Ep.71 Mitigating against residential construction insolvency in Australia

Intro music: Insol international, in conjunction with the Early Researcher Academics Committee, presents: Insol talks.

Defne Tasman (DT) (00:23): Welcome back to another episode of INSOL Talks. My name is Defne Tasman. I am a member of the INSOL ERA board and a PhD researcher at the University of Antwerp in Belgium.

In this episode, we continue our journey through the world of insolvency and restructuring at the intersection of law, finance and society. This time we turn to Australia, focusing on the growing challenge of insolvencies in the residential construction sector. Together with our guests, we will explore why this problem has become so acute and what it means for housing availability, economic productivity and financial stability. Drawing on major research project funded through the building 4.0 Australian Cooperative Research Centre, we will explore the structural, regulatory and financial drivers of business failure and hear about the reforms and interventions that could help build resilience in the sector. As always, we will connect these insights to broader themes and ask what lessons this research might hold not only for Australia, but also for insolvency systems globally.

To help us unpack the drivers behind this trend and what can be done about it. I am delighted to be joined by two leading researchers from the School of Law at Queensland University of Technology. Dr. Amanda Bull is a lecturer at Queensland University of Technology. She has extensive experience in banking, finance, insolvency and property law, and her research focuses on small business restructuring with comparative perspectives from the US and the UK. Her work provides critical insights into the effectiveness of Australia's small business rescue framework.

Joining us as well is someone many of our listeners will know from previous talks episodes. Dr. Elizabeth Streten, also a lecturer at Queensland University of Technology with a background in legal practice and more than a decade as a lawyer before entering academia. Her research explores the regulation of insolvency practice, the professional identity of insolvency practitioners, and broader themes including sustainability, globalisation, and the role of technology in insolvency systems.

They are also part of a multidisciplinary research team investigating the drivers of insolvency in Australia's residential construction sector, a project that brings together insolvency law, economics and construction management. Welcome, Amanda and Beth and thank you for joining in some talks.

Now, residential construction plays a vital role in Australia's economy and society. It is not only about building homes, but also about sustaining jobs, productivity and stability in the financial system. In recent years, though, we have seen headlines about insolvency rates in the sector rise sharply, which have raised concerns about both industry resilience and the availability of affordable housing. So to start us off, Beth, could you give us a sense of what is happening in the Australian residential construction sector right now, and why has insolvency become such a pressing issue at this point? What do you see as the broader consequences for the sector, for housing markets and for the wider economy?

Elizabeth Streten (ES) (03.46): Thank you, Daphne, and thank you very much for having us. In terms of your question, it's important to refer to the statistics from the Australian Securities and Investments Commission, ASIC, who is the main regulator in this regard. And those statistics show that there's been a significant increase in the external administrations in Australia generally, but particularly within the construction industry. So the number of external administrations grew by thirty nine percent in

2023 to 2024, compared with 2022 to 2023. And the top industry of concern is the construction industry, where external administrations grew by 27%.

Now, there are some limitations with statistics that will address throughout the discussion, but they certainly highlight a very real increase in construction insolvency. And we can't break that down, unfortunately, through the statistics to consider residential versus commercial. But when you combine those general statistics and consider the considerable consequences that flow from residential construction insolvency, it's very clear that we have a significant problem to address. And the consequences are myriad. They pertain not only to economic loss, but also to societal consequences. And while there are repercussions for business owners themselves who might be bankrupted or find their company insolvent, there are flow on effects to many, many other people, including the families dependent on them and the income they generate, the employees reliant upon them and the families reliant upon their income, but also upon broad stakeholders, including subcontractors. And there's a huge number of subcontractors in this particular area.

There's data which shows that there's an average of some 24 subcontractors involved in a residential single family build, and that's a lot of people reliant upon payment, many of whom would then have their own costs and creditors associated with the build. And all these figures you can see in the National Association of Home Builders report, which was based on a survey completed by 354 builders who build single family homes, and 69% of those used between 11 and 30 subcontractors to build a single family home.

