



Speech by

**Dr LESLEY CLARK**

**MEMBER FOR BARRON RIVER**

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**QUEENSLAND BUILDING SERVICES AUTHORITY AMENDMENT BILL**

**Dr CLARK** (Barron River—ALP) (2.53 p.m.): This Bill delivers on meaningful changes on all fronts in the building and construction industry. To be very frank with members here, I have to say at the outset that it was a disappointment to me that in my first two terms in this House we were not able to resolve this issue. It was also a great disappointment to me to see the way this issue became politicised in the 1995 election. It was also a great disappointment to me that the coalition Government could not resolve this issue.

So it is with enormous pleasure that I rise today to participate in this debate. I feel that we are now going to have on the statute book legislation that will finally address this issue. I think all members agree that it has been a long time coming, and I think we are all familiar with the problems that subcontractors have experienced. It is very encouraging to see the support across the Chamber for this legislation. I do congratulate the Minister.

In this Bill and other pieces of legislation which will follow, we have proof then—clear proof—that the Government does understand that a robust building and construction industry is vital to the health of the Queensland economy. Nowhere is that more the case than in far-north Queensland, where the industry is a major driving force in the economy and jobs growth. But, unfortunately, it is in the far north where we have seen the majority, or at least a very large number, of building collapses, and this goes back to the early 1990s. Of course, when that happens subcontractors, suppliers and consumers invariably shoulder an unfair burden.

It has become even worse in recent months, because since April we have had some seven companies crash, owing something like \$16m. Those companies included KEL Builders, Brobuild, Oberski and Jarmie—the HIA award winners—and Riaps. They all fell into financial difficulty. Subcontractors in particular have been vocal in their protest about the existing regulations, and this is understandable. They are industrious people—small businesspeople—often with dependent families who can ill afford to be left out of pocket, even for a few weeks.

I might just quote from one of the casualties in the latest building collapses in Cairns that followed from Oberski and Jarmie's collapse. This is Steven Lewis of Artistic Concrete Designers. He said that he has been creditor in six different insolvency cases in the past five years. He has sold his house, car and boat in an effort to keep his business afloat. He said—

"I have lost my relationship through the stresses on the business, I have lost my one staff member and I have had to take on a second job."

That is the kind of personal story that has been coming out of north Queensland. I put that on the record to make it clear to members that I do personally appreciate and understand the stresses that have occurred for so many people and so many subcontractors in far-north Queensland.

The Government does concede that the regulatory framework does not adequately serve contractors or, indeed, any honest members of the industry. That is why we have joined with industry representatives to bring about an overhaul of the legislation. The Better Building Industry Reforms will alleviate many of the problems now faced by these groups and will improve confidence in building and construction in the Cairns region.

Subbies will benefit substantially from a raft of rule changes. For instance, they will be able to down tools if they have not been paid after 35 days. They can walk off the job and know that in that situation they are not going to be liable. The so-called pay-if-paid and pay-when-paid clauses in contracts will be outlawed, and total retention and securities in the contract chain will not be able to exceed 5% of the value of the head contract.

Also, the head contractors for whom they work will be less likely to fail under the new regulations. They will have to fulfil more stringent financial requirements in order to obtain licences and directors of failed companies will not be able to obtain licences for five years. This provision is aimed directly at the so-called phoenix builders who rise from the ashes shortly after going down, taking innocent subcontractors with them. I think that is one of the really important provisions in this legislation. Time after time we saw builders crash and walk away, leaving enormous debts, incredible financial hardship and emotional distress in their wake. Then, just a few weeks later, they started all over again.

**Mr Sullivan:** That's right.

**Dr CLARK:** As I note from the interjection, we all appreciate just how significant an issue that has been, and I am so pleased that this legislation will put an end to it.

Subcontractors will be the big winners from these changes. However, they must be aware that they have an arsenal of new powers and they must be prepared to use them. That is what is so important in this particular case. This is where the subcontractors' leadership can play an invaluable role. They are invited to continue working with the Government and the Queensland Building Services Authority to encourage subcontractors to use the new laws.

By and large, the subcontractors' leadership has shown great responsibility. The general manager of the National Subcontractors Association, Mr Chris White and Messrs Frank Huysing and Allan Risk of the Building Industry Specialists Organisation of Queensland have been closely involved in the development of this Bill. In fact, Mr White is on the record in the Courier-Mail as giving his support to this legislation, saying that there has been huge industry involvement and that they—the Government—have basically delivered on the entire reform package, save some minor changes. They have shown an appreciation of what it offers to their constituency and they have taken the initiative to raise the awareness of their members because they understand the legislation is a useful tool in the hands of subbies if only they are willing to use it. I attended a recent public meeting in Cairns at which the Minister was explaining the proposed reforms. Mr White encouraged subcontractors to take a collective stance against builders who seek to bend the rules.

I contrast this with the attitude of Ron Crew, a Cairns based vice-president of Mr White's association, who has sought to discourage subcontractors' faith in the Bill. For some reason he has backed away from his initial enthusiasm for the reforms. During an interview on Cairns radio 4QY on 3 March he actually congratulated the Government and he was similarly reported in the paper. On the same day the Cairns Post reported Mr Crew as saying that a better building industry package would end many unfair practices and would in time weed out shonky builders. On 12 July, though, Mr Crew was in the press expressing his doubts, saying that security of payment of subcontractors was still unresolved, despite the reforms to the building industry. Again on 14 August it was reported—

"Toothless State Government legislation governing security of payment in the building industry was forcing hundreds of Far Northern subcontractors interstate for work."

I know the commitment of Ron Crew on this issue. I do not doubt that. I have never doubted that. I know him and his wife well. He and his wife, Mena, have spent many hours talking with subcontractors and their wives. I know how much effort they have put in on this issue. I do not doubt their commitment, but I do doubt Ron's willingness to be totally unbiased in this regard.

Ron has a political history and that is his business, but he now needs to show leadership. He needs to take a stand within the industry and work with the subcontractors to show them how they can use these provisions to their advantage. It is really important that Ron Crew, despite the past, now joins with the rest of the industry and works with the subcontractors, as the primary beneficiaries of this legislation, to really fulfil what this legislation can achieve. I send a clear message to him that he has a responsibility to do that, and I look forward to working with him to achieve that.

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