



MEDIA RELEASE

8 May 2009

Statement by BSA re: CMC Cairns Pty Ltd

The Building Services Authority's (BSA) General Manager, Ian Jennings, said today he held discussions with the directors of struggling Cairns building company CMC Cairns Pty Ltd (CMC) on 5 May 2009.

Mr Jennings was informed by CMC directors Peter Watson and Wolf Odenthal that the company was insolvent and unable to pay creditors.

"BSA was also informed by the directors that CMC would be placed into administration, and that a Deed of Company Arrangement be proposed in an effort to see the company trade out of its current situation," he said.

"CMC requested BSA to support the trade out by allowing the company to retain an active licence.

"As the regulator, the BSA must consider the interests of all parties.

"While the BSA has no wish to see CMC go into external administration, the company can only be allowed to continue to trade by satisfying the BSA it has a viable recovery plan."

Mr Jennings said the BSA has requested CMC to provide up to date financial records and details of its proposed recovery plan.

"CMC has acknowledged its financial records are not up to date, and is unable to provide accurate financial information to the BSA," he said.

"I am concerned by CMC's inability to provide accurate financial information.

"Any recovery plan proposed by the company must take into consideration the company's financial position.

"If CMC does not know its financial position, how can it propose a viable and appropriate recovery plan?"

Mr Jennings said the directors of CMC have also indicated to BSA that their recovery plan has not been prepared by experts in the field, but is a plan they themselves have developed.

"The BSA has consistently advised the company to talk to insolvency and business turnaround experts," he said.

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“The BSA would like to see CMC remain viable, however the directors have yet to provide a detailed and meaningful financial recovery plan.

“The BSA has offered to fund the initial assessment by a turnaround expert to assess the company’s financial position and advise whether a recovery plan is feasible.

“To date the directors of CMC have not taken BSA up on its offer.”

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