

FINANCE — CONSTRUCTION CONTRACT — KOOMBANA PARK, BUNBURY

1415. Hon Dr Steve Thomas to the Minister for Finance:

I refer to the Department of Finance contract of April 2020 to construct a mangrove boardwalk and other facilities in Koombana Park in Bunbury to BGC, and the subsequent subcontracting of Elite Fabrications, and I ask:

- (a) what cost escalations were available under the contract to the subcontractor Elite Fabrications due to shortages of labour and materials;
- (b) did the project suffer timeframe and cost issues as a result of shortages of labour and materials;
- (c) were penalties applied to Elite Fabrications as a result of these timeframe and cost issues;
- (d) if yes to , why were they imposed;
- (e) did issues including delays arise in this project as a result of strict specifications being applied for materials that had to be imported;
- (f) what efforts did the Department of Finance make to ensure that Elite Fabrications was not financially penalised for cost escalations or time delays; and
- (g) did delays occur with the delivery of detailed planning, and how did this impact on Elite Fabrications?

Hon Sue Ellery replied:

- (a) The Department of Finance is not privy to the details of the contract between BGC Construction and Elite Fabrications.
- (b) Market conditions within the building and construction industry have changed significantly since the contract was awarded. Increased demand in the resources, transport, housing and commercial construction sectors, coupled with global supply issues, have resulted in shortages and price rises across multiple trades and materials suppliers.
- (c) Finance is not privy to the details of the contract between BGC Construction and Elite Fabrications.
- (d) Not applicable.
- (e) No.
- (f) Finance is not involved in subcontracting arrangements on its projects. Finance did not impose any liquidated damages on BGC Construction for delays in project completion.
- (g) There were delays in the completion of shop drawings, which were the responsibility of BGC Construction. Finance cannot comment on the impact of these delays on Elite Fabrications.