



Fabricated Structural Steel Safeguards

Transcript of proceedings

Public hearing – Day 1

Wednesday 13 May 2026

Catherine de Fontenay, Commissioner

Barry Sterland, Commissioner

Order of proceedings and witnesses

Introductory remarks	2
Australian Steel Institute	3
Ministry of Trade, Republic of Indonesia	12
Thai Trade Centre	16
Rowville Engineering	20
CASA Engineering	24
Technoweld	31
Additional comments and closing remarks	36

PROCEEDINGS COMMENCED 10:00 AM AEST.

Introductory remarks

Barry Sterland: Good morning. Welcome to the public hearings for the Productivity Commission inquiry into fabricated structural steel safeguards.

My name is Barry Sterland. I'm one of the Commissioners to the inquiry. Catherine de Fontenay is the other Commissioner on the inquiry, and we'll both participate in this hearing.

I'd like to begin by acknowledging the traditional custodians of the land on which we meet today, and I'd also like to pay my respects to elders, past and present.

Before I say more about the inquiry, just a few essential housekeeping instructions. These hearings are being recorded for transcription purposes. Please stay on mute unless you are called on to speak. If you don't want to be on video, you can turn off your camera.

In terms of the overall process and timing of this inquiry, the inquiry started for us when we received the terms of reference from the Australian Government in January. We released a call for submissions in February and we have since received 55 public submissions and 21 confidential submissions. We have also received confidential attachments for 16 of those 55 published submissions.

We've contacted everyone who provided confidential material, asked that they reconsider its confidential status or provide a non-confidential version of the material that we can publish on our website, and that will also enhance our ability to rely on this evidence in our inquiry.

In addition to receiving submissions, we have met with a range of organisations and individuals with an interest in the inquiry. Following the hearings, we will be working towards completing our interim report by 23 September. There will be an opportunity to provide submissions after the release of our interim report.

The final report will be submitted to the Australian Government no later than 23 November 2026. Participants and those who have registered their interest in the inquiry will be advised of the final report's release by government, which may be up to 25 parliamentary sitting days after it is provided to government.

We're grateful for everyone who has taken the time to meet with us and provide submissions and join us for today's hearings. The purpose of these hearings is to give people an opportunity to elaborate on their own submission, engage with the submissions of others and share their views on this inquiry in a public forum.

We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken. The transcript will be made available to participants and will be available on the Commission's website soon after the hearings finish.

We cannot take comments from the floor throughout the day, but at the end of the day there will be an opportunity for anyone who wishes to do so to speak.

Under the Productivity Commission Act, people appearing as a witness are required not to provide false or misleading responses, and are required to answer the questions asked. If you believe that this would require that you reveal commercial, sensitive or otherwise confidential information, we can organise for you to respond in private at another time.

Participants should be aware that any media representatives present may be using social media and other internet mechanisms to convey information outlined in real time, including participants' remarks. If any media representatives are present, please let our team know by sending a message in the chat indicating your name and affiliation. You also need to observe some rules if you're attending from the media, which we have written into the chat.

Witnesses will be invited to make some opening remarks of no more than 5 minutes. Keeping the opening remarks brief will allow us the opportunity to discuss matters in participants' submissions in greater detail.

At the conclusion of today's scheduled participants, I'll ask if anyone would like to speak. You can send a message in the chat during the day to indicate if you will want to speak at the end of the day. You'll also be able to raise your

hand at the end of the day using the MS Teams raise hand function. People who have not already spoken will be prioritised in that part of the day, but anyone can indicate an interest in speaking.

If anyone wants to respond to evidence given today, but they did not get the chance today, you can email it to our inquiry team and it will be published alongside the transcript of these hearings. Details about this can be found in the chat section.

Australian Steel Institute

Barry Sterland: I'd now like to welcome the Australian Steel Institute, represented by Mark Cain, David Varcoe and David Mawby. I think we've got you all on screen. Thank you. Once your video and microphone are on, please state your name and organisation for the transcript, and you are then welcome to make an opening statement of no more than 5 minutes before we ask you some questions.

So with those introductory comments, over to you, whoever wants to start from the ASI side.

Catherine de Fontenay: Have you given them permission to unmute themselves?

Mark Cain: They have now. Thank you. It'll be challenging for 5 minutes, but I'll try and do what I can do in that regard, and I'll be the one talking. My name's Mark Cain. I'm the Chief Executive of the Australian Steel Institute. The Australian Steel Institute is the peak body for the Australian steel supply chain, which represents primary steel manufacturers, steel merchants and companies that make things from steel, such as steel fabricators. We have over 1000 members, and we have over 350 of those that are structural steel fabricator members. We believe that represents 70% of the fabricated structural steel sector in Australia.

The ASI is urgently seeking an immediate provisional emergency safeguard measure in the form of a 50% tariff rate quota on fabricated structural steel products at pre-surge import levels whilst this inquiry is undertaken in 2026. We see increased imports of fabricated steel products over a period of a number of years, and we do not believe to simply characterise this situation as a temporary, albeit challenging, economic headwind is fair and reasonable.

We do understand that the process is under the auspices of the WTO Safeguards Agreement and the obligations this places on the members of the WTO and the Productivity Commission as a competent investigating authority in Australia. We also recognise the independence of the Productivity Commission to lead and manage this inquiry investigation and have the utmost respect for the Commission's independence in this role.

We've committed significant resources to this effort in applying for, or requesting, a safeguard investigation, acknowledging that it is highly contested, complex and a challenging task.

It's clear that significant overproduction is happening in the global steel industry throughout the supply chains. As a consequence, we're seeing trade measures across the globe in the steel industry, whilst Australia, relatively speaking, is an open market and easy to access.

Over recent times, we've seen a surge in imported fabricated steel, and we believe it is simply unacceptable in our view to allow this to continue given the impacts on our market from this overcapacity that is funded by subsidy and driven by price undercutting.

There's a lot of stuff I could talk about further, but we believe that this is a sovereign capability issue here and we believe it's in the public interest for the Australian economy to have a vital fabrication industry. Steel fabrication touches just about every critical sector in the Australian economy. We're facing a situation where it could be gravely impacted, if not wiped out, and that could have billions of dollars of net present value impact on the economy presently.

Furthermore, going forward, if supply chains internationally are disrupted, which we've seen with oil just recently and we saw during COVID, that could have even greater multiplier effects in terms of net present value impact on the Australian economy. We believe it's vital that we have action taken to allow a temporary measure, which is reasonable because we're asking for a tariff rate quota based on historical levels, the quota, and really only addressing the surge with the tariff.

We believe this is a very reasonable request and that allows the industry then to adjust - that is, the fabricated steel industry to adjust - which currently is finding difficulty to, for example, invest. You would have heard from some of our members that the cash flows have constrained their investment in latest technology, for example.

We also would say that if we have a period of safeguard, we would be requesting government involvement in transformation or further development of the fabricated steel sector to ensure that it is robust moving forward once the temporary measures are removed.

Again, this is about jobs, regional areas. It's about capability for the economy. We believe that there's a strong public interest test in this. We have also done further economic modelling on the comments I've just made, which are somewhat qualitative.

I think that's probably about my time, is it?

Barry Sterland: Thank you. Thanks for starting off within time. I think we'll have time to elaborate on some of the points you mentioned.

I'll just kick off the questioning, and Catherine and I will both participate. I want to start with the basics of the increased imports. You will have seen that you present some evidence on this. You will also have seen some other participants which argue that there has not been an increase in imports, or that it's been a steady increase and not a surge.

I just want you to talk us through your analysis of the import data, and when exactly you think there was an increase in imports that was sudden, sharp and significant.

Mark Cain: OK, so let's try and unpack that. Firstly, in the fabricated steel classification, we removed transmission towers and wind towers from our analysis, and that was because Australia does very little, if nothing, in that space. So we were looking for a baseline of general imported fabricated steel.

We also fastidiously went through the data and removed or filtered out any spurious entries. For example, where there's a decimal point in the wrong place, we understand the steel industry quite well and we can look at the data and say, well, that doesn't stack up. So we removed things that weren't relevant.

We believe that the quota should be set at the 2022 to 2024 levels pre-surge. So that was in the last 2.5 years, say approximately; there's been an uptick in general steel fabrication imports. Have I covered the elements of the question?

Barry Sterland: So you're saying the surge is sort of post-2024, or is that what I'm hearing? To understand it right. OK.

Mark Cain: Yeah.

Barry Sterland: I mean, did you want to follow up with Catherine?

Catherine de Fontenay: So we've heard different timing outlined by different fabricators. Can you explain why you think it's 2024? What is it in the data that makes you think it's from 2024?

Mark Cain: You'll find that individual fabricators, depending on which sector on the steel fabrication side of things, where they operate or predominantly operate, will have different sensitivities to the market that's shifted. We would have seen, for example, portal frames, which are the structures for warehouses. Those that were specialising in portal frames were at the front end, the early observers of surge. Then it translated to a broader categorisation of fabricated steel as time went on.

Catherine de Fontenay: When was this observable in the portal frame market?

Mark Cain: David, my colleague David Varcoe, can you assist please?

David Varcoe: Yep. David Varcoe from ASI. To clarify, I guess, the imports have increased materially between 2022 and 2024. So 2024 was when we really started looking more closely and did the analysis in 2025. But the period we're talking about as having surged from is between 2022 and 2024. As Mark explained, that's impacted some sectors more significantly initially and then others being impacted materially later in that period.

Catherine de Fontenay: So 2022 to 2024, with differences in the specific submarkets, is that correct? And what's happened since 2024?

David Varcoe: Yes. We believe that surge has continued. We did our analysis in 2025 and, I guess because there's a lag in the information being available through Border Force and then ABS, we haven't formally redone all the analysis. But looking at individual months' worth of data, that trend has continued into 2025 and 2026. We haven't got the complete picture that we presented to you in the original application.

Mark Cain: I would say, just to add to that, the commentary we get from our fabricator members is that many of them have said things are not getting better; they're getting worse. Some of them are saying that they're clinging on by their fingernails to stay in business.

Catherine de Fontenay: Thank you, Mark. We'd be interested in understanding what has changed from the point of view of buyers of structural steel in Australia. You mentioned global overcapacity, but that's been a phenomenon that you've described has happened for some time. What has changed in terms of the buyers? Have prices changed? Has their awareness of options changed? What is it that has led to greater import penetration over that period?

Mark Cain: Predominantly price undercutting.

Catherine de Fontenay: So the prices have fallen over what? What has been happening to prices from, say, 2020 onward?

Mark Cain: There's been up to - David, you can assist me here - I think between 15% and 50% price undercutting of some of the sharpest quotes that domestic fabricators would have made for a tender.

David Varcoe: Yes. Catherine, to go back to your - I know you wanted to pin down the timeframe. So the end of 2023, I think we really started to see a lot of anecdotal reporting about very low prices being offered by importers of fabricated structural steel. That has just continued. Also, very aggressive in terms of people offering to match or better any local quote, and specifically that range between 15% and 50% below the lowest local quote, and that continues to be the case up to the present day in terms of the price undercutting by importers.

Catherine de Fontenay: All right. But you're not seeing a change in that trend of those prices? And what were the prices like before that period?

David Varcoe: I don't have information about exactly what they were, but all I can speak to is the extent of price undercutting from late 2023 onwards. As best I understand, that undercutting has continued at the same level up to the present day. People have done everything they can to reduce their costs and make themselves more competitive, and they're still facing the same degree and the same extent of undercutting to the current time.

Mark Cain: I believe that some of our members have given you project-specific data on this in their submissions.

Barry Sterland: Yeah. The other aspect of the import surge is the extent to which it was unforeseeable. I'm just thinking if the capacity side of this, the overcapacity which you are identifying as a cause, has been around for some time, what was unforeseeable?

Mark Cain: I'd like to come in on that. The overcapacity in the global steel market has been heightened in the last several years because China produces half the world's steel and their steel consumption has dropped. What I said earlier: they haven't abated their steel production. And what I said earlier: markets are closing around the world with different trade barriers being put up. So Australia, being a relatively open market, is easy to access, whereas markets for steel such as Canada, US, Europe, European Union are not. There are significant volumes. So the overcapacity, yes, technically has been an issue for a long time, but it's been heightened in the last several years.

David Varcoe: Sorry, I'd just like to add that the overcapacity that's been spoken about is really in what we'd call semi-finished steel, which has been a long-term problem. It's definitely worse in the last couple of years, as evidenced by the number of international trade actions being taken and reporting by the OECD.

What we've seen progressively is that that overcapacity in semi-finished steel has extended now into downstream industries of all kinds. Electric vehicles would be one example where there's widely reported excess capacity. We are identifying that there's a similar excess capacity in finished fabricated structural steel, and that's been the working out of that upstream excess capacity into the downstream industries, which is really a relatively recent phenomenon - I would say the last three or four years - and that's become available as a consequence of, we would say, downturn in other markets.

Catherine de Fontenay: Do you have data that backs up a claim of overcapacity in fabricated structural steel overseas?

David Varcoe: I don't have information on the production capacity in international markets, but I can show you data on a downturn in demand that is significant for the fabricated structural steel product. That's what we're identifying as part of the causation.

Barry Sterland: Thanks. Let's move on to thinking about the domestic industry and whether it is suffering serious injury. As you know, we need to be able to identify that industry and think about the boundaries there. We want to ask a series of questions; we might throw them together and we could explore different elements of that.

Basically, it's how should we identify the businesses that make the products in the terms of reference? Some indication of how many of your members make products within those terms of reference - I know you've written that, but also for the record - particularly the ones in the terms of reference. We'd be interested in your perspectives on how many of them only make those products in the tariff codes concerned, and whether they also make other things outside of those products concerned.

Another related question is: are those products interchangeable at the industry that you're wanting to define as suffering injury? Can they make elements across the tariff codes within that product grouping or the industry grouping? You've mentioned the ones that aren't in our terms of reference; are there businesses that specialise in only the ones outside of the ones in our terms of reference?

