

# Media Release

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## Steady Hand Needed to Fix Building Payment Problems

The major parties in the upcoming election need a pragmatic approach to ensuring prompt and fair payment in the building industry, according to Master Builders.

Sledge-hammer solutions to problems caused by the few had to be avoided if those solutions adversely affected the industry majority.

Master Builders' Director, Michael McLean, says the effectiveness of recent changes introduced by the Government needs to be monitored. Any further moves must involve genuine industry consultation and not simply increase red tape.

"Project bank accounts are a case in point," Mr McLean said. "We strongly support prompt payment throughout the contract chain, from owners through head contractors, subcontractors and lower tier contractors and workers.

"But the upshot of the Government's own trial of PBAs was ambivalent. Their advisers said PBAs potentially improve security of payment, but additional administration and PBA complexity 'reduce the value proposition they potentially represent'."

"Refining the PBA model and continuing the trial were recommended."

Mr McLean said that despite this, the Government had gone ahead with PBAs on its \$1.5-50 million projects.

"We still don't know how the effectiveness of this regime will be measured," Mr McLean said. "We do know the additional administration will come at a cost to head contractors and this cost has to be passed on."

Mr McLean said it was an example where red tape was increased without unambiguous benefits. Broadening the application of PBAs to include housing, something the Queensland Government is planning and which WA's Opposition reportedly has not ruled out, would be disastrous.

Mr McLean said recent changes to bar unduly long payment terms and to encourage rapid adjudication of payment disputes were positive as was the new WA Code of Conduct, which includes tying good contractual performance to eligibility for Government work. While longer term implications needed to be watched, industry had had the opportunity to provide input on these reforms.

"In some cases, the discussions were extensive," Mr McLean said. "That's the sort of consultation we need for any further changes on security of payment and we must have an approach that realistically weighs the impact of regulatory change."

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