From: WORONZOW Peter (MDoMR/A) [redacted]
Sent: Thursday, 15 June 2017 11:21 PM
To: Saffioti, Rita [redacted]
Cc: Richard Sellers [redacted]; Farrell, Richard [redacted];
Clydesdale, John [redacted]; POTTER Steve (MECC)
[redacted]
Subject: Swan River Pedestrian Bridge

Minister

Further to my brief text earlier tonight:

York Rizzani (YR) have terminated their supply agreement with Toyota Tsusho (TT) for the supply of structural steel (deck, three arches and pivot hinges) this afternoon. They have done this on the basis of non performance in respect of time and quality. TT would not commit to delivery dates and YR have concerns regarding quality. This contract is between YR and TT and Main Roads has no control over the YR right to terminate.

YR have obtained three quotes from local fabricators for the structural steel, CIVMEC, Pacific Industrial and Fremantle Steel. They also have obtained quotes from two Italian fabricators and two Chinese fabricators. YR wish to place the order for all the structural steel with CIVMEC in Perth (three arches, deck and pivot hinges) [redacted] CIVMEC have given a commitment to provide work also to smaller fabricators in Perth and have provided a program which will see all steel delivered by December 2017. [redacted]

YR intended to place a contract with CIVMEC tomorrow at their risk but I have asked that they refrain from doing so until Tuesday so that discussion can be held with you. They have agreed to this and a confidentiality agreement is in place with CIVMEC

Based on CIVMEC supplying all the structural steel by December 2017 YR will commit to the bridge being open by Mid March 2018.

YR's preferred way forward commercially is roll all work to date on the substructure [redacted], plus the cost of the structural steel, plus the cost of construction, plus the cost of moving from the east bank and a sum for all claims to date and any future claims potentially available to them into an alliance contract with Main Roads with a target cost of $83m. If actual costs exceed the $83m they will pay 50% of the over-run. If actual costs are less than $83m then they would receive 50% of the under-run. They will agree to financial penalties if the mid March 2018 completion date is not met. All future work would incur an overhead margin but not a profit margin in recognition of late delivery.

Under the existing contract the approved contract value is [redacted] YR have submitted a variation claim of [redacted] in relation to moving the bridge 19 m further south. To move off the east bank to minimise a potential claim by the stadium contractor on the State the cost will be [redacted] and the contractor will have a potential claim for a forced change of methodology. [redacted]

YR has total liability from any claims by TT.

Peter Woronzow