



Speech by

Miss FIONA SIMPSON

MEMBER FOR MAROOCHYDORE

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SUBCONTRACTORS' CHARGES AMENDMENT BILL

Miss SIMPSON (Maroochydore—NPA) (4.31 p.m.): The amount of capital being lost from communities such as the Sunshine Coast through building company collapses could add up to as much as \$50 million over the past two years. This is based on the rough estimates of industry, as no-one can give an exact figure. I put the question to the minister only last year and he admitted that this information had not been collated. I believe this work needs to be done, because the true damage to the industry needs to be understood, particularly when interest groups are arguing against legislative changes which may deliver greater security of payment to a wider range of participants and greater benefits to the public.

However, we do know that the number of building company collapses in recent years has had a disastrous impact, destroying many smaller subcontractors' businesses and impacting terribly on their lives. At one end of the spectrum there are interests in the building industry who would prefer there to be little regulatory protection for the industry. Their attitude is that government should not protect people from their decisions to enter into contracts which may have inherent risks.

Although I am not a believer in red tape and big government, I do not agree with this argument in its purest form for the following reason. The current bad practices are too damaging to too many good people. To lose so many hardworking and honest businesses is not in the interests of communities or the people who end up unemployed or dispossessed of their homes. It is a destructive use of capital to have it bled from active employment in this way. Government must play a role to ensure greater fairness so that thousands of people are no longer ripped off.

The minister knows that I could name a long list of recent building company collapses on the Sunshine Coast. Certainly, ImaMaster is one of the recent disasters that has caused much distress. However, I have a list of about 16 businesses that I know of, many of them owing millions of dollars to hundreds of smaller businesses and their workers.

Many of the subcontractors I have talked to about the impact are not shoddy businesses, they are good businesspeople and they have been burned badly by recent and previous collapses. It is all too easy to cast a slur on the victims. Some may need to have better bookkeeping practices and to know their rights, but not all of them have fallen into this category.

I acknowledge that this amendment to the Subcontractors' Charges Act will make it easier for people to claim higher up the chain. I acknowledge that it is aimed at making the process of claiming charges easier, and I welcome that. I acknowledge also that we will be putting forward some suggestions as to how to improve that process. There is also a government discussion paper on a wider range of issues in the industry. I am currently gathering feedback from industry participants on these matters and will be reporting back at a later date.

However, I wish to raise some issues that I raised with the minister recently. One is the issue of greater scrutiny of the process of administration. One constituent using the existing Subcontractors' Charges Act had placed a charge and, when the company went into administration, was told that they had to join the list behind others such as the administrators in gaining payment.

The issue of bad builders shifting their assets and protecting their property from being used to pay out debts also sticks in the neck of many disadvantaged subbies. In my question on notice No. 652 to the minister on this issue I asked—

Will he provide resources to help investigate bankrupted builders or developers who shift assets to avoid paying their debts?

The minister replied—

The Building Services Authority has for a number of years provided significant funding to administrators, liquidators and bankruptcy trustees in order to fund investigations in relation to dishonest or improper conduct on the part of directors and licensees and will continue to do so.

I acknowledge and thank also the Building Services Authority for the recent briefing in regard to some of these matters and for the fact that some funding is being put into this process. I ask the minister to outline to the House how much money has been spent to assist with these processes of administrators, liquidators and trustees. I guess the issue is how much the government is putting into this. Is this an area we need to look at to see whether more funding can be put into this?

As other members would be aware, when some of these companies are wound up there is so little money available after the administrators have taken their fees, and given the number of creditors who are trying, quite rightly, to get the best dollar value they can out of the washed up company, very few funds are left to pursue people who have shifted their assets. We hear countless anecdotes about people who know of a bankrupt builder who is still living in a very nice house. I acknowledge the majority of builders are not crooks. They are people who are creating jobs in our community and who have a genuine interest in being honest and working towards a sounder economy. But we are talking about those who are seeking to abuse the system and to exploit the fact that when there is a building collapse there is not a lot of money left to investigate any breaches of law.

I welcome the minister's advice as to how much the government has kicked into the kitty recently to pursue people who have been shifting assets or acting in this unscrupulous way. It is an area that needs to be looked at further, because there might be a need to spend more money to make sure that people who have broken the law face the full force of it.

There are many other issues in regard to providing greater security of payment, and this matter will come back to the House in the future. I will state on the record that it is heartbreaking when we see people who have worked hard, built up a business and employed others only to get ripped off through other people's bad business practices, which have also felled many other small businesses. That is devastating. We cannot allow this problem to continue. This is only one issue that we are dealing with in this legislation today, but there needs to be greater security of payment, I believe, through greater security being provided in the legislation.

If we were to see one business go under at a cost of \$50 million to a local community we would appreciate that that leaves an awfully big hole in a local economy and people's livelihoods. But when it happens as a continual bleed-out of many businesses and many people's livelihoods, perhaps it does not receive the attention it deserves. This is why these many good small businesses—suppliers or people in the trades—are saying that things have to change and there are better ways of doing things that still allow people to get on with business. However, we cannot afford to do nothing. There must be changes that give greater security of payment and greater weight to the fact that good businesspeople have paid a bad price for those who have run their businesses badly.