

Building and Plumbing Newsflash 615

Trust account start dates for remaining phases extended by up to two years

Purpose

To inform industry of changes to commencement dates for the two remaining phases of the trust account framework to allow more time for industry to prepare:

- Phase 3 (eligible contracts of \$3 million or more) to 1 March 2025.
- Phase 4 (eligible contracts of \$1 million or more) to 1 October 2025.
- Retention trusts accounts will also apply throughout the contractual chain from this point.

Background

The government has been progressively introducing trust accounts for building industry contracts since 2018. Trust accounts are an integral part to the government's approach to security of payment and are designed to protect progress payments and retention amounts in the event of insolvency.

The remaining two phases were scheduled to commence on 1 April 2023 (eligible contracts valued at \$3 million or more) and 1 October 2023 (eligible contracts valued at \$1 million or more and retention trusts along the contracting chain). These commencement dates have now been extended.

There is no change to the phases which have already commenced. Trusts will continue to be required for government projects of \$1 million or more and private sector projects of \$10 million or more.

Why commencement has been extended

To ensure the ongoing success of the trust account reforms, the Department of Energy and Public Works (DEPW) has been monitoring market capability and readiness and listening to industry feedback.

The government acknowledges the building and construction industry continues to be impacted by market-wide challenges such as supply chain disruptions, skilled labour shortages, high demand and increased project costs. This is impacting industry readiness for the reforms.

The government is also aware challenges currently exist with accounting software capability and record keeping requirements. More time is needed for software providers to provide solutions that facilitate industry compliance.

As a result, government decided to extend the commencement dates for the remaining two phases of the framework to provide more time for industry to transition their business and systems.

In the interim, industry can continue to use other existing security of payment protections including adjudication, payment withholding requests, subcontractors' charges and monies owed complaints.

To ensure the ongoing success and smooth implementation of the framework, government will continue to work closely with software providers and monitor the readiness of industry in the lead up to the next phases.

More information

For more information about trust accounts visit the Queensland Building and Construction Commission website www.qbcc.qld.gov.au/trust-accounts.

Contact us

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