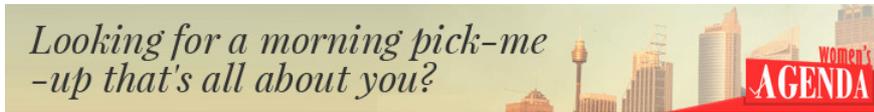




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Engineering company collapses despite allegedly being owed \$1.3 million for contracted work

Tuesday, 01 October 2013 12:13
[YOLANDA REDRUP](#)

A New South Wales Central Coast engineering business has collapsed, after an international company allegedly failed to pay the business \$1.3 million for contracted work.

BGA Engineering, which fabricates metals, was placed in administration on September 25, with administrators Chris Darin and Ivor Worrell from Worrells Solvency and Forensic Accountants appointed.

The collapse comes as several businesses in the engineering sector have failed to stay afloat.

Worrells practice director for the Central Coast, Mark Franklin, told *SmartCompany* the alleged unpaid money has resulted in the business being unable to pay workers or other creditors and placed the company in financial distress.

"BGA Engineering's solicitor recommended to the sole director of the company to place it into administration to see if there is any way to turn the business around," he says.

"The likely outcome is BGA will go into liquidation and the sole director is now trading under a different entity on the same premises."

Franklin says it's likely the equipment from BGA Engineering will be sold.

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He says the debts owed to BGA Engineering are currently being chased in hope of using the funds to fully repay staff.

Office technology retailer Express Office Systems collapses with \$1.5 million in debt

Franklin named international technology and manufacturing company Andritz, based in Austria, as the business responsible for the alleged underpayments. He said the Australian Manufacturing Workers Union was investigating the underpayments.

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SmartCompany contacted Andritz, but received no response prior to publication. The AMWU was also contacted, but it refused to comment.

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The business had 14 regular staff members, but more than 30 at the height of its success.

"There are 14 employees who haven't been paid their full entitlements and the business is now down to four employees," Franklin says.

BGA Engineering is just one of many engineering businesses to be placed in administration recently.

Last week a [27-year-old sheet metal family business](#) with 150 employees collapsed.

Advance Metal Products had previously won awards for training apprentices, advanced manufacturing technology and a Western Sydney industry award.

In August a scrap metal recycling company, [CMA Corporation, was also placed in administration](#), after it had faced a challenging few years because of the decline in manufacturing.

An IBISWorld report found the past five years have seen local metal manufacturing businesses struggle because of the global economic downturn.

"Expanding import penetration, particularly from China and other Asia-Pacific markets, exacerbated the effect of softening domestic demand," IBISWorld says.

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