On top of all of this, there's evidence that these various different stakeholders don't just suffer financially and don't just have flow on effects for the economy, but there's negative impacts, including poor physical and mental health, substance abuse, gambling addiction. There's evidence that it leads to family violence and family breakdowns and even suicides. And there's data in that regard from academics such as Stevens and Peracha and others such as Ian Ramsey. So this data certainly indicates that there are significant societal complications. And given that in Australia, we're currently in the midst of a housing crisis, the increase in external administration, the flow on effects highlight a very real concern about a range of negative consequences upon a broad range of impacted stakeholders.

DT (07.32): Thank you Beth. That sounds really, really serious. Do you see these pressures as mostly the result of recent shocks, such as, for example, Covid or inflation, or are they rooted in deeper long term vulnerabilities within the industry?

ES (07.49): Look, Daphne, there's certainly been an impact by Covid that none of us can deny. But more than that, there's post-Covid recovery as well. And there's been other influences in Australia, such as natural disasters, interest rate increases. But putting those aside, there's more than that. There's deep rooted issues in the industry which we think can be improved to assist in mitigating against residential construction insolvency.

DT (08.20): Thank you Beth. That is a really helpful overview and it really sets the stage well for our discussion. Now you and your colleagues are part of a team investigating these issues. Could you tell us a bit more about the project itself? How did it come about? Who is involved and how have you structured the investigation from sector engagement and workshops to your data analysis and research methods?

ES (08.46): Yes. So it's a CRC project number 80 which pertains to construction in the insolvency. And it's funded by the building 4.0 CRC through the Commonwealth Government Cooperative Research Centres program. Now I quote this from the website for the building 4.0 CRC. And it says that it is an industry led research initiative, co-funded by the Australian Government. The CRC aims to develop an internationally competitive, dynamic and thriving Australian advanced manufacturing sector, delivering better buildings at lower cost and the human capacity to lead the future industry. And that's the overarching aim as they describe it.

Our research team is absolutely wonderful, if I can say that myself. It consists of the amazing Dr Lyndal Bryant, Dr Fiona Chung, Dr Amanda Bull, who's with us, and Ms O'Neill and myself, and we're all from the Queensland University of Technology. We have some really fantastic research partners. The Building and Plumbing Commission, the Master Builders Association of Victoria, Holmesglen Institute as well. And we're quite grateful to them and for the government funding for facilitating this important research. The research itself is focused upon corporate insolvencies rather than personal insolvencies. And you may be aware that in Australia we have a split system with those being managed under different legislation and by different regulators.

Now we're focused on corporate rather than personal due to the limitations in data granularity and classification. What we've done is we've started with insolvency data and analysed that to profile the characteristics of residential construction companies that are falling into insolvency. And that's enabled a focused consideration of the parts of the sector that are most likely to benefit from targeted policy interventions. And that is namely small and medium enterprises, SMEs and those that are at the single unit dwelling end of the market. So while there can be insolvency of larger residential construction entities, and while that can have a significant impact, those values are fewer in number relatively compared with SME residential construction insolvency, which we found more likely to be mitigated against with various recommendations and interventions.

So our research method has been three pronged, and each stage has been iterative and informing the collective findings. The first stage was analysing economic and insolvency data. The second stage involved collaborative workshops and knowledge sharing with persons from the sector and our business research partners. And the third and final stage was industry mapping. So the data that was gathered in the first literature and data review stage included broad literature and review of various data sets, such as those from the Australian Bureau of Statistics, the Australian Securities and Investments Commission, which I mentioned before, is the main corporate regulator and the regulator of financial markets, financial services and consumer credit. Also, data from the ATO, the Australian Taxation Office and from the Australian Small Business and Family Enterprise Ombudsman.

