2026

A Submission to the Australian Government Productivity Commission

EDCON STEEL PTY LTD

HUGH EDMUNDS

Executive Summary

We are writing to the Australian Government Productivity Commission to respond to a request for submissions regarding a Safeguards inquiry into the import of fabricated structural steel. Edcon Steel is an Australian domestic structural steel fabrication business sourcing, fabricating and delivering structural steel to the Australian domestic market primarily to the Sydney Metro Area in New South Wales. The business commenced in 1976 and has operated continuously for 50 years as a structural steel fabricator.

We support the Australian Steel Institute's recommendation that the industry requires Safeguard action to protect it from the sustained impact by imported steelworks from overseas jurisdictions with subsidised and/or lower regulatory requirements than we face here in Australia.

We support the Cap and Tariff proposal. A quota that limits imports to the level of 389,169 tonnes with a 50% tariff on all imports in excess of this level

We submit that our structural steel division has a lifespan of 2-5 years before it is no longer sustainable and our operation will close.

Business Overview

Company Name : Edcon Steel Pty Ltd (ACN 001 509 306)

Address : Has a 1,000m2 fabrication workshop at Brookvale NSW. **No of Employees :** 14 (fabrication)

Production : approx. 600 tonnes pa

Relevant Tariff Classifications : 7308900052, 7308900057, 7308900060, 7308900062, 7308900064 , 7308900065

Approximate Percentage of

Revenue Exposed to Direct Import Competition : 80%

Key Market Segments : Domestic Construction and Infrastructure

Rather than describe our business we have attached two capability statements for your reference and review. These documents provide details of previous projects and skills summaries with many photographic examples.

APPENDIX 1 – 20241126 Retail,Commercial&Industrial.docx

APPENDIX 2 - 20241126Infrastructure.docx

Evidence of an Import Surge

Our submission relies substantively on the NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION AND THE REASONS FOR IT – AUSTRALIA - Fabricated structural steel submitted to the World Trade Organization on 23 January 2026.

Our direct contact with import competition is evidenced in the type and style of projects we now complete. Typically, jobs are smaller, domestic construction projects (Houses). Very few of our projects are commercial or Infrastructure projects due to the cost differences from imported offers.

It was common for us prior to 2011 to complete work for Sydney Water sites. The Sydney Desalination Plant and North Head Sewerage Treatment Plant were 2 examples of this work. In late 2011 we tendered work at Malabar Sewerage Treatment Plant the package was for 40 tonne of steelworks and access steel. We tendered $438,000. This price was beaten by a Vietnamese fabricator by a significant but undisclosed amount.

The influence on commercial building structural steel structures we commonly undertook was first witnessed directly in 2014 during a tender for a Structural Steel project - Masters Hardware Store in Northmead, Sydney (The Masters Northmead Project). This project consisted of 205 tonnes of structural roof steel - a Tender to the value of $1.13 Million (AUD). Our client advised us that we had the most competitive Australian offer but were underbid by imported fabricated Chinese material by a margin of approximately 20%.

Our market observations since then are all anecdotal based on conversations with other players in the industry. Our Business removed itself from tendering for builders and contractors with known contacts with overseas steel fabricators due to the large price differences and negligible prospect of success. Because of this, we have not received firsthand feedback from clients about the projects using imported structural steel on large projects.

In a reaction to the changing market Edcon Steel has moved to other markets and other segments. Edcon Steel invested in areas other than Structural Steel fabrication, our business is strong and will continue with or without the recommended Safeguard action

BUT it will not continue to service the market of fabricating structural steel and will close the structural steel division of the company in 2-5 years at current projections ie. Status quo.

In 50 years of operating in the fabricated structural steel market we are well accustomed to market forces and intense competition. The Sydney market is a traditionally strong market with a wide variety of projects, both in size and complexity, that allowed for a healthy business for many fabricators to specialise in their own styles & size of project. During the 30 years since the Sydney Olympics the size and nature of the competition has shifted.

