




Speech By
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MEMBER FOR SOUTHPORT

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BUILDING INDUSTRY FAIRNESS (SECURITY OF PAYMENT) AND OTHER LEGISLATION AMENDMENT BILL

 **Mr MOLHOEK** (Southport—LNP) (2.01 pm): I rise to speak briefly in respect of the Building Industry Fairness (Security of Payment) and Other Legislation Amendment Bill. It is my privilege to say that I was on the original committee that reviewed the first round of security of payments legislation that was introduced into the Queensland parliament during the last term of this Labor government. I note that on that occasion what was introduced was a trial involving government contracts and the establishment of project bank accounts for projects of \$10 million or more. That trial was to run for about 12 months, but has run for closer to three years. Here we are now finally reviewing the security of payments legislation that was proposed some years ago.

I put on the record that I was disappointed with some of the proposals at that time. While I certainly embrace the need to have much stronger systems in place to ensure that people are paid, I felt that the first round of legislation really did not go far enough and really did not provide any significant change or hope to more than 70 per cent of tradespeople who work across Queensland. In fact, it really only looked after a niche group of people who worked for large contractors that had government contracts.

I note at page 6 of the explanatory notes that there are three proposals with respect to trade accounts or retention trusts. From July 2020 government and hospital and health services building contracts valued at \$1 million or more will now require retention accounts. From July next year—it is a carrot that we are dangling off in the distance—project and retention trusts will apply to local government and private sector building contracts valued at \$10 million. Almost three years on, we really have not dealt with private sector contracts. From July 2022 we are holding out a carrot, an incentive, that contracts over \$1 million will be captured by this legislation.

My concern is that to a degree this legislation creates false hope. It still does not provide a secure payment pathway for the thousands of tradespeople across the state who undertake everyday jobs—those who are perhaps doing a \$20,000 or \$30,000 job or taking on a \$200,000 home renovation project or an owner-builder building a new home on someone's land worth \$300,000 or \$400,000. This legislation really does not provide the security that is needed and only deals with big projects.

There have been some spectacular failures in recent times with large companies in Queensland going under. As I argued some two or three years ago when this legislation was first introduced and will state again, some of the money collected by the Queensland Building and Construction Commission in insurance premiums every year, instead of being siphoned off into general revenue by the state government as a profit, could have been set aside for a true insurance scheme to provide contractors and tradies with the security they need to be paid. When there are spectacular failures or even minor failures, there would then be money there to pay these people.

I do not believe that project bank accounts or retention trust accounts do anything but provide more red tape. We heard testimony in the committee hearings when I was on the committee when this was first introduced that essentially all this does is create entirely new levels of red tape and paperwork

and that tradies and contractors will find a way to get around it. We heard testimony that for large companies this probably adds one or two per cent to the total cost of projects and results in no real benefit. It restricts and ties up some of their cash flow. All it simply does is add to the cost of construction. As outlined on page 6 of the explanatory notes, for smaller contracts it is not going to be one per cent on a \$1 million or \$2 million contract or one or two per cent on \$3 million or \$4 million contract; it is likely to be a higher percentage given the significant time it will take administratively to set up these accounts, process the paperwork and keep separate accounting records for each project.

I said last time we looked at this legislation and I will say it again, I feel that there are aspects of this legislation that are quite disingenuous. In a sense, it provides false hope. It is a great marketing pitch from the minister to say, 'We are going to make sure that all tradies across Queensland are going to be paid.' I would guess that the reality would be that at least 50 per cent and maybe 70 per cent of tradies across Queensland are not covered by this legislation. I am disappointed that the legislation does not deal more broadly with proper payment processes for tradespeople. There is a part of me that even wonders why we need to have this legislation. Any company in Australia is subject to the laws of the land, be they a tradesperson, a retail shop, a dentist, a doctor, a tourism operator or in some other business. There is a reasonable expectation that people should be paid. If people do not pay their bills, they should be prosecuted.

There is a part of me that asks: why don't we look with greater rigour at existing terms of payments and contracts? I note that even the state government itself at times in recent years has not been the most prompt payer of bills. There have been many occasions when we have heard from constituents and people around the state complaining that the government has been slow to pay.