

Australia: Major construction company Condev appoints liquidator

Terry Cook
27 March 2022

In another example of the rapidly developing crisis engulfing Australia's construction sector, Condev Construction announced on March 15 that it would appoint a liquidator. The Queensland-based company claimed it had been hit with a 25 percent leap in costs over 18 months. It specialises in multi-unit residential constructions, retail and commercial premises, industrial units and warehouses.

The announcement came after the company's developer clients rejected an urgent request for around \$25 million in assistance. Condev's latest financial report revealed a loss of \$358,772 in 2021, after a 2020 profit of \$536,332. The loss last year came despite a revenue increase from \$175 million to \$181 million.

The Condev liquidation will add to already mounting job losses and contractor bankruptcies across the sector. While Condev employs only 128 people directly, like other major construction companies, the bulk of the work on its projects is carried out by numerous contractors and sub-contractors employing many hundreds of workers.

Condev currently has 18 projects in progress, 14 of which are on the Queensland Gold Coast, including the 17-storey Natura building at Burleigh Heads and Aria Property Group's 124-apartment project at Kangaroo Point in Brisbane.

The Condev failure follows the collapse of major construction company Probuild, which was suddenly placed into administration in February after its parent company, South Africa-based Wilson Bayly Holms-Ovcon (WBHO), refused to continue bankrolling its troubled Australian operations.

At the time it went into administration, Probuild had \$5 billion worth of unfinished projects across three Australian states and liabilities worth \$401 million, \$311.6 million of which were listed in its annual

accounts as "trade and other payables."

Condev had no direct commercial ties with Probuild. A Condev spokesperson, however, said numbers of the companies it relied on for labour and materials were hit by the Probuild collapse and left unable to trade, requiring Condev "to source alternate suppliers and sub-contractors at an increased cost which contractually cannot be passed on."

Condev director Tracy Marais claimed the company had also been hit by labour shortages due to absences caused by COVID-19. In addition, recent floods in South East Queensland had delayed the completion of projects and was "the straw that broke the camel's back."

While Marais bemoaned the impact of the pandemic on labour supply, since March 2020 the Australian construction industry has continued to operate virtually uninterrupted. With the complete support of the unions, the major construction companies successfully lobbied Labor and Liberal-National state governments for the sector to be exempted from lockdowns.

In addition to direct appeals to government for the industry to be exempt from safety measures, the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU) and other building unions downplayed the deadly disease, covered up for the lack of preventative measures on job sites and ensured workers stayed on the job and kept revenue flowing.

The labour shortage caused by the rapid and ongoing mass spread of COVID-19 is a direct product of this reckless disregard for the health and lives of workers and their families.

The collapse of Probuild and now Condev follows a number of other failures across the building industry last year. Queensland-based home builder Privium went into administration in November, with \$40 million in

liabilities and around \$17 million owed to sub-contractors and suppliers. In the same month, Sydney-based interior building specialist Cubic, whose projects included Campbelltown Hospital, went into liquidation with debts of over \$10 million.

There are already signs of a wave of supplier and sub-contractor insolvencies in the wake of the Probuild and Condev collapses.

Less than two weeks after the Probuild failure, Queensland-based manufacturer of aluminium windows and doors, Hitec Glazing, entered administration. The company had a \$20 million contract to supply materials to Probuild's riverfront residential tower project in Brisbane, which was plagued with delays and was well behind on its late-2021 completion target.

Another ominous indication is contained in a 2021 Australian Tax Office (ATO) report showing construction-related businesses have built up a mountain of unpaid tax bills.

According to the report, outstanding debts to the ATO soared by almost one third to \$58.8 billion over the two financial years affected by the pandemic, with a large portion of this owed by construction businesses. The ATO is now moving to recoup a large chunk of this debt, in a process that could push many businesses now teetering on the edge into bankruptcy.

Moreover, a recent report by the Housing Industry Association found that the current construction boom will likely end by the middle of 2022 and described the almost 33 percent rise in building projects since 2019 as unsustainable.

For decades, the CFMMEU and other building unions have worked to facilitate the destruction of working conditions and the massive increase of casual, labour-hire and sham contracting arrangements across the construction industry. The unions have justified this assault by parroting the phoney management line that it was necessary to ensure competitiveness and preserve jobs into the future.

Now, in the wake of recent company collapses and amid a growing crisis in the sector, the union is telling workers that they can do nothing but accept the inevitable further destruction of jobs.

Speaking after the Condev collapse, CFMMEU Queensland construction secretary Michael Ravbar declared there will "likely be more pain in the industry," adding: "We're going to see a lot more job

losses—unfortunately other builders and contractors will go bust because we'll see a knock-on effect."

The crisis now engulfing the construction sector is a graphic expression of the irrationality of the capitalist system. While workers are being thrown to the wall and skills and resources squandered, there exists a desperate need for the construction of vital social infrastructure such as schools and hospitals. Also urgently required is a massive program to build public housing to tackle growing homelessness and the current lack of affordable accommodation.

But for the major financial investors that dominate the sector, production takes place for the realisation of profit and to enhance shareholder dividends. If sufficient returns are not made, then businesses are carved up and their assets sold off to pay down debt to major secured creditors such as banks and financial houses.

To defend jobs and fight for improved pay and working conditions, construction workers must make a conscious break with the unions, which function as enforcers of management demands and agents of the financial elite. Workers must form their own organisations, including rank-and-file committees at every job site, and reach out to workers across the construction industry and the broader working class to build a united mobilisation against the subordination of workers' livelihoods and safety to corporate profit.

The crisis in construction places before the working class as a whole the urgent need to undertake a fight for a workers' government and for socialist policies to place construction and other critical sectors under public ownership and democratic workers' control. Only in this way can these vital industries be reorganised to meet social need rather than serve the profit interests of the capitalist class.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact