



Fabricated Structural Steel Safeguards

Transcript of proceedings

Public hearing – Day 3

Friday 15 May 2026

Catherine de Fontenay, Commissioner

Barry Sterland, Commissioner

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PROCEEDINGS COMMENCED 10:00 AM AEST.

Introductory remarks

Catherine de Fontenay: Good morning, everyone. Welcome to the public hearings for the Productivity Commission inquiry into fabricated structural steel safeguards.

My name is Catherine de Fontenay, and I am one of the Commissioners on this inquiry. Barry Sterland is the other Commissioner on the inquiry.

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

Before I say a bit 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, this inquiry started for us when we received our 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 have contacted everyone who provided confidential material and asked that they reconsider its confidential status or provide a non-confidential version of the material that we can publish on our website.

In addition to receiving submissions, we have met with a range of organisations and individuals with an interest in this inquiry. Following the hearings we are now holding, we will be working toward 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. 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 are grateful to everyone who has taken the time to meet with us, provide submissions and join us for today's public 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, likely within a week.

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 to not provide false or misleading responses and are required to answer the questions asked. If you believe that this would require you to reveal commercially 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 online 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 are attending from the media, which we have written in 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 the participants' submissions in greater detail.

At the conclusion of today's scheduled participants, I will 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 their interest in speaking. If anyone wants to respond to evidence given today, but they do not get a 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.

Trade Remedy and Investigation Bureau, Ministry of Commerce of China

Catherine de Fontenay: I would now like to welcome Fan Xi and Zhou Xindi from the Trade Remedy and Investigation Bureau, Ministry of Commerce, People's Republic of China. 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, please.

Fan Xi: OK, many thanks again. The Chinese government cherishes the bilateral trade relationship between China and Australia. We believe that China and Australia are natural partners of cooperation, and the bilateral trade between the two countries is highly complementary and constitutes a win-win cooperation with reciprocal benefits. Over the years, industries from the two countries have been in close cooperation, driven by market dynamics, thereby establishing robust industrial and supply chains, which are essential for economic globalisation.

Regarding the fabricated structural steel safeguard inquiry we are talking about today, the Chinese government would like to reiterate that the Chinese fabricated structural steel products serve as a valuable supplement to the demand of the Australian market. And there are some legal issues regarding this investigation, such as insufficient disclosure of information, overly broad product scope of the investigation, the alleged increase in imports that did not satisfy the legal requirement, and imposition of safeguard measures is not in Australia's public interest, on which we have made our comments in the initial submission. I will not go through the details because of the time limit for the opening remarks, and we reserve our right to make further comments in this inquiry if we find more issues.

In conclusion, we respectfully urge the Productivity Commission to terminate this inquiry or issue a negative determination based on all the necessary legal and evidential requirements. That's all. Thank you, Commissioner Catherine and Commissioner Barry.

Catherine de Fontenay: Thank you very much, Director Xi. We appreciate your keeping to the time, and we thank the government for their submission.

We do have some questions for you, but before we discuss those matters, it might be useful for me to provide some background about the Productivity Commission's processes. And apologies if you have heard this yesterday.

The Productivity Commission is asked to conduct inquiries by the Australian Government. We do not initiate safeguard inquiries, so there is no evidentiary threshold for initiating inquiries. The notice of initiation that was sent to the WTO was not prepared by the PC, but it does include a link to our website with details about our processes. The Productivity Commission has not yet made any findings whatsoever in relation to this investigation, including on the question of whether imports have increased or not.

Catherine de Fontenay: We are still in the first stage of the investigation process. Our investigation process includes multiple opportunities for interested parties to make submissions and comment on the evidence put forward by other parties, including through written submissions and at these public hearings.

We will also release a draft report, which will set out all our reasoning and evidence and invite interested parties to comment on this draft report before we make final recommendations about definitive measures.

So given this background, do you have any further observations to make about the investigation process that the Productivity Commission is undertaking?

Fan Xi: No, I believe the Productivity Commission can make a fair and equal, rule-based determination.

Catherine de Fontenay: Thank you very much.

Barry Sterland: I thought I might just ask a question on some of the substantive issues you raised in your submission, which we have read closely, along with all of them.

One of the first things we wanted to get a little bit of background on is how you see the fabricated steel export industry in China. What type of products China exports to Australia? Has this been changing over time and, if so, are there factors that have driven those changes?

Fan Xi: I don't think so. Based on what I heard from the Chinese industry and the relevant companies, they believe that the FSS products exported from China to Australia have been stable within these years, within the recent years.

Barry Sterland: Thanks. And have they made any comments about segments of the Australian market that they are involved with? Different types of fabricated steel or anything like that?

Fan Xi: Some of the Chinese producers and exporters told me that they sell different types of the FSS products to the Australian market. Some of them are the structures used in bridges and some of them are used in mining projects, and the qualities, the standards of these products are quite different.

Barry Sterland: Yes, OK. Thank you. And so moving on, you raised in your submission the sort of definition, or the product under examination, the questions about whether FSS is a sufficiently homogeneous product to be analysed that way.

You were suggesting it should have reasonable internal homogeneity, like similarity, and that this condition isn't met for the products listed in the ASI's application.

Barry Sterland: We just wanted, if you wanted, to elaborate on that point and maybe respond to what might have been said over the last few days. There have been comments from the Australian industry and experts that the range of fabricators produce a wide range of these products in their own workshops, so that there are some links in the similar process. But I just want you to explore that issue of the product homogeneity and why that concerns you.

Fan Xi: I think it's better to refer these kinds of questions to the industrial expert. I got the opinions from the companies and the industrial organisations of China, and actually they said there are many types of the products within this scope of the inquiry, and some of the products are the big steel structures and some are the components to them. So there might be, in the relationship, like the upstream and downstream.

So I don't quite know the details of the products. I think the Chinese industry represented by the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters also appeared in this hearing and is a respondent to this inquiry. So I think they have a much [more?] detailed idea than me and I think I can, if you want, get some more details from them to get back to you later on.

Barry Sterland: That's OK. I think we asked them yesterday and they might be supplying more, so that might be OK.

One of the issues, from a sort of policy perspective, I suppose, is there are several tariff lines in our terms of reference. Any views on whether they could be analysed separately or as a group? Have you any comments on that?

Fan Xi: I just don't think these different tariff codes can be treated as one united product because they are quite different. They have different uses and they have different standards. So maybe there are suppliers in competition, in a relationship of competition in the market. So I don't think it can be treated as one category of the product.

Catherine de Fontenay: One of the respondents yesterday suggested that possibly some raw steel is being imported under one of the tariff codes, the tariff code for other steel used in structures. Is this something that you have heard of occurring?

Fan Xi: You mean they export the raw steel within the same tariff codes under investigation?

Barry Sterland: The particular reference to the data was that.

Catherine de Fontenay: I was just wondering if any of the exporters had mentioned that there was some latitude in terms of the classification of steel under different tariff codes.

Fan Xi: No, I don't.

Catherine de Fontenay: Yeah, OK.

Catherine de Fontenay: Your submission argues that the evidence on increase in imports does not satisfy the legal requirements for safeguard measures, and we will be undertaking our own analysis of data from the Australian Bureau of Statistics.

Can you talk us through your analysis of the data? Are you relying on the analysis undertaken by the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters?

Fan Xi: Yeah. No, the imports data I get is from the, I think, open channel. The source is the Australian Bureau of Statistics. It is the Australian official import data, and it shows that there has been no increasing trend regarding the FSS imports to Australia.

Catherine de Fontenay: And when you undertook that analysis, when your department undertook that analysis, was that restricted to the tariff codes that are under consideration in this safeguard investigation?

Fan Xi: Yes, the statistics we analysed are the 10-digit numbers, tariff codes, and covered all the, I think there are 12 10-digit number tariff codes under investigation, and we collected all of them and got the result in some.

Barry Sterland: OK. Thank you very much. So I wouldn't mind asking you about factors that may or may not be behind these trends, so the extent to which there have been unforeseen developments in FSS trade.

Some submissions have suggested that trade measures introduced in other countries, the US, Europe and others, may have led to FSS products being diverted to Australia. Are you aware of any evidence that this might be happening and causing increased FSS imports to Australia?

The second thing that people have mentioned has been a sharp fall in domestic demand in China, leading to increased exports from China. Have you seen that as another potential unforeseen development? We would be interested in your views on those two factors that have been mentioned.

Fan Xi: I don't think there would be such unforeseen development because firstly, based on the opinion I get from the Chinese industry, they believe the market demand and the supply would be stable. It has been stable in the recent years and will be stable in the future years, and there is no big change or big difference in the FSS industry.

And regarding China, the Chinese domestic demand is also strong. Actually, the association told me that only 10%, only 10% of the Chinese FSS production is exporting. So the main Chinese FSS market is within China. So they think that the export to Australia is even a smaller part of the whole export of Chinese FSS, and I don't think that there would be such unforeseen development.

And regarding the tariff or trade measures of other countries like the US, we all know that last year they increased the tariff rate, but I think FSS is also quite a small part of the product. They increase the tariff rates and if you look at the six-digit tariff code, there was no big fall or big decline about the FSS they imported. So I don't think there would be an unforeseen development.

Catherine de Fontenay: In addition to the share of domestic FSS, Chinese domestic FSS capacity that goes to exports, can you tell us what's happened to total volumes of fabricated structural steel produced by the domestic Chinese industry? What has happened over the last decade to the volumes in that industry?

Fan Xi: I don't know the volume of the export in the last decade, but within the last five years, recent five years, I think it's quite stable. No, there is no big increase.

Catherine de Fontenay: The total volume in China? Or are you referring to imports to Australia? So my question was about the total output of the industry in China.

Fan Xi: Oh, OK. I don't have that number in my hand, but I can go back to check about that.

Barry Sterland: That would be good. I mean, some of that data on, obviously it might be in public sources, so we could look at it, but if you could help us source what has been happening in the Chinese industry domestically and its exports more generally, like any exports to third countries, that data could be helpful.

