

23 November 2021

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Hon Mick de Brenni
Minister for Energy, Renewables and Hydrogen
Minister for Public Works and Procurement
1 William Street
BRISBANE QLD 4001

VIA EMAIL: epw@ministerial.qld.gov.au

Dear Minister,

RE: PBA'S

I am writing to you in relation to the scheduled rollout of project trust accounts to private sector construction projects from January 2022.

Unfortunately, Master Builders has been informed by a broad spectrum of affected builder members that the industry is administratively and financially under-prepared for the expansion of the reforms to the private sector next year.

Based on the information received we believe that if the reforms proceed in line with the current schedule there will be wide-spread non-compliance, particularly when project trust accounts become required for \$3 million contracts (1 July 2022) and \$1 million contracts (1 January 2023).

Industry readiness appears to have been hampered by many building contractors being affected or distracted by unexpected financial and business challenges arising from the COVID pandemic recovery. These challenges include:

- Substantive shortages in materials and labour for projects and associated delays in commencement of work;
- Persistent and unpredictable price rises across timber and steel products, coupled with the inability to alter residential and commercial construction contracts to counteract this;
- Contractors experiencing increased financial strain thereby shrinking their ability to absorb the increased administrative costs associated with project trust accounts, including accountancy and new technology costs.

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Concerns have also been raised that the current timetable for the reforms is likely to coincide with the Australian Tax Office resuming its recovery activities for non-payment of taxation debts. This may lead to further financial strain on affected contractors thereby inhibiting their ability to bear the additional costs associated with establishing and managing project trust accounts.

Having regard to the above, I would urge you to consider delaying the scheduling of the reform agenda. Based on industry feedback, Master Builders recommends that each of the remaining milestones for the reforms be extended by 12 months.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Galvin', with a stylized flourish at the end.

Grant Galvin
CEO