

GOVERNMENT CONSTRUCTION CONTRACTS — SUBCONTRACTOR PAYMENT

6351. Hon Linda Savage to the Minister for Finance

I refer to the following companies, awarded State Government construction contracts or contracts for projects funded through the State Government programs —

- (a) Sizer Builders (WA) Pty Ltd;
- (b) Midland Constructions Pty Ltd;
- (c) WA Commercial Constructions Pty Ltd trading as KMC Group;
- (d) Dalcon Construction Pty Ltd;
- (e) Oostveen Pty Ltd, previously Niche Construction; and
- (f) Briklay Pty Ltd,

and I ask, for each company —

- (i) on what date did the Government receive complaints or information that the company was not paying sub-contractors, despite signing statutory declarations it had done so; and
- (ii) on what date did the Government receive information the company was facing insolvency, closure or being placed under administration?

Hon SIMON O'BRIEN replied:

- (a) (i) The Department did not receive complaints or information prior to the builder entering administration.
(ii) On 17 December 2010, the Department received information that the builder had been placed into receivership.
- (b) (i) The Department did not receive complaints or information prior to the builder entering administration.
(ii) On 4 April 2011, the Department received information that the builder had entered voluntary administration.
- (c) (i) On 7 September 2011, an electrical subcontractor advised the Department of payment issues with the builder. The Department's inquiries revealed evidence of a contractual dispute, with both the subcontractor and builder having legal representation. The Department advised the subcontractor of the Construction Contracts Act 2004 as an avenue of resolving the dispute and provided contact details of the Building Commission.
(ii) On 1 May 2012, the Department received advice that the builder had appointed a voluntary administrator.
- (d) (i) The Department did not receive complaints or information prior to the builder entering administration.
(ii) On 10 May 2012, the Department received information that the builder had entered voluntary administration.
- (e) (i) On 15 December 2011, a paving subcontractor copied the Department into email correspondence with the builder relating to the termination of the subcontract works order by the builder. The Department raised this issue with the builder who advised that the reason for termination was due to poor quality of work. Money was withheld from the subcontractor for delays in completing the work and for the need for rework. The Department subsequently advised the subcontractor of the availability of the Building Commission as a means of resolving the dispute.

On 27 February 2012, an earthmoving subcontractor advised the Department of payment issues with the builder. The project had reached practical completion. The Department raised this issue with the builder who advised that the reason for non-payment related to a dispute. The subcontractor was invited to provide evidence of the non-payment but this was not provided.

On 19 March 2012, a steel subcontractor advised the Department of payment issues with the builder. The project had reached practical completion. The Department raised this issue with the builder and continued to follow up the non-payment issue with the subcontractor.

- On 24 April 2012, the subcontractor emailed the Department noting that the builder had advised that payment would be made by 15 May 2012.
- (ii) On 21 May 2012, the Department received information that the builder had entered voluntary administration.
- (f) (i) On 6 September 2012, a concrete subcontractor Concretus advised the Department of payment issues with the builder.
- (ii) On 7 September 2012, the Department was contacted by a director of the builder with information that it was facing financial difficulty and that administrators would likely be appointed the following week.
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