So if you can work with the industry to just send back a short communication with maybe links to data sources that we can see. Thank you.

Fan Xi: OK.

Barry Sterland: So then, in your submission you talk about the public interest and, as you know, we've been asked to consider, in addition to whether safeguard measures can be applied, if so, whether they would be in the public interest.

You've talked a little bit about costs to downstream participants and the resilience of our supply. I'd be interested in the factors you think we should take into account in that public interest test or public interest advice.

Fan Xi: I'm sorry, you mean what?

Barry Sterland: So the last part of your submission, you talk about a measure not being in the public interest because it might increase costs or restrict Australia's access to supply chains. I just wonder if you wanted to elaborate on those things.

Fan Xi: OK. Firstly, if you raise the tariffs, it will cause the cost to become high. I think that's common sense. And one of the Chinese companies told me that they have already made a contract with the Australian buyers. Their products are for building the bridge.

If the Australian Government imposes higher tariffs, they think the tariffs will be afforded by the Australian buyers and it will definitely raise the cost of the bridge project.

Catherine de Fontenay: Thank you. Do you know what share of total costs in a bridge is the structural steel?

Fan Xi: I don't know, and I can check with the Chinese companies if you need this kind of data.

Barry Sterland: And you talk a bit about the restriction to supply that could come, the restriction of access to Australian access to Chinese exports would restrict the supply to the industry and have broader impacts. Did you want to elaborate any of those broader impacts to do with the relationship between your exporters and our downstream industries?

Fan Xi: I think the Chinese FSS is a main source of the supply to the Australian downstream sectors, including many areas such as bridges, public civil engineering, mining and housing. Some of them are public infrastructure, some of them are pillar industry of Australia, and some of them are key to the people's welfare. So that's what I mean, it will cause a broader impact on Australia's public interests.

Catherine de Fontenay: There has also, in the last few years, been an increase in the share of fabricated structural steel that is imported from Vietnam and, to a lesser extent, from Indonesia. Do you know whether that fabricated structural steel is coming from raw steel produced in Vietnam or is it coming from raw steel produced in China?

Fan Xi: I don't really know, but I believe the raw steel production in China is decreasing within the recent five years. I don't quite know the supply chain in other countries.

Catherine de Fontenay: Yeah. OK. Thank you. I think that's all the questions that we had for you. Was there any additional statements that you would like to make?

Fan Xi: I don't have, I wonder if my colleague Zhou Xindi, do you have some additional comments to make? OK, I think not. Thank you.

Catherine de Fontenay: OK. Thank you very much for your time. We will resume these hearings at 11:15 with the Southeast Melbourne Manufacturers Alliance SEMA. Thank you very much. Thank you.

Fan Xi: Thank you. Thank you, Commissioner Catherine, Commissioner Barry. Thank you very much.

South East Melbourne Manufacturers Alliance

Catherine de Fontenay: Welcome back, everyone. I would now like to welcome Honi Walker, representing the South East Melbourne Manufacturers Alliance. Honi, if you could turn on your video and microphone. We're having a little trouble finding you.

Once your microphone is on, please state your name and organisation for the transcript, and then you're free to make a statement of up to five minutes before we ask you some questions. Thanks.

Honi Walker: Very good. Thank you. My name is Honi Walker. I'm the CEO of SEMA, the South East Melbourne Manufacturers Alliance.

Catherine de Fontenay: Great. Did you have a statement you wish to make?

Honi Walker: Yes. SEMA would like to say that local manufacturers of fabricated steel components are being undercut by cheap imports that are frequently of inconsistent quality, poorly documented and difficult to trace through the multi-tier supply chains.

The resulting market distortion suppresses investment in Australian manufacturing capability, in apprenticeships and productivity improvements, while transferring risk to builders, project owners and the public when components do not meet Australian safety standards and specifications.

Where poor quality fabricated steel enters construction and transport projects, the downstream impacts include rework, delays, higher whole-of-life costs, increased safety risks, warranty disputes and significant administrative burden associated with testing, rectification and ongoing claims. Communities experience job losses and reduced industrial capability. Critical supply chains become more exposed to overseas disruption, geopolitical shocks and shipping volatility.

We recommended in our submission that stronger procurement and compliance settings, stating clearer technical specification and including traceability requirements, are employed, along with consistent enforcement at border and on site, alongside proportionate penalties for non-conforming product and procurement models that value whole-of-life cost and verified compliance, not lowest upfront price.

We propose that the form of the safeguard measure should have a quota at pre-surge import levels and that only imports in excess of these levels should be subjected to the tariff. A tariff-rate quota comprising a 50 per cent tariff that applies to all imports above a specific quota limit would address the difference in price between imports and the equivalent goods provided by the Australian industry level. This tariff level would also be comparable to what has been introduced in comparable jurisdictions such as the EU and the United States of America, thereby helping to limit any additional surge impact from imports that are diverted from these markets. That's it.

Catherine de Fontenay: Thank you very much, Honi. Appreciate you keeping to time. We will circle back to that question about quality, but we have a few introductory questions for you.

Your submission suggests that local fabricators have faced sustained competition from imported structural steel in recent years. Could you please be more specific about the time frames? So when exactly did things change?

Honi Walker: OK, so for us, we can go back to a period around about five years ago, regarding specific government work here in Victoria, namely the West Gate Tunnel Project. That has – well, it's opened now and that's being run by Transurban. During the construction of that, there was supposed to have been 33,000 tonnes of Australian steel used on that project. Instead, it went to a Chinese company that the then Premier Daniel Andrews had given the work to him – sorry, to that company. So that took place around about eight years ago, and it's been the ongoing material that was supplied to that project, to that job.

Catherine de Fontenay: Sorry, so was that five years ago or eight years ago?

Honi Walker: Well, we became aware of it five years ago, but we think that it was three years prior to that that the material was supplied. The deal was made. Yeah.

Catherine de Fontenay: OK.

Honi Walker: We will say eight years.

Catherine de Fontenay: So that's a specific project, but you've described in your submission a broader surge in imported products and you've asked for a quota to be set at a pre-surge level.

Honi Walker: Yes.

Catherine de Fontenay: So when was the surge?

Honi Walker: Well, we would say in that period of eight years ago, there's been that surge.

Catherine de Fontenay: So it started eight years ago?

Honi Walker: Yes.

Catherine de Fontenay: In 2018?

Honi Walker: Yes.

Catherine de Fontenay: OK. All righty. And has it increased or remained stable during that, since then?

Honi Walker: Well, I guess we can only go on – I can only talk about particular jobs. I would say that it's an ongoing problem. It's ongoing.

Catherine de Fontenay: You're not sure whether the competition has gotten more intense or less intense over the – no, no, he's very cute.

Honi Walker: Sorry. Thank you. Sorry. It's bring your pet to work day, sorry.

Catherine de Fontenay: Very, very cute. Thank you.

Honi Walker: Right, sorry, back to that question.

Catherine de Fontenay: So has the import competition, from the discussions among the manufacturers, gotten more intense or less intense?

Honi Walker: It has definitely become more intense.

Catherine de Fontenay: OK. All right.

Barry Sterland: Hi, Honi. Good to see you.

Honi Walker: Oh hi, how are you?

Barry Sterland: Good. So the other thing that we're looking at is sometimes the causation. One of the issues we have to look at is what has caused any – well, it's whether there has been injury and the cause of that. I just want you to talk through the impacts on local fabricators.

If you could elaborate on some of the specific examples of where you are seeing businesses suffering injury, and what some of that looks like from a data. Like, you might have the data, but some of the manifestations can help us try and find the data to either demonstrate, or to assess, those things. The injury to the local membership that's in this segment – can you elaborate on any impacts you've seen?

Honi Walker: Sure. What we've heard and understood from our members who are involved in this area is that they're being priced out of work, and that means for them, if they don't win this work, they are unable to employ new apprentices. They may well have a couple – they may well have to put people off. And it also extends to their supply chain, which is further extrapolated throughout the process of who else supplies into them, obviously.

With that, we've also understood that there have been instances where a company who might be supplying into a government project, for example, will quote at one price, and then will have it resupplied by an overseas manufacturer instead instead. In that sense, they're also not meeting their local content rules for the job, but they would prefer to risk being fined than pay the difference.

Catherine de Fontenay: And do you have any details on what that price difference is? So in percentage terms or in dollar terms per tonne, what kind of price differences are we talking about?

Honi Walker: So, I can say that it's around about 15%.

Catherine de Fontenay: OK. Thank you. That's very helpful. So let's dive into these questions about quality.

Your submission suggests that these imported fabricated steel products often have limited, verifiable documentation, inconsistent material certification, inadequate weld procedure qualification records and unclear traceability. Can you give us a sense of: are you stating that this is all of the imported steel, or this is a small share of the imported steel that has these quality problems? What is your sense of the quality?

Honi Walker: Well, ironically, it seems to be the imported steel that has been supplied for several high-profile jobs, for example, the steel defects that were discovered on GMHBA Stadium and also for the Kew Recreation Centre. So without knowing all of the steel that's been fabricated and supplied from overseas, and what impacts any faulty steel and faulty welding has had, we point to those two significant jobs as examples of where a strong Australian standard – where things aren't being checked, where there seems not to be any oversight on them. And I think the fact that there wasn't anybody killed in either of these incidents is just luck, really.

Catherine de Fontenay: So we have had those particular examples mentioned to us quite a few times.

Honi Walker: Yes.

Catherine de Fontenay: I guess it would be helpful to hear from your members of a broader – if there is a broader range of incidents that they are noticing. When there are defects in imported steel, sometimes local fabricators are asked to help with remediation.

So if they gather any information on what jobs they've been asked to provide remediation on, or how frequently that comes up, that would be helpful because a systemic quality problem – it's hard to infer that from those two specific examples.

Honi Walker: Yes. I'll keep my ear to the ground, and we can certainly make that note.

Barry Sterland: Can I just explore it a bit more? I mean, we've also heard almost a counter story that one of the reasons imports have increased is precisely because they've started developing to Australian standards, right? So there's a sense of overseas shops that are producing to the relevant standard under the National Construction Code.

