

Weld Australia Calls for Harsh Penalties on Multi-Nationals That Offshore Australian Jobs

Weld Australia calls upon Prime Minister Malcolm Turnbull not to decrease company tax rates for major multi-national companies that send—what should be—Australian jobs offshore. This comes in the wake of BHP’s award of more than 20,000 tonnes of structural steel work for its \$4.7 billion South Flank project to an offshore manufacturer.

Weld Australia CEO Geoff Crittenden said, “In general, Prime Minister Turnbull’s company tax cuts will deliver benefits for both Australian industry and workers. However, these tax cuts should only be applied to Australian companies, not to multi-national conglomerates that simply send work—and therefore Australian jobs—offshore.”

“These multi-national conglomerates need to be made to understand that they are part of our community and have a social responsibility to support Australian industry. This has been the foundation of the Government’s defence industry policy; why should the miners be treated differently from the defence companies?”

“I could understand BHP’s decision if there were clear cost and quality benefits to be gained. However, I have spoken to several senior engineers in the mining industry who swear they will never again procure mining infrastructure overseas.”

“According to these engineers, offshore fabrication necessitates the supply of hundreds of engineers and welding supervisors to oversee all fabrication to ensure it complies with Australian Standards. Oftentimes, even with these supervisors on-site, fabrication work is of such poor quality that entire components must be completely rebuilt. Together with serious long-term reliability and safety concerns, these quality issues completely negate any possible cost savings.”

“I wonder whether the BHP Board fully comprehends the safety risks associated with their decision,” said Crittenden.

“Since the beginning of the last mining boom, the Australian steel fabrication industry has shrunk by over 30% because of exactly this type of short-sighted procurement decision. Not surprisingly, a huge number of Australian fabrication companies have gone broke and closed their doors, resulting in thousands of welders leaving the trade.”

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“I cannot believe that local West Australian companies did not tender for the South Flank project. Several West Australian fabrication companies are amongst the best in the world—they are more than capable of delivering this project on time, on budget and, more importantly, in accordance with all relevant Australian Standards.”

“Apart from providing jobs for local Australian fabricators, keeping this type of work in Australia is vital for our economy. According to a recent report by the Industry Capability Network, every \$1 million worth of output in the Australian steel industry generates over \$700,000 worth of Gross Value Added in industrial support activities and \$225,300 in tax revenue. Plus, for every person employed directly by the steel industry, this create as many as six full-time jobs in related and downstream industries.”

“You only have to look at the Swan River Bridge project to see how poorly offshore procurement decisions play out. It was only after West Australian Premier Mark McGowan abandoned overseas fabrication and awarded the contract to a consortium of local fabricators that the Bridge was made in accordance with Australian Standards.”

“BHP used to be called the ‘Big Australian’; what should we call them now?” said Crittenden.

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Further Information

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About Weld Australia

Weld Australia represents the welding profession in Australia. Its members are made up of individual welding professionals and companies of all sizes. Weld Australia members are involved almost every facet of Australian industry and make a significant contribution to the nation’s economy. The primary goal of Weld Australia is to ensure that the Australian welding industry remains locally and globally competitive, both now and into the future. Weld Australia is the Australian representative member of the International Institute of Welding (IIW). For more information or to join Weld Australia, please visit: www.weldaustralia.com.au.