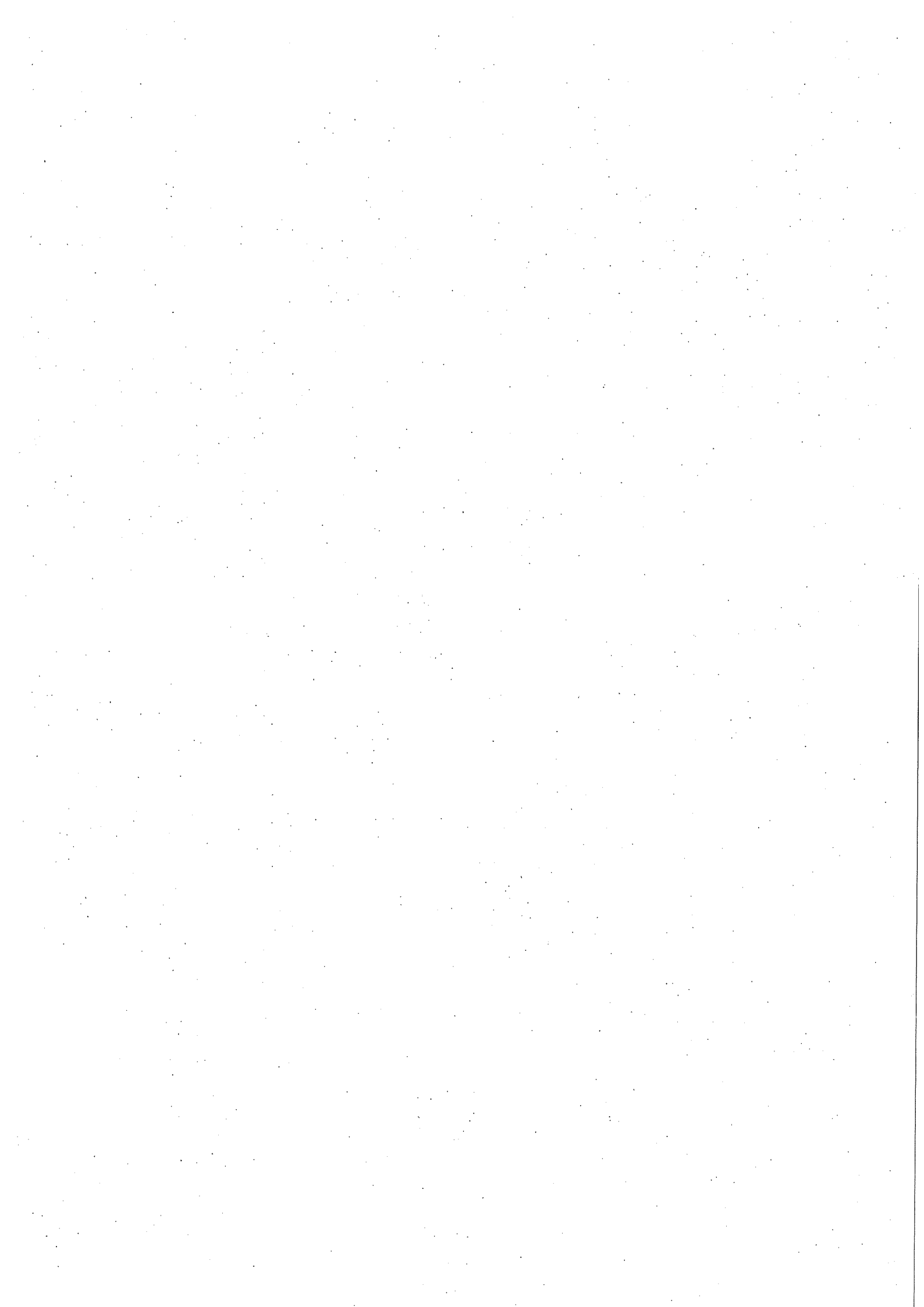


REDACTIONS

EMAILS

VARIOUS



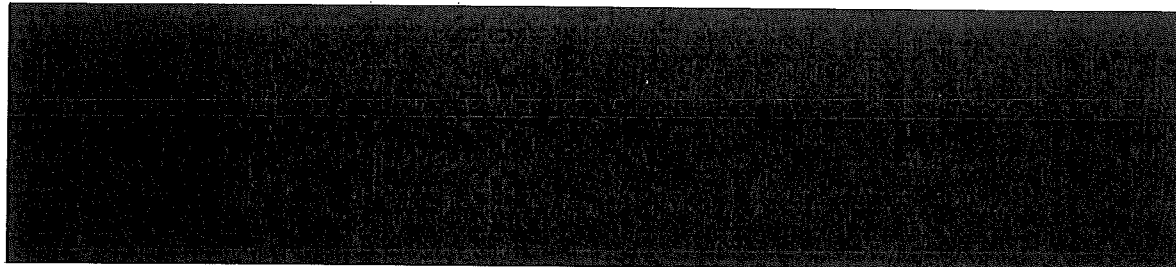
Chief Ministers' Talkback Brief Hewatt in Administration

23 May 2014

Minister responsible:	Directorate:	Contact Officer:
Treasurer	Commerce and Works	Jill Divorty

KEY POINTS

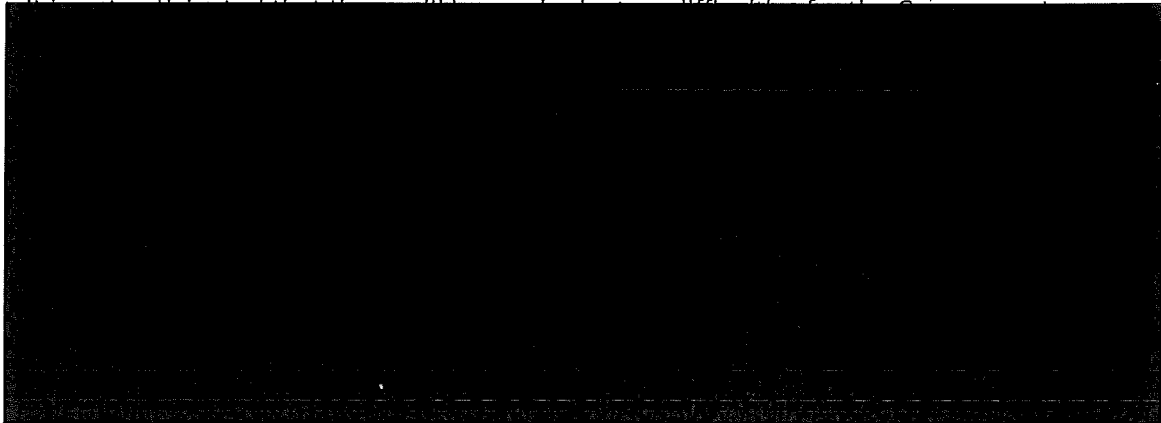
- Hewatt Pty Ltd ("Hewatt") entered into voluntary administration on 8 May 2014. The administrators are PPB Advisory Pty Ltd ("PPB").
- Hewatt is engaged as a sub-contractor on the Majura Parkway project by Fulton Hogan Pty Ltd ("Fulton Hogan"), as well as being directly engaged by the ACT Government on two contracts at Horse Park Drive.
- PPB has committed to working constructively with all stakeholders including employees, unions, sub-contractors and government. SSP is in regular contact with PPB.
- The inaugural creditors meeting for the Hewatt Group (Hewatt Pty Ltd, Hewatt Grader Hire Pty Ltd and Carmelina Management Pty Ltd) was conducted by PPB on 20 May 2014. The second creditor's meeting will be held on 13 June 2014 and it is anticipated that a listing of creditors and quantum of debts will be made available at that time. SSP understands the most probable outcome is that the Hewatt Group of companies will be placed into liquidation.
- Although SSP understands that the contract between Fulton Hogan and Hewatt has not been terminated, Hewatt is no longer working on the Majura Parkway project. SSP understands that PPB and Fulton Hogan continue to maintain regular contact.
- Work on the Majura Parkway project is continuing, and Fulton Hogan has reallocated work to other sub-contractors where appropriate.
- Fulton Hogan has taken on a number of previous Hewatt employees through a labour hire company, while other former Hewatt staff have been employed by other sub-contractors and continue to work on the Majura Parkway project. SSP understands that over 50 staff previously employed or sub-contracted by Hewatt on Majura Parkway continue to work on-site.
- SSP is in regular contact with Fulton Hogan regarding the Majura Parkway project. Fulton Hogan continues to retain its assurance that the project will be completed according to the program and budget established in its existing contract with the Territory.



Chief Ministers' Talkback Brief Hewatt in Administration

Background

- The Government has no contractual liability for payment of contractors who are owed monies by Hewatt. The legal entitlement to payment of any contractors who are owed monies by Hewatt rests with the Administrator.
- According to Fulton Hogan, approximately 95 per cent of earthworks on the Majura Parkway project have already been completed.
- The awarded value of the Majura Parkway contract between the Territory and Fulton Hogan is \$268,276,814 (GST inclusive). The Commonwealth Government is contributing \$144 million towards the cost of the Majura Parkway project.



Keefe, Lindy

From: Power, Ben
Sent: Tuesday, 20 May 2014 3:02 PM
To: Keefe, Lindy
Subject: FW: Hewatt Group

From: Tomlins, George
Sent: Tuesday, 20 May 2014 3:01 PM
To: Power, Ben; Pearse, Jan; Parkinson, Andrew; Howard, Stephen
Subject: FW: Hewatt Group

George Tomlins | Executive Director | Shared Services Procurement
Phone [REDACTED] | Fax 02 6207 5468
Shared Services Procurement | Commerce and Works | ACT Government
Level 2 Annex, Macarthur House 12 Wattle Street Lyneham ACT 2602 | PO Box Dickson ACT 2602

From: Smithies, Megan
Sent: Tuesday, 20 May 2014 12:32 PM
To: Deasey, Michael; Tomlins, George; Divorty, Jill; Dawes, David; Peters, Paul
Subject: FW: Hewatt Group

For information only at this stage.

Regards

Megan

From: Marina, Angel
Sent: Tuesday, 20 May 2014 11:52 AM
To: Smithies, Megan; Salisbury, Kim
Cc: Hogan, Will
Subject: Hewatt Group

Hi Megan and Kim

Will Hogan attended the Inaugural creditors meeting conducted by the Administrator, PPB Advisory, of Hewatt Pty Ltd, Hewatt Grader Hire Pty Ltd and Carmelina Management Pty Ltd (Hewatt Group).

A list of credits and the quantum of debts owed by the Hewatt Group is still in the process of being compiled by the Administrator and is not currently available. However, it is understood that the quantum of debts owed by the Hewatt Group is substantial (millions) and that a Deed of Company Arrangement was considered but was concluded to be unviable. The most probable outcome is that the Hewatt Group of companies be placed into liquidation.

So far 166 employees have been made redundant and a further 33 employees have been retained to complete the Lindale Quarry and Horse Park Drive projects. The 33 retained employees will also be made redundant once these two projects are complete.

4

The second creditor's meeting will be held on 13 June 2014 at which time it is anticipated that a listing of creditors and quantum of debts will be made available.

This is all the information provided at this stage.

Cheers

*Mr Angel Marina
Manager
Revenue Accounts Section
ACT Revenue Office
Commerce & Works Directorate*

*Ph. [REDACTED]
Fax. 62070036*



ACT
Government

Commerce and Works

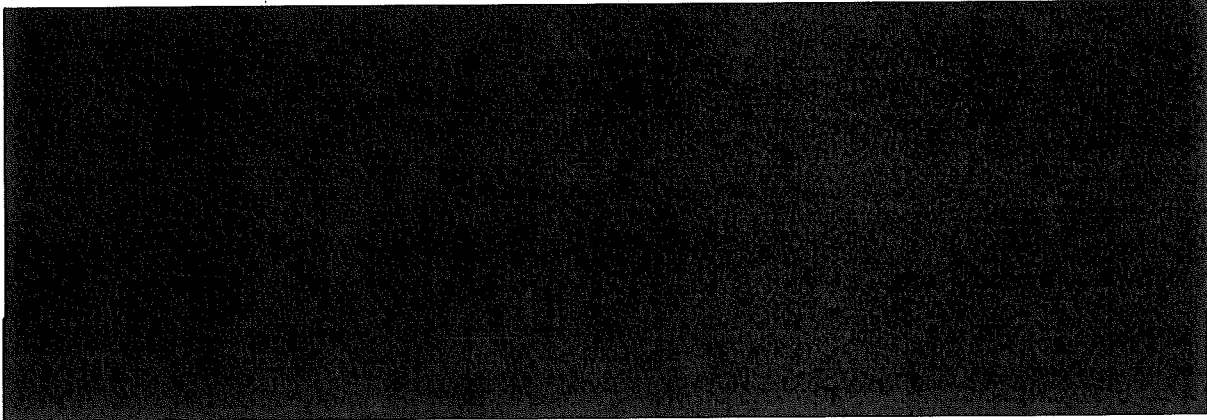
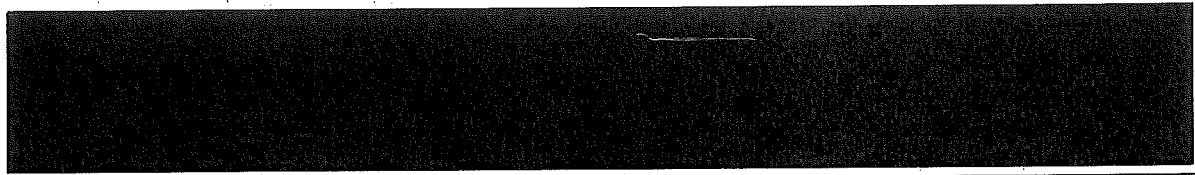
Question Time Brief

SUBJECT: PROCUREMENT: MAJURA PARKWAY

ISSUE: Contractors Issues

Key Points:

- Hewatt Pty Ltd ("Hewatt") entered into voluntary administration on 8 May 2014. The administrators are PPB Advisory Pty Ltd ("PPB").
- Hewatt is engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd ("Fulton Hogan"), as well as being directly engaged by the ACT Government on two contracts at Horse Park Drive.
- Following a preliminary review of Hewatt's position PPB has stood down most of Hewatt's employees, and committed to working constructively with all stakeholders including employees, unions, subcontractors and government. Currently, there are no Hewatt employees working on site at Majura Parkway, and the Horse Park Drive work site is closed. SSP understands that Hewatt has removed some of its equipment from a number of sites.
- SSP met with Fulton Hogan to discuss the Majura Parkway project on 13 May 2014. Fulton Hogan provided an assurance that work on the Majura Parkway is continuing regardless of whether or not Hewatt continues as subcontractor for the earthworks under the head contract with Fulton Hogan.
- Shared Services Procurement met with PPB on Monday 12 May 2014. PPB and the Territory discussed the possibility that Hewatt complete works on Horse Park Drive while in administration, and both parties are considering this approach.
- Fulton Hogan is still reviewing their way forward on the Majura site, and the Territory expects an update on this in the near future.
- The first meeting of Hewatt's creditors will be held in Canberra on 20 May 2014.
- Under the terms of the Territory's contract with Fulton Hogan, the contractor bears overall responsibility for the acts and omissions of all sub-contractors on the Majura Parkway project. Fulton Hogan has also indemnified the Territory against any legal claim resulting from non-payment of sub-contractors on the Majura Parkway project.
- Fulton Hogan retains its assurance that the Majura Parkway project will be completed according to the program and budget established in its existing contract with the Territory. According to Fulton Hogan, approximately 95 per cent of earthworks have already been completed. However, there is the possibility that the remaining earthworks will be undertaken by another subcontractor.
- The awarded value of the Majura Parkway contract between the Territory and Fulton Hogan is \$268,276,814 (GST inclusive). The Commonwealth Government is contributing \$144 million towards the cost of the Majura Parkway project.



