The massive debt that crushed SA Structural

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CREDITORS of failed steel fabricator SA Structural have upped their claims against the company to more than $64m while a major union is clinging to hope a white knight can be found to resurrect the business and re-employ staff.

Meeting administrators for the first time yesterday, creditors heard the debt estimate had escalated in recent days, with the company's landlord claiming $18.6m for future rent payable under a 10-year lease. Nearly 200 other creditors, including the ATO and suppliers, have been left chasing close to $34m.

That's on top of about $12m owed to secured creditor NAB, which appointed receivers and managers to take control of the company's affairs days after administrators were appointed.

While larger creditors risk losing millions of dollars from SA Structural's demise, it has also hit local small and medium-sized businesses.

Hein Becker and wife Lynn employ 21 workers at Hughes & Hill Fabrication in Lonsdale. They say they're owed $57,000 after providing fabrication services to SA Structural for close to 15 years.

"The company always dragged its feet but we always ended up getting the money – in the end, though, it bit us in the bum," he said. "It hurts, and it doesn't help us with what's happened with SA Structural, because we're all in the same industry and the industry has suffered for many years. Competition, and in general the way the whole building industry works, it always works in the favour of the builder and it has for many years."

Nearly 200 workers lost their jobs on Monday following the decision by receivers and managers Deloitte to permanently close down one of the state's biggest steel fabricators.

Deloitte is seeking expressions of interest from parties interested in recapitalising the company, buying the entire business operation or acquiring individual assets.

Australian Manufacturing Workers' Union state secretary Peter Bauer is holding out hope for a competitor or other investor to swoop in.

“Our members there are now facing dire straits financially, so if someone can come in

and take over the company or at least take over part of the company’s operations and provide opportunities for employees then we’d be very grateful for that,” he said.

“It’s a tough situation out there, we’re going through the pandemic

– we’re going to provide as much support as we can to our members.

“It’s a challenge facing all manufacturers at the moment – we need to be providing opportunities for local manufacturers to get work, and providing support to local manufacturers. The virus has shown us that when overseas manufacturers can’t provide services everyone suffers.”

Staff affected by SA Structural’s collapse are owed about $3.6m in unpaid superannuation, according to administrator Andre Strazdins from BRI Ferrier, who confirmed super had not been paid for more than 12 months leading up to the company’s collapse. Corey Edwards, who attended yesterday’s meeting after three years working in SA Structural’s finance department, said he was owed about $11,000 in super and a further $25,000 in

other entitlements.

“My role for the last 12 months was going through all the finances of the projects, doing all the revenue forecasts, so I knew what revenue was coming in each month, and it was going down

and down,” he said.

“We were getting hit with delays because we couldn’t deliver the steel because we couldn’t buy the steel – there was no money.”

A Structural was established by Adelaide businessman Michael Mangos in 2003, providing structural steel for mining projects, infrastructure works, shopping centres, schools and hotels.

About 15 projects, including the $715m Gawler train line electrification and some school upgrades, have been left scrambling for alternative steel supplies. Mr Mangos did not return calls.