

SAFEGUARDS INQUIRY INTO THE IMPORT OF FABRICATED STRUCTURAL STEEL

Contextual Overview

Our business is a major Australian fabricator of structural steel with over 50 years of experience in the industry. We specialise in the fabrication of large-scale industrial structures such as distribution centres and data centres from our workshop in New South Wales. Additionally, we have our own blasting, painting and steel installation crew, allowing us to complete projects largely independently of other specialised subcontractors.

In recent years, we have experienced a marked downturn in turnover, which we attribute predominantly to competition from fabricated structural steel imported primarily from Asian countries such as Vietnam and China. These overseas fabricators can significantly undercut our pricing on projects. We estimate that at least 90% of our historical revenue base is currently being replaced or is at risk of being replaced by these overseas fabricators. Due to these trends in the market, a substantial portion of our current work consists of residential and smaller commercial projects which are less prone to undercutting at a mass scale.

Projects in the range of 500 tonnes and above have been extremely difficult to win for some time now. This is because the vast majority of jobs of this size have been awarded to subcontractors who import fabricated steel directly from overseas. Jobs as small as 50 tonnes have also become much more difficult to win due to the replacement of local fabricators with these overseas options. This has resulted in jobs even smaller in size becoming much more competitive due to the radically changed landscape of the industry, as fabricators are competing for significantly fewer available projects, driving down their profitability and viability.

The steel used for our typical projects includes that with HTISCs 7308900052, 7308900053, 7308900054, 7308900057, 7308900065. All information in this submission relates to each of these product codes collectively.

1. Have imports of the relevant steel products increased?

Through our own observations and many discussions with builders, other fabricators, and industry participants, it is clear to us that importation has increased substantially since 2022. This is because imported fabrication has won many projects that would have previously been awarded to local fabricators. This trend is particularly pronounced in the portal frame structures market, which represents the core of our typical work.

The Australian Steel Institute has already provided sufficient evidence to demonstrate the rapid increase of fabricated structural steel importation in its *Application for Australian Provisional and Definitive Safeguards* (November 2025). The fact that fabricated steel imports have increased from 450,000 to 700,000 tonnes per year over this period is a key indicator of what is happening in the industry. This increase is particularly concerning when considering the declining production of domestic fabricated structural steel.

2. What are the causes of any changes in imports of the relevant steel products?

The primary driver of import growth is price. Overseas fabricators benefit from significantly lower labour, material, energy and regulatory costs compared to Australian fabricators. Additionally, overseas fabricators are often heavily subsidised compared to Australian ones. While a cost differential has existed for many years, these differences have grown substantially with time. Approximately five years ago, we could quote jobs within \$500 to \$1,000 per tonne of overseas prices. In recent times, that gap has widened to approximately \$2,000 per tonne. Steel import prices often range from \$2,000 to \$2,300 per tonne for the delivery of finished fabricated product to site. This is in comparison to what would often be \$4,000 to \$4,300 per tonne for a large local fabricator such as us doing it for diminished profit margins. Approximately five years ago, our figure was \$4,500 to \$5,500 per tonne in times when the industry was in a healthy and competitive state, when sustainable profit margins were attainable. This difference makes it effectively impossible for local fabricators to compete on price alone.

Over the years, there has been a continuing failure to certify that consistent and verifiably auditable requirements to Australian Standards have been met by overseas fabricators. Despite this, basic levels of compliance have improved enough to allow them to become more accepted in major construction projects. As engineers have become more accepting of overseas work, import options that come with a significantly reduced price tag have become increasingly attractive to builders.

As importation has become normalised, certain engineers now regularly prepare preliminary structural designs using steel sizes that are only available overseas. This effectively prevents local fabricators from tendering altogether, further marginalising them and reducing the pool of accessible work.

3. Has the domestic industry suffered serious injury, or is there a threat of serious injury?

Based on our company's financial and operational data, as well as information from other sources, it is clear to us that the domestic industry has suffered serious injury. The trends across all indicators available to us suggest that the situation has been continually worsening for some time now. Below is a breakdown of the information we have at our disposal.

Changes in Sales, Production, Capacity Utilisation and Employment

The below is a series of data points used to indicate the health of our business. As can be seen, there has been a significant reduction in all areas since the 2021-2022 financial year.

