

Project Bank Accounts

This information is provided to inform of the introduction and applicability of Project Bank Accounts (PBAs) for works that may include architectural services.

Background:

In 2017, the Queensland Government introduced a suite of reforms to the building and construction industry through the *Building Industry Fairness (Security of Payment) Act 2017* (the BIF Act). As part of these reforms, PBAs were introduced to safeguard progress payments, protect retention monies and allow for more timely payments to subcontractors and sub-consultants.

What is a PBA?

A PBA is a set of three trust accounts which enable funds to be held in trust until payments are due. If a PBA is required for a consultancy contract, all sub-consultants engaged MUST be paid only from the PBA. The consultant and sub-consultants would be beneficiaries of the three trust accounts and, in events such as insolvency, the PBAs secure progress payments, amounts in dispute and retention monies until they are due to be paid out.

Which projects require a PBA?

For Phase 1, which commenced on 1 March 2018, PBAs will apply to contractors and consultants where:

1. the Queensland Government is the Principal under the contract;
2. the contract value is between \$1 million and \$10 million (incl. GST);
3. at least one sub-consultant is engaged under the head contract; AND
4. more than 50% of the contract price is for 'building work' (see details of 'building work' below).

Under the definition prescribed in the BIF Act (section 8) for PBAs, 'building work' includes:

- the preparation of plans or specifications for the performance of building work;
- work performed by architects, engineers and surveyors to the extent the work relates to other building work;

- contract administration carried out in relation to the construction of a building designed by a person; and
- any site work related to building work (as defined under the Act).

If a consultancy contract meets these requirements, the consultant is required to establish a PBA and meet all the obligations of a head contractor under Chapter 2 – Project Bank Accounts – of the BIF Act.

Please note: Building Work Exclusion - civil, engineering and infrastructure projects such as bridges, roads and tunnels and public transport infrastructure (such as busways, roads and railways) are not 'building work' for PBA purposes. (Therefore, the PBA requirements also do not apply to architectural, engineering, design, planning or site work associated with these construction activities).

More:

For further guidance and information to help you determine if a PBA is relevant to you, please visit:

The Department of Housing and Public Works website at <https://bit.ly/2MhCZbY>

The Queensland Building and Construction Commission website at <https://bit.ly/20qWooj>