



Speech by

Hon. JUDY SPENCE

MEMBER FOR MOUNT GRAVATT

Hansard 26 August 1999

QUEENSLAND BUILDING SERVICES AUTHORITY AMENDMENT BILL

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) (3.32 p.m.), in reply: I thank all the members for their support for this legislation. I think that collectively we have demonstrated our understanding that the building industry is a very important industry to the Queensland economy and the social fabric of this State not only for consumers but also for builders and subcontractors.

I would like to respond to a number of points that were made. Firstly, it would be wrong for either the One Nation Party or the Opposition to take responsibility for this legislation. It would also be wrong for One Nation to claim that its private member's Bill, which supports "paid if paid" and "paid when paid" clauses, prompted the Government into action. From the first day that it was elected last year, the Labor Government saw this legislation as a priority. Sadly, it has taken a year for it to get to Parliament. However, I am sure that members would understand that a lot of work by a lot of people has gone into this legislation.

I am not going to take responsibility for the legislation personally. I think that we owe this legislation to the collective input of the industry. There are a number of industry contributors whom I would like to mention: Mr Greg Quinn, the Executive Director of the QMBA; Warwick Temby from the HIA; Mr Allan Risk and Mr Frank Huysing from the Building Industry Subcontractors Organisation of Queensland; Mr Chris White from the National Subcontractors Association; John Cooper and Ross Williams from the Queensland Law Society; and approximately 60 other industry practitioners who gave their time to various working parties not only during the past year but also in the previous two years in the implementation steering committee's work.

When one starts to thank people, where does one stop? A number of bureaucrats in my department and also in the Building Services Authority have also put a lot of effort into this legislation. However, I place on record my particular thanks to the General Manager of the Building Services Authority, Mr Matt Miller, who has done a fine job in coordinating and working with industry to pull everyone together in support of this legislation.

It was a bit sad for the Opposition spokesperson to try to claim credit for this legislation. I could go through the bumbling, fumbling history of the Liberal Party in the previous two years: from the Scurr report to the downfall of a previous Public Works Minister; to the ISC formation to the report that was given to the previous Government by the ISC, upon which that Government failed to act. I could talk about the very poor financial position in which the previous Government left the BSA. However, today I am not going to be political, because it is a good day. I think that we should all be proud of the legislation. We can all take some credit for getting this legislation to the House, because we are collectively interested in what it is about and an enormous number of people have worked on it.

I would like to address a number of points that were made by the shadow spokesperson. The first point, which is a serious one and deserves—

Honourable members interjected.

Madam DEPUTY SPEAKER (Dr Clark): Order! I am having difficulty hearing the Minister.

Ms SPENCE: Madam Deputy Speaker, members are getting excited by this legislation.

Some points need to be seriously addressed. The whole issue of the insurance policy is an important one. As the shadow Minister said, the ISC recommended the privatisation of the home warranty insurance schemes. The Cabinet subcommittee that worked on this legislation rejected that recommendation. In hindsight, I think that we were right to reject that recommendation, and we will be proved right. The experience in the other States—and most of the other States have had private home warranty insurance schemes for only about two years—has suggested that the private providers are losing money at unsustainable rates. We have been told that in the other States loss ratios of about 170% have been reported. The number of private providers is declining to the extent that there is no real price competition or any of the other claimed benefits in having private providers. We are told that private providers are reluctant to disclose fundamental performance reporting to enable comparisons with the excellent performance that is reported regularly by the BSA's scheme. So I think that history will prove us to be right in rejecting the private insurance scheme.

The member for Noosa also suggested that these reforms will not work unless we properly educate industry and consumers. In that regard, I agree with him. The general manager of the BSA and I have been travelling throughout Queensland educating subcontractors and builders about these reforms. That is the first stage of the education process. I understand that, in a few months' time, after the legislation is enacted, the BSA will again travel throughout Queensland and conduct a second round of seminars. We agree with the member about the importance of education. I believe that, once the domestic contracts legislation is passed by the Parliament, we will then start educating consumers as well.

A number of people made valuable contributions to this debate, none more so than the member for Bulimba, who has had 32 years' experience in the building industry. I acknowledge and thank him for the support that he gave me in framing this legislation. Some of the clauses in this legislation reflect his hands-on experience and understanding of the building industry.

