

SUBCONTRACT AGREEMENT No.

SAUNDERS INTERNATIONAL PTY LIMITED (A.B.N. 14 050 287 431) of 271 Edgar Street, Condell Park, NSW, 2200 (hereinafter called "the Contractor")

and

XXXXXXXXXXXXXXXXXXXXXXXXXXXX of XXXXXXXXXXXXXXXXXXXXXXX, XXXXXXXXXXXXXXX, xxx, xxxx (hereinafter called "the Subcontractor") agree as follows:-

1. That the Agreement comprising this instrument of agreement and the annexed documents marked General Conditions of Subcontract, Special Conditions of Subcontract, and Schedule A to Schedule D inclusive shall together comprise the Subcontract between the parties and any other representations of the parties whether written or otherwise shall not form part of the Subcontract except by explicit reference therein.
2. If the Subcontractor or the Contractor are two or more persons then they shall be bound jointly and severally.
3. The Subcontractor shall entirely at its own expense and assuming all risks in any way connected therewith perform the work set out in Schedule A attached, such work being part of a contract (hereinafter called the "Head Contract", particulars of which are set out in Schedule B attached) to be performed by the Contractor and shall supply all labour, equipment and materials required therefore.
4. The Subcontractor shall perform such work to the complete satisfaction of the Contractor and the Principal's Engineers, in accordance with the General Conditions of Subcontract as attached herewith and any other Special Conditions as may be annexed hereto.
5. As full consideration for the performance of such work the Contractor will pay to the Subcontractor the amounts shown in Schedule C attached with such additions or reductions as may be subsequently agreed in writing.
6. Should there be any conflict between the terms and conditions contained in the sections forming this Contract the order of precedence shall be:-

This Agreement
Special Conditions of Subcontract
General Conditions of Subcontract
Subcontract Pricing Schedules
Scope of Work
Technical Specification

7. The Contractor shall not be liable to pay any monies to the Subcontractor until this Subcontract Agreement, as presented to the Subcontractor, is signed by the Subcontractor and returned to the Contractor together with copies of any insurance policies required under this Subcontract.

Executed this _____ day of _____, 2003
by _____)
SAUNDERS INTERNATIONAL PTY LTD)
(the Contractor))
by a duly authorised person:)
Name _____)
Position _____) Signature _____ Witness _____

Signed for and on behalf of _____)
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX PTY LTD)
(the Subcontractor))
by a duly authorised person:)
Name _____)
Position _____) Signature _____ Witness _____

The Contractor has entered into a Contract (the “Head Contract”) with the Principal as outlined in Schedule B attached.

The works (the “Works”) under this Subcontract (the “Subcontract”) form part of the Head Contract Works and are subject to the approval and acceptance by the Principal or the Principals Agent. Any approval or acceptance by the Contractor under the Subcontract is subject to that approval and acceptance of the Principal or the Principal’s Agent.

1. The Subcontractor shall insure in compliance with the laws of each State and Territory in which the Subcontractor has employees in the performance of this Subcontract and such other laws as are properly applicable thereto in respect of insurance against any and all liability to its officers, servants, agents and employees for Workers’ Compensation and common law. The common law section of the policy shall be for an unlimited value.
The Subcontractor shall maintain insurance for a sum not less than \$5,000,000 for each and every occurrence against any and all Public liability. Such insurance shall cover all sums which the Subcontractor shall become legally liable to pay in respect of or arising from:

- a. death or bodily injury (including disease or illness) to any person, and
- b. loss of or damage to property (including consequential loss) happening anywhere in Australia howsoever caused whether as a result of or arising from negligence, breach of duty or breach of statute by the Subcontractor, any subcontractor, the officers, employees or agents of any of them, or otherwise.

The Subcontractor shall at its own expense insure its plant and materials against loss or damage, but shall not be responsible for insuring such materials once they are delivered to site. Where the Subcontract work involves the fabrication of materials off site such materials shall be stored off site at the Subcontractor’s risk and cost until required by the Contractor unless otherwise specified.

Satisfactory evidence of such insurance policies shall be submitted in writing to the Contractor prior to the commencement of the Subcontract work.

2. Sub-letting of any work under this Subcontract is forbidden without the express written authority of the Contractor and then only on such terms and conditions as agreed between the Contractor and the Subcontractor.
3. The Subcontractor shall proceed with the work under the Subcontract with due expedition and without delay. The Subcontract work shall be executed according to the program set out in Schedule D or as otherwise advised by the Contractor in writing. The Subcontractor shall provide a detailed program showing the major activities and the dates or times in which the activities are to be executed together with the manpower requirements to achieve the program. Failure to adhere to the agreed completion date shall render the Subcontractor liable to pay to the Contractor liquidated damages in accordance with such Schedule D.
4. The Subcontractor shall provide the Contractor with Security by way of cash retention or an unconditional bank guarantee in a form approved by the Contractor in the amount of 5% of the Subcontract Price.

