

Shipbuilders with safety problems winning military contracts

The government is paying billions to shipbuilders with histories of safety lapses

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From Reveal at the Center for Investigative Reporting, special correspondent Aubrey Aden-Buie reports:

TRANSCRIPT:

JUDY WOODRUFF: As a candidate, President Trump called for the largest expansion of the Navy since the Reagan administration, but his latest budget proposal contains more modest short-term increases. Still, it would boost business in the U.S. shipbuilding industry, which, despite serious safety violations in the past decade, continues to win billions of dollars in contracts to build Navy and Coast Guard vessels.

Aubrey Aden-Buie of Reveal, from the Center for Investigative Reporting, has the story.

JOHN WILLIAMS: I love you, baby doll.

WANDA WILLIAMS, John's Wife: I love you, too.

AUBREY ADEN-BUIE: Wanda Williams' life changed forever when her sister-in-law rushed to her house in 2014.

WANDA WILLIAMS: And she got out of the car crying. And she said that John got hurt and he was hurt really bad.

AUBREY ADEN-BUIE: Wanda's husband, John, nearly died in an accident at the shipyard where he worked.

WANDA WILLIAMS: We would have never thought that this would have happened to him, because this is things that he did every single day. He went to work as my husband, and he came home as a child.

AUBREY ADEN-BUIE: Wanda now takes care of her husband 24 hours a day.

The accident happened three years ago at a VT Halter Mississippi shipyard. A surveillance camera recorded as Williams' crane lost balance and suddenly tipped over. His co-worker, Willie Horne, saw it happen.

WILLIE HORNE, Former Rigger Operator, VT Halter Marine: The boom pulled back and it just bounced back all kind of ways. And he was just messed up. His head was crushed. That stuff like that, it's just something that you just can't forget like that.

AUBREY ADEN-BUIE: The accident crushed Williams' skull and left him blind. For months before the accident, he had complained about the crane's broken load sensor. VT Halter re-installed the sensor two

days earlier, but the Occupational Safety and Health Administration, or OSHA, later determined it wasn't fully operational.

There is a history of serious accidents at VT Halter. A few years earlier, two workers were killed applying paint thinner inside a tugboat. In this crawlspace, while working with insufficient ventilation and without explosion-proof lights, vapors built up over 600 times the legal limit, igniting in a flash fire.

Joey Pettey barely escaped the blast.

JOEY PETTEY: The explosion, when it happened, it blew doors and hatches and electrical panels, boom, boom, boom. When that third one hit, it blew it out.

AUBREY ADEN-BUIE: OSHA investigated and called that accident horrific and preventable, and fined the company over \$800,000.

But a month following the explosion, the Navy awarded VT Halter the contract to build this ship, worth \$87 million.

JOEY PETTEY, Former Painter, VT Halter Marine: The contracts are pretty hefty amounts, and the fines is really low. It seems like a slap on the wrist when you got that kind of money rolling around.

AUBREY ADEN-BUIE: We repeatedly reached out to VT Halter, but they declined to comment or to be interviewed.

They're one of seven major U.S. shipbuilders that contract with the Navy and Coast Guard. Our review of federal contracts, court records, and OSHA files found that, since 2008, the federal government has awarded more than \$100 billion to these companies, despite serious safety lapses that have endangered and killed workers.

In neighboring Mobile, Alabama, Austal USA is building some of the country's newest naval vessels. Huge aluminum modules are assembled into warships on the banks of the Mobile River. But dozens of its workers have been injured by a power tool used to cut through metal.

Their own top safety manager dubbed it the widow maker.

MARTIN OSBORN, Welder, Austal USA: The day of my accident, I was using the miller, as it is called at Austal.

AUBREY ADEN-BUIE: Martin Osborn is a welder at Austal.

MARTIN OSBORN: I was up in a boom lift, as we call it, or a man lift, up in the air about 40 feet, cutting a lifting lug off the side of a module, and had a violent kickback. It kicked out of my hands and went across my left hand, cutting me pretty bad. I didn't take my glove off, because, I knew if I did that, I would have blood everywhere.

AUBREY ADEN-BUIE: Before Osborn's accident, Austal modified the Metabo grinder by replacing the standard disc with a sawtooth blade made by an outside company. This made the tool more versatile, able to cut through aluminum more quickly.

But the manufacturer of the grinder specifically warned against using these blades, saying they cause frequent kickback and loss of control.

MARTIN OSBORN: I have seen pictures of people getting cut in their face, in their necks, in their thighs. It's the most dangerous tool I have ever put in my hands.

AUBREY ADEN-BUIE: Does Austal know that the tool is as dangerous as it is?

