assistance contact Daniel Gill or Chris King on +61 7 3023 1300.

¹ Summary tables are not a comprehensive statement of all applicable requirements. Actual requirements are defined in the current *Queensland Building Construction Commission (Minimum Financial Requirements) Regulation 2018* and related legislation (“QBCC Rules”).

² The contents of quarterly management accounts are defined in the QBCC Rules.

³ Actual Revenue = all revenue and gains recognised in the profit and loss statement from all sources.

⁴ Whether a review or audit is required depends upon whether the licensee is being audited under the *Corporations Act 2001*.

⁵ “Collectible” is strictly defined for related party receivables under the QBCC Rules. Many related party receivables will often not meet the definition.

⁶ The QBCC Rules list a number of specific assets which are disallowed, eg non-business assets.

Project and Retention Trusts Accounts (“PTA”)

Licensees must maintain two trust accounts: a project trust account (“PTA”)⁷ and a retention trust account (“RTA”)⁸. These requirements continue to be introduced in stages as follows:

PTA Phase	Applies to (all values ex-GST)
1 July 2023	State Government, Hospital and Health Services contracts > \$1m or more All construction contracts > \$10m or more
1 March 2025	All construction contracts > \$3m or more
1 October 2025	All construction contracts > \$1m or more

Requirements	Audit Required	When	Other
PTA	Only by QBCC direction	As per QBCC direction	N/A
RTA	Independent review required	Annually – must be started within 20 business days after the end of each period of review. The period of review is 12 months starting on the day the account was opened. This is usually different from the financial year.	The Licensee must complete compulsory training and attain a completion certificate.


Next steps

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⁷ Licensees must bank monies from their customers into the project trust account as per *The Building Industry Fairness (Security of Payment) Act 2017*. They are prohibited from withdrawing monies for any other purposes until the head sub-contractor has been paid.

⁸ Where retentions apply to a contract, monies sufficient to cover the retentions must be kept in a retention trust account until the retentions are paid.

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