

BUILDING AND CONSTRUCTION INDUSTRY

Statement by Minister for Works

MR JOHNSON (Hillarys - Minister for Works) [9.06 am]: I advise the House of actions I am taking on the security of payment for subcontractors in the building industry in Western Australia. The building and construction industry contributes significantly to the Western Australian economy. The core of the industry comprises specialist subcontractors ranging in size from single tradespeople to substantial companies. The future of the industry and the interests of the community are heavily dependent on the viability and financial stability of subcontractors and suppliers. A major impact on the successful operations of subcontractors and suppliers can be directly related to the promptness and certainty of their payment. If building owners or head contractors delay payment at the beginning of the contracting chain, it can have severe consequences to businesses at the end of the chain. Ensuring security of payment without adversely affecting the flexibility and efficiency of the industry is not an easy task.

Investigations in Australia and overseas have identified a number of possible approaches. Many of these processes have been introduced only recently, and few have found general acceptance. New South Wales and Queensland have adopted differing forms of legislative approaches to this issue and these will be considered along with other approaches. The Victorian Government has recently established a task force to review security of payment. In Western Australia, building industry legislation is being reviewed under the National Competition Agreement. Cabinet has also approved the drafting of a new building Act to cover building standards and legal liability in the industry. It is now timely to review strategies for security of payment so that appropriate provisions can be integrated into the new and reformed legislative environment. I have therefore established a security of payment task force to examine current concerns on security of payment. The task force's role will be to recommend options to strengthen the financial stability of subcontractors and suppliers in the Western Australian building and construction industry. I have asked the member for Joondalup, Chris Baker, to chair the task force. It will comprise members of key industry groups and government agencies. Executive and technical support will be provided by the Department of Contract and Management Services. The task force will be required to consult widely and report to me by March 2001. The task force will provide the building industry with an opportunity to make a significant contribution towards this important area of reform.