Australian building workers hit by construction company collapse

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About 100 construction workers and sub-contractors were suddenly thrown out of work on an apartment building site in the Queensland state capital of Brisbane earlier this month when a major development company, CMF Projects, went into receivership.

The liquidation of the company came as a shock to the workers on the inner-city Woolloongabba site, who arrived to start work, only to be turned away. Later, they were allowed to enter the site in groups of five to collect their personal tools and belongings.

This shut-down is another indicator of the possibility of a wider collapse in the residential construction boom seen in the east coast capitals of Sydney, Melbourne and Brisbane since 2012. The jobs of an estimated 200,000 building workers and other people in the real estate industry are threatened.

By industry estimates, the apartment building boom recently peaked at 548 cranes on high-rise developments across Australia, up by 323 percent since late 2013. This unsustainable growth, fuelled by speculative investment, has kept the economy from plunging into recession since the mining boom began to implode in 2012.

CMF's collapse, which left at least two apartment complexes unfinished in Brisbane, also sheds light on the complicit relations between employers and the main construction trade union, the Construction Forestry Mining and Energy Union (CFMEU).

While the closure came as a bombshell to the rank and file workers on the site, it did not surprise the union delegate. The delegate, who did not wish to be named, said: "The company has been in trouble for months." Yet the union did nothing to forewarn the workers.

According to the CMFEU delegate, CMF Projects co-operates and works closely with the union. He said the union and the company were now working together to ensure that workers' entitlements, such as unpaid wages, leave and superannuation payments, would be paid out.

The delegate immediately ruled out any action by the union to fight the retrenchments. When asked what the union would do about the sacking of scores of workers, he said: "It's all perfectly legal, we can't do anything about it. So we're not doing anything about it."

This has been the response of every trade union to the ongoing destruction of jobs throughout the mining, manufacturing and other basic industries.

There are warnings that the CMF closure is part a gathering rout. Subcontractors Alliance spokesman Les Williams told reporters he expected at least one construction company to collapse in Brisbane every month as the market unravelled. Williams said that since Christmas creditors, including sub-contractors, had already lost an estimated $100 million, as building companies went under.

According to the *Australian Financial Review*, CMF Projects "which has completed at least a dozen high profile apartment projects in Brisbane, is the first builder of any real significance to go into administration in a market where the number of planned apartment developments has dropped significantly."

Several other companies have collapsed in Brisbane in recent months. Newstead-based CKP collapsed last month after it racked up debts in excess of $3 million and left four uncompleted projects around the city.

Brisbane-based Bloomer Constructions also went under, owing an estimated $15 million. Brisbane/Gold Coast-based Cullen Group collapsed just before Christmas, owing subcontractors an estimated $18 million and leaving a string of unfinished projects.

Brisbane has become the sharpest indicator of a precipitous downturn that is also emerging in Melbourne, with Sydney not far behind. According to property analysts Urbis, the number of new apartment developments approved in Brisbane has dropped by more than two-thirds over the past year. “In the December 2016 quarter, only 1,496 apartments were approved—compare this to 5,521 apartments one year ago,” Urbis said in its last snapshot of Brisbane.

This slump is intensifying. The Australian Bureau of Statistics estimates that new unit approvals in Queensland fell 29 percent in the month of March. As a result, builders are now finding it difficult to fill their order books, forcing them to cut staff and wind up work teams.

Last October, the Morgan Stanley research unit forecast a 33 percent fall in construction nationally in 2017, from 225,000 homes and apartments to 150,000 over the year, estimating that this could wipe out 200,000 jobs.

Rather than housing demand, much of the boom has been based on speculative investment, searching for capital gains and tax concessions, with many apartments remaining empty after completion. Property prices have soared, placing home ownership out of reach for many working people.

By some estimates, including by the CoreLogic real estate research firm, as many as 200,000 apartments are uninhabited in Sydney alone. Investors, rather than home-buyers, have accounted for about half of all unit purchases in Sydney and Melbourne in recent years, far higher than in previous periods.

In order to prop up property prices and protect their own profits, the banks, other finance houses and real estate firms are seeking to reassure investors that the bursting of the building bubble will not lead to a meltdown. Global investment banking giant UBS this month said the Australian housing market had peaked, but predicted that it would “correct but not collapse” to 180,000 dwelling commencements in 2018.

For the thousands of construction workers already losing their livelihoods, however, this is cold comfort. The housing boom and threatened bust underscores the irrational nature of the private profit system of capitalism—apartments are built that nobody occupies and kept on the market for prices few can afford. Meanwhile, the workers and sub-contractors bear the brunt of this gamble.