

SA's WBHO quits Australia, blames 'hardline' Covid response

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SA's biggest construction firm Wilson Bayly Holmes - Ovcon (WBHO) said it is pulling out of Australia, saying the country's "hardline" Covid-19 response had impacted its property market and created business uncertainty.



Source: Reuters/Mike Hutchings

The move amounts to one of Australia's most visible corporate casualties linked to the pandemic and undercuts government claims that stimulus programmes through two years of stop-start lockdowns saved businesses and jobs.

In a Johannesburg Stock Exchange filing, WBHO said it pulled financial support for Australian unit Probuild and put it into external administration because "project delivery capability ... has been negatively affected by unforeseen and severe Covid-19 restrictions" and risk outweighed reward.

Shares fell 27%

WBHO said it expected to post a loss for July-December because of trading losses, an impairment charge and unrecoverable "tax assets" in Australia. Its shares fell 27% on the news, their biggest decline since 1998.

The builder in a separate statement said the government's "hardline" Covid-19 response of border closures, lockdowns and enforced work-from-home had "a considerable impact on property markets as well as other industries such as the leisure industry".

Restrictions had "created high levels of business uncertainty in Australia and have significantly reduced demand and delayed the award of new projects in these key sectors of the construction industry", it said.

Probuild, which was started in 1987, has been working on several high-profile commercial projects including new headquarters for biopharmaceutical giant CSL, having built a police headquarters in the second-most populous state, Victoria.



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Buyout blocked

A year ago, the government blocked a A\$300m (\$217m) buyout of Probuild by China State Construction Engineering Corp on national security grounds. A spokesperson for Treasurer Josh Frydenberg, who blocked the sale, declined to comment.

Probuild's administrator Sal Algeri, of Deloitte Turnaround & Restructing, in a statement said he would assess the builder's financial position and begin work on finding a new owner.

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