So the initial data identified some patterns, some drivers and insights which were then triangulated with data gathered from the workshops to map institutional and systematic elements of the residential construction industry. Using a systems thinking approach with a focus on identifying targeted mitigants to reduce insolvency rates in the sector. And the workshops were with project partners and invited industry participants, and they really involved quite diverse number of stakeholders to validate and deepen the research insights. Participants gave a lot of contributions which were transcribed, analysed and there were emergent themes that informed the systems analysis and our recommendations. The final stage being the systems mapping and the complex systems analysis. Applied complex systems theory to integrate findings into a map of the residential construction sectors. Interconnected actors and processes. So it was a project that we undertook throughout the year, and we're at the stage of having released a final report in September, at the end of September.

DT (14.03): That's really great. I mean, it's valuable to see how academic research can connect directly with practice and also policy debate. But of course, every project comes with its own challenges. Researching insolvency is rarely straightforward, and gathering evidence in a sector as complex as residential construction must have raised some particular challenges along the way. So I would like to ask Amanda about some of the hurdles that you have faced when carrying out this research, and have there been any difficulties in terms of access to data, transparency from the university, or even coordinating across different disciplines?

Amanda Bull (AB) (14.46): Thanks, Defne. So one of the most significant hurdles in researching insolvency in the residential construction industry is the lack of consistent, timely, and granular data. That's because insolvency data is typically reported retrospectively, which means we can't really use it to predict emerging trends or intervene in real time. And that, of course, limits the ability of researchers and policy makers to identify and respond to financial distress before it actually escalates. There's also an absence of publicly available early warning data and indicators such as turnover, volatility, license suspensions or even insurance eligibility. And that could really help our stakeholders detect risk. And so while some industry bodies are working towards this, and they're making their own internal tools to monitor financial health of their members, these aren't accessible for broader analysis or industry wide preventative strategies.

Now another major limitation is the lack of a centralized public register that allows stakeholders to verify a builder's financial standing and also regulatory compliance, or even their qualifications prior to engaging them. This gap in transparency makes it really difficult for everyone, consumers, regulators and insurers to assess risk and to make informed decisions. So even when data is available, it's often insufficiently granular and inconsistently integrated. So while some public data sets might aggregate insolvency statistics across an entire construction industry, rather than breaking them down into residential and commercial, as Beth mentioned earlier, that kind of obscures the specific vulnerabilities of residential builders. So we really need more detailed industry data.

But even to the extent that it exists, it's jurisdiction specific, not publicly available, and it's focused on select insolvency events such as liquidation or deregistration or however that industry body has chosen to define an insolvency event. And that certainly isn't consistent. Now, this study is also constrained by data exclusions. Beth touched on one earlier. But to maintain our academic rigor, our analysis, as Beth said, focused on corporate insolvencies and excluded personal bankruptcies, again because the data sets just didn't match up. So it was very difficult to compare like for like. And also I mentioned that we've got industry specific data, which is really insightful, but it only relates to specific jurisdictions. So we can't really do a comparison or provide an Australia wide response to what are the characteristics of a residential construction company in Australia? We just don't have access to that breadth of data at the moment.

And finally, we have inconsistent definitions of what constitutes a small and medium sized enterprise, across agencies and legislation. So that really, of course, complicates business profiling and statistical analysis. So if these definitional inconsistencies and discrepancies, they really make it difficult to compare insolvency rates or develop targeted policy responses, because the nature of what constitutes a small and medium enterprise isn't always consistent. So, what we're saying in our report is these limitations really underscore an urgent need for standardized data collection and reporting across all of the regulatory bodies, including construction regulators, insurers, dispute resolution bodies and workplace safety authorities, even because better data would allow us to have earlier intervention, more effective policy advice and stronger consumer protection.

DT (18.24): That's a really useful insight. Amanda, thank you for explaining that so clearly. But even with the challenges that you have described, your research has highlighted some important patterns. The public often sees insolvency as a result of poor management or bad luck. But your work suggests that there are deeper forces at play in residential construction, and understanding these forces is important because it tells us whether insolvencies are isolated failures or symptoms of something structural in the way the sector operates. So from what you have seen so far, what do you think are the most important drivers of insolvency in residential construction? Could you take us through the main factors that stand out in your research and why they matter?