It's not directly in our terms of reference, but we're interested in this issue of high quality imports and lower quality, and that then leads you to think: is this a regulatory compliance issue rather than an import issue? Like, is it about the level of government? So we'd be interested in any feedback you had on how those quality

standards are being enforced, because the National Construction Code and other engineering-specific codes require quality.

Just be interested in any feedback your members have, through you, about that issue of what's the breakdown happening here, what's causing this? Because it doesn't seem to be a consistent import issue. It's an occasional one. And who knows whether there are other fall-backs. But have you got any reaction to that? Have there been any comments from your members about what's broken in this system? Because, as you said, that could be quite dangerous, so presumably everyone has an interest in making sure that doesn't happen.

But I'm just interested in what your members might say about that general issue of quality, how even it is and how it can be enforced?

Honi Walker: Well, I guess, just sort of generally and anecdotally, that it is inconsistent. That's what they said. It is inconsistent. And so how do we make sure that those quality standards are applied across the board? And of course, it is good if we're getting imported product, a fabricated product, that does meet Australian standards. That's good. Maybe it's not good for the Australian market and our workforce and manufacturers. But I guess when we're talking about the overall safety and compliance of jobs from an overall perspective, that's got to be good generally. But I will certainly take those points on board, and we are doing a general member census next month and these are some of the questions that we can certainly ask in that area.

Catherine de Fontenay: Yeah, we would be interested in knowing where they think that the checking of quality is failing. So you've mentioned at the border, but is it at the border? Is it on job sites? Where is the checking of quality not happening at an appropriate level?

Honi, you've recommended a set of two broad types of measures. So one is a measure to enforce a quality standard on imported fabricated structural steel and the other is a tariff quota at 50 per cent level. Can you explain why the quality – from your submission, it sounds like you think the quality problem is pretty pervasive. Can you explain why establishing a quality standard and enforcing it more rigorously is not sufficient? So if we eliminated the quality problem, is a tariff quota actually necessary?

Honi Walker: Well, I think it's good to have quality and, if it can't be done here in Australia, this is what we're talking about. I'm pretty sure that 90 per cent of what's imported can be made here, and if it can be made here, it should be made here. So we're all about sovereign capability and ensuring our manufacturers are able to get that work, and they should have that work. We're talking about livelihoods, people's jobs, and our community.

Catherine de Fontenay: Well, but the costs of fabricated structural steel feed into the costs of construction, and so higher cost of fabricated structural steel might have implications for that sector as well. Can you elaborate a little bit more on why you think it would be in the public interest to have a 50 per cent tariff quota on steel?

Barry Sterland: So with those flow-throughs, with those flow-throughs.

Honi Walker: Well, yeah. I guess there are also questions around the true cost of construction, and we can point to the increased wages for workers on these construction sites, which really comes through the union movement. Companies can make these products, but then, all of a sudden, there's a huge wage bill and whatnot at the other end.

It's better. We're all for Australian products, as I said – manufacturing in Australia – and you can call it protectionism, but there's nothing wrong with that. And why not have both? Or, if it's not 50 per cent, then 25%. But we need to ensure that our workforce, our manufacturers and our supply chain get the opportunity to actually provide those products and services.

Otherwise, Australia is at risk of losing this sovereign capability, this work, and just becoming a service country. And we're more than that. We have all of these capabilities and the raw materials to truly elevate and underwrite this country. And while I understand that it's all about free trade agreements and all things like that,

at some point we have to protect our people, our lifestyles, and not drive down quality and safety. So, that's up to you guys. Help us.

Catherine de Fontenay: Well, leaving aside the question of whether that tariff quota should be applied, would improvements on quality checks serve the same purpose? So if it were simply the case that an enforcement regime were ensuring that no low quality steel was imported, would that serve the same purpose?

Honi Walker: Well, I suppose, no, it wouldn't serve the same purpose because then we're still cutting out important fabricators and manufacturers. And then we would watch a certain sector be undercut. So, no.

Barry Sterland: Just on this, it's a related question, Honi. As you know, the safeguard measures are temporary. They're designed for emergency situations and so they end. And – they're maybe a maximum of four years.

We're wondering, given that they're only a four-year issue, if your proposal for a tariff-rate quota was introduced, that then comes off. What can you imagine happening in that four years to the domestic industry as it prepares then for the breathing space, and then it's got to sustain manufacture in that new environment without the measure? So we're just interested in your view on what would happen in that four-year period to prepare the industry then for trade without those measures.

Honi Walker: Well, I guess, there's that. I sort of ask the question, why do they have to come off? Why can't the tariffs remain in place?

Barry Sterland: But this is part of our process. It only is under this part of the World Trade – the trade agreements that we've made. So this is temporary. These are temporary measures, but I'm just asking that question of if it was there as a temporary measure to assist with the increase in import competition that was meeting the relevant requirements. What could you imagine your members doing in that time to be competitive without that measure?

Honi Walker: Well, I guess what we do and what we say to our members is to look at streamlining their processes, making things more efficient. Perhaps it could be the introduction of automation, robot welding, that sort of thing, to reduce their overheads so that they do become more competitive. Perhaps they could even be further up the supply chain of the steel itself. That, you know, steel makers and local steel fabricators receive a discount from the steel makers as opposed to importers.

Barry Sterland: OK. I think that's come to the end of my questions anyway.

Catherine de Fontenay: Is there anything else you'd like to tell us, Honi, before we wrap up?

Honi Walker: No, but I thank you very much for the opportunity. We would like to see a compliance and traceability checklist. I think I put it in my conclusion, and all of those elements – I won't run through them. There's quite a bit of a list there for looking at them.

Catherine de Fontenay: Thank you for your submission and thank you for your time today. We're going to have a short break and we will resume at 12:30 with Kordamentha and OneSteel Manufacturing Thank you.

Honi Walker: Thank you very much.

Korda Mentha and OneSteel Manufacturing

Barry Sterland: Hi, we're going to recommence the hearing for today.

My name is Barry Sterland. With Catherine de Fontenay here, we're the Commissioners on this process, and I'd like to welcome Sebastian Hams from KordaMentha and Daniel Coghlan from OneSteel Manufacturing.

Once your video and microphone are on, could you please state your name and organisation for the transcript? And you're then welcome to make an opening statement, no more than 5 minutes, please, before we ask questions.

So which of you wants to start first? Is it Sebastian?

Sebastian Hams: Good afternoon. Yes, Sebastian Hams. I think I'll start and then I'll hand to Daniel, if that's OK.

Barry Sterland: Thank you. Yep.

Sebastian Hams: Great, and thank you and good afternoon. My name is Sebastian Hams. I'm a partner at KordaMentha and the voluntary administrator of OneSteel Manufacturing Pty Ltd, which I'll refer to as OneSteel. OneSteel is the operating company of the Whyalla Steelworks, the Whyalla Port, and the iron ore mines in Whyalla. The iron ore mines are about 60 kilometres to the west of Whyalla in the Middleback Ranges.

With me, as I said, is Daniel Coghlan, our Director of Markets, who will talk shortly. Firstly, I would just like to say thank you. We're very grateful for the opportunity to speak with you, the Commissioners, and very grateful to speak to the Productivity Commission, and specifically to support the Australian Steel Institute's application for provisional and definitive safeguards.

Secondly, we see the ASI submission as really important, giving a voice to a segment in an industry that is made up of a lot of SMEs and blue-collar workers who are the backbone of our country.

For context, OneSteel, as you may or may not know, is located about 400 kilometres from Adelaide in Whyalla. We directly employ nearly 1,600 people on average and a further 1,300 contractors are on site on any given day. So just short of about 3,000 people are daily coming to work with us out of a population of 22,000 people in Whyalla. Obviously, we are by far the major employer in the region in regional South Australia.

We are deep in a sale process with bids due in the next few weeks. The bidders for the asset have indicated their unequivocal support for a safeguard measure.

For context, acknowledging the current production challenges, we in Whyalla produce about a million tonnes of steel annually, broadly. Of this, about 600,000 tonnes generally would be a semi-finished billet product that would go to InfraBuild, that goes into their wire and steel and concrete business to supplement their rolling mills in Laverton and Rooty Hill in Sydney. Then up to about 300,000 tonnes of finished product, being hot-rolled structural product for the construction industry, is produced and that would form the basis of the fabricated product here in Australia. That goes to the various distributors. And then finally we would produce about 100,000 tonnes of rail, which goes direct to our clients.

For clarity, we do not produce flat product. That's a BlueScope product. The other thing I'd probably say is because we run a blast furnace, we do not have the ability to flex our supply. We are either on or off. So we produce near enough to a million tonnes a year or nothing. We've got no flex there.

Critically, we're the only producer of hot-rolled structural products in Australia and the only producer of rail in Australia. In our view, the importance of rail to Australian sovereign capability is paramount. This is really clearly demonstrated to us every time there is some sort of global interruption, for example, the GFC, COVID, the current Iran war. The demand for domestic product peaks as customers seek to mitigate their supply chain risk, shipping risk, political risk even, and revert to domestic Whyalla product.

I think it's also relevant to point out what the future plans for Whyalla would look like. Acknowledging we're in the middle of a process, it will be an integrated pit to port carbon-efficient steelmaking program. It would include the expansion of the mines. It would likely include a DRI and EAF technology with the capacity to switch from gas-powered DRI to a hydrogen process should that technology prove itself in time. You would likely continue with production of finished product because, from a commercial perspective, the finished product creates a better margin than a semi-finished or billet product.

The last thing I'd say before I hand to Daniel is the business is in voluntary administration for a second time. That talks to both the challenges in the market, but also the age and state of the steelworks. The market is, in my opinion – and you will have the data – impacted by a global oversupply of steel. Australia, in our view, is a clear target for excess product as either dumped product or product produced in fundamentally different economic conditions, either by virtue of labour differences or differences in utilities costs or OHS regimes.

This imported product, in our view, is materially impacting the existing steel industry and, more importantly, will materially impede any further investment in the industry in the country.

