Safeguards Submission: Impacts of Cheap, Imported, Poor-Quality Fabricated Steel Components on Local Manufacturing, Construction Quality and Supply Chains

Prepared for: Productivity Commission

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Executive summary

- Local manufacturers of fabricated steel components are being undercut by cheap imports that are frequently of inconsistent quality, poorly documented, and difficult to trace through multi-tier supply chains.
- The resulting market distortion suppresses investment in Australian manufacturing capability, apprenticeships, and productivity improvements, while transferring risk to builders, project owners and the public when components do not meet Australian Safety Standards and specification.
- Where poor-quality fabricated steel enters construction and transport projects, the downstream impacts include rework, delays, higher whole-of-life costs, safety risks, warranty disputes, and significant administrative burden associated with testing, rectification and claims.
- Communities experience job losses and reduced industrial capability; critical supply chains become more exposed to overseas disruption, geopolitical shocks and shipping volatility.

This submission recommends stronger procurement and compliance settings: clearer technical specification and traceability requirements, consistent enforcement at border and on-site, proportionate penalties for non-conforming product, and procurement models that value whole-of-life cost and verified compliance (not lowest upfront price). SEMMA proposes that the form of the Safeguard measure should have a quota at pre-surge import levels, and that only imports in excess of these levels should be subjected to the tariff.

A Tariff Rate Quota (TRQ) comprising a 50 percent tariff that applies to all imports above a specific quota limit would address the difference in price between imports and the equivalent goods provided by the Australian industry. This tariff level would also be comparable to what has been introduced in comparable jurisdictions such as the European Union and the United States, thereby helping to limit any additional surge impact from imports that are diverted from these markets.

Background and context

Fabricated steel components—such as structural beams and columns, platework, connection assemblies, handrails and balustrades, bridge components, gantries, frames, brackets, and prefabricated modules—are widely used across building construction and transport infrastructure (road, rail and ports). These components are often safety-critical and must be manufactured and installed in accordance with project specifications, Australian Standards, and relevant codes.

In recent years, local fabricators have faced sustained competitive pressure from imported fabricated steel components offered at very low prices. In many cases these imports arrive with limited verifiable documentation, inconsistent material certification, inadequate weld procedure qualification records, and unclear traceability from raw material through to final fabrication and coatings. When such products are accepted into projects—particularly where procurement emphasises lowest upfront cost—risk is transferred to principals, contractors, subcontractors and ultimately the public.

Nature of the problem

- **Price-driven procurement:** Tenders and subcontract packages can unintentionally reward the lowest upfront price rather than verified compliance, whole-of-life value and local economic benefit.
- **Substitution and scope splitting:** Components specified to be locally fabricated or to particular standards may be substituted (in part or whole) through multi-tier subcontracting, often late in the program when oversight is limited.
- **Documentation gaps:** Mill certificates, traceability records, welding qualifications, inspection and test plans, and coating certificates may be incomplete, inconsistent or difficult to validate.
- **Verification at the wrong point:** Non-conformance is frequently discovered only after delivery to site or after installation, when rectification is most expensive and disruptive.
- **Limited deterrence:** Where consequences for supplying non-conforming fabricated steel are unclear or weak, the commercial incentive remains to take shortcuts.

Economic impacts on local manufacturers

Local fabrication businesses operate in a high-compliance environment: they invest in qualified trades, engineering oversight, certified welding procedures, calibrated equipment, documented quality systems, and workplace safety. When cheap imports that do not meet equivalent standards compete directly for the same work, compliant local firms face a structural disadvantage.

- **Margin compression and lost contracts:** Local firms are forced to bid below sustainable levels or lose work, reducing profitability and business resilience.
- **Reduced investment:** Uncertainty and diminished returns discourage capital expenditure on automation, digital QA systems, and advanced fabrication capability.
- **Underutilised capacity:** Workshop utilisation drops, raising unit costs and making it harder to retain skilled employees.
- **Exit and consolidation:** Smaller regional fabricators are at greater risk of closure, reducing competition and local capability over time.
- **Cost transfer to principals:** Any upfront “savings” are often offset by later costs associated with verification, rework, delays and dispute resolution when non-conforming components are detected.

