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e: Productivity Commission

Submission to the Productivity Commission

Fabricated Structural Steel Safeguards Inquiry

This submission does not seek simply to repeat the arguments already made regarding import volumes, pricing or the financial circumstances of individual Australian structural steel fabricators.

Instead, it asks the Productivity Commission to consider what this inquiry may have inadvertently exposed about something much broader: **Australia's ability to identify, measure and monitor its underlying manufacturing capability and if it is facing serious injury.**

The Commission's interim report is precisely that, an interim report prepared for further consultation. The Commission has invited additional input by 30 September 2026 before completing its final report, including evidence that may challenge or add to its analysis.

This submission therefore offers a different lens.

It asks whether the statistical and industry structures through which we traditionally look at fabricated structural steel adequately capture the underlying **capability** that exists across Australian businesses, their workforce, plant, supply chains, interconnected markets and if there is a level of disruption and what is causing it.

We cannot safeguard what we cannot see or measure.

Purpose of this submission

Regardless of its final determination, we ask the Commission to acknowledge in its final report any material limitations it identifies in the national evidence base available to comprehensively understand Australia's fabrication capability and potentially question if this could be used as a test case to look at the manufacturing industry more broadly.

And importantly, we ask that Government consider a question that should sit alongside every dataset used to make decisions about Australian industrial capability:

What can we not see in the data?

Where limitations exist, they raise a broader question for Government about whether existing information on infrastructure demand, imports, domestic manufacturing and fabrication capacity, workforce and skills, freight and interconnected supply chains should be brought together to establish a clearer national capability baseline.

ABN 84 064 718 770
LOCKED BAG 1008, WAUCHOPE NSW 2446
PHONE 1300 434 263 | FAX 02 6585 1330
EMAIL info@hfhand.com.au | WEBSITE www.hfhand.com.au



The central proposition of this submission is simple:

We cannot effectively identify, protect or rebuild sovereign and strategically important manufacturing capability if we cannot first see and measure that capability.

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1. What fabrication capability does Australia actually have?

One of the clearest findings emerging from looking closely at the fabricated structural steel sector is how difficult it is to establish a consistent picture of Australia's underlying fabrication capability.

Significant information already exists across:

- Commonwealth administrative datasets
- Australian Bureau of Statistics classifications
- Customs and trade data
- Infrastructure demand modelling
- Workforce and apprenticeship datasets
- Industry associations
- Certification systems
- Supply-chain capability platforms
- Procurement systems
- Freight and logistics data
- Individual manufacturers and fabricators.

Yet these sources were developed for different purposes. They define businesses, products, occupations and industries differently and generally illuminate only one part of the picture.

As a result, seemingly straightforward questions become surprisingly difficult to answer:

How many Australian businesses actually possess structural and heavy fabrication capability?

Where are they?

How many people do they employ and train?

What is their productive capacity and how much is currently utilised?

What equipment and specialist capabilities do they possess?

Which other industries depend upon those businesses, facilities and workers?

Is Australia's fabrication capability expanding, contracting or simply shifting into other types of work?



And eventually:

What capability could become difficult, expensive or impossible to rebuild once it is gone?

The issue may not be a lack of data.

The issue may be a lack of connected national intelligence.

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2. The manufacturer is one capability, but we see it through many lenses

Different information sources can provide different views of exactly the same industry without any of those sources necessarily being wrong.

1. ANZSIC sees an industry classification.
2. Customs systems see products crossing Australia's border.
3. Freight data sees the movement of those products.
4. Training systems see apprentices and qualifications.
5. Employment data sees workers.
6. Procurement systems see contracts.
7. Infrastructure planning sees future demand.
8. Industry associations see their members.

But the manufacturer is one integrated economic capability.

The problem is therefore not necessarily that an individual dataset is wrong.

The problem is whether the datasets have been sufficiently connected to allow Government to see the whole.

This suggests that alongside asking **"What does the data tell us?"**, Government should also ask:

What can we not see in the data, and what other evidence would help us see it?