ES (19.11): Well, I might begin and then ask Amanda to address some additional matters. I'm going to look at, uh, regulatory complexity and limited business acumen. So drawing on data from ASIC and stakeholder workshop findings, we've certainly identified financial structures, regulatory complexity, and limited business and financial acumen and skills as a key driver of insolvency in the sector. In terms of regulatory complexity, there is an enormous complexity in residential construction regulation. It's fragmented, sometimes it's contradictory and there's conflicting requirements across different state and territory jurisdictions within Australia.

So for those who are not familiar with Australia, it has two territories, it has six states and they have their own laws. There's essentially three levels of government Federal commonwealth government, which covers the whole of Australia. Then you have the state level across the six different states and the two territories. And then there's local government laws as well.

So in this particular sector, there's a lot of state laws that come into play, but there's also a national construction code and the national construction code at federal level sets essential standards for building safety, health, accessibility and sustainability. And it's over 2000 pages, and it has frequent updates every three years. And it's very technically complex. And then at state level, every state and territory has its own regulations with respect to things like licensing, building approvals, enforcement, inspections. And then there's also local councils who are often involved in planning and zoning. There are overlaps, there are inconsistencies and generally a complex web.

So by way of example, when you look at licensing and registration, each state and territory sets its own licensing and registration requirements. And there are fairly significant differences with respect to practical experience, education qualifications and the financial probity requirements between the different state and territory jurisdictions. There's also a mutual recognition scheme, where those licensed in one jurisdiction are permitted to operate in another without necessarily meeting the host jurisdiction's requirements. So that in itself creates a complexity. And then on top of that, there's insolvency regulation, which itself is overly complex. And it's been recognized in a Parliamentary Joint Commission report in 2023 entitled Corporate Insolvency, that that complexity requires a holistic review of the insolvency regimes in Australia, both personal and corporate.

And then you have complexities in the interaction between insolvency, regulation and licensing and other complexities in the interaction of laws, but in relation to insolvency, regulation and licensing. In many Australian states and territories, entering a formal insolvency proceeding such as voluntary administration, liquidation or small business restructuring could trigger the suspension or cancellation of a building licence, depending on the wording in the particular relevant legislation, because they're not, as we said, consistent.

And then there's also risks with respect to insolvent trading, which could arise perchance from a failure to enter a formal insolvency administration and to take proper steps. But that might have been done in an endeavour to avoid the consequences of a suspension or cancellation of a building licence. So there's a lot of impasses and complexities that need to be navigated through, and that's difficult in itself for those who are very familiar with the complex laws, but especially for those who might not have the expertise, who might not have the acumen. And that's what we find is a real concern in the residential construction sector.

Builders face challenges in understanding their obligations under insolvency law and under construction regulation, because of concerns with limited business and financial acumen, and limited legal acumen as well. Our research evidences a widespread lack of literacy in this respect among licensed builders, particularly those operating small to medium sized enterprises. And that's supported by findings from case law as well. One case that I read, which is a recent case, is New Start, where there were a lot of complexities in terms of a statutory demand that was served and difficulties with respect to one side appropriately issuing it when it was in fact an abuse of process. Difficulties with the other side, not realizing the consequences of failure to comply with the statutory demand. So there's a real lack of acumen in this respect, and this significantly increases the likelihood of insolvency. Add to that significant cultural factors that are that are delaying timely advice from experts and advisers who could really assist in navigating through these complexities and these factors converge to what I would call a perfect storm.

AB (25.05): I'm going to move on to some other drivers that we have identified in our research. So I'm going to talk about the structural and financial risks and also patterns that we identified in ASIC's insolvency data. So if I start with financing structures and risk allocation, there are certainly a few key drivers that consistently emerge. First, the way risk is allocated and construction contracts is a major issue. Builders often really carry the financial burden for things like design defects or cost overruns, even when they're not responsible for them. And fixed price contracts are common, but they don't allow for cost increases. So when prices spike or costs go up, builders absorb that loss.

