Tradies going bust

Building firm collapses owing $4m

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GIPPSLAND tradesmen have been left hundreds of thousands of dollars out of pocket after a local building firm collapsed owing about $4 million to 200 creditors.

Traralgon-based Neilson Builders closed its doors last Friday, costing 19 employees their jobs and leaving 13 home construction projects across the Latrobe Valley in limbo.

Some tradesmen say they are at risk of seeing their businesses fold under significant debts owed by Neilson, money they expect never to receive.

One creditor — the owner of a Traralgon roofing company who wished to remain anonymous — said he was down $200,000.

The 31-year-old, who completed all the roofing work on Neilson-built homes over the past year, said he was due to build a house with the firm "to try and clear some of the debt".

"I sold my home so I could afford to build with them," the father of two said.

"Now I don't know what I'm going to do. It's devastating."

The roofer said it was the second hit he had taken in the past 14 months — he also lost $300,000 when another Gippsland-based builder, Macalister Constructions, went under early last year.

"There will be people like me who fold over this and it's not because of anything we've done," he said.

John Stroud, finance manager of another creditor, plumbing business Eastcoast Plumbtec, said dozens of Gippsland contractors would be hit hard.

Liquidator Eddie Muscat, of Mayfields Business Advisors, said it was too early to predict if the creditors would be paid, but government insurance schemes were in place to help look after the affected homeowners and workers.

He said money left after the liquidation process would first go towards the employees' wages and superannuation, then their leave entitlements and redundancy payments before creditors would see a cent.

The company's directors, who took over the business about seven years ago, would also likely be left bankrupt, Mr Muscat said.

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