13 May 2014

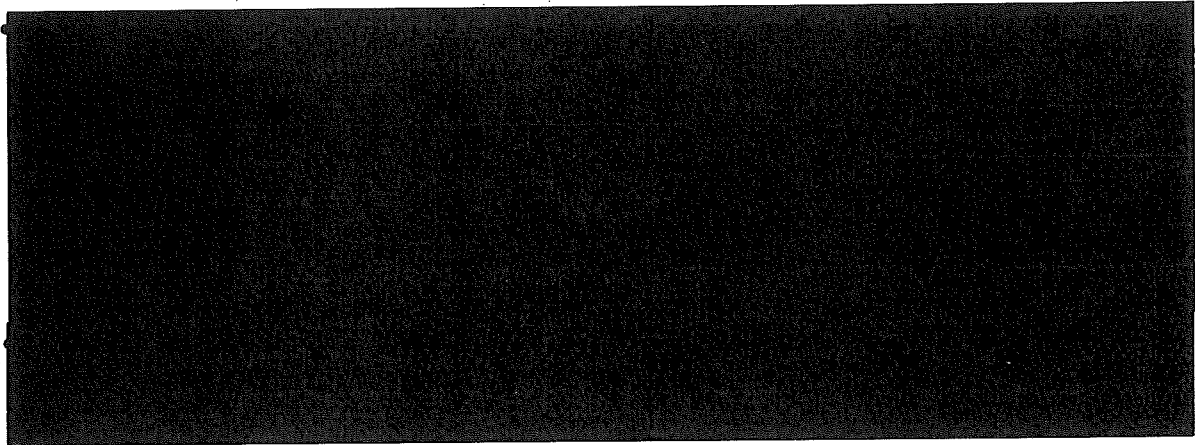
Minister responsible:	Directorate:	Contact Officer:
Treasurer	Commerce and Works	Jill Divorty

KEY POINTS

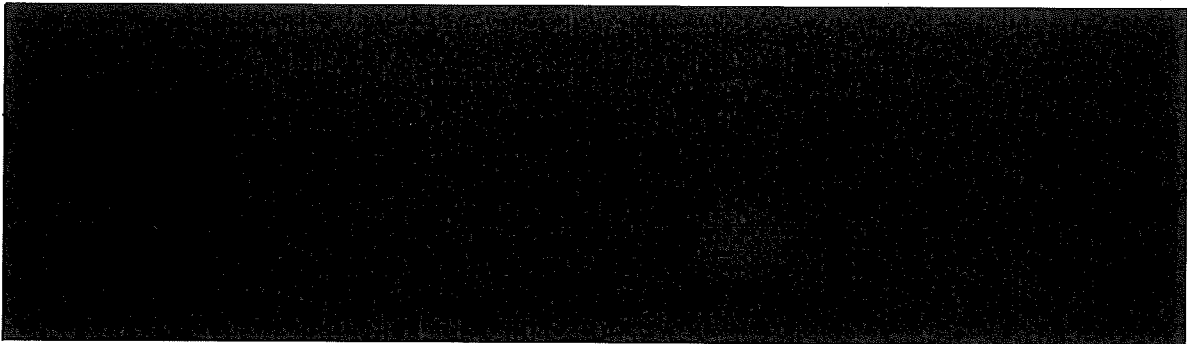
- Hewatt Pty Ltd ("Hewatt") entered into voluntary administration on 8 May 2014. The administrators are PPB Advisory Pty Ltd ("PPB").
- Hewatt is engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd ("Fulton Hogan"), as well as being directly engaged by the ACT Government on two contracts at Horse Park Drive.
- Following a preliminary review of Hewatt's position PPB has stood down most of Hewatt's employees, and committed to working constructively with all stakeholders including employees, unions, subcontractors and government. Currently, there are no Hewatt employees working on site at Majura Parkway, and the Horse Park Drive work site is closed. SSP understands that Hewatt has removed some of its equipment from a number of sites.
- SSP met with Fulton Hogan to discuss the Majura Parkway project on 13 May 2014. Fulton Hogan provided an assurance that work on the Majura Parkway is continuing regardless of whether or not Hewatt continues as subcontractor for the earthworks under the head contract with Fulton Hogan.
- Shared Services Procurement met with PPB on Monday 12 May 2014. PPB and the Territory discussed the possibility that Hewatt complete works on Horse Park Drive while in administration, and both parties are considering this approach.
- Fulton Hogan is still reviewing their way forward on the Majura site, and the Territory expects an update on this in the near future.
- The first meeting of Hewatt's creditors will be held in Canberra on 20 May 2014.
- Under the terms of the Territory's contract with Fulton Hogan, the contractor bears overall responsibility for the acts and omissions of all sub-contractors on the Majura Parkway project. Fulton Hogan has also indemnified the Territory against any legal claim resulting from non-payment of sub-contractors on the Majura Parkway project. Consequently, liability for any non-payment of sub-contractors rests with Fulton Hogan, including liability for any non-payment of any contractors sub-contracted to a sub-contractor (i.e. sub-sub-contractors).
- Fulton Hogan retains its assurance that the Majura Parkway project will be completed according to the program and budget established in its existing contract with the Territory. According to Fulton Hogan, approximately 95 per cent of earthworks have already been completed. However, there is the possibility that the remaining earthworks will be undertaken by another subcontractor.
- The awarded value of the Majura Parkway contract between the Territory and Fulton Hogan is \$268,276,814 (GST inclusive). The Commonwealth Government is contributing \$144 million towards the cost of the Majura Parkway project.

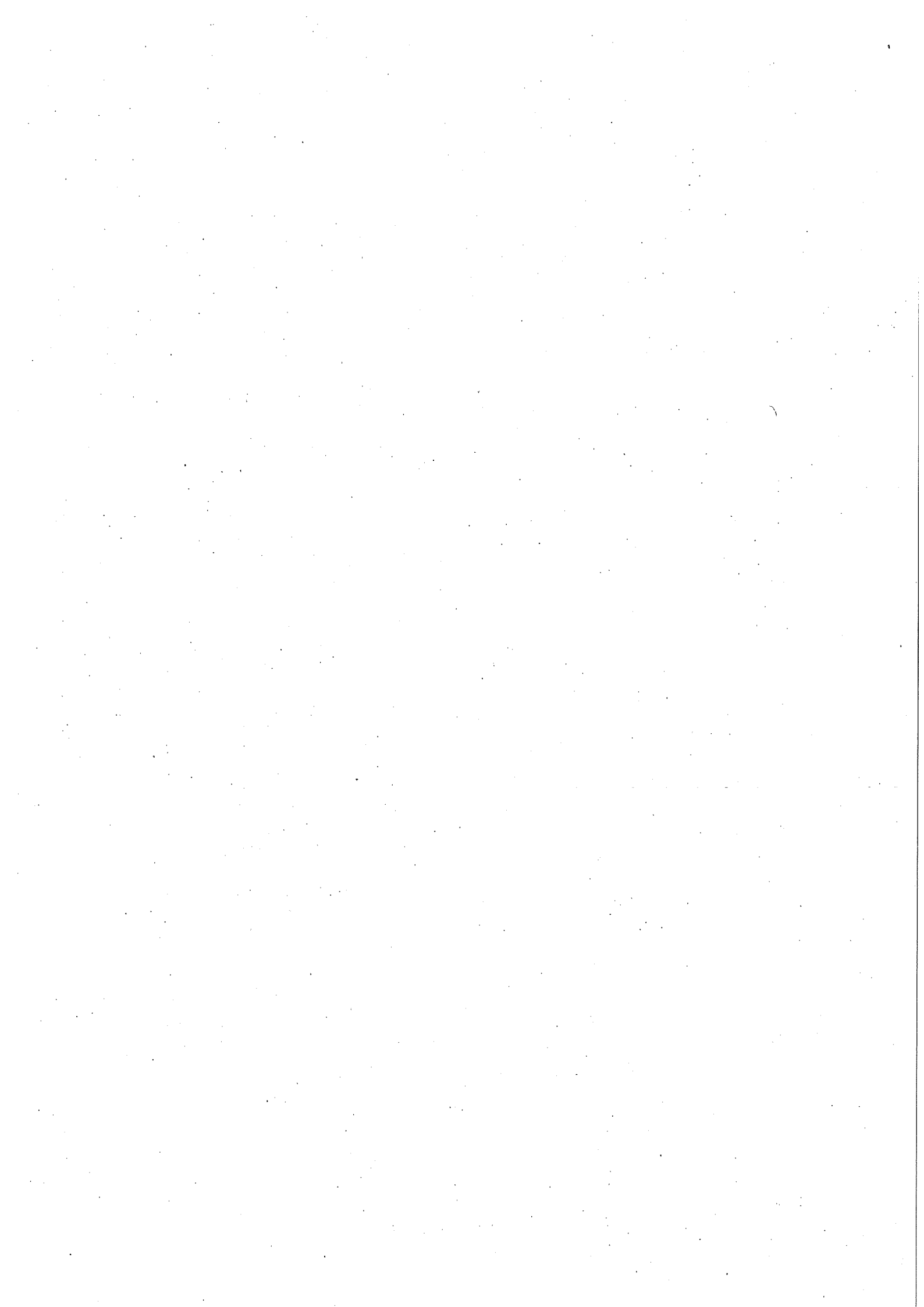
Chief Ministers' Talkback Brief Hewatt in Administration

- Both contracts between the Territory and Hewatt for work on Horse Park Drive have been substantially completed, including laying of pavement. Only finishing touches such as signage, road marking and landscaping remain incomplete. The contract for works between the extension from Burrámarra Avenue to Mirrabei Drive is valued at \$9,007,966 (GST inclusive), and the contract for works on the extension to Moncrieff Group Centre is valued at \$16,903,438 (GST inclusive).



- Shared Services Procurement ("SSP") met with PPB Advisory from 1-2pm on Monday 12 May 2014. PPB Advisory is the administrator for Hewatt following its entry into voluntary administration on 8 May 2014.
- PPB advised that it understood Fulton Hogan had not yet decided upon how it would replace Hewatt on the Majura Parkway project. PPB understands that Fulton Hogan is talking to approximately 10-20 former Hewatt employees, with a view to potentially employing them to continue on the project.
- We understand that approximately 40 Hewatt employees were working on the Majura Parkway project at the time it entered into administration. At the meeting on 12 May 2014 PPB asserted that the total number of Hewatt employees was approximately 80-100, but it is not clear whether this refers to the Majura Parkway project alone or covers all Hewatt projects.





Keefer, Lindy

From: Power, Ben
Sent: Thursday, 8 May 2014 2:16 PM
To: Pearse, Jan; Keefer, Lindy
Subject: FW: Hewatt Pty Ltd and Fulton Hogan Construction Pty Ltd
Attachments: Hewatt Letter 08 May 2014.pdf; ATT00001.htm; Majura

Just FYI – for future QTB/brief writing purposes.

From: Parkinson, Andrew
Sent: Thursday, 8 May 2014 1:48 PM
To: Power, Ben
Subject: Fwd: Hewatt Pty Ltd and Fulton Hogan Construction Pty Ltd

Andrew Parkinson | A/g Director - Civil Infrastructure Procurement
Phone [REDACTED] | Fax 02 6207 5468 | Mobile [REDACTED]
Shared Services | Commerce and Works | ACT Government
Level 3 Annex Macarthur House, 12 Wattle Street Lyneham ACT 2602 | PO Box 818 Dickson ACT 2602 | www.act.gov.au

Begin forwarded message:

From: "Howard, Stephen" <[REDACTED]>
To: "Parkinson, Andrew" <[REDACTED]>, "Peters, Paul" <[REDACTED]>
Subject: FW: Hewatt Pty Ltd and Fulton Hogan Construction Pty Ltd

Gents,

Letter sent to Hewatt's this afternoon to obtain clarity surrounding Hewatt's position to continue on the project.

Thanks

Regards

Stephen Howard | Principal Project Officer

P [REDACTED] F (02) 62075564 | E

[REDACTED] <mailto:[REDACTED]>

Shared Services | Commerce and Works Directorate | ACT Government

11

Majura Site Management Office, Beaufighter Avenue, Majura Park, 2609 ACT | GPO Box
818 Dickson ACT 2602

www.act.gov.au<<http://www.act.gov.au/>>

From: Thomson, Malcolm [REDACTED]
Sent: Thursday 8 May 2014 12:18
To: Howard, Stephen; Allan Kennedy ([REDACTED])
Subject: FW: Hewatt Pty Ltd and Fulton Hogan Construction Pty Ltd

fyi

Malcolm Thomson
|Project Director - Majura Parkway Project|
|Fulton Hogan Construction Pty Ltd | PO Box 369 Campbell ACT 2612 |
|Mobile [REDACTED]|
www.fultonhogan.com<<http://www.fultonhogan.com/>>

From: Thomson, Malcolm
Sent: Thursday, 8 May 2014 12:13 PM
To: Geoff Hewatt ([REDACTED])
Cc: [REDACTED] Nandanapatham, Pushpa; Kessler, Peter; Harrison, Jonathan; Fisher,
David; Graeme Andrews ([REDACTED])
[REDACTED]; Alex Baird
Subject: Hewatt Pty Ltd and Fulton Hogan Construction Pty Ltd

Please refer attached correspondence.

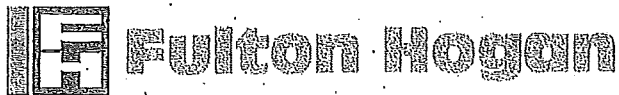
Regards

Malcolm Thomson
|Project Director - Majura Parkway Project|
|Fulton Hogan Construction Pty Ltd | PO Box 369 Campbell ACT 2612 |
|Mobile [REDACTED]|
www.fultonhogan.com<<http://www.fultonhogan.com/>>

--
This email message and any attachments are confidential and may be privileged in which
case neither is intended to be waived. This email is for use only by the intended recipient.
If you are not the intended recipient you have received this email in error and any use,
circulation, forwarding, printing or copying whatsoever by you is strictly prohibited. If you
have received this message in error, please inform us immediately and delete this email and
any attachments. While Fulton Hogan Pty Ltd employs Anti-Virus Software, we cannot
guarantee that this email is free from viruses and we recommend that the email and any
attachments be tested before opening.

Fulton Hogan may collect, use and disclose personal information about you so we can

perform our business activities and functions and provide quality customer services.
You can view our Privacy Statement at
http://www.fultonhogan.com/Privacy-Statement---Australia-and-New-Zealand/Privacy_Statement_Australia/



Fulton Hogan Construction Pty Ltd
ABN: 46 010 240 758

Level 3, 61 Dunning Street,
Rosebery NSW 2018

PO Box 369
Campbell ACT 2612

Telephone: + 61 2 8346 9400
Facsimile: + 61 2 8346 9444

8th May 2014

7YY.34:003.030.010.1038

The Directors
Hewatt Earthworks
881 Nanima Road
Nanima NSW 2618

Attention: The Directors (In the absence of Alex Baird, the nominated Subcontractor's Senior Executive)

Dear Sirs,

Majura Parkway Construction and Associated Works
Subcontract No. 7YY SC 003

We refer to Hewatt's letter of 17th April 2014 giving notice that as of 1 May 2014 Hewatt would be unable to complete the works due to Subcontractor's Insolvency.

