



2024 MEMBER SURVEY

RESULTS ANALYSIS



WORK SHORTAGES AND RISING COSTS MAKE LOCAL CONTENT REQUIREMENTS A NON-NEGOTIABLE FOR GOVERNMENT PROCUREMENT

Weld Australia has released the results of its 2024 Member Survey. The findings demonstrate that Australia's welding and fabrication industry is facing chronic work shortages, along with cost challenges amid rising prices of energy, materials and labour. The Federal and state governments must commit to building sovereign manufacturing capability by legislating local content policy. This will create a capacity mechanism that generates a clear, long-term signal for in the necessary technology, workforce, and equipment. With long-term demand a reality, local manufacturers will have the confidence to improve production efficiencies and global competitiveness.

According to Geoff Crittenden (CEO of Weld Australia), "Australian welding businesses are facing unprecedented pressures. Lack of work, combined with the rising costs of energy, materials and labour, is making it nearly impossible for companies to invest in the technology and skills necessary to stay globally competitive. We need a clear and enforceable commitment from the Federal and state governments to support local manufacturing."

Weld Australia's 2024 Member Survey found that half of welding workshops are operating at 80% capacity or below, with 7 in 10 members indicating they have the capacity for additional work. The overwhelming concern across the industry is the lack of a steady pipeline of projects, with 75% of respondents citing a lack of work as their primary challenge.

"The solution lies in enforceable local content requirements," continued Crittenden.

"Government-backed initiatives must prioritise Australian-made steel and fabrication in renewable energy projects and other infrastructure developments. This would provide the long-term security our industry needs to invest in advanced technologies, productivity improvements, and workforce development, ensuring Australia remains competitive on a global scale."

"The Federal and state governments must commit to building sovereign manufacturing. Local content legislation must specify that 60% of all fabricated steel used in our renewable energy projects is manufactured in Australia by local welders. This local content legislation must be drafted in conjunction with industry to eliminate the loopholes that so often arise in these types of policies. Australian governments must also mandate that all wind towers are constructed, erected and inspected according to Australian Standards."



The Survey also revealed that inflation is key concern for the welding industry. When it comes to the factors most likely to inhibit business growth over the next 12 months, 64% of business owners cited the rising cost of energy, 61% cited the rising cost of materials, and 50% cited rising labour costs.

Weld Australia members rated themselves as highly-productive: two-thirds of business indicated that the productivity of their welding staff as good or excellent. However, out of the total labour hours per shift, 25% of survey respondents spend less than two hours of their shift doing actual welding (with the arc switched on); 58% spend less than four hours. This is compared with five hours per welder per day in countries like the United States and Germany (that have similar Workplace Health and Safety Standards). The factors most likely to impact on the productivity of welding staff are time spent on tasks like materials handling (42%) and joint preparation and fit up (21%).

“A clear pathway to productivity is through the use of technology. When companies are focused on improving their processes, they naturally innovate—implementing the latest technologies in a bid to streamline operations. However, uptake of advanced welding technology remains relatively slow. This lack of tech adoption is impeding our ability to navigate the current challenges facing the industry,” said Crittenden.

“Business owners are caught in a difficult position, juggling rising costs and a lack of work with the imperative to innovate and remain competitive. The reality is that without a guaranteed supply of work, particularly from government-backed projects, many welding businesses will find it difficult—if not impossible—to justify the necessary investments in advanced technologies. We risk losing critical skills and capabilities that are essential for our nation’s economic future,” Crittenden warned.

“Local content requirements will fortify our domestic supply chains, boost investor confidence, and cultivate a skilled workforce, positioning Australia as a global manufacturing leader. This will create a capacity mechanism that generates a clear, long-term signal for investment by private equity and local manufacturers.”



WELD AUSTRALIA 2024 MEMBER SURVEY RESULTS ANALYSIS



As the peak body representing the welding industry, Weld Australia is committed to supporting its members and the welding and fabrication wider industry. As such, it's important that we understand both the state of the industry itself, and how we can better serve your needs. To gain a better understanding, Distributed annually, the survey was completed by members across the country, which includes major players in the defence, power generation, mining, rail and infrastructure sectors.

DEMOGRAPHICS

The majority of survey respondents were based in Victoria (31.9%), followed by Queensland (24.8%), and then New South Wales (18.6%) and Western Australia (13.3%) (see Figure 1).

The largest age group was 65+, accounting for 20% of respondents, followed by 60 to 64 (16%). This is quite different to last year's results, in which the largest cohort was aged 45 to 49 (at 17%), followed by 40 to 44 (at 15%). In line with industry trends, almost 85% of respondents were over the age of 40—an even higher proportion than the 78% recorded last year (see Figure 2).