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	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26 (estimated to end of period)
Sales Volume (Tonnage)	Reference year	19% decline from 21/22	38% decline from 21/22	70% decline from 21/22	82% decline from 21/22
Sales Volume (Dollar Value)	Reference year	18% decline from 21/22	34% decline from 21/22	68% decline from 21/22	Incomplete data set, however a significant decline is projected.
Capacity Utilisation	89% Utilisation	72% Utilisation	55% Utilisation	27% Utilisation	16% Utilisation
Number of employees at end of each period	Reference year	12% increase compared to 21/22	3% increase compared to 21/22	Equal to 21/22	46% decrease compared to 21/22

It is also important to note that despite a less significant change in employee count, there has still been a major reduction in total hours worked. This is because in the 21/22 financial year, there was a significant amount of overtime available. All production employees consistently worked overtime, with many working up to 60 hours per week. Overtime is uncommon in the current day and generally only utilised for maintenance of specific machines outside of regular working hours, rather than something that is required to keep up with our workload. The affected roles include:

- Welders
- Boilermakers
- Overhead Crane and Mobile Crane Drivers
- Specialised Machinery Operators
- Blasters
- Painters
- Truck Drivers
- Doggers
- Riggers
- Construction Site and Workshop Supervisors
- A variety of general labourers and casual staff

Despite a reduction in demand, white-collar roles have remained at a similar workload due to regulatory burdens becoming increasingly restrictive. Such burdens take up more time and resources than have previously been the case. Additionally, there are a number of administrative roles critical to our operations that do not receive a proportionally reduced workload when production declines.

Changes in Productivity

The reduced production volume has not been matched by a proportional reduction in labour hours, resulting in meaningfully lower productivity levels. Output per employee has declined sharply, as each employee is doing less work than in the past. Workers are more often taking part in less productive tasks just to fill up their working hours. This is a deliberate choice by us to some extent to retain core skilled capability in the hope of a potential recovery. If employees are not retained and there is a turnaround that allows us to commit to greater production output, significant investments in rehiring, restructuring and retraining would be required. The level of underutilisation is evident across management and staff. The extent of the lack of employee productivity compared to previous years is also noticeable to guests who have visited our factory many times over the years.

Changes in Profits and Losses

As accessible domestic work has reduced, we have been forced to accept little to no margins on quoted work to remain price competitive. Additionally, we have had to pursue suboptimal job types poorly suited to our capabilities such as smaller and more specialised work that is more difficult for importers to replace. Both of these adjustments have reduced profitability. While the 21/22 financial year and earlier years displayed meaningful and sustainable profit margins, following years have shown a drastic decline. Forced price reductions and significantly lower volume have reduced our ability to cover our overheads. As a result, the business has been operating at a loss for some time now.

Furthermore, we have experienced an inability to reinvest in the business. There are several areas of potential investment we have discussed in recent years that we would like to use to improve our operations and be more appealing to potential clients. However, we have simply been unable to do so due to limited funds. Some of these areas include:

- Machine Automation, such as Coping Machines and Automatic Welding Machines
- Elevated Work Platforms and other machinery to improve our steel installation capabilities
- Improving workplace procedures to achieve compliance accreditation, including:
 - ISO 9001, 14001 and 45001
 - Steel Sustainability Australia
 - Construction Category Certification (Steelwork Compliance Australia)

Being unable to reinvest in such ways has only pushed us further behind in our aim to win more work and regain profitability. Even if utilisation of the workforce improves, if there is not a significant increase in the volume of available work, our business model will remain unviable regardless of the extent of cost savings that are undergone.

Conclusions from Financial Observation:

The inevitable outcome of continued import pressure without Safeguard measures would be the closure of the business. Not only would this result in all current employees losing their jobs, but it would also mean a substantial loss of employment through the many subcontractors that we work with. This outcome has already

been realised by numerous fabricators, many of which we have personally worked with and competed alongside over the years.

While we are not privy to the financial position of other companies, it is clear from those we have spoken to that our reduction in work volume and profitability is a consistent issue that is shared amongst other fabricators. As such, our current financial position is not just a reflection of our own individual state, but is indicative of a trend across the industry in general.

4. Have increased imports *caused* the serious injury?

The fact that our current position is the standard for those across our industry despite the reduction in competition due to closures indicates that our internal business structure and operations are not the issue at hand. The injury has clearly been a result of external influence. While the Australian steel industry is constantly undergoing changes in regulatory requirements, efficiency through automation and fluctuations in operational costs, no shift has been as radical as that of the increasing dominance of imported fabricated steel.