Social and workforce impacts

Fabricated steel manufacturing supports skilled, well-paid jobs and apprenticeships and underpins broader industrial ecosystems (engineering services, steel distribution, transport, protective coatings, NDT, and equipment maintenance). When projects rely on imported fabrication, these local multipliers are diminished.

- **Job losses and reduced career pathways:** Lower local workload leads to redundancies and fewer entry-level opportunities for apprentices and trainees.
- **Skills erosion:** Intermittent work results in loss of specialist fabrication and welding capability that is difficult and slow to rebuild.
- **Regional impacts:** Many fabrication businesses are located in outer-suburban and regional areas; closures can have outsized effects on local economies.
- **Safety culture dilution:** When non-compliant product is normalised through the supply chain, it undermines a culture of quality and safety across the industry.

Supply chain and project delivery impacts

- **Reduced resilience:** Increased dependence on offshore fabrication exposes projects to shipping delays, port disruptions, currency movements, and geopolitical risk.
- **Longer and less controllable lead times:** Offshore production and transit can reduce flexibility to accommodate design changes, latent condition discoveries, or accelerated programs.
- **Traceability challenges:** Multi-tier supply chains make it harder to verify material origin, heat numbers, welding consumables, and inspection records.
- **Higher rework risk:** When dimensional tolerances, hole patterns, welding, coatings or galvanising are not to specification, rectification can require on-site rework, re-fabrication, or replacement.
- **Interface and integration problems:** Poorly made components can cause misalignment with other trades (e.g., precast, mechanical supports, rail systems), compounding delays.
- **Claims and disputes:** Non-conformance drives contractual disputes over responsibility for testing, rectification, delay and consequential costs.

Quality, safety and compliance risks

Fabricated steel components can be safety-critical. Failure modes may include brittle fracture, fatigue cracking, bolt slippage or failure, weld defects, corrosion, and coating breakdown. Even where catastrophic failure does not occur, poor quality can materially shorten service life and increase maintenance burden.

- **Material compliance:** Unverified steel grade, incomplete mill test certificates, or certificates that cannot be reliably matched to supplied components.
- **Welding quality:** Lack of qualified welding procedures and welder qualifications; inadequate NDT; evidence of undercut, lack of fusion, porosity, or poor fit-up.
- **Dimensional tolerances:** Incorrect hole sizes/locations, plate thickness variation, out-of-square assemblies, and poor jig control leading to installation difficulties.
- **Coatings and corrosion protection:** Insufficient surface preparation, coating thickness non-conformance, poor galvanising quality, or lack of traceable coating certificates.
- **Documentation integrity:** Inspection reports and certificates provided after the fact, inconsistent across batches, or not aligned with the project's inspection and test plan.

Illustrative examples

The following examples are provided as templates. They can be replaced with specific project experiences, photos, test reports, NCRs, or commercial impacts as appropriate.

1. **Building project – structural steel package: GMBH Stadium, Geelong Victoria:** Imported poorly fabricated (welded) structural components on the GMBH Stadium rebuild in Geelong led to works stoppage while an investigation was completed. The investigation revealed the imported fabricated steel it did not meet Australian Standards. See information below:

AFL

Steel defects delay GMHBA Stadium redevelopment

The Geelong Football Club has confirmed the new 14,000-seat northern grandstand at GMHBA Stadium won't be ready for any part of the 2023 AFL season.

It means the ground's capacity will continue to be restricted to around 26,000 for the Cats' nine home games during the 2023 season. The AFL had delayed Geelong's first game at the venue until round six, with the completion date initially set for "mid-2023".

The club told its members last year it would not sell seats in the new stand until it had clarity which games it would be opened for.