The most commonly cited highest level of education was an apprenticeship or vocational training at 31%, followed by International Welding Specialist at 19%, Master's Degree at just over 12%, and Bachelor Degree at 11.5%.

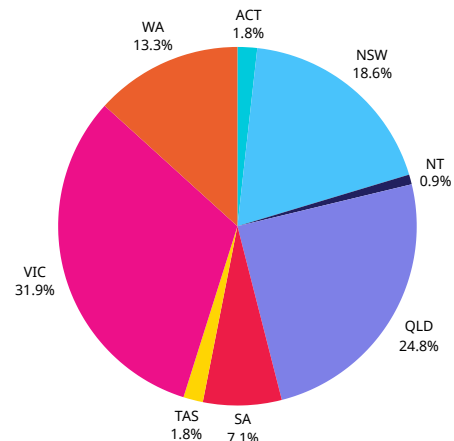


Figure 1. In which state or territory do you live?

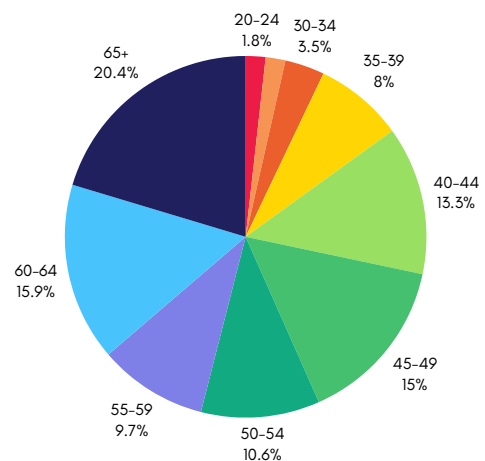


Figure 2. How old are you?





DEMOGRAPHICS

Over 52% of respondents indicated that they are planning on undertaking further education and training in the next 12 to 18 months. The most common qualifications included International Welding Inspector – Basic, and Welding Supervisor - AS 1796 Certificate 10 (both at 19%), and International Welding Technologist (14%).

Salaries are relatively healthy compared to Australia’s average wage (of around \$98,000 per annum); 24% of respondents indicated that their salary is over \$150,000 (roughly the same as in 2023), while 15% of respondents indicated that their salary is between \$100,000 and \$150,000 (see Figure 3).

Overwhelmingly, respondents are employed full-time (61%). Another 18% are either employed part-time or as a sub-contractor and 13% indicated that they are business owners. At almost 23%, the majority of respondents have worked for their current employer for over 20 years. This has risen from 19% in 2023.

Over 46% of respondents work for a business in the fabrication, manufacturing or engineering industry—a 7% rise from last year. Another 15% work in the education and training industry, 7% in the mining and resources industry, 7% in testing and NDT, and 4% in building and construction (see Figure 5).

The vast majority of these businesses are quite large; 26% of respondents indicated that the company they work for has over 500 staff. However, SMEs were also well represented, with 17% of respondents confirming that the business they work for has under 10 staff members.

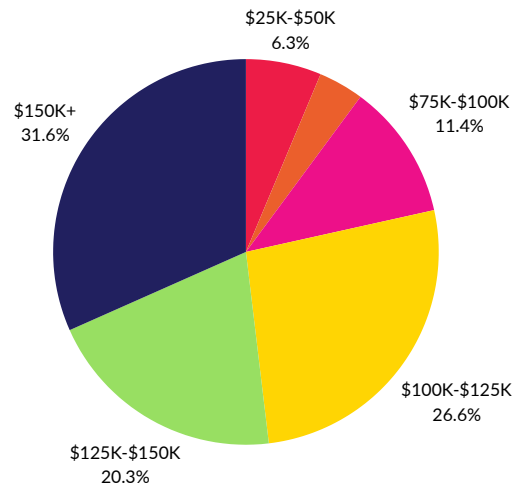


Figure 3. What is your salary?

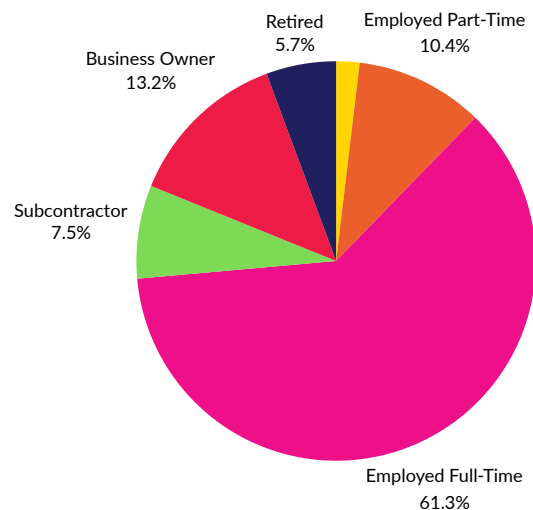


Figure 4. What is your current employment status?

