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SAFEGUARD SUBMISSION

Imported Fabricated Structural Steel - Submission to the Productivity Commission

April 2026

1. Business Overview

Size of Business

- Annual turnover: Approximately $18–20 million per annum
- Number of employees: 31 employees comprising trades, apprentices, engineers, project management, administration and support staff
- Approximate annual production volume: Approximately 2,500–3,500 tonnes per annum, depending on project mix and complexity

Company Background

NEACH is a Queensland-based structural steel fabrication and installation business with 50 years of continuous operation, founded in 1975 as Noosa Marine and General Engineering. Under the current Managing Director, Ryza Garbacz, who assumed ownership in 2011, NEACH has grown into one of South East Queensland's leading structural steel specialists, delivering complex projects for Tier 1 and Tier 2 contractors across the infrastructure, government, defence, health, and commercial sectors.

NEACH delivers end-to-end structural steel capability across a 2,500sqm workshop. Notable projects delivered include Cross River Rail (Exhibition Station, Hope Island Station, Clapham Yard, Moorooka Station), Caboolture Hospital upgrades, Fitzroy to Gladstone Pipeline, Gallipoli Barracks, Bruce Highway upgrades, and major commercial and industrial facilities.

Products Manufactured and Relevant Tariff Code Classifications

NEACH manufactures fabricated structural steel products falling within the following HS tariff code categories:

- HS 7308 – Structures and parts of structures (including fabricated structural steel)

Accreditations and Compliance Framework

NEACH holds the following industry accreditations, which represent material cost obligations with no equivalent requirement for imported product:

- AS/NZS 5131 to Construction Category CC3
- MRTS78 Prequalified Fabricator (Queensland Department of Transport and Main Roads)
- ISO 3834 - Quality requirements for fusion welding of metallic materials - Part 2: Comprehensive quality requirements
- ISO 9001 — Quality Management System
- ISO 14001 — Environmental Management System
- ISO 45001 — Occupational Health and Safety Management System
- International Welding Engineer (IWE) and International Welding Inspectors (IWI-B) on staff

These certifications are not just administrative. They require ongoing investment in systems, training, auditing, documentation and personnel. They are a precondition for participation in Tier 1 infrastructure procurement in Australia and represent a structural cost embedded in every tonne of steel that NEACH fabricates. Imported *fabricated steel arriving without equivalent certification obligations can be priced lower simply because these costs are not incurred.*

Exposure to Import Competition

- Approximate percentage of revenue exposed to direct import competition: 60–80%, with both Tier 1 and Tier 2 projects being affected.

NEACH services a mix of public and private sector clients, with key segments including:

- Government (state and federal infrastructure projects)
- Utilities (energy, water, renewables)
- Transport (road, rail, and associated infrastructure)
- Local councils (civic and community infrastructure)
- Commercial and industrial construction

Exposure to schools and healthcare exists primarily through government-led construction programs rather than direct procurement.

2. Evidence of an Import Surge

2.1 Market Observations

NEACH has directly observed increased import penetration across its primary product categories over the period 2022–2026. This is evidenced through competitive tender outcomes, pricing dynamics in multi-quote processes, and intelligence obtained through client and industry engagement.

The most significant and measurable shift has occurred in Tier 2 and Tier 3 project markets — commercial, industrial, and secondary infrastructure work — where imported fabricated steel has increasingly displaced domestic competition. This shift has intensified over the past two to three years.

At an industry level, *ABS data confirms that imports of fabricated steel products under HS code 7308 have increased by approximately 50% since 2020, with a sharp upward trajectory from 2022 onwards.* This is consistent with NEACH's direct commercial experience. The notification to the WTO regarding the application to safeguard the evidence submitted by the applicants indicates that total imports of the FSS products concerned increased 38.7%, from 389,169 to 539,649 tonnes, in the period from 2020 to 2024. There was a marked increase in imports in 2021 when levels reached 483,577 tonnes, after which they have remained significantly elevated.

2.2 Lost Contracts and Market Share

NEACH can provide the following direct evidence of tender outcomes where imported fabricated steel was the material factor in pricing displacement:

Example: CSR Coopers Plains Calcining Plant

- Project description: Structural steel fabrication package, industrial processing facility
- Outcome: Advised of placement in 7th position out of 8 tenders received
- Competing price range: Four tenders received in the $4–$5 million range
- Winning contractor: is a known business known to source fabricated products from China
- Price gap: Winning bids were approximately 47–53% of NEACH's price
- Project tender year: 2024

The magnitude of the pricing gap, NEACH's price being more than double the lowest competing bids, is not consistent with differences attributable to labour productivity, overhead efficiency, or domestic competition alone. It reflects a structural pricing difference that can only be explained by the sourcing of fabricated products from markets with materially lower cost bases and without equivalent compliance obligations.