In the late 1990s competition on Sydney based structural steel fabricators came from regional NSW as well as other States of Australia, particularly Victoria. This competition, against other Australian based businesses was on a level playing field as we were all subject to the same regulatory burden. We managed to compete on lower margins and supplier cooperation to achieve price targets to win projects.

After our experience with the Masters Northmead Project and Malabar Sewerage Treatment Plant and the 20% underbid we had no way to compete at this price level and exited entirely this type of business.

From our understanding the imported channel has become so entrenched in the procurement procedures for structural steel on larger projects that Australian based fabricators are not invited to tender as clients no longer see benefit from local tenders. We are told builders, contractors and/or clients will not consider the Australian fabricators unless required to under Local Procurement Requirements (State or Federal), lead time constraints or the nature of the project does not allow seaborne freighting of the project. This does not leave much of the market to the Australian based fabricators. In a smaller market competition amongst the remaining participants is tight.

As the industry has become more accustomed to use and manage procurement from overseas fabricators, local businesses (Traders, not fabricators) have opened to facilitate and act as agents for imported structural steel. It is our understanding that Australian based fabricators are being left out of the process entirely.

Evidence of Injury

Our fabrication division has adapted to smaller markets, smaller projects and smaller scale. This has led to inefficiencies and the need to recover fixed overheads over a smaller revenue base. Due to ever rising costs (especially property related eg. rent and land tax) the model is now becoming unsustainable, and we are reviewing the business to determine methods to exit the market completely.

Our revenue has suffered due to our decision not to tender on projects being tendered by import competition. The chart below (CHART 1) confirms the timing of our decision and reflects the timing of project completion and broadly aligns with our comments above.

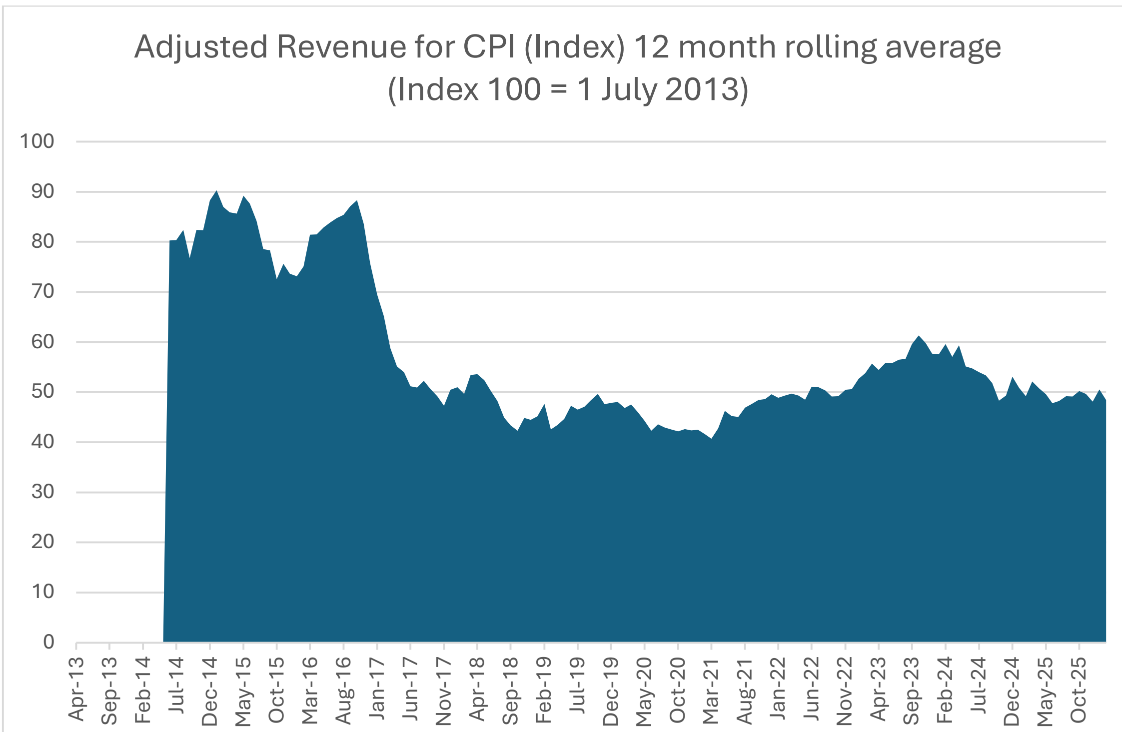

CHART 1 – Revenue adjusted for CPI index (100 = 1/7/2013)