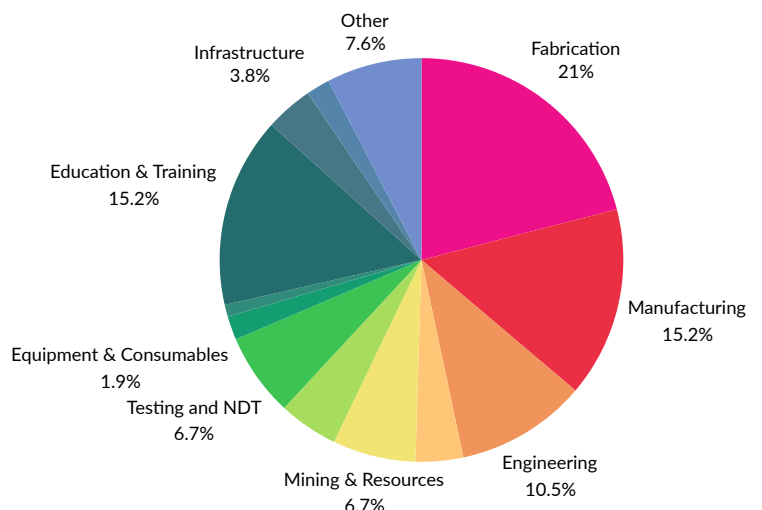


Figure 5. What type of business do you work for?



AUSTRALIA'S WELDING INDUSTRY GRAPPLES WITH RISING COSTS AND WORK SHORTAGES



OVERVIEW

Recent years have seen an increase in government expenditure in infrastructure, Defence and renewable energy projects, as well as a growing sentiment to buy local.

Despite this, almost 7 in 10 Australian welding companies say they have capacity for additional work or that their pipeline is drying up or empty.

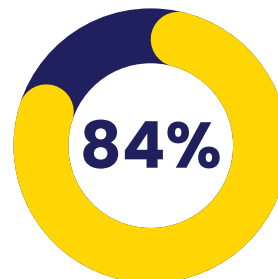
In fact, only 16% of welding workshops are currently operating at 100% capacity. Three-quarters of workshops are operating at 80% capacity or below.

When asked why their workshop is not operating at capacity, the major reason cited was a lack of work (75%), followed by a shortage of skilled staff (25%).

The biggest change across the industry in the last year was rising costs, with energy (64%) and materials (61%) becoming more and more expensive.

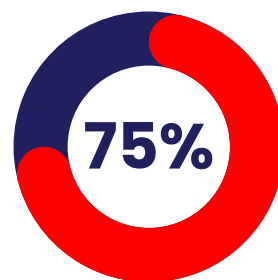
For almost one-third of businesses, these costs have been offset with higher selling prices in the past year. Staff turnover also continues to be a challenge for a quarter of respondents.

Business owners and senior managers report concerns around a continued lack of work and labour shortages (both 21%), as well as high inflation and business rates (14%) (see Figure 6). Worryingly, the majority are also anticipating further increases in the price of energy (68%) and materials (61%) through 2024 (see Figure 7).

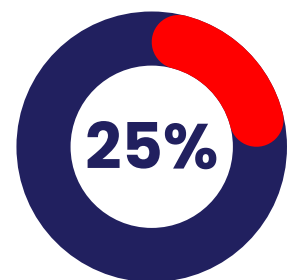


Of welding workshops are not operating at 100% capacity

This is due to...



A lack of work



A lack of skilled staff



Half of business owners and senior managers are expecting these rising labour costs, inflation and interest rates to be major factors inhibiting business growth in the coming year—followed by skills shortages and lack of work (both 32%).

In order to combat these challenges, welding businesses are planning to employ a wide range of strategies, including retraining and upskilling existing staff (50%), investing in automation and technology (35%), increasing wages (32%), and changing operational processes (32%) (see Figure 8).

To address labour shortages, business owners and senior managers have expressed interest in hiring from diverse talent pools such as indigenous Australians (61%), female welders (57%), and people recently released from prison (54%).

Amid growing concerns around inflation and rising costs, many welding businesses are implementing—or planning to implement—productivity improvement initiatives (46%) and automation (39%). These key focus areas are also reflected in plans for increased investment into business process improvements (29%), staff training and development (21%), and robotics and automation (14%) (see Figure 10). As a result of this investment, 46% of business owners and senior managers feel most optimistic about gaining efficiencies through process improvement.

Sentiment across the industry remains fairly positive. 68% of respondents rated the prospects of their business as strong or very strong. However, this marks a significant decline from 88% in last year's survey. And while 83% are confident that their business will be in operation in 12 months' time, this is also down from 90% in 2023.

