

The building and construction industry is a major driver of the Australian economy contributing 9% or \$360Bn annually to the national GDP and employing 1.15m people. Improving the confidence and efficiency of the industry has a direct impact on the financial and operational wellbeing of Contractors and their Clients alike and the Australian economy as a whole.

Our goal at ContractaPay is to eliminate bad debts by ensuring funds are held securely and remain available for distribution upon completion of the work as contracted.

The benefit to the **Contractor** is the ability to commence work, either single stage or multi-stage activity, confident in the knowledge the funds for payment are held securely and are available for distribution upon stage completion.

With the string of high profile construction insolvencies across Australia recently, the benefit to the **Client** is the knowledge that funds will not be made available until the contracted work is completed to the required standard.

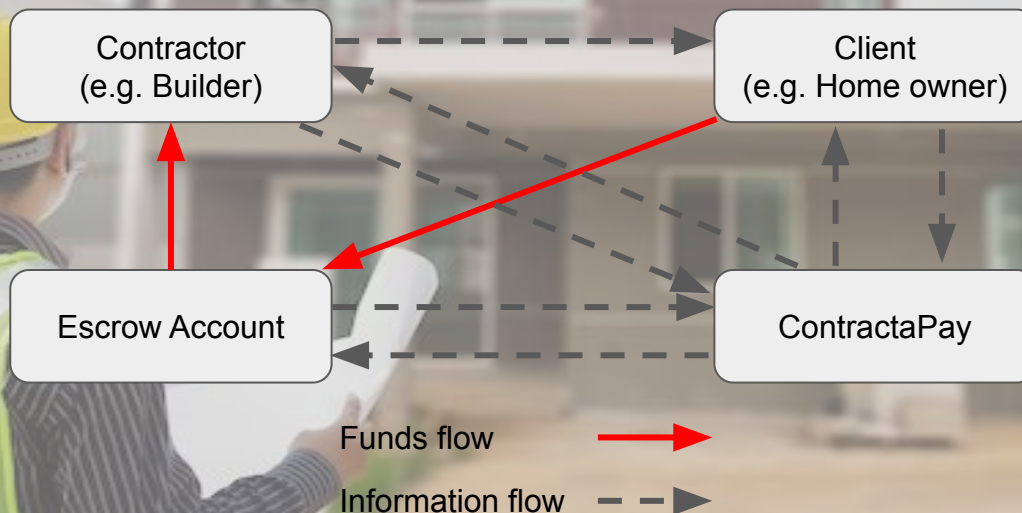
Our Vision

At ContractaPay, it is our vision to be the trusted guardian of secure transactions, ensuring peace of mind for individuals, businesses, and marketplaces across Australia.

Crystallising our vision means that we will:

- Be your trusted steward in safeguarding your financial transactions
- Ensure you have peace of mind and facilitate your success
- Serve you 24/7

- ContractaPay uses Australia's secure domestic real-time payment rails and the security of Australia's largest financial institution to receive, hold and send funds between contracted parties.
- Secure real-time messaging between parties and the ContractaPay dashboard ensures the Contractor and Client alike have full visibility of their financial position and payment status.
- The 6 step process is as follows:
 - Step 1 - The Contractor establishes a ContractaPay account.
 - Step 2 - Using the name, address and contact details of the Client, the Contractor establishes a payment schedule. This can be a single payment or multiple payments representing milestones or delivery stage-gates.
 - Step 3 - The Client receives a unique customer ID and logs into contractapay.com.au to see their payment schedule.
 - Step 4 - The Client makes the payment using their unique customer ID for the payment reference.
 - Step 5 - Knowing the funds are secure, the Contractor completes the job as agreed.
 - Step 6 - The funds are automatically released on the basis the work has been completed appropriately.



Case study

Imran owns a solar panel installation business and quotes a job for Fiona worth \$8,500 for panels and installation net of any government rebates. Imran has been impacted by payments as late as >90 days in the past and Imran wishes to use ContractaPay to issue the payment request.

1. Imran establishes an account with ContractaPay and enters Fiona's details in order to issue the payment request.
2. Imran issues the payment request with the quote and Fiona is sent a text by ContractaPay with a unique customer ID Fiona uses as her login details.
3. Fiona logs into the **contractapay.com.au** website and sees the single payment request for \$8,500.
4. Fiona makes the payment via her bank's PayID using her unique ContractaPay customer ID as the "end-to-end" reconciliation identifier.
5. Both Fiona and Imran receive notices confirming the payment is securely held by ContractaPay in a AA rated Australian bank.
6. Imran commences work and issues a completion notice once the job is finished.
7. Fiona is happy with the work and the payment is automatically routed to Imran's account in real-time.

Case study

Andy is the owner of Hardwick Constructions, a premium home building and development company. Andy has signed a contract to undertake a home renovation for \$650,000 with 16 milestone payments. Andy wishes to use ContractaPay to issue the payment schedule and enters the customer's details along with the schedule into the ContractaPay portal.

1. The client receives the unique customer ID and logs into the ContractaPay portal to see the payment schedule.
2. The client makes the first payment and Andy commences work.
3. At the completion of the first milestone the completion notice is issued. The work has been done to Andy's usual high quality and Andy receives the funds.
4. This process continues until the final payment when it is noticed the bathroom tiles have not been grouted and the automatic payment is paused until the work is completed. The payment notice is then reissued and payment is granted upon expiry of the agreed 5 day notice period.

Increases in construction costs and long payment periods have resulted in higher bad debts and increased level of insolvencies for all participants in the Australian construction industry since 2020.

A number of builders have responded by reducing the time allowed between quotation and contract execution and reducing the payment period allowed from the time of invoice to the time of receipt, but the underlying risk of non-payment for work already undertaken remains in place.

Builders and tradies are able to protect themselves by using services such as ContractaPay to ensure the funds are available prior to commencing work or beginning the next milestone. The contractor can be sure the funds will be released upon satisfactory completion of the milestone and avoid any *"the cheque is in the mail"* delays.

<https://www.rba.gov.au/publications/fsr/2022/oct/box-c-financial-stress-and-contagion-risks-in-the-residential-construction-industry.html>

With the collapse of a number of large home builders across Australia since 2021, the number of new dwelling commencements has fallen significantly since mid-2022 with reducing housing stock putting upward pressure on both home prices and rents and exacerbating the housing crisis.

Although the use of an escrow payments model won't prevent builder collapse, it does help protect the home owner's financial position and ensure that the value they have paid for is put into their own home and is not used to meet the obligations elsewhere of a financially stretched builder.

<https://www.businessthink.unsw.edu.au/articles/construction-company-collapse>

While regulatory relief in the form of mandatory building insurance does exist for home owners and non-dwelling construction clients, its value varies across each state in Australia and with the massive uplift in building construction costs over the past couple of years, any insurance payout it is often considerably less than the losses caused by builder collapse.

Other issues clients face in accessing builder insurance payouts is the often lengthy time between collapse, proof of debt and eventual payment. This time delay can be crippling when the client wants to appoint a step-in builder to complete the work but doesn't have the funds to do so.

The most appropriate preventative action is to ensure you retain access to your funds until value can be exchanged. Holding the funds in escrow with release pending completion of the stage-gate is often the lowest cost preventative measure a client can take.

<https://www.apimagazine.com.au/news/article/as-three-more-builders-collapse-how-do-home-buyers-avoid-the-carnage>

First name

Last name

Email

Phone

Company

Enquiry