We can come back and specify that, but you see what I'm getting at. It's about the definition of the domestic industry concerned, and I'm sure Catherine will have some follow-up questions about how we define that. Could you comment on that general issue of alignment between the codes and the industry, and what other things are happening around that?

Mark Cain: Steel fabricators, let's put it simply, take steel, cut it, shape it and weld it to form structures that are used in multiple applications.

The scale of an individual fabricator would probably be described as what their crane capacity is, so what mass they can lift, or what size of building or laydown yard they have for large structures. Some people may be precluded from large work based on the scale of their operations. But generally speaking, the processes are very similar. They're welding steel together. They're cutting steel.

Now, if you're wanting to build a frigate, obviously you'd need a workshop commensurate with that. If you were doing a portal frame warehouse, then you could have a smaller-scale factory. But generically - well, not generically, sorry - fabricated steel is bespoke, generally speaking. Things are made to design and specific designs. It's not like a general manufacturing process where you're just popping out sausages, so to speak.

David, have you got a further comment?

David Varcoe: Yes. I would say I'm trying to get to the gist of your question. In terms of the definition around tariff codes, most of our members can make at least some, if not all, of those products covered in those different tariff codes. As Mark explained, the basic capability that they bring is to execute a shop-floor design from an engineering design. They put it into terms that can be executed in a fabrication shop.

They procure all the materials, so they source them from steel suppliers. They carry out the actual fabrication work, which is the cutting and the welding and the drilling. They assemble all the structures. They may look after

getting the finished structure galvanised or painted, and sometimes they will look after the installation as well. The scope of what they take care of depends on the capability and what the client wants.

That's the overview of what they do. They do, as Mark explained, they are reasonably flexible in terms of the type of work that they can take on. That's not defined so much by the nature of the work, but what equipment they have and what level of specialisation they have by way of equipment. For example, if they have an automated welding line, they would probably look to do repetitive types of structures that are suitable to be welded by a robotic situation. If they have highly skilled tradespeople, they would probably look to do more architectural type of work.

Within the sort of things we've talked about, there isn't a fundamental difference between a portal frame structure and a really complex thing like a large naval ship, for example. In the case of people looking to do work in a particular area, that's because they've got experience in that area, they understand the client's requirements, and that's where they've historically worked and they have the right type of equipment for that.

In the face of being unable to win work, what we've seen is a lot of our members are essentially trying to pivot. If they haven't closed, they're trying to pivot into other markets and other submarkets where there may be less direct import competition because of a preference for local fabrication or maybe some other complexity that can't be, at the moment, readily met by an import supply chain.

Barry Sterland: So that might be another market that's covered by the tariff codes. In a sense, there's a category that's quite broad there, but are those producers going to also produce some of the flooring, the other tariff codes that aren't included in this inquiry, like the housing and -

David Varcoe: Yes, it's possible. Let me give an example. If someone's main business is, say, erecting air conditioning ductwork or heating and ventilation, that is mostly outside the scope of this; that's sheet metal work. But it does require structural steel to support it, and it's very unlikely someone would import just one part of that done as a package.

So that work, the structure to support an air conditioning duct, could readily be imported, but is not likely to be because of the close nature with another subsector. So there are certainly fabricators that have the capability to make products in the tariff codes of interest that are not impacted by imports, but could make those other products, but are fully occupied with their current focus.

Catherine de Fontenay: In the import data we've noticed that there is a large share of imports that are in code 7308900065. So the 'other' category: structures and parts of structures and plates, rods, angles, shapes, sections, tubes and the like prepared for use in structures of iron or steel, excluding those of HTISC 001.

Is there a share of those imports that is not fabricated structural steel? Or is that all fabricated structural steel?

David Varcoe: I'm not an expert in this area, but my understanding is that, as you've identified, that is somewhat of a catch-all. If people weren't sure how to classify something when they're importing, or just weren't very careful, they use that. It is simultaneously the products of interest for us and may include some other things that we're not capable of speaking about with any clarity because we don't have visibility of how people have classified imports. But it could include some other things as well.

Catherine de Fontenay: OK. But overall, you're comfortable that those tariff codes mainly cover fabricated structural steel?

David Varcoe: Yes. By its definition it is inclusive of the things of interest for us, and it may unintentionally include some other things. We believe that's in the minority.

Barry Sterland: I've taken from your answer, just to summarise and play back to you, that you think the domestic industry that is fabricated steel - the membership you've identified - make a range of products, and within a lot of them they would make things that go between those tariff codes. They could make a range of things, and that tariff code would have a counterpart Australian industry, domestic industry that largely competes with those tariff codes.

David Varcoe: Yes.

Mark Cain: Yeah.

Catherine de Fontenay: Speaking about the portal frame fabricators specifically, have those fabricators been able to pivot to other parts of the market?

David Varcoe: I can't give you a definitive, complete picture, but speaking to individuals, I would say there's a spectrum within that subsector. There are some who might have been at the smaller end that have left the industry, exited, closed their business and sold their equipment if they can find a buyer, and maybe sold their site if they owned it.

There are some that are still in that market but have moved from doing the highly efficient large projects - when I say large project, that might be 2,000 to 5,000 tonnes of fabricated structural steel; that might be enough for a warehouse, a supermarket chain warehouse. That would be equivalent to roughly 12 months of work for a typical fabricator. That would have been what they were really looking to do a couple of years ago.

Those businesses that are still operating are now taking on jobs of between 20 and 50 tonnes, as opposed to 2,000 to 5,000 tonnes. So there's a huge drop-off in efficiency and competitiveness because it's less worthwhile for importers to target those smaller projects. Of course, the domestic fabricator becomes less efficient in terms of covering overheads and utilising equipment and automated capability. So they're in business, but barely, and I guess not an exaggeration to say they're really looking to the outcome of this inquiry as to whether they remain in business.

There are a small number, again, that are looking to pivot, and that is not a quick thing. It may require people to gain additional certification to be able to compete in other markets. But what that is causing - we do know this, and it's in a number of submissions - is that there's now heightened competition in other markets that weren't previously directly impacted by imports. Where there may be some import competition, there's now grossly increased domestic competition for those remaining markets. So those people that weren't previously directly affected are experiencing margin suppression and much greater competition.

Catherine de Fontenay: We wanted to move on to talk about the domestic injury. You've submitted that the domestic industry is suffering serious injury and you've provided evidence from six businesses where the data are relatively mixed in terms of what is shown in volumes and sales and profits. Obviously those particular businesses show a downturn in 2025.

Can you outline for us how this lines up with the timing you described and why you think these businesses are representative of the industry?

David Varcoe: Yes. The first thing I'll say is we presented data that was baselined to 100%, I think in 2022, and I think we also provided the raw data - or if not, we perhaps should have. The raw data is in some ways a better picture because, for example, where it talks about a 200% increase in margin for some people year on year 2022 to 2023 - and I'm just saying this from memory, I haven't got it in front of me - from memory, that was going from 2% margin to 4% margin. So the absolute numbers are maybe more instructive about what's been happening there.

The background to that period was, if we go back to say 2020, that was the COVID lockdown period. In 2021, there was a recovery. There was a lot of stimulus put into the economy by governments to help things open up again. That really resulted in 2022 in a very strong surge in demand for everything right across the economy, and that included all types of construction and building. So there really was a big increase in demand associated with that.

For a time, the demand was met by a combination of expanded domestic production and imports. That was a period where both importers and domestic producers were happily coexisting and everyone was able to make a decent return. That's the start of the period, making a decent return after a dry period.

Then what we saw progressively was that, in order to maintain that share of domestic demand that the importers had been able to get because of that surge in demand, the prices were dropped, and that led to not just the imports retaining that demand but gaining share. That's what we've tried to encapsulate in that data.

The choice of - not choice - the way we were able to source that was by reaching out to our members. They were based in Queensland, New South Wales and Victoria, and they were primarily working in the portal frame

market. The reason for those particular six was that they clearly were suffering injury and they were in the portal frame market as we were describing. So it was consistent with what we were being told anecdotally.

I need to stress that there was a great deal of reluctance by people initially to provide detailed information about their business, not because it wasn't a real problem but because they had a genuine concern of retribution by their clients. I think, as was stressed, fabricators by and large are SMEs, and they really have no market power relative to the size of the builders and constructors, who are very large.

They said to us, look, we really want to tell the story, but if we're identified who we are, we'll never get any work ever again in this industry. So essentially we're out of business that way as well.

Since then, we've had a lot more people willing to provide data, and I think that's been indicative in the number of submissions you've received and people that have been willing to meet with you as well. But going back to early 2025, that was the circumstance. From a much larger group we approached, six were willing to actually provide detailed data. That's the way that the information was collected, and it does show somewhat OK times in 2022 and then a dropping off for pretty much all of them over that time.

Barry Sterland: You're suggesting then that - we'll be developing our own data on this, but we're just trying to get a sense - you think that is representative of a broader trend, including that sense of it not moving a lot in a couple of years and then the 2025 data changing. Do you think that's representative?

David Varcoe: Yes. The other thing I just want to mention - sorry for butting in before you finish, Barry - is that there's a lag in terms of when you will see the results realised in someone's financials. If they negotiate a contract, and as I said, it's going to take nine months or a year to complete, and the prices are based on something a year earlier, then it may take 12 months for the full impact of price undercutting to be realised, or longer. So it could be 12 to 18 months before you see the impact of the contracts negotiated at lower prices flowing through as a result.

That's why we're saying 2023 was when people were starting to get really concerned. Financial year 2023 or 2024 may have just been starting to see some impacts of that, and then FY24 and FY25, much more complete impact of that price undercutting starting to be realised. So it's a combination of things in terms of the lag.

Catherine de Fontenay: We do want to dive into this question of the causes of the injury, because you will have seen that other submissions have put forward arguments that the cause of injury is not import competition, but other factors. You've described a surge in government demand and then a relatively fast tail-off of that demand. You also described that some fabricators have put in new capital equipment in response to that surge in demand.

So what leads you to conclude that the source of injury is from import competition and not just from that spike and then reduction in public demand?

David Varcoe: Mark, if you're happy, I'm happy to keep going.

Mark Cain: No, you can go.

David Varcoe: We've tried to demonstrate in the data we provided that the imports have increased materially in absolute terms, and imports have increased relative to domestic production and market share, and that that's occurred rapidly. So we feel that the data does vindicate our claim there's been a surge and there's been quite rapid, relatively speaking, and that it's not transitory. It's something that there's no indication that it's going to normalise or get back to a sustainable situation.

In terms of that price undercutting of 15% to 50% and the extent to which that's making it impossible to compete, we don't believe that that's explainable by differences in local factors, whether it might be a wage increase of 4% or something like that, or an increase in energy prices. It's just not sufficient, a quantum of increase in local costs, to be able to explain the extent to which that undercutting is occurring and continuing up to this point.

Barry Sterland: I just wanted to talk about your proposal. You make a proposal for a provisional measure, which is for critical circumstances where delay would cause damage which would be difficult to repair. So you advocate for a provisional measure.

What do you think will happen to the industry without a provisional measure in place, noting the relatively short period between our reports on the interim and the final? What would be the arguments for provisional measures?

Mark Cain: Different fabricators find themselves in different financial circumstances. We know a number have gone out of business already, and I think there's been data on that provided. Also, we know from a number of fabricators that they're desperately hanging on. Any respite in the short term would help their businesses survive. It's that literal.

David, you got further comment?

David Varcoe: Urgency is very much foremost in our minds, and I think actually when we first met with yourselves and the team, it was probably the point we maybe overstressed the urgency in our mind and seeking a preliminary finding that would provide some relief. The problem does go back to late 2023, and so we're talking 2.5 years, in essence, that people have been either struggling to break even or losing money. That's a very long time for a small business, which is reliant on winning jobs to get cash flow. So people have done what they can to cut their costs and stay around.

Some of the modelling which we've done, we didn't have time to table this morning, but it indicates that even if what we're seeking in terms of a quota and tariff was implemented in full relatively quickly, it may only bring back half of what's been lost already because of the extent of the impact that's there. We believe it certainly is possible for industry to recover with relief. But we believe it's a minimum measure in terms of ...

Catherine de Fontenay: We'd be grateful if you would table that modelling, maybe submit it in the public realm. That would be helpful.

David Varcoe: Yes, absolutely.

Catherine de Fontenay: So we did want to talk about your proposed measure, both for the temporary and the definitive measures. You've suggested a tariff rate quota of 50% as your proposed measure, on an average from, I think it was 2020 - anyway, a longer period of time, including 2022. What is your expected impact of that on prices in the fabricated structural steel market?

Mark Cain: We've done modelling on that as well. We've got economic modelling on it, and I don't have the number in front of me, but we certainly could provide that to you.

David Varcoe: In terms of just an example, what it would mean in terms of finished products, it will have some impact, but we believe, relative to the public interest, it's more than justified. There would be a productivity increase of at least, I think, 0.2% if the TRQ was implemented as we're requesting, and that would more than offset any increase to price for finished construction, which we believe in the scheme of things is relatively minor. We can unpack that if we have time. Was your question, Catherine, also about how we arrived at that number or just more what's the impact of it?

Catherine de Fontenay: Both. Let's start with how you arrived at that number.

Barry Sterland: So the impact, the impact on the industry, and then you've got elements of public interest as well.

David Varcoe: The idea of the quota, I guess, was we thought it was a fair and equitable approach, which was to strike a balance between people that have traditionally imported and have long-term business models that are organised around that. We wouldn't be impacting that if we were to turn to the pre-surge level. So that's giving plenty of capacity for people to continue to import a certain amount.

Then the quota – sorry, the tariff on top of that – there's quite a few data points that are behind that recommendation, which ultimately, I guess we certainly fully respect, is up to the Productivity Commission to arrive at your own view on. But our thinking is that there's a 50% tariff in place in the US. It's the plan in the European Union that they're moving as of July to a TRQ that will involve a 50% tariff, and other jurisdictions that we would say are comparable have a 50% tariff.