The second thing is progress payment structures, especially those that are preferred by banks. They really create cash flow gaps. And these builders, they complete work often long before they're paid, which forces them to borrow from other jobs or delay completion to access upfront funds.

And thirdly, the pre-deposit phase is financially risky for builders because they can't charge for early work until a contract is signed, but they have to do necessary pre-work to get the contract across the line, like soil testing and design advice. But if the client pulls out, those costs are not recoverable. And this really creates a fragile environment from the outset for the builders. So all of these pressures are amplified by thin margins, volatile costs and limited access to flexible finance, especially for the smaller operators, which we're focusing on, such as those in the Australian residential construction industry.

And then the second aspect that I wanted to talk about was some insights that we drew from ASIC's insolvency data. So the ASIC data shows that insolvency is heavily concentrated in small and medium sized builders, especially those working on the small and mid-sized projects. And the problem is, as Beth's already spoken about, these firms often lack the business and financial acumen and the financial resilience of their larger counterparts, which makes them really vulnerable to cost blowouts, payment delays and also forecasting errors. Often, they don't even know how to forecast and plan ahead.

When I looked at the ASIC data, the top reported causes of insolvency included inadequate cashflow, poor strategic management and interestingly, there was a really large third category that came under the other category. So I worked really closely with ASIC to unpack that other field and found that the most common issues from the free text, contextual aspects that were provided in response were contractual disputes, defects, he nature of construction itself and health related challenges. So in terms of the nature of construction itself, that referred to the industry as a whole and the culture that Beth's already touched on earlier. But contractual disputes were the most frequently cited, often stemming from unclear contractual terms, scope changes or payment delays. Defects were also significant, especially for SMEs who couldn't absorb the cost of the rectification works. And health issues. Beth already touched on this, but mental health seems to be a really big issue, especially in smaller firms where the well-being of key personnel directly affects the business continuity. And then finally, we also saw impacts from Covid. Not surprisingly, no one would dispute that, but also rising interest rates and legal disputes, all contributing to a difficult operating environment. These factors don't operate in isolation. They just reinforce each other, creating a cycle that can quickly lead to insolvency.

DT (28.48): A perfect storm indeed. Thank you both. That helps us understand where really the pressure points are in the system. So now that we know the causes, the next question is what can be done about them and how to respond in a way that makes the sector more resilient and reduces the risk of collapse for businesses and households alike. I would like to ask you about the kinds of reforms or interventions that you think make a real difference in strengthening the sector. From your perspective, what reforms or interventions do you see as the most urgent in addressing the vulnerabilities that you've just identified? Where should the focus be if we want to reduce insolvencies and build a stronger construction sector?

AB (29.35): Thanks, Defne. Well, starting I think, with systemic flaws in funding structures and regulatory complexity, there are a few key areas where we feel reform could make a real difference. So if we start with some of those systemic flaws to start with, first we need fairer contract structures. Builders are often locked into those fixed price contracts that don't reflect the realities of construction, especially in a volatile market. We need to reform how risk is allocated in those contracts and improve contract literacy amongst those builders, which would really help also to reduce disputes and financial distress.

Second, progress payment schedules need to be more flexible. The standard bank approved milestones don't always match how work actually unfolds, and more responsive payment structures would help builders manage cash flow and reduce reliance on borrowing and mixing funds between jobs, which is highly problematic.

Third, we need to look at deposit caps and pre-contract costs because builders often absorb those significant upfront costs before a contract is signed, and current regulations limit their ability to recover those costs. So adjusting the deposit rules to reflect modern construction practices would improve liquidity, we feel, and reduce early stage financial risk.

And finally, when it comes to systemic risks, there's a strong case for better integration between finance, insurance and regulation. So builders are often caught between rigid lending rules, insurance obligations and constraints, and regulatory requirements that don't align. So a more coordinated approach would help reduce friction and support business reliance.

