

Gorgon Project — Adjournment Debate

HON JOCK FERGUSON (East Metropolitan) [10.39 pm]: I rise to address the issue of what has been called the one-project stimulus package in Western Australia, that being the Gorgon project. It remains to be seen whether it is a stimulus package for the economy, because that will obviously depend on how much work Australian companies get out of this project. Real long-term prosperity for the most important people, our constituents, comes from local jobs that build skills, industry and infrastructure that last generations beyond the royalties and other tax arrangements, significant as they may be.

I must say from the outset that we fully support the Gorgon project. It is a project that I was involved in for a number of years when I was the secretary of the Australian Manufacturing Workers' Union. As I said, we fully support it. As many in this state and community are starting to realise, owing to the Barnett government's lack of action, lack of will and lack of vision, there will be a level of squandered prosperity because this government is failing at the last push to bring the maximum number of jobs and amount of money to our local businesses and communities.

The government talks about local content statistics. In fact the Premier recently said that we are going to get 70 per cent local content out of this project. He also said that we would get 50 per cent local content. He keeps adjusting it by 20 per cent. Even when he was asked a dorothy dix question by the member for Geraldton in the other place, all he could say was that the Minister for Regional Development would take care of that and we "hope" to get 70 per cent local content. He then went on to list a number of packages within the project. Some of those packages depend on what the definition of "local content" is. It also includes the man-hours on a project. Millions of man-hours are included in the level of local content. All the civil works are included as local content. I am quite sure that some of these project proponents have not worked out how to put holes in the ground yet. I am not quite sure that they are working on it! The civic works have to be done here. The man-hours to construct the project have to be done here. That should be discounted when we consider the level of local content, particularly when we look at the steel manufacturing and fabrication industry.

I have spoken to a number of people recently associated with the project. There is a lot of disquiet out there, particularly amongst industry. People really do not know how much work they are going to get out of this project. I have spoken to the Australian Steel Institute. It has now come to light that this project is going to be done to what is known as Japanese steel standards and not Australian steel standards. I think that is an absolute disgrace. This government should be doing something about that. The Oakajee project is in the same situation. According to the information that we have received, it too is going to be done to Japanese steel standards. That makes it very difficult for Australian companies to bid for the work on both Gorgon and Oakajee. In fact it cuts them out. The Australian Steel Institute is very concerned. There are a number of contractors, particularly fabricators, who are also very concerned about how much they will get out of the contract. There is a lot of hype surrounding Gorgon. The whole agenda has obviously been controlled by the project proponents. I do not think this government is doing very much at all to get the maximum amount of local content within Western Australia in the first instance, and then within Australia.

The Premier spoke about the village—"Gorgonville" as it is being called—and how much local content would be in that. My understanding is that the accommodation modules have been built offshore and will be imported. Six hundred units have been built in South Australia and will be brought in from there. There again is another instance of Western Australian companies missing out. Over 200 000 tonnes of steel is already earmarked to go offshore to Vietnam, China, Thailand or some of these other countries that have some experience in module construction. I must say that I have been to some of those places and seen some of the work they do. It is certainly not up to the standards of Australian companies, particularly Western Australian companies and Western Australian fabricators. I have seen the mess that other countries have made. There is no doubt that in the Gorgon project and the Oakajee project there will not be an allowance for rework. Rework is always required when modules are brought in from offshore, because either they are incomplete or they are faulty. Western Australian workers and Australian workers have to remedy that; they have to fix the problems that were created offshore. I have to say that the workforce is not very happy with that.

Hon Ljiljanna Ravlich: What is the point of having Australian standards if substandard products are imported?

Hon JOCK FERGUSON: That is right. It should have been done to Australian standards in the first place. Having visited some of these module construction yards offshore, my view is that it is a form of eco-dumping. When a contract is let offshore to Vietnam, China or wherever, it is a form of eco-dumping, because they do not have the same environmental regulations that we have in Western Australia. I have seen the mess that they make of the environment. They make a mess of rivers. They just dump rubbish and leave it there. There is no regulation and no control over what they do. This is a Western Australian project. In a sense this government is assisting to stuff up the environment in these other countries.

As I said, over 200 000 tonnes of steel is earmarked to go offshore. Something like 60 000 tonnes is also to be let for some of the other modules. I know that some Western Australian companies in particular have bid for this work, but they are not very confident that this work will come to WA. I could say a lot more about local content. Some of the bids are put out in large packages, so much so that some of the packages are too large. They should be broken down into smaller packages. I can remember the same thing happening with Woodside. The Australian Manufacturing Workers' Union approached Woodside and asked it to break some of these modules down into smaller packages so that Western Australian companies could more readily bid for them. It agreed to that and we were successful in gaining quite a considerable amount of local content from that project.

This whole matter also raises the issue of some of the organisations that were set up by the previous government, such as the Industry Capability Network Western Australia, which was previously known as the Industry Supply Office; the oil and gas consultative council; and the Manufacturing Council. The oil and gas consultative council and the Manufacturing Council were set up by the previous Labor government. I think that the ISO was set up under a Liberal government. The reason I raise this is that they had advisory boards. They were advisory boards that worked very well and were there specifically to maximise the amount of local content to support Western Australian businesses in particular. Since this government has been elected, the ICN advisory board has not met, the Manufacturing Council has not met and the oil and gas consultative council has not met. I think that is an absolute disgrace. It is a disgrace that three organisations that have been set up specifically to maximise jobs for Western Australians, to maximise benefits for Western Australian industry, are just forgotten about and are being discontinued. This government should be held to task and something should be done about it. As I said before, I think it is a disgrace that the government is playing no part in trying to maximise local content for both this project and, in particular, the Oakajee project.