Media and other reports both last night and this morning are conflicting with regard to whether administrators have indeed been appointed.

We note that at 7th May 2014, Hewatt's staff have vacated the site, and have removed all project-related materials. We also note that on 8 May 2014, to the extent that Hewatt's plant remains on the site, the plant is idle and Hewatt's operators have not presented at the Site for work.

We have had no formal notification of Hewatt's intentions, but it appears that Hewatt has abandoned the carrying out of the Subcontract Works.

This places us in a position of some uncertainty – for example, it is not clear if Hewatt intends to continue trading and if so, whether Hewatt may intend to resume the Subcontract Works in the near future.

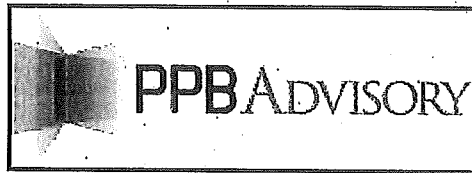
In the absence of formal notification of Hewatt's position and intentions in relation to the Project, we have no option but to source alternative plant and labour to progress works, including works that are within the scope of Hewatt's Subcontract Works.

We are anxious to formalise the position under the Subcontract and we therefore request that you provide us with formal notification of Hewatt's position and intentions by 4pm today, failing which we will assume that Hewatt will be having no further involvement in the Subcontract Works.

All of Fulton Hogan's rights, under the Subcontract and otherwise, are reserved.

Yours sincerely
Fulton Hogan Construction Pty Ltd

Malcolm Thomson
Project Director
Majura Parkway Project



PPB ADVISORY APPOINTED VOLUNTARY ADMINISTRATOR OF THE HEWATT GROUP OF COMPANIES

The directors of Hewatt Pty Ltd, Hewatt Grader Hire Pty Ltd and Carmelina Management Pty Ltd (Hewatt) have today appointed Stephen Parbery, Christopher Hill and Alan Walker of PPB Advisory as Voluntary Administrators.

Hewatt a leading civil earthworks contractor in the Australian Capital Territory (ACT) and southern New South Wales has operated for nearly 25 years. Employing more than 200 full-time employees, Hewatt is the head contractor for several major commercial and industrial construction projects, undertakes a range of minor civil works and is also a subcontractor to numerous projects, including the Majura Parkway project in the ACT.

Following a preliminary review of Hewatt's operational and financial position, most of the company's employees have had to be stood down, while the Administrators conduct a further review of the business and assess options for its future.

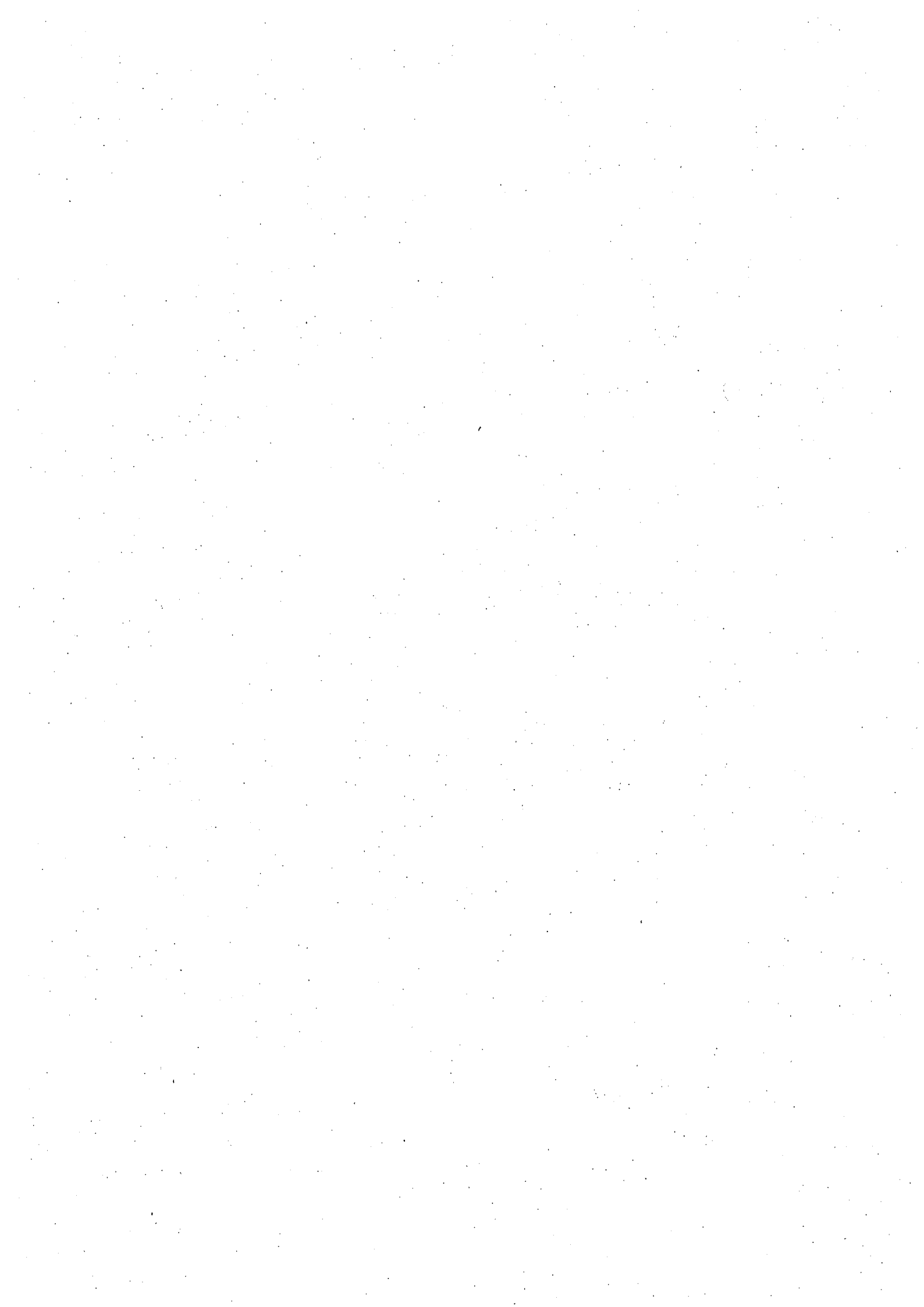
PPB Advisory partner Christopher Hill commented: "Whilst it is unfortunate that workers have had to be stood down, the company is just not in a position to continue to employ them. Over coming weeks, we will work constructively with management, employees, subcontractors, suppliers, clients and relevant union and government bodies to assess options for the future of the business."

The first meeting of Creditors is due to be held in Canberra on 20 May 2014 at 10am AEST. Details of the venue will be posted to the Creditors section of the PPB Advisory website: www.ppbadvisory.com once they have been confirmed.

For media enquiries please contact Six Degrees Media:
Sam Wallman: +61 2 9230 0661 or +61 405 399 430 or
Matt Paterson: +61 2 9230 0661 or +61 402 140 757

For all supplier, customer, subcontractor, employee and other creditor enquiries please contact Link Insolvency Services:

hewatt@linkmarketservices.com.au
Phone: 1300 551 242
Hewatt Pty Ltd (Administrators Appointed)
C/- Link Insolvency Services
Locked Bag A14
Sydney South NSW 1235



Keefer, Lindy

From: Power, Ben
Sent: Wednesday, 7 May 2014 12:31 PM
To: Keefer, Lindy
Subject: FW: Media statement for approval by TAMS
Attachments: 140507 Majura Parkwayv3.doc; ATT00001.htm

From: Tomlins, George
Sent: Wednesday, 7 May 2014 11:30 AM
To: Power, Ben
Subject: FW: Media statement for approval by TAMS

George Tomlins | Executive Director | Shared Services Procurement
Phone [REDACTED] Fax 02 6207 5468
Shared Services Procurement | Commerce and Works | ACT Government
Level 2 Annex, Macarthur House 12 Wattle Street Lyneham ACT 2602 | PO Box Dickson ACT 2602

From: Howard, Stephen
Sent: Wednesday, 7 May 2014 11:07 AM
To: Parkinson, Andrew.
Cc: Tomlins, George
Subject: FW: Media statement for approval by TAMS

Andrew,

Attached is a draft media release sent to TaMs for consideration in preparation should Hewatt finishes on the project today.

Still awaiting formal notification from Fulton Hogan that Hewatt has withdrawn as a subcontractor on the project.

Thanks

Regards

Stephen Howard | Principal Project Officer
P [REDACTED] | F (02) 62075564 | E [REDACTED]
Shared Services | Commerce and Works Directorate | ACT Government
Majura Site Management Office, Beaufighter Avenue, Majura Park, 2609 ACT | GPO Box 818 Dickson ACT 2602
www.act.gov.au

From: Thomson, Malcolm [REDACTED]
Sent: Wednesday 7 May 2014 11:00
To: Dias, Carl; Howard, Stephen
Subject: Fwd: Media statement for approval by TAMS

Sent from my iPhone

Begin forwarded message:

From: "Allen, Georgia" <[REDACTED]>
 Date: 7 May 2014 10:57:42 am AEST
 To: "Lansdown, Simon" <[REDACTED]>
 Cc: "Harrison, Jonathan" <[REDACTED]>, "Fisher, David" <[REDACTED]>, "Thomson, Malcolm" <[REDACTED]>, "Nadanapatham, Pushpa" <[REDACTED]>, "Kessler, Peter" <[REDACTED]>
 Subject: Media statement for approval by TAMS

Simon

Attached is the media statement for approval for TAMS. Can you please walk through the process ASAP.

Process going forwards is

- TAMS approval
- Fulton Hogan sends letter to Hewatt's lawyers
- Issue release to media who have contacted us directly

Cheers
Georgia

This email message and any attachments are confidential and may be privileged in which case neither is intended to be waived. This email is for use only by the intended recipient. If you are not the intended recipient you have received this email in error and any use, circulation, forwarding, printing or copying whatsoever by you is strictly prohibited. If you have received this message in error, please inform us immediately and delete this email and any attachments. While Fulton Hogan Pty Ltd employs Anti-Virus Software, we cannot guarantee that this email is free from viruses and we recommend that the email and any attachments be tested before opening.

Fulton Hogan may collect, use and disclose personal information about you so we can perform our business activities and functions and provide quality customer services. You can view our Privacy Statement at http://www.fultonhogan.com/Privacy-Statement---Australia-and-New-Zealand/Privacy_Statement_Australia/

Media statement

Fulton Hogan has been advised that Hewatt Pty Ltd, may by the close of business today, appoint voluntary administrators.

Malcolm Thomson, Project Director says the Majura Parkway project remains on time, on budget and with around 95% of the bulk earthworks complete.

"Our preference is to complete the project in conjunction with Hewatt, but we anticipate this may not be possible due to Hewatt's financial position.

"There are a large number of local subcontractors and operators who we hope will remain involved in the Majura Parkway project, and we are confident that the project will be completed through alternative sub-contracting arrangements on schedule.

"If the Hewatt group of companies is unable to continue work on the project, Fulton Hogan will look to engage Hewatt's subcontractors, many of them local to the ACT, as well as looking to hire some of the 70 affected members of the workforce, to work directly for Fulton Hogan on the project.

"We are on track to complete the project on time with a number of key milestones to start in June including the launch of the first segment on the Molonglo River bridge and the Monaro Highway traffic switch."

At no time has there been a contractual dispute between Fulton Hogan and Hewatt.

About Fulton Hogan

Fulton Hogan has been building communities for 80 years - across the transport infrastructure, water, energy, mining and land development sectors in New Zealand, Australia and the South Pacific.

Our company earned its stripes building and maintaining the spine of New Zealand's road network, and today is a major civil and resources contractor with a unique vertically integrated business model combining construction operations with quarrying, asphalt production, and precast manufacture.

We are proud of our family ownership and strong partnerships – and we care for our communities and the people in them, including our customers, suppliers and our 5,300+ people whose safety always comes first.

www.fultonhogan.com

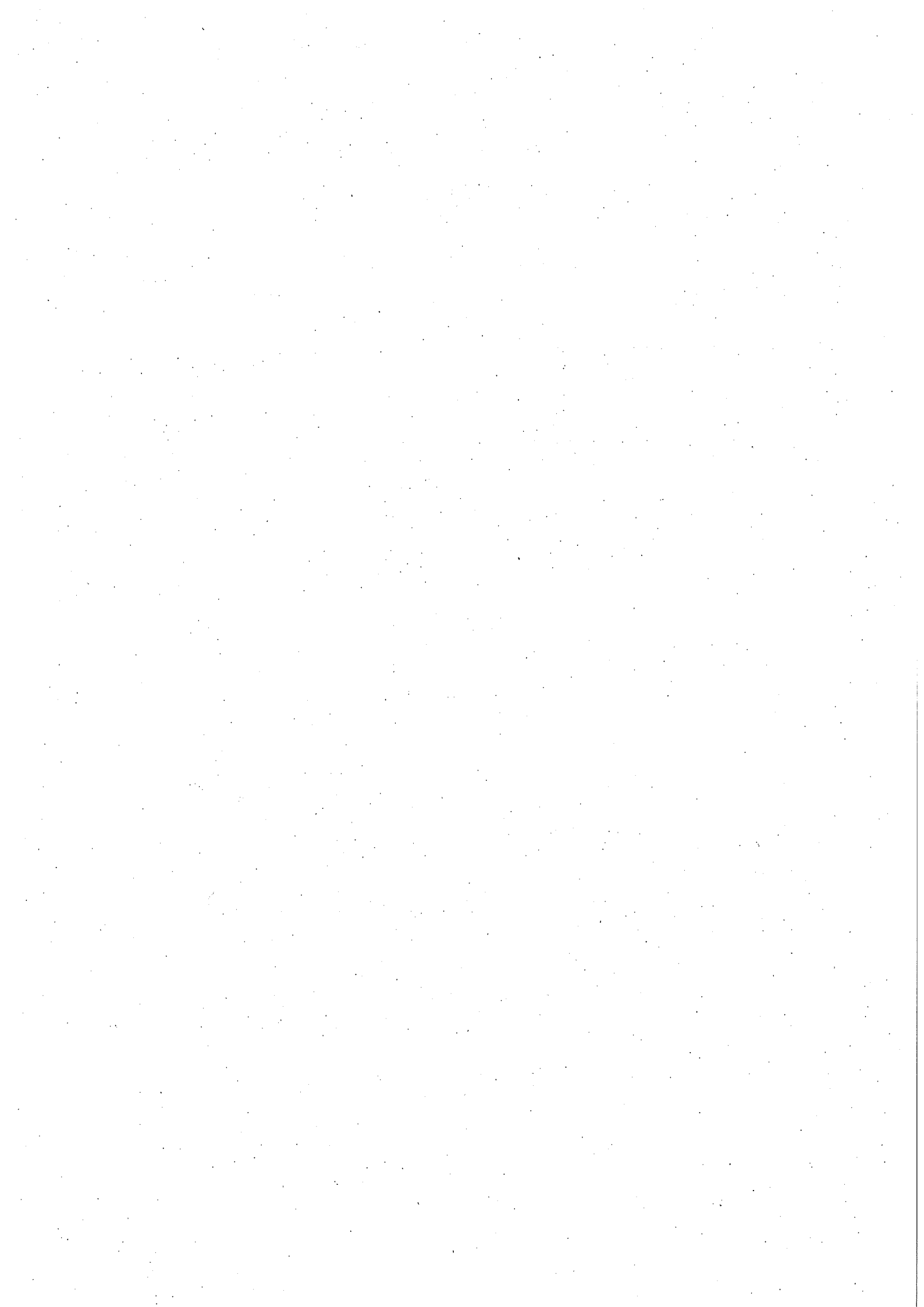
For more information:

Georgia Allen

National Communications Manager

E: georgia.allen@fultonhogan.com.au

P: +61 3 9340 6200 | +61 419 577 446



Keefer, Lindy

From: Power, Ben
Sent: Wednesday, 7 May 2014 3:20 PM
To: Keefer, Lindy
Subject: FW: Majura Parkway update
Attachments: MR161_0414 Majura Parkway update.pdf; ATT00001.htm

From: Parkinson, Andrew
Sent: Wednesday, 7 May 2014 3:13 PM
To: Tomlins, George; Smithles, Megan; Whitehouse, Michael
Cc: Power, Ben; Keft, Maree
Subject: Fwd: Majura Parkway update

Andrew Parkinson | A/g Director - Civil Infrastructure Procurement
Phone [REDACTED] | Fax 02 6207 5468 | Mobile [REDACTED]
Shared Services | Commerce and Works | ACT Government
Level 3 Annex Macarthur House, 12 Wattle Street Lyneham ACT 2602 | PO Box 818 Dickson ACT 2602 | www.act.gov.au

Begin forwarded message:

From: "Ashcroft, Kelly" <[REDACTED]>
Date: 7 May 2014 3:04:47 pm AEST
Subject: Majura Parkway update

Media summary: The ACT Government has been advised by Fulton Hogan, lead contractor for the Majura Parkway, that Hewatt Pty Ltd, the sub contractor responsible for earthworks, is likely to withdraw from the project.