Last year, there was an even split between businesses who saw their gross profit margin increase or decrease—both at 25%. But over the next 12 months, the balance is likely to tip: 36% expect their profits to decline, while 29% are forecasting an increase.

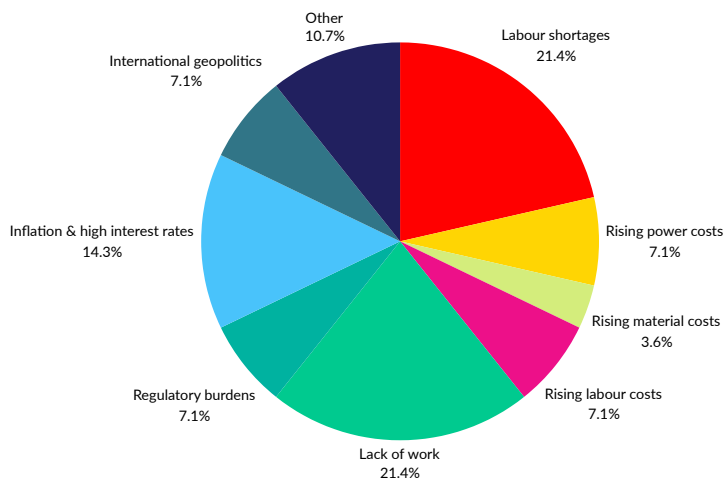


Figure 6. As a business owner or senior manager, what is your main concern right now?

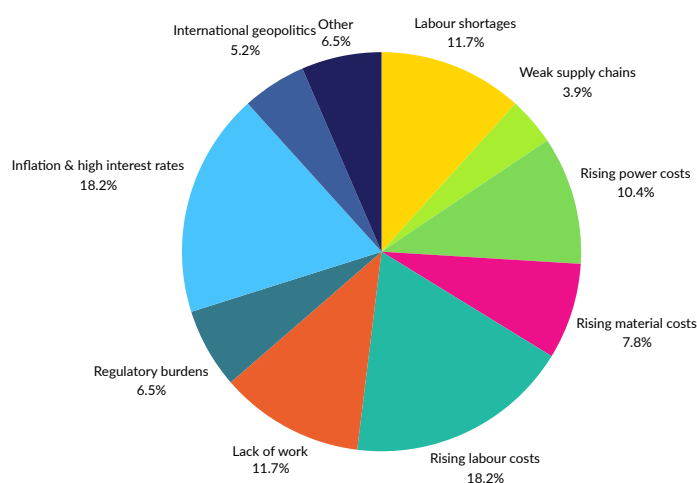


Figure 7. As a business owner or senior manager, what factors are most likely to inhibit the growth of your business in the next 12 months?

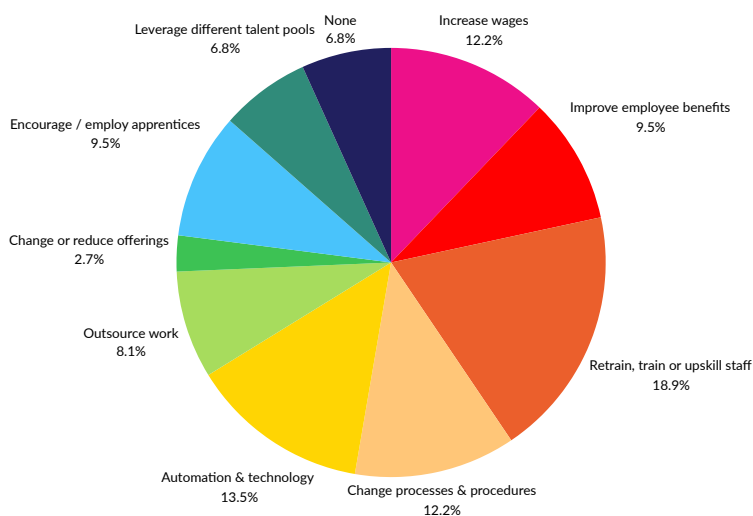


Figure 8. What strategies will your business implement in the next 12 months to combat staff shortages?



