



ACTU Ref: D08 2023

Joint Parliamentary Committee on Corporations and Financial Services

Inquiry into Corporate Insolvency in Australia

Question 3

Question on notice Mr GEORGANAS: We saw submission 68 from the CFMEU recommended a payment trust to protect the subcontractor retentions. What are your views on that, and how would that work?

ACTU Response: We thank Mr Georganas for his question. The ACTU supports the adoption of statutory payment trusts as one mechanism to address security of payment in industries such as building and construction where sub-contracting is pervasive. The ACTU draws the Joint Committee's attention to the review report dated 2017 authored by John Murray on security of payment which is cited by the CFMMEU. That report, submitted to The Hon Craig Laundy MP the then Minister for Small and Family Business, the Workplace and Deregulation, reviewed how payment trusts work in practice and their relevance to insolvencies. In supporting the CFMMEU's recommendation we ask the Joint Committee to note our recommendations regarding trust registration, trust transparency and the application to trustees and associates of principles of conduct in business that currently only apply to company directors (for example on creditor defeating dispositions).

ENDS