For manufacturers, some of those answers sit in decisions that may never become immediately visible in national statistics:

- **the apprentice not employed**
- **the machine not purchased**
- **the tender no longer submitted**
- **the shift removed**
- **the investment deferred**
- **the part of the market a business quietly exits because it can no longer compete.**

Individually these decisions may appear small. Collectively, over time, they can determine the productive capability Australia retains.



3. Manufacturing capability is not the same as an industry classification

A structural fabrication business is rarely simply a "structural steel business".

The same business may undertake work across:

- Commercial construction
- Infrastructure
- Mining and resources
- Industrial maintenance
- Energy
- Defence
- Transport
- Agriculture
- Engineering
- Specialist manufacturing.
- Marine applications

Its workforce may include boilermakers, welders, fabricators, engineers, draftspeople, estimators, supervisors, apprentices and industrial painters, riggers, crane drivers.

Its workshop and equipment can support several industries.

Infrastructure Australia itself recognises this diversity. Its analysis identifies Australian steel-fabrication capabilities including bridge work, architectural steelwork, refurbishment and maintenance of mining equipment, sheet-metal fabrication, chemical-industry infrastructure, civil construction, wind-tower fabrication and portal-frame structures.

This creates an important distinction between an **industry** and a **capability**.

Australia understandably needs industry classifications for statistical purposes.

But industrial policy also needs to understand the productive capabilities that move horizontally across those classifications.

4. A business can survive while a capability disappears

This distinction may also help explain some of the tension exposed through this inquiry.

A fabrication business losing particular structural work does not necessarily close.

It can pivot towards:



- mining maintenance
- engineering
- installation
- specialist fabrication
- repair
- defence
- more complex or bespoke projects.

That may represent intelligent and successful business adaptation.

The ABN remains.

The business remains.

Employment may remain.

Revenue may remain.

The business may even remain profitable.

Yet Australia's capability to competitively manufacture particular products domestically may nevertheless have reduced.

Business survival is not necessarily the same thing as capability retention.

If administrative information measures the whole business while a particular manufacturing activity within that business contracts, national indicators could potentially show a viable surviving enterprise while an underlying productive capability is becoming weaker.

This submission does not assert that this is occurring across the entire industry.

It argues that **our national evidence should be capable of telling us whether it is.**

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5. Australia's infrastructure pipeline demonstrates why this matters

There is already substantial public evidence demonstrating why this question warrants closer examination.

Infrastructure Australia's 2024 Infrastructure Market Capacity Report estimates Australia's Major Public Infrastructure Pipeline will require approximately **8.1 million tonnes of steel from 2023-24 to 2027-28**, including approximately 3.8 million tonnes of structural elements, 3.6 million tonnes of reinforcement and 0.6 million tonnes of girders, together with a smaller rail-track requirement.

For fabricated steel structural elements specifically, approximately **3.8 million tonnes** will be required over that five-year period. Buildings account for 55% of forecast demand, transport 29% and utilities 16%.



Infrastructure Australia's work with ASI estimates that Australia has approximately **1.4 million tonnes of steel-fabrication capacity per year**. Its more detailed analysis examined 296 domestic fabricators, estimated to represent approximately 70% of domestic capacity, and identified about **939,500 tonnes of annual fabrication capacity** within that population.

Importantly, Infrastructure Australia describes its collaboration with ASI as a **starting point** for improving awareness of domestic supply capacity. It also identifies improved monitoring of local production capacity for key construction materials as a future direction.

These figures raise questions that extend beyond the immediate safeguard:

How much of Australia's future steel demand could be supplied by Australian fabrication capability?

How much is supplied domestically today?

How much existing Australian capacity is utilised?

What prevents greater utilisation?

And how much of the economic activity associated with Australian steel demand is ultimately occurring offshore?

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6. Follow the value, not simply where the steel was made

These questions cannot adequately be answered by examining Australia's crude steel production alone.

There is a fundamental difference between making steel and capturing the economic activity involved in transforming steel into something Australia ultimately uses.

The value chain can involve:

steelmaking → distribution → engineering → processing → fabrication → welding → finishing → galvanising/coating → assembly → transport → erection → maintenance

Australia could retain domestic steelmaking while progressively losing downstream fabrication and associated value-adding activity offshore.

Conversely, Australian fabricators may use domestically produced or imported steel while retaining engineering, processing, fabrication, finishing, employment, apprenticeships, investment and know-how within Australia.

