

NOTICE OF MOTION

SUBMITTED BY COUNCILLOR: Cr Rogerson

COUNCIL MEETING: Ordinary 20 February 2020

I hereby notify of my intention to move the following motion at the Ordinary Meeting to take place on Thursday 20 February, 2020:

That the Chief Executive Officer bring a report to the March Council meeting regarding the establishment of project bank/trust accounts for contractors engaged to work for, or on behalf of Council. The process will require the setting up of trust accounts where funds are held in trust for head contractors and subcontractors, until payments are due as part of a building or construction project being undertaken by the Sunshine Coast Council.

.....
Councillor

12-2-2020
.....
Date

To all Councillors and Directors

I hereby notify that Councillor Rogerson intends to move the motion as shown above at the Ordinary Meeting to be held on 20 February, 2020.

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Chief Executive Officer

12-2-2020
.....
Date

COUNCILLOR COMMENT

The State government have recently adopted the *Building Industry Fairness (Security of Payment) Act 2017*. The main purpose of the Act is to ensure people working in the building and construction industry are paid for the work they do. This can be achieved primarily by requiring the use of project bank accounts for particular building or construction contracts.

In 2018 John Murray's report for the Australian Building and Construction Commission into payment security in the construction industry, recommended the introduction of statutory trusts to protect those in the lower tiers of the contractual chain.

The Queensland Government has introduced legislation that by mid-2022 will require local authorities to introduce project trust accounts to all their tenders valued at a million dollars or more.

Why don't we introduce them now and consider lowering further the \$1m bottom limit?

On the 30 January 2020 in the SCD, in relation to the collapse of Ri-Con Contractors Pty Ltd who did work for Council and subbies not being paid I said: "We've let them down", Sunshine Coast Council should have introduced project bank accounts on its own initiative to protect subcontractors working on jobs it tendered.

Councillors will remember Subcontractors' Alliance head Les Williams saying that subbies on the coast have borne costs amounting to millions of dollars from a succession of building company failures in recent years – this is not good enough – somebody has to take a stand.

However, according to the SCD 1 February 2020:
Sunshine Coast Council would have it that it has no responsibility for the subcontractors and suppliers – its ratepayers – who have provided the materials and labour for local government projects on which they haven't been paid, and that any issues they may have are with the builder.

It is understood that the State intend to roll this requirement out to Local government by mid-2022 and for tenders valued at a million dollars or more. However, many in the industry are already victim to not being paid and many more will be hurt by mid-2022, and the State may well change their mind. I strongly believe that Council should do all that it can to ensure that this does not occur again. Why don't we introduce them now and consider lowering further the \$1m bottom limit. After all, small business makes up the backbone of our economy.

Further more

1. Under current arrangements PBA's will be required on all eligible state government and health services building contracts valued at over \$1million on 1 July 2020.
2. From July 1, 2021, the protections will be extended to the private sector and local government for building contracts valued from \$10 million and then from January 1, 2022 they will be required for those worth \$3 million or more.
3. All contracts valued from \$1 million will then not be covered until July 1, 2022.

It is my intention that Council consider complying with the requirements outlined in (1) and implement PBA's to all SCRC building contracts **or** building contracts valued over \$1 million depending on the report provided back to Council at the March OM.