

# Building and Plumbing Newsflash 597

## New commencement dates for remaining phases of the trust account framework

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### Purpose

To inform industry that the commencement dates for the two remaining phases of the trust account framework have been extended by **nine months** each respectively.

### Background

A new streamlined trust account framework (the framework) commenced on 1 March 2021 for the Queensland building and construction industry. The framework replaced the earlier Project Bank Account model that operated between March 2018 and February 2021 (this represented Phase 1A). Trust accounts are an integral part to the government's approach to security of payment and are designed to protect progress payments and retention amounts in the event of insolvency.

The framework is being phased in gradually for eligible Queensland building and construction contracts.

To provide certainty for industry and time to prepare for the framework to expand, commencement dates for all phases under the framework were specified in legislation in August 2020. The prescribed dates for eligible contracts for project trust accounts were as follows:

- commenced **1 March 2021** (Phase 1B) Queensland Government contracts between \$1 million and \$10 million
- commenced **1 July 2021** (Phase 2A) Queensland Government and Hospital and Health Services (HHS) contracts of \$1 million or more
- commenced **1 January 2022** (Phase 2B) private sector, local government, statutory authority, and government-owned corporations' contracts of \$10 million or more
- due to commence **1 July 2022** (Phase 3) private sector, local government, statutory authority, and government-owned corporations' contracts of \$3 million or more
- due to commence **1 January 2023** (Phase 4) all contracts of \$1 million or more (full implementation).

Retention trust accounts are also being phased in gradually for eligible contracts. Since 1 March 2021, head contractors who withhold cash retention amounts under eligible contracts have been required to establish a retention trust account. This requirement extended to principals on 1 January 2022, and from 1 January 2023, all parties in the contractual chain on a project trust project will be required to establish a retention trust account if they withhold cash retention amounts.

### Health check

A health check of the readiness of industry to expand the framework was completed in December 2021. It indicated there are currently challenges such as the COVID-19 environment, compatibility of accounting software, and awareness of the framework which should be addressed before the framework expands further.

Government has therefore decided to extend the commencement dates for the remaining two phases of the framework by nine months each respectively.

This extension acknowledges the health check findings, ongoing impacts of the COVID-19 pandemic, market capacity in the industry and, most recently, the significant natural disaster events in South-East Queensland. It will allow more time for smaller industry stakeholders to prepare and the government to support industry with the transition.

In the interim, industry can continue to use other existing security of payment protections including adjudication, payment withholding requests, charges over property, subcontractors' charges and monies owed complaints.

To ensure the ongoing success and smooth implementation of the framework, government will continue to monitor the readiness of industry throughout 2022 and 2023.

## New commencement dates

These new dates apply for project trust accounts:

- Phase 3 (eligible private sector, local government, statutory authority, and government-owned corporations' contracts of **\$3 million or more**) was to commence on 1 July 2022  
– **will now commence on 1 April 2023.**
- Phase 4 (all eligible contracts of **\$1 million or more**) was to commence on 1 January 2023  
– **will now commence on 1 October 2023.**

The **final phase of retention trust accounts** (to apply throughout the contractual chain on eligible projects) **will now commence on 1 October 2023.**

## More information

For more information about trust accounts visit the Queensland Building and Construction Commission website [www.qbcc.qld.gov.au/trust-accounts](http://www.qbcc.qld.gov.au/trust-accounts)

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