Therefore, the national question should not simply be:

Where was the steel produced?

ABN 84 064 718 770
LOCKED BAG 1008, WAUCHOPE NSW 2446
PHONE 1300 434 263 | FAX 02 6585 1330
EMAIL info@hfhand.com.au | WEBSITE www.hfhand.com.au



It should also ask:

Where was the value added? Where were people employed and trained? Where did the investment occur? And where does the productive capability remain?

Australia needs a clearer understanding of the relationship between the steel required to deliver Australian construction and infrastructure projects, direct imports of steel and fabricated products, domestic steel production and the capability of Australian manufacturers and fabricators to service that demand.

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7. Much of the information may already exist

The National Freight Data Hub provides another important part of the national evidence base.

Its import and export information enables analysis by commodity volume and value, country of origin and destination, ports and transport modes. The underlying information draws on ABS international trade statistics derived from Australian Border Force customs information.

The Hub also provides a useful example of how fragmented information can be approached.

Its purpose is not simply to create one more standalone dataset. It brings together and improves access to freight and supply-chain information to help Government and industry make better decisions.

The same principle could be applied to manufacturing capability.

Perhaps the opportunity is not to collect another piece, but to connect the pieces Australia already has.

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8. The capability does not end at the fabricator's gate

Structural fabrication also sits inside a much broader industrial supply chain.

Australian fabrication activity supports demand for capabilities and businesses including:

- galvanising
- abrasive blasting and protective coatings
- welding equipment, gases and consumables
- abrasive products
- purlin and girt manufacturing
- electricity and gas
- industrial lubricants
- cranes and specialised lifting equipment
- crane maintenance
- fire-protection services

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LOCKED BAG 1008, WAUCHOPE NSW 2446
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EMAIL info@hfhand.com.au | WEBSITE www.hfhand.com.au



- plant and equipment hire
- engineering and detailing
- testing and certification
- transport and heavy logistics.

This submission does not suggest that these businesses rely exclusively on structural steel fabrication. Clearly they support many other industries.

The relevant issue is **volume and critical mass**.

Does Australia's structural fabrication sector provide sufficient volume within parts of this industrial ecosystem that substantial contraction would affect the viability, workforce, investment or availability of supporting capabilities?

If domestic fabrication volume falls, demand for associated Australian products and services may also fall.

If parts of that supporting supply chain subsequently consolidate or exit, remaining Australian manufacturers may face reduced domestic capability, fewer suppliers, longer lead times or higher costs.

Capability loss may therefore compound through an industrial supply chain rather than occur one company at a time.

That relationship should be measured rather than assumed.

Australia's future industrial ambitions rely on capability we already have

This issue also needs to be considered in the context of Australia's broader industrial ambitions.

The Australian Government's **Future Made in Australia** agenda aims to sustain and build Australia's long-term industrial capability and develop a more diversified and resilient economy. The **National Reconstruction Fund** is investing across areas including renewables and low-emission technologies, defence capability, enabling capabilities, industrial manufacturing and critical supply chains.

Australia's industrial transition will require more than investment in new technologies and projects. It will require **the people, workshops, engineering capability, fabrication capacity and supply chains capable of turning those investments into physical infrastructure.**

Government's own Industry Sector Plan recognises that retaining regional industrial capability, skilled workforces, local supply chains and the industrial ecosystems around them will be critical to Australia's industrial transformation and long-term economic resilience.

This creates an important connection to the question raised by this submission:

Before Australia invests to build the manufacturing capability of tomorrow, we should have a clear picture of the manufacturing capability we already have today, how much of it is being utilised and whether any of it is being quietly lost.

The transition to renewable energy, green metals and more resilient Australian supply chains will itself require significant fabrication and engineering capability. The NRF's Net Zero Fund is specifically



intended to support industrial investment, domestic manufacturing capability and the transition of large industrial facilities.

Losing existing fabrication capability while simultaneously investing public money to build future industrial capability would represent a missed opportunity.

This reinforces the need for a national capability baseline that shows not only what industries Australia has, but **what Australia can actually make, where it can make it and at what scale.**

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9. Apprenticeships may tell us something the financial data cannot

Manufacturing capability does not reside only in machinery and workshops.