Our EBITDA (CHART 2) has suffered sustained impacts since 2014, and this is due to imported market pricing being adopted by local Fabricated Steel Users as the normal. The effects of COVID are evident in the chart between 2021 and 2023, this has now passed and the underlining market forces are back. There are now no foreseeable scenarios that will lead to a recovery.

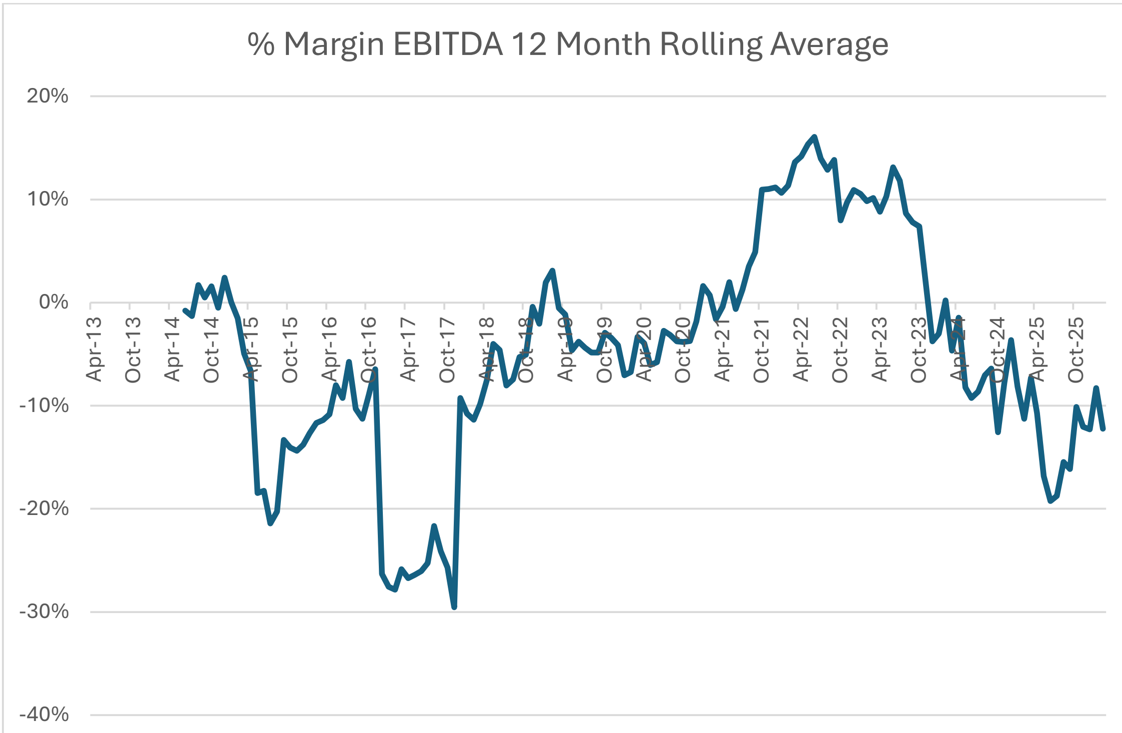

CHART 2 – EBITDA expressed as a % to Revenue (%)

APPENDIX 3 – CPI data used in calculation of CHART 1 and CHART 2

Productivity Implications

Our business has suffered from the theoretical case for cheaper imports improving productivity that is premised on efficient resource allocation, namely, that Australia can achieve the same or greater output using fewer inputs, with labour and capital redeployed to higher value uses. A very sound theoretical argument.

