

## Safeguard Submission - Import of Fabricated Structural Steel

This submission outlines the direct and ongoing impact that imported fabricated structural steel is having on Australian fabrication businesses, based on the experience of First Line Engineering Pty Ltd.

Over the past 3–5 years, and particularly in the last 18–24 months, imported fabricated steel has shifted from a supplementary supply option to the dominant pricing benchmark across the Australian construction market. Projects are increasingly being awarded offshore, not due to any lack of capability, capacity, or quality within Australia, but purely due to price. Demand remains strong—the issue is displacement of local manufacturing by offshore supply operating under fundamentally different cost and regulatory conditions.

First Line Engineering is a Queensland-based structural steel fabrication and installation business employing approximately 40 staff, with 50–80% of its revenue exposed to import competition. The business operates primarily within HS Code 7308 (Structures and Parts of Structures of Iron or Steel), including:

- 7308.90.00.52 – Structural steel (beams, columns, bracing and primary members)
- 7308.90.00.56 – General fabricated structural steel
- 7308.90.00.60 – Handrails, stanchions and secondary steel elements

These classifications represent the core of our work and align directly with the areas experiencing the highest levels of import entrance. While the business specialises in complex, site-sensitive projects, this has limited participation in larger-scale projects that are increasingly being awarded overseas.

We have directly experienced repeated loss of projects to imported fabricated steel across both private and government-funded sectors, with consistent pricing gaps that cannot be commercially matched.

### Examples of project displacement:

<b>Project</b>	<b>Value</b>	<b>Year</b>	<b>Origin</b>	<b>Price Gap</b>
<i>Cross River Rail Stations</i>	\$20M+	Last 5 yrs	China	40%+
<i>Brisbane Markets</i>	\$4.5M	2024	Vietnam	30–40%
<i>Joyner Shopping Centre</i>	\$2.5M	2025	Vietnam	30–40%
<i>Field of Dreams (Government)</i>	\$28M+	2024	Vietnam	30–40%
<i>Visy Yatala</i>	\$30M+	2024	Vietnam	30%+
<i>Tweed Shire Council Facility</i>	\$1M	2024	China	30–40%
<i>Seaworld Dolphin Stadium</i>	\$1.1M	2025	China	~15%
<i>Mainbrace Construction Pipeline</i>	\$20M+/year	Ongoing	China / Vietnam	25–30%+

Across these projects, the determining factor has been price. Imported fabricated steel is typically priced between \$3,000–\$5,000 per tonne, compared to \$8,000–\$12,000 locally, and in some cases is comparable to or below Australian labour cost alone before materials, compliance, or delivery are considered. This reflects a structural pricing imbalance. Australian fabricators operate under strict regulatory requirements—including award wages, WHS obligations, AS/NZS 5131 compliance (CC2/CC3), ISO systems, full traceability, and third-party inspections—which are essential for safety and quality but impose significant cost. Imported steel competes in the same market without consistent enforcement of these standards, creating an uneven playing field.

The impact on our business is direct and ongoing. We are increasingly unable to secure large-scale projects despite having capability, leading to withdrawal from tenders where pricing is unachievable and resulting in wasted estimating resources. Work has shifted toward smaller, lower-value projects to maintain revenue, with margins compressed to near break-even in many cases simply to remain operational. This has led to inconsistent workflow, underutilisation of capacity, constrained hiring and expansion, and the deferral of approximately \$1M in planned capital investment due to uncertainty around securing work at viable margins.



Procurement practices now prioritise lowest upfront cost, with imported steel treated as the baseline, forcing local fabricators to compete against fundamentally different cost structures. There is also evidence that projects are structured to technically meet local content requirements while the majority of fabrication is still completed offshore. A critical and often overlooked issue is compliance failure in imported steel, where welds or traceability do not meet Australian standards, builders under programme pressure and exposure to liquidated damages turn to local fabricators for rectification. Increasingly, this work is being refused due to the liability and reputational risk associated with certifying or modifying steel not originally fabricated locally.

This creates a serious industry risk. If domestic fabrication capacity continues to decline, there may be no capability willing or able to rectify non-compliant steel. Initial cost savings from imports can quickly be eroded by rework, delays, and additional testing—often exceeding the cost of compliant Australian-fabricated steel—while also introducing safety risks. The current environment further limits investment in automation and productivity improvements, as confidence in a stable pipeline of work is undermined.

While this submission focuses on the impacts of imported fabricated structural steel, the broader national, economic, and strategic consequences must also be considered. The decline of Australian steel fabrication extends well beyond individual businesses, impacting the entire domestic supply chain; including steel production, raw material suppliers, coatings, transport and logistics, engineering services, and regional employment hubs. Every project awarded offshore represents a compounding loss of Australian jobs, skills, and economic contribution.

Steel fabrication is a critical national capability underpinning the construction and infrastructure sectors. It supports skilled trades, apprenticeships, and workforce development, while ensuring compliance with Australia's stringent safety, quality, industrial relations, and environmental standards. Imported fabricated steel, however, is often able to enter the market without equivalent regulatory enforcement, creating a structural imbalance that systematically disadvantages domestic manufacturers.

Price comparisons alone do not reflect full economic value. Imported fabricated steel that appears 30–60% cheaper at project level often delivers little return to the Australian economy. In contrast, local fabrication supports wages, regional communities, and supply chains, while generating tax revenue across payroll tax, income tax, company tax, and GST-linked activity. When production is offshored, these economic benefits are permanently lost.

Without meaningful safeguards, procurement reform, and compliance parity, Australia faces a significant contraction of its steel fabrication industry. This would increase reliance on overseas supply chains, expose projects to global volatility, and reduce resilience in infrastructure delivery.

These risks are heightened by the current state of Australia's steelmaking industry, with the nation's only remaining structural steel mill under Federal Government administration. Steel production and fabrication are interdependent, if local fabrication declines, demand for domestically produced steel will follow, placing the entire onshore steel ecosystem at risk.

Once lost, heavy manufacturing capability is extremely difficult and costly to rebuild. Australia has already experienced permanent losses across other sectors. Steel fabrication remains one of the last pillars supporting sovereign construction capability, and the consequences of inaction will be long-term and irreversible.

This Inquiry presents a critical opportunity to address market distortions, ensure fair competition, and align procurement outcomes with national interest objectives. Supporting Australian steel fabrication is not protectionism - it is an investment in economic resilience, workforce capability, supply chain security, and long-term national strength.

Without timely and decisive intervention, Australia risks the permanent loss of a foundational industry essential to its infrastructure delivery, defence readiness, and economic sovereignty.