

## MEDIA RELEASE

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### **\$7.4 billion of Gorgon's local content claims misleading**

More than \$7 billion of the \$10 billion of contracts Chevron and its joint venture partners identify as being performed in Western Australia for their Gorgon Gas Development are being largely performed offshore, local unions have revealed.

In a document circulated to WA media in February, Chevron claimed it had invested more than \$10 billion in Australian industry to date. In an accompanying document, Chevron identified just over \$10 billion in let contracts with Australian industry participation.

UnionsWA Secretary Simone McGurk said union analysis had raised serious questions about the extent to which Western Australia was really benefiting from the Gorgon project.

"We already knew that Chevron has sent more than 300,000 tonnes of fabricated steel for its Gorgon project offshore," she said.

"Now we have found that \$7.4 billion of the \$10 billion of Gorgon contracts Chevron claim are performed locally have large offshore components too.

"The worst thing about this revelation is that the work that is going offshore is the skilled engineering and manufacturing work. The \$3 billion of contracts that we can confidently identify as being performed locally involve things like earthworks, dredging and catering – contracts that involve little skills development and will deliver little lasting benefit for WA.

"Ironically, some of the contracts Chevron have counted as local content in the Gorgon project are the contracts for importing the more than 300,000 tonnes of fabricated steel Chevron is getting manufactured offshore."

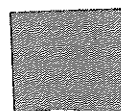
AMWU State Secretary Steve McCartney said the Barnett Government needed to take responsibility for Gorgon's skilled work going offshore.

"When the Gallop Government negotiated the Gorgon State Agreement with Chevron, it built in a requirement for Chevron to provide regular local content reports to the State Government and to notify the Minister for State Development (now Premier Colin Barnett) if they were proposing to send skilled work offshore," he said.

"The State Agreement with Chevron was ratified by Parliament as law, and Mr Barnett should have had advance notice of every piece of skilled Gorgon work that Chevron was intending to send offshore.

"It appears that, despite having advance warning, Mr Barnett has done absolutely nothing to stop this skilled work going offshore. If anybody else had failed in such a spectacular fashion, Mr Barnett would be among the first people calling for them to resign."

OVER PAGE



UNIONSWA

Ms McGurk said unions were campaigning with the steel fabrication industry for new laws that require major resources projects to make binding upfront commitments on skilled work to be performed locally, as a condition of receiving their final project approvals from the State Government.

"We actually agree with Mr Barnett that mandated local content percentages are a clumsy and potentially harmful way of proceeding. However, experience in places like Canada indicates that laws requiring project proponents to negotiate and commit to specific skilled work to be performed locally, before the projects can commence, can deliver real benefits to local businesses and workers."

Contracts claimed by Chevron as delivering local content to WA include:

CONTRACT	VALUE	DETAILS OF OFFSHORING
KJVG Head Contract	\$2.7 billion	Vast majority of Engineering, Procurement and Construction Management work done overseas. Major JV partner KBR does majority of work in UK. Despite Clough being a part of the JV, little of this work is performed in WA.
LNG Jetty & Marine Structures	\$1 billion	Most of the jetty manufactured in Malaysia and shipped to Western Australia.
Offshore Pipelay	\$1 billion	Steel pipes manufactured in Japan. Finishing in Malaysia.
LNG & Condensate Tanks	\$600 million	Tanks made in Thailand with Japanese steel.
Construction Village	\$520 million	Engineering done in Qatar, fabrication of modules in Thailand.
Installation of Domestic Gas Pipe	\$300 million	Steel pipes manufactured in Japan. Finishing in Malaysia.
Power Systems	\$250 million	Substations from overseas.
Tugs & Barges	\$240 million	Tugs and other vessels manufactured overseas.
Rotary Wing Services	\$200 million	Helicopters manufactured overseas.
Fixed Wing Services	\$165 million	Aeroplanes manufactured overseas.
Telecommunications and Electronic Systems	\$150 million	Electrical equipment coming from overseas.
Concrete Supply	\$120 million	90 cement tankers made in China, with cement being imported from China as well.
Westsea Marine – support vessels for the Leighton-Saipem Consortium	\$100 million	Tugs and other vessels brought in from overseas.
Onshore pipeline installation	\$85 million	Steel pipes manufactured in Japan. Finishing in Malaysia.
<b>TOTAL</b>	<b>\$7.4 billion</b>	

UnionsWA and the AMWU are running the WA Jobs from WA Resources campaign with the Association of Professional Engineers, Scientists and Managers of Australia and the Australian Steel Institute

The campaign features television, radio and print advertising, as well as a dedicated campaign website and Facebook page. The first phase of the campaign will culminate in a joint industry-union community march on Parliament House on 15<sup>th</sup> March. The rally will see, for the first time in WA, local business owners walk side-by-side up St George's Tce with local engineers, metal trades people and concerned members of the community.

The rally will be heavily promoted around the State, with a particular focus on the State Government held marginal seats of Riverton, Southern River and Jandakot. Many families in these communities rely on the Kwinana strip to produce skilled jobs and apprenticeships for their kids and have a lot to lose if the Barnett Government doesn't secure skilled work from our major projects.

For more information, visit [www.wajobs.org.au](http://www.wajobs.org.au).

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