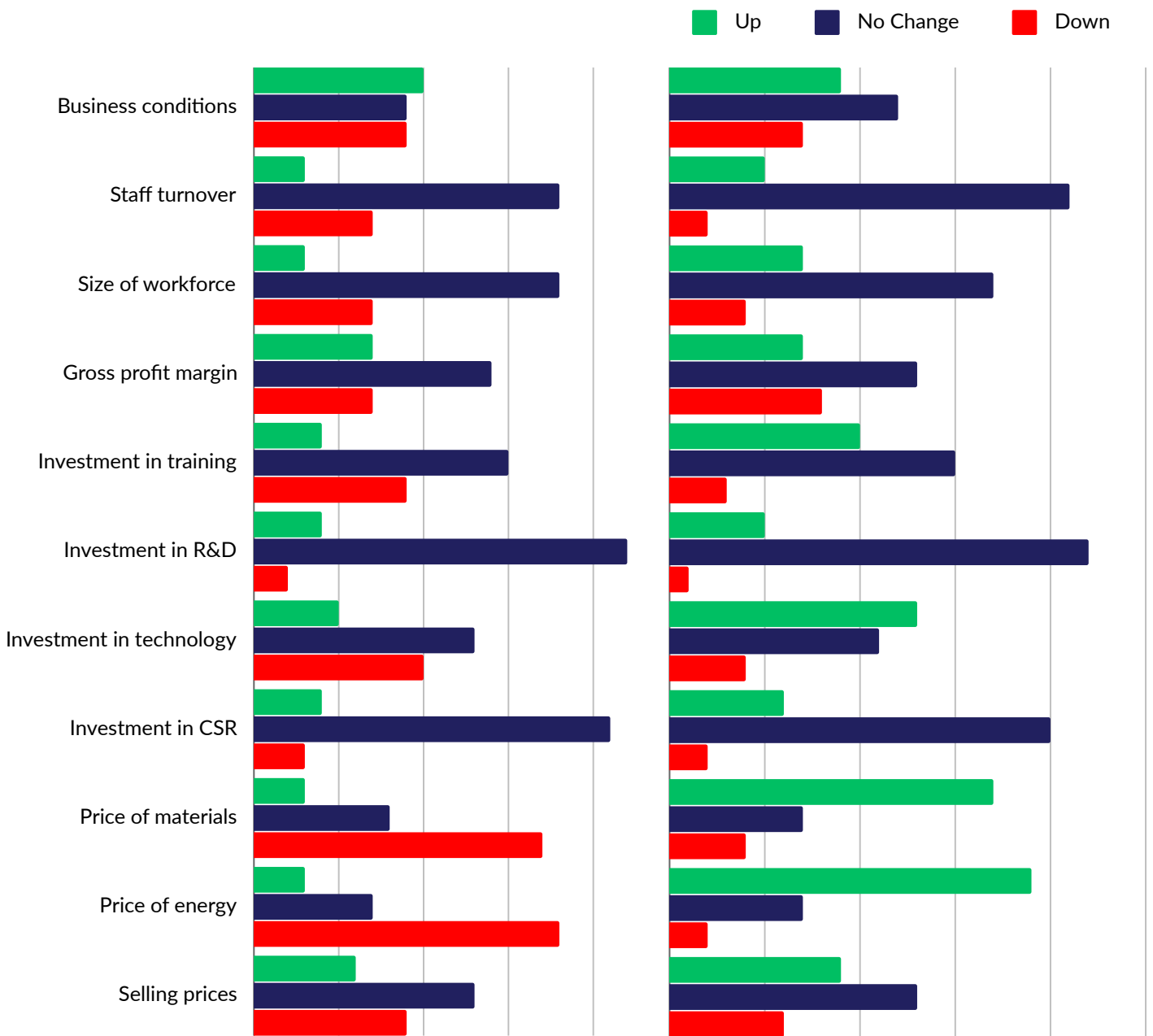


Figure 9. Please rate the performance for the following indicators for your business in the **last** 12 months.

Figure 10. Please rate how you expect the indicators to perform for your business in the **next** 12 months.

