

WÄRTSILÄ — SUBCONTRACTORS

Statement

HON KYLE MCGINN (Mining and Pastoral) [6.20 pm]: I rise today, as I have on many occasions over the last four years, to raise an issue regarding a multinational company ripping off its subcontractors. This seems to have been a very common theme for many years and does not seem to be slowing down. This issue was brought to my attention by some workers in a company called Primero Group Pty Ltd, in the mining industry out in Kalgoorlie. The issue they raised with me—I did a bit more investigating—regarded a contract that was fulfilled by Primero in South Australia. As members will know, South Australia has quite a large energy issue and has been doing a lot of work to try to catch up on a bit of a missed opportunity with its energy infrastructure.

The project was at Barker Inlet Power Station and the head contractor was AGL Energy. AGL was working with the South Australian government to find opportunities for getting more power into the grid and to fix up some of South Australia's energy issues. AGL subcontracted its power station to a mob called Wärtsilä. Wärtsilä, in turn, engaged Primero, which is a quite small Western Australian company that has plenty of experience in constructing power stations. In 2018, Primero went over to South Australia and engaged all local subcontractors on that project; there were more than 100 employees. As it was explained to me, Primero was given specs in its contract for what it had to do, but there was some relaxation if the specs were to change. I do not build power stations, so members will have to bear with me, but there was the ability for more money to come in if there was an expansion of what Primero had to do.

As soon as they began the job, things began to blow out. Originally, Wärtsilä was paying the excess without any problem, because that was part of its contractual requirements as I am led to believe. Part way through the project, Wärtsilä stopped paying. AGL put pressure on Primero, saying, "You're building the project; you need to continue building the power station." Primero got a fair bit of pressure, as I understand it, from not only AGL but also the South Australian government. Primero continued to do the job as best it could; it paid all its subbies across the entire job and completed the power station. It paid everyone; normally it is companies at the Primero level that do not pay their subbies and try to get the money out of the head client, and that ends up affecting the workers. However, this Western Australian company, Primero Group Pty Ltd, paid all the workers then tried to get its money out of Wärtsilä Australia Pty Ltd, but Wärtsilä denied Primero the money, which is potentially over \$50 million. It has therefore hit Primero's business absolutely hard and caused a lot of stress for its employees and the owners of the business. I reached out to Wärtsilä and asked it about this, obviously to see what response I would get. I got a very hesitant response on the phone, followed by a very short, sharp official letter from someone higher up saying that court processes were in place and they would not comment and were moving forward. I am led to believe that Wärtsilä is just starting to break into WA.

Hon Robin Scott: Wärtsilä has been around for centuries. It was a Norwegian generated company.

Hon KYLE MCGINN: It is Finnish, sorry. I was getting there, member. I am talking about WA. I have been led to believe that Wärtsilä is coming into WA trying to get contracts, particularly in the offshore oil and gas industry.

Hon Robin Scott interjected.

Hon KYLE MCGINN: Hon Robin Scott is right; it is a multinational. Wärtsilä Australia Pty Ltd, a subsidiary of Wärtsilä Corporation, is the one that went under. Wärtsilä is a Finnish company that manufactures and services power stations all over the world. As I said from the start, it is a multinational company.

What concerns me about this is that Primero is a small operator that was given a great contract for a great opportunity. It made the best of its contract and made sure it built in everything. However, what happens when people deal with a multinational that does not like the outcome? Lawyers come in and that bogs down the smaller company. From what I have seen, nine times out of 10 the workers do not get paid and the money issue is argued between, say, Wärtsilä and Primero. However, Primero paid all its workers, which was a big step. That happened also in South Australia. I am concerned because Primero is being restricted and is constantly fighting legal battles. I do not know how much it is paying in legal fees compared with what a company that has teams of lawyers would pay.

I wanted to raise this in the house because it is very concerning. I believe one court case is in South Australia and one is in Western Australia. A couple of cases have come through. At one point, Primero was awarded \$15 million, but it was appealed, which I had a look at. Wärtsilä won the appeal based on the fact that Primero had sent in a link to all the necessary information, of about 50 000 pages, to Wärtsilä before the court date. It was sent before the cut-off time, but it took an extra day to open the link, which ended up being after the cut-off time, so Primero got zero dollars, despite winning \$15 million, by the way. Wärtsilä is looking at every single angle it can to try to ensure it gets out of paying the contractor, Primero.

It is very important that we are vigilant moving forward. Wärtsilä is actively pursuing contracts privately and in the public sector here in Western Australia. I wish Primero all the best in its battle. I can only take it on its word that

it met its contract and paid its workers and is now in the shocking position of being \$50 million out of pocket. Shame on Wärtsilä if this is true. The public and private sectors here in Western Australia should be very wary of Wärtsilä because this is absolutely unacceptable behaviour.