It's also the extent to which the undercutting is occurring. So our view was that that's a number that we believe would be both comparable to other jurisdictions, that would tend to limit displacement of products to this market because of being locked out of other international markets, and also would address the extent to which local fabricators are being disadvantaged by undercutting at the present time.

Barry Sterland: Thanks. As Catherine said, it would be really appreciated if you thought you could submit that modelling and it would be able to be published, because that helps us. As we've mentioned, we can give more credence to and draw on more evidence that others have had a chance to see and respond to.

On the industry adjustment question, I just want to explore that. A safeguard measure is temporary by definition and has rules around that. Some of the things I'm hearing you say is that there's a really permanent shift, right? So I'm just wanting to line that up. What would the industry look like when that temporary assistance comes to an end? Because, as you know, it's for emergency situations and then to come back to normal WTO rules.

I just want to get a sense what can happen in 2 to 4 years or whatever with the measure that would then address the issues of injury, and the industry would be able to what? What would be the state of the industry once the measure comes off?

Mark Cain: In the current state, fabricators have shed labour, shed apprentices and training numbers, and held off on capital investment and new technology. If there's a temporary measure put in place, they will be able to get more volume through their workshops. That would mean that they employ more people, they can invest more in training and skills development, they can invest more in capital, and they become more robust as a business.

What we're looking for here is a fair go, a fair level playing field so that these businesses can evolve as they would and should in a fair market situation. David, you got any further comment?

David Varcoe: Yes, just to elaborate on what you've already said. There are quite a few fabricators that we've spoken to, and I think also have put in submissions, that have advised that their capital investment programs are on hold at the moment. So people already know what they want to do to improve their efficiency and their competitiveness. In an environment where it's quite bleak in terms of whether they can stay in business, they're certainly not looking at investing any money in new capability and new greater efficiency.

I think a lot of them have started on that journey. The period that we're seeking would be firstly to get a return back to some normal level of profitability. That timeframe is sufficient to not just get past return to normality, but to then bring forward those investment plans. People are talking about increased automation in terms of robotics, welding and other processing tasks, as well as automating other aspects of their operation, delivery and loading, and those sorts of things.

There are certainly plenty of examples we can point to of businesses that are highly automated and that want to continue that journey, and there are others that are earlier in that journey. So we'd really be looking for industry to utilise whatever government assistance is already there to really make the most of that breathing space, not just recover, but to actually become much more efficient and much more resilient and capable of competing than where they are right now.

Barry Sterland: And so coming out of that, the measure comes off. You're saying you can see a way through for at least a segment, or the industry, to compete with that lower pricing and that the pricing...

Mark Cain: I would say that if there was a continuation of unfair, non-level playing field pricing, then that would be difficult. At the moment, to even improve your business, to become more competitive going forward, is very, very difficult under the current circumstances. But if, fast forward after a measure is put in place, there's dumping into the fabricated steel market, then it's going to be difficult to compete with.

Catherine de Fontenay: Mark, earlier you said that you would be asking for government support during that transition phase. Can you please elaborate on that?

Mark Cain: Things like R&D taxation concessions, instant asset write-offs up to a certain value. Some of these things are already in place. But there could be more. There could be production credits. There could be a

number of policy instruments that could be brought to bear, which the government is currently doing for parts of industry now, either existing or going forward, applying to fabricated steel.

Barry Sterland: OK. Thanks for your input. We've come to the end of our time at the hearing today. As we've indicated, if there is any more material that you're willing to put on the public record so that it can be really taken into account fully, that would be really valuable. You can submit that to us after this hearing and we can put that up for others to see and for us to then consider.

We want to thank you for your time today. We appreciate your engagement with the inquiry, and we'll be recommencing in 15 minutes with the Government of Indonesia. Thank you very much.

Mark Cain: Thanks.

David Varcoe: **Thank you.**

Ministry of Trade, Republic of Indonesia

Barry Sterland: OK. We will restart proceedings. I'd now like to welcome the Ministry of Trade in the Republic of Indonesia. We've got Reza Pahlevi, who I can see on screen. Thank you. If any others want to introduce themselves when they speak, that might be good. Please state your name and organisation for the transcript, and then you are welcome to make an opening statement of no more than 5 minutes please before we ask some questions. So I pass over to you, Reza.

Reza Pahlevi Chairul: Thank you. Thank you so much. Good morning, Commissioner Barry Sterland and Commissioner Catherine de Fontenay. As you mentioned, my name is Reza Pahlevi. I am the Director of Trade Defence from the Ministry of Trade of the Republic of Indonesia. With me join my colleagues from the Directorate, as you can see on the screen as well.

Commissioner, let me briefly present our Indonesian statement, not more than 5 minutes as you suggested. The Government of Indonesia would like to present its compliments to the Australian Productivity Commission for the opportunity to appear at this public hearing.

On 7th April 2026, the Government of Indonesia submitted its initial written submission in a timely manner. Our submission covers an analysis of Australian import trends for fabricated structural steel (FSS), the Indonesian export volume of FSS to the Australian market over the recent period, the validity of the unforeseen development claims, and examinations of other factors leading to the import of the products concerned into Australia.

We would like to take this opportunity to reiterate our views. Indonesia emphasises that procedural transparency, the existence of unforeseen developments, a demonstrable surge in imports, and a causal link between imports and serious injury are the essential legal requirements under the WTO Agreement on Safeguards and Article XIX of GATT 1994. Departing from that framework, the Government of Indonesia examined the essential elements. The following are our positions on those elements.

Indonesian export of the product concerned to the Australian market is negligible. Our statistical record reveals that prior to 2024, Indonesia was a minor supplier of the product concerned to the Australian market. Indonesian exports of FSS to Australia spiked in 2024 but fell significantly in the subsequent period. We pursue special treatment for developing countries as provided under Article 9.1 of the Agreement on Safeguards. Therefore, we respectfully request that the Commission include the year 2025 – the most recent period to date of the investigation initiation – as the examination period. We are confident that any condition being experienced by the Australian domestic industry is not attributable to Indonesian exports of FSS to Australia. We respectfully request that Indonesia should be excluded from any safeguard measure that might result from this investigation.

Second, the Australian domestic industry is not in a state of injury or threat thereof. The Government of Indonesia expresses its appreciation to the Commission for making the non-confidential versions of the application available for public inspection. The import data presented in recital 67 of the application indicates a

steady increase in FSS imports in Australia from 2019 to 2024. We then reviewed the applicant injury statement. The applicant's economic indicators presented in recital 131 convinced us that the Australian FSS industry was in prime condition during the period 2022 to 2024, when imports reached their peak. Essential economic indicators such as sales value, profit, profitability, and employment were growing. In our view, this reflects a healthy Australian domestic industry during the period of importation presented by the applicant. Given that no injury or threat thereof has been experienced in the Australian FSS industry due to increased imports, the application of protection in the form of safeguards is not justifiable.

Third, the import of the products concerned is driven by internal factors. Paragraph 1(a) of Article XIX of GATT 1994 requires an examination of the factors contributing to the surge in imports. Accordingly, it is substantial for the Commission to consider the special characteristics of the products concerned. As we described in our written submission, the FSS production process involves design, cutting, welding, and quality inspection. FSS is predominantly a made-to-order product that relies on mass-produced standardised raw materials such as I-beams, H-beams and plates. While steel profiles are produced in large quantities, the final fabricated components – including columns, trusses, [unclear] are cut, bent, and welded to satisfy specific project requirements.

Due to its nature, it is unlikely that FSS is subject to stringent trade restrictions imposed by various nations. It is also not convincing that FSS is always available abundantly, which could potentially threaten a particular market.

Barry Sterland: Reza, can you finish soon to allow for questions?

Reza Pahlevi Chairul: Yes. Article 19 indicates that investigating authorities must clearly identify unforeseen developments and explain how those developments led to increased imports. In the Australian context, the rise of imports appears closely linked to increased demand for fabricated structural steel components associated with infrastructure and construction activities. The Government of Indonesia is of the view that such demand-driven imports constitute no development of an external or uncontrollable nature.

In light of the aforementioned, the Government of Indonesia submits that the facts currently available do not satisfy the legal requirements for the imposition of safeguard measures under the WTO Agreement on Safeguards, or at least not for imports originating in Indonesia. There is insufficient demonstration of causality between imports and serious injury to the Australian domestic industry. Thank you for your attention, Commissioner. That completes our statement in this public hearing. Thank you. I give it back to you.

Barry Sterland: Thanks, Reza. We'll ask some questions now. Let me start with the point on imports. Thanks for providing information from your own data on Indonesia's exports of FSS to Australia up to November. Are you able to advise whether this data aligns with the tariff codes we're examining? And the second question is, have you seen any evidence of an increase in imports in recent years?

Reza Pahlevi Chairul: Thank you, Commissioner. I try to answer but maybe my team can also add additional information on these two questions. As I mentioned before, our Indonesian export to the Australian market is negligible. Based on our BPS statistics – similar to ABS – we see that for HS codes 7308110 and 730890 (6 digits), we see that from 2020 to 2024 it increased but only spiked in 2024, it increased really significantly. But the year after that, [unclear] it also decreased very significantly to the same amount in the last 4 years from 2022 to 2023. Based on our ... checking data like this, we think our export to the Australian market is negligible because it only increased significantly in 2024.

Catherine de Fontenay: Director, can you please explain for us that spike in the Indonesian exports to Australia in that year? And may I ask, do you also see a spike in value, or is this possibly due to a coding error in the weight of the product?

Reza Pahlevi Chairul: Our data is in volume. Usman, do you have data in value?

Staff member of the directorate (Usman): Thank you, Commissioner Catherine, we take export data in terms of quantity. In 2020, we had 3,326 tonnes. In 2021, 2,493 tonnes...

Catherine de Fontenay: Yes, thank you, we have those numbers in your submission, and we thank you for providing them. My question is: do you know the cause of the spike in 2024, and do you also see a spike in value?

Staff member of the Directorate (Usman): We discussed with one of our producers. He mentioned demand in Australia – intensive infrastructure and construction work. This product is special design with special models, and they received orders from Australian buyers. That is the information we have.

Barry Sterland: Thank you. So, I think in answer to Catherine's question, you've verified that there was a special circumstance that had a shipment ... that that data is real. And then in 2025, according to the data you have, it dropped back closer to the levels of previous years.

Reza Pahlevi Chairul: Yes.

Barry Sterland: Other inquiry participants have put forward potentially unforeseen developments – for example, steel overcapacity, knock-on effects of trade measures, or the fall in domestic demand in some exporting countries. What is your view on whether these factors caused increased imports into Australia?

Reza Pahlevi Chairul: There are two factors here, probably, as mentioned by my colleagues. First, demand-driven imports in Australia – there is a growing market for infrastructure and construction activities. We have obtained this information from Australian information actually. ... [Unclear] The second factors I believe, there are some economic indicators in Australia such as sales value, profit, profitability, and employment are growing. This is in recital 151 in the application. We believe that the Australian FSS industry was in a good condition based on those factors still growing. That's our observation, Commissioner Barry. Usman and team, do you have any other comment?

Staff member of the Directorate (Usman): We explained how one producer mentioned a decrease in labour – welders – in Australia. The Australian industry is facing difficult situations regarding labour, the welders, and capacity decrease, but the demand is growing. And Australia searched for the product, the FSS.

Barry Sterland: Can I ask also about unforeseen issue. I think you were listening to the previous witness, the main representative for the industry. They indicated that a combination of factors have led to the unforeseen developments. So there might have been some steel capacity issues for more years, but the coming together of that with a downturn in domestic demand in exporting countries and other factors have still made this unforeseen. Did you have a responses to what they have indicated has been a sort of sudden, a more immediate sort of emergence of several factors that have made this unforeseen for the local domestic industry?

Staff member of the Directorate (Usman): Based on our... my response to those claims – in our observation, safeguard investigation is ... to apply to products produced in abundant quantities, like input goods. Like H-beam, flat products, and mainly other input goods. But FSS has very distinct characteristics. It starts from designing – one order is different from another order. It is not mass-produced. It is only produced when there is an order. So FSS is not something you can find abundantly in the market the whole time. You need to order and then you have the product. Thank you, sir.

Reza Pahlevi Chairul: Commissioner Barry, if I may add some information. Just recently, in the first week of April, one Indonesian steel company – joint cooperation with PT Krakatau Osaka Steel – just closed operations in Indonesia. It means that in Indonesia we also face some pressure from steel products imported into Indonesia. This has shown that... [unclear] ... our industry also face some challenges. ... its special characteristic means we cannot find it abundantly, means it is easy to threaten a particular market like Australia, for example. This is just additional information, Commissioner Barry.

Catherine de Fontenay: However, if there are tariffs on raw steel then – so we were talking about overcapacity in raw steel – would that not create a cost advantage for importing fabricated steel?

Reza Pahlevi Chairul: Can you repeat again I am sorry, your voice is not clear, Commissioner Catherine.

Catherine de Fontenay: Yes of course. I was responding to your team's comments that because FSS is a made-to-order product the global overcapacity issue is not a consideration for FSS and so my question is, if there are tariffs on raw steel, as there are in Australia (anti-dumping tariffs on certain categories of steel), does that create a cost advantage for fabricated structural steel that is coming from overseas?

Reza Pahlevi Chairul: Usman or the other team members, can you respond?

Staff member of the directorate (Usman): Your question is whether the current situation give advantage to FSS producer in Indonesia?

Catherine de Fontenay: Yes.

Staff member of the Directorate (unknown): I want to respond to that question Ms Catherine. As far as I know it is widely recognised that steel overcapacity is primarily driven by excess production from China. Overcapacity is not caused by Indonesian industry. But maybe because Australia and other countries have imposed trade remedies on Chinese steel products, this maybe give us opportunity, because maybe in Australia they have shifted towards alternative suppliers, including from Indonesia. Several sources mention global overcapacity and trade measures as contributing factors to import redirection. We don't have data for that but maybe from my opinion because of the trade measures imposed on China steel, Australia is buying alternative source from Indonesian FSS. Thank you.