Fulton Hogan, continues to provide assurances to the government that they will deliver the project on time and on budget. Fulton Hogan has also confirmed that arrangements for any remaining earthwork will be put in place.

For more information please see the attached media release.

Kelly Ashcroft | Assistant Manager Communications |
Phone [REDACTED] | Fax 02 6207 6148 | Mobile [REDACTED]
Governance | Territory and Municipal Services Directorate | ACT Government
12 Wattle Street, Lyneham | GPO Box 158 Canberra ACT 2601 | www.act.gov.au
www.tams.act.gov.au | [Twitter](#) | [Flickr](#) | [YouTube](#)



ACT
Government

Territory and Municipal Services

19

MEDIA Release

Communications

Telephone 6207 6882 or 6205 0312

MR161/0414

7 May 2014

Majura Parkway still on track for mid-2016 completion

The ACT Government has been advised by Fulton Hogan, lead contractor for the Majura Parkway, that Hewatt Pty Ltd, the sub contractor responsible for earthworks, is likely to withdraw from the project.

Fulton Hogan, continues to provide assurances to the government that they will deliver the project on time and on budget. Fulton Hogan has also confirmed that arrangements for any remaining earthwork will be put in place.

Work to date on the Majura Parkway project has been progressing well with a substantial amount of the bulk earthworks complete.

Over the coming months the focus for the project will shift to the southern end of the alignment with work commencing on the construction of the new bridges over Fairbairn Avenue and Morshead Drive.

Overall completion is still scheduled for mid-2016.

The ACT Government thanks all road users for their patience and cooperation to date in enabling works to be undertaken in a safe and timely manner.

Once completed, the Majura Parkway, a joint funded Australian and ACT Government project, will deliver 11.5 kilometres of dual carriageway connecting the Federal Highway through to the Monaro Highway. It will play a significant role in improving the national and regional freight route as well as reducing traffic congestion and improving access to areas like Fyshwick and the Canberra Airport precinct.

Statement ends

Media contact: Kelly Ashcroft [REDACTED] or after hours [REDACTED]

SUBJECT: MAJURA PARKWAY PROJECT – CONTRACTOR ISSUES

To: Treasurer

Critical Date for consideration: As soon as possible

Purpose: To inform you of a dispute between Hewatt and Fulton Hogan in relation to the Majura Parkway project.

Key Points:

- Given the potential contractual ramifications of this issue, Government should limit its public comment.
 - Much of the detail which follows under this heading are matters between Fulton Hogan and Hewatt, and are provided for background briefing and not public comment.
- Hewatt Pty Ltd (“Hewatt”) is engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd (“Fulton Hogan”). The awarded value of the contract between the Territory and Fulton Hogan is \$268,276,814.35 (GST inclusive). The Commonwealth Government is contributing \$144 million towards the cost of the Majura Parkway project.
- Shared Services Procurement (“SSP”) understands that on the morning of 7 May 2014 Hewatt stood down all of its employees across every work site on which it operates. SSP understands that Hewatt has approximately 70 employees and sub-contractors engaged on the Majura Parkway project.
- The immediate trigger for this stand-down of workers appears to be the failure of Fulton Hogan to transfer a pre-agreed sum of money to Hewatt on 6 May 2014. Without this injection of cash Hewatt has determined it is not in a position to continue works, as doing so may have raised the risk of illegally trading while insolvent.
 - SSP understands that the anticipated payment from Fulton Hogan to Hewatt was part of the agreement reached during negotiations between both parties on 5 May 2014, rather than being written into the sub-contract between Fulton Hogan and Hewatt. It does not appear that Fulton Hogan has broken a contractual agreement with Hewatt by failing to make this payment.
- The principal reason for Hewatt’s financial difficulties appears to be Hewatt’s estimation of its costs as a sub-contractor on this project, rather than the primary contract between the Territory and the Head Contractor.

Contact: Ben Power

Position: Government Business Officer

Extension: x79342

File No.:

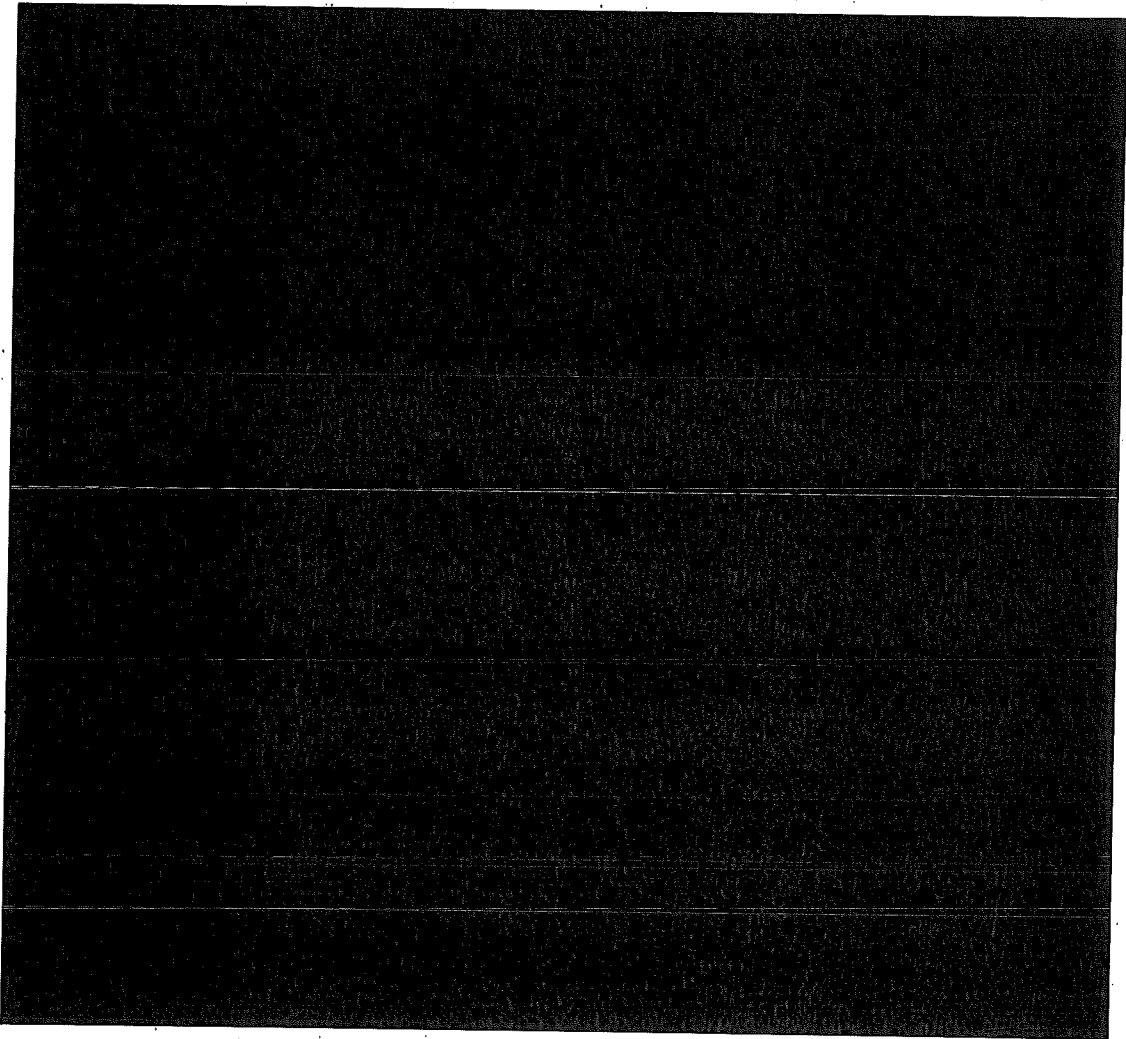
- Work on the Majura Parkway project on 7 May 2014 continued as scheduled, with the exception of Hewatt's absence. Approximately 95 per cent of earthworks have already been completed.
- This is a commercial dispute between parties, and does not directly involve the ACT Government. Fulton Hogan have assured the Territory that this dispute will not have any impact upon the budget or program of the Majura Parkway project. As Hewatt is a sub-contractor to Fulton Hogan and not directly engaged by the Territory, the head contractor will remain responsible for delivering Majura Parkway in accordance with the time and cost set out in the contract.
- Should Hewatt fail to complete the full scope of its contracted works on the Majura Parkway project, it is likely that a number of its current staff will have their employment ceased. However, as the scope of works of the Majura Parkway project has not changed, it is expected that a similar number of workers will be required to complete them – whether they are engaged by Hewatt, another earthworks contractor, or by Fulton Hogan directly.
- SSP is continuing to investigate whether all sub-contractors and sub-sub-contractors have been paid on the Majura Parkway project. Liability for any potential non-payment of sub-contractors on the Majura Parkway project rests with Fulton Hogan rather than the Territory. Fulton Hogan is employed under a GC-21 contract, which is designed to provide strong protection to both sub-contractors and the Government.
 - Fulton Hogan bears overall responsibility for the acts and omissions of all sub-contractors on the Majura Parkway project. Consequently, liability for any non-payment of sub-contractors rests with Fulton Hogan. This includes liability for non-payment of any contractors sub-contracted to a sub-contractor.
 - The Territory is also indemnified against any legal claim resulting from non-payment of sub-contractors on the Majura Parkway project, including the non-payment of any contractors sub-contracted to a sub-contractor.

Background to the dispute

- SSP understands that Hewatt has been experiencing significant financial difficulties for some time. On 17 April 2014, Hewatt wrote to Fulton Hogan requesting a release from its contract as it had become uneconomical to continue works. Hewatt stated that unless a release was granted or the contract terms re-negotiated, Hewatt would enter into administration on 1 May 2014. Hewatt and Fulton Hogan met to discuss this dispute on 24 April 2014. Both parties agreed to work on reaching a mutually satisfactory resolution to the dispute, with Hewatt remaining on-site in the interim.
- Hewatt and Fulton Hogan met again on 2 May 2014 and 5 May 2014 to discuss ways forward. Both parties agreed to continue work on the project for one week,

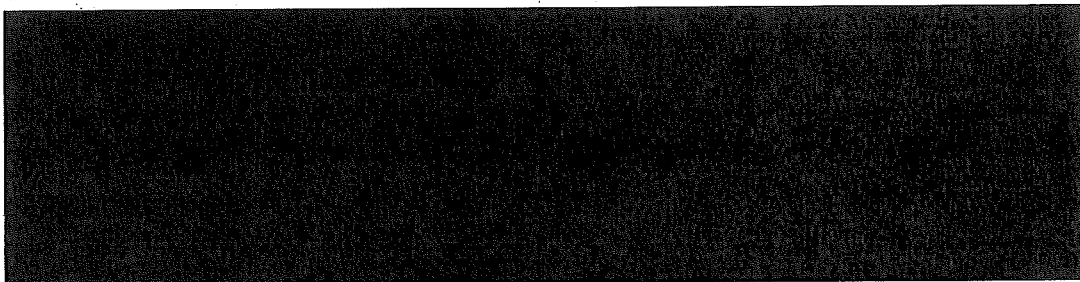
during which time they will attempt to reach a longer-lasting agreement. SSP understands that Fulton Hogan agreed to make a payment of approximately [REDACTED] to Hewatt to ensure these works go ahead, as well as an additional immediate cash advance to ensure Hewatt is able to pay its staff. It appears that this payment was not made.

- As of 5 May 2014, Fulton Hogan's preferred option for a longer-term agreement was to continue to work with Hewatt until achievement of Milestone One in the contract (main roadworks north of the Molonglo River). This is expected to occur in September. The current contract between parties would be ended and a new contract established on a cost-plus basis. Fulton Hogan would also make an additional payment to Hewatt of approximately [REDACTED] for the period up to 5 May 2014. SSP understands that following the achievement of Milestone One, Fulton Hogan would then seek to employ another earthworks contractor to complete the remaining scope of works (southern approaches and traffic switches).



Steps Forward

- SSP and Roads ACT will meet with _____ as a matter of urgency to discuss _____
 - [OR: strategy for going forward]
- SSP will continue to work closely with Fulton Hogan to ensure the Majura Parkway project remains on program and within budget. SSP will also liaise with representatives of the unions to hear any concerns they may have and outline what actions it will take going forward.



- SSP understands that Hewatt owes monies to a number of other local firms for services provided on a sub-contractual basis for various projects. In particular, significant debts are owed to _____
- Should Fulton Hogan and Hewatt be unable to agree on a new contract to cover the period up to Milestone One, other options will be explored to ensure these earthworks are completed. This could involve the immediate engagement of another contractor by Fulton Hogan, or the acquisition of Hewatt by Fulton Hogan.

Suggested speaking notes:

- AGT Government has appointed Fulton Hogan to deliver the project for us. There are a number of sub contractors working on the project including Hewatt's – earthworks contractor.
- AGT Government is aware that FH is in discussion with Hewatts.
- Those discussions are ongoing this week and are a commercial matter for FH and Hewatts.
- We understand that work is continuing and that a new night work program commenced on Monday 5 May and it planned to continue for the next month.
- Government cannot pre-empt the outcome of these discussions as they are a matter for the Contractor. However we closely monitor progress on the project and progress to date has been good and we expect the project to be completed on time (June 2016) and within budget.
- Understand there is a lot of discussion and rumour around this but it is important that the current status of this issue be clearly outlined.

Recommendations:

- It is recommended that you note the information in this minute.

