Major Australian construction company Probuild enters administration

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Major Australian construction company Probuild confirmed Thursday morning last week that it would enter administration after its parent company, South Africa-based Wilson Bayly Holms-Ovcon (WBHO), declared it would "no longer provide financial assistance" to its Australian operations, effective immediately.

WBHO claims it has given 2 billion rand ($183 million) in financial assistance to its Australian arm over the past four years, which has "severely depleted" its resources and had a "significant" effect on its financial performance.

On Wednesday, February 23, workers were seen hurriedly packing up gear and tools and scrambling to exit Probuild sites across the country, after being ordered off by the company.

Workers were kept in the dark about the company's intentions until the last minute. One worker leaving The Ribbon hotel project in Sydney told the media no one had been given any indication of when work might resume. He confirmed "there had been no hint of any problems with the company prior to Wednesday afternoon."

Another worker, arriving at the CSL project site in Melbourne, said: "Just got told, 'pack up your tools, we're done here.' Probuild has gone bust. No notice. Bit of a worry." A tradesman leaving another site declared: "All the contractors are owed hundreds of thousands of dollars. No one's going to get their money."

WBHO Australia comprises 18 businesses, including Probuild, WBHO Infrastructure and Monaco Hickey. The company employs 750 people directly and has $5 billion worth of unfinished projects across three Australian states, including 13 in Victoria, 3 in NSW and 1 each in Queensland and Western Australia. The vast bulk of the work on these projects is carried out by numerous subcontractors, large and small, employing thousands of workers.

Responding to the news on Probuild, Construction Forestry Mining and Energy Union (CFMEU) Assistant Construction Division Secretary Nigel Davies said the union was "currently seeking information from Probuild to understand the company's situation and any likely impact on workers."

"Understanding the company's situation" is standard language employed by unions to telegraph that they are ready to suppress workers' opposition and work with administrators to slash jobs and cut costs to attract potential buyers or investors.

Reflecting the corporate elite's hostility to COVID-19 public health measures that might in any way encroach on profits, WBHO sought to blame the Australian government's so called "hardline approach" to "managing the pandemic" for its decision to deny further support to Probuild.

"Lockdown restrictions on retail, hotel and leisure and commercial office sectors of building markets created high levels of business uncertainty in Australia," a WBHO spokesman claimed. This "had significantly reduced demand and delayed the award of new projects in these key sectors of the construction industry."

The reality is, for almost the entire duration of the pandemic, Australia's state and federal governments, Labor and Liberal-National alike, have exempted the construction sector from lockdowns and other restrictions. In line with the demands of big business that profits must not be impeded, workers have been herded onto job sites, endangering their health and lives and furthering the spread of the deadly virus. The CFMEU, like all other unions, has played a leading role in enforcing this murderous "let it rip" agenda.

It is true that COVID-19 has exacerbated problems in global supply chains, delaying shipments and increasing the price of essential materials across every industrial sector. Procurement issues pose serious problems for the construction sector, where building companies are

working to meet extremely tight progress deadlines, often with financial penalties.

In the construction industry, as in almost every aspect of capitalism, the pandemic has revealed and deepened the underlying fragility of the system.

The Probuild crisis is the latest in a series of collapses across the construction sector, including the liquidation of giant project builder Grocon in 2020. Left in the hands of capitalist investors concerned only with profit, many more enterprises are set to go to the wall with a devastating impact on the lives of workers.

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.

In January 2021, the Liberal-National federal government's Foreign Investment Review Board ruled against a $300 million bid by the China State Construction Engineering Corporation to buy Probuild after federal Treasurer Josh Frydenberg indicated he would reject it.

The bid was torpedoed in line with the government's drive to block Chinese investment in Australia on spurious national security grounds, as part of its ramping up of anti-China sentiment in preparation for US-led military conflict with Beijing. At the time, Probuild Executive Chairman Simon Gray said despite the loss of "fresh investment" from the large Chinese company, the Australian business could still rely on continued support from WBHO.

Melbourne-headquartered Probuild, one of Australia's largest construction companies, turned a profit of $4 million off revenue of $1.3 billion last year, down from $2.4 billion in revenue in 2019-2020. While the full extent of Probuild's unpaid debts have not yet been made known, the company reportedly had liabilities worth $401 million last year, $311.6 million of which were listed in its annual accounts as "trade and other payables."

Probuild has appointed Deloitte Australia as administrator, which has declared it will "be working closely" with the company on a number of plans, including "looking to secure a new owner for the business" and "commencing a sale and recapitalisation process"

Deloitte is well known for its ruthless handling of company collapses, including initiating massive job cuts along with the carving up and flogging off of assets to pay out secured creditors such as banks and large financial investors. Workers and small unsecured creditors, on the other hand, end up with nothing or receive a fraction of what they are owed after being kept waiting for months on end.

The company was appointed as administrator in the aftermath of Virgin Australia's collapse in 2020. As part of Deloitte's bid to find a new owner and recapitalise the airline, 3,000 jobs were axed—one third of the workforce—and the carrier's low-cost airline TigerAir was liquidated, destroying hundreds of jobs. Deloitte's cost-cutting operation to prepare the $3.5 billion sale of Virgin to private equity firm and corporate raider Bain Capital was fully supported by the airline unions.

With Probuild, the ruling elite is yet again determined to make the working class pay for the financial decisions and misadventures of multinational companies in which they have no say. As the Australian construction boom hurtles towards bust, the assault on workers' jobs, pay and conditions will only deepen.

Workers cannot fight this onslaught within the framework of the CFMEU, which is intimately connected to the major property developers and construction companies. Over decades, the union has overseen the destruction of tens of thousands of jobs and the rapidly increasing use of casual and contract labour in order to drive up corporate profits.

Instead, construction workers must urgently build their own organisations of struggle, rank-and-file committees, independent of the unions. Through a network of these committees, across the building industry and the broader working class, workers can take up a fight to place construction and other critical sectors under public ownership and workers' control. Only in this way can the industry be reorganised around the social need for affordable high-quality housing, schools, hospitals and other much needed infrastructure, rather than the profit interests of the wealthy elite.