

DEPARTMENT OF FINANCE — PROJECT BANK ACCOUNTS

1334. Hon SIMON O'BRIEN to the minister representing the Minister for Finance:

I refer to the government's media statement of 4 December 2018 advising of changes to project bank account arrangements, which apply to some projects administered by the Department of Finance.

- (1) When was the current PBA arrangement introduced, and what are the parameters that define projects currently covered by PBA arrangements?
- (2) What are the changes referred to on 4 December 2018 that are scheduled to come into effect on 1 July 2019?
- (3) To what proportion of Department of Finance projects do PBAs currently apply?
- (4) What proportion of Department of Finance projects will be covered by PBA arrangements after 1 July?

Hon ALANNA CLOHESY replied:

On behalf of the Minister for Environment, I provide the following answer that has been provided by the Minister for Finance.

- (1) Since 30 September 2016, the Department of Finance has progressively implemented and refined the use of project bank accounts on construction projects tendered by Building Management and Works. Due to the administrative cost associated with their operation and differing risk profiles, project bank accounts are not typically used for low-value works, construction projects valued under \$1.5 million, or when subcontractors are not utilised.
- (2) The most significant change announced by the government is that project bank accounts will be applied to projects managed by other government agencies. Details of the rollout will be known in early 2019, when implementation planning is finalised.
- (3)–(4) It is estimated that project bank accounts are currently applied to approximately 80 per cent of construction projects valued over \$1.5 million that are managed by the department. This figure is not expected to immediately change as a result of the recent announcement, but the figure will increase over time as existing projects are finalised and new projects commence.