In addition to maintaining Australia's sovereign steelmaking capacity and, as a result, a material national security risk mitigant, we believe the ASI application highlights the potential for a negative impact on jobs. I would highlight that is being felt very keenly locally in Whyalla. We feel that will be felt nationally thereafter if the current and potential increased import of fabricated steel, either as a finished product, as a fabricated product, or a semi-finished product in direct competition with us in Whyalla, continues. The other thing I'd probably say is the proportion of those jobs that are skilled jobs is very high, and we're feeling that very clearly in Whyalla.

With that, I'll hand to Daniel, but at the same time, very happy to take questions as required.

Barry Sterland: Even if that's a five-minute opening statement, I'm wondering, Daniel, whether it might be – if I could ask a question and you can maybe, in your responses, if there was something else you were going to say in an opening thing, I'm sure there will be an opportunity to say it as part of an answer, because we'll work through the elements of our inquiry.

So thanks for that. This one may well be for you, Daniel.

The data was helpful there, and we've talked related to InfraBuild, and they've put submissions in, but I just want to check that the 300,000 tonnes you mentioned as being structural, how much of that is what you would think of as going into fabricated structural steel, and how much is, in a broad sense, separate structural steel, which can be in different market segments? Some of that question may not make sense to you, so humour me through it if it doesn't.

Daniel Coghlan: I'd say all of it goes into the fabricated steel segment.

Barry Sterland: Right. OK. I just wanted to confirm that.

Daniel Coghlan: Yep. Yeah.

Barry Sterland: And have you seen a change in that segment over the last several years, say? Or to ask it more openly, what changes have you seen coming through to Whyalla from any changes, or not, from the fabricated steel industry demand?

Daniel Coghlan: Yeah, listen, I've been involved, at the risk of ageing myself, in this broad segment for over 25 years. That's afforded me, I'll say, the privilege – I've dealt with fabricators all around Australia, hundreds and thousands of fabricators all around Australia, and I have a lot of relationships there over many, many years.

That overwhelming situation over the last few years is that our conversations have become darker and darker. Effectively, a summary point would be that it's just the lack of critical mass. I think what people don't often understand about the fabrication segment or industry in Australia is that while they're made up of many, many small and medium and some large businesses, they are an ecosystem and they work very collectively together at both ends of the economic spectrum.

In times of boom, large fabricators and medium fabricators all work together, and work effectively bleeds down through that network and everyone works for the greater good of the outcomes.

In very difficult times, which is certainly what I would describe the last few years as, what you get is you get the larger and medium-sized fabricators who are fortunate enough to have work, you actually do get them trying to

farm out critical mass to the smaller or medium fabricators to keep the ecosystem alive. So to directly answer your question, that is becoming extremely difficult.

There is just not enough work to go around. That also bleeds up and down the supply chain. So from a Whyalla perspective, what do we feel? We feel absolutely uncertain about the demand profile coming at us, where it was quite predictable in either overall volume as a base and/or mix, which allowed or afforded Whyalla the opportunity to do a number of things like produce inventory that we knew would support the market. That is very difficult for us these days. We just don't have that confidence in the supply coming at us, and that's us upstream.

For the fabricator, for the mums and dads who run those businesses around Australia, they do not know what is coming next week.

Catherine de Fontenay: So Daniel, can you give us a little bit more specifics on the timing of this? So you've described it as being now a highly visible surge of imported fabricated steel, or someone from Whyalla has. When did you see this surge of imports and when did it start to affect domestic fabricators?

Daniel Coghlan: Yeah, so I'm going to answer it in a couple of ways. Listen, firstly, I think if you asked ourselves and you ask the fabricated market in general, they are supportive of imported fabrication. I know that's going to sound a lot strange to you, but what I'm going to say is it's because the growth of imported fabrication is not a new phenomenon.

It's been around for quite some time. The nuance is that it's effectively evolved. It evolved in quite a controlled manner and it evolved in quite a complementary manner. I could talk through lots of projects in Australia where there's been fantastic outcomes via a combination of niche imported fabrication combined with domestic smarts and putting that together. So to answer your question, imported fab is not new.

What has absolutely changed is the volume in the last few years. So I would say, yeah, three to four years. It has surged – it is the buzzword – it has surged, and it's uncontrollable.

Catherine de Fontenay: So three to four years, starting in early 2023 or late 2022?

Daniel Coghlan: Yep, yeah.

Catherine de Fontenay: OK. All right.

Daniel Coghlan: Yeah, listen, I've listened to some of your previous interviews and commentary, and I'll say I completely support the Commission's ability to source and evaluate data. On top of that, I completely support the ASI's submission and the way they presented the data. So those volumes and date ranges that they suggested, I just fully support that.

Catherine de Fontenay: OK. Can you tell us a little bit about those earlier projects where there was an imported component and a domestic component? What were the parts that were traditionally fabricated overseas?

Daniel Coghlan: Yeah. Imported fab – and this is my version, of course – became more prevalent in large mining-resource-type environments. It was often quite specialised. At times it was probably due to design as well. It could have been oil and gas, it could have been infrastructure in mining, into remote regions that was either at a scale, or location, or by design, that did not fit with the footprint of Australian manufacturing and fabrication.

So that's where it started. It started in the periphery. In those cases, there is a lot of work – fabrication, sundry items that go around the major fabrication work, erection work, on-site fabrication – that became very complementary. So that's where it's complementary.

As it's pushed its way back into, I'll say, East Coast general market, that's where it's not running alongside or in collaboration at all with the domestic market.

Catherine de Fontenay: OK. Could you give us an idea of how that surge over the last few years has impacted the volumes of steel that OneSteel has supplied to domestic fabricators?

Daniel Coghlan: Yeah. The market size for hot-rolled structural in Australia has run, in early 20s, in excess of 400,000. I would call the market for hot-rolled structural as stick supply consumed in Australia in that 400,000 to 500,000 tonne range. That's where it was running, and there's various influences on that in cycles.

But it's very clear to me that the market for structural is nowhere near that. I would say there's probably a clear definition of 100,000 tonnes been removed from the market.

Now, we know the market hasn't shrunk itself. In fact, the imported fabrication data might suggest that the market's actually growing a little bit in terms of steel consumption. So that loss, there's something like, you could say, a 25% loss of market.

Barry Sterland: But you're saying that some of your loss of that market is due to imports of the hot rolled, so not the final demand of the fabricators.

Daniel Coghlan: Yeah. Yes.

Barry Sterland: So what we're trying to work out is what's the injury to the local industry. They might be sourcing more of their input from competitors for OneSteel. You've already said at the start, and I want to acknowledge that we heard that, it's less predictable, is how you're putting it, like there's a sort of precariousness in some way.

How does it come through to you? If the industry itself is sort of, the demand stayed broadly the same and maybe a bit of it shifted to imports, how does it come through to you, the injury that you're seeing to the domestic fabrication industry?

Daniel Coghlan: Yeah, sorry, I'll restate that because I think what I was saying is the market size that is available to OneSteel, or its competitors in the Australian market, the market size for general hot-rolled structural consumption that would go through a supply chain to domestic fabricators, has shrunk.

If I wasn't clear on that, I would say that has shrunk by 25%. There is, and as I think we've said and as others will say, the Australian market is highly sensitive. It's been built up over many, many decades and it's effectively been right-sized. So that loss of critical mass is catastrophic.

Catherine de Fontenay: All right. So you've seen a 25% shrink and you think it's proportional to the kind of shrink in the market more generally and the domestic fabrication market?

Daniel Coghlan: Yeah. Yes. Our sales – there's cyclical forces that mean that our market share can be stronger or weaker through different cycles. I'm saying the whole market for us has shrunk. But there's a very strong correlation between the loss of volume that we would see as being available to the domestic supply chain and the step-up in imported fabrication.

Catherine de Fontenay: OK. Thank you very much. We did want to discuss the injury to the domestic fabricated steel sector and in particular the cause of injury. As you would have seen, some of the submissions that we have received have put forward that the shutdowns that Whyalla experienced in 2024 were a major cause of injury to the domestic fabricated steel sector, rather than a surge in imports. Do you have any response to those views?

Daniel Coghlan: I do. Sebastian probably was laughing at me earlier when I suggested I might say this if this question came up, but I'm going to say it's victim shaming. Whyalla's circumstance, the ability for Whyalla to reinvest in itself, has been hampered by a number of issues relating to imports over a longer period.

But in more recent years, in the last four or five years, it's absolutely been impacted by a less consistent critical mass or lack of critical mass.

Whyalla is an important and sovereign player in the ecosystem. The ecosystem would work best when Whyalla is up and about and active. Whyalla's got the potential to – the transformational plans for Whyalla allow Australia to effectively be a world leader in low-carbon steel production, unlock a very viable circular economy with regard to steel. Steel is arguably the most recyclable product in the world.

If you can keep that within your economy, so you make it, you process it, fabricate it, erect it, and at the end of the lifecycle of that building, you decommission it and then you put it back into the local lifecycle, that's an incredible advantage that Australia could further unlock.

Barry Sterland: Can I just jump in, Daniel? I get that some of that will go to the second part of our inquiry, which is what's in the public interest. I think you're onto that.

Just going back to Catherine's question, we're still trying to – one of the really critical elements we've got to look at is causation of injury. Just factually, taking any motives or emotive out of it, is there a sense in which just the fact of the close-down, have you heard anything or seen any evidence of that causing, say, some domestic suppliers going, 'I might go to a different supply chain just to protect myself'? With no taking away any comments that people make. I'm just wanting to get at that causation, because that's the bit that could matter to our inquiry.

Daniel Coghlan: Yeah. It disturbs the supply chain if the domestic manufacturer has outages, but it doesn't collapse the domestic ecosystem.

Catherine de Fontenay: So have your customers mentioned that any of their customers decided to go with imports at that time because of the disruption?

Daniel Coghlan: No, that's never been put to me as a reason for a pathway or a fork in the road between imported fabrication and domestic fabrication.

