

Media Release



MASTER BUILDERS
A U S T R A L I A

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Tradies Payment Guarantee Proposal Needs More Detail

Labor's announcement of a Tradies Payments Guarantee deals with complex contract law and the details will be crucial if it is to be effective.

"Small businesses are the building and construction industry backbone and moves to help them be paid in a more timely way for work done is a positive," Wilhelm Harnisch CEO of Master Builders Australia said.

"Over 98% of all building and construction businesses, or around 350,000 firms, are small businesses. They produce more than half the industry's output and create almost a third of the jobs - well ahead of other industries," he said.

"Reducing insolvency rates is important. Master Builders has been active in working with governments and their agencies in tackling the problem and will favourably consider any proposals to see more small business start, succeed and thrive in our sector," Wilhelm Harnisch said.

"There is merit in considering a more consistent approach to state and territories SOP laws but, as always, the devil will be in the detail. It will be important, for example, to ensure measures involve the whole supply chain, including clients, and not just focus on large contractors," he said.

"The proposal to trial Project Bank Accounts on major Commonwealth projects should be approached very cautiously and with great care. Such arrangements may also bring unintended consequences and possibly drive up the costs of construction, causing the community to pay even more for roads, schools and hospitals," Wilhelm Harnisch said.

"The actions of the building unions already cause essential community infrastructure to cost 30 per cent more than they should – adding to this cost will hurt taxpayers and the community even more" he said.

"Master Builders calls on the Labor, if elected, to consult with MBA and its members before trialling Project Bank Accounts," Wilhelm Harnisch said.

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