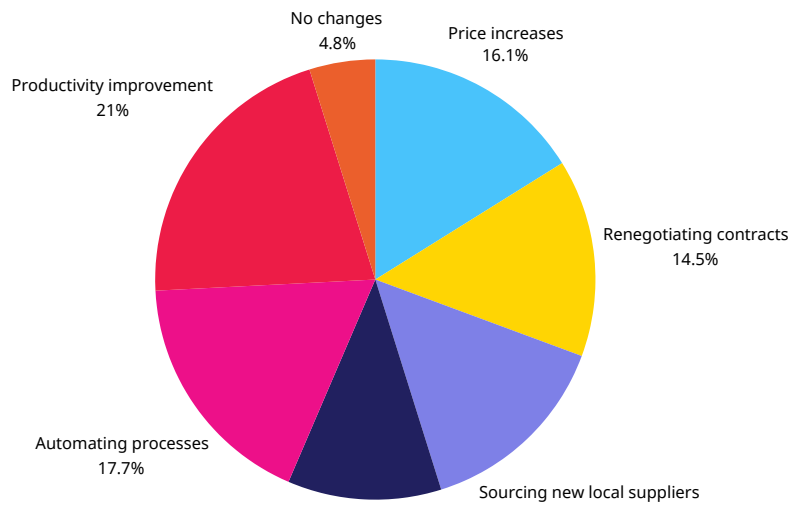
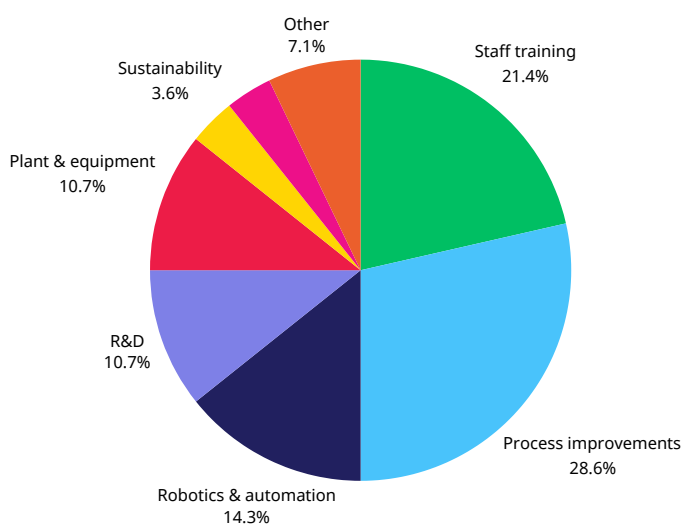
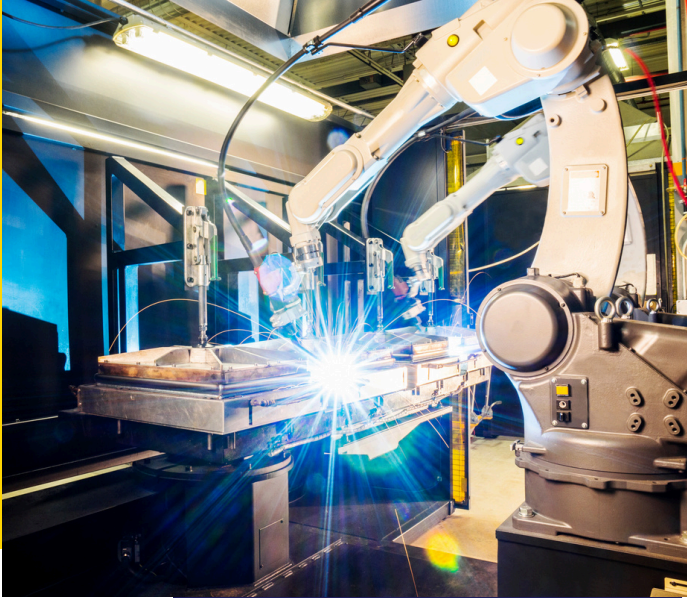


Figure 11. What is the main investment priority for your business in the next 12 months?

Figure 12. Given inflation and rising costs, does your business intend on implementing any of the following this year, or has it already implemented?



PRODUCTIVITY AND TECH INVESTMENT



Australian welders are highly-productive: two-thirds of business rate the productivity of their current welding staff as good or excellent. However, out of the total labour hours per shift, 25% of Australian welders spend less than two hours doing welding (with the arc switched on); 58% spend four hours or less.

The factors most likely to impact on the productivity of welding staff are materials handling (42%) and staff shortages (25%), followed by joint preparation and fit up (21%).

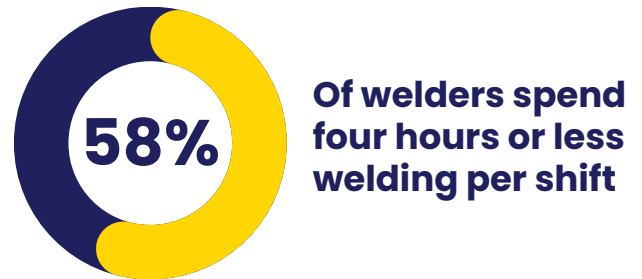
And yet the uptake of advanced welding technology remains relatively slow: a majority of businesses have not planned any investment for this year. In fact, tech investment has not risen substantially since 2023, and in some areas has actually dropped.

