

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2011-2012**

Outcome 2 - Schools

DEEWR Question No.EW0178_12

Senator Mason provided in writing.

Question

Bovis Lend Lease/Project Kendall Pty Ltd

Is the Minister aware, in light of the Bovis Lend Lease awarding the \$8m contract under BER to Project Kendall Pty Ltd in November 2010, of the following allegations, and will the Minister investigate them or cause them to be investigated in order to establish their veracity: a) The Administrator advised that their preliminary investigation suggests that the company may have been insolvent from at least July 2010 and possibly earlier. Yet Bovis Lend Lease continued to award Project Kendall Pty Ltd further contracts; b) The Director of Project Kendall advised that the reason for the insolvency of the company is inadequate working capital; c) The Director of Project Kendall advised that the reason for insolvency of the company is lack of business experience; d) Project Kendall Pty Ltd had no previous experience in delivering projects in commercial construction sectors and that all their previous experience was in the residential renovation sector; e) Project Kendall Pty Ltd had failed to lodge a tax return in the past 2 years; f) Project Kendall Pty Ltd had never turned over more than \$1m a year; g) The Administrator advised that the Director was using at least four personal credit cards to fund the company's business and pay for company expenses; h) Project Kendall Pty Ltd was facing difficulties in dealing with the volume and values of works, yet Bovis Lend Lease continued to award Project Kendall Pty Ltd further Contracts; i) The Director advised that during November 2010 the Company's turnover had increased dramatically, however the lack of available resources and his inexperience in dealing with this type of growth and size of contracts led to the companies' financial difficulties; j) Various managers from Bovis Lend Lease were aware that Project Kendall Pty Ltd were failing to pay progress payments to subcontractors; k) Bovis Lend Lease Project Director NSW Education said " We were suspicious that Project Kendall were not paying their contractors"; l) Bovis Lend Lease Project Director NSW Education acknowledged that his Construction Manager did raise the issue of non payment in a Bovis Lend Lease weekly management meeting before Project Kendall went into voluntary administration?

Answer

Project Kendall is currently under the control of an Insolvency Practitioner. It is the role of the Insolvency Practitioner to investigate the company's financial affairs and report to its creditors as well as the Australian Securities Investment Commission. The Insolvency Practitioner's investigation is yet to be completed.