Example: Albert Street Station Cross River Rail Brisbane

NEACH’s business development team has identified Cross River Rail’s Albert Street Station as a project where structural steel work was understood to have been procured offshore. Specific commercial details are not available to NEACH. This is consistent with a broader pattern in which major infrastructure packages, including those ostensibly subject to some local-content consideration, include imported fabricated elements.

NEACH acknowledges that it does not receive systematic notification of tender outcomes or winning prices. The examples above represent cases where information was available. The broader scope of lost opportunity is likely materially larger than the instances NEACH can specifically document.

Example: Woolloongabba Station Cross River Rail Brisbane

NEACH did not directly bid for this government-funded package, but was asked to do so. The package went to an overseas fabricator for several large packages. The managing director of NEACH was told that the main walkway bridge was fabricated offshore and was delivered with significant defects, including incorrect welds. The ongoing rework to rectify this bridge has been extensive and challenging.

Example: Roma Street Station Cross River Rail Brisbane

NEACH’s did not directly bid for this package. This major government-funded contract went to an overseas fabricator.

2.3 Pricing Impacts

Sustained Price Undercutting

Yes. NEACH has experienced sustained price undercutting in competitive tender environments where imported fabricated steel is present. Based on the CSR Calcining Plant example and general intelligence from tender feedback, the estimated price gap is in the range of 40–55% with NEACH’s compliant domestic pricing frequently in the range of 1.8 to 2.1 times the price offered by import-sourcing competitors.

This level of price differential is not commercially bridgeable through operational efficiency or overhead reduction. It reflects a structural asymmetry driven by the cost of importing from lower-cost markets without equivalent compliance obligations.

Duration of Price Pressure

Price pressure has been observable for approximately three years, with intensity increasing from 2023 onwards as the volume of imported products in the market has grown.

2.4 Other Evidence

Changes in Order Volumes and Pipeline

NEACH’s pipeline is showing signs of compression in the second half of 2026. While the business typically secures its forward workload through one or two major project wins supplemented by smaller fill-in work, the current pipeline gap is notable. NEACH acknowledges that pipeline timing, broader market conditions, and import pressure each contribute to this outcome. However, the frequency and magnitude of tender pricing displacement support the view that import competition is a material factor.

Shifts in Customer Procurement Behaviour

NEACH has observed at least one instance of a client enquiring whether NEACH fabricates in Australia or overseas, suggesting that some procurement decision-makers are actively considering import-sourced options or reassessing their suppliers' sourcing models. While this has not been a frequent direct client inquiry, it signals a shift in market expectations.

Import-Led Price Setting

The effect of import availability on market pricing is evident. In multi-quote processes with an imported product, the price envelope is depressed across the competitive field. Domestic fabricators are not merely losing tenders; they are taking time and money to provide quotations that are not comparable to overseas imports. Matching import pricing is not achievable.

3. Forecast of Injury

3.1 Financial Impacts

Revenue Trends

Revenue at NEACH has grown over the past three to five years, largely driven by increased activity in government-funded infrastructure and strong underlying demand. However, this revenue growth masks a deterioration in business growth. The trend points to further deterioration as more imported fabricated structural steel is allowed into the Australian market.

This is most evident in market segmentation. NEACH's current workload is increasingly concentrated in Tier 1 infrastructure projects, where government procurement frameworks include some limited local content considerations. In contrast, Tier 2 and Tier 3 project markets are now heavily exposed to imported fabricated steel, where pricing is significantly influenced by products not consistently subject to equivalent compliance or cost structures

3.2 Production and Utilisation

NEACH operates at a baseline capacity of approximately 200+ tonnes per month from our Noosaville facility. Currently, the facility is underutilised on **one** fabrication shift, but the business is not operating at the capacity it would be without import displacement. More significantly, NEACH is unable to pursue the volume and types of work it would otherwise compete for. The facility can operate at 3x capacity, but cannot justify further investment to proceed under current market conditions. The implementation of a second production shift has been deferred; if implemented in 2025, it would have conservatively resulted in a forecast 30% increase in turnover.

3.3 Employment Impacts

Workforce Composition

NEACH currently employs 31 people, comprising tradespeople, apprentices, engineers, project managers, and support staff. Operations are based in Noosaville, Queensland.

Hiring Freezes and Deferred Recruitment

Workforce decisions have been affected by commercial uncertainty rather than a lack of workload:

- The implementation of a second production shift has been deferred; if it had been implemented in 2025, it would have added an additional 20 employees
- Hiring has been more conservative than it otherwise would be under stable market conditions
- Growth in apprenticeships and junior roles has been moderated to avoid overexposure to an uncertain pipeline

These decisions reflect a risk-management response to margin pressure and reduced visibility into sustainable forward work. They are not the result of reduced demand for structural steel; demand remains strong. They are the result of reduced confidence that available work can be secured at commercially sustainable margins.