Catherine de Fontenay: And maybe a last question. I am conscious we are nearing the end of our time. We are undertaking independent analysis of the imports data. we thank you for providing additional import data but we are also analysing the raw import data. You submit that imports to Australia of fabricated structural steel grew at an annual compound rate of 8.56% from 2020 to 2024. We are still unpacking the data, but if that was a steady increase over that period, would an increase of 8.5% per year for 4 years, in your opinion does that meet the requirements of ... meet the definition of a sudden, sharp increase in imports?

Reza Pahlevi Chairul: Thank you, Commissioner Catherine. In response to your last question, this is very tricky as well. Sometimes there is different data. But the spike only happened in 2024. But if we take the data form 2022 as you mentioned, if we take the trend, it provides us a around 8.5%. But maybe if there is ... I don't know why in 2024 it increased significantly. But maybe this is related as well to the first question from Commissioner Barry, from you as well, maybe because there is a dumping duty, so everyone try to get the opportunity to export. I am not too sure. But maybe ... because if you impose duty maybe there is advantage or disadvantages, some other country will take the opportunity, I am not sure. But I do agree with you that this increase is sudden, only 1 year, from 2024 to 2025, sharp and significant. I don't know, maybe Usman double check again, because if we take the 4 or 5 years the trend number is around 8.5, but this is caused by in 2024, the spike in quantity – 55,000 tonnes I don't know in value. ... [Unclear]. Usman, if you have anything ...

Staff member of the directorate (Usman): Thank you Catherine. I think you refer to our first written submission, where we discuss the import trend of FSS into Australia. Actually we don't have reliable data of ... exact data ... we then look for another reference for Australian data in recent period ... [unclear] this is in terms of value, a proxy of quantity, because in safeguard investigations we focus on the quantity, not the value. But this is the best data that we have for our first submission. The graph indicates imports is not sudden, but it increased in 2022, then start declining. The graph indicates that situation.

Barry Sterland: Thank you very much, we are at time now. We very much appreciate your input today and we appreciate your more general engagement with our inquiry. We will now be pausing and recommencing at 12:30 with the Thai Trade Centre in Sydney. Thank you very much to the Government of Indonesia and to Reza for leading the delegation.

Reza Pahlevi Chairul: Thank you.

Thai Trade Centre

Catherine de Fontenay: Welcome everybody. Thank you for joining us again. I would now like to welcome the Thai Trade Centre, with Ms Bhornbhat Punnok. Thank you very much for your time. You have 5 minutes to make an opening statement, then we will ask some questions.

Bhornbhat Punnok: OK. Good afternoon, Commissioners, Commissioner Sterland and Commissioner de Fontenay. Thank you for the opportunity to appear before the Productivity Commission of the Australian Government today. I am representing the Department of Foreign Trade of the Ministry of Commerce of the Royal Thai Government to provide information relevant to the fabricated structural steel safeguards investigation.

At the outset, we would like to express our appreciation for the longstanding and robust trade relationship between Thailand and Australia. Our two economies have benefited from deep cooperation, strong supply chain linkages, and a shared commitment to open, rules-based trade. This positive foundation continues to support stable commercial flows in fabricated structural steel and contributes to a broader economic partnership between our countries.

With that context, the Department of Foreign Trade submitted observations on whether safeguard measures on fabricated structural steel are warranted. Safeguard measures are an extraordinary remedy that may only be applied in extraordinary circumstances. While Thailand fully respects Australia's sovereign right to conduct safeguard investigations, the Department of Foreign Trade is of the view that the available evidence does not meet the high legal standard required by the WTO Agreement on Safeguards. These comments draw on data from the Global Trade Atlas and Australia's WTO notification of 23 January 2026.

I'd now like to draw the Department of Foreign Trade's observations regarding the current safeguards investigation. First, absence of increased imports. The Department of Foreign Trade highlights that, as set out in Article 2.1 of the Safeguard Agreement, safeguard measures are permitted only where a product is being imported in such increased quantities, absolute or relative to domestic production, as to cause or threaten to cause serious injury to the domestic industry.

In Argentina - Footwear (EC), the panel held that any genuine increase in imports must be evident both in an endpoint-to-endpoint comparison and in an analysis of intervening trends over the period. Moreover, the increase must be recent enough, sudden enough, sharp enough and significant enough to cause or threaten serious injury. Investigating authorities must focus on recent import trends rather than historical averages.

Imports from Thailand of the product concerned, classified under HS code 730890 and HS code 730810, have decreased in recent periods and represent a negligible share of total Australian fabricated structural steel imports. While in 2021 Australia imported 8,626 tonnes of fabricated structural steel from Thailand, in 2025 this figure stood at only 5,065 tonnes, which represents a 42% decrease. The decrease was even more significant in 2024, when just 3,109 tonnes of fabricated structural steel was imported from Thailand.

Furthermore, in 2025 Thailand accounted for an insignificant 0.71% of imports under HS code 730890 and only 1% of total imports under two HS codes combined. Pursuant to Article 9.1 of the Safeguard Agreement, safeguard measures shall not be applied against products originating in a developing country whose import share does not exceed 3%. Given Thailand's minimal share of the Australian fabricated structural steel market, the Department of Foreign Trade respectfully invites the Productivity Commission to exclude Thailand from any safeguard measures that may ultimately be imposed.

The second issue observed by the Department of Foreign Trade relates to the absence of unforeseen developments. The Department of Foreign Trade submits that neither unforeseen nor unexpected developments meet this threshold. Global steel overcapacity has been recognised and analysed by institutions such as the OECD Steel Committee and the Global Forum on Steel Excess Capacity for well over a decade. It is neither new nor genuinely unpredictable. Trade diversion resulting from trade defence measures imposed by third countries is equally foreseeable as a matter of commercial and trade policy practice. The Department of Foreign

Trade respectfully invites the Productivity Commission to require the applicant to specifically identify and date the alleged unforeseen developments before drawing any conclusion on this element.

And for third, the Department of Foreign Trade would like to draw the Productivity Commission's attention to the observation on the lack of serious injury under Article 4.1 and 4.2 of the Safeguards Agreement. A finding of serious injury requires objective evidence of significant overall impairment in the position of the domestic industry, assessed across all relevant factors, including sales, production, productivity, capacity utilisation, profits and employment. The Department of Foreign Trade observes that several publicly available indicators are difficult to reconcile with such a finding. For example, BlueScope Steel, a major Australian fabricated structural steel producer, reported underlying earnings before interest and tax of \$718 million, and a net profit after tax of \$439 million, for the first half of financial year 2024. That is an increase of \$29 million on the prior half year. So, with that, the Department of Foreign Trade urges the Productivity Commission to ensure that all statutory injury factors are comprehensively and holistically evaluated, and that applicants provide verified, auditable data across all relevant indicators before any preliminary or final determination is made.

So, the fourth issue the Department of Foreign Trade wishes to raise is the absence of a causal link. According to Article 4.2(b) of the Safeguards Agreement, it imposes two obligations.

Catherine de Fontenay: Sorry, Ms Pungok, you are well over time. Would you be able to finish up in the next half minute, please?

Bhornbhat Pungok: Yes, please. So, with the causal link, there are several factors that should be independently accounted for in the challenges faced by the Australian fabricated structural steel industry. The Department of Foreign Trade provides some factors related. First is the high energy cost in Australia. Second is the high wages that are increasing across the structural construction sector. Third is also the contraction of dwelling approvals and commencements from 2021 to 2024.

And, of course, the final observation made by the Department is that safeguards would raise input costs for the construction, mining and infrastructure sectors. It also will increase project costs, hamper infrastructure delivery and ultimately harm employment in the downstream sectors, so with that ...

Catherine de Fontenay: We'll have to stop there, sorry Ms Pungok.

Bhornbhat Pungok: Yes, it's all right. With that, I think the Department would like to, of course, respectfully request the safeguards investigation to be terminated. Thank you.

Catherine de Fontenay: Thank you very much for the Department of Foreign Trade submission and thank you for participating in these hearings. We appreciate the data that was included in the Department of Foreign Trade's submission.

We will, of course, be gathering data on the domestic industry and gathering data on import trends, and those will form part of our interim report. So all parties will have an opportunity to interrogate the data at that juncture.

We did want to dive into some of the data that the Department has been gathering. So you've included data on imports of fabricated structural steel from Thailand to Australia in a couple of tariff codes. Could you tell us what the trends are in those categories for Thai exports more broadly? So, what are the trends in fabricated structural steel in the last 5 years? Have exports been increasing, or decreasing, or stable?

Bhornbhat Pungok: OK. From the information provided, imports from Thailand, as classified under HS code 730890 and HS code 730810, have been decreasing in recent periods. So, as I think I mentioned, in 2021 Australia imported 8,626 tonnes.

Catherine de Fontenay: You don't have data on Thai exports of fabricated structural steel more broadly?

Bhornbhat Pungok: OK. I think for the export numbers, I will have to convey the question to the Department and we will provide further information to you later.

Catherine de Fontenay: Thank you very much. We are noting your observation about Article 9 and taking that into consideration. So thank you. We will be looking at the shares of imports from different countries.

Now let's talk about the data that you've provided specifically on Thailand? You mentioned that it was for tariff codes 730890 and 730810 combined, but it does not exclude the sub-tariff codes that are excluded in this inquiry.

Barry Sterland: Have you got a cut of that data that is the same as the ones in our terms of reference?

Bhornbhat Punngok: In that case, the information on that case, I will have to convey to the Department for further information. Thank you.

Catherine de Fontenay: We would be interested in whether you have any insights into this spike in 2022. Do you know why the imports to Australia from Thailand were so high in that particular year?

Bhornbhat Punngok: Based on the given information, it should be the figure that came up after the COVID-19 issue. Because during COVID-19, imports were depressed, so afterwards it is a recovery.

Catherine de Fontenay: And then the big decline in 2023?

Bhornbhat Punngok: I think, based on information, it is the offset following the increase in imports in 2022. So with stocks within the market already, it should be offset in 2023 or other years following that.

Barry Sterland: Thanks for that. So you talked about, in the submission, the Thai Government talks about the extent to which things could be foreseen or not foreseen, and the submission makes the comment that things like overcapacity and trade defence were not new or unpredictable.

You might have heard earlier today the Australian Steel Institute made the comment that the extent to which they came together in 2025 was unforeseen. I would just be inviting your reaction to that – that there was an extraordinary amount of third-party trade measures in recent years, and the fall in demand within some exporting countries. I just wanted to get your reaction to other witnesses about whether these factors together could be regarded as unforeseen; the combination of factors is unforeseen.

Bhornbhat Punngok: I think, for additional comments on the unforeseen or unexpected developments, I will have to have the Department of Foreign Trade reply formally on that issue. Thank you.

Barry Sterland: That's fine. We can publish any responses along with the transcript in a week or so. So that would be good to get their reaction to that, which in a sense is responding to your submission to do with that.

Catherine de Fontenay: We can discuss the issue of public interest. You submitted that safeguard measures would affect construction, mining and infrastructure projects and that they would raise input costs for these industries, hamper infrastructure delivery and ultimately harm employment in downstream sectors that are substantially larger than the fabricated structural steel manufacturing industry itself.

Have you gathered any evidence to support that view? Do you have a view as to how much costs would be affected by a tariff on fabricated structural steel?

Bhornbhat Punngok: At the moment, I believe the Department of Foreign Trade is collecting information that is publicly available in order to submit further information on the details and the numbers.

Catherine de Fontenay: OK. Thank you very much.

Barry Sterland: You also make, in the submission, comments about the causality, what caused any injury. Energy is mentioned, perhaps wages in the construction sector and perhaps some domestic dynamics.

I just wonder if you could again – again it might be further evidence – you quote some statistics, we've got the submission itself, that the dynamics in the residential construction industry has fluctuated and come down at some point in that period. Any other strong views about what other aspects might be causing injury to the

domestic industry, and why they would be substantial enough to impact the industry in the way the FSS industry has suggested they are being impacted?

Bhornbhat Punngok: As submitted by the Department of Foreign Trade with the 3 factors, I think the Department might be able to deliver more causal links for the Commissioners. However, regarding the construction sector, with the contraction in dwelling approvals and commencements, I believe that in that case, if in the future the Australian Government will be accelerating housing, I believe that that part will also drive the demand for fabricated structural steel in the future. However, in recent years, if construction of dwellings were in contraction numbers, I think it should be one of the links to the decrease, to the effect on the industry. Thank you.

Barry Sterland: It might be worth again noting for your Department the codes we're looking at. Some would go through to some elements of housing construction, but some of those elements are also excluded. The non-dwelling, like the commercial and civil construction, are often larger parts of demand. There is evidence in the public domain that those have stayed reasonably firm with major infrastructure developments.

So I would be interested in getting their perception and their view of all the factors affecting the industry, not just the residential sector, but the other major demanders of fabricated structural steel, which is often civil and large building construction, particularly the multi-storey segment and office buildings as well.

Bhornbhat Punngok: Yes, I will deliver the information to the Department and let them have some further reply on this. Thank you.

Catherine de Fontenay: OK, Ms Punngok. The submission from the Department of Foreign Trade mentioned, in its investigation of whether serious injury had been experienced, that the Australian fabricated structural steel industry has grown at an annualised rate of approximately 0.9% over the last 5 years, with particularly strong growth recorded in 2021-22.

I'm just interested in what the source is of those data, because it's actually very difficult to identify the fabricated structural steel industry as a separate sector in government data. It's something that we are currently wrestling with. Are you aware of the source of those statistics? This is section 3 of their submission, 'Lack of serious injury'.

Barry Sterland: And just to mention the reference to BlueScope Steel. While they have some downstream distribution, BlueScope Steel is mainly an upstream, a mill, a producer of primary steel. It sells into the fabricated structural steel industry, but is itself not mainly a fabricator, or even at all a fabricator. So it would just be worth asking your colleagues to disentangle ... it might have been from industry submissions or elsewhere, the FSS industry that competes with the specific codes we're looking at.