It's been reported the delays on the $142 million state government-funded grandstand are primarily due to problems with the quality of welding on steel imported from Qatar. "Uncertain and challenging environments" and supply chain problems have also been blamed for the delay.

The decision by builder Watpac to source 1200 tonnes of steel from overseas for the Kardinia Park project meant builders breached their commitment to local content baked into major project contracts.

Geelong CEO Simon Kelleher said, "the club is disappointed with the delays to the fifth state ... and that the builder is unable to meet the previously stated completion date".

Once completed, GMHBA Stadium will boast a seating capacity of 40,000. Geelong hosts Collingwood in round one of the AFL season on March 17 at the MCG.

2. **Building project – structural steel package: Kew Recreation Centre, Kew, Victoria:** This construction project failed and collapsed, halting works. The investigation revealed that the contractor had failed to ensure a competent person reviewed the necessary documentation and that the welded trusses met Australian Standards. See information

below released on 10 March 2026:

> An investigation found the truss was not fabricated in accordance with design drawings and fabrication requirements, meaning anyone on site near the unstable structure after it was erected in February 2022 was at risk of serious injury or death.
>
> The estimated $850,000 two-year undertaking requires ADCO to:
>
> - Research, prepare and draft a detailed new Industry Standard for structural steel procurement, fabrication and erection, which will include a focus on welding quality assurance awareness and practical adaptive checklist forms and templates. This will include at least three two-hour focus groups with industry specialists to inform the development of the standard.
> - Develop a package of three separate 1.5-hour training sessions that follow the content structure of the newly-developed industry standard presented via webinar and made publicly available for three years; and organise an industry breakfast symposium to increase awareness of the new standard and training package.
> - Donate $160,000 to the Victoria Local Learning and Employment Network – an organisation that helps improve education, training and employment pathways for young people – with the focus of the donation to stimulate existing engineering, building and construction placement pathways at TAFE institutions.
>
> WorkSafe Chief Health and Safety Officer Sam Jenkin said the length of time the risk of injury or death was active was deeply concerning.
>
> "It is essential that workplaces using imported steel have robust quality assurance systems in place to ensure the steelwork meets design requirements and industry standards so that people are protected from the risk of structural failure or collapse."
>
> "This comprehensive enforceable undertaking will ensure that over the next two years, ADCO contributes meaningfully to the wider construction industry by addressing any safety gaps with the latest information, research, standards and training to help prevent similar incidents from happening in the future."
>
> "This will be a good outcome for the Victorian community."
>
> Colab Building Tech Pty Ltd, the sub-contractor that engaged the company that fabricated the GT1 truss, is also facing charges in relation to the incident.

Policy objectives

- Protect public safety and asset performance by ensuring fabricated steel used on projects is demonstrably compliant with specifications and relevant standards.
- Promote fair competition by requiring imported product to meet equivalent verification, traceability and compliance obligations as local fabrication.
- Strengthen supply chain resilience and sovereign capability by sustaining a viable local fabrication sector.

- Reduce whole-of-life project cost by minimising rework, delay, defects, and premature maintenance arising from non-conforming components.

Recommendations

Procurement settings that reward verified compliance and whole-of-life value

1. This submission recommends stronger procurement and compliance settings: clearer technical specification and traceability requirements, consistent enforcement at border and on-site, proportionate penalties for non-conforming product, and procurement models that value whole-of-life cost and verified compliance (not lowest upfront price). SEMMA proposes that the form of the Safeguard measure should have a quota at pre-surge import levels, and that only imports in excess of these levels should be subjected to the tariff.

