

23 May 2012

Minister for Finance and Services
The Honourable Greg Pearce
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St Hilliers Construction
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Dear Minister,

St Hilliers Construction (in Administration) Pty Limited (St Hilliers)

Myself and the Administrator of St Hilliers have been trying over the past number of days to make contact with you via a number of channels. Unfortunately, we have not been able to speak to you directly.

I have taken this step to write to you in the hope that it is not too late to inform you of the actual facts surrounding the administration of St Hilliers and in particular the offers made to the NSW Government by the Administrator and St Hilliers which would have protected the taxpayers investment in NSW Social Housing Project (Project) and the jobs of many hard working NSW workers and subcontractors. The facts are:

- (a) Myself, the Administrator and other representatives of St Hilliers have over recent days met with representatives of your department and informed your department that:
 - (i) St Hilliers remains ready, willing and able to continue with the Project;
 - (ii) St Hilliers does not require any change to the terms and conditions of the contract;
- (b) All subcontractors and suppliers have been paid all monies due to them up to and including the last progress claims submitted under the various subcontracts and supply agreements;
- (c) All employees of St Hilliers have been paid up to date all monies due to them including superannuation payments;
- (d) St Hilliers remained prepared to consider any amendments to the contract which your department considered might be necessary in order to further protect subcontractors, suppliers and workers on the Project.
- (e) St Hilliers was ready, willing and able to immediately recommence work on the Project without claiming any additional time or cost of the brief suspension of works in consequence of the administration and to ensure that all workers, subcontractors and suppliers continued to be paid their next progress claim in a seamless way.

- (f) There is no issue that this would have occurred because the Superintendent on the Project has already certified as due and payable to St Hilliers, the sum of \$8,147,000 of which only \$1,735,000 has been paid to St Hilliers. The balance of \$6,412,000 is significantly more than would have been required to meet the next round of subcontractors and supplier claims.
- (g) St Hilliers desire to complete the Project and continue to pay all workers, subcontractors and suppliers had the full support of CFMEU.

Had your department elected to accept the offer of the Administrator and St Hilliers, that would have secured the delivery of the Project in accordance with the terms and conditions of the contract, ensured the ongoing employment of all NSW workers, subcontractors and suppliers associated with the Project and most importantly, ensured the payment in full of all entitlements of NSW workers, subcontractors and suppliers.

I am very concerned that the path your department has apparently chosen to take will result in the unnecessary loss of jobs of NSW workers, subcontractors and suppliers and an increase in the cost that the NSW taxpayers will be asked to pay for the delivery of the Project, none of which would have occurred if your department had elected to follow the lead of the Federal Department of Defence and private enterprise, all of whom have agreed to continue projects worth in the order of \$200M with St Hilliers. The Federal Department of Defence has secured jobs and projects nearly ten times in excess of the Project. The same opportunity is available to you and your department.

I am also very concerned that some of the statements you have made in Parliament may reflect that you have not been fully briefed on all relevant issues. Prior to being awarded the Project I personally briefed representatives of your department about the difficulties being experienced on the Ararat project.

Further, your statements seem to ignore that St Hilliers is one only of a number of stakeholders on the Ararat project. All those stakeholders other than the Victorian Government recognised that the Project was in significant difficulty and that all stakeholders (including St Hilliers) needed to work and contribute together to overcome those difficulties and deliver the Project. Only the Victorian Government ultimately elected not to work with the other stakeholders. As you are aware, that will now ultimately cost Victorian jobs and the Victorian taxpayers many tens of millions of dollars more than it needed to. There is still opportunity for you and your department to review your approach to the Project and avoid the same outcome for taxpayers and workers in NSW.

I invite you to make contact with myself and the Administrator. St Hilliers and the Administrator remain ready, willing and able to carry out and complete the Project on the terms previously agreed. Representatives of your department have my and the Administrator's direct numbers. We invite you to remove this debate from the "political arena" and allow St Hilliers to continue to provide jobs and to deliver in an open and transparent way, a quality project to the people of NSW including any reasonable safeguards your department might require.

Yours sincerely,



Tim Casey
Executive Chairman