Bhornbhat Punngok: OK. For the annualised rate of growth, I will have to get back to the Department on the number, the source of information on that, and for BlueScope Steel as well. By that, you mean the Commissioner would like to have further information on the segment of the products?

Catherine de Fontenay: I would like to know where that statistic comes from. The 0.9% growth in output, I think it is, for that sector. Because it is very difficult in statistics to identify the fabricated structural steel sector. I would like to know where that statistic came from.

Bhornbhat Punngok: OK. Yes, thank you.

Catherine de Fontenay: Ms Punngok, is there anything else you would like to tell us?

Bhornbhat Punngok: No. At the moment, I will need to bring the questions or the information that you require back to the Department and will submit further information.

Catherine de Fontenay: Thank you. That's very helpful. We appreciate them responding to our questions and we appreciate your time. And thank you for your engagement with the inquiry.

Bhornbhat Punngok: Thank you.

Catherine de Fontenay: We will have a short break now and we will recommence proceedings at 1.15.

Rowville Engineering

Catherine de Fontenay: Welcome back, everybody, and thank you for your time. I would now like to welcome Muhammad Kabir, representing Rowville Engineering. Muhammad, once your video and microphone are on, could you please state your name and organisation for the transcript. You are then welcome to make an opening statement of no more than five minutes before we ask you some questions.

Muhammad Kabir: Hello. My name is Muhammad Kabir and I'm representing Rowville Engineering. We are structural steel fabricators and installers based in Pakenham, Victoria.

Catherine de Fontenay: Thank you very much. We are really grateful for your submission and thank you for taking the time today to talk to the Productivity Commission. We really value hearing from steel fabricators directly and we understand that these have been tough times, so this investigation may be a little bit challenging. Muhammad, did you want to say something first before we start?

Muhammad Kabir: No, all good.

Catherine de Fontenay: So Muhammad, in your submission you said that 2025 has been a very challenging year for you and for Rowville Engineering. Would you be so kind as to tell us when did you first notice that conditions were getting more difficult? So we understand that there's a little bit of a lag in fabrication because you're completing current orders while you're tendering for new orders. Could you tell us when did you first notice that the market was getting more difficult, and when did it really start to impact your business?

Muhammad Kabir: I would say mid last year, say June, June, July. We started to experience that something is happening in the market. And then within a month or 2, or I would say max 3 months, it started to hit us.

Catherine de Fontenay: OK. And so what were the first signs that you noticed? Were you applying, bidding for jobs? What were the signs that you noticed?

Muhammad Kabir: So we used to have a lot of inquiries first. The inquiries started to reduce a little bit, which I wouldn't say is related to this, but what made us notice the change was we were pricing jobs and we were not winning as much work as we used to. Number 1. Number 1, clients used to be - it was really easy to win work before, but after this started to happen, it wasn't as easy as it used to be.

Catherine de Fontenay: OK. And so when was it? Was that in June, July that you first noticed inquiries starting to slow down, or was that earlier?

Muhammad Kabir: Yeah, no, around that time, June, July, I would say.

Catherine de Fontenay: June, July 2025.

Muhammad Kabir: Yeah.

Catherine de Fontenay: All right. And when you take a job, how long do most of your jobs last?

Muhammad Kabir: Like from start to end, are you talking?

Catherine de Fontenay: Yeah.

Muhammad Kabir: Yes, so typically within 2 months.

Catherine de Fontenay: Within two months, OK. So in your market segment, the time from start to finish is a little shorter than in some other parts of the fabricated structural steel market.

Muhammad Kabir: Yeah, yeah, yes.

Catherine de Fontenay: And what is your specific market segment, Muhammad? Are you in portal frames or architectural steel? What do you focus on mostly?

Muhammad Kabir: We focus mainly on commercial and residential, with more focus on the alterations and additions, I would say, instead of new builds. We don't win a lot of new builds. We normally win the alterations, additions, commercial, residential.

Catherine de Fontenay: OK. So alterations seem like a surprising part of the industry to have import competition because it's pretty small and pretty bespoke. When you've lost bids, have you heard that they were going overseas?

Muhammad Kabir: We haven't specifically heard that from the end user or the client, but the pricing they have come back to us is ... We had already sharpened our pricing. And even after that, they were still coming half price in, which we couldn't even buy for. So we could understand that this is not something which anyone can afford in Australia. So it must be coming from overseas or something.

Catherine de Fontenay: OK. Could it be competition from larger-scale fabricators who are moving out of their segment and into your market segment? Would they have a different cost base?

Muhammad Kabir: That might be a possibility, but the work, if they are jumping in that one, that's really way too small for them.

Catherine de Fontenay: Way too small for them normally.

Muhammad Kabir: Yeah.

Barry Sterland: What sort of is the tonnage of a normal job that you're involved with?

Muhammad Kabir: I would say around 5 to 7 tonnes.

Barry Sterland: Yeah. So it's very bespoke to a particular renovation. Is that what you're saying?

Muhammad Kabir: Renovations, alterations and additions. We do new builds as well. But alterations and additions, we still win a little bit. But new builds, we are just absolutely not winning at all at the moment.

Barry Sterland: And are the new builds bigger jobs than the 5 to 7 tonnes, or are they in that range?

Muhammad Kabir: They're still in 5 to 10 tonnes, I would say, for the residentials, but for commercial, you can say around 20 tonnes.

Catherine de Fontenay: Muhammad, can you think back for us? When was the last time you won a new build job?

Muhammad Kabir: Residential or commercial?

Catherine de Fontenay: Both. Tell us for both.

Muhammad Kabir: That would be ... For the residential, I would say around end of 2024, if I'm right. And for commercial new build, I'm not sure. Maybe I have won something in between, but I think 2023, mid-2023 or something.

Catherine de Fontenay: 2023. OK. Roughly got it. Thank you. So you mentioned that these other quotes for the jobs that you're bidding for are coming in at a much lower price. Can you tell us about the impacts on your business? So have your prices been affected? Has your volume been affected? Can you just lay out for us... You said you started to feel impacts in October last year, real impacts on your business, can you talk us through what the impacts have been?

Muhammad Kabir: Yeah, I will tell you. Before I jump onto that, I would like you to know that because we had some alterations and additions projects still going on till last year, mid last year, so we were still engaged in

those. But after that, when this started to hit us, obviously there was less work for everybody, less work for the employees, less work for us. Everything is already expensive anyway. We still have to pay our bills, you know. So everything, everything, pretty much everything has been affected.

Catherine de Fontenay: Yeah. So you still had alteration and renovation jobs up until when?

Muhammad Kabir: We were doing a good amount of alterations and renovations till last June. We still picking up on and off a little bit, but we are struggling with that. That's what I meant to say.

Barry Sterland: And just with the size of these jobs, you think it might be import competition. Have you had any evidence that that's the case?

Muhammad Kabir: I don't have first-hand evidence, but it's the word of mouth, which I have heard from within the industry, from our suppliers as well, because our suppliers say they are struggling as well. They are not winning as much work as they used to. They're not selling as much steel as they used to sell. And a lot of big companies, I would say, or even smaller fabricators, they are importing from overseas.

Catherine de Fontenay: OK. So looking at your financials this year, can you talk us through how, since January, what has that done to your capacity utilisation and your employment and your prices and so on?

Muhammad Kabir: I would say, for the pricing, we have ... Just to win the job and keep everybody, every mouth to feed, we had to cut down our prices by, if I'm not wrong, about half the pricing. So just hardly making any wages. And I would say we are working at 30% capacity at the moment.

We, because we have our numbers on the website as well, my contact number on the website as well. So we, I myself receive a lot of inquiries from overseas, so that if I'm interested, I can buy it from overseas and do it. But we are a proud Australian manufacturer and that's what our logo says as well. So obviously that's not our way to go.

Catherine de Fontenay: Yes. We had heard that there were some local fabricators, some Australian fabricators, who were importing fabricated steel themselves. Is that something that you have heard? It sounds like you've got inquiries about it. Have you heard of any companies who are doing that?

Muhammad Kabir: I have heard just in general that there are companies who are doing this. That's how they are competing. That's how they are beating, undercutting everybody. Which makes sense as well, because the pricing, the client, the feedback on the pricing we get from the client, even on the half price, is still another half. So I would say technically 25%, if not less. So if you're getting something based on about that price, it is obviously coming from somewhere, you know, overseas or something.

Catherine de Fontenay: Can you tell us about these alteration or renovation jobs? The steel is bespoke to the specific job. Is it large pieces of steel or is it pieces of steel that could be easily packed into a container?

Muhammad Kabir: It just depends. Sometimes the pieces are small, but they are still 2, 3 metres. The largest, I would say, are around 10, 11 metres. So it just depends. It just depends. And yes, like I told you, I receive inquiries from overseas that if you need some steel, we are happy to fabricate and ship it to you as well.

Catherine de Fontenay: OK.

Barry Sterland: Interesting. So I think you said you have an installation business as part of your business. You fabricate and install, is that what you said?

Muhammad Kabir: Correct, yeah. Correct, yeah.

Barry Sterland: Have you been doing any installation of imported - like that's not fabricated at your place?

Muhammad Kabir: No.

Catherine de Fontenay: Muhammad, maybe we could talk about injury a little bit - sorry, about the safeguard measures. So a safeguard measure is ultimately a temporary measure. So it is, let's say, a tariff or a tariff quota

that exists for a limited period of time. It is essentially an emergency measure to help give an industry time to adjust to a new competitive situation. Could you just take a moment and think about if there were a tariff that were imposed for 2 years or 4 years? What would be different at the end of those 2 or 4 years? Would you be in a different position to compete, or would that just be postponing this difficult competitive situation?

Muhammad Kabir: Well, I think it's going to be just more like postponing it. It's just pushing it back a bit and it comes back again.

Barry Sterland: And the other way of asking is, can you imagine developments within either your business or the way the industry operates that would be able to make significant savings to reduce costs in that period? Can you imagine investment or process improvements or something like that, that would give a chance to reduce costs?

Muhammad Kabir: Yes. We can certainly. Obviously, we have to always do the ... every business has this thing in their mind that you have to reduce your costs so you can maximise your profit and minimise your cost. But what I'm trying to say here is even if you gain some time, say 2 years, 4 years, that would still be a challenge for us.

Catherine de Fontenay: Understood.

Some of the submissions we've gotten have raised other sources of expense for the Australian industry. So the certification process is very costly, the cost of power, the cost of wages. And obviously it's a challenging time for all businesses. Are there specific costs that have contributed to that wedge between your costs and these overseas costs?

Muhammad Kabir: No, I would say just overall everything is becoming expensive every passing day. In general, it has contributed. There's nothing specific which is, you know, if we control that, we will be back in the game.

Catherine de Fontenay: Yeah. And there's no particular type of cost that has really jumped and made a big difference to your balance sheet.

Muhammad Kabir: No, not really. I wouldn't say so, no. Everything is just gradually going up, which is, you know, adding its impact on it.

Catherine de Fontenay: Yeah. One issue that has been raised with us is the kind of the separation between engineering design and then the fabrication, that if something is designed in a more efficient way, it's cheaper to fabricate. You can possibly use lighter steel if it's a better design. You know, that if design engineers and fabricators work together more closely, there are ways to cut the cost and make things more efficient. Thinking about some of the designs that you've received, is that a possible source of lower cost? (Australian fabricators collaborating a bit more with the engineers who are developing the designs.)

Muhammad Kabir: I would say it used to happen a lot before that when we are doing a job, we would say, there's a lot of steel, they don't need this much. But that's, I think, gone for now. Now we only have as much as the client needs it because cost is impacting everybody, including the client as well. So they already go hard on everything. That's the thing I would say.

Catherine de Fontenay: I understand. That's a really helpful answer. Thank you, Muhammad. When you say that used to happen before, when was before?

Muhammad Kabir: 2022, 2023, yeah.

Catherine de Fontenay: So now the clients have already given a lot of thought to ways to reduce the steel. Do the designers think about ways to make the fabrication part more efficient and therefore cheaper? 'Don't put the welds there or it's going to take us 2 hours longer.'

Muhammad Kabir: No, no. What we have seen so far, I don't think the engineers or the client think that way. That's what comes back to us, and then we go back to them: 'Look, this is not possible. You're going to have to do something else about it.' Yeah.

Catherine de Fontenay: Yeah. Can you see opportunities to make that back and forth a little bit more efficient to save you costs and therefore save them costs?

Muhammad Kabir: Yeah. It depends on how much time the client has. Sometimes client says, 'You're right, you're right, this can be done, but we don't have time, so just do it.'

Catherine de Fontenay: Yeah, yeah, got it. Thank you. That's super helpful.

Barry Sterland: OK. Look, I think that's probably all the questions we have. You can get back to it.

Catherine de Fontenay: Was there anything else that you wanted to tell us, Muhammad? And again, we're really grateful for your time.

Muhammad Kabir: Thank you very much. No, I think that's about it. We are here to grow together, like with everybody else. And we can only hope that things will get better again, like before. That's all.

Catherine de Fontenay: Thank you. Thanks so much for your time. We really appreciate it.

All right, everyone, we're going to take a short break and we will return at 2:00 for CASA Engineering.

Thank you again, Muhammad. We really appreciate your time.

Muhammad Kabir: Thank you very much.

CASA Engineering

Catherine de Fontenay: Welcome back, everybody. Thank you for joining us. I would now like to welcome Peter Casa, Wayne Heley, Guy Hanlon and John Palermo from Casa Engineering.

Peter, once your video and microphone are on, would you kindly state your name and organisation for the transcript? And then you are welcome to make an opening statement of no more than five minutes, please, and then we will ask questions.

Peter Casa: My name is Peter Casa. I am the director of Casa Engineering. Can you hear me fine?

Catherine de Fontenay: I can hear you.

Peter Casa: Yep, no worries. I did a slideshow, but obviously I can't share, so I am going to read it and just go through it quickly with you, if that is OK.

Catherine de Fontenay: That is good. Thanks.

Peter Casa: Or would you prefer... because there are some figures here you may want to see. That was all.