However, the reality is this outcome depends critically on the assumption that imported goods are fit for purpose and that displaced domestic resources are seamlessly reallocated. In the fabricated structural steel sector, this assumption does not consistently hold. Where imports are selected primarily on price, without equivalent compliance, quality, or constructability, the expected productivity gains are often not realised in practice.

In circumstances where imported fabricated steel requires rectification, modification, or rework inside Australia, the economic effect is unambiguously negative. Additional labour, materials, supervision, and project time are consumed without any corresponding increase in output. From a productivity perspective, this represents a direct deterioration in efficiency—more inputs are required to deliver the same finished structure. What may initially appear as a cost saving becomes, in reality, a transfer of productive effort into non-productive activity, eroding both our business's and Australia's efficiency. There are many well documented examples of this occurring with case studies from industry associations. eg. Kew Recreation Centre Roof collapse in 2022.

Our own experience with this is real in the examples we provided - the Malabar Sewerage Treatment Plant our client called us after a long delay saying the steelwork that had been delivered was not fit for purpose and could we assist with the rectification work required. Again, Masters Northmead Project some months after loosing the tender the client called us to provide site labour and additional material to rectify incomplete, sub-standard or defective works. In both cases we declined this work, but someone had to fix these problems locally rather than making a productive contribution to our country.

These effects extend beyond individual projects and have broader public interest implications. Rework diverts skilled trades and workshop capacity away from new productive activity, reduces industry throughput, and contributes to delays in project delivery. It also imposes additional compliance and inspection burdens where imported products do not fully meet Australian Standards. At a system level, this results in lower effective utilisation of Australia's skilled workforce and industrial base, undermining the very productivity gains that open trade is intended to deliver.

Accordingly, where imported fabricated steel systematically gives rise to rework and rectification within Australia, it should not be characterised as enhancing economic efficiency. Rather, it represents a net productivity loss to the Australian economy and a distortion of fair competition. In the context of any public interest test, measures that restore a level playing field—ensuring that products supplied into the market meet equivalent standards without downstream rework—support genuine productivity outcomes, protect domestic capability, and improve overall economic efficiency.

During the timeframe considered we have been unable to increase head counts or make any investments in the modernisation or technology advances in our field as there is no scenario we can compete with the imported steel market rates. There has been no market case or feasibility case to justify the return on investment in the necessary capital expenditure to increase Edcon Steel's productive capacity in Structural Steel Fabrication.

Edcon Steel has been forced to invest in other related operations to find growth.

A safeguard measure applying for no more than 200 days would allow us to maintain our status quo but would not be sufficient to encourage investment at the levels to provide additional productivity gains. That said it would provide an opportunity to determine if such measure would benefit the local market and allow us to consider keeping our facility open and to maintain the 14 full time positions directly employed in the structural steel division.

Structural Implications

A steady decline in the interest and participation of young people joining the workforce in the trades and especially heavy industrial trades has coincided with a chronic underinvestment by both Government and Industry in the education and training of the highly technical skills required by the Structural Steel Fabrication industry. The result is a shortage of qualified welders, fabricators and supervisors.

Due to the deterioration of margins there are no economic drivers for private investment in these skills, and these positions are now hard to fill and therefore commanding higher pay rates and this is counterproductive to our need to reduce our cost base if we are to compete with overseas imported products.

Locally fabricated structural steel produces broader Australian economic benefits because a much higher proportion of the contract value is retained within Australia and recirculates through wages, suppliers, taxes and reinvestment; imported fabricated steel has a far lower domestic multiplier because most of the value is created offshore. Where imports also require rectification, the multiplier advantage of local production becomes even stronger, because Australia bears the cost of rework without receiving the original fabrication value. Our business is one of many thousands of businesses providing these broader benefits to the Australian community, albeit of late our investment has suffered due to margin contraction and lack of prospects to make returns at these lower margins.

Conclusion

This situation has never been so dire in my 30 years in the industry. Without action the Australian Structural Steel industry is now at a point where, in my view, it will collapse to the point where it would resemble a cottage industry for the self-employed. Our business is at the point where the decision to close our fabrication department is a live consideration, it currently remains open more for nostalgia than margin.