

WATER CORPORATION — RCR TOMLINSON

686. Mr D.J. KELLY to the Minister for Water:

I refer the minister to, firstly, RCR Tomlinson's statement to the ASX on 14 August in which it said that as part of the deal for it to buy the engineering and construction division of the Water Corporation, it is guaranteed \$130 million worth of construction work over the next three years; secondly, her own statement on ABC radio on 27 August when she said that taxpayers' exposure via that ongoing work for RCR Tomlinson was protected because the commercial terms are agreed; and, thirdly, the answer she gave yesterday in the Legislative Council when she said that the contracts for the \$130 million worth of work have not yet been signed.

- (1) How can the commercial terms of this \$130 million worth of work be agreed, as the minister said on radio, if the contracts have not been signed?
- (2) How can the taxpayers be protected if RCR Tomlinson is guaranteed \$130 million worth of work, as it told the ASX, but the terms of that work have not been finalised?

Ms M.J. DAVIES replied:

- (1)–(2) As the member for Bassendean has stated, as part of the sale process, a pipeline of work was agreed to so that we could provide ongoing work for a significant number of employees who have transitioned from the Water Corporation to RCR Tomlinson. Part of that package was that that first year of work was known. Obviously, the Water Corporation's forward capital works change from time to time, so it will be reliant on the exact projects being negotiated in years 2 and 3. That is my understanding. RCR will need to meet the terms of the original contract that has been signed, which is for \$130 million worth of work. The projects are yet to be defined for years 2 and 3 because those projects change from time to time. There is a known project list in the first year, but there will be no further exposure for the taxpayer. This has meant that a significant number of Water Corporation employees would otherwise have been made redundant. The Water Corporation board made the decision to seek to sell that branch, along with a pipeline of work, and test the market, and it found it to be positive in terms of somebody taking them on. That means that those employees now have employment beyond what they would have had with the Water Corporation given the changing nature of the capital works at the corporation.