



Speech by

**Hon. JUDY SPENCE**

**MEMBER FOR MOUNT GRAVATT**

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Hansard 27 August 1998

**MINISTERIAL STATEMENT**  
**Building Services Authority**

**Hon. J. C. SPENCE** (Mount Gravatt— ALP) (Minister for Aboriginal and Torres Strait Islander Policy and Minister for Women's Policy and Minister for Fair Trading) (10.10 a.m.), by leave: I am pleased to inform the House that on Tuesday of last week I had the opportunity to visit the offices of the Queensland Building Services Authority at South Brisbane and meet with a large number of BSA staff. I was impressed by their dedication and professionalism. However, despite this high level of professionalism and dedication, it is my unfortunate duty to inform the Parliament that over the past three years the BSA has operated at a deficit.

The BSA was established in 1992 and operated in financial surplus until the financial year 1995-96. In 1995-96 the BSA recorded a \$3.8m operational shortfall. In 1996-97 the BSA operated at a \$1.8m shortfall. Although I have not yet been provided with the audited statement of accounts for the financial year 1997-98, the loss for the last financial year is expected to be \$1.8m. I understand that there is also a possible projected loss by the BSA general fund of \$2.9m for the current financial year.

To fund this budget deficit the BSA has been running down its assets. This practice is not sustainable. The former Government recognised this. The previous Minister for Housing, the present Leader of the Liberal Party, went to the then Treasurer for an advance of \$2.9m to help fund this year's operating deficit. I have been advised that the then Treasurer agreed to provide an advance of \$1.45m to cover the black hole for six months. The advice I have from the BSA is that notwithstanding the advance, the BSA's 1998-99 forecasts show a preliminary deficit in the order of \$2.6m.

The former Government did nothing to assist the BSA by putting in place a strategy to rectify the financial problems for which, as the Government of the day, they were responsible. In fact, the former Minister, Dr Watson, tabled in the Parliament the 1996-97 BSA annual report which stated on page 10 that—

"The BSA's financial position continues to be sound despite the losses experienced during the year."

The annual report went on to state that—

"The intention to incur budget deficits was adopted in light of the sound level of net assets and the importance of activities such as financial performance audits in minimising the adverse impacts of business failure and non-payment of the building industry at this time."

Despite the claims in the report, it is expected that at the end of next financial year, two years after the 1996-97 annual report was written, with expected fee increases and an advance from Treasury, the BSA would still be \$2.6m in the red and the BSA's net assets value will be near zero.

The previous Government and the previous Minister, being tipped off to the fact that there would be an operational shortfall and that the long-term position of the BSA was not viable, did nothing to either curb the operations of the BSA or to improve its funding base. In effect, the previous Government was writing cheques for the BSA with money that it did not have. They deferred any decision to address fee increases because of the election. They put political expediency before financial responsibility. Even if no reforms were to be implemented, it would still be necessary to obtain funding for the BSA for it to avoid technical insolvency.

Numerous Ministers of this Government, from the Premier down, have given a commitment that there will be prudent expenditure of public funds. On 6 August I gave a commitment to this House that expenditure of moneys by Aboriginal and Torres Strait Islander councils will be scrupulous. I expect the same from all areas of my portfolio. I will not be harder on one part of my portfolio responsibilities than any other. I therefore give the same commitment to this House on the expenditure of funds by the BSA. I will insist that the BSA operates within its means. However, I would like to place on the record my commitment to the reforms proposed by the ISC to ensure that there is security of payment in the building industry. These reforms will not just be a means of addressing the financial shortcomings of the BSA but will go a long way towards removing from it those that give the building industry a bad name.

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