It is common knowledge within the industry that the decline in work available is due to the currently unprecedented levels of imports. Over the past few years, there have been numerous projects perfectly suited to our capabilities for which we have provided what would have been considered very cheap options to builders in the past. Yet, the consistent feedback that we have received from builders in this time is that we are simply too expensive compared to overseas options. We have received this feedback at a rate that is undoubtedly much higher than at any other point of our history.

It is now the expected outcome during the tendering process that we are not even going to be considered for the types of projects that once constituted the vast majority of our revenue. This is because local fabricators are often not even being considered as a genuine option for builders on such projects. We have directly been told as much by past clients. While some of our longstanding ones have tried to award us work when possible, we have reached a critical point where our previously regular clients are simply unable to provide us with meaningful amounts of work to ensure the viability of their own businesses.

5. If Safeguard measures are justified, what measure should be put in place?

It is apparent that Safeguard measures are required to help level the playing field. We support the Australian Steel Institute's proposal for a 50% tariff above pre-surge levels of imported fabricated structural steel products. This approach would leave pre-surge import levels unaffected while ensuring that volume above the quota threshold attracts a tariff sufficient to allow local fabricators to appear more reasonable in terms of price to builders. A number substantially less than 50% would mean that Australian prices would still be well above overseas ones. Arguably, this 50% may not even be enough to allow local fabricators to realistically consistently compete on tenders.

This is best illustrated by a comparison between the delivery of imported versus locally fabricated structural steel. A landed import price of approximately \$2,000 per tonne, once tariffed at 50%, would rise to \$3,000, with a local fabricator's price likely to come in at around \$4,000 per tonne. Once other costs of the job such as purlins, bolts, installation and project management that do not benefit from steel importation price differences are accounted for, an importer's final price for job completion may be in the realm of \$6,500 to \$7,000 per tonne. A local price in this scenario would likely end up at about \$7,500 to \$8,000. While there is still a clear gap, it makes local fabricators much more attractive to builders and their clients once they factor in the additional risks and lead times associated with imported steel, as well as the potential benefits of keeping the

job within the country. This example is based on genuine feedback we have received on real jobs in the past year.

Furthermore, there is still the question of whether overseas fabricators are able to go even lower in price. If an insufficient tariff is introduced, it is possible that overseas companies could reduce their price even further, allowing them to continue to undercut us by a similar amount despite the tariff. The potential reality of this outcome is yet to be seen. As a result, a tariff above the 50% mark may be more suitable to allow local fabricators to be consistently competitive on price.

We also support the Australian Steel Institute's position that emergency interim provisions should be implemented while awaiting the conclusion of the full inquiry. We appreciate that investigations of this nature take time to complete. However, further significant damage to local fabricators, including permanent business closures, will inevitably occur in the intervening period without temporary measures. Even an interim tariff below 50% would provide some relief and give struggling domestic fabricators greater certainty to continue operating while the investigation is being finalised. If final Safeguard measures are introduced, at this stage it appears that there is currently no other option but for these measures to be in place indefinitely or until another remedy is found.

6. Is a Safeguard measure in the public interest?

A Safeguard measure would directly benefit the many fabricators at risk of being replaced by imports. Even fabricators that do not produce the scale or type of product that importers can readily replace would undoubtedly benefit from the vastly improved dynamics within the industry. This is because larger fabricators will no longer be forced to compete for smaller or less suitable work just to keep their factories running. Additionally, a Safeguard measure would benefit the public for the following reasons:

Preservation of Domestic Manufacturing Sovereignty

The Australian steel industry provides a critical sovereign manufacturing capability that is integral to numerous sectors of the economy. Its progressive disintegration through the closure of fabricators would leave Australia dependent on volatile overseas supply chains. This represents a significant risk to national security and construction program delivery if international relations were to deteriorate or if supply of mass quantities of fabricated steel from Asia were to be disrupted.

The risks inherent in the decline of the Australian steel industry are mirrored by recently developed issues surrounding the international refined fuel and crude oil supply. Given recent actions by governments beyond Australia's control and the resulting fallout in the oil industry, there are currently significant question marks around the future global availability of refined fuel and crude oil. These international constraints have become such a big issue due to the fact that over time, Australia has thrown away its local industry in favour of cheaper imported fuel. The result of this is a situation where Australian oil refineries do not have the capacity to cover significant shortfalls in supply from overseas.