The types of technology that the welding industry has planned, in progress or completed include:

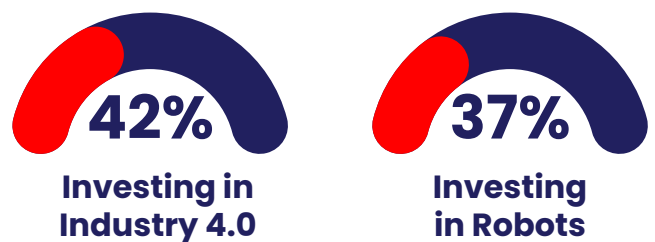
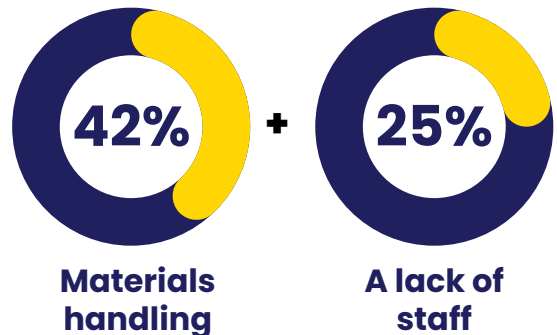
- Industry 4.0: 42% (up slightly from 40% in 2023 and 25% in 2022)
- Robots: 37.5% (up from 36% in 2023, and 28% in 2022)
- Cobots: 25% (down from 35% in 2023, and 28% in 2022)
- Augmented or virtual reality: 21% (down from 30%; not reported in 2022)
- Drones: 21% (down from 32%; not reported in 2022).

The largest area of adoption is robots: one-quarter of businesses have at least started investing in this technology. But that leaves many welding businesses that are still not leveraging robots or cobots—and of the adopters, 25% use them for welding for less than two hours a day.

Given that the major barriers to productivity are materials handling and a lack of skilled staff, there is a clear opportunity for welding businesses to harness the capabilities of advanced welding technologies to help address these issues.



This is due to...



SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Sustainability continues to be a growing area of focus for the welding industry. 11% of businesses increased their investment into environmental initiatives in the past year, and this figure is expected to almost double (21%) in the next 12 months.



An overwhelming majority of welders (69%) support the Federal Government’s Climate Change Bill which will bring into effect Australia’s emissions reduction target of 43% and net zero emissions by 2050. However, almost as many respondents (66%) say they would like to see the government do more to help industry transition to net zero by the target date.

Welding businesses are doing what they can on their own to ramp up investment into sustainability initiatives. Most have already planned, started or completed (see Figure 13):

- Implementation of LED or sensor lighting (74%; down from 80% in 2022; up from 53% in 2022)
- Waste reduction programs (76%; down from 78% in 2023; up from 46% in 2022)
- Recycling, upcycling and repurposing programs (70%; down from 75% in 2023; up from 46% in 2022)
- Digital transformation (64%; down from 73% in 2023; up from 33% in 2022)
- Water use reduction (65%; up from 60% in 2023; not recorded in 2022)
- Installation of solar panels (53%; down from 60% in 2023; up from 41% in 2022)
- Purchasing electric or hybrid vehicles (35%; down from 39% in 2023; not recorded in 2022)
- Power factor correction (33%; down from 39% in 2023; up from 10% in 2022)

While these numbers represent a substantial increase from 2022, it’s worth noting that all have fallen slightly since last year’s survey—which may indicate a shifting of focus to the more pressing issue of rising operating costs. And with over half of welding businesses yet to initiate a net carbon plan, the need for government support for industry decarbonisation is evident.

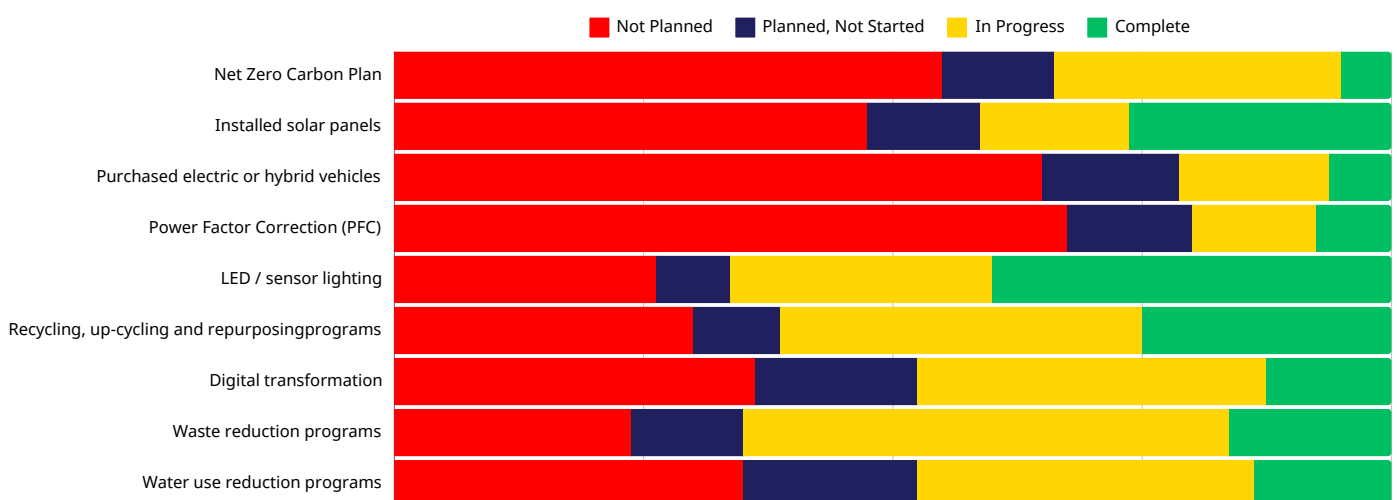


Figure 13. Has your business, or the business you work for, invested in any sustainability initiatives?