3.4 Investment Impacts

Capital Expenditure Deferred or Cancelled

Capital investment decisions have been directly impacted by import-related commercial uncertainty:

- Deferral of additional processing capability that would otherwise improve productivity and throughput. These investments amount to $2.5m AUD in the short-term strategic plan.
- Hesitation around further automation and equipment upgrades due to uncertainty in forward workload at acceptable margins
- Constraints on facility expansion despite underlying demand signals

> *The issue is not lack of opportunity or capability. It is lack of confidence that capital investment can be recovered under current pricing conditions. This is a rational commercial response to a market distorted by import competition that does not operate on equivalent terms.*

3.5 Attribution of Injury to Import Surges

The injury observed by NEACH is not primarily driven by macroeconomic conditions. Demand for infrastructure and construction activity has remained relatively strong throughout the relevant period. The issue is not the volume of available work; it is competitiveness within that market.

The key driver is structural pricing pressure from imported products that are not consistently subject to the same compliance, certification, and cost base as domestic manufacturers. This creates a non-neutral market where:

- Domestic suppliers carry full compliance costs (AS/NZS 5131 CC3, ISO certification, MRTS78 prequalification, and associated system and personnel costs)
- Imported products can be priced lower without equivalent obligations
- Procurement decisions favour upfront cost without accounting for compliance risk, economic impact, or sovereign capability implications

This dynamic directly links NEACH's margin compression, investment deferral, and constrained workforce growth to import competition rather than broader economic slowdown.

4.0 Response to a Safeguard Measure

If competitive neutrality were restored through a safeguard measure, NEACH would be in a position to:

- Proceed with implementation of a second production shift to increase throughput and reduce per-unit overhead
- Invest in additional processing equipment and automation to improve productivity
- Increase apprenticeship intake and structured workforce development
- Pursue larger and more complex project packages with greater confidence in pricing sustainability
- Expand internal capability rather than relying on external processing for overflow work

These actions are currently constrained by commercial uncertainty, not by capability or intent. A safeguard measure providing breathing room would directly unlock deferred investment decisions.

5. Structural Implications

5.1 Skills and Workforce

Risk of Capability Loss

NEACH's workforce includes structural steel fabricators, welders, boilermakers, engineers with certifications in Tekla BIM detailing and compliance management, International Welding Engineers and Inspectors, and experienced project managers. This capability has been developed over decades and is embedded in the business's ability to deliver complex, safety-critical work.

If import pressure continues to erode commercially sustainable work, NEACH would face pressure to reduce headcount, defer apprenticeship intake, and potentially exit markets where margin is no longer viable. Once skilled personnel are lost, this capability cannot be rapidly reconstituted.

Time to Rebuild Capability

Skilled trades and supervisors typically require three to five or more years to develop to full productivity in structural steel fabrication. Welding competency, compliance knowledge, and quality systems integration take significant time to embed. Loss of experienced personnel results in disproportionate loss of productivity and quality capability. Once lost, this capability cannot be rapidly reconstituted, particularly in a constrained labour market.

5.2 Business Viability

Import pressure has affected both tier 1 and 2 markets not yet made NEACH unviable, but it has structurally altered the addressable market. Tier 2 and Tier 3 commercial and industrial markets, which historically provided important volume and margin contribution, are now largely inaccessible on a commercially sustainable basis. This concentrates NEACH's activity in higher-end infrastructure work where limited local content provisions provide some protection. The risk is progressive market contraction if the current trajectory continues.

The impact of imported fabricated steel is not confined to lower tiers. Even within Tier 1 infrastructure work, where government procurement frameworks include some local content considerations, NEACH is bid exclusions from import-sourcing competitors, and the limited protections in place are insufficient to fully offset the structural pricing distortion. Without intervention, import competition progressively erodes viability across the entire market, threatening the long-term sustainability of a compliant domestic fabricator.

5.3 Supply Chain Implications

NEACH operates as an integrated structural steel fabricator supporting infrastructure, commercial, and industrial projects. Its activity supports a broader supply chain including:

- Steel suppliers and distributors
- Surface treatment providers (galvanising, coating)
- Transport and logistics providers
- Installation contractors and crane services
- Engineering and project delivery firms

Loss of work to imports reduces activity across this network, not just within NEACH. Each tonne of fabricated steel procured offshore removes associated economic activity from the domestic supply chain.

5.4 Regional Economic Importance

NEACH employment and operations contribute directly to the regional economy through:

- Employment of skilled trades, engineers, administration and support staff
- Ongoing apprenticeship and training pathways providing entry-level employment and career development
- Upskilling of engineers and supervisors through engagement with tertiary institutions
- Engagement of local subcontractors and suppliers
- Generation of tax revenue across GST, company tax, payroll tax, and income tax

Reduced domestic fabrication work translates directly to reduced local employment, reduced skills development, and reduced economic circulation.

NEACH supports the imposition of a temporary safeguard measure on imported fabricated structural steel. The evidence is clear: a surge in imports has materially altered competitive conditions, constrained investment, and threatened the long-term viability of domestically compliant fabricators. A safeguard measure would not address inefficiency; it would restore the commercial conditions necessary for domestic industry to invest, train, and grow sustainably.

END OF SUBMISSION