It resides in people.

The current Certificate III in Engineering - Fabrication Trade applies across metal fabrication, structural steel erection, sheet-metal work, welding, blacksmithing and surface finishing. It includes pathways such as boilermaking.

A fabrication apprentice is therefore not being trained solely for structural steel.

Australia is developing a transferable industrial capability.

For many years, smaller fabrication businesses have reported an important workforce dynamic: they take on apprentices, invest the time and cost required to train them, and once trade qualified some of those workers move to larger employers, major projects and other sectors.

From industry's perspective, smaller fabricators therefore perform a role that extends beyond their own workforce needs.

They help train Australia's future industrial workforce.

This proposition warrants more comprehensive quantitative testing.

If confirmed through apprenticeship and employment data, its implications are significant.

A decline in the ability or willingness of smaller fabricators to take on apprentices may produce little immediate movement in aggregate employment statistics.

The consequences may only become evident years later when infrastructure, mining, resources, energy, defence and manufacturing compete for skilled workers who were never trained.



The loss of the training business today can become the skills shortage of tomorrow.

Apprenticeship commencements, completions, cancellations, employer size and subsequent workforce movement should therefore be considered potential indicators of future manufacturing capability, not simply training statistics.

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10. Industry knows what it experiences, but cannot build the national evidence base itself

This is particularly important when considering the Commission's request for further evidence.

Fabricators know:

- what work they have stopped tendering for
- which contracts they have lost
- how margins have changed
- when machinery is under-utilised
- which investments have been deferred
- whether they are taking apprentices
- what markets they have moved into
- what they are seeing in their supply chains.

We know these things because we live them.

What a small or medium-sized manufacturer generally does not have is the time, resources, access or statistical expertise required to reconcile customs information, ABS and ATO administrative data, infrastructure-demand forecasts, freight movements, ANZSIC classifications, workforce statistics, apprenticeship records and national supplier-capability information.

Nor should individual businesses reasonably be expected to build that national evidence base.

A fabricator can know with certainty what has happened inside its own business but be unable to statistically demonstrate that the experience is occurring nationally.

This is where industry and Government need one another.

Industry wants to help Government build that picture.

Fabricators can explain what we are seeing, what has changed, what work we no longer pursue, where capacity is under-utilised, whether we are investing and training, and what the future looks like from inside our businesses.

Government holds the national information required to test whether those individual experiences represent isolated circumstances or evidence of something more structural.

This should not be Government data versus industry experience.



The opportunity is to bring the evidence together and test whether it tells the same story. Where it does not, that difference should become the starting point for further inquiry rather than the end of the conversation.

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11. Confidentiality means some of the strongest evidence can be the hardest to see

Commercial confidentiality further complicates the picture.

Fabricators working within major projects can be subject to contractual confidentiality and non-disclosure requirements.

Some of the information most useful for understanding competitive market conditions may include:

- tender outcomes
- competing prices
- imported alternatives
- customer sourcing decisions
- margins
- contract conditions
- future project pipelines.

Yet these can also be among the hardest matters for individual businesses to place in the public domain.

This presents an evidentiary challenge.

Some of the information Government most needs to understand emerging industry vulnerability may also be the information least visible through public submissions and conventional datasets.

This does not mean that unverified assertions should substitute for evidence.

Rather, it reinforces the value of trusted mechanisms through which confidential firm-level information can be verified, aggregated and analysed without commercially exposing individual businesses.

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12. Industry associations are important, but they are one doorway

Industry associations perform essential advocacy, technical, research and industry-development roles.

ASI has brought important evidence and industry experience to this inquiry, and this submission supports the broader case it is advancing.



However, every industry organisation necessarily sees the sector through the businesses it represents, the purpose for which it exists and the information available to it.

Manufacturing itself is represented through a fragmented ecosystem of associations, chambers, membership organisations, certification systems and supply-chain platforms.

Smaller and regional manufacturers may belong to several of these organisations, or they may belong to none.

Their capacity to participate can also be constrained by cost, time and the pressures of operating a business.

Industry associations are an important doorway into Australian industry, but they cannot be the only doorway.