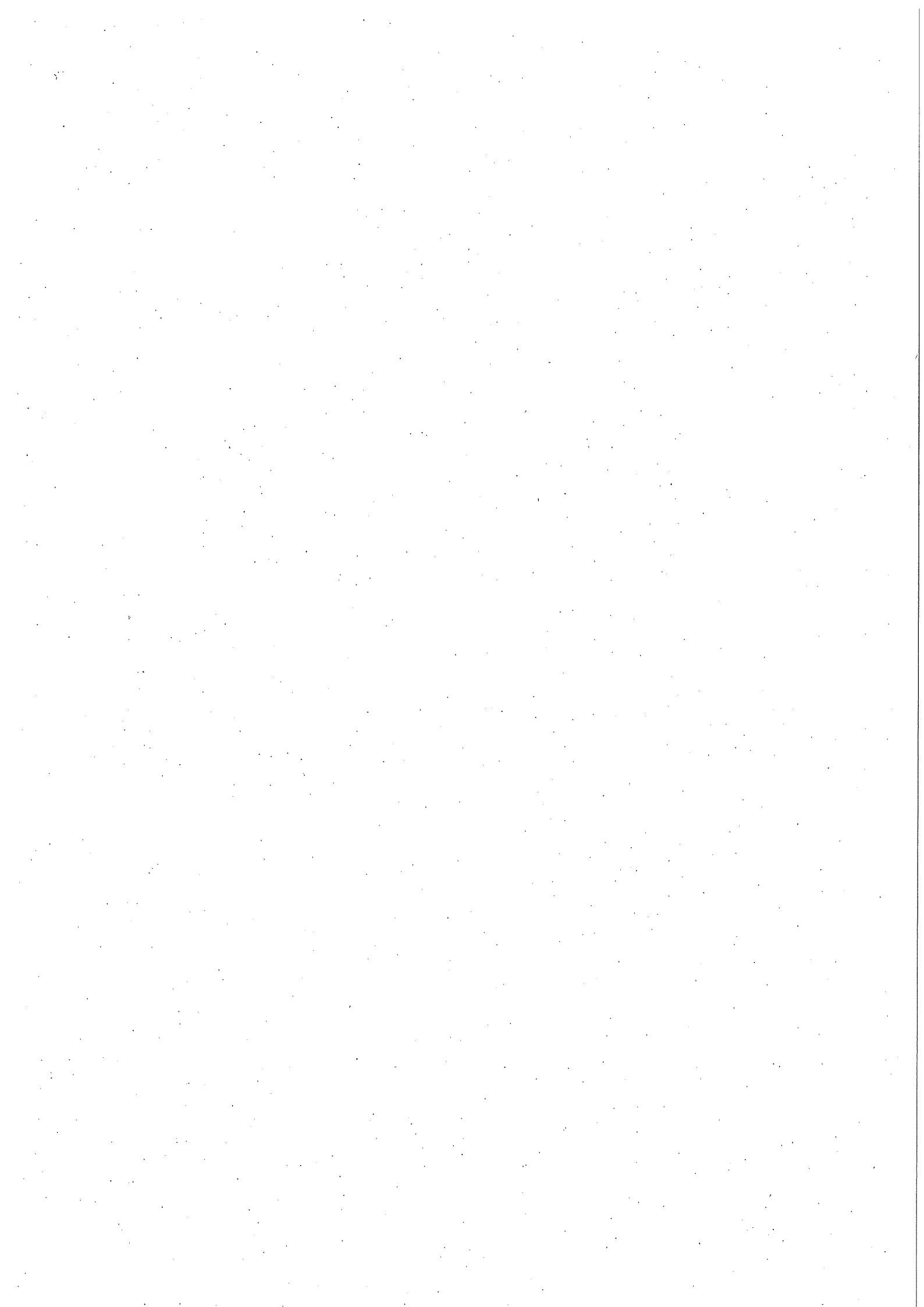
Paul Peters
 Executive Director
 Territory and Municipal Services.

George Tomlins
 Executive Director
 Shared Services Procurement

May 2014

Noted / Approved / Not approved / Please discuss
 Andrew Barr MLA / /2014

Noted / Approved / Not approved / Please discuss
 Shane Rattenbury MLA / /2014





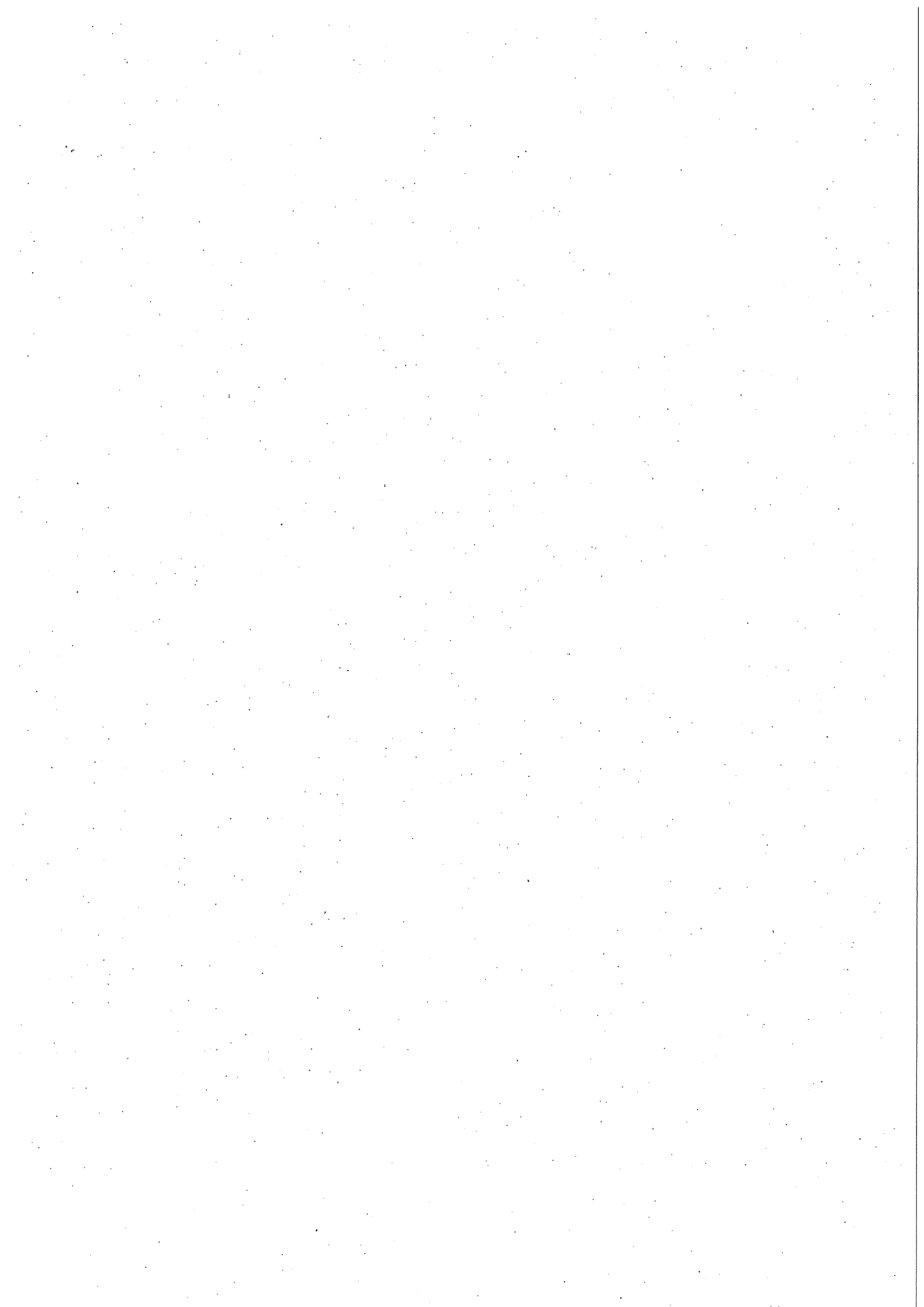
Question Time Brief

SUBJECT: PROCUREMENT: MAJURA PARKWAY – PAYMENT OF SUB-CONTRACTORS

ISSUE: Liability for potential non-payment of sub-contractors on the Majura Parkway project

Key Points:

- The Territory's Head Contractor on the Majura Parkway project is Fulton Hogan Pty Ltd ("Fulton Hogan"). The Head Contractor is employed under a GC-21 contract, which is designed to provide strong protection to both sub-contractors and the Government.
- Under the Head Contract, Fulton Hogan bears overall responsibility for the acts and omissions of all sub-contractors on the Majura Parkway project. Consequently, liability for any non-payment of sub-contractors rests with Fulton Hogan. This includes liability for non-payment of any contractors sub-contracted to a sub-contractor.
 - Clause 28.1 of the Head Contract states that the Head Contractor is "solely responsible for all Subcontractors ... and is liable for their acts and omissions as if such acts or omissions were those of the Contractor".
- The Territory is also indemnified against any legal claim resulting from non-payment of sub-contractors on the Majura Parkway project, including the non-payment of any contractors sub-contracted to a sub-contractor.
 - Clause 28.2 of the Head Contract states that the Head Contractor "indemnifies the Principal [i.e. the Territory] against all claims ... actions, loss or damage and all other liability arising out of any acts or omissions of Subcontractors".
- The Head Contractor is required to undertake the project in accordance with the ACT Government's Compliance with Industrial Relations and Employment Obligations Strategy ("IRE Strategy"). The IRE Strategy requires contractors to obtain an Ethical Suppliers Declaration with every payment claim from their sub-contractors, stating that the sub-contractor has in turn paid all amounts due to its own sub-contractors at that date. Fulton Hogan is consequently responsible for ensuring each of its sub-contractors comply with their payment obligations to their own sub-contractors.
 - Sub-contracts with a value of \$200,000 or greater contain provisions requiring the sub-contractor to comply with the IRE Strategy, "cascading" this obligation down from Fulton Hogan to the sub-contractor.
 - All sub-contracts with a value less than \$200,000 contain provisions requiring the contractor to pay each claim to the sub-contractor in full within 15 days of its being made.



Keefer, Lindy

From: Power, Ben
Sent: Tuesday, 6 May 2014 11:37 AM
To: Keefer, Lindy
Subject: FW: Most recent statement
Attachments: 140505 Media Statement - Fulton Hogan Hewatt joint statement.docx; ATT00001.htm

From: Parkinson, Andrew
Sent: Monday, 5 May 2014 4:47 PM
To: Power, Ben
Cc: Tomlins, George
Subject: Fwd: Most recent statement

Ben

FYI

Andrew Parkinson | A/g Director - Civil Infrastructure Procurement
Phone: [REDACTED] **Fax** 02 6207 5468 | **Mobile** [REDACTED]
Shared Services | Commerce and Works | ACT Government
 Level 3 Annex Macarthur House, 12 Wattle Street Lyneham ACT 2602 | PO Box 818 Dickson ACT 2602 | www.act.gov.au

Begin forwarded message:

From: "Ashcroft, Kelly" <[REDACTED]>
To: "Parkinson, Andrew" <[REDACTED]>, "Deasey, Michael" <[REDACTED]>
Cc: "Perkins, Anita" <[REDACTED]>
Subject: FW: Most recent statement

Hi all

Fulton Hogan are looking to issue the attached joint media statement with Hewatt in response to enquiries from The Canberra Times and any other media outlet.

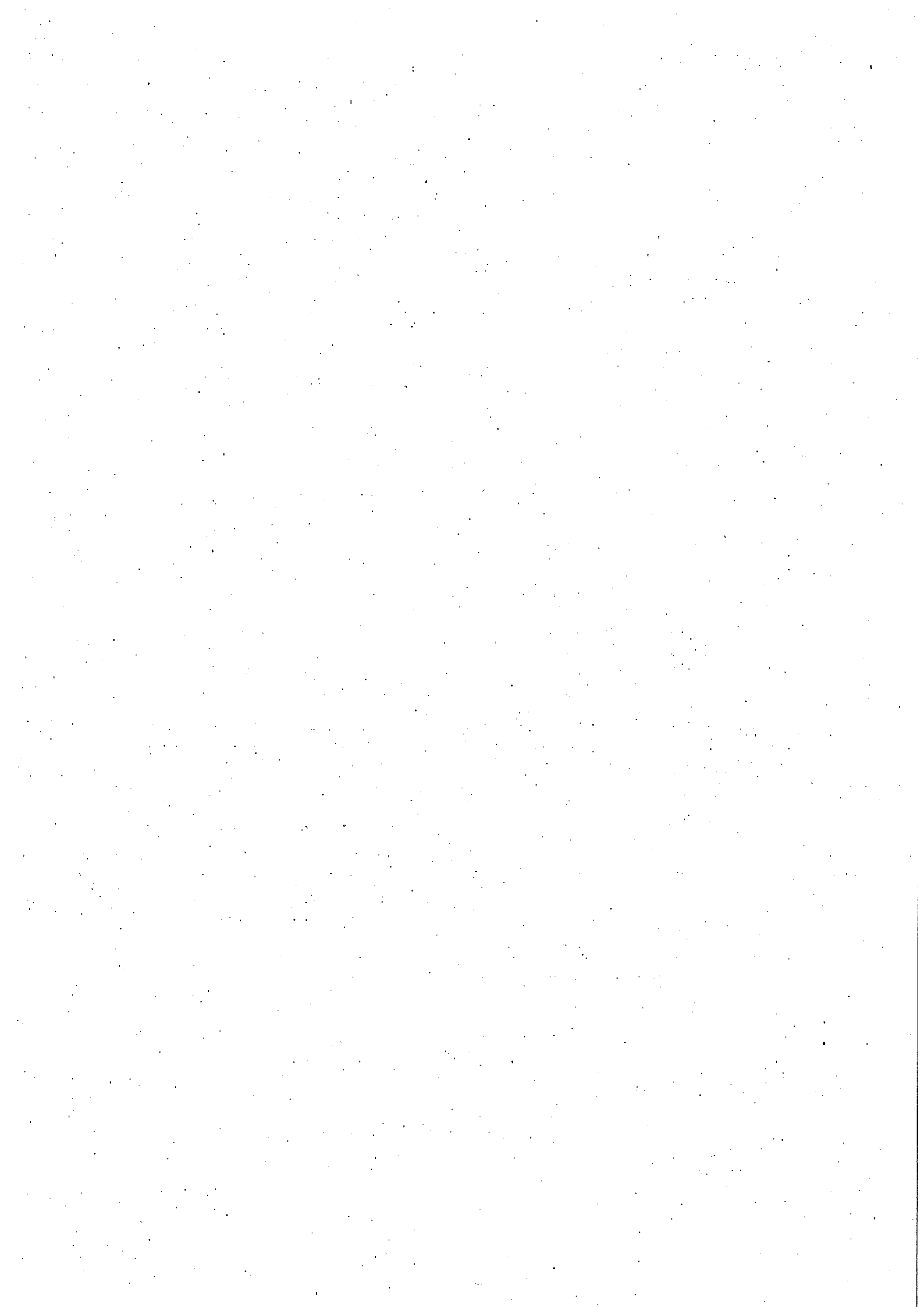
We propose the Government's response to the situation be:

The ACT Government is aware that the head contractor for Majura Parkway, Fulton Hogan, is working with their sub-contractor, Hewatt, to achieve the best possible outcome for the project.

Fulton Hogan has confirmed to the ACT Government that progress on the delivery of the project is on time and on budget and that there has been good construction progress on site including a start on major bridgeworks at the southern end of the alignment in recent months.

Please let me know if you have any comments to the above. Once you are all happy I will send to our Mins office for clearance followed by the Feds media unit for final clearance.