Catherine de Fontenay: Ok hang on one second. We'll see whether we can give you permission.

Barry Sterland: And we have your submission in front of us, too, by the way.

Peter Casa: There is just extra data I was just going to show you, because obviously the Commissioner Catherine is very interested in the data. I thought I would put some of the ...

Catherine de Fontenay: All right, go ahead and try and share your screen, Peter.

Peter Casa: Can you see that slide there?

Catherine de Fontenay: Just put it in presentation mode and then you are good to go.

Peter Casa: Yep, done, OK. So this is our presentation for the safeguards submission. Just as a whole, CASA Engineering is a Queensland fabricator and construction company that started in Townsville in 1995. I am the director and have been for the past 30 years, and I have been in the industry for 35 years.

We employed around 90 to 120 people and have traditionally fabricated between 2,000 and 4,000 tonnes of steel each year for mining, industrial infrastructure and major warehouse projects. Over the past several years, we have seen more and more structural steel being imported instead of being fabricated locally.

The problem is not lack of work. The market is still strong. The problem is that steel work that was once fabricated in Australia is now increasingly being fully fabricated and painted overseas, before getting into our country ready for install. In many cases, Australian fabricators are not given the genuine opportunity to compete for the work. Often local fabricators, including CASA, are only asked to price so contractors or builders can compare local prices to satisfy local content requirements, even though the steel is likely going to be imported anyway.

The impacts to our organisation are we have had to close regional facilities, we have mothballed millions of dollars of equipment, we have made redundancies, we have reduced our apprenticeships and we have cancelled our investment in equipment. Without safeguards, Australia risks losing not just the steel fabrication work, but also the skilled work, apprenticeships and local industry needed to support future infrastructure and industrial projects.

The country's GDP is basically consistent for construction, which has been around 10% for the last 5 years. I have based everything on five years because the Commissioner was looking at 5 years. Generally, the industry breakup is infrastructure is around 40 to 50%, mining industry is around 20 to 30, commercial buildings another 20 to 30 and residential is about 5.

Australian projects that would normally go to a local fabricator are now being imported. These are just some of the projects: Hitachi building, the Bundamba warehouses, massive warehouses at Redbank.

These are all close to local fabricators and not one of them even got an opportunity to bid. Goodna warehouse was only 30 tonnes, was literally 2 doors down from us, did not even get to see it. Major projects like Eva Copper, we priced that for weeks. At the end of the day, it went to imported steel. Jindalee Bridge, I actually developed the methodology to put the bridge together, did not even get asked to go and quote the falsework.

In a nutshell, the fabrication is no longer being done in Australia. Local fabricators do not get a job opportunity. Local fabricators are often not invited to tender. Some of the companies just ask fabricators to price, just to compare them with overseas. Some of the companies present themselves as local fabricators and source their steel from overseas. Sometimes the decision to import has already been done before local fabrication even gets a chance to quote.

Impacts on our organisation: we closed 2 of our, we actually closed 3 of our facilities and reduced ourselves to a smaller one. We closed our Rockhampton facility, which was 5,000 square metres with 6 overhead cranes up to 20 tonnes. We closed our Townsville facility at 7,000 square metres with 9 overhead cranes at 63 tonnes. We closed our Bundamba facility at 9,000 square metres, overhead cranes up to 32 tonnes, and shrunk ourselves down to 1,700 square metres and two overhead cranes.

I have millions of dollars of equipment containerised, sophisticated equipment, not just usual run of the mill. I made 70 people redundant. I reduced my apprenticeships and my turnover declined from \$35 million to \$15 million. I also cancelled the orders on the beam line and paint line that we were supposed to put in one of our facilities.

On top of that, the national and Queensland fabrication trade apprenticeship commencements have declined significantly in the last year. This is the data I want to really show you, because this is not just about fabricated steel or fabricators, this is about apprentices and the future of the trade. The National Centre for Vocational Education Research data shows Australia-wide commencements in boilermaker apprenticeships declined from approximately 3,570 in 2021 to around 445 commencing in 2024 and only 10 commencing recorded in March quarter 2025. In Queensland, commencements declined from approximately 1,021 to around 90 in 2024, with no commencement records in March quarter 2025. That demonstrates how quickly Australia is losing its future in the fabrication workforce and the skill.

This is the actual data and you can actually grab this online because this is where I got it from. It is live and well for you to see. You can see down the bottom here, these are all your figures for apprenticeships in this trade. This is the Queensland statistics in this trade.

Now, why Australian fabrication matters. We need to preserve the jobs, maintain apprenticeships, support local manufacturing capabilities, encourage investment, reduce supply chain risk and maintain technical trades. Once we lose those trades, it will be very, very difficult to rebuild that in this country.

In summary, CASA continues to deliver technically complex infrastructure and industrial projects. The issue is not capability. It is the increased replacement of local fabricated steel with imported steel. Australia still has skill, experience and capability to fabricate structural steel locally. But without safeguards, more workshops will close, similar to mine. More apprenticeships will disappear and more Australian manufacturing capability will be lost.

The market of steel remains strong. How is an Australian fabricator supposed to compete when your actual raw steel, we pay \$2,400 a tonne, Aussie, they pay \$680 US. My labour is \$48 an hour against \$17.50 an hour. This is why I say to the Commissioner, when you are comparing things, Commissioner, do not compare dollars, compare tonnes. Tonnes is a key commodity in our industry. My labour at 25 hours a tonne is \$1,200 a tonne compared to \$437 a tonne imported. Shop detailing is \$1,200 a tonne compared to \$250 a tonne. Galvanising in this country is \$1,400 a tonne; they are paying \$320 a tonne. Painting is \$2,000 a tonne for a three-coat system; they are paying \$400 a tonne. A business that has one salesman in this country, how do I compete with that? It does not matter how much technology I implement in the workshop, you still can't compete.

I just added these two slides at the end, Commissioners, because I wanted you to have a look at these, because some of the questions you asked some of the other people, some of our political delegates, I just want to show you what dollars, see ... the imported steel is all about currency as well. It is not just about labour force. If our dollar is strong, which is basically a safeguard, an increase in safeguard, it is harder to ... it is less value to bring imported steel. But when our dollar is weak, sorry, when our dollar is weak, then they are stronger, it makes it hard for them not to bring it in. I did this on purpose because this is something that no one has brought up and I think you should look at this in your investigation.

Thank you.

Catherine de Fontenay: Thanks a lot, Peter. I appreciate you putting all that work and thought into your presentation and we are grateful to hear directly from steel fabricators. We understand that it is difficult to talk about the current market conditions so we are grateful for your time.

Could you start by telling us which segment of fabricated structural steel you think of yourself as being in? Was your business primarily portal frames a few years ago, or what? How would I think about your market segment?

Peter Casa: No, I am one of the major players in the state, and I was one of the biggest fabricators in this state, in Queensland, sorry, I should say, along with my competitors. My main competitors were people like Beenleigh Steel, idec and people like that. Now our main competitors are ATSH and all these other people from overseas. Please do not quote me on the names; I am mainly just picking them out of my hat. We play in the big, big game, traditionally, and we move to suit the market.

If mining is booming and producing more tonnes, we move to that market. When infrastructure had their safeguard on quality, so quality was a significant guard for a number of years, we were strong in that market. As a fabricator, as a trade, as a boilermaker, the whole workshops are taught to make anything out of steel. It is not bespoke traditionally. It is all about space and commodity and capability of the facility, not the people. We can make anything, but our main sectors were infrastructure, mining and large commercial buildings.

Catherine de Fontenay: Large commercial buildings, and in infrastructure what kinds of pieces would you have been making?

Peter Casa: I make everything. I make air traffic control towers, I make sewage treatment plants, I make stadiums, all the above. There is unlimited. And all over the country; it is not just local, it is all over the country.

Catherine de Fontenay: OK, terrific. Are there any of the things that you produce that are not in the scope for this particular inquiry?

Peter Casa: It is not what we produce. The only facility that we provide that is not in this scope is install.

Catherine de Fontenay: Install. So you do your own installation.

Peter Casa: We have install in our organisation, correct. That is the one thing that is not imported obviously.

Catherine de Fontenay: Right. But there are no products that you produce that are outside of the scope of this inquiry.

Peter Casa: No. I have been in this industry for 35 years, so I have seen every trend come and go.

Imported steel was first brought in by Bechtel and the big guys when they started making modules overseas, so that opened that gate. Like any industry, they have become more efficient. As they become more efficient, they become more dynamic and take over market share.

Now their market share is strong because the builders are actually aligned more to them. It is not even the contractors, while the contractors are, but the builders are now actually importing direct and even going through a fabricator. Some have even purchased a fabricating workshop, so they have a facility in front of them, so they do not get discriminated against, right? I hope that answers your question.

Barry Sterland: Can I just ask on that market segmentation, are you seeing the difficulty in all those segments at once, or some more hit than others?

Peter Casa: I was going to put up a list for you of the tenders. I have \$153 million worth of tenders listed in front of me. My colleagues told me not to put up for you because obviously it is public. I was going to do that as a point of view because someone has to save this industry. I have got to tell you, we are in massive decline.

In mining, we had Eva Copper. That went straight to overseas. We spent weeks and weeks bidding that, and it went straight to overseas. We were not even in the running. I think that they were just entertaining to tick the box for ICN. DP World, which was another great job, a \$6 million job, has gone overseas. There is no way in the world we can compete with it, and that is just recently.

There are some projects that require, and I use TMR for example. TMR is the main roads department here in Queensland. They have very stringent QA, so it has to be made in Australia. But, like Jindalee Bridge, I developed the methodology. I didn't even get all the falsework, which was a major part of the project; we did not even get to look at it. It was our methodology.

It affects all the sectors. It is not just, and traditionally, and I say this, see, it is all US dollars and it is all about boxes. It used to be break bulk, and when it was break bulk, we were still competitive because break bulk was more expensive shipping. Now a container box costs \$3,000 US. You break that down, you can work out how many tonnes you can put in there, and they are getting very, very efficient at how much they can slide into a container. They can get 40 tonnes in a container, so that is pretty good going. If you can get it in a container, it can be imported. It is just that simple.

Catherine de Fontenay: Right. And so then there are specialised assembly businesses that are welding it?

Peter Casa: No, they come pre-assembled. 10 years ago that was the case, but it has evolved like anything else. Now they actually design the splices in. A column comes in 10 metres long and with a piece that bolts straight onto it, so it is just bolts. There is no pre-assembly; the design has evolved to suit overseas. That is how much it has changed.

Barry Sterland: Obviously you made a, you are making the case in your submission and presentation on imports causing the injury. Some of the factors you mentioned, wage differentials, even some of the steel overcapacity, have been there for quite a while.

What's happened, and when did it happen, to really cause ... you've just mentioned a factor I wouldn't mind exploring which is the adeptness, the fact that transport costs have always been part of it, but maybe some innovation on that front has reduced the cost. Is there something to do with the design as well? I am just hearing a range of factors. When did it happen and what's made the big change? If you are saying there is more of a surge or a sharp effect, what is the timing of that and what factors do you think made it happen then rather than 5 years earlier?

Peter Casa: I am going to go through a little bit of history for you. Bechtel were one of the major players, them and Chicago Bridge and those sort of guys, all brought the imported modules in, stating we did not have the capacity to do it in this country, and it was a verified statement. All that happened. After that, we went from there to major projects. Then we put some safeguards in, that anything over \$200 million, they had to go to local content to bid.

The big change for us now is the acceptance of imported steel. Previously, everybody thought it was a risk to bring imported steel in this country because there were so many issues with it technically. All that has evolved. The technical part of imported steel is now being removed. The risk is minimal. The risk is now about how soon your ship will arrive or not.

A bunch of Australians got employed and sent overseas, and they rationalised a workshop and made it run like an Australian workshop and put the smarts and that sort of stuff. Then after that, you are actually making the equivalent quality of steel.

Then we brought in, what was it, the accreditations for 5131, and we thought, well, that will help us because you have got to meet these accreditations. Therefore, our quality has got to be that high now. All the Australian fabricators adapted to that. We have got our level CC1, CC2, CC3, et cetera. But the overseas guys got the opportunity to do that too. When you start sending an assessor from Australia over to assess them, because you are not allowed to discriminate apparently, you then make them CC3. Once they are CC3, we are equivalent again. Anything that we put up, they create an equivalent to. You can never beat that.

What made the big change was the acceptance. The acceptance was the big one. Bechtel used to build a module overseas and send all the people over there to make it. Now people have accepted that when I buy that steel overseas, it is cheap enough that if it comes here and it is not right, I have got enough money to still fix it. Australian fabricators spent a lot of, got paid money to fix imported steel. There must be hundreds of us that did that, but they got better.

That acceptance level has now changed. That has changed gradually in the last 5 years. Now, in 2026, we are not even bidding on the jobs. So the change has been more so technically than any other commodity.

Catherine de Fontenay: We would like to talk some more about the quality and certification issues, but can you first just tell us, in terms of what you have seen in your business, what does the timing look like for you? When did this start to impact you? When did it seriously impact your business? What kind of timing have you seen in terms of your business?

Peter Casa: I reckon the last 2 years, around 2024, was the real change, because we went through a boom in commercial and commercial is an open market. Less parameters to meet, less rigid guidelines. It's basically a developer. You are appeasing a market for a developer. You are not appeasing a government organisation or a committee or something like that. You are competing with someone.

When that boomed, if you go and look at how many square metres of warehouses have been built in Queensland in the last 2 years, and look at how many tonnes of steel it takes, assuming it is 30 kilograms per square metre for the warehousing, and then you have a look at how much Australian steel has gone into that, that will give you your answer.

Catherine de Fontenay: OK. So that boom started in early 2024?

Peter Casa: Correct. It basically came straight. COVID pumped in a lot of money. We had the shortage on housing. We had immigration. Roughly, I say 2 years, just over 2 years.

Catherine de Fontenay: OK. So before that, more of the work was government work, which maybe had some local content rules.

