

State of alarm as John Setka-led CFMEU flexes its muscles on building sites

EXCLUSIVE

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An Adelaide property developer is threatening to pull the pin on a \$27m apartment project amid the growing militancy of the South Australian CFMEU under the leadership of John Setka.

Three months after Mr Setka took formal control of the branch, a picture is emerging of the impact the Victorian takeover is having in the historically calm SA construction industry.

Building companies are being threatened with rising labour costs and demands for pre-existing EBAs to be replaced with more generous union-sanctioned agreements, and subcontractors are being frozen out or confronted over use of non-union labour.

City building sites now bear “No Ticket No Start” signs declaring that non-CFMEU members are barred from entering, and sites where work is under way and being performed in part by non-union members are receiving impromptu visits from Construction Forestry Maritime Mining and Energy Union officials demanding entry on safety grounds.

The situation is becoming so tense that the SA branch of the Master Builders Association is hiring a senior investigator from the soon-to-be-wound-up Australian Building and Construction Commission to advise local employers on how to handle right of entry disputes with the union.

The Australian has spoken to several SA building industry figures, including chief executives, and ordinary subcontractors who have had trouble with the union.

Not one of them will go on record for fear of being targeted, save for veteran SA property developer Theo Maras, who said the situation risks becoming so dire that millions of dollars in investment and scores of jobs will be lost.

Mr Maras is regarded as the saviour of Adelaide’s East End and helped turn the old wholesale market precinct into a vibrant inner-city residential and entertainment hub in the 1990s. It is there he hopes to build his next big project, The Rymill, a \$27m, 16-storey apartment complex.

Mr Maras stressed he was not anti-union but said a lower-cost state such as SA simply could not compete with the eastern state wages and conditions being demanded by the CFMEU.

“In a city like Adelaide with our wages and our property prices, if we can’t sell projects like these for \$14,000 a square metre, we can’t build them,” Mr Maras said.

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“With the way the CFMEU is behaving, the prices we are looking at for buildings far outweigh the returns. In Melbourne or Sydney, apartments like these are selling for \$25,000 a square metre.

“It’s not about me not liking the union or not. It is about simple economics. It’s about numbers. With numbers like these, don’t be surprised if a lot of buildings end up falling over.”

His comments about the interstate price differentials are reflected in the dismay of SA-owned building companies over the preparedness of the national construction giants such as Multiplex to accept CFMEU wage and condition demands in return for industrial peace.

Senior industry figures in SA are privately scathing at how many national companies accept the CFMEU’s demands, fearing that with Mr Setka now controlling the SA branch these eastern states wages and conditions are set to become the norm.

The Australian has learnt of several incidents including one where a builder at the local arm of the Tandem Building Group was told the company was no longer permitted to use SA-owned company Fleurieu Cranes because it had its workers on an older EBA that the CFMEU regards as inadequate and also had non-union workers, with the CFMEU trying to direct Tandem to use its preferred crane contractor.

Another SA-owned steel fixing company was told a few weeks ago that it would no longer get any work until it shifted its workers to a new EBA, with the company forced to sign a more generous one-off pay deal purely for that work site to keep its eight staff on a job currently under way.

The Australian has also learnt that CFMEU officials have started arriving unannounced at sites where work is under way, such as the Hackney Hotel redevelopment, demanding meetings with site managers over unsubstantiated safety concerns.

One building industry figure who wished to stay anonymous said the union tactics were becoming clear: “The real cost blowout on major building projects is just about to begin with the union (and) major builders telling subcontractors they have to sign the union’s pattern agreement.”

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