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Builders Also Need Security of Payment

The Master Builders Association is calling on the McGowan government to ensure that builders will also be protected by any changes to WA's security of payment legislation.

According to Master Builders Director, Michael McLean, it's not just sub-contractors that experience unpaid invoices and disputes over payment for services rendered.

"Recent publicity surrounding builders ceasing to trade, once again highlights the role that clients play in the contractual payment chain", Mr McLean said.

"Difficult and unreasonable clients, in conjunction with onerous construction contracts, have contributed to a number of builders, especially in the non-residential sector, going broke which has then lead to sub-contractors not being paid."

"If builders operated under fairer contracts where the allocation of risk was more equitable, we wouldn't see reputable builders like Cooper & Oxley under extreme pressure to close their doors," Mr McLean said.

"Whenever a builder goes broke, the publicity tends to focus on the sub-contractors and suppliers who haven't been paid rather than what caused the builder to cease trading in the first place."

"I think it is time for our state government to start analysing the root cause of these problems, rather than focus on the outcomes," Mr McLean said.

"Regrettably, some builders can be their own worst enemies when the economy is experiencing a downturn and they become more desperate to win work in a fiercely competitive tender market."

"This is a time when Building Management & Works (BMW), the WA government's construction arm, needs to take a leadership role in ensuring its construction contracts are fair and reasonable and the ultimate tender price selected is in fact achievable rather than simply being the lowest," Mr McLean concluded.

John Murray AM has carried out a national review of security of payment legislation for the Turnbull government which is now under consideration by the Workplace and Deregulation Minister, Craig Laundry. The McGowan government is likely to review WA's security of payment legislation after details of the national review are released.

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