MARTIN OSBORN: Yes, ma'am, they do.

AUBREY ADEN-BUIE: Company e-mails among Austal's managers obtained by Reveal show that, even before Osborn's accident, they called the modification lethal, and the grinders an accident waiting to happen.

Yet, according to Osborn, Austal workers still use the grinder daily.

MARTIN OSBORN: I have had numerous supervisors tell me that, you know, if you don't want to use the tool, go get a job at Burger King.

AUBREY ADEN-BUIE: Despite repeated requests, Austal declined to comment for this story. The company has received more than \$6 billion in Navy contracts since 2008.

But when OSHA concluded the saw exposed workers to amputations, severe lacerations, and other injuries, they fined the shipyard just over \$4,000. Austal's own records show at least 50 workers were injured by the tool in four years.

BRIAN DUNCAN, Attorney: Why would any manufacturer or any company continue to use a tool after dozens and dozens of people have been injured?

AUBREY ADEN-BUIE: Attorney Brian Duncan is representing Osborn, along with eight others, in a lawsuit which he hopes will bring more than just compensation.

BRIAN DUNCAN: I hope, when there are companies out there that have intentionally, knowingly violated safety standards, that somebody will come in, in that scenario and will hold those people accountable.

AUBREY ADEN-BUIE: David Michaels, the head of OSHA under former President Obama, was until recently in charge of enforcing workplace safety laws. He acknowledges that OSHA's maximum penalties are insufficient, capped by federal law.

DAVID MICHAELS, George Washington University School of Public Health: They're tiny compared to the contracts that many of these companies get from the government and from the private sector.

AUBREY ADEN-BUIE: He says that the real power the government holds is in awarding the contracts themselves.

DAVID MICHAELS: The biggest fine is a million dollars, two million dollars. That is petty cash for these companies that get \$100 million, \$200 million, \$300 million contracts from the Defense Department to build ships that are protecting the United States. We need to be protecting our workers as much as protecting our shores.

MATTHEW PAXTON, President, Shipbuilders Council of America: I know Navy puts a high priority on safety, as do our shipyards that are building those ships.

AUBREY ADEN-BUIE: President of the Shipbuilders Council of America, Matthew Paxton, says the government does consider safety records when awarding contracts.

MATTHEW PAXTON: I think they take that into a whole lot of considerations that they have to figure out on their contracting end. And there's many requirements that go into that beyond safety. But safety's in there.

AUBREY ADEN-BUIE: Yet, the Navy's history of awarding contracts to companies with repeated violations suggests that it places little emphasis on safety records.

NAVSEA, the Naval command responsible for shipbuilding contracts, declined an on-camera interview, but a spokesperson said in an e-mail that it's up to OSHA, not the Navy, to enforce federal safety laws.

They added: "We are not the overlords of private shipyards when it comes to workplace safety."

DAVID MICHAELS: The Navy has the power. They can easily say, if workers are hurt, if you don't follow the basic commonsense safety rules, you don't get any more contracts. That would have a huge impact.

AUBREY ADEN-BUIE: Former President Obama signed an executive order that required companies to disclose three years of safety violations when vying for large federal contracts. But a federal court blocked that order. And, this spring, Congress drafted a resolution to overturn it altogether.

SEN. MITCH MCCONNELL, R-Ky., Majority Leader: The regulations aren't issued in a vacuum. They have real economic consequences that can harm the middle class. They can kill jobs, raise prices, depress wages and lower opportunities.

AUBREY ADEN-BUIE: President Trump signed the resolution into law, meaning companies don't have to disclose their safety records when competing for contracts.

That same month, Senator Elizabeth Warren asked the Justice Department to open a criminal investigation into VT Halter.

SEN. ELIZABETH WARREN, D-Mass.: We want to get to the bottom of why people have died and what kind of responsibility the company itself has.

AUBREY ADEN-BUIE: Warren wants the Navy to scrutinize safety records when granting contracts to all shipbuilders.

SEN. ELIZABETH WARREN: And in the same way that they look at how much is it going to cost, they also need to look at whether or not this is a contractor who injures and kills employees.

AUBREY ADEN-BUIE: At Austal's shipyard, Martin Osborn still frequently uses a sawtooth blade like the one that cost him his finger. He says nothing will change unless shipyards are made to pay a price for putting workers at risk.

MARTIN OSBORN: We're not worried about if you get cut or the next guy gets cut. We just put another guy in your place and move on down the road.

AUBREY ADEN-BUIE: For the PBS NewsHour, I'm Aubrey Aden-Buie in Mobile, Alabama.