If current trends continue, the Australian steel industry will soon be at a similar point. Fabrication businesses that specialise in large industrial projects have become largely unviable. These businesses are forced to either shut down entirely or to endure drastic change to specialise in other areas that haven't been as affected by steel importation. We will soon be at a point where, if international supply suddenly diminishes for reasons beyond our control, the remaining fabricators would simply be unable to keep up with the newly increased demand that is required of them. This would have detrimental flow-on effects to the construction industry and its many interlinked industries, as a significant number of ongoing and future projects in both the private and

public sectors would be forcibly placed on a sudden and indefinite hold. As such, it is imperative that Australia protects its fabricators to ensure that the nation is fully independent in its steel fabrication capabilities if such an event were to occur.

Furthermore, the cost saving potential for builders and their clients is likely to be lost in the long term if nothing is done to protect local fabricators. If there are few fabricators left in Australia, there is a possibility that overseas ones would simply increase their price as they would now face far less competition from Australian ones that they previously had to undercut to win work. This would result in builders and their clients paying a similar amount or potentially more than what an Australian fabricator could do it for today as they simply have no other options remaining. Therefore, protecting Australian fabricators also protects the construction industry from experiencing potentially dangerous levels of permanent price hikes in steel procurement cost even when a lack of supply is not an issue.

Becoming completely economically dependent on other countries would be a dangerous path to take. Australia and its critical construction industry would become highly subject to the whims of other nations and their organisations that may not always be allied to us in the future. This needs to be avoided at all costs.

Risks and Challenges Faced by Builders

There are major difficulties presented to builders that use overseas steel options. These include:

- An inability to consistently inspect or regulate overseas factories
- Complications with variations, which are inevitable on large projects and far easier to manage with a local subcontractor
- Longer lead times due to international shipping times
- Uncertainty around shipping and delivery to site due to the process being far more complicated with more potential areas where things can go wrong. This is due to:
 - Customs clearance from both countries
 - Increased difficulty packing and unpacking steel from shipping containers
 - Delivering from a port to a construction site is likely to be more involved than a local fabricator delivering from their workshop to the construction site
- Due to the significant amount of time that steel is left idle and exposed during shipping, there are greater risks associated with paint peeling and rust, resulting in additional time being required later on in the job to touch up the surface treatment
- Rectification work is unable to be efficiently and promptly streamlined through a fabricator that is already familiar with the job
- There is occasionally delayed communication between those in Australia and those overseas due to:
 - Different daily schedules resulting from time zone differences
 - Different public holidays

While this point mainly affects the subcontractor responsible for importing the steel, any barriers faced by them also affect the ability of the builder to successfully achieve desired project outcomes.

Many of these issues in combination contribute to another significant risk for the builder, liquidated damages. Due to the range of difficulties that can cause significant delays in the final delivery of the overall project, the

builder is prone to facing substantially high levels of liquidated damages if they are unable to meet their contractually obligated program schedule. In the event of steel fabrication process delays that are outside of the control of the builder or the importing subcontractor, the builder could potentially face significantly higher costs through liquidated damages than the cost savings they achieved by using imported over locally sourced steel fabrication services. Ultimately, the builder will be deemed at fault by their client, costing them dearly in both financial and reputational terms.

However, the financial pressure to remain competitive has driven many builders to import regardless of these risks. Builders are forced to import simply because their competitors are benefiting from cost savings from imported steel and they must follow suit in order to be competitive on tenders. As a result, they are absorbing greater risk without capturing a higher potential profit margin. This is a situation we have had confirmed directly by long-standing construction clients.