Kelly



From: Lansdown, Simon [mailto: [REDACTED]]
 Sent: Monday, 5 May 2014 4:01 PM
 To: Dias, Carl; Howard, Stephen; [REDACTED] <mailto: [REDACTED]>;
 [REDACTED] <mailto: [REDACTED]>
 Cc: Thomson, Malcolm; Ashcroft, Kelly
 Subject: Most recent statement

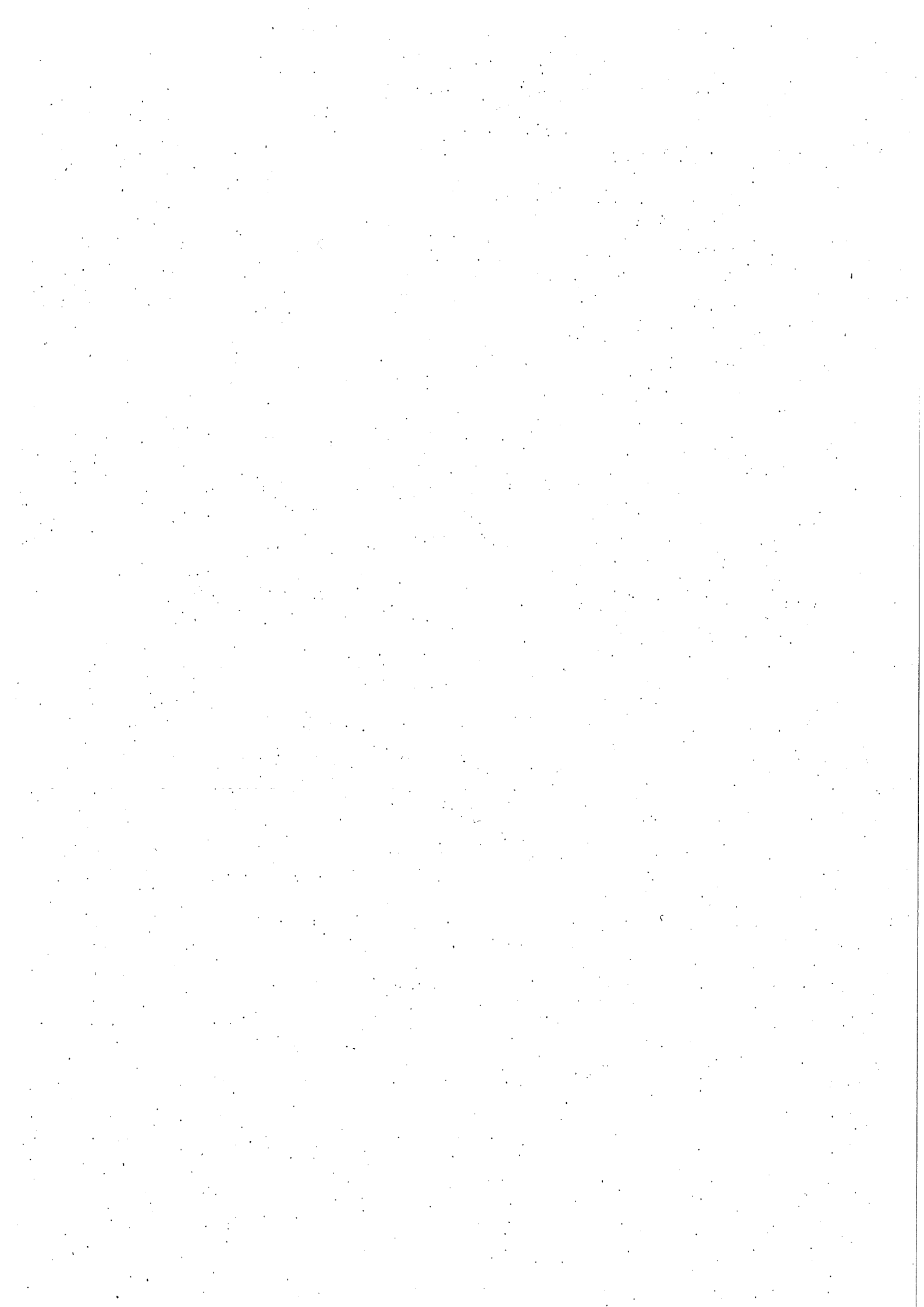
I have attached a joint statement from Fulton Hogan and Hewatt which when approved will be distributed in response to media enquiries.

Cheers
 Simon

Simon Lansdown | Community Liaison Officer | Fulton Hogan | Spitfire Avenue, Majura Park, ACT, 2612 | P.O. Box 369, Campbell, ACT, 2612, Australia | Phone + [REDACTED]
 Web www.fultonhogan.com <<http://www.fultonhogan.com>>

--
 This email message and any attachments are confidential and may be privileged in which case neither is intended to be waived. This email is for use only by the intended recipient. If you are not the intended recipient you have received this email in error and any use, circulation, forwarding, printing or copying whatsoever by you is strictly prohibited. If you have received this message in error, please inform us immediately and delete this email and any attachments. While Fulton Hogan Pty Ltd employs Anti-Virus Software, we cannot guarantee that this email is free from viruses and we recommend that the email and any attachments be tested before opening.

Fulton Hogan may collect, use and disclose personal information about you so we can perform our business activities and functions and provide quality customer services. You can view our Privacy Statement at http://www.fultonhogan.com/Privacy-Statement---Australia-and-New-Zealand/Privacy_Statement_Australia/





MEDIA STATEMENT

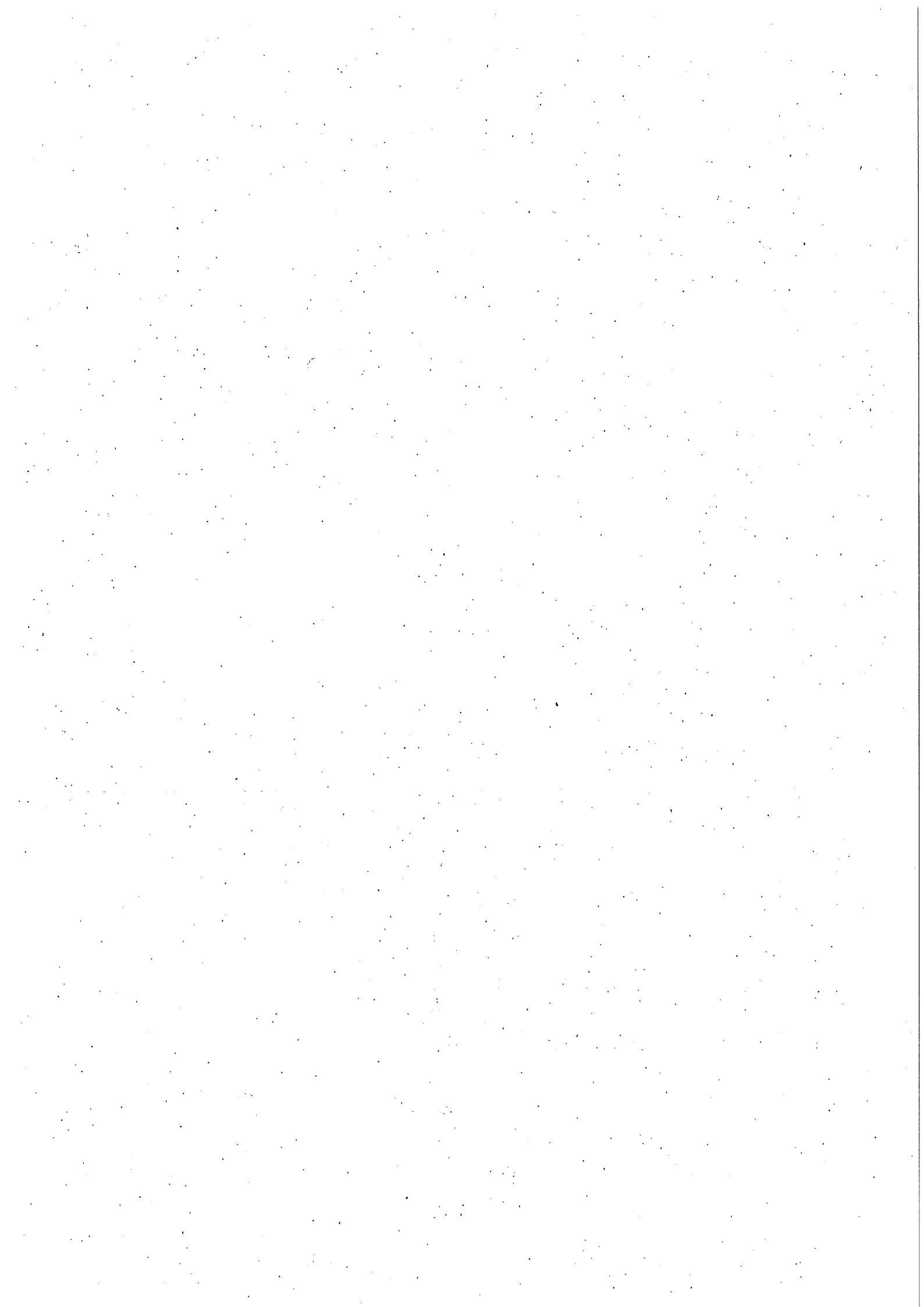
Work is progressing well on the Majura Parkway with landscaping, drainage, installation of retaining walls and drains, bridgeworks and asphaltting underway at various locations along the alignment from Fairbairn Avenue to the Federal Highway.

Fulton Hogan is aware that one of its subcontractors, Hewatt Pty Ltd, is experiencing challenging financial circumstances. Fulton Hogan and Hewatt are committed to working together to achieve an outcome that is 'best for project' and the local community.

During this week major night-works are planned. This work will be performed by Fulton Hogan in conjunction with Hewatt. Fairbairn Avenue, between Majura Road and Addison Road, and Morshead Drive, between Pialligo Avenue and Fairbairn Avenue, will be closed nightly from 7.30pm to 5am from Monday 5 May 2014 to Friday 6 June 2014 (weather permitting). Southbound and northbound traffic will be detoured via Pialligo Avenue. Westbound and eastbound traffic will be detoured via Morshead Drive and Anzac Parade.

Media Inquiries:

Georgia Allen
National Communications Manger
Fulton Hogan
+61 419 577 446





SUBJECT: MAJURA PARKWAY PROJECT – CONTRACTOR ISSUES

To: Treasurer

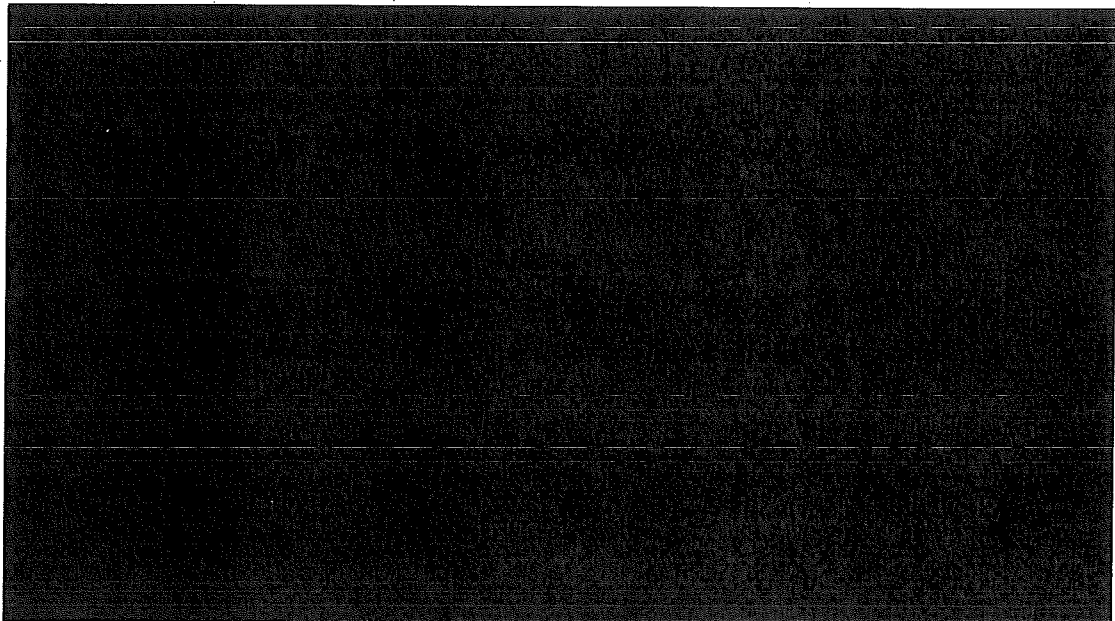
Critical Date for consideration: As soon as possible

Purpose: To inform you of a dispute between Hewatt and Fulton Hogan in relation to the Majura Parkway project.

Key Points:

- Given the potential contractual ramifications of this issue, Government should limit its public comment.
 - Much of the detail which follows under this heading are matters between Fulton Hogan and Hewatt, and are provided for background briefing and not public comment.
- Hewatt Pty Ltd (“Hewatt”) is engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd (“Fulton Hogan”). SSP understands that Hewatt is currently experiencing significant financial difficulties.
- On 17 April 2014, Hewatt wrote to Fulton Hogan requesting a release from its contract as it had become uneconomical to continue works. Hewatt stated that unless a release was granted or the contract terms re-negotiated, Hewatt would enter into administration on 1 May 2014. Hewatt and Fulton Hogan met to discuss this dispute on 24 April 2014. Both parties agreed to work on reaching a mutually satisfactory resolution to the dispute, with Hewatt remaining on-site in the interim.
- Hewatt and Fulton Hogan met again on 2 May 2014 and 5 May 2014 to discuss ways forward. Shared Services Procurement (“SSP”) understands that both parties have agreed to continue work on the project for one week, during which time they will attempt to reach a longer-lasting agreement. SSP further understands that Fulton Hogan has agreed to make a payment of approximately [REDACTED] to Hewatt to ensure these works go ahead, as well as an additional immediate cash advance to ensure Hewatt is able to pay its staff.
- Fulton Hogan’s preferred option for a longer-term agreement is to continue to work with Hewatt until achievement of Milestone One in the contract, which is expected to occur in September. The current contract between parties would be ended and a new contract established on a cost-plus basis, ensuring that Hewatt is able to continue until this time. Fulton Hogan could also make an additional payment to Hewatt of approximately [REDACTED] for the period up to 5 May 2014.

- SSP understands that following the achievement of Milestone One, Fulton Hogan would then seek to employ another earthworks contractor to complete the remaining scope of works.
- Should Fulton Hogan and Hewatt be unable to agree on a new contract to cover the period up to Milestone One, other options will be explored to ensure these earthworks are completed. This could involve the immediate engagement of another contractor by Fulton Hogan, or the acquisition of Hewatt by Fulton Hogan.
- SSP understands that Hewatt has approximately 70 employees and sub-contractors engaged on the Majura Parkway project, and only limited other employment in the ACT.
- This is a commercial dispute between parties, and does not directly involve the ACT Government. Fulton Hogan have assured the Territory that this dispute will not have any impact upon the budget or program of the Majura Parkway project. As Hewatt is a sub-contractor to Fulton Hogan and not directly engaged by the Territory, the head contractor will remain responsible for delivering Majura Parkway in accordance with the time and cost set out in the contract.
- Should Hewatt fail to complete the full scope of its contracted works on the Majura Parkway project, it is likely that a number of its current staff will have their employment ceased. However, the scope of works of the Majura Parkway project has not changed, and it is consequently expected that an equivalent number of workers will be engaged by new earthmoving contractors to complete these works.
- SSP is continuing to investigate whether all sub-contractors and sub-sub-contractors have been paid on the Majura Parkway project.





