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28 August 2025

Opportunities to improve construction industry productivity
Queensland Productivity Commission
PO Box 12078
George St., Brisbane QLD 4003

Via online submission: www.qpc.qld.gov.au

Opportunities to improve productivity of the construction industry – Interim Report

As one of the largest professional accounting bodies in the world, CPA Australia represents the diverse interests of more than 175,000 members working in over 100 jurisdictions and regions around the world, working in diverse roles across public practice, commerce, industry, government and academia throughout Australia, New Zealand and internationally. We welcome the opportunity to provide feedback on the above Interim Report. We make this submission on behalf of our members and in the public interest. We restrict our comments in this submission to Section 13.0 *Financial regulation*.

We welcome consideration in this Interim Report of both the Minimum Financial Requirements (MFR) regime and Trust Account Framework regulated by the Queensland Building and Construction Commission (QBCC). Whilst we acknowledge the premise of the two regulatory mechanisms is to protect consumers, sub-contractors, employees and other stakeholders from exposure to financial risk in the Queensland construction industry, we agree with some of the concerns raised in the Interim Report as to whether the benefits from these mechanisms outweigh the costs.

Since implementation of the MFR regime in 2019, CPA Australia has been a strong advocate for simplifying these requirements to reduce regulatory burden on licensees and their accountants, which has largely been achieved. We have also been closely involved in providing input into the development of the Trust Account Framework that is in the process of being fully implemented. We have provided our detailed responses to preliminary recommendations 13 (MFR Regime) and 14 (Trust Account Framework) in Attachment A to this letter.

Should you have any questions or wish to discuss further, please contact Ram Subramanian, Financial Reporting Lead at ram.subramanian@cpaaustralia.com.au.

Yours sincerely

Elinor Kasapidis
Chief of Policy, Standards and External Affairs
CPA Australia

Attachment A:

Preliminary recommendation 13 – Minimum Financial Requirements

Unless it can be demonstrated that Queensland's minimum financial requirements deliver net benefits to the community, the Queensland Government should remove the requirements

CPA Australia supports reform proposals that seek to streamline regulatory requirements that are consistent across all jurisdictions in Australia. However, whilst consistency with similar requirements in other jurisdictions is desirable, any proposal to completely remove the minimum financial requirements (MFR) regime must be balanced against the current protections it offers to consumers and other stakeholders. Even if the MFR requirements are removed, we expect an alternative scheme is needed for the protection of consumers and other stakeholders. This could be an insurance-based scheme such as those in operation in Victoria and New South Wales. We expect a costs-benefits analysis of replacing the existing MFR-regime with a new insurance-based scheme will need to be undertaken before proceeding with such an alternative.

We welcome the changes made to the MFR regime in early 2025 noted in the Interim Report which brought financial reporting relief to sole traders with annual revenue up to $800,000. CPA Australia has been a strong advocate for reduction in financial reporting requirements under the MFR regime for a number of years and we previously welcomed the changes made to the regime in early 2024 that simplified financial reporting requirements for licensees up to category 4 (annual revenue up to $30m). Whilst the reductions in reporting requirements have reduced the regulatory burden previously associated with the MFR regime since its commencement in 2019, we would be pleased to assist with any further regulatory reforms in this area, if the Queensland Government decides to retain the MFR regime.

Preliminary recommendation 14 – Trust Account Framework

To reduce regulatory burden on the construction industry, the pause on further rollout of Queensland's trust account framework should remain in effect until the Queensland Government undertakes commensurate regulatory impact analysis of the framework in line with the Better Regulation Policy.

CPA Australia notes that the Trust Account Framework is in place to provide, amongst other things, a degree of payment protection to contractors and subcontractors. However, as noted in the Interim Report the maintenance of trust accounts can be complex and expensive and any benefits of continuing with the Trust Account Framework must outweigh the costs associated with it. Accordingly, we support the proposed preliminary recommendation to pause further rollout of the framework until the Queensland Government undertakes a suitable regulatory impact analysis. Such an analysis should consider the costs and complexities associated with implementing and regulating the framework and the expected benefits arising from it.