And then I also want to talk about the need to improve data to help with early intervention and residential construction and solvency. This is one of the big gaps that we identified this lack of consistent integrated data across the sector. So to address this, what we're recommending is three key reforms. Firstly, we need a national insolvency data platform that brings together information from all of the regulators ASIC, AFSA, which is the personal insolvency regulator and industry bodies and other regulators, which would support predictive modelling and help identify early warning signs before insolvency occurs, ideally.

And then secondly, we're calling for standardized data collection and reporting across all the regulatory bodies, including state construction regulators, insurance dispute resolution bodies, and the like. That means consistent formats for things like turnover, license cancellations, insurance eligibility, dispute outcomes, defects and the like. Importantly, we also need structured free text fields to capture that deep context and provide data granularity. Because we saw in our own research when we looked into the free text fields, that's where we found a lot of really interesting findings that weren't evident on the statistical data itself.

And thirdly, we need to invest in technology integration across the construction system, enabling real time tracking of financial health project progression and risk exposure, because that's going to allow for earlier intervention and better informed policy decisions.

ES (32.44): And if I can continue on. Thank you Amanda. There's also some recommendations that we make with respect to strengthening business and legal acumen, contractual literacy and resolution mechanisms. So we believe that there's a need with respect to formal business education as part of licensing requirements, with an emphasis on legal and financial obligations and risk, financial planning, contract negotiation, risk management and directorship duties under the Corporations Act. We think that they need to be nationally aligned, to obtain a license, as well as part of continuing education obligations with respect to renewal of licenses. We also recommend a comprehensive review of registered training organisations who are delivering this education to ensure quality and consistency in the training.

We believe there's a need for targeted educational programs to address cultural factors that discourage timely engagement with qualified professionals such as lawyers, financial advisors and accountants. And we recommend establishing and expanding access to low cost, independent dispute resolution services, which are tailored to construction contracts. We also make recommendations with respect to enhancing professional adviser capacity. We think it's really important that governments and industry bodies also develop accredited continuing professional development modules for professional advisers such as lawyers, accountants and financial advisers who support residential builders. I, myself gave a recent presentation for the Law Society of New South Wales accreditation, which focused on navigating residential construction insolvency litigation. We also recommend a publicly accessible register of construction, financial and legal advisors to help builders identify those advisors with the right experience. And we recommend the co-creation of sector specific toolkits with checklists and a traffic light system with industry associations and culturally embedded companies who can provide us real guidance in the ways that are accessible easily to builders in the sector.

DT (35.12): Well, thank you both so much. That really gives us a sense of what change would look like on the ground and on all levels. So, on that note, when we talk about insolvency and residential construction, it is easy to focus only on the companies involved. But this is a sector that touches almost on every household and every community, as you've mentioned before as well. So it has ripple effects across the housing market and the wider economy. And I would like to turn now to those broader implications, as I would like to know what is at stake if insolvency rates remain at today's levels. Beth, could you expand on what you see as the wider implications of residential construction insolvencies? What does this mean for housing availability, economic productivity and even financial stability if current trends continue?

ES (36.06): Thank you, Defne. Yes. Look, it's a significant problem already, with housing affordability a major economic concern in Australia. And there's evidence that the ratio of the median house sales price to median household income has increased significantly. And you can see that in journals such as that by Lee, Kemp and Rainer in the Housing Studies Journal. Australia is facing a housing crisis, with a crisis and affordability of housing and accessibility to housing across the nation, which is impacting on home buyers, renters and various others. And it's a really significant fiscal concern, especially to those in lower income households. And there's evidence that comes from the Australian parliament. Government response to "A good house is hard to find, Housing affordability in Australia", which talks about a very real social ramification as well in accentuating and perpetuating inequality because it is the lower income households, the elderly, those who identify as Aboriginal or Torres Strait Islander and those among other vulnerable people who are most susceptible to housing insecurity and homelessness.