Suggested speaking notes:

- ACT Government has appointed Fulton Hogan to deliver the project for us. There are a number of sub contractors working on the project including Hewatt's – earthworks contractor.
- ACT Government is aware that FH is in discussion with Hewatts.
- Those discussions are ongoing this week and are a commercial matter for FH and Hewatts.
- We understand that work is continuing and that a new night work program commenced on Monday 5 May and it planned to continue for the next month.
- Government cannot pre-empt the outcome of these discussions as they are a matter for the Contractor. However we closely monitor progress on the project and progress to date has been good and we expect the project to be completed on time (June 2016) and within budget.
- Understand there is a lot of discussion and rumour around this but it is important that the current status of this issue be clearly outlined.

Recommendations:

- It is recommended that you note the information in this minute.

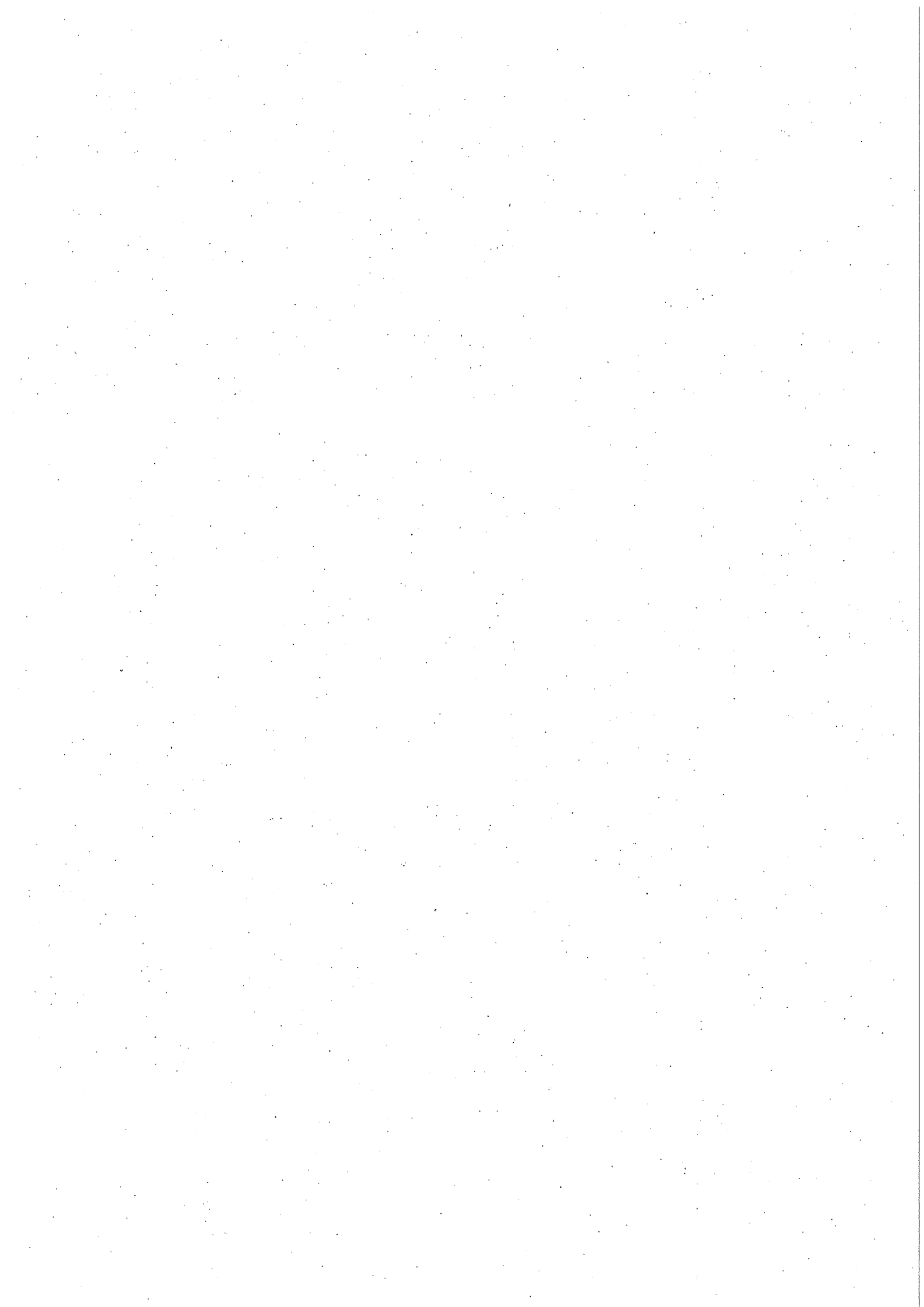
Paul Peters
Executive Director
Territory and Municipal Services

George Tomlins
Executive Director
Shared Services Procurement

5 May 2014

Noted / Approved / Not approved / Please discuss
Andrew Barr MLA / /2014

Noted / Approved / Not approved / Please discuss
Shane Rattenbury MLA / /2014





Question Time Brief

SUBJECT: PROCUREMENT: MAJURA PARKWAY

ISSUE: Contractors Issues

Key Points:

- There has been some discussion of contractor difficulties on the Majura Parkway site. Talk of these issues arises from time to time and is not unusual on major projects.
- This is essentially between the head contractor, with whom the Territory has a contract, and a subcontractor. It is the role of the head contractor to resolve the matter and determine the best way to complete the work as the contractor responsible for delivering Majura Parkway in accordance with the time and cost set out in the contract.
- On 5 May 2014, rumour attracted media attention with the *Canberra Times* reporting that the Majura Parkway project was facing crisis due to the major earthworks contractor threatening to abandon the project.
- Work is in fact, progressing on the Majura Parkway in accordance with the scheduled works. This includes the subcontractor commencing planned night works on site on Monday, 5 May 2014 in accordance with the scheduled works.
- The head contractor, Fulton Hogan Pty Ltd ("Fulton Hogan") has given its assurance that the Majura Parkway project will be completed according to the program and budget established in its existing contract with the Territory.

Background

- On 17 April 2014, Hewatt Pty Ltd ("Hewatt") wrote to Fulton Hogan to formally request a release from its contract in relation to the Majura Parkway project.
- A planned shutdown occurred on the Majura Parkway work site for the Easter/Anzac day period.
- Fulton Hogan and Hewatt have met on several occasions and made some agreements about going forward.
- Shared Services Procurement ("SSP") understands that Fulton Hogan will attempt to assist Hewatt to finish milestone 1 (main roadworks north of the river) but may replace Hewatt on subsequent milestones (southern approaches & traffic switches).



SUBJECT: MAJURA PARKWAY PROJECT – CONTRACTOR ISSUES

To: Treasurer

Critical Date for consideration: As soon as possible

Purpose: To inform you of a dispute between Hewatt and Fulton Hogan in relation to the Majura Parkway project.

Key Points:

- Hewatt Pty Ltd (“Hewatt”) is engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd (“Fulton Hogan”). SSP understands that Hewatt is currently experiencing significant financial difficulties, principally due to poor estimation of costs when entering into contract with Fulton Hogan. This has led to its being locked into uncommercial rates on the Majura Parkway project.

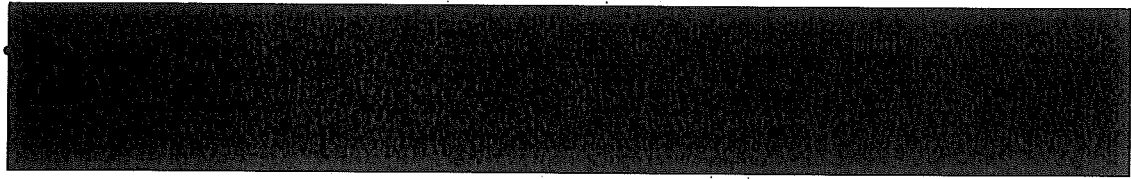
On 17 April 2014, Hewatt wrote to Fulton Hogan requesting a release from its contract as it had become uneconomical to continue works. Hewatt stated that unless a release was granted or the contract terms re-negotiated, Hewatt would enter into administration on 1 May 2014. Hewatt and Fulton Hogan met to discuss this dispute on 24 April 2014. Both parties agreed to work on reaching a mutually satisfactory resolution to the dispute, with Hewatt remaining on-site in the interim.

- Hewatt and Fulton Hogan met again on 2 May 2014 and 5 May 2014 to discuss ways forward. Shared Services Procurement (“SSP”) understands that both parties have agreed to continue work on the project for one week, during which time they will attempt to reach a longer-lasting agreement. SSP further understands that Fulton Hogan has agreed to make a payment of approximately [REDACTED] to Hewatt to ensure these works go ahead, as well as an additional immediate cash advance to ensure Hewatt is able to pay its staff.
- Fulton Hogan’s preferred option for a longer-term agreement is to continue to work with Hewatt until achievement of Milestone One in the contract, which is expected to occur in September. The current contract between parties would be ended and a new contract established on a cost-plus basis, ensuring that Hewatt is able to continue until this time. Fulton Hogan could also make an additional payment to Hewatt of approximately [REDACTED] for the period up to 5 May 2014.
 - SSP understands that following the achievement of Milestone One, Fulton Hogan would then seek to employ another earthworks contractor to complete the remaining scope of works.

Contact: Ben Power Position: Government Business Officer Extension: x79342 File No.:

- Should Fulton Hogan and Hewatt be unable to agree on a new contract to cover the period up to Milestone One, other options will be explored to ensure these earthworks are completed. This could involve the immediate engagement of another contractor by Fulton Hogan, or the acquisition of Hewatt by Fulton Hogan.
- SSP understands that Hewatt has approximately 70 employees and sub-contractors engaged on the Majura Parkway project, and only limited other employment in the ACT.
- This is a commercial dispute between parties, and does not directly involve the ACT Government. No requests for involvement by the Territory have been made by either party.
- Fulton Hogan have assured the Territory that this dispute will not have any impact upon the budget or program of the Majura Parkway project. As Hewatt is a sub-contractor to Fulton Hogan and not directly engaged by the Territory, the head contractor will remain responsible for delivering Majura Parkway in accordance with the time and cost set out in the contract.
- Should Hewatt fail to complete the full scope of its contracted works on the Majura Parkway project, it is likely that a number of its current staff will have their employment ceased. However, the scope of works of the Majura Parkway project has not changed, and it is consequently expected that an equivalent number of workers will be engaged by new earthmoving contractors to complete these works.
- SSP is continuing to investigate whether all sub-contractors and sub-sub-contractors have been paid on the Majura Parkway project.





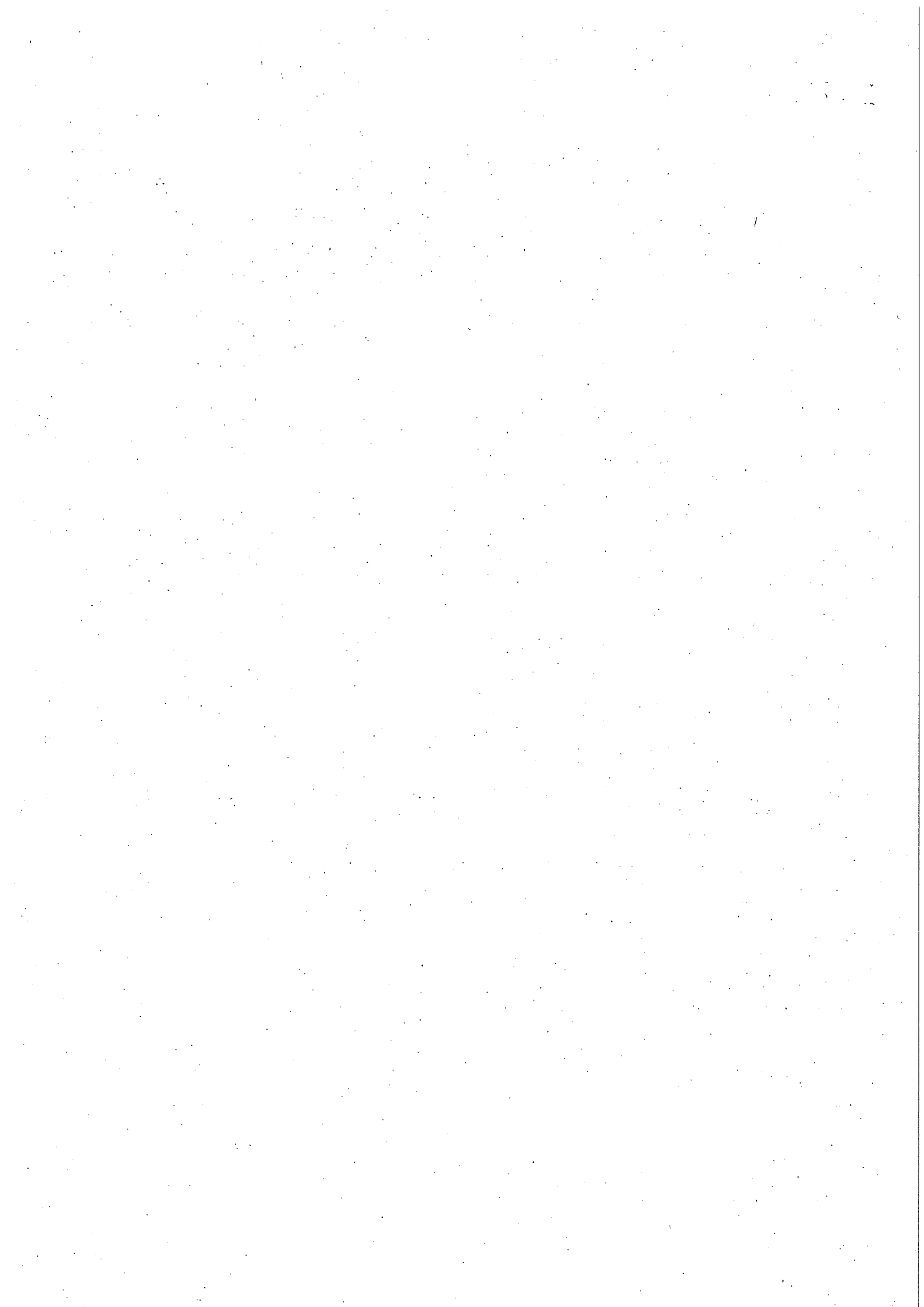
Recommendations:

- It is recommended that you note the information in this minute.

George Tomlins
Executive Director
Shared Services Procurement

May 2014

Noted / Approved / Not approved / Please discuss
Andrew Barr MLA / /2014



Keefer, Lindy

From: Keft, Maree
Sent: Monday, 5 May 2014 4:08 PM
To: Pearse, Jan; Keefer, Lindy; Power, Ben
Subject: FW: Majura Parkway - 3pm

Dear all,

See email trail below. Megan is asking for speaking dot points for the Minister – I guess they are included in a brief for him as detailed below. Also – see Megan's query re Hewatt employees on site at Majura Park.

Cheers

From: Smithies, Megan
Sent: Monday, 5 May 2014 3:51 PM
To: Keft, Maree; Divorty, Jill
Cc: Tomlins, George; Whitehouse, Michael
Subject: RE: Majura Parkway - 3pm

Thanks

Be good also to know how many of the 200-250 of hewatt's employees were on the Majura site?

From: Keft, Maree
Sent: Monday, 5 May 2014 3:44 PM
To: Divorty, Jill
Cc: Smithies, Megan; Tomlins, George; Whitehouse, Michael
Subject: RE: Majura Parkway - 3pm

TAMS drafting Media Release and will provide us with a copy before it is sent out.