Preservation of Skilled Employment

The fabricated steel industry employs a vast array of skilled workers. This includes, but is not limited to:

- Boilermakers
- Welders, as well as Welding Supervisors and Inspectors
- Crane Drivers
- Machine Operators
- Doggers and Riggers
- Blasters and Painters
- Truck Drivers
- Workshop and Construction Site Supervisors
- Technical Experts
- Estimators
- Machine Programmers
- Draftspeople

Additionally, there are many types of businesses that are directly reliant on the prosperity of fabricators for their own success. These include:

- Raw Steel Product Suppliers
- Steel Mills (including the recently government-funded Whyalla Steelworks)
- Blasting, Painting and Galvanising Service Providers
- Providers of Blasting, Painting and Galvanising Supplies
- Purlin Suppliers
- Steel Rolling and Folding companies
- Structural Bolt Suppliers
- Welding Machine and Equipment Suppliers
- Specialty Gas Suppliers
- Fabrication specific Machinery and Parts Suppliers
- Labour Hire businesses
- Non-Destructive Testing Services
- Plant and Equipment Rental Hiring Services

Furthermore, steel fabricators are also reliant on many trades and other types of businesses in the day-to-day running of their businesses. Some examples of these include:

- Electricians
- Machinery and Tool Repair Technicians
- Consultants, such as those who work in WHSE and Quality Assurance
- Waste Management and Industrial Cleaning Services
- Industrial Air Conditioning Technicians
- Vehicle Mechanics
- Lifting Equipment Suppliers and Inspectors
- Plumbers
- IT Experts
- Accountants
- Transport and Logistics Providers
- Fire Equipment Services
- Suppliers of PPE, Office Equipment, First Aid Equipment and other miscellaneous items

Thus, it is crucial to recognise that steel fabricators are not only closely tied to others within their own sector, but also to those in an array of other industries. The livelihoods of various skilled workers rely on our continued success. Fabricators that close due to these pressures would contribute to a downturn for these businesses, creating a cycle of further job losses and economic challenges within the community. This would lead to the loss of a range of skills and experience throughout Australia which are not easily replaced once lost.

Quality and Compliance

Imported structural steel raises quality and compliance concerns that are difficult to manage at a distance. If structural steel has been produced in a manner that is non-compliant with Australian Standards, this will not be found until the job has been finished and is first viewed on Australian shores. Additionally, compliance procedures and documentation from overseas fabricators cannot be substantiated with the same rigour as domestic certification. This applies to both quality and environmental sustainability verification.

Furthermore, a healthy business environment for local fabricators would improve the overall quality of work that is produced locally. This is because there is more breathing room to allow businesses to undergo procedural improvement and achieve certification to resource-heavy compliance schemes such as that of Steelwork Compliance Australia. As a result, higher quality production, traceability and accountability would be able to be achieved. In turn, this would provide greater certainty to builders, industrial property owners and the broader sector that specific project outcomes have been attained.

Government Income Generated from Tariffs

Any revenue received from tariffs imposed on imported steel would provide an additional income stream that can be used to benefit Australians in whatever way the Government sees fit. While this is not the intended purpose of the tariffs, it would be a beneficial by-product of them.

7. Are there critical circumstances that warrant a provisional measure?

As has been shown throughout this submission, critical circumstances do exist and a provisional measure is most definitely warranted. The injury to the broader industry is clearly worsening with time. The longer it takes

for protection to come, the worse the damage and the more difficult the recovery would be, assuming a recovery is even possible. Fabricators that close between now and the time changes are made would not readily reopen. The loss of skilled workers, specialised equipment, customer relationships, and operational knowledge is not easily reversed. For each month that goes by without change, jobs are lost and the list of business closures lengthens. Thus, it is crucial that changes are made as soon as possible once signs of the extensive damage to the industry are inevitably found by the Productivity Commission.

Conclusion

The steel fabrication industry is at a critical point, the likes of which it has never seen before. The ability to sustainably run a steel fabrication business in Australia has deteriorated drastically in the past few years. The coming years will be a crucial turning point for the industry, where one of two things will happen. The first scenario is one where overseas fabricators are allowed to continue to overwhelm local businesses and push them out of the market permanently. This would undermine Australia's sovereign capabilities, create greater risks to local industries and diminish the quality of infrastructure that is core to the operations of many within our nation. The other scenario is one where those able to provide protection to fabricators choose to do so, allowing an industry pivotal to our nation to recover and thrive, ensuring greater security and prosperity for many throughout Australia.

We have provided sufficient evidence to show that imported product has undermined our ability, and that of other fabricators, to win enough work to remain sustainable. We have also demonstrated that there is no clear path to success without swift intervention. As a result, interim protectionary measures must be imposed as soon as possible, with at least a 50% tariff above pre-surge import levels to follow upon the conclusion of the Productivity Commission's investigation.