



Cost blowouts cause shipment delay

Jenny Wiggins

The Wiggins Island Coal Export Terminal has delayed its first coal shipments until late March as disputes continue with contractors over cost blowouts on the Queensland project.

WICET was aiming to start shipping coal by November 24, but has moved the first shipment date back to March 15. Chief executive **Robert Barnes** blamed contractors working on the project for the delay.

"Because the contractors – and it's John Holland mainly – have failed to deliver their part of the contract on time, we've had to move the first vessel back until the 15th of March, they've been slow in completing their work."

John Holland, which is owned by **Leighton Holdings** and has a \$220 million contract to complete stockyard works, has filed some \$58 million of claims related to cost blowouts and delays associated with its work on the project, according to WICET.

Mr Barnes said WICET received four boxes of material supporting John Holland's claims on Thursday. John Holland declined to comment.

The claims come as one of WICET's seven remaining owners, **Cockatoo Coal**, went into a trading halt on Thursday ahead of a statement on its "funding and financial position". The trading halt raised fears among investors that Cockatoo would follow Bandanna Energy, which had a 14 per cent stake in WICET, in filing for administration.

Cockatoo has made \$39 million in payments, guaranteed by **ANZ**, to WICET for a take or pay agreement covering 3 million tonnes of coal annually, according to its 2014 financial report.

If Cockatoo goes into administration, the six remaining coal producers that own WICET will need to ship additional coal or make extra financial payments to cover the shortfall.

Speculation WICET was under financial pressure was incorrect, Mr Barnes said on Thursday. "We've got no financial issues at all with this project."

However, contractors who have worked on WICET say ongoing dis-

putes over cost blowouts signal the project is under financial stress.

"WICET have no intention of settling any of its outstanding claims, and there is a fear that once it goes into production that they will simply put the holding company into administration, thereby leaving the private sector to inadvertently absorb their funding shortfall," said **Peter Kendall**, managing director of Brisbane-based construction company CMC Group.

Mr Kendall, who has been trying to recover millions of dollars in claims from WICET after completing an earthworks project for the terminal, said he had raised concerns over the management of the project with Queensland Premier Campbell Newman.

"I would respectfully request that the state government hold them to account," Mr Kendall said.

"Private industry should not and cannot be expected to effectively fund shortfalls in WICET's budget for costs they have caused themselves, such as massive program delays due to correct permits not being in place."

WICET denied that it was stalling resolution of outstanding claims by contractors and said it had been willing to comply with a court-ordered mediation process over CMC's claim



The WICET delays and costs blowouts are escalating disputes. PHOTO: GLENN HUNT

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