I thank the member for Gregory for his comments. I also note the good work that he has done on behalf of his constituent, Mr Aarts, which is reflected in the considerable amount of correspondence that I have had on this matter. I know that the whole situation is not over and I look forward to working some more with the member on that issue.

I thank the member for Mansfield, Mr Phil Reeves, who is on my legislative committee. I agree with his assessment that it takes a Labor Government to get things right in the building industry in this State.

It is pleasing to have the support of One Nation and the member for Caboolture. I welcome the member's comment that the Bill will protect the honest operators in the industry while putting fear in the hearts of those who are unprincipled in their conduct. I hope that his support and that of his party will be forthcoming for the two remaining Bills that comprise the rest of the journey in the building reform package.

The member for Mackay has identified one of the most important aspects of this legislation, that is, the outlawing of phoenix builders. If we are to improve the image of the building industry, we cannot have a bankrupt walking out of debtor's court one day only to open a new construction business the next.

The member for Lockyer supports the Bill. However, I caution him against going into the community and peddling the line that One Nation pushed the Government into this legislation. That would not be true and the industry knows that it is not true. It would be wrong for him to start convincing his supporters that that is the case. However, I am pleased to inform him of the support that I have received from the National Subcontractors Association, and particularly the association's general manager, Chris White.

Earlier this year the member for Whitsunday introduced other legislation into the Queensland Parliament to reform the Building Services Authority. His well-intentioned but misguided efforts would have mandated the unfair practices of "pay if paid" and "pay when paid" clauses. However, I am pleased to have his support today. I can see that he has done some more work on this legislation and now realises that it is really not as simple as changing one or two sections of the Act. There is a lot more involved in reforming the building industry in Queensland and this is really just the first stage of a long process.

I thank the member for Burdekin, Mr Knuth, for his comments and I acknowledge his understanding of the building industry. I can understand his concern regarding the 35-day ceiling for payments of subbies. This is certainly an issue that has been raised with me at seminars that have been held throughout Queensland to educate and talk to subbies about this legislation. Although I acknowledge that a lot of subbies will get paid within seven days and that that is normal practice for a certain percentage of the industry, it is not normal practice for the majority of the industry. In the legislation, the 35-day ceiling for the stop work provision is not mandatory. That is the upper limit. We are not encouraging subcontractors to sign contracts that say that they should get paid every 35 days. This is the outer limit under which subbies can stop work if they are not paid.

Mr Knuth: As I was stating, though, builders will take advantage of that and stick to that 35-day limit.

Ms SPENCE: It is not our intention to make that change through an amendment to the clauses of the Bill at this stage. As I said, this is an issue that I have discussed with builders and subcontractors throughout Queensland and I know that a lot of subcontractors have reservations about this matter. However, this is part of the bigger industry package that all sectors of the industry have signed off on. I would not like to make that change today.

That brings me to the next speaker, the member for Gladstone, who made a very sound point when she said that it would be foolish for me or anyone in this Government to say that after this legislation is passed no builder in Queensland will ever go bankrupt or that from this day forth all Queensland subbies will be guaranteed their payments. It is important to look at how this legislation works in practice. If the 35-day period is not working, it is a simple matter to come back to the Parliament and change that part of the legislation. I have given subcontractors throughout the State my undertaking that I will keep a close watch on this part of the legislation. If we find that it is not working, we will come back and amend it.

The member for Burdekin, Mr Knuth, also raised concerns about the words "domestic" and "commercial"—terms that he claims are not widely used in the industry. I have certainly not heard those concerns expressed before. My understanding is that "domestic" and "commercial" are terms that are well accepted and understood by industry. In framing this legislation it was our intention to make the distinction between what is principally consumer or domestic work and what is industry or commercial work. That is why those terms are used in the legislation.

I thank all honourable members for their comments, particularly the member for Barron River and the member for Cairns. The security of payment for subcontractors is an important issue, particularly in the Cairns region where, unfortunately, in the past two years we have seen the failure of many large building companies. There is a very active building industry in the north of the State. I know that both the member for Barron River and the member for Cairns have taken an active and keen interest in the building industry in their areas. I welcome their support for the legislation.

I particularly thank the industry for its support and my Cabinet colleagues the Deputy Premier, Mr Jim Elder, and Ministers Terry Mackenroth and Robert Swarten, who, as members of a Cabinet subcommittee, worked very closely on this legislation. The collective efforts not only of the Cabinet but also of industry and the bureaucracy have enabled us to introduce legislation that will improve Queensland's building industry in the future.
