



# Media release

Minister for Housing and Public Works  
The Honourable Mick de Brenni

## **Building and construction subcontractors to get improved payment security**

The Palaszczuk Government is planning to legislate a new secure payment system to ensure contractors in the building and construction industry get paid in full and on-time.

State Government commissioned analysis by Deloitte has quantified the economic impact of contractors not having secure payment in the construction industry.

Premier Anastacia Palaszczuk said the Deloitte's analysis revealed a litany of problems sub-contractors encounter far too often.

"We made an election commitment to review and consult widely on the security of payment our subbies face.

"We've done that. Now the economic evidence is in. The community expects us to act and we will."

Minister for Housing and Public Works Mick de Brenni said on-going payment problems within the sector have held Queensland's small business sector back for far too long.

"There is an urgent need for wholesale reform.

"I've been saying for a long time now that the current payment system is flawed, leaving too many subbies out in the cold," the Minister said.

Late payments, non-payments and insolvencies are systemic and widespread and impact badly on subcontractors, who usually rely on contractors above them for payment.

The Deloitte report outlines that the state could benefit from \$6.42 billion in extra economic activity over the next twenty years through action on security of payment, supporting the creation of 1089 extra jobs a year.

The construction sector contributed around \$44 billion in 2015-2016 to the state's economy and currently provides around 220,000 jobs.

Minister de Brenni is now finalising a new security payment system.

"I've heard from countless subbies across the state that non-payment or delayed payment is killing small business confidence," he said.

"It wrecks their business, it tears apart families, some people are losing everything and this impacts on suppliers and the wider community.

"I won't stand to hear another story of a suicide or a busted up marriage because this issue remains unresolved." Mr de Brenni said.

Consultation has revealed that "what was once considered poor business practice is a standard operating model in the industry."

There are repeated instances of head contractors and other contractors delaying payments to subcontractors in order to supplement their own cash flow, offset the costs of other projects, receive interest and avoid additional financial costs for accessing further funding.

"These shonky practices must be stopped.

"Many subbies are being used as pseudo overdraft facilities.

"I want to give our subcontractors clarity of what the Government intends and where we are all going before Christmas," the Minister said.

Comprehensive details of what the Government will legislate for will be released shortly.

The Deloitte analysis of security of payment reform for the building and construction industry can be found at:

<http://www.hpw.qld.gov.au/construction/BuildingPlumbing/Building/> (

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