Barry Sterland: Thanks. Sorry I interrupted you before. I think you're going to questions of national interest, public interest, so I'm not wanting to dismiss that line of discussion. Obviously, if the conditions were met, the question of that public interest of a safeguard measure comes on, and we're only – we've got five minutes.

I'll give you a few questions and you can maybe respond to them collectively. You've been talking to us about some of the sovereign capability issue that you mentioned. Other things we'd have to take into account will be the impact on the industry itself. What will a temporary measure do to that? What would happen over the four-year, two-year, whatever the recommended period was? The safeguard measures are explicitly to manage emergencies. At the end of that, what could you imagine it doing to the fabrication industry to set it up to be able to manage in the long run?

I wouldn't mind that question, because obviously the first thing we've got to ask is what would be the impact on the fabricated industry. Then there would be downstream impacts on cost to construction and other things. Finally, you talked about some of the sovereign areas. I wonder if you could address those issues of public interest for us, particularly starting with the first one: what do you imagine is at the end of that bridge, if you like?

Daniel Coghlan: Yeah. It's the industry being able to adapt, so it's been able to reset itself. As we discussed, we've got right now a very uncontrolled environment. Effectively, the industry has been able to have a little bit of breathing room. It's been able to continue to transform. It's been able to invest. It's been able to understand potentially new technologies that are contributing to the style of imported fabrication coming to Australia, and it's been able to review and potentially adapt to those itself.

I think as well, one thing that's been mentioned along this road is around the potential for standards or local content provisions as an alternative. I'll make the comment that standards and local content provisions, there is an opportunity for those to improve, but they're not primary. I'd call them secondary or complementary. They can work alongside other measures.

But we're at a point in time where there's such uncertainty and there's such impact that we absolutely need something that's going to give us that breathing room to collectively collect our thoughts, reinvest and ready ourselves for whatever is the next generation of steel fabrication, globally and domestically.

Barry Sterland: Just to unpack that a little bit, you talk about collectively. Obviously that's a judgement – there are all sorts of judgements in that. Sometimes industries, just through the market, people will invest. There could be other adjustments.

You mentioned collectively. How can you imagine that can happen? Would you imagine some of the big suppliers like yourself having a role in that sort of thing?

Daniel Coghlan: Yeah, absolutely. We talk all the time to fabricators around what products we make today, what products we'll make tomorrow, and the changing nature of the market, the prevalence or the step-up in things like data centres.

I could, the quick anecdote is that if you went back five or six years, or 10 years, myself and my sales team would get quite excited if we were discussing a steel frame building in the centre of Sydney or Melbourne. A classic commercial building in the middle of Collins Street in Melbourne might have 2,000 tonnes of steel in it.

Today, what we're talking about is data centres and warehouses, these mega two-storey warehouses and things like that. Some of those are 4,000 tonnes. So we're constantly talking about how we need to adapt, the products that we need to make, the products we need to hold. In this case, as the shift goes from commercial buildings to large warehouses and goods-handling facilities, there's a different need. We constantly evolve with our products. I could talk about renewables.

Barry Sterland: I'm sorry. We're at time. I did want to ask one final question on that public interest thing, which obviously the downstream cost is one of the issues to take into account with any safeguard measure.

What's your assessment of what sort of share of the relevant final customer groups is made up from fabricated steel? You calculate that and then some share of that would be your value-add. What sort of impact on that final cost do you think there'd be for customers?

Daniel Coghlan: I'm not sure. Seb, do you want to think about that question?

Sebastian Hams: Yeah. I've got a pretty strong view on that. My view is we as a business need predictable volume, and that will get our cost base down. There's no question about that. If I think about what we need to do, our ability to transition to green steel over many, many years is predicated on getting that predictable volume and, as such, getting that cost base down.

That is a long way around saying, my view is that if we've got that predictable volume and we can get that cost base there, I don't think there will be a great impact, if any impact, on the downstream and the end customers at the end of the day – the construction industry, et cetera – because we can, at volume, produce that sort of product and the distributors are buying a combination of our product and imported product and trading on the arbitrage.

So my view is that there might be some pain in that space, but that's only a pain by virtue of the distributors making that margin.

Barry Sterland: OK. Look, we're at time, so I'd just like to thank you both for your time today and we appreciate your engagement with the inquiry. There'll be many more opportunities, as you know, in the process. I'm just going to pause the hearing and we're going to be hearing from Croft Steel at 1:15. Thank you.

Daniel Coghlan: Thank you.

Sebastian Hams: Thank you for your time. I appreciate it.

Croft Steel

Barry Sterland: Hi, we'll recommence now. I'd now like to welcome Steven Croft from Croft Steel. You've got your video on, thanks, and your microphone on. If you can just state your name and organisation for the transcript, you're then welcome to make an opening statement – no more than five minutes, please – and then we'll ask some questions.

Steven Croft: OK. My name's Steven Croft. Business is Croft Steel. And for an opening statement, with my submission, I didn't focus on the other issues or the other input costs. I mainly focused on the way the anti-dumping, or the Dumping Commission, has been used over the last few decades to stifle the competitive import of steel. That's sort of the line I've gone. I think a lot of others are covering a lot of other issues.

I may, in my submission, I'll just read out a paragraph that – this is part of the opening statement – but the Productivity Commission, back in 2010, published a report on the review of dumping, the use of dumping in Australia and whether it can be improved. In our submission, which was on behalf of or with ... I funded the ASA submission initially and I was involved with it.

Basically what we said there is, if dumping continued in the way it was being used by InfraBuild and BlueScope, or who was it back then, OneSteel and Arrium and BlueScope, the continued stifling of imports, of competitive imports for these two monopolies, would increase the price of steel and eventually make fabrication in this country uncompetitive because it would prevent the local fabricators accessing steel at a global rate that their competitors overseas were.

Our statement was made in June 2009. So the report came out October 2010 by the Productivity Commission – that's 16 years ago – and we now find ourselves at another inquiry looking at the next step, which is the fabricated steel being alleged to be dumped by the same perpetrator. So that's basically, I built my submission around that. Thank you.

Barry Sterland: Thanks for that. I do want to come back to that because, as you know, causation matters, and we will look at that. I just wanted to step back. You know the industry well. I just want to confirm your observation on some of the facts.

Barry Sterland: Have you noticed a rise in imports of fabricated structural steel products? I think you commented that it's mainly building systems in particular, but I just wouldn't mind you elaborating on what bit you have seen of it, what you're seeing in the market on the demand for imports versus domestic fabricated structural steel.

Steven Croft: Yeah, well, I think there's two, when you say – sorry.

Barry Sterland: And the timing of that? Timing of those things.

Steven Croft: Yeah, well, I think gradually over the years it's come about because, by the look of it, demand here increased for fabricated steel and, in a way, that probably explains the high labour, high wages, because there's a shortage of workers and hence a lot of these fabricators are bringing workers in from overseas. But also, we're not a big importer of fabricated, say, for warehouses and things like that, is it?

There are two sort of areas. We do a lot of light fabricated products out of China for the agricultural sector. That shifted there probably a lot sooner than the heavier fabricated items like bridges and the warehouse sort of things. And, as full disclosure, we bring the light fabricated out of China and I suppose heavier, more technical out of Vietnam, but not in the quantities that some of the other guys are.

I think the demand has come because overseas has been able to offer security of supply, where at times here that hasn't been so. Does that answer your question?

Barry Sterland: Yeah. I just wouldn't mind a sense of, in the codes that we're talking about, which are largely around the heavier side, where do you date it from in your mind? You've talked about – or is there just been a gradual increase over time, like other stakeholders are raising at these hearings, like a gradual -

Steven Croft: Yeah, look, as I said, I'm not directly involved with a lot of the major fabricated products, but over the years we still import raw steel, which we supply to people who eventually fabricate with it. So we still enjoy sales there, but also we've seen some of those customers gradually asking for parts of what they do to be imported. Therefore they start incrementally bringing in prefab to help their business continue.

That's usually a combination of ... I mean, price is one thing, but also its availability of staff to actually do it. Especially our rural clients in the rural areas, especially in Queensland: they're in an area where there's a lot of resource industry who will pay high wages. And if you're in the middle of a gas field or near a coal mine, it's very hard to get a tradesman.

Like I say to my customers out there, I say, well, I can't see a queue of workers out the front wanting a job; there's a queue of employers looking for workers. So these guys have to continue, and they will continue growing their business whichever way they can. And I think... sorry, I won't keep making statements.

Catherine de Fontenay: That's really helpful. But again, can you give us a little bit more specific on the timing? When did you start to see your customers wanting partially fabricated supply?

Steven Croft: My guys, probably the last two or three years more so in the technical product. With regard to light fabricated, which are portable cattle panels, gates, that's been probably 15 to 20 years. So that's sort of that side of it.

Catherine de Fontenay: 2 or 3 years, OK. And have you seen any decline in your total volume of steel, either raw or lightly fabricated, going to fabricators?

Steven Croft: Locally? Yeah, no, not really. I mean, the demand is fairly constant. No, not really.

Catherine de Fontenay: Yeah, but they're doing less work because some of the fabrication is happening overseas.

Steven Croft: Well, that seems to be the case. They're all saying that, and I don't disagree with that. I sympathise with their plight because they're facing some of the highest input costs in the world. I'm only focusing on the steel supply, and the bulk of it is the steel supply.

Then after they've fabricated, it's the cost to galvanise and the cost to blast and paint. I know in some cities, with galvanising, there are some monopolies, and hence the prices are more expensive. So, yeah, they're the things. Factually, that's easy to determine, but I don't have that data. I didn't want to go too broad with what I'm talking about.

Catherine de Fontenay: That's really helpful.

Barry Sterland: So, then, a lot of your comments go to the issue of causation, in a sense. You're suggesting that some of the upstream products, upstream trade measures, might have added to the cost of supply and then that's made the domestic fabricators less competitive.

Steven Croft: Yes.

