

# Have your say – so all subbies get paid



### What is security of payment?

Security of payment in the construction industry is about making sure everyone in the contractual chain gets paid for work done or goods supplied by a subcontractor. Subcontractors are particularly vulnerable because they are generally further down the payment chain.

### What are the problems?

- insolvency in the contractual chain
- retention money being used as cash flow
- delays in payment
- challenges with managing finances and business

### Why is it important?

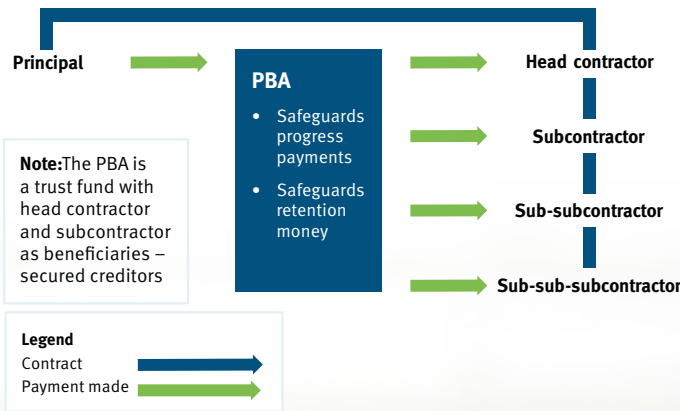
Security of payment in the construction industry is important – it is about making sure subcontractors get paid on time, every time. This is not just important for workers and their families, it is important for Queensland’s economy and productivity.

### What is being done?

The Queensland Government has released a Security of Payment discussion paper to seek comments and suggestions from industry and the community on how best to tackle this issue for subcontractors. The Government is meeting with Queenslanders at consultation sessions all around the State to hear what they think.

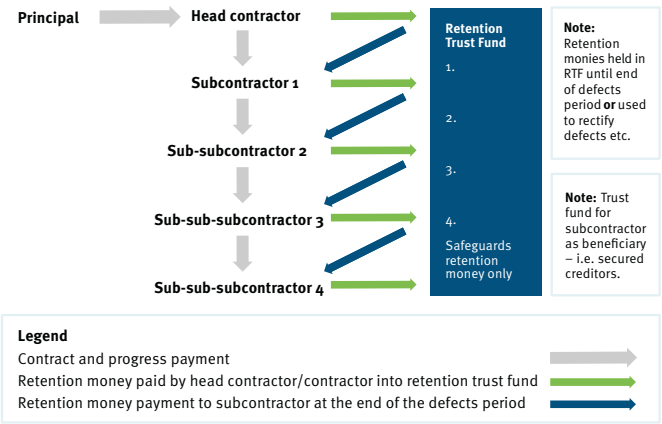
### The options

**Option 1—Project Bank Accounts (PBA):** Everyone from the head contractor to all subcontractors get paid at the same time through a trust account.



Explanation: In this model, instead of a chain of payments that is vulnerable to insolvency, everyone gets paid from the PBA at the same time. The PBA safeguards progress payments and retention money.

**Option 2—Retention Trust Fund Scheme:** This option requires subcontractors’ retention money to be held in a separate trust account.



Explanation: In this model, the contractual chain of payments is used. Only retention money is safeguarded in a trust account. Progress payments are still subject to insolvency in the contractual chain.

**Option 3—Insurance schemes:** This option includes a range of insurance schemes to safeguard against defects, late completion and insolvency of contractors.

**Option 4—Federal legislative changes:** This option seeks to lobby the Commonwealth government for reform to Commonwealth legislation relating to security of payment in the construction industry.

**Option 5—Education:** This option proposes education for the building and construction industry regarding matters such as financial management, contract management and protection of their rights.

### The discussion paper also seeks feedback on the status quo.

#### Amendments to the *Building and Construction Industry Payments Act 2004*

This Act establishes an adjudication process to enable quick resolution of disputed or outstanding progress and final payments. Amendments were made in 2014.

Were the 2014 amendments to this Act effective?

Could this Act be improved?

Is this Act effective?

#### Amendments to the *Subcontractors’ Charges Act 1974*

This Act establishes a process involving a statutory charge over monies. If a subcontractor isn’t paid, it can seek to have unpaid amounts quarantined in court. Court action is required to secure the payment.

#### Amendments to the *Queensland Building and Construction Commission Minimum Financial Requirements Policy*

The Queensland Building and Construction Commission Minimum Financial Requirements Policy includes rigorous requirements for licensees to manage debts appropriately or face possible suspension or cancellation of their licence. The policy requires licensees to report their financial position and report in certain circumstances.

Do you think the current requirements are effective?





## How can I have my say?



**Online:** [www.getinvolved.qld.gov.au](http://www.getinvolved.qld.gov.au)

**Email:** [securityofpayment@hpw.qld.gov.au](mailto:securityofpayment@hpw.qld.gov.au)

**Post:** Security of Payment discussion paper  
GPO Box 2457  
Brisbane QLD 4001

**Attend a consultation session:** Check out a location near you at [www.hpw.qld.gov.au/BuildingIndustryPolicyEvents](http://www.hpw.qld.gov.au/BuildingIndustryPolicyEvents)

## Where can I get more information?

Visit our website: [www.hpw.qld.gov.au](http://www.hpw.qld.gov.au) or email [securityofpayment@hpw.qld.gov.au](mailto:securityofpayment@hpw.qld.gov.au)

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