

Submission to the Queensland Productivity Commission

Subject: Review of Project Trust Account Requirements and Exemption Period

To Whom It May Concern,

I write to formally submit feedback on the current Project Trust Account (PTA) framework and the exemption period under the Building Industry Fairness (Security of Payment) Act 2017.

As a practitioner in the construction industry, I wish to express deep concern regarding the adverse effects of Project Trust Accounts on the residential building and commercial fitout sectors—particularly at a time when Queensland is experiencing a housing supply crisis and affordability is at an all-time low.

1. Extension of the 90-Day Exemption to 275 Days

The current 90-calendar day exemption for eligible contracts inadvertently captures residential builders and fitout contractors engaged in projects that were contracted shortly before the threshold came into effect but are delivered over a longer timeline. I propose that this exemption period be extended to **275 calendar days**, aligning it more realistically with typical project lead times, especially where design, procurement, and staged works are involved.

Without this extension, many builders are forced to comply with PTA obligations mid-project—despite contracting under a different set of expectations and with pricing models that didn't account for these administrative and financial burdens. This creates unnecessary disruption, increased compliance costs, and legal ambiguity for all parties involved.

2. Impact on Housing Affordability and Supply

The PTA regime, while well-intentioned in its goal to protect subcontractor payments, imposes disproportionate costs and delays on smaller contractors and builders, particularly those operating in the residential and fitout sectors. These sectors are essential contributors to housing supply and urban renewal across the state.

The additional administrative overhead, trust account setup costs, bank fees, and compliance risks—especially for lower-risk projects and reputable operators—ultimately get passed onto homeowners, tenants, or lessees. This runs counter to the state's objective of improving affordability and increasing the volume of homes being delivered.

It's also worth noting that **not a single subcontractor has been protected under a Project Trust Account in instances where a builder has collapsed**. The policy is failing to deliver its most critical promised outcome.

3. Barriers to Business Sustainability

For smaller construction businesses, the introduction of PTAs can strain already thin margins and lead to cash flow instability. At a time when builders are being encouraged to take on more work to meet demand, the PTA requirements are acting as a disincentive—discouraging participation and stifling productivity.

Rather than enhancing trust in the industry, the current policy risks creating administrative fatigue, reduced tendering activity, and greater consolidation of the market, potentially harming subcontractor access to diverse opportunities.

4. A More Targeted Approach is Needed

We strongly urge the Commission to consider:

- **Extending the 90-day exemption to 275 days** to reflect realistic delivery timeframes.
- **Licensing developers and/or increasing Minimum Financial Requirement (MFR) thresholds** as a more effective and upstream measure to ensure financial responsibility and stability across the supply chain.
- **Considering tiered or risk-based exemptions** for sectors like fitout and residential construction, which are already regulated and time-sensitive, and where the financial risk profiles are typically lower.

Conclusion

Queensland needs more homes, not more red tape. The construction sector is ready and willing to play its part in addressing the housing crisis—but it needs a regulatory environment that supports, not hinders, delivery.

I thank the Commission for the opportunity to make this submission and would welcome the chance to provide further insights or participate in stakeholder consultations on this matter.