Barry Sterland: I just want to get a sense of how significant you think that issue is. Some of the upstream tariffs, when we've looked at them, seem to have been applied quite recently. So just wondering how that fits with the timing of this industry being under stress.

Have you got a sort of sense of what proportion of the market's affected by these upstream measures, or how that comes through the market, the upstream measures or the threat of them?

Steven Croft: Yeah. A few years back – sorry to be vague, but it's all determined – there was a dumping investigation on structural steel coming from Korea, Thailand and Taiwan. Back then there were three mills: Korea was Hyundai, Taiwan was Tung Ho, and Thailand was Siam Yamato.

The effect of the dumping is, when it happens ... we came up with a term called the chilling effect. The mills receive a dumping investigation, and now they're probably used to it, but they used to panic. They look at it and go, well, hang on, Australia really is not a big market globally. We're a very small market, even for fabricated steel. On the global scene, it's small.

Some of these mills would just go, no, we're not going to fight it, we'll stop supplying Australia. So that's the bigger risk. And then you've got stockists who are importing the beams, and this is all structural steel, which is the main product used in fabricated steel. These are I-beams – sorry, universal beams, universal columns, that sort of thing. So these mills will then decide, well, we're not going to fight the dumping case, or they will fight it, or participate, not fight it.

We were personally involved with Hyundai. So they go through the case. The other thing that happens is with certification. A lot of these mills have to get what they call an ACRS certification. That's a third-party certification. That's an Australian body, and they will give the mills a certificate.

What happens is the knock-on for the dumping case. The mill goes, well, this is going to take 12 months. Do we bother renewing the ACRS certificate? So then they do happen to win, then they have got to reapply for their certificate before they can start supplying. There are all these little things that happen, these non-tariff barriers that disrupt the cycle.

Now, with that dumping case, Tung Ho got off, Hyundai got a penalty, Siam Yamato stopped supplying because they relied on a shipping, what they call a break bulk shipping method. The tonnage dropped off, therefore the ship stopped calling in Bangkok. So there's another knock-on. The ship goes, we're not going there now. Then, to go back, it's like, well, we want a large incentive. The mill can't get it because it gets a bit clunky.

But then what happens too is, when you put up a dumping case, while that's going on, the group, us steel traders, get quite innovative and find other mills. That brings in a whole new range of mills. You'll end up with mills from India, Bahrain, UAE, Oman, China. Then they're on the scene, and they have certain limitations on size range and capability to ship. It's full of ironies, all this.

You have Whyalla stops running. OK, so Whyalla is the only place in Australia that makes beams. But they're not supplying beams anymore, so all the stockists have to start importing beams to supply the fabricators. So guess where they go? They go to Hyundai and go to all these mills that were accused of dumping, and have to start importing and paying the dumping duty.

That then disrupts their supply because these stockists, their stocking, I suppose, logistics, are used to a JIT system from Whyalla. Now they've got to import 10,000 tonne or whatever and go, where am I going to put it? It makes it difficult for everyone. The fabricators then, their supply of beams, structural steel, is disrupted. They worry because they're on the LDAs with CPB or whoever they're supplying, and they're going, [expletive], I can't do it, we're just going to import the finished item.

Or the likes of John Holland or CPB just go and buy from China. I think the Maribyrnong bridge and the North East Link – a lot of that's from China – because they've got to finish the job. We're not here to make sure InfraBuild's going to make a buck, you know what I mean? That's my point. Sorry, does that answer your question?

Catherine de Fontenay: Thank you. Just wondering if you could... are there particular dumping decisions that were particularly impactful?

Barry Sterland: On the fabrication section.

Steven Croft: Like I said, it's more the actual process, and they've got to then go through, and it takes more than 12 months. It's a long, drawn-out process. The Productivity Commission, your predecessors, put this up as a case that you've got to look at this and what's in the public interest and the like.

It just stymies supply. We've got to remember too, Australia's not a big market and, logistically, we're at the end of the world. Ships have got to come here, then go back up. We're not on the belt going around. So there's all of that. And meanwhile, I even sold beams to OneSteel when they were tipping over from Arrium into.. that was the first time KordaMentha ran them. And they import themselves now. So that's what I'm saying. There's a lot of ironies. I think that if you understand the background. I know you're looking, from the economist point of view, for the actual cost, but I'm just trying to give the collateral damage from an inquiry, you know.

Catherine de Fontenay: Now, you've raised the disruptions at Whyalla as one of the factors that has pushed up the cost of steel for those domestic fabricators, or disrupted their supply chain, or disrupted the demand from their customers. Does the timing of that particular incident really line up with the story of import competition? Because that happened mid-2024, and you and others have described the import competition as arising, if I've understood, in 2023 or so.

Steven Croft: Yep. Well, sorry, with the fabricator, yeah, look, with the big volume, like say Steel Builders do a lot, they would be able to tell you their uptick. I'm not in their space. But, sure, with the guys I deal with, we've got one customer – and we only do small volume – but he started buying off us because all of a sudden he's gone, oh Jesus, can you do that? And he said, yep, get them in.

So we just bring in these products and we can actually offer supplier security, even though we've got three months lead time. These suppliers, it's on time.

Catherine de Fontenay: We'd be interested in understanding the price difference between what a domestic fabricator can offer and kind of a higher-quality imported fabricated product. So in your mind, is there a kind of ... the ranges that have been quoted are extremely large, sort of that there's a 15% price difference, a 10% price difference, a 50% price difference. What would your assessment be of the price difference between those two categories of product?

Steven Croft: I would say it's, it's probably... the things we do, some of them we import, they don't make here anymore, like cattle panels and gates (I mean they make gates here, but for certain parts of the country, from imported steel, by the way), but I think the gap's fairly big. I mean, if it's 10 to 20% gaps, most people wouldn't import. You've got to go for 30 to 40% split because the 10 to 20, that's not really worth it. The other thing you've got to factor in too is the reliability. Overseas, if you pick the right supplier, they will be on time. There are no delays. We've had jobs where they just keep fabricating over Christmas; they don't stop. Here everyone's got to have 4 weeks off. We have jobs arriving and the concrete is still going.

Catherine de Fontenay: But if there's a difference in reliability, wouldn't that mean that you need a smaller price difference before you're interested in going overseas?

Steven Croft: Well, yeah, if it was more, if you knew. Yeah, you've got to factor in... I think one of the comments was people will have gone overseas and then it's very hard for them to come back. Because I get they tried, and I understand too that overseas you have to monitor quality.

But that's because there's more supply. There's more available. Therefore there's a range of cheap to expensive, so you have to work out... China makes cheap products and they also make iPhones. Somewhere in between, there's something for you, depending on what you want to pay.

Catherine de Fontenay: OK. And that price difference you're talking about applies to that heavier side of the fabricated structures?

Steven Croft: Yeah, heavier, yes. Sorry, yeah.

Barry Sterland: So just starting to think, as you know, any safeguard measure is temporary. I wanted you to think about a couple of scenarios here. One is, without the measure, what do you think the trajectory of the domestic industry is, bearing in mind we're not doing an inquiry in ... this inquiry is only on fabricated structural steel. Just assume everything else is the same. How do you think that will go? And then, if there was a temporary measure, we wouldn't mind you talking through what you think the impacts on the market would be of that temporary measure, and then what would happen to the fabricated industry when the measure ceased. There are a few questions in there, but I just wanted you to talk through, as a person in that market, how you think things are going now. If there was a temporary measure, what would the impact be? And then what would be at the end of that bridge if the measure was applied and then came to an end?

Steven Croft: Well, I think if you put a measure in, I know with some of my customers they'll say, we're just going to pay it and pass the cost on. They don't want to be dictated to where they buy from. They're not importing because they like importing; they're importing because they have to survive.

I was talking to a client last week because there's another dumping case 2 weeks ago, 3 weeks ago, brought on by BlueScope on galvanised coil. I spoke to the client; he goes, I'll just add it on and pass it to the client. That's what will happen. With a safeguard, think about the effect on the public interest. You put the safeguard on, people then are forced to buy local, which is more expensive. So, either way, the public's affected the same way, aren't they? It's going to cost them.

I keep going back to 16 years ago. We said, if you keep doing dumping cases and you keep stymieing supply of steel, eventually people will import fabricated steel. This is where we are today, that we're talking about the import of fabricated steel, and there are still dumping cases. This time around, Whyalla is again controlled by KordaMentha. I think they're currently having supply problems, I've heard.

InfraBuild themselves don't make beams anymore. They don't make structural steel anymore because they haven't got... Whyalla is no longer part of their organisation. What's interesting is InfraBuild are big into reinforcing steel, which is not fabricated steel; it's made in concrete. So they've still got a toe in that industry and haven't been affected. They got dumping cases on that too.

Barry Sterland: And so could you talk... if there was no measure, what do you think the trajectory is? If there was no measure, what do you think's happening over the next few years?

Steven Croft: Well, I think the local ... there may be more come in or may... I mean, it depends. I think demand is here for that sort of product. And like I said, once they are forced to go overseas, because supply here is a risk of supply shortage or delay, it's very hard to bring them back because they go, look, it's just simple for them. The customer just gets it and assembles it. You go to IKEA, it's all assemble-it-yourself. No one's bemoaning the fall of the furniture manufacturers in Australia.

I'm not sure where it would go, but I think the locals have to focus on their input costs. Overseas, I haven't seen any evidence of subsidy. The pricing is... we used to argue this with the dumping people. How can we be dumping if we premeditate for 2 years the product? Dumping is fair enough for one shipment that's coming in and it's being dumped, but if it's ordered and it doesn't even exist. When we order something, it doesn't exist and it has to be created. Why would you, on purpose, sell it for less than you're going to make it? They all make a buck over there.

And like I think the Chinese guy earlier on from the government said, in China it's a huge market. Australia's not a significant market in the world for most products.

Catherine de Fontenay: All right. So let me make sure I have understood. Steve, you're saying that even if these measures were imposed, do you think that people will keep buying from the sources that they're currently buying from? And if that safeguard measure were imposed, how do you think the domestic industry will respond? Will they make changes that set them up to be more competitive in 4 years' time, when this measure comes off?