If Security is to be provided in the form of cash retention, 10% will be deducted from each progress claim up to the limit of 5% of the Subcontract Price. If Security is to be provided in the form of an unconditional bank guarantee, the guarantee is to be provided before the first progress claim is due for payment.

Upon Completion of the Subcontract works half of the Security will be released to the Subcontractor. The balance will be released 12 months from the date of acceptance of the Head Contract works or from the date on which the works are put into commercial use, whichever is the later

5. Claims for progress payments shall be submitted by the Subcontractor by the last working day of each month. A statutory declaration that all the Subcontractor's employees' wages have been paid up to the date of the progress claim shall accompany all progress claims.

Within 28 days of receipt of a progress claim the Contractor shall issue to the Subcontractor a certificate stating the amount of the payment to be made to the Subcontractor.

Payment of the certified amounts will be made by the Contractor within 42 days of the last day of the month in which the claim for progress payment was submitted.

Payment of monies shall not be evidence of the value of work submitted or an admission of liability or evidence that work has been executed satisfactorily.

6. The price(s) indicated under Schedule C for the Works which are the subject of this Subcontract include(s), as appropriate, the cost of supervision, labour, plant and equipment and materials together with and any insurance, duty, and taxes and any other costs and expenses associated with the works.

Unless otherwise agreed in writing any increase in the cost of the works as a result of a variation in any of the charges or costs referred to in this clause or any other charges or costs associated with the works, including without limitation variations in exchange rates and the cost of conforming with any relevant legislation, orders, regulations or by-laws, between the date indicated on the Subcontract and the date of delivery of the goods shall be borne by the Subcontractor.

Unless otherwise stated the amounts shown in Schedule C are inclusive of GST where applicable.

7. The Subcontract may be varied only with the Contractor's prior written consent and on terms agreed between the Contractor and the Subcontractor provided that in all other respects variations shall be subject to these conditions.

Should the Subcontractor consider that any instruction issued by the Contractor is a variation to the works the Subcontractor shall upon receipt of the instruction advise the Contractor in writing as to whether the proposed direction can be effected and if so, the cost of such variation and any effect it may have on delivery date or program.

Any claim for variation not received within 14 days of the giving of instruction by the Contractor shall be time barred.

Should the Subcontractor and Contractor not be able to agree a price for a variation then the value of the variation shall be the value approved by Contractor.

8. The Contractor may terminate the Subcontract without notice if the Subcontractor:

9.

- a. is in breach of the Subcontract and fails to remedy the breach within 14 days of notice in writing by the Contractor specifying the breach and requesting the Subcontractor to remedy it; or
- b. is declared bankrupt, resolves to go into liquidation or has a petition for its bankruptcy or winding up presented or enters into a scheme of arrangement with its creditors or if any liquidator, receiver or official manager is appointed in respect of the Subcontractor.

Termination of the Subcontract pursuant to this clause shall be without prejudice to the rights of the Contractor accruing up to the date of termination. The Subcontractor shall be liable to the Contractor for any direct and indirect loss suffered by the Contractor caused by or in any way connected with the termination and any prior breach.

10. The works shall be guaranteed by the Subcontractor against any omissions or defects in or other failure of the works arising in whole or in part from faulty design, materials or workmanship, or any other omissions, defects or failures which render the works unsuitable for the Contractor's requirements, which occur within 12 months from the date of acceptance of the Head Contract works or the date on which the works are put into commercial use, whichever is the later, notwithstanding that such omissions, defects or failures come to the attention of the Contractor at any time after expiry of that 12 month period.

The Subcontractor shall at the option of the Contractor refund the purchase price of the goods or the services or:

- a. repair, modify or replace at the Subcontractor's expense, goods which are unsuitable for the Contractor's requirements; and
- b. supply again services which in the opinion of the Contractor are not supplied in accordance with the Contract; and the Subcontractor shall be liable for all resulting costs and expenses incurred by the Contractor in obtaining the goods, returning them to the Subcontractor, re-installing and re-commissioning them.

The Contractor may at its option have the repair, modification or replacement of the goods or re-supply of the services referred to above undertaken by the Contractor or any other person and all resulting costs and expenses shall be borne by the Subcontractor.

11. The Subcontractor warrants to the Contractor that:

- a. The goods and installation will correspond with the description in this Contract, will conform to the specifications, drawings, samples or other descriptions furnished or adopted by the Contractor, will be fit and sufficient for the purpose intended, will be of the quality specified (or, in the event that no quality is specified, will be of best merchantable quality), will be free of all defects in workmanship and materials and will operate satisfactorily and reliably under all conditions.
- b. The materials shall be new unless otherwise specified.
- c. The goods are free of all liens and encumbrances and the Subcontractor has a good and marketable title to them and the Subcontractor of the goods or the services does not infringe upon any intellectual property rights; and
- d. It shall strictly comply with all applicable laws and notices, directions, requirements and the like given by the Contractor to the Subcontractor from time to time.
- e. The Subcontractor acknowledges that approval of the design by the Contractor or acceptance of the goods by the Contractor shall not release the Subcontractor from its obligations under this clause.

