

**WRITTEN QUESTION TO THE MINISTER FOR INFRASTRUCTURE
BY DEPUTY I. GARDINER OF ST. HELIER
QUESTION SUBMITTED ON MONDAY 11th OCTOBER 2021
ANSWER TO BE TABLED ON MONDAY 18th OCTOBER 2021**

Question

Will the Minister provide members with the following information regarding the performance of NMCN, the lead contractor in delivering the upgraded waste-water processing facility at Bellozanne –

- (a) the date upon which the Minister, or the leading officer in his department, first became aware of the financial difficulties that NMCN were experiencing;
- (b) what safeguards, if any, existed in the contract with NMCN in terms of protection against financial loss due to the potential bankruptcy of a major contractor;
- (c) what mitigating measures, if any, the Government took upon becoming aware of the threat of NMCN going into administration; and
- (d) whether or not local contractors were notified of the issues surrounding NMCN; if yes, when they were notified, and if not, why not?

Answer

- a) The Project Sponsor was made aware that nmcn PLC issued a trading update (Regulatory News Service Announcement) on 15 October 2020. The trading update confirmed that nmcn had undertaken an extensive exercise to review all major contracts and the review was expecting a loss before tax of between £13.5 million and £15.0 million for the year.
- b) nmcn PLC do not have parent company. Therefore, a parent company guarantee was not available. The safeguards that exist include:
 - a. Performance Bonds; and,
 - b. Retention.
- c) The financial status of nmcn has been subject to close scrutiny and monitored regularly by Officers from IHE, T&E and Commercial Services for any actions required as appropriate. Options were presented to IHE by the project's legal consultant on 20 August 2021 in anticipation of nmcn PLC becoming insolvent. However, the options were limited and defined by the contract. Options for early termination of the contract would have resulted in significant financial exposure and programme delay to IHE.
- d) The local supply chain was engaged by nmcn PLC through subcontracts for the supply of goods and services. The Regulatory News Service Announcement on 15 October 2020, and subsequent announcements relating to nmcn PLC's financial status, is publicly available information. Amended and new clauses were included in the original contract with nmcn PLC, designed to provide IHE with a mechanism to deal with any non-payments to the local supply chain. IHE has monitored the situation regarding payment to the local supply chain in preparation for implementing the amended and new clauses, if warranted.