Steven Croft: Well, you'd hope so. I mean, the markets... customers aren't stupid. They know what's going on. Everyone will find a way. Like, if you put measures on, say, China, Vietnam, Indonesia, that will move to Malaysia, Philippines, like it's...

Barry Sterland: A safeguard measure, with some exceptions, is applied to a tariff code, not individuals. So it's not like anti-dumping in that way.

Steven Croft: Oh, not country. OK, sorry. Yeah. Well look, if that happens, it happens. We just deal with it. It's more on the locals to sharpen up. But I'd be a little bit nervous if your whole business. If you think about fabricated steel in Australia, it relies 100% on what Whyalla produces. That's the only source in Australia. Laverton, I think, produces a few small sizes of merchant bar.

So really, for the public interest, we're going to rely 100% on Whyalla, that's currently run by KordaMentha, as having supply issues. That's what's going to happen in Australia. We want to get things like the Olympics, things like that happening. Really, it should start... I mean, if the government ... In Western Queensland, there's a school being built and it's all imported. I'm thinking, why wouldn't the government stipulate local product? It should start there. Like in Melbourne, the West Gate Bridge, West Gate Freeway, I think it's supposed to be local content, but I know a lot of steel came in for that, fabricated, for whatever reason. I'm not sure, but that would be interesting to find out, because obviously there was a supply security issue as well as price.

Steven Croft: But if it's cheaper overseas, the overseas price is the overseas price. It's not so much they're cheaper; we're more expensive.

Barry Sterland: Yeah. And I'm just wondering, if there was a temporary measure applied, what things could you imagine happening that would – or are there things you can imagine that would reduce the cost in Australia to make it competitive without the measure? Because the safeguard part of the trade arrangements is to manage an emergency and then come off.

Steven Croft: Well, I think you look at – like, I always look at, if you've got a market where there's a monopoly, you'd look at that. So long products is InfraBuild; flat product is BlueScope. The flat product is your roofing, purlins, all that sort of thing. So you've got a monopoly in each of those. Those two are two of the biggest applicants for dumping. They're trying to stifle competition. That's why in my submission I said one of the major inputs is the steel price.

Now the next – I mean, rent, wages and regulation, I can't work that. That's a different agenda. But I think the end result would be they have to do a lot to be competitive. That's not my area of expertise. I just look at steel supply.

They should be able to import if they want to, but then it's governed by the distribution, which, by coincidence, most of it's controlled by BlueScope and InfraBuild as well, because they go downstream. I'm not criticising BlueScope and InfraBuild. I'd do the same. That's business. They're using the dumping system as a lever. They're pulling that lever. That's business.

But we have to acknowledge that, being in monopolies, there's not a lot of competition and the only competition is import. What's happened is they've stifled that import of the raw material, so now their customers are being affected by cheap imports of fabricated steel. I'm not sure. To me, people will still continue importing. That's what's happened before when dumping's been placed on different products. There's always a way, another country to bring it from. That's too vague, is it? Sorry.

Barry Sterland: No, no, that's good. But we just need to hear from people, and this is an opportunity to do so. We're at time, Steve. We really appreciate your time. As you know, the process is continuing. We're going to have an extended break now and then come on for one session with Master Builders Australia at 3:30. So thanks, everyone.

Steven Croft: OK, no worries. Thank you. Thanks for the opportunity. Have a good weekend.

Barry Sterland: We'll be back at 3:30

Master Builders Australia

Barry Sterland: I'd like to welcome Melissa Byrne from Master Builders Australia. How are you? You can hear us? We can't hear you.

Melissa Byrne: There we go. Can you hear me now?

Barry Sterland: Now your microphone and video are both on. Just state your name and organisation for the transcript, and then you are welcome to make an opening statement of up to five minutes, please. Then we'll ask some questions. I'll hand over to you for an opening statement, Melissa.

Melissa Byrne: Thank you. It's Melissa Byrne, National Director, Policy and Legal for Master Builders Australia. I will take this opportunity to make a brief opening statement.

Thank you for having me this afternoon. Master Builders is the nation's peak building and construction industry association. Over 130 years, the Master Builders network has grown to more than 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only association representing all three sectors of the industry, being residential, commercial and civil construction.

For the purposes of this inquiry, Master Builders members are consumers of fabricated structural steel. Therefore, any changes to these cost arrangements will both directly be felt by those customers and indirectly be felt by those throughout long complex supply chains in our industry.

There are three areas I'd just like to highlight in these opening comments. The first relates to the macroeconomic environment for our sector and unfortunately it appears our written submission might have failed to include some detail of our economic forecast. So I'll elaborate a little this afternoon on that. The second is the trend with respect to building costs and in particular steel costs.

While the level of detail you may be after seems difficult to ascertain, I think the data that we have collated might be useful. Finally, I'll just touch on some of the other matters we outlined in our submission for consideration. Firstly, in respect of the economic outlook, inflationary pressures, increasing interest rates and poor productivity across the industry are leading to a slowing of residential building activity.

As outlined in our submission, we are looking at around a 200,000-odd home shortfall against the 1.2 million home Housing Accord target. This forecast did not factor in the conflict overseas, so we are estimating a shortfall more pronounced than this.

In contrast, the outlook for non-residential building activity is quite good. Over the five years to 2029-30, we project that \$377.5 billion worth of work will get carried out in this part of the market. This is an average of \$75.5 billion per year and represents a 21.9 per cent increase on the work we've seen over the last five years.

In relation to Australia's engineering construction market, this has grown for five straight years, with activity totalling \$148 billion during 2024-25. The market is likely to cool during the 2025-26 period, but the prospects are quite favourable for the forecast moving forward. The five years to 2029-30 are looking to see \$769.4 billion worth of engineering construction activity, which amounts to about 20.6 per cent more work than we've had over the last five years. However, overall, for total activity, we are projecting a downturn in the period from 2028 to 2029. I can provide you further details of that out of session if that would be useful.

Moving on to building costs, which overall have nearly doubled since the pandemic. However, it appears that steel is the only major home building product category to have reported a price reduction over the past year. Also, steel costs appear considerably more volatile than housing building material costs, and we think this is due to a number of factors, including the fact that it is highly portable and tradable, which means movement in global steel markets transmit rapidly to Australian prices. Secondly, steel's non-perishable character also makes it susceptible to speculative stockpiling when prices are rising, which tends to amplify price increases. Of course, the reverse occurs when prices fall. The release of accumulated stock onto the market can exacerbate price declines.

Finally, we would also just seek to emphasise the need to consider the impacts of any safeguard measures on housing affordability, the general and unfortunate decline in local manufacturing, potential retaliatory action by

overseas suppliers that the domestic industry relies on, and finally the ongoing impacts of the conflict overseas. While prices in relation to the latter have increased, these increases have slowed and we have seen fuel prices stabilise. However, prices do remain inflated and the pipelines of work have slowed. Thank you and I'm happy to take any questions.

Barry Sterland: Thanks very much, Melissa. The data you provided is really useful. I wanted to start where you ended, really, in a sense, on what you've seen in the market from the demand side for FSS.

I'd be interested in understanding the data you present in the paper. You have an index of steel and housing building material costs. Is that the sum of, say, the steel beams and section? Is that broadly comparable with – I'm looking at [page 17?] – with a lot of what we're talking about in this inquiry, the fabricated steel, or would it be more products than that, or all the inputs to that industry?

Melissa Byrne: I think steel products generally would capture more than just the steel beams and reinforcing steel, but I can get some further, as much granularity as I can, but that's my understanding. It's very hard to get down to a very specific level in the data.

Catherine de Fontenay: And just to clarify, Melissa, that's ABS producer price index data, not a survey of your members, is that correct?

Melissa Byrne: That's right.

Catherine de Fontenay: So it would capture all steel products, not just steel products that are used in structural applications.

Melissa Byrne: Yes.

Barry Sterland: And so that's been a bit of a downward trend, but might not reflect all the fabricated products. Have your members given you any feedback about that market segment – what they're seeing in their procurement behaviour or their demand for domestic or imported fabricated structural steel?

Melissa Byrne: I think the biggest takeaway from my engagement with members is that the product seems to be used in more bespoke projects, from their experience anyway. There is a question around whether or not that could actually be sourced locally at any point in time. The scale and nature of some of that work, again, lends against having any sort of local manufacturer because it's so intermittent, because it is so bespoke and unique. So that's probably my biggest takeaway from those conversations.

Catherine de Fontenay: So just to clarify, these would be your larger members, and they're saying that they're mainly using fabricated structural steel for more bespoke applications and applications where it's high volume. Have I got that right?

Melissa Byrne: Low volume because of the unique nature of the project and what's being required for that particular project.

Catherine de Fontenay: Low volume. And they're choosing to bring that in from overseas.

Melissa Byrne: Well, they can't get it locally.

Catherine de Fontenay: Can you elaborate? So they can't get it locally.

Melissa Byrne: Because of the nature of the work and the scale and the bespoke nature of what they're after, it can't be – my understanding from what they're telling me is that it couldn't be produced locally.

Barry Sterland: For the segments that probably do have that – so I think that might be some of the bigger projects, like the portal frame, like the warehousing and this side of your industry – have members talked about any of the issues to do with procurement in those industries and whether they're increasingly going to import markets relative to domestic?

Melissa Byrne: Not specifically. I think again, the takeaway is that what they can get from overseas is not only more cost effective, but better quality. That's why they're attracted to that as well.

Barry Sterland: Have you got any other observations about the domestic industry? I mean, it's not your industry, I understand this. Have there been any issues coming your way about any injury that is being

observed, loss of capacity domestically or anything like that? Are you hearing that through your members or it's just not – you don't have to comment if you don't know much about it.

Melissa Byrne: They're only really giving me feedback from their perspective, from that customer side, rather than any insight into the fabricated steel industry itself.

Catherine de Fontenay: Melissa, just circling back to your comment about these bespoke projects, could you give me an example again? It doesn't need to be a real example, but of the type of project that you're referring to. Since I'm not in the construction industry, I want to be sure that I understand.