Peter Casa: Correct. Government work, yep, sorry.

Catherine de Fontenay: What was happening with the mining work?

Peter Casa: Mining work slowed. Again, it is a commodity. When it is booming, when coal is up, we are building plants. When coal is down, we are not building plants. When we are pushing for net zero, no one wants to talk about mining coal. The gas plants were the big boom. When we built all the big gas plants, that was a big boom. Now we are not building gas plants, so that left a big hole.

Catherine de Fontenay: And when was the last of the gas plants constructions?

Peter Casa: Oh, that was ... what, like nearly 2 years.

Catherine de Fontenay: OK. Thank you. You said that when the boom in commercial happened, they really mainly went to imports. So that acceptance of imports as having adequate quality, that had happened by 2024. When do you think the commercial sector started to accept imports as being of adequate quality?

Peter Casa: Commercial sector has accepted imports for some time. The difference is the value of the import. The import previously was less of quality, but the value was so low that they had enough money to fix it. What is happening now is the imports have worked it out: we make it better, we get more return.

The value at the end of the day has gone up actually for imports, slightly for imports, but that means there is no rework. The change, the acceptance, has been more than 2 years because the significant import, but now in the last year and a half, probably... I should say that imports have been accepted for more than 3 years. They have been more dramatic in the last 2 because we have salesmen now that go around, 1 person in a car, that goes and offers a commodity, the structural steel to a builder. The drawings get shipped overseas and the estimates get shipped back the next day because they have the resource to do that. We don't have that resource. We take 5 days to turn out; they take 2, because they work on tonnes. If they are out on their hours, it does not matter so much. For us, if we are out in hours, it costs us dearly. We have to be a bit more accurate with our estimates. So the acceptance level has been, I reckon, 3 years; the dramatic change is in the last 2.

Catherine de Fontenay: OK. In the last 2. Thanks, Peter. That is really helpful. What would you say is the price difference per tonne now between you guys and the imported product?

Peter Casa: If you look at the slide I gave you, it gives you a rough idea. It actually gave you tonnes in there. I will send this to you. It gives you each commodity broken up. I might share that with you just so you can see it one more time. Most of the fabricators will agree with me on this because it is just a roughy. They can actually see it. Can you see that slide there?

Catherine de Fontenay: No, but I remember. This is your slide with the price of raw steel and the cost of galvanising and the cost of labour. Yeah, OK. Thank you.

Peter Casa: Correct. Correct.

Barry Sterland: As you know, the safeguard measures are temporary. They are made for emergencies, and the idea is that the industry gets a breathing space to handle that emergency. We will assess objectively all the information in front of us and that sort of thing. But if a safeguard measure was put on, and then when it is taken off, what do you think can be done before that? How would the industry look in, say, a low single-digit number of years that would be different to now, that would enable it to compete with imports?

Peter Casa: I can answer that. I gave you a breakup of the industry segments. I don't know if you saw that. It was mining and infrastructure was 30 to 40% and building and commercial was around 20 to 25%. When mining is quiet, traditionally as a fabricator, we do the circle. Mining goes down, commercial goes up. Or infrastructure is quiet, something else triggers off. The markets move.

When you take a commercial market out, you are taking 20% of the market out at one time. When mining is down, we have got nowhere to go. Or infrastructure is down, we have got nowhere to go. The government slowly has been reducing the infrastructure because it cannot afford infrastructure. As I look at Queensland, all these hospitals are going to be built; they have all been stalled. Everybody has been waiting for the Olympics, but the Olympics is only a temporary thing for a period of time. But, when you take 20% out of a market, you are making everybody swim in the same pool. The little ones cannot survive and the big ones cannot survive because there are too many middle ones. You end up with a reduction no matter what happens.

The cycle of commercial has moved now because we have built that many warehouses. I cannot see us building that many 20,000 to 50,000 square metre warehouses ongoing, so when that moves, where is the imported market going to go? They have to go to the infrastructure. If infrastructure lets them in, then we are dead ducks. That is where the answer lies.

If we are protecting the market temporarily, we are protecting the market waiting for the cycle to move. That's what we are doing. If you are going to put a safeguard in to protect the steel industry, you are going to protect us from getting us through a cycle. We get through a cycle and then we are on the other side, we move on with mining, or we move on with infrastructure, we move on with things because the government will start doing their projects. We have got nowhere to go at the moment. That is the key.

Barry Sterland: But can you see in future an industry that is going to remain competitive in those segments? Say the cycle, so there is a cyclical element in Australia. Are you seeing that there is, or is there investment or something done on the domestic industry that can assist?

Peter Casa: There is investment in the domestic industry for sure, because infrastructure is the big one that moves all the time. Infrastructure is the biggest part of the GDP. At the moment it is at a lull, and has been for probably 12, I would say 12 months. That is what a lot of the fabricators are feeling. That change is what is really getting us because we cannot go to the other market. The other market is flooded with imported steel.

The safeguards are only to get us through the cycle. Once we are through the cycle, then the industry will move back to it again. But you have got to remember the workshops that are closed, they are not going to go and open. What you are doing is when we get to the other side of the cycle, you are just making the fabricators that survive be able to continue.

Now, when the Olympics comes to Queensland for fair dinkum and we start building some serious infrastructure, you will see the boom here and fabrication will grow here, but that is not the whole country as a whole. It is just local. Adelaide has got its hotspot at the moment. Everywhere in the country has always got a hotspot. If we can get through the period of commercial, then we can get through the period.

Catherine de Fontenay: OK. Thank you. That is really helpful. You have mentioned local content rules a few times, and it sounds as though some of the commercial projects take a look at local content but aren't necessarily committed to buying that. So it feels like the worst of all possible worlds if we have local content rules on paper, but we are not abiding by those. If local producers have to put in a lot of effort to document their local content, but in the final analysis it isn't relevant. What are the types of projects where, on paper, there are local content rules, but in practice that is not followed?

Peter Casa: Government. Government has local content. Government actually gives a percentage of weighting on local content. Now, in saying that, my importing competitors have worked out that they just need a local fabrication workshop front and an address to compete with that. If you actually have real local content and it is valued like they say it is, then we don't have a drama with that in the government projects.

Catherine de Fontenay: So are there some types of government projects where they are looking at the details and some where they are not, or what?

Peter Casa: Yeah, most of them. Defence is a big one. Defence projects look at it very, very stringently. Most of the major infrastructure ones look at that stringently because they are very government scrutinised. One thing that is strong in government projects is training, so you have got to have apprenticeships. They want to see the steel, more local inspection, all that sort of stuff, so those contracts are made for local content.

Catherine de Fontenay: I am conscious that we are at time, but I wanted to ask just one last question. Thank you for those statistics on boilermakers. Do you have a sense of what share of all boilermakers are employed in fabricated structural steel versus other sectors? I know there are some apprenticeships in other sectors.

Peter Casa: There are. Look, you have light, medium and heavy fabricators. That is a really good ... My colleague previously was a light fabricator, doing 5 tonnes. Most of the heavier guys, ratio wise, I would say more than 80% is in heavy to medium, and then the light guys take up around 20%.

Catherine de Fontenay: But wouldn't there be other sectors that have boilermakers? My husband was with Caterpillar and they had a boilermaker apprentice, so...

Peter Casa: Nah. Yeah, but that is still, sorry, that is bespoke. So he is 1 boilermaker in an engineering shop that does something for machining, right? Let's go down that avenue. There's not that many of those workshops. 20% is quite a number, I am going to say. There are not that many people that make handrails, there are not many people that make ramps compared to hours per tonne.

If you look at, I make 4,000 tonnes, and you just do the mathematics. A person makes 4,000 tonnes. If he does 4,000 tonnes and he spends 30 hours per tonne making that, 30 hours per tonne, that is 120,000 man hours. You divide that by 8 hours a day, 120,000 into 8 divides... that is going to be 15,000 man days. I divide that by, what do we have, I am going to say 300 days. 15,000 into 300... Sorry, I have got my reverse calculator here. So I have got 50 employees. For me to make 4,000 tonnes, I have 50 employees. It goes on tonnes. You can work that out pretty easy, how many boilermakers there are.

Catherine de Fontenay: OK. Thanks. That is super helpful, Peter.

We really want to thank you for your engagement with the inquiry and thank you for your time today. Thank you for the presentation. If you do send that, please let us know whether you are happy for us to make that publicly available.

We are going to take a short pause now and we will resume at 2.45 with Technoweld. Thank you very much.

Peter Casa: Thank you, bye.

Technoweld

Catherine de Fontenay: Welcome back, everybody. I would now like to welcome Graham Fry, representing Technoweld. Graham, once your video and microphone are on, please state your name and organisation for the transcript, and then you're very welcome to make an opening statement. But if you could please keep that to five minutes or less, that would be great. And we have a few questions.

Graham Fry: Graham Fry, Technoweld. The context is important: I'm not a manufacturer. I'm a welding consultant that works with many fabricators around the country. So we offer compliance, optimisation and training. So the context is broad.

I'm very passionate about the welding industry and indeed volunteered thousands of hours. And I am of the firm belief that we should be ensuring that we maintain sovereign capability and capacity within Australia of steel fabrication.

I have some concerns about the fabrication and steel production and whether we're able to maintain both of those effectively, and that's part of what I've put together in the paper. I think if we're to ensure the fabrication industry survives, we need to pull back the curtain and truly understand what the root cause is to what's led us all here today, as there is obviously a problem within fabrication and the welding industry.

Tariffs, in my opinion, are not the answer, or safeguards are not the answer. I think it's a myopic view, particularly given our biggest exports by dollar value are iron ore, coal, metallurgical coal, LNG – the very things that make steel. So we're sending it all away and yet we're looking at restricting it coming back rather than sitting down and going, why is it that we're uncompetitive? And I believe genuinely, if we work collectively, we can come up with some sound answers as to why we're not competitive and therefore be able to address them for a longer term solution.

Catherine de Fontenay: Thanks, Graham. You're all done?

Graham Fry: I've got quite a bit to talk through, but you said keep it to five minutes, so I'll keep it quite short.

Catherine de Fontenay: You can. You've got a little more time if you'd like to say a bit more.

Graham Fry: OK. So in my opinion, the root causes are twofold and they're broken into two categories. One is high input costs; the other one is low productivity. And I think the high input costs, it's got all of the main villains, as in power and doing business in Australia in terms of insurances, etc. And power certainly is a massive impost across the business. But also our levels of compliance are a significant problem, in as much as we've got two industry bodies that sit in the north of Sydney, and that compliance system across the industry adds a huge cost, but I would argue not proportional value to that cost.

And that is something that the inquiry and the Commission needs to look at very closely. We do require controls, but the current situation where two industry bodies have specifically sought out exclusive arrangements – and one is under the National Structural Steel Compliance Scheme and the other is with the IIW, or International Institute of Welding, Manufacturing Certification Scheme. Both bodies have sought to have exclusive arrangements. I don't know how exclusive is in the best interest of the industry. I don't think monopolies ever helped with competitiveness.

And 'Australian steel', in my opinion, it's a fallacy. At the end of the day, we have two main suppliers of Australian steel, and it's written into so many documents that we have to use Australian steel. So if we look at BlueScope – the biggest shareholder of BlueScope is HSBC, which is a Chinese bank. The next biggest shareholder is JP Morgan. And then if we look at Liberty, that's Sanjay Gupta out of the UK, and here we are forcing organisations to use Australian steel. And I would argue that's like suggesting Microsoft is an Australian company. And so what's the net effect of that? The net effect is massive input costs to Australian steel fabricators.

The cost of that steel is typically 50 to 70% higher than international benchmarks. Now, the cost of that steel is a massive part of the knock-on cost to fabricators, and we've had safeguards over imported product averaging

around 20% of the imported product – a tariff, basically – over the anti-dumping actions for about 10 or 15 years. All that does is massively increase our ability to manufacture steel locally at a reasonable cost. And the reality is that just late last year, one of the big steel players was found and fined \$58 million for price fixing of the price of steel. So here we are, we're talking about 'we can't compete'. And to be honest, I'm not surprised.

Honestly, it makes no sense that we are using Australian steel that we think is Australian steel. Yes, it employs people, right? And I think we need to try and maintain some degree of sovereign capability to manufacture steel. But to turn around and say we must use it, at a massive increase of cost to the fabricator, and then the fabricators, loyal with a degree of patriotism at trying to do that – in my opinion, it's not Australian steel, right? And it's costing them 50 to 70% for the benefit. And therefore, that is a major reason why we're not competitive.

Catherine de Fontenay: Thank you. So, really appreciate your submission and thank you for those opening comments. And there's a few different bits of it that we'd like to unpack.

First, I'd like you to take a step back from your submission and think through the logic of it. So you've made the point, which has been made a lot by economists, that if you create a tariff barrier, that can encourage the firms behind that tariff barrier to be uncompetitive, and that is a valid concern.

But you're arguing that the industry is uncompetitive right now, and you've pointed to some specific factors. And right now there is no tariff barrier for fabricated structural steel. So why do you think these inefficiencies have arisen? And you've mentioned a few here in this talk, but you've mentioned others in your presentation: the lack of communication between the design engineer and the fabricator to sort of improve the efficiency of the design, weak management capability, the certification you've discussed just now. So why have we ended up in an inefficient state prior to there being tariff barriers?

Graham Fry: Well, under the anti-dumping arrangements, that's effectively a tariff, right? It's a tariff on imported steel. And it means that we're artificially inflating the price of local steel. So it might not be titled a tariff, but the reality is it's an additional cost and it's the protection of local steel. And submission 23 by Croft, I believe, goes through it in detail and provides a much better explanation than I can. But there's a lot of detail in there that we've got ongoing dumping action, it increased the costs, where there's been a degree of campaigning that we use Australian steel. And that cost has increased.