So that's a very, very real concern. And there is and likely will continue to be growing demand for residential housing as a result of high immigration. While it's a little bit down from prior years, if you look at the statistics, it's only going to get higher. And you can see the Australian Bureau of Statistics discussion of overseas migration in that regard. There's very much a real increase that's going to happen there. And there's certainly decreases in average household sizes. There's divorce rates, fewer children and various other lifestyle and population growths that also need to be taken into account.

There's very real concerns that residential building rates aren't meeting annual targets, and we certainly need to address this and find a way, not to undermine the housing market with increased external administrations. In terms of economic loss, the statistics, released in July 2024 by the Property Council of Australia, demonstrate the importance and the economic contribution from the property industry across Australia and the residential construction industry in particular. When you look at those, you can see findings that the broader Australian property industry supports over three Million full time employment positions. And you can see that there's a huge combined direct and flow on contribution to gross domestic product of over five hundred and thirty billion dollars. And these figures are from 2021 to 2022.

And that's the broad property market. But in terms of Australian residential construction, the statistics that I mentioned from the Property Council of Australia acknowledge that the majority of the property industry's economic contribution is generated by residential Activity, some 62%. And that residential building construction has a direct contribution of gross product to the value of over twenty-three thousand million, and it's responsible for an enormous number of full time jobs. One hundred and thirty-one thousand with change.

So it's very clear that the residential construction industry and these figures are dated now. They're from 2021 to 2022. It's only going to become more. It's a significant contributor to the Australian economy and to employment across Australia. And with the increased numbers in external administration and with the housing crisis, it warrants very careful consideration due to the negative consequences that could flow to the economy and to the Australian people.

DT (40.20): Thanks, Beth. I mean, we really need a moment to let that sink in, because this shows that the issue not only matters for the industry, but for the society at large. Now, we have talked about the challenges and the drivers, the broader implications, as well as the reforms that could help. Your project is now reaching the stage where findings are being shared more widely. And that means the conversation is shifting from research to impact. So looking ahead is always a good way to close, because it helps us think not only about what has been learned, but also what comes next. Amanda, as you move toward sharing your final report, what impact do you hope it will have? How do you see your findings influencing reform efforts in Australia? And do you think that there are lessons here that could resonate internationally as well?

AB (41.14): Well, we really hope the report helps shift the conversation from reactive insolvency management to proactive risk prevention. The findings highlight how structural issues like contract design, payment schedules and regulatory fragmentation really contribute to financial distress in this sector. So we feel that by addressing these we can build a more resilient sector. I also think the lessons around data integration and early warning systems have global relevance, especially in markets facing similar pressures in housing and construction.

DT (41.46): Thank you Amanda. I mean, it will be really interesting to see how those ideas land in practice. Now, if our listeners want to follow this debate, where do you see the most important discussions happening in the coming months?

AB (42.01): Well, there are some key conversations that are already happening across our state regulators, especially in Victoria and Queensland and through bodies like our corporate regulators, ASIC and our personal insolvency regulator, AFSA. In terms of reading material, we've recently made submissions to the Queensland Productivity Commissions interim and final reports, and both of those are publicly available. We'll also as a as a group and individually be presenting at various conferences and publishing our research in a range of journals following those presentations. What we want to remind everyone of is that the momentum is really building in this area, and what we need is collaboration. That will be the key to finding real targeted solutions.

DT (42.45): Thank you, Amanda for the golden tip. It will be really interesting to see how this plays out in practice now. Thanks so much for joining us, Amanda and Beth. It has been really insightful to learn more about the drivers of insolvency in Australia's residential construction sector, and to hear your perspectives on the reforms that could help strengthen the industry. I'm sure our listeners will take away not only a deeper understanding of the Australian context, but also some broader lessons for insolvency systems worldwide. Thank you once again and thank you to everyone for listening. Tune in again for the next episode of INSOL Talks.

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