- A Tariff Rate Quota (TRQ) comprising a 50 percent tariff that applies to all imports above a specific quota limit would address the difference in price between imports and the equivalent goods provided by the Australian industry. This tariff level would also be comparable to what has been introduced in comparable jurisdictions such as the European Union and the United States, thereby helping to limit any additional surge impact from imports that are diverted from these markets.
  Adopt procurement weighting that explicitly values **conformance assurance**, **traceability**, **quality system maturity**, **delivery certainty**, and **whole-of-life cost** (not only tendered price).
- Require tenderers to disclose the **fabrication location(s)** and all tiers of the fabrication supply chain at bid stage, with contractual controls on substitution.
- Include a "**no evidence, no install**" rule: safety-critical fabricated steel cannot be installed until specified compliance documentation is verified.
- Use contract mechanisms that make the supplier financially responsible for costs of verification, quarantine, rework and replacement where non-conformance is detected.

2. Stronger traceability, certification and documentation requirements

- Mandate end-to-end traceability for fabricated steel (from mill heat to finished component) for nominated categories of work (e.g., primary structural members, bridge components, overhead gantries, lifting points).
- Require third-party certification (or equivalent independent verification) of quality management systems, welding qualifications, and inspection/testing for high-risk components.
- Standardise documentation packs: mill certificates, welding procedure qualifications, welder qualifications, NDT reports, dimensional inspection records, coating/galvanising certificates, and as-built traceability schedules.
- Implement digital traceability where practicable (unique component IDs linked to certificates and inspection records) to reduce document fraud risk and improve auditability.

3. Compliance, enforcement and deterrence

- Increase targeted audits of imported fabricated steel used on publicly funded projects, including random sampling and verification of certificates.

- Clarify accountability across the chain (importer, supplier, fabricator, head contractor) for ensuring product conformity, with proportionate penalties for supplying or installing non-conforming components.
- Establish clear quarantine and rectification protocols to prevent non-conforming product being "worked around" on site.
- Publish de-identified compliance outcomes to improve transparency and drive behavioural change across the market.

4. Support local capability and resilient supply chains

- For major construction and transport projects, adopt local industry participation requirements that are achievable, transparent, and focused on capability building (not box-ticking).
- Encourage packaging strategies that enable competitive local bidding (e.g., separating design-assist and fabrication lots, providing sufficient lead time, and avoiding unnecessarily bundled scopes).
- Invest in workforce development (apprenticeships, welding and inspection training) and in modern manufacturing capability (digital QA, automation, advanced welding and cutting).
- Maintain a pipeline of work and forward visibility so local firms can invest confidently and retain skilled staff between projects.

Implementation considerations

- **Risk-based application:** Apply the strongest requirements to safety-critical or high-consequence components; use streamlined documentation for lower-risk items.
- **Clear definitions:** Define "fabricated steel component", "safety-critical", "traceability", and "independent verification" to reduce ambiguity in contracts.
- **Transitional period:** Provide a staged introduction (e.g., 6–12 months) to allow suppliers to adjust systems and documentation practices.
- **Cost/benefit framing:** Evaluate initiatives on whole-of-life cost (including defects, delay and maintenance), not solely on procurement price.
- **Coordination:** Align requirements across agencies and major principals to avoid inconsistent rules that increase cost without improving outcomes.

Conclusion

Cheap, imported and poorly made fabricated steel components can create an illusion of savings while imposing significant economic, social and supply chain costs on Australia. Stronger procurement, traceability and enforcement settings—applied in a risk-based manner—will improve safety and asset performance, reduce rework and delay, and help maintain the local manufacturing capability needed for resilient delivery of construction and transport infrastructure.

Appendix A: Compliance and traceability checklist

- Fabrication location(s) declared and approved; no substitution without written approval.
- Material certificates provided and matched to component IDs/heat numbers.
- Welding procedures qualified; welders qualified for the process/material/position.
- Inspection and test plan agreed; hold/witness points defined; records retained.
- NDT completed to required extent and acceptance criteria; reports traceable to weld IDs.
- Dimensional inspection completed against drawings; tolerances recorded.
- Coating/galvanising certificates provided; surface preparation and thickness verified.
- As-built traceability schedule delivered before installation/hand-over.