



Speech by

**Mr P. PURCELL**

**MEMBER FOR BULIMBA**

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Hansard 12 April 2000

**DOMESTIC BUILDING CONTRACTS BILL; QUEENSLAND BUILDING TRIBUNAL BILL**

**Mr PURCELL** (Bulimba—ALP) (4.07 p.m.): I would like to congratulate the Minister for Equity and Fair Trading for the whole raft of legislation which she has brought into this Chamber. She has now introduced the Domestic Building Contracts Bill and the Queensland Building Tribunal Bill. As honourable members know, the building industry is one of the main barometers of the economy of Queensland and Australia. When the building industry is firing, the economy is doing reasonably well.

**Mrs Sheldon:** So do the unions.

**Mr PURCELL:** I am saying that everyone does well. I like to see builders and subcontractors do very well; then I know that people will be paid. If builders and subcontractors are not doing too well it is usually hard to get money out of them. It is then difficult to ensure that people are paid correctly, even though it is the law that builders are required to pay certain amounts of money. They do not seem to be worried about breaking the law from time to time.

Probably the largest outlay that anyone would make during their lifetime would be in building a home. It represents an enormous financial commitment. Consumers are often stretched to their financial limits. The last thing such people need or can afford is a substantial increase in the contract price of their homes. They are then at the mercy of the lender to have their homes completed.

When I first applied for a loan to buy my house I was unable to get a bank to lend me the money. I was working as a builder's labourer and no-one wanted to lend money to a builders labourer. Moneylenders were aware of the tenure of builders labourers. I was on an hour's notice under the award. One does not want to be at the mercy of a moneylender, particularly if one has to ask for more money, because one will pay very dearly for it.

I was very fortunate that at the time there was a lender around called the Trade Union Building Society, which lent me the money. Of course, that institution was the forerunner of Suncorp. Consumers have a right to rely on the contract price that is quoted by the builder. Builders have a right to recover costs in excess of the agreed contract price for extra costs that could not have reasonably been foreseen during the construction of a dwelling. The Domestic Building Contracts Bill achieves both of those important objectives.

Under this Bill, contractors will not simply be able to make a guess in their quotes. A lot of contractors have a notebook in their back pocket, and that is their office. I think that they need to pay a little bit more attention to how they quote on jobs and make sure that they get their quotes right, because home owners rely on those prices when they have people bidding to pick up contracts. If the need for a variation to a contract price should have reasonably been foreseen at the time at which the contract was entered into, the builder will have no right to claim it as a contract variation. This directly promotes a certainty of contract price while allowing the recovery of costs where it would be reasonable to do so.

The Bill maintains the regulation of clauses used to increase the contract price in the event of delay. However, given that the consumer will have to rely on the accuracy of the contract price, the use of cost-escalation clauses remains limited and cannot be used to correct a mistake in quoting prices. That, of course, relates to the bidding and the competition between builders to pick up a job when people are building a new home.

Importantly, the Bill allows the consumer to end a contract where the contract price rises more than 50% because of a cost-escalation clause. However, the contract can be ended only where the contractor was responsible for the delay, which should have been foreseen at the time at which the contract was entered into. Once again, genuine contractors making reasonable estimates of costs and completion dates have nothing to fear from these reforms as they will be able to recover their costs.

The Bill further provides for certainty of contract pricing by limiting the use of cost-plus contracts to circumstances where the cost of a substantial part of the work cannot be worked out at the time at which the contract is entered into. I will give an example. At the moment, because of the amount of work that is going on in Sydney and here in the housing industry, it is very hard to get finished timber for flooring. Certainly, a lot of timber is being used. If a person wants to get a floor laid, they cannot get a builder to give them a definite price for the simple reason that that timber will have to be ordered and there would probably be a three-month wait for it to be imported. The builder would not be quoted a price for that timber until such time as it lands in Australia. So a builder could give people a guesstimate, but he would not be able to give people the exact price for that timber. This Bill takes care of that. It ensures that unscrupulous contractors cannot hide poor contracting practices behind a facade of cost-plus contracts.

The reforms contained in this Bill promote certainty of contract price while maintaining a balanced approach to regulation. Unscrupulous and careless contractors should heed the warning that sharp practices are not tolerated in the building and construction industry in Queensland. I think there is a whole culture out there that we need to continue to wind back. This Bill will assist us to do that. Consumers demand certainty of contract price. Genuine contractors demand fair competition. This Bill meets the demands of both stakeholders.

Once again, I would like to congratulate the Minister on introducing this Bill. It will continue to give certainty for all of those who work within the building industry. I know the member for Caloundra would want builders as well as contractors to be looked after.

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