



Speech by

Hon. JUDY SPENCE

MEMBER FOR MOUNT GRAVATT

Hansard 4 March 1999

MINISTERIAL STATEMENT

Better Building Industry Reform Package

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) (9.56 a.m.), by leave: I wish to inform the House of an important package of reforms that will underpin a stronger, fairer building industry in Queensland. The former coalition Government talked about overhauling the building industry's regulatory system to optimise its contribution to the Queensland economy. Our coalition predecessors dithered and did nothing constructive. Instead, they allowed the centrepiece of industry regulation, the Queensland Building Services Authority, to fall into financial strife that could only be relieved by a \$1.5m injection of taxpayers' funds. If the decline continued, the BSA would be technically insolvent by the end of next financial year.

Opposition members interjected.

Ms SPENCE: Members opposite do not like to hear this. The coalition also procrastinated as subcontractors had their business and personal lives wrecked by greedy, unethical and incompetent operators.

By contrast, this week this Government delivered a package that has been praised by industry. Our Better Building Industry package also takes consumer protection onto a new plane. It was shaped by a four-member Cabinet subcommittee, and I commend the invaluable work of my colleagues the Deputy Premier and Minister for State Development, the Minister for Local Government, Planning, Regional and Rural Communities and the Minister for Public Works and Housing. I also thank the member for Bulimba who supported and advised the subcommittee. I thank industry representatives who made an intelligent contribution to this debate, especially Mr Greg Quinn of the Queensland Master Builders Association, Mr Alan Risk and Mr Frank Huysing of the Building Industry Subcontractors Association of Queensland, and Mr Warwick Temby of the Housing Industry Association.

The package assists subcontractors by: requiring head contractors to pay subcontractors within 30 days; outlawing unfair contractual conditions such as pay-if-paid and paid-when-paid clauses in agreements between subcontractors and head contractors; placing a statutory cap on retentions and securities of 5% of the value of the head contract; further, the Building Services Board will report to Government on the feasibility of the payment dispute resolution system, which was recommended last year by a New South Wales parliamentary committee. Its consumer protection measures include—

a five-day cooling off period on contracts;

provision for a new Domestic Building Contracts Act, setting out rights and responsibilities of consumers and builders, and will prohibit unfair contract conditions;

limits on progress payments and deposits—the scope for cost plus contracts will also be restricted to restoration work, where accurate estimates are only possible after work has begun;

maximum cover under the statutory home warranty insurance program will double from \$100,000 to \$200,000, and the premium system will be restructured to reduce payments for consumers whose contracts are worth less than \$57,000;

defects-only cover will be provided for high-rise residential developments on building defects within a unit; and

to eliminate any impression of conflict of interest, the regulation and insurance arms of the QBSA will be administratively separated.

Both consumers and subcontractors will win from a rationalised and more transparent licensing system. The BSA Gold Card, with its 88 classes of licence, will be replaced with a system of open and restricted licences. Restricted licenses will plainly inform consumers of the types of work they permit. The BSA will be empowered to issue on-the-spot fines of up to \$2,000 for breaches of licence conditions and other contractual offences. There will also be a stricter licence renewal process, with demerit points issued for poor performance. Licence fees will be increased in line with consumer price index movements since the last increase, in 1997. Importantly, the board will examine and report on financial requirements for licensees. In doing so, it should refer to the Queensland Government's new financial adequacy requirements for head contractors doing business with the Government.

Consumers and all industry participants will benefit from a better dispute resolution system, because—

simple disputes involving less than \$10,000 will be heard and resolved by the Queensland Building Tribunal within a single day; a new registrar will have the power to manage cases, giving incentives to settle matters at an early stage, without the need for formal hearings; and

the Queensland Building Tribunal will have jurisdiction to deal with some matters that must now be referred to courts, including simple commercial building disputes.

The tribunal's jurisdiction will be set out in a new Queensland Building Tribunal Act to reinforce its independence. Consumers will lay down a \$50 complaint lodgment bond. It will be refunded if the BSA is unable to assist the consumer, or if the consumer's claim is proven. This package demonstrates the Government's commitment to constructive reform of the building industry in recognition of its role as a major provider of jobs and economic growth to Queensland.
