



Speech by

JEFF KNUTH

MEMBER FOR BURDEKIN

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QUEENSLAND BUILDING SERVICES AUTHORITY AMENDMENT BILL

Mr KNUTH (Burdekin—IND) (3.01 p.m.): I rise to indicate my support for the majority of this Bill. I thank the Minister for her input and for the sensible vision she has displayed on the highlighted problems of the building industry.

Having worked in the building industry for 20 years, I have grown accustomed to the many problems that exist behind the scenes that are not seen by the public, let alone the Government. During a speech by the member for Lockyer earlier, the member for Rockhampton interjected about his not knowing the difference between roofing nails and ceiling screws.

Mr Schwarten: No, I said a ceiling batten and a roof screw.

Mr KNUTH: What the member for Rockhampton would know if he had any involvement in the building industry is that the building industry is held together by stud adhesive and No More Gaps.

Mr Schwarten: Not true. I wouldn't like to live in a house you built with that.

Mr KNUTH: It is not the one I built. There are still many problems within the industry that are not solved by this Bill, but I will not dwell on those issues in this debate. I do not think any legislation will ever address those issues. When reading through this Bill I found one major problem that needs to be addressed. Proposed section 67U(7) states—

"A progress payment must be made—

- (a) within 35 days after the contracted party submits a claim under the contract for its payment; or
- (b) if a shorter time is agreed under the contract—within the shorter time."

When I read this proposed section I immediately smelt input by the Master Builders Association. This proposed section grants the greatest wish of any principal contractor, that is, to hold out on the subbies for as long as possible.

Simply, how does this section alleviate the problem of payments to subbies by builders? Most builders currently pay their subbies within seven days. Some builders pay within hours of the subbies' completion of the contract. Less than 5% of builders are giving the industry a bad name. This Bill deals with these bad apples and with the ever-occurring problem of phoenix companies rising from the carefully planned ashes of previous establishments. I have been a victim of this practice. When someone has just lost thousands of dollars through the closure of a company, it is painful for them to see another company run by the same people set up a couple of weeks later.

Mr Schwarten: I bet you would not go and work for them, though.

Mr KNUTH: I definitely would not, but some do. This is the problem. The building industry is full of subcontractors looking for work. They are desperate. On many occasions they will go for it if they can just make wages.

Mr Schwarten: You would rather sit at home and go broke, would you?

Mr KNUTH: That is right. But sometimes people just cannot do that. Any battler would realise that they cannot think like that, because they have commitments. People go out and continue to work for these phoenix companies. Even though they have a bad name and everyone says, "Don't touch

them", they still go and work for them and, unfortunately, they get bitten time and time again. Subcontractors need to establish long-term relationships with well-known, well-recognised builders who are honest and who will do the right thing by them—actually abide by their commitments and pay properly.

I return to proposed section 67U(7) to show the Chamber that 35 days in which to pay a subbie is too long. As an example I refer to the finishing trades such as painting, tiling and carpet laying. Most of these jobs on an average 120 to 140 square metre home take from three to eight days to complete. The subcontractor has to pay for his materials and workers on a weekly basis. Some subcontractors operate on accounts, but a lot of them choose to pay by cash or cheque to avoid the worry of shonky builders not coming through and their being stuck with that bill. That is what has forced this section of the industry to pay for materials up front. If a builder does go bust, at least they can do the right thing and pay their workers and are not stuck with debts in the industry.

The profit margin of the subbie is dictated by the speed with which he can complete his job. Let us look at one example more closely. A painter with a team of three tradesmen can complete four houses in 35 days. He would have to pay for materials and wages for four contracts before the first cheque comes from the first principal contractor. Seventy per cent of subbies could not carry that burden in this day and age. Things are just too tight.

In the case of a larger contract, a shopping complex or a skyscraper, for example, a subbie would need to complete at least 25% of the initial contract before he could make his first progressive payment claim. Under this legislation, he would then have to wait 35 days for his first payment. By then the subbie would be broke. How many members in this Chamber could afford to be without pay for, say, 40 days and then have to wait another 35 days for payment? I think everyone in this House would agree that there would be an uproar in this House. Proposed section 67U(7)(b) may as well not be there, because if any principal contractor can lawfully extend the time by which he has to pay, he will do so under section 67U(7)(a).

Another confusion in this Bill relates to the words "domestic" and "commercial". These terms are seldom used in the building industry, as contractors and subbies refer to work as maintenance, new work or industrial.

In the tropics, north of Mackay, the building industry experiences a wet season that can continue for three months without letting up. This seriously disrupts work, and contractors take to doing whatever they can when it is raining. It is this period in which the subcontractor will rely the most on progressive payments, and having to wait 35 days for payment is just not on. I ask the Minister to seriously consider amending proposed section 67U(7)(a) to read "seven days", because this is virtually standard throughout the industry already. As I said before, very few builders take any longer than that to pay their subbies, anyway. I think it is fair for the whole industry and I believe it will give a fairer deal to the subbies, who are the ones battling the most.

All in all, apart from that one section, this is a good Bill, and I support it. It is time that this happened, because the building industry has suffered some shocking and disgraceful collapses of builders over the years. Some members who have left the Chamber have already spoken about this. I have seen many families go bust. I have seen children suffering because of these problems. People have had to leave town or have been forced into bankruptcy.

This is a good Bill. I am very happy that it has been introduced. This is something that the industry has seeking for many years. I thank the Minister greatly for that. On behalf of all my fellow contractors throughout the Burdekin and Townsville regions, I am happy that this Bill will be passed. However, I believe that that one section is a little unfair to subcontractors. They are battlers, and they need that money a lot faster, especially with the predicaments in which they find themselves during wet seasons when jobs are delayed. Many subbies, especially tilers, carpet layers and painters, have to go back and do touch-up jobs when a job is completed because other tradespeople sometimes wreck the paintwork and other finishing work.

Mr Schwarten: Especially plumbers.

Mr KNUTH: Yes, especially plumbers. If that section could be fixed up, this would be a tremendous Bill that would be well supported by the building industry.
