

Submission to the Productivity Commission Fabricated Structural Steel Safeguard Inquiry

Watkins Steel Pty Ltd

Location: Banyo, Queensland

April 2026

1. Business Overview

Company name: Watkins Steel Pty Ltd

Location of operations: North Brisbane, Queensland

Products manufactured with relevant tariff code classifications

- i. 7308900052 – Structural steel (primary)
- ii. 7308900056 – General fabricated structural steel
- iii. 7308900065 – Structures and parts of structures

Watkins Steel is an Australian-based structural steel fabricator operating from North Brisbane, Queensland. Our business undertakes the fabrication and supply of structural steel for commercial, industrial, and infrastructure projects across South East Queensland. We employ a skilled local workforce including trades, drafting, project management, and support roles, and we invest heavily in Australian standards compliance, safety systems, training, and capital equipment.

Watkins Steel competes directly with imported fabricated structural steel products in major projects, particularly where project procurement models priorities headline price over whole-of-life cost, quality assurance, risk allocation, and local economic outcomes.

Exposure to import competition

- b. Approximate percentage of revenue exposed to direct import competition: High – the majority of our commercial, industrial and infrastructure work is now subject to direct price competition from imported fabricated steel.
- c. Key customer segments: Commercial, industrial and infrastructure projects across Southeast Queensland.

2. Evidence of an Import Surge

a. Market observations

We have observed a clear and sustained increase in import penetration in fabricated structural steel over the past three years. Quote volumes at Watkins Steel have risen by approximately 24% across this period, yet our conversion rate has fallen by approximately 3%. This has effectively doubled the workload of our estimating team simply to maintain the same level of secured work. The surge is not limited to our business, the broader competitor market is growing as other domestic fabricators expand their quoting activity in an attempt to stay viable amid intense price pressure. This has created a highly competitive quoting environment where volume of bids has increased but win rates have declined industry wide.

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b. Pricing impacts

We have experienced sustained and significant price undercutting by imported fabricated structural steel. The estimated price gap relative to imports is consistently 20–30%. This pressure has been ongoing for the past 2–3 years and is now the dominant factor in most tender outcomes.

c. Other information

- i. Changes in order volumes: Quote volume +24% over three years; secured work volume effectively flat or declining.
- ii. Shifts in customer procurement behaviour: Customers are increasingly defaulting to the lowest-price imported option, even where local fabrication offers superior lead times, quality assurance and supply-chain certainty.
- iii. Evidence of import-led price setting: Domestic fabricators (including Watkins Steel and our competitors) are now forced to price defensively to remain in contention, fuelling the expansion of quoting activity across the industry as companies scramble to win any available work.

3. Evidence of Injury

a. Financial impacts

Gross margins have declined markedly over the past 2–3 years (indicatively a 5% drop). To remain competitive, we have been required to accept significantly reduced project margins while simultaneously facing rising operating costs in labour, compliance, overheads and raw-material inputs.

This has placed substantial financial strain on Watkins Steel and is mirrored across the broader fabricated structural steel industry. Revenue growth is constrained despite increased quoting activity, because the price pressure from imports prevents recovery of cost increases. The result is compressed cash flow, reduced profitability and limited capacity to service debt or fund growth.

b. Production and utilisation

- i. No specific change in overall production volumes has occurred; however, capacity utilisation is under pressure due to lower conversion of quotes into secured work. Workflow intensity has increased due to shorter projects time frames, one of the domestic advantages, however this places additional strain on equipment and staff, leading to higher costs for labour and machinery upkeep.

c. Employment impacts

- i. Workforce uncertainty is now impacting staff retention.
- ii. Increased pressure on estimating and operational teams (workload has effectively doubled in the estimating department).
- iii. No forced redundancies to date but hiring freezes and deferred recruitment are being considered to manage costs.

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- d. Investment impacts
 - i. Capital expenditure has been slowed and prioritised to best suite operations and ROI.
 - ii. We are actively considering downsizing and alternative funding options to preserve cash flow.
 - iii. Projects that would have improved efficiency or expanded capability have been placed on hold.
- e. Explanation

The injury is directly attributable to the surge in imports of fabricated structural steel rather than broader macroeconomic conditions. The evidence is directly attributable:

 - i. Lost contracts are decided overwhelmingly on price.
 - ii. Quote volume has risen sharply while conversion has fallen – a classic indicator of import displacement.
 - iii. Margin compression and workload inefficiencies track the three-year import surge timeline and are not explained by general economic environment.
 - iv. Other domestic fabricators are exhibiting the same behaviour (expanded quoting to survive), confirming the industry-wide nature of the pressure.

4. Productivity Implications

- a. Current constraints

Margin pressure and the inefficiencies created by dramatically increased quoting activity (without corresponding secured work) are severely limiting our ability to invest in productivity improvements. Capital is being preserved for survival rather than modernisation, and management time is consumed by defensive pricing and tendering rather than process enhancement.
- b. Response to a safeguard measure

If a temporary safeguard measure were imposed, Watkins Steel would step up reinvest in automation and process improvements. This “breathing space” would restore sustainable margins, allowing us to:

 - i. Upgrade fabrication equipment and software.
 - ii. Improve workflow efficiency and reduce labour intensity.
 - iii. Lift overall productivity and competitiveness in the long term.

The safeguard would therefore directly support the Productivity Commission’s objective of facilitating genuine adjustment and productivity gains rather than permanent protection.

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5. Structural Implications

a. Skills and workforce

Experienced and specialised fabrication staff are at risk of being lost due to ongoing uncertainty. Rebuilding this capability would be difficult and time-consuming.

b. Business viability

Continued import pressure threatens the long-term viability of key product lines and, ultimately, the sustainability of domestic fabrication operations in our market segments.

c. Supply chain implications

Watkins Steel plays an important role in domestic supply chains for commercial, industrial and infrastructure projects. Contraction of local capacity would increase Australia's reliance on offshore fabricated steel, reducing supply-chain resilience, exposing projects to longer lead times, quality variability and geopolitical risks.

d. Regional impact

Our operations in Queensland, contribute directly to local employment and the regional economy. Any contraction would have flow-on effects for suppliers, subcontractors and the broader Southeast Queensland construction sector.

6. Conclusion

Imports of fabricated structural steel are causing measurable financial and operational strain on Watkins Steel, evidenced by sharply increased quoting activity (but declining conversion), sustained 20–30% price undercutting, margin compression, workforce uncertainty and deferred investment.

These effects are not isolated, they are driving expansion of quoting across the domestic competitor market as other businesses fight to remain viable. Safeguard measures are necessary to restore fair competition, protect sustainable margins, employment and investment, and enable the productivity improvements that will strengthen the Australian fabricated structural steel industry.

We strongly support the imposition of targeted, temporary safeguard measures on the relevant tariff codes.

**Watkins Steel Pty Ltd
Desmond Watkins**