




Speech By
Dr Christian Rowan

MEMBER FOR MOGGILL

Record of Proceedings, 15 July 2020

**BUILDING INDUSTRY FAIRNESS (SECURITY OF PAYMENT) AND OTHER
LEGISLATION AMENDMENT BILL**

 **Dr ROWAN** (Moggill—LNP) (2.09 pm): I rise to make a contribution to the Building Industry Fairness (Security of Payment) and Other Legislation Amendment Bill 2020. To emphasise the words of my colleague the shadow minister for housing and public works, the Liberal National Party firmly believes in the principle that everybody deserves to be paid for the work that they do. Such a principle has never been more important than right now as Queensland continues to deal with the significant economic and jobs crisis resulting from the COVID-19 pandemic. Every job is essential and every job is critical as we continue to rebuild Queensland's economy. Whilst finding, or holding, a job remains one of the highest priorities for every Queenslander during this crisis, it is imperative that Queenslanders are not only paid for the work that they do but also paid in a timely manner.

The late payment, and even non-payment, of tradies is an issue that affects communities right throughout Queensland. It is an issue which is especially important for my electorate of Moggill where, on statistics compiled prior to the onset of COVID-19, almost 65 per cent of all blue-collar workers in the electorate of Moggill are employed in the construction industry. I take this opportunity to briefly acknowledge the many outstanding and hardworking local builders, electricians, plumbers, carpenters and other skilled tradesmen and women, and subcontractors, in my electorate of Moggill. That being said, there are aspects of this bill which will potentially have significant detrimental impacts on builders and construction companies of all sizes which the Palaszczuk government needs to consider. I will elaborate further on this shortly.

Turning to the specifics of the legislation before the Queensland parliament, I note that some of the main objectives of this proposed legislation are to implement the recommendations of the Building Industry Fairness Reforms Implementation and Evaluation Panel; implement the recommendations of the Special Joint Taskforce that investigated subcontractor non-payment in the building industry; enhance Queensland's security of payment legislation and further extend the protections for industry; and improve the Queensland Building and Construction Commission's ability to further address fraudulent behaviour in the industry.

It is important to understand and appreciate just why it is that the 56th Parliament of Queensland has been called upon yet again to address the issue of security of payments, having previously legislated on this in 2017 during the 55th Parliament. As most in this House will recall following an election commitment made in 2015, it was not until late 2017 that the Palaszczuk state Labor government passed its Building Industry Fairness (Security of Payment) Bill 2017 to address late payments and non-payments of Queensland tradesmen and women in the building and construction industry.

By 2018, as the non-payment of contracts, company collapses and allegations of systemic fraud plagued the industry, the Liberal National Party called for a commission of inquiry into all aspects of the building industry. Not surprisingly, the union-controlled Palaszczuk state Labor government did not support our calls but were forced into reluctantly establishing a Special Joint Taskforce to investigate

non-payment complaints and allegations of fraudulent activity. It is this legislation before the Queensland parliament today which seeks to implement the Palaszczuk state Labor government's response to the recommendations that stemmed from that task force report.

With respect to security of payment reforms, I note that amendments are proposed in order to simplify the framework, improve protections and oversight, and manage the financial transition for project bank accounts before it can be applied to private sector contracts as recommended by the evaluation panel.

I also wish to briefly reflect on the Special Joint Taskforce investigation into complaints of fraudulent behaviour within the industry relating to subcontractor non-payment. The task force report provided 10 recommendations to enhance the Queensland Building and Construction Commission's enforcement ability, ensure the integrity of industry participants and increased cooperation among regulators. I note that these recommendations will be implemented primarily via amendments made to the Queensland Building and Construction Commission Act 1991. Such reforms and such amendments are important because, as the local Liberal National Party state member for Moggill, I have received feedback from many constituents regarding the efficacy and less than optimal processes in engaging with and being able to have matters resolved by the Queensland Building and Construction Commission.

Only recently I received correspondence from two constituents in the electorate of Moggill, both pensioners, who outlined their difficulties and understandable frustration in having the Queensland Building and Construction Commission address their concerns in a timely manner in order to assist in progressing their complaints regarding alleged fraudulent behaviour. I have also had similar concerns raised by local builders.

I believe almost every member in this House would be well aware of some difficulties and limitations that Queenslanders experience in trying to properly resolve issues via the Queensland Building and Construction Commission. Therefore, steps that can be taken to especially enhance the Queensland Building and Construction Commission's enforcement ability and to ensure the integrity of industry participants absolutely deserves our support.

I also wish to address a significant aspect of this legislation which the Palaszczuk state Labor government continues to ignore—that is, the substantial adverse impacts that will be felt by builders through mandating the use of the project bank accounts model which can potentially occur in the private sector into the future. Local builders in my electorate of Moggill and across the western suburbs have contacted me and shared their very real concerns that such a model will have not only on their industry but also on their small business viability. These concerns are real.

I take this opportunity today to put that on the record on behalf of those who have contacted me in the electorate of Moggill. We are talking about the small to medium sized businesses, the mum-and-dad owner-operators, who are genuinely worried that the imposition of project bank accounts will be enough to shut down their businesses, jeopardising both jobs and economic activity when Queensland can least afford it.

As local business owners tell me, the Palaszczuk Labor government's reforms are in some aspects too unbalanced, with bias against the builder-owner small businesses. Again, I raise these concerns on their behalf because there has been significant feedback not only from those in my electorate but also from those in other parts of the western suburbs of Brisbane.

As one local builder told me, unless it is the client who funds the project bank account before the work commences, many of these small to medium building businesses simply do not have the cash flow or a significant pool of funds to pay up-front. Such concerns were also provided to the Transport and Public Works Committee by Master Builders Queensland, which submitted—

... we continue to hold grave concerns about the effectiveness of the Project Bank Accounts (PBAs) regime and the true costs to the building industry.

Similarly, the Property Council of Australia submitted—

The Property Council maintains the position that the current PBA model will not achieve the Government's stated objectives and that the reforms will have a perverse impact on the industry.

As I said, the concerns of Queensland builders are real. As local builders have told me, the mandating of project bank accounts in the private sector could be the straw that will break an industry that is already doing it hard. Indeed, one builder has even gone as far as to say that they are at the point where they are prepared to close and leave the industry altogether because of how unbalanced and unworkable these forthcoming changes are.

In closing, whilst the Liberal National Party will be supporting this legislation today, the Liberal National Party still holds concerns about the project bank account processes, as I have outlined, which the Liberal National Party's shadow minister for housing and public works has also outlined. Finally, I

would like to place on record the concerns which were well articulated by the deputy chair of the Transport and Public Works Committee, Ted Sorensen, and the Liberal National Party member for Callide, Colin Boyce, which included the length of time taken by the Palaszczuk state Labor government to address these issues; the burdensome nature of the reforms; the need to simplify administrative procedures; and the omission of any recommendation relating to the need for ongoing professional training and development.

It is only the Liberal National Party that has a strong history of working together with industry to streamline government processes and help create jobs. It is only the Liberal National Party that remains committed to a full commission of inquiry to ensure all issues can be properly assessed and addressed in our building and construction industry.