Similarly in the area of corporate responsibility, all figures are down slightly from 2023—potentially due to a change in priorities amid cost challenges. But encouragingly, many welding businesses are still investing in a range of corporate responsibility initiatives.

Measures that the welding industry has planned, in progress or completed include (see Figure 14):

- Employee wellbeing programs (76%; down from 80% in 2023; not recorded in 2022)
- Opportunities for women (76%; down from 81% in 2023; up from 63% in 2022)
- Mental health and fitness programs (75%; down from 79% in 2023; up from 59% in 2022)
- Opportunities for apprentices and trainees (71%; down from 81% in 2023; up from 63% in 2022)
- Diversity and inclusion initiatives (69%; down from 74% in 2023; up from 63% in 2022)
- Modern Slavery Act initiatives (59%; up from 52% in 2023 and 33% in 2022)
- Implementing a Reconciliation Action Plan (48%; down from 53% in 2023; up from 31% in 2022)

71% of respondents consider advocacy on industry issues to be highly important, particularly around quality standards (61%), skilled labour shortages (59%), and funding for TAFEs (53%). Most welders have completed an apprenticeship (75%) and are passionate about gaining practical skills and knowledge relevant to their career field.

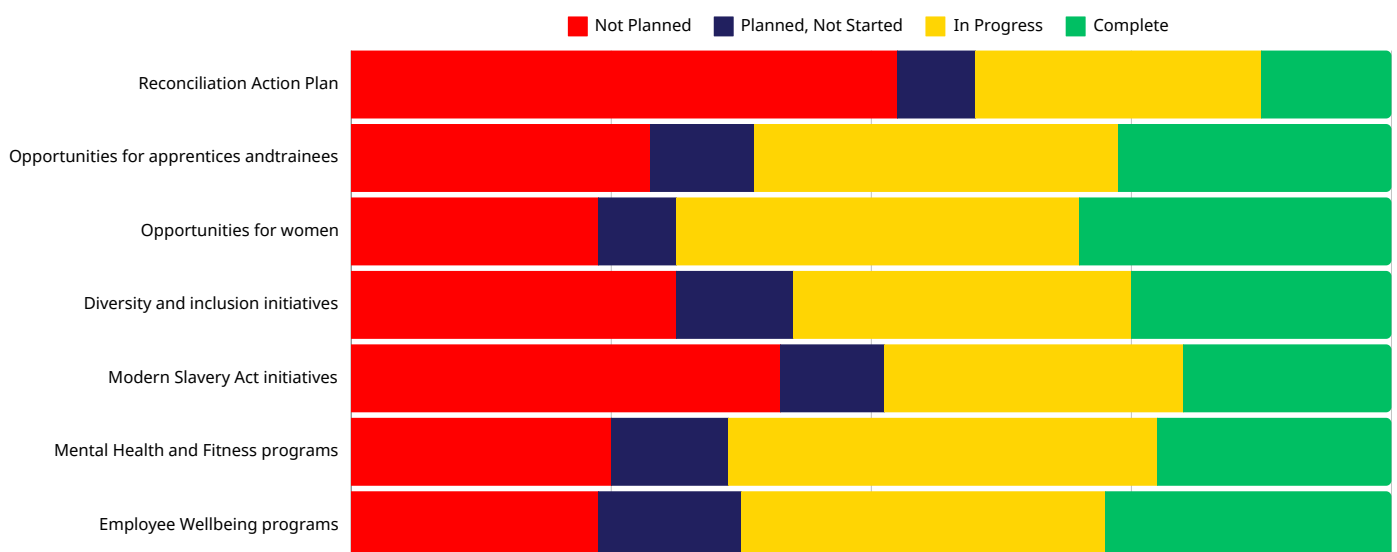


Figure 14. Has your business, or the business you work for, invested in any corporate responsibility initiatives?



ABOUT WELD AUSTRALIA

Weld Australia is the peak body representing welding in Australia. Our mission is to 'facilitate the growth of world class welding in Australia'. Members are made up of individual welding professionals and companies. Weld Australia corporate members include power generators, defence primes, road authorities, fabricators, universities, research institutions and TAFE. They are involved in almost every facet of Australian industry and make a significant contribution to the economy. Weld Australia is the Australian representative member of the International Institute of Welding (IIW).