12. The Subcontractor shall notify the Contractor of any matter in dispute under this Subcontract within thirty (30) days of the cause thereof arising failing which the Subcontractor shall be deemed to have waived absolutely any claim arising therefrom. Any such dispute if not settled between the parties shall be referred to arbitration.

13. The Subcontractor shall keep confidential the terms of the Subcontract and all information and documents provided to the Subcontractor pursuant to the Subcontract and shall, unless by mutual agreement, only disclose them as required by law and to those of its employees, servants or agents necessary to enable the Subcontractor to perform the Contract.

14. If the Subcontractor breaches a term of the Subcontract the Contractor shall not be bound to perform its obligations under the Subcontract until the breach is remedied by the Subcontractor provided that the Subcontractor has received notice in writing from the Contractor specifying the breach and requesting the Subcontractor to remedy it. Similarly, if the Contractor breaches a term of the Subcontract the Subcontractor shall not be bound to perform its obligations under the Subcontract until the breach is remedied by the Contractor provided that the Contractor has received notice in writing from the Subcontractor specifying the breach and requesting the Contractor to remedy it.

15. All warranties, conditions, promises, undertakings, covenants and other provisions implied by law relating to the goods or the services or their delivery form part of the Subcontract and these conditions do not exclude, restrict or modify the application to the Subcontract of any provision of the Trade Practices Act or State Sale of Goods Act or their equivalents.
16. The Contractor reserves the right to require the removal of any employee of the Subcontractor who in the opinion of the Contractor is unsatisfactory. Removal of such employees shall take place within 24 hours of notice being given.
17. Upon incorporation into the works of any materials brought upon the site by the Subcontractor, the said materials shall be deemed to be the property of the Contractor and the Subcontractor shall have no rights whatsoever with respect to the removal of the said materials from the site or the works provided that such materials have been paid for by the Contractor.
18. The Subcontractor shall keep the site and the work clean and tidy. The Subcontractor shall regularly remove rubbish and surplus material.
19. During the performance of all work the Subcontractor shall keep a competent employee in charge of the work who shall be deemed to be authorised to take and execute such instructions as given by the Contractor.
20. A Notice under this Subcontract shall be deemed to have been given when it is delivered to the address of the Contractor or Subcontractor stated in the Agreement. The Contractor and the Subcontractor shall notify each other promptly of any change of address.
21. In this Subcontract where the context requires the singular shall include also the plural and vice versa and the neuter gender shall include also the masculine and feminine genders and vice versa.
22. Unless otherwise stated the on-site working week will be the six days Monday to Saturday inclusive, and the amounts set out in Schedule C are deemed to have been calculated on that basis.

SPECIAL CONDITIONS OF SUBCONTRACT

1. The Subcontractor will comply with the Workplace Health and Safety Act and its associated Regulations, which includes provision of safety protection equipment including hard hats, safety boots and spectacles, and attending Safety Orientation.

All vehicles shall be maintained correctly and shall be operated in a safe manner at all times when on site. Reversing beepers and lights are to be operational at all times.

Prestart Safety Meetings are held at the start of each shift with the respective work crews. These are to be attended by all personnel prior to work commencing each day.

2. The Subcontractor will comply with the Environmental Protection Act and its associated Regulations. Such requirements will include co-operation and assistance with Environmental Management through Saunders International Pty Limited.
3. The Subcontractor shall comply with the appropriate elements of Saunders International Quality Management System, a copy of which is held at our Bankstown office.
The Subcontractor will provide:
 - Assistance in the preparation of Quality Assurance Checklists,
 - Participation in the utilisation of those checklists,
 - Provisions of Safe Work Procedures or assistance in their development.
4. Construction power and water are to be provided by the Subcontractor.

SCHEDULE A

SCOPE OF WORK AND TECHNICAL SPECIFICATION

The works to be executed under this Subcontract include the supply of all necessary labour, tools, small plant and equipment to complete the works detailed as follows :

All work under this Subcontract will be carried out in accordance with the applicable provisions of the relevant specifications as follows:

Drawings:

Specification:

SCHEDULE B

PARTICULARS OF HEAD CONTRACT

Principal: Saunders International
Principal's Agent:
Contract Title: Painting of 26.3Ø x 12m high Fuel Tank
Location: QAL, Gladstone, Queensland

SCHEDULE C

SUBCONTRACT PRICE

The Subcontract Price is based on the following Schedule of Prices. The final Subcontract Price will be valued in accordance with the actual agreed quantities at the completion of the Works. The unit rates in the schedule of prices will remain fixed for the duration of the project.

ITEM	DESCRIPTION	PRICE
1	Supply all supervision, labour, equipment, plant and consumables to remove redundant electrical equipment and install complete new electrical as per Specifications and drawings.	

SCHEDULE D

PROGRAMME AND LIQUIDATED DAMAGES

Commencement Date: Anticipate early 1st August 2016
Completion Date: Nominate
Liquidated Damages: \$300 per day