In addition, like, we'll put the steel side to one side and then talk about some of the other elements, the low productivity side is predominantly driven by the decline of the VET sector across the board and training across the board. So for people to get productive output, as in a reasonable amount of steel completed per hour, we need people that are adequately trained and competent to be able to produce right first time and in a way that is optimised. So rather than just people going through the local VET sector and there not being a focus on productivity, we need to actually shift how we train people and how we train welding management people to ensure that, when we're training them, the focus isn't just on compliance, but it's actually on compliance with productivity, making sure that it's done quicker and more efficiently. And at the moment that space is completely void of that.

Catherine de Fontenay: OK. It's surprising, though. So the VET sector as a whole might be a challenge, but it's kind of surprising. You mentioned that some firms might hire someone that is cheaper, even if they have fewer skills, not thinking about the true cost of that. But these are fabricators, by and large, who have come up through the industry. So you would expect people that have grown up in the industry and worked in it all their life to be able to recognise and reward skills.

Graham Fry: Skills and competence and having an optimising mindset are very different.

Catherine de Fontenay: OK.

Graham Fry: Being able to weld is one thing. Being able to weld efficiently is completely different. And the knowledge that underpins that is what's missing in the VET sector.

Catherine de Fontenay: OK, thanks. That's really helpful.

You've mentioned the cost of Australian steel, which is a factor. Thus far in our consultations, we've not heard many instances of fabricators or projects where they are required to use Australian steel. So where has that come up in your experience? Where have you seen projects that require the use of Australian steel? Where does that play in?

Graham Fry: So there's a certification body, another one, which is called ACRS, the Australian Certification for Reinforcing Steel, ironically, but that ACRS approval has now rolled out across all materials. And that means that locally, it's quite easy for the big players to get all of their steel approved because it's a homegrown certification product, and it's more difficult for the overseas players to be able to get that ACRS approval. And in many circumstances – so within 5131, it talks about third party certification, but also in some government contract documents, it mentions ACRS approval. And that ACRS approval is the mechanism that effectively encourages, corrals, the use of local product.

Catherine de Fontenay: OK, thank you.

Barry Sterland: Can I ask something? You mentioned that the certification could be a cost for domestic industry. We've sort of heard from others that some of the reason imports have grown is because some of the foreign shops have got certification. So presumably they're operating under the same sort of cost disadvantage. I'm just trying to work out – some are arguing certification is actually what's causing the imports to [inaudible]. So they're then taking the same costs on. How can we reconcile all those issues about the sort of certification? Is it costing Australian firms more somehow? Is that something to do with the way that certification compliance is operated?

Graham Fry: There's the number of certifications. So you've got the sustainability of steel certification, obviously the steel certification, which I've mentioned, ACRS approval. You've got SCA, which is Steel Compliance Australia, and that's a 5131 certification, as well as 9001 for business, environmental, occupational health and safety.

So by the time you bundle those together, it ends up not just the certification cost, but the ongoing maintenance. And what often happens is people, designers will write onto the drawing, 'it must be 5131 CC3'. And pretty much that's an all-singing, all-dancing, we need all of these things. Well, I actually don't believe most structures need to be CC3 at all. You know, we built these structures for years and years and years, little to no problems. I've been in the audits with both industry bodies and people are spending 10 grand for the initial audit and seven grand for surveillance. That's for the day, just for the external party. Then we've got the cost to the business for that day. It's an expensive exercise. I don't know of too many internationals that have that certification. I think there's one or two recently that have got it, but there's not too many that have it, as far as I'm aware.

The reality is, I don't have a problem with certification. What we need to see is ensuring that there is value add that comes with that certification and that we're genuinely providing feedback and improvement as part of that process, not just certification for certification's sake. Because I can tell you now that some of the biggest companies in this country have got those bits of paper on the wall. And it's sad to say, but it's not worth the paper it's written on. And I can say that from experience. I've walked into fabrication jobs, I've seen what it's like, and equally there's people that don't have it that are fantastic fabricators. I'm not saying everyone that's got the bit of certification doesn't meet the requirements, but there's many that do have it that don't, and the certification is not the silver bullet for compliant, optimised and efficient steelwork, and I don't think–

Barry Sterland: So I get that, but we're looking at the causation of imports... or whatever happened has happened to imports and domestic industry – would the certification be working against that? You know, in that if more people are wanting it, you would expect that to be a point of competitive advantage for the people who have certified, and that happens to be more Australian producers. I'm just trying to.. how do you marry that with the import-type competition issue?

Graham Fry: Like I said, I think there's been quite a bit of imported product and quite a bit of local product that doesn't have the certification. That is the 5131 certification I'm talking about, right? And I know quite a few companies that have been doing work and they haven't got that certification, both locally, and I know that products come in internationally that doesn't have it. So I don't know if them having the certification is changing

the volume of imported steel. I don't think there's enough companies that have actually got it at all. I think there might be less than 5 or 6. There was 1 or 2 previously that was on the National Register with SCA or, 2 international companies, but as far as I'm aware, they've dropped off. I think there's another third party that are now doing audits to 5131, but I don't think the certification is the control mechanism we should be looking at to improve our industry.

Catherine de Fontenay: We've heard concerns about the quality of some of the overseas imports. Do you have quality concerns and what would be the best way to ensure domestic and import quality?

Graham Fry: I think the best way to explain it is if you go overseas and look for the cheapest price, you're going to get the same result if you go locally and you look for the cheapest price: you're going to get poor quality. I've been to facilities overseas which are completely robotic, they build pressure equipment, they are at least as good as Australian fabricators. So I think the argument about product quality is not that they're overseas, it's more that the procurement arm goes overseas looking for the cheapest product. So has there been plenty of poor quality coming into Australia because people have gone seeking cheap steel? Yes, of course there has. But equally, I've seen poor quality steel from the same cause, and that is people going to seek the cheapest price. But either way, it needs to be managed. The quality needs to be managed. It's more difficult to manage when it's overseas.

Catherine de Fontenay: Yeah. Do you have any suggestions on how a regime would work to verify the quality of international steel? We understand that it's quite hard to check the quality of welds and the quality of the work once the steel is painted.

Graham Fry: It's not even painted, to be honest. You have to control welding during the welding process, because even if you non-destructively test with ultrasonics, you're not checking the metallurgical effect. The only way to manage it is in process.

So there has been talk of a National Fabrication Authority. I don't believe that's of any value. I believe what we should be looking at doing is there should be, written into contracts of any steel that the onus should be on the asset owner, that they go over and conduct appropriate inspections, be it random inspections, to ensure the product quality is managed. And that is a kickoff meeting where they set expectations, and then you go and do a random audit throughout the production to ensure you're getting what it is that's been specified. And that includes locally.

Catherine de Fontenay: Yeah, yeah. But most buyers should have an incentive to make those investments.

Graham Fry: And 100% they should, but quite a few of them don't. And that happens in all sectors. The last speaker mentioned about the different sectors. So whether it's mining, whether it's commercial, it happens in a lot of areas.

Barry: One thing ASI mentioned, and a few others of their members have mentioned, is the supply chain risks that could happen if the industry was to decline further. I'm just wanting to explore what, in your experience... is there a range of... supply chain risk matters more if the supply chain is concentrated, right, and you can only get it from one place and this sort of thing. I'm just wondering, do you think there are suppliers of sufficient quality in a range of countries or producers or something? I'm just trying to explore that issue of supply chain risk and how it would manifest in Australia, or if it would manifest.

Graham Fry: Are you talking about quality with supply chain?

Barry Sterland: Well, the risk that ASI raised was the risk of coercion or supply chain disruption in future because we can't get enough ... because if we haven't got a big enough Australian industry, we can't import when we want at the specification or price that we want.

Graham Fry: Like I said at the beginning, I am a firm believer we need to maintain sovereign capability and capacity. 100%. We need to look at doing that, but we need to do it in a way that we improve ours, not just put a tariff or a gatekeeper at the front. That's the answer.

When you go around the world, our industry, in my opinion, is in decline partly – and a big part of it is because we're not keeping pace with evolution of technology. We're not looking at how things are done smarter overseas. You know, the idea that we've got issues with quality and, you know, it's often China and Vietnam – China's got 7 of the 10 tallest skyscrapers in the world. So I don't think quality is an issue. I think what we need to do – and there is a risk of us not being able to get stuff overseas. But that's no different to us not being able to get a car or a phone. That's the reality, right? We did have a car industry that's gone, that we propped up with tariffs for years rather than trying to improve the industry. So yes, there's a risk that we're not going to be able to get that. And with the current geopolitical environment, particularly with steel, it is important that we maintain local capability and capacity. But we have to do it productively. We can't just expect taxpayers and my children to pay an increased cost because we haven't given it a red hot go at improving what we're doing.

Barry Sterland: And look, I would emphasise here it's in our terms of reference, but what do you think would be the... how would that come about? Do you think if measures weren't applied, the industry will get to that point, improve autonomously through market pressures, or what? What's the pathway to getting to that? You're saying there shouldn't be a measure. I'm just wondering if you think it could happen through the industry or is it something else?

Graham Fry: Well, there's a few factors there. One, particularly with the government defence spend at the moment, we've got to have better government decisions and policies that understand what's going on in the industry. So one of the big things, particularly in South Australia and Western Australia at the moment, with the defence spend, and the additional defence spend that was announced last night, the defence industry is absolutely decimating local fabricators. They've got cost-plus. The defence people have got cost-plus contracts. Everyone is leaving all the small fabricators and they're all going to work for defence. So there needs to be a wider understanding of what the effect of those policies, decisions are, and making sure that we don't just support defence, which we need to, but make sure we're actually supporting fabricators.

And the path to improving is actually mindful, guided government spending. So over the last 10 years, we've spent \$30 million of government money on augmented reality welders that I would argue had limited benefit. In that period, what we should have been doing is looking at more advanced welding equipment and putting them into the VET sector and teaching students coming through, but also having a focus on optimisation and productivity. We are using something that is flashy, but the reality is any welder that's actually been on the shop floor knows they don't work. But we've burnt \$30 million in the process. So smarter, strategic government funding focused on productivity and ensuring we understand what the rest of the world is doing and encourage our industry to do the same.

Catherine de Fontenay: Thank you very much. You've mentioned that you think that tariffs are not the solution because they don't provide that impetus to improve the productivity of the industry. And you point out correctly, I think, that tariffs are likely to raise the cost of construction projects and mean that fewer construction projects proceed. Do you have a sense of, if the cost of fabricated structural steel went up by 20%, what does that mean for infrastructure projects or construction projects?

Graham Fry: Well, infrastructure projects, it most probably doesn't mean a great deal other than increasing the debt on the public purse. The reality is they're going to go ahead. There will be a significant cost. At the end of the day, I think what our compadres in the US have shown us with tariffs, it's not a logical answer. It purely just shifts the cost locally. If there is a tariff, what it means is the cost of all of the projects is going to increase, and most probably there'll be retaliation on the wider economy as to what we're exporting in all the other areas. So it's ... From my understanding, all the car industry was propped up with tariffs for years until the tariffs stopped. And when the tariffs stopped, it all fell over. So having a shield and a protection mechanism that hides or masks what the real problems are is just kicking the can down the road to the point where it's going to come a time where the tariffs will go away and then we'll have an industry that's even less competitive than what it is now.

And for all the fabricators that are listening or will see this transcript, I am by no means kicking fabricators. I'm off the shop floor. I have many, many clients and friends that operate in that space. I'm saying if we're to get it to survive, we must look at a better way of doing it.

Catherine de Fontenay: Thanks, Graham. We really appreciate you providing your perspective, and we're grateful for your time today.

Additional comments and closing remarks

Catherine de Fontenay: That concludes today's scheduled proceedings, but now is an opportunity for anyone who wants to speak to do so. So if you would like to add any comments at this point, please raise your hand and we will call on you.

OK. So we have a few people. Our staff will call on you in order. I can't see them from there. We might prioritise people that haven't yet had a chance to speak. Is there anyone in that list that hasn't had a chance to speak?

Max Oss-Emer (Productivity Commission): It's just Marc Cousins and David Varcoe.

Catherine de Fontenay: Oh alright. Marc, go ahead.

Marc Cousins: Good afternoon. Can you hear me?

Catherine de Fontenay: Yep.

Marc Cousins: Yes, good afternoon. I'm Mark Cousins, representing BlueScope. I'm not going to attempt to make comment on all of the varying perspectives and assertions that have been expressed today. I do just have a brief response to an earlier comment made on behalf of the Department of Foreign Trade in Thailand. For clarity on the record, BlueScope is not a fabricator in the context of this inquiry. BlueScope is an upstream steel manufacturer and supplier of steel products that are used as inputs by the fabricated structural steel sector, as well as by a range of other downstream industries. BlueScope does not undertake fabrication activities of the type covered by the safeguards inquiry and should not be characterised as part of the fabrication segment of the affected industry. Thank you.

Catherine de Fontenay: Understood, Marc. Thank you. That point is noted.

Barry Sterland: And I think, Mark, we may – we sort of made a brief comment to that nature during that discussion, from what we knew. But it's good to have your – it was a bit tentative because we weren't BlueScope, but it's good to have that on the record. Thanks.

Marc Cousins: Appreciate that, Barry. Thank you.

Productivity Commission speaker: Thank you. David, go ahead.

David Varcoe: OK, thank you. Apologies for taking some more time. I just really wanted to comment on something that was mentioned, I think, in a couple of the earlier submissions relating to WTO Safeguards Article 9, and people rightly pointed out that there's a ... safeguard measures not being applied to developing country members, DCMs, and particularly when there's a 3%, but didn't think to include the rest of the sentence, which is that provided developing country members collectively account for not more than 9%. So I'm sure that's obvious to you, but also just want to get that on the record, that there is a second part to that sentence that was only selectively quoted from. I won't hold you up anymore. I'm sure you guys are ready for a break. Thank you for all your time today, and that's me done.

Catherine de Fontenay: Thanks very much, David. Yeah, that point is noted. We appreciate it.

Does anyone else want to make a comment before we wrap up for today? All right. In that case, I would just like to thank you all very much for your time and thank you for your engagement with this inquiry. We resume tomorrow at 10 am. Thank you very much.

ADJOURNED 3:30 PM AEST.