



Media Release

Issued by: Geoff Reed, Managing Director

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Reed Constructions Australia Pty Ltd was forced into voluntary administration following the Roads and Maritime Services (RMS) premature and unreasonable action in terminating its contracts with Reed Constructions, combined with both RMS and Department of Education and Communities (DEC) Ministers' announcing that their respective Departments do not owe Reed any money.

This assertion by the Ministers is not only premature and an apparent breach of the confidential Expert Panel process, but also contrary to Reed's genuine belief that in excess of \$60 million are owed by these Departments.

'Reed Constructions' financial difficulties have been caused by issues solely relating to the matters in dispute with the NSW Government. The Reed Group offered to lodge security up to the value of \$40 million, payable to the NSW Government to permit a rapid flow of funds to Reeds' subcontractors while all disputes were determined. This amount would have satisfied all the NSW Government subcontractors and suppliers to Reed,' said Mr. Reed.

Reed Constructions has been in dispute over claims with the RMS since September 2011. After five months, the claims were rejected by RMS on 20 February 2012, but only after Reed Constructions reminded the NSW Government that the failure to resolve these disputes placed Reed under an enormous financial burden.

Mr. Reed flatly rejected the assertion that Reed Constructions has ever asked the NSW Government to *'use taxpayers' money to simply "bail out" a company experiencing financial difficulties'*, as claimed by Minister Duncan Gay. Reed also has an on-going dispute with the DEC in relation to work undertaken for the Building Education Revolution (BER).

Following the rejection of Reed's claims by the respective departments, Reed agreed to a process with the NSW Government for an independent Expert Determination Panel to assess its claims against both RMS and DEC.

The RMS terminated all contracts with Reed on the 28 May 2012. This was prior to the Expert Determination Panel providing its final report on payments due to Reed and whilst discussions between parties were on-going.

Mr. Reed said 'This independent expert process has not yet been completed yet our contracts have been terminated. But more fundamentally, RMS would not allow Reed's strongest case to be heard by the expert panel. Consideration of this case, if determined in Reed favour, was likely to have resulted in additional payments to the company



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which in turn would have allowed Reed to continue trading into the foreseeable future, after paying the subcontractors.

'As this most serious case remains unheard and therefore unresolved, court action will now be mounted by Reed against the NSW Government and will be funded by The Reed Group. We are confident of winning our case and money would then flow on to our subcontractors. Unfortunately, RMS' refusal to allow the expert panel to consider our best case means that contractors face an unnecessary and lengthy delay, such that I fear some may not survive' said Mr. Reed.

During discussions with the NSW Government, Mr. Reed personally agreed to refrain from making any public statements, until the Expert Determination process was finalised.

'We have acted in good faith when dealing with the NSW Government and in doing so, decided that whilst matters were going through a resolution process, we would abstain from making any public comment.

'We quite honestly did not expect RMS to behave in the manner in which they did over the past few weeks, particularly bearing in mind our long standing and successful working relationship with the NSW Government and its Departments' said Mr. Reed.

Reed has been a long-standing, pre-qualified head contractor and were awarded, by the NSW Government, the highest level of pre-qualification available. The Reed Group has undertaken in excess of \$1 billion worth of work with the NSW Government over the past 30 years.

Reed Constructions Australia Pty Ltd and The Reed Group do not intend to comment further.

Geoff Reed
Managing Director
Reed Constructions Australia Pty Ltd

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