

Media Release

Builders support security of payment reform

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Reforms to ensure payment protection for all construction workers are supported by Master Builders WA but changes should be phased in to give builders time to adjust to new obligations.

“Everyone in the building contract chain should be paid for their work in full and on time,” Master Builders WA executive director John Gelavis said.

“Master Builders has actively engaged with the State Government on security of payment reform for many years, including through the Fiocco Review. We have consistently held the view that any changes should not apply to one party at the expense of another and not to be unduly disruptive to industry nor impose undue additional cost.

“We will review the detail of the bill which has been introduced to parliament to see if our recommendations on improvements to areas such as adjudication process, transition periods and admissibility of evidence have been incorporated.

“The State Government has rightly not moved forward with statutory construction trusts in the legislation. Statutory provisions that each contractor and subcontractor in the contractual chain is deemed to hold funds in trust for parties further down the chain would have an adverse impact on the industry, particularly in the difficult economic situation we are facing. The proposed new retention trust scheme will be less disruptive.

“It will be critical that an education and training program for the roll-out of retention trust accounts be developed to ensure industry has access to appropriate information and is able to gain skills in trust accounting to comply with the obligations. There will be a steep learning curve ahead.

“It is also important that a sufficient phase-in period be applied to the introduction of retention trust accounts to give industry time to understand any new obligations and complete necessary training.

“Master Builders welcomes the focus on good business practice in the planned new laws. Builders with a history of ripping off subcontractors or ‘phoenixing’ by declaring bankrupt and leaving their debts behind to re-emerge with a new business do not belong in our industry.

“The State Government, through its procurement agencies such as Building Management and Works, should take a leadership role and adopt initiatives such as more innovative procurement models, early contractor involvement on some of its bigger projects, more qualitative criteria to appoint builders rather than relying on lowest price, ensuring contracts are fair in sharing risks with builders and ongoing financial performance measurements.

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