




Speech By
Hon. Anastacia Palaszczuk

MEMBER FOR INALA

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MINISTERIAL STATEMENT

Security of Payment for Subcontractors

 **Hon. A PALASZCZUK** (Inala—ALP) (Premier and Minister for the Arts) (2.13 pm): This is a landmark day for all of our subcontractors and small businesses that rely on them. This morning I took great pride in meeting with subcontractors, along with my housing and public works minister, to tell them that my government had heard their pleas. The minister and I met with John and Kylie, who have operated a scaffolding business from Townsville. John said that the business was owed \$270,000 at the time of Walton Construction's collapse and that that had grown to \$400,000 over time. They spoke of stress not only on their business but also on their family life. As Kylie asked, 'Why should people go to work and not get paid?' Kylie told us stories about people who have lost their homes and were forced to sleep in cars. Les Williams from the Subcontractors Alliance told of the horrific stories not just in Queensland but also across the nation. As Premier, I will not stand for this. This practice hurts Queensland families.

Mr Rickuss interjected.

Mr SPEAKER: Member for Lockyer, you are warned under standing order 253A. If you persist, I will take the appropriate action.

Ms PALASZCZUK: Subcontractors expected us to act to guarantee secure payments for them and we will. There will be no more excuses. There will be no tinkering around the edges. My government will move to ensure contractors in the building and construction industry get paid in full and on time. They rightfully expect a just, fair and secure payment system. We plan a stand-out, secure payment system. The wholesale reform my government intends to legislate has been far too long in coming. I have heard countless horror stories of subbies being frozen out of their rightful payments.

We made an election commitment to review and consult widely on the problems that subbies faced. We have done that. Now the economic analysis by Deloitte is in. It makes for shocking reading. Illuminated in full glare are the myriad problems that subcontractors encounter far too often. Most alarmingly, it confirms that 'what was once considered poor business practice is a standard operating model in the industry'.

There are repeated instances of head contractors and other contractors delaying payments to subcontractors to supplement their own cash flow—to offset the costs of other projects, to receive interest and to avoid additional financial costs for accessing further funding. These shocking practices have resulted in so many of our subbies being used as pseudo overdraft facilities. The current top-down contractor's payment system has in far too many instances become purely cannibalistic. The sad result is that too many businesses have been wrecked, too many families have been torn apart and too many good, hardworking people have simply lost everything.

To end the shonky practices in the building and construction sector, we want to have project bank accounts eventually installed on all construction projects over \$1 million in this state. We will start the reform process by having project bank accounts on all government projects between \$1 million and \$10 million from January 2018. The Minister for Housing and Public Works will introduce other supportive, legally binding measures to back up and strengthen our planned new secure payment system.

It is an economic imperative that we restore fairness and proper payments for our subcontractors. Subcontractors have been pleading for help from successive governments for decades. We have heard them and today we will deliver. I understand there will be some who oppose these fundamental reforms, but the great community good must be paramount. These reforms are reforms for Queensland subcontractors and those Queensland small businesses and Queensland families they support. I remind members that our construction sector contributed around \$44 billion in 2015-16 to the state's economy and currently provides around 220,000 jobs. Payment certainty will generate even more jobs. Outlawing the blatant rip-offs in the sector will not only restore confidence and the bank balances of our hardworking subbies but also benefit small businesses everywhere.