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System punishing subcontractors

The National Electrical and Communications Association (NECA) read with interest the recent article “Builder insolvencies soar, subbies call for safety net”, (June 6).

Subcontractors (and particularly those in finishing trades) within the building and construction sector have for too long been acting as de-facto financiers. What’s more, the majority of Australian subcontractors are small family-owned and operated businesses that simply do not have the cash reserves to deal with many of the demands placed on them by some unscrupulous lead contractors.

In short, there needs to be a fundamental and urgent change to the security of payment arrangements within Australia. It is clear that this sentiment is supported by both John Murray AM and small business ombudsman Kate Carnell.

NECA was one of many stakeholders engaged as part of the Murray Review of Security of Payment Laws. The findings and recommendations of the Murray Review confirm the positions that we, and other subcontractors have held for a long time – and that is, the current system is flawed. It punishes subcontractors – it does not protect them. NECA was positively cited dozens of times within the findings of the Murray Review – we have the



There are calls to change security of payment arrangements for subcontractors.

answers; why aren’t we getting on with implementing them?

More than ever, the current downturn in the market highlights the need for the critical recommendations within the Murray Review to be implemented. The suggestion that mandatory statutory trusts are not practical, cost effective or workable are farcical – this is simply a reversion of the status quo. Without protections in place, any downturn within the market will be exacerbated.

With countless examples of builders

going under due to no fault of subcontractors, protections and measures must be immediately introduced to limit any further detrimental impact to this sector.

NECA calls for levels of accountability, transparency and fairness that safeguard subcontractors as recommended by the Murray Review now come to pass.

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*Suresh Manickam, CEO
 National Electrical and Communications
 Association*