



## STATEMENTS BY MEMBERS Bay Group of Companies 10 May 2006

Ms GRIERSON (Newcastle) (9.32 a.m.)—I rise to report to the chamber on the collapse of the Bay Building group of companies in the Hunter region, a collapse which has left over 500 creditors owed around \$35 million. Most of the unsecured creditors are small businesses, contractors and tradesmen from my electorate, Newcastle, and the surrounding Hunter region.

Several businesses have already gone under as a result of being owed up to \$135,000, and many others have had to lay off staff and are struggling to survive. There are also mum-and-dad investors caught up in the collapse after putting money into property developments promoted by the Bay group. One couple has reported losing \$500,000, along with their house. The employees of the Bay group have also sustained significant losses, including two employees who are owed \$20,000 each.

Mum-and-dad investors, small businesses, contractors, tradesmen and employees of the companies have lost as much as hundreds of thousands of dollars each. The impact on their businesses and their lives cannot be underestimated. It is one of the worst corporate collapses in our region's history, and I call on the Treasurer to order the Australian Securities and Investments Commission to investigate it urgently.

The creditors deserve to know what happened to their money. They are so concerned about the suspicious circumstances of the collapse that they have moved to put up more of their own funds to establish an investigation, through an initiative of the Masters Builders Association. They should not have to do that. Good governance suggests that ASIC should investigate; that is its job. The Treasurer should instruct it to do so; that is his job.

In this case, reports of events surrounding the group's collapse suggest some very murky dealings. They should be brought to light and investigated. For a start, the four associated companies—Bay Building Investments, Bay Constructions, Morgan Building and Property Maintenance, and Debay Holdings—all collapsed on the same day in February. Since then, the administrator has been unable to find a full record of the companies' financial accounts, after computer servers disappeared from offices. There have also been reports that the four companies had borrowed money from each other before the collapse, ensuring that their directors had large numbers of proxy votes in the administration process. There have been rumours that one of the last remaining assets of the companies—a development site at The Entrance on the Central Coast named Paradiso—had been secretly sold off to a third party.

This is all highly irregular. We do not know if there were illegal activities, but we do know that suspicion and doubt exist. That is why a full public examination is needed. There are people who are owed hundreds of thousands of dollars and whose livelihoods, businesses and homes are at risk. They deserve to know what happened to their money when these companies collapsed.

John Howard stepped in and helped when his brother's company went bust in the Hunter; his government should do the same for the people of the Hunter who have been affected by the collapse of the Bay group. I again call on the Treasurer to direct ASIC to conduct a full public examination of the circumstances surrounding the collapse of the Bay group of companies.