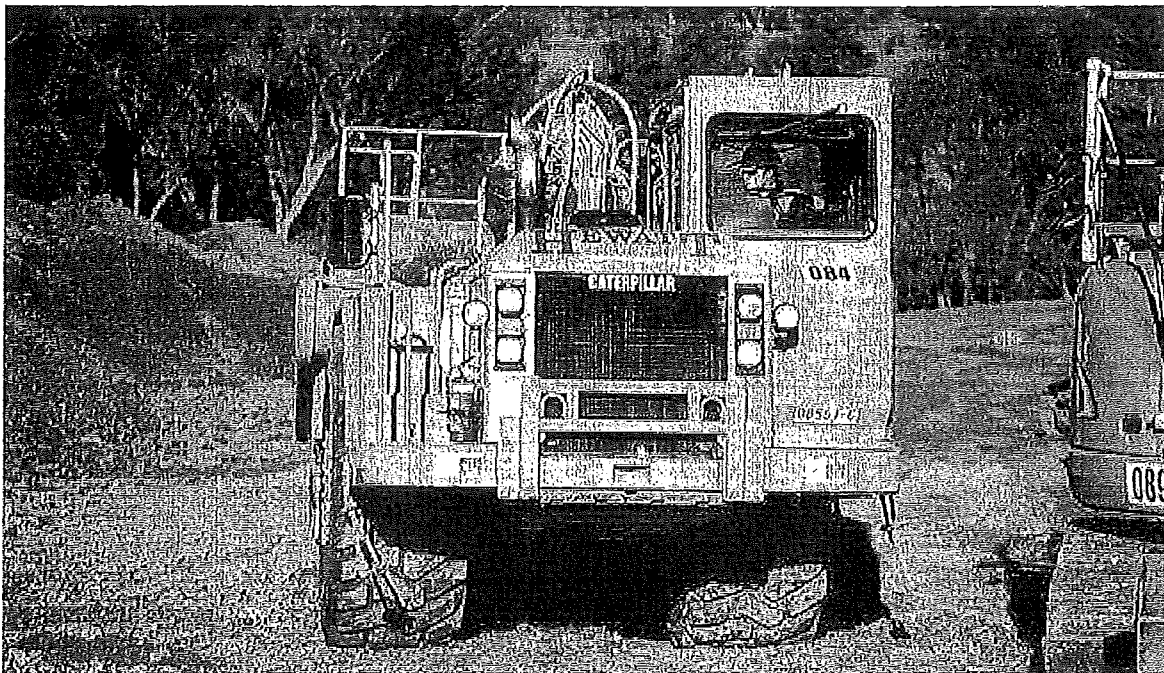
At 4pm George is meeting with representatives from Fulton Hogan to get update following meeting in Melbourne at 1pm today between Fulton Hogan and Hewatt's.

Following 4pm meeting, a brief will be provided with updates on today's events including agreed outcomes from meetings. Also, updated QTB as appropriate.

Maree

From: Keft, Maree
Sent: Monday, 5 May 2014 3:32 PM
To: Divorty, Jill; Smithies, Megan
Subject: Majura Parkway - 3pm

Majura Parkway project facing crisis as earthworks contractor set to abandon job



A Hewatt Earthworks scraper onsite at the Majura Parkway. *Photo: Melissa Adams*

The \$288 million Majura Parkway faces major delays and potential cost blow-outs of tens of millions of dollars with its main earthworks contractor set to abandon the job.

Hewatt Earthworks, one of Canberra's biggest construction employers, is understood to be losing hundreds of thousands of dollars each week on the major road project, the capital's biggest building job, and is looking to renegotiate its contract.

The earth-moving firm was locked in make-or-break crisis talks in Melbourne on Monday afternoon with the ACT Government's lead contractor Fulton Hogan.

One industry insider told the *Canberra Times* that a failure by Hewatt Earthworks to continue building the parkway would create problems that would dwarf those seen at some of the city's other troubled building jobs.

Advertisement

"This would make ASIO or Nishi look like a f**king tea party," one construction source said.

Hewatt Earthworks directly employs about 250 construction workers and walking away from the Parkway would impact the jobs and businesses of hundreds more contractors and suppliers around Canberra at a time of serious downturn in the local sector.

Serious delays and cost overruns would also be a political headache for the ACT Government, which only scraped the money for the vital road link together with the help of a \$144 million injection from the previous Gillard Labor government.

Stories of Hewatt Earthworks failing to pay its contractors and suppliers for Majura Parkway on time have been emerging in the construction community for months.

But it is understood the earth moving firm has expressed confidence in its overall solvency, while acknowledging the problems on the Majura Parkway.

The crisis on the landmark project has now come to a head with Monday's Melbourne meeting expected to result in a new deal between the earth movers and Fulton Hogan or a collapse of the relationship.

Hewatt Earthworks principal Geoff Hewatt declined to be interviewed on Monday.

"I have no comment to make," Mr Hewatt said.

Comment has been sought from Fulton Hogan and the ACT Government.

Read more: <http://www.canberratimes.com.au/act-news/majura-parkway-project-facing-crisis-as-earthworks-contractor-set-to-abandon-job-20140505-zr4uh.html#ixzz30ofglhT>

Maree Keft | A/g Manager Shared Services Policy & Government Business

Phone: [REDACTED] Fax: 02 6205 5721 | Mobile: [REDACTED]

Shared Services | Commerce and Works Directorate | ACT Government

Level 5, 40 Allara Street Canberra ACT 2601 | GPO Box 158 Canberra ACT 2601 | www.act.gov.au



Keefer, Lindy

From: Power, Ben
Sent: Wednesday, 7 May 2014 2:45 PM
To: Smithies, Megan
Cc: Tomlins, George; Pearse, Jan; Keefer, Lindy; Parkinson, Andrew; Whitehouse, Michael
Subject: FW: majura assembly question

Importance: High

RE: Majura Assembly Question:

Any escalation of costs associated with Fulton Hogan procuring an alternative contractor to do the work originally contracted to Hewatt, where the scope of works remains as in the contract between the Territory and Fulton Hogan, will be the responsibility of Fulton Hogan.

If there are cost escalations due to additional scope being added by the Territory to the project, then of course the Territory would pay for that added scope – as is the usual practice for all construction projects.

Ben Power

Phone: [REDACTED] | Fax: (02) 6207 6500
Shared Services Procurement | Commerce and Works Directorate | ACT Government
Level 2 Annex, Macarthur House, 12 Wattle St, Lyneham ACT 2602 | GPO Box 818, Dickson ACT 2602 | www.act.gov.au

From: Tomlins, George
Sent: Wednesday, 7 May 2014 2:44 PM
To: Power, Ben
Subject: FW: majura assembly question
Importance: High

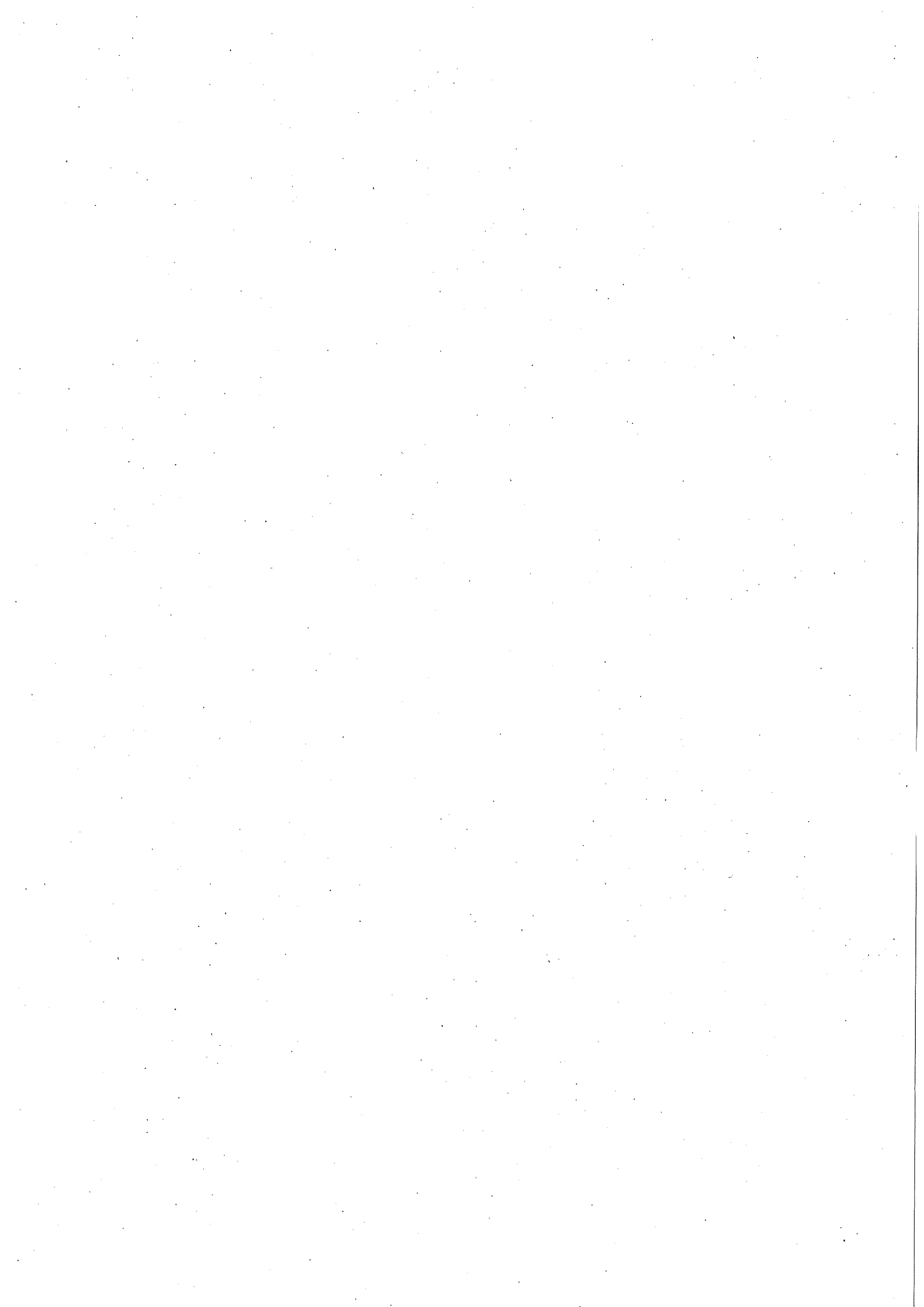
George Tomlins | Executive Director | Shared Services Procurement
Phone [REDACTED] | Fax 02 6207 5468
Shared Services Procurement | Commerce and Works | ACT Government
Level 2 Annex, Macarthur House 12 Wattle Street Lyneham ACT 2602 | PO Box Dickson ACT 2602

From: Smithies, Megan
Sent: Wednesday, 7 May 2014 2:43 PM
To: Tomlins, George
Subject: majura assembly question
Importance: High

How about this

Que: If there is a cost escalation, will all the cost be borne by the act

Answer: If Fulton Hogan's costs escalate due to needing to bring on different contractors, these costs will be borne by FH, not the Territory.



Keefer, Lindy

From: Power, Ben
Sent: Monday, 5 May 2014 12:22 PM
To: Tomlins, George
Cc: Pearse, Jan; Keefer, Lindy
Subject: Speaking dot points

Importance: High

George,

Suggested dot points for if Hewatt enters into administration below. As discussed, they are all entirely present- and future-focused, rather than looking at how we got here.

Cheers,

Lindy and Ben

- On 5 May 2014, Hewatt Pty Ltd ("Hewatt") entered into administration. Hewatt are a local earthworks contractor.
- The ACT Government has a number of ongoing contracts with Hewatt for capital works projects. Of these contracts, only two relate to projects which have not yet been completed. Both contracts are for work on Horse Park Drive. The scope of works for the Horse Park Drive project has been substantially completed.
- The Government currently holds in excess of \$1.1 million in securities from Hewatt. These securities will be held until all works are completed and all outstanding issues are resolved. The Territory is consequently well protected from any financial implications of Hewatt entering into administration.
- Hewatt have also been engaged as a subcontractor on the Majura Parkway project by Fulton Hogan Pty Ltd ("Fulton Hogan"). Hewatt have withdrawn from this contract, and it is expected that work which was previously contracted to Hewatt will be picked up by other elements of the local construction industry.
- Fulton Hogan has assured the Government that the Majura Parkway project will be completed according to the program and budget established in its existing contract with the Territory.
- It is regrettable that a local contractor has entered into administration. The ACT Government will meet with the administrator and Fulton Hogan as a matter of urgency to continue to investigate whether all payments due to employees or sub-contractors have been made. The Territory will also ensure that any future payments for Government projects go directly to the administrator or sub-contractors as appropriate.

Ben Power

Phone: [REDACTED] | Fax: (02) 6207 6500

Shared Services Procurement | Commerce and Works Directorate | ACT Government

41

Kefer, Lindy.

From: Parkinson, Andrew
Sent: Thursday, 8 May 2014 2:11 PM
To: Smithies, Megan
Cc: Tomlins, George; Power, Ben
Subject: Majura

There are conflicting reports in the media about whether FH has ordered Hewatt from site.

FH have confirmed to us that they have not done so and have just sent a letter to Hewatt asking for clarification if Hewatt intends to resume the subcontract works. There is a 4pm today deadline for Hewatt's response. To date neither FH or us have had any formal notification from Hewatt about their position on the subcontract works.

If Hewatt does not respond by 4pm FH have stated that they will assume that Hewatt will have no further involvement in the subcontract works. FH have not stated that they will terminate the subcontract and are reserving their rights.

Under the subcontract the party that either abandons or terminates the contractual relationship is in the weakest legal position and bears the greatest financial risk. In this case both parties are trying to manoeuvre the other into this position.

Andrew Parkinson | A/g Director - Civil Infrastructure Procurement
Phone [REDACTED] | Fax 02 6207 5468 | Mobile [REDACTED]
Shared Services | Commerce and Works | **ACT Government**
Level 3 Annex Macarthur House, 12 Wattle Street Lyneham ACT 2602 | PO Box 818 Dickson ACT 2602 | www.act.gov.au

ISSUE

HEWITT
MAYURA CONTRACT
ADMINISTRATION
OTHER PROJECTS

Issue post confirmation of pricing by Hewitt.

SIZE OF ISSUE

~ 100 staff
30-40 SUBBIES
90 DAYS
SUBSTANTIAL SPECIAL AGTS
120 DAYS

IMPACTS

WORK STILL TO BE DONE
FH IN NEGⁿ W OTHER CONTRACTORS (CORD DETH)

WHO IS RESPONSIBLE

FH HEAD FOR MAYURA

WHAT WE HAVE DONE

MONITORED SECURITIES

NEXT

Payment to subbies
not to Hewitt
→ Admin or effect mechanism

MINISTER

SPENDING BATTLES

Hold spending
clear picture quality issues resolved
Met w FH → P9

Met EDD/SSR with administrators

Met w unions

Strategy (what to ensure subbies are paid)

e.g. trust ac. or letters from subbies

In discussion w FH to not fall over on it

GCZI support for locals

Not cheapest but v for M.

Competence of Contractor

→ on time & budget

FH worked w sub contractor

EDD/CW Horse Park

initially managed

spat one issue

AS 2124 schedule of rates

PAYMENT TO SUBBIES

FH fallen some H's

Eng's P.M. for discussion

Don't know size of debt.