Melissa Byrne: I can't recall the example I was given off the top of my head and I did refer this individual to your team to talk to separately to get that level of detail, because he was in the industry for 20 years. So he had really good experience of this sort of work and what they use it for. But again, my general understanding is these sort of large infrastructure projects.

Catherine de Fontenay: Large infrastructure projects.

Melissa Byrne: Yes.

Catherine de Fontenay: So we had heard that large projects in mining and some large infrastructure projects were using overseas sourced fabricated structural steel for some time, but that it had moved into other segments of the market – smaller jobs. Jobs that were more, smaller I guess would be the opposition, but you've not heard that from your members?

Melissa Byrne: No.

Barry Sterland: If you do hear any of that feedback, it'd be good to understand that. Other stakeholders have indicated in these hearings that even quite small jobs are now being sourced overseas and that sort of modularising and that sort of thing.

Catherine de Fontenay: And have you gotten any feedback on the price differences that people are facing between domestic and overseas product?

Melissa Byrne: In that infrastructure space that we've been talking about, again, I don't have the numbers off the top of my head, but there is quite a price difference.

Barry Sterland: The other thing – so now I suppose we can think about the public interest element of it. I think you note in your submission that tariffs or trade border measures might not be an effective tool for addressing the issues facing the industry. You've talked about cost coming through and that sort of thing. Steel's been one of the few cost declines and I just wouldn't mind you elaborating on those issues. What impact can you imagine a broader measure, like a tariff or tariff quota, would have on the costs in your industry?

Melissa Byrne: As I outlined, and it's in the submission around the increase in building costs that we've experienced since COVID. Generally, once prices go up, they stay up, they don't generally come down. With the fuel crisis overseas as well, prices of building products across most product categories that go into construction have increased. Again, some have done that through a fuel levy, so the idea or the expectation is that that may fall away, but that doesn't account for just the building product cost increases and that wasn't accounted for in our latest forecast that I quoted either. The concern is that any other price increases or any other mechanisms that cause an increase in price of building products will just exacerbate what we're already seeing.

Catherine de Fontenay: Melissa, in this data analysis that you've done – and thank you very much for undertaking this data work – you've looked at the price change for different types of material. What's happened to timber? What's happened to ceramic? What's happened to concrete? Have you gathered any data as to what share of total costs these are for different parts of, for different segments of your industry, or for the whole industry? Does the ABS data include information on how much is steel as a share of total costs in construction?

Melissa Byrne: I could take that on notice. I'm not aware that there is, because they seem to isolate per product category, as opposed to taking a percentage of total cost per category, if that makes sense.

Catherine de Fontenay: We can also look into it. But do you have a sense of, if we take large infrastructure projects, what share of total cost is steel?

Melissa Byrne: No. I think a lot of businesses would keep that information to themselves, unfortunately, and wouldn't share it with us anyway.

Catherine de Fontenay: So you don't even have a sense of a range, that it's somewhere between 5 and 30%, or no? OK, all right.

Melissa Byrne: No.

Barry Sterland: When we're looking at public interest, we look at how it impacts the FSS industry downstream. Your industry is probably the main one and, I think with tariff quotas, it's probably the larger construction and other aspects of it, but some in residential housing as well.

The other issue that's been raised from time to time is the importance, for resilience purposes, of having a domestic industry. I was just wondering if your members have talked about that. How secure do they feel if they are importing? Are those supply chains diversified? How do you think of that supply chain to the industry, how important a domestic presence is, and the size of that and all that sort of stuff? Have your members put much thought into that?

Melissa Byrne: I think there's two parts to a response to that question. The first one is that everyone I've spoken to, and certainly we've reflected in our submission, the need for local manufacturing. There's not anyone that I've spoken to that doesn't want to support domestic manufacture and wouldn't, were the circumstances to be right, prefer to use domestic production as opposed to sourcing from overseas.

The other part is that a lot of them do diversify, so they don't just get everything from overseas. Depending on the components they need, depending on the job, they will try and source some locally and some from overseas. So it's definitely a mix of product from different sources and generally support for domestic manufacture as well.

Catherine de Fontenay: When you say diversify, in terms of their sourcing from overseas, do you know whether your members diversify across countries? Are they choosing to be supplied from several locations or just from one location?

Melissa Byrne: That I don't know.

Barry Sterland: In your submission you talk about – and our terms of reference are reasonably narrow and focused on this – if I read the submission right, you're resistant to solutions that would pass price through. Border measures have been mentioned at this set of hearings and in other submissions, and you sort of, I think, are suggesting some sort of alternative policies that target... Have you got any views on that?

It's not within our terms of reference, but I'm putting that together with your position that your members would want a domestic industry but would prefer not to have border measures. What is the space to do that? There have been comments around the quality and safety agenda, or quality agenda, particularly whether standards are being enforced properly. So I wonder if there are other alternative policies that your members might have mentioned. I think you mentioned FMIA, some sort of industry assistance in your submission, but any reflections on that?

Melissa Byrne: I think the biggest driver is the input cost to manufacturing. I don't have a huge amount of specifics, but, for example, energy costs, I think it's broadly agreed that that's increasing. I can imagine for domestic manufacturers that is becoming quite an unsustainable cost.

So if government were to do something to support local manufacturing, we would suggest looking at those input costs and ways to support businesses to operate, notwithstanding those circumstances, would result in a more sustainable domestic manufacturing cohort than potentially imposing some sort of tariff on imports.

Catherine de Fontenay: Melissa, you mentioned that some of your members find that the imported product is of better quality. We've heard different things about quality during these hearings and during our consultations more broadly. Could you explain to us, for a large project, what are the main ways that the builder would ensure that they were getting a quality composition of steel and quality fabrication of steel? How would they go about ensuring that? Obviously, a builder is motivated to ensure that they deliver a product that does not fall down. What are the main ways that they do that?

Melissa Byrne: I guess all I can speak to is in quite broad terms. I know some do go overseas and have built relationships with certain manufacturers overseas, and so they engage with them quite directly in that way so they know exactly what's going on. Some of them have set up small offices over there, in whichever country it is that they're dealing with. Beyond that, I probably can't speak to anything else. That seemed to be the predominant way of ensuring that sort of quality.

Catherine de Fontenay: We'd welcome any feedback that your members want to offer over how they ensure quality through the supply chain. We understand that it's a challenge because it matters how the steel is made, how it's welded, how it's installed. Some of that can be verified on site, but we understand that some aspects of welding are difficult to verify on site. So we'd be very grateful for any input your members have on how they ensure quality through their supply chain.

Barry Sterland: The other issue just on that I think would come up with your members is the role of standards and the regulation of standards by approval authorities. There's a whole lot of third-party arrangements there that are accepted, but whether there's any issues with those arrangements – we're not doing the inquiry into that, but to the extent that we're hearing that's another issue, we would be interested in any feedback you have.

Melissa Byrne: No problem.

Barry Sterland: Have you got any more you'd like to say, Melissa? We can finish up this session here with you.

Melissa Byrne: No, thank you.

Barry Sterland: Thanks very much for your time today. We really appreciate your engagement with the inquiry and, as Catherine mentioned, the effort that went into the data was really good.

Additional comments and closing remarks

Barry Sterland: Thanks for your time today. You're welcome to stay on for a little while while we offer this to others. We're now opening just for any other discussion that's come out of today's sessions, from anyone who wants to speak. I will offer that opportunity.

We have one person who's nominated Alfredo Pena Herrera? from Galintel Pty Ltd. I think, because you've put your hand up and put it in the chat, I might throw to you first, Alfredo, to ask a question or make a comment. Just state your name and organisation for the transcript. Thank you.

Alfredo Pena Herrera: Good afternoon, can you hear me? Awesome. My name is Alfredo Pena Herrera. I'm the General Manager for Galintel Pty Ltd. The reason for me asking to participate is that many of the participants over the last three days have implied that the lack of competitiveness of Australian manufacturing steel fabrication comes from either transformation costs or economies of scale overseas. From our perspective, this is definitely not the only explanation.

We manufacture here, as per our submission, in Australia up to 20,000 tonnes of lintels made from hot rolled coil. Until the anti-dumping determination in case 658 was in place, we were able to procure coil from overseas at about 30 per cent cheaper than what we can here in Australia.

To give you the magnitude of what that means to us, that is over the whole transformation cost in our manufacturing site in Coffs Harbour. So there's no automation or scale that we can bring that would make us cheaper if the input cost, which in this case is hot rolled coil, is not on a level playing field.

Catherine de Fontenay: Thank you, Alfredo. We appreciate that feedback. So your assessment is that since that determination was made, that input cost for you has doubled. Is that correct?

Alfredo Pena Herrera: It hasn't net doubled because we do procure a lot from BlueScope. They're part of our supply chain, but we did buy a substantial amount from overseas. So yes, once now it's 83 per cent, all that overseas coil is gone and we expect local supply to go up as well.

Catherine De Fontenay: OK. Thank you. Appreciate the feedback. Thank you.

Barry Sterland: Thanks very much. Any other questions or comments, even reacting to any of the hearings today or on previous days? I'll give people a moment to think.

In that case, there's no questions there, Max. Well, look, let me thank everyone again for your participation. We're concluding the public hearings here. A transcript of these hearings will be available in the near future, likely within a week.

If you want to prepare a written response to evidence given at these hearings, please send it to our team by 20 May and your response will be published alongside the transcripts. Now just note that there were a few people that had data, that were going to seek data, and we understand that might take a bit longer. It'd be great if you could indicate to us when that was coming, and it has to be relatively soon for us to properly consider it.

With these public hearings concluded, we will continue work preparing our interim report which is due no later than 23 September, and the final report to government no later than 23 November. As we've indicated, there will be an opportunity to put in submissions after the interim report, which will be produced no later than 23 September. If you want to engage further with us, please don't hesitate to reach out. Thank you all.

Catherine de Fontenay: Thank you very much.

PROCEEDINGS CLOSED 4:15 PM AEST.