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Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Committee Secretary,

Re: Insolvency in the Australian Construction Industry

I write on behalf of members of the Masonry Contractors Association of NSW/ACT (the Association). The Association consists of residential & commercial brick and block laying subcontractors who work in all areas of the industry in NSW and the ACT

Members of the Association experience the adverse effects of insolvency in the industry on a regular basis. Often head contractors go into administration or liquidation owing our members significant amounts in unpaid progress payments and retention monies for work which has already been completed by our members. Generally these subcontractor members are unsecured creditors. In most cases they recoup nothing or very little of these outstanding amounts at the end of the formal insolvency process.

I am now enclosing for the Committee's consideration documentation provided by various Association members which sets out the nature and disastrous economic and social costs of the insolvency phenomenon.

The Association has had discussions with a number of industry parties, including the MBA & CFMEU, about ways in which this problem could be addressed. I have provided the CFMEU with information relating to my own experience as an industry subcontractor and representative, and understand that the CFMEU has incorporated this into a submission which it has made to the Committee. I also understand that the CFMEU has urged the Committee to recommend the adoption of a mandatory trust account system for the industry along the lines of that outlined in the NSW Collins Inquiry Report in 2012. The Association fully supports such an approach.

I would appreciate an opportunity to appear before the Committee to further detail our concerns. I anticipate that a number of the Association's members will likewise make themselves available.

Thank you for your consideration of this issue which is of critical importance to the construction industry.

Yours faithfully,

Trent O'Sullivan

President | Masonry Contractors Association of NSW & ACT