The population represented by an association cannot automatically be assumed to represent the full population possessing a particular manufacturing capability.

Again, this does not make association evidence incorrect.

It makes it **one important part of a larger national picture**.

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13. Industry wants to help Government see the whole picture

Australian fabricators are not asking Government simply to accept what we say without evidence.

We are asking Government to help build the evidence with us.

Speak directly with the small and medium-sized fabricators that quote the work, train the apprentices, invest in the machinery and make daily decisions about whether to expand, diversify, invest or withdraw from particular markets.

Ask them:

- **What could you manufacture five years ago that you no longer tender for today?**
- **What equipment or capacity is underutilised?**
- **What investment have you deferred, and why?**
- **Are you taking on apprentices? If not, what has changed?**
- **What other Australian industries rely upon your people, equipment and capability?**

And critically:

What is happening in your business and your industry that Government cannot currently see in its data?



Industry has information Government needs.

Government has information individual manufacturers cannot access or assemble.

Bringing those two perspectives together could provide a more complete picture than either can produce alone.

This is not simply an industry asking Government to protect it.

It is an industry offering to work with Government so future decisions can be made with the clearest possible understanding of **what Australia has, what is changing, what may be at risk and where opportunity exists to build greater capability.**

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14. This inquiry provides an important test case

The Productivity Commission must apply the legal requirements governing safeguard measures.

This submission does not ask the Commission to lower those evidentiary thresholds.

Instead, it asks:

Can Australia confidently determine whether serious injury, or the threat of serious injury, exists if the national evidence describing the underlying capability remains fragmented?

It may be that, after considering all available evidence, the Commission maintains its interim conclusion.

But that should not prevent this inquiry from recording a broader finding if the evidence supports it: **that Australia's understanding of steel fabrication capability remains divided across datasets that describe different parts of the same industrial system.**

Infrastructure Australia's work provides independent support for further capability visibility. It identifies the need for improved monitoring of domestic production capacity, acknowledges gaps regarding specialist fabrication capability, and describes its existing steel-fabrication capacity work as a starting point for improving awareness of domestic supply.

A starting point is not a completed national capability picture.



15. Five pieces of a national capability picture

A more complete understanding would connect at least five dimensions.

Demand

What steel and fabricated steel will Australian infrastructure, construction, resources, energy and defence activity require over the next five to ten years?

Imports

What finished and semi-finished steel and fabricated products are entering Australia, from where, at what volume and value, and how are those patterns changing?

Domestic capability

Which Australian businesses can undertake that work, where are they, what plant and equipment do they possess, what is their sustainable capacity and how much is currently utilised?

Workforce and skills

Who possesses the skills, which businesses train apprentices, where does that workforce subsequently move, and is Australia's training pipeline sufficient to sustain and potentially expand the capability?

The supporting industrial ecosystem

Which Australian capabilities rely materially upon domestic fabrication activity, and what happens to galvanising, coatings, welding, engineering, lifting, maintenance, freight and other supporting capabilities if domestic fabrication volumes substantially decline?

Connecting these elements would create a **national capability baseline** against which change could be monitored.

It would allow Government to ask a much more meaningful question:

Of the steel required to build Australia's future, how much of the associated economic and capability value is captured in Australia, how much occurs offshore, and how is that balance changing?

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16. What we ask the Commission to recognise

This submission does not suggest that every decision should wait until Australia has a perfect dataset.



There will never be a perfect dataset.

Nor should fragmented information itself satisfy the legal threshold for a safeguard.

Rather:

Regardless of its final determination on safeguard measures, we ask the Commission to acknowledge in its final report any material limitations it identifies in the evidence available to comprehensively understand Australia's fabrication capability.

Where those limitations exist, we ask that they not simply be regarded as unavoidable gaps within this particular inquiry.

They should be recognised as an opportunity for **Government and industry to work together to develop a clearer national understanding of the capability Australia has and how that capability is changing.**

Infrastructure Australia already holds significant demand and capacity analysis.

The National Freight Data Hub already connects customs and freight information.,

Government holds business, employment and industry information.

Training systems hold apprenticeship information.

Industry associations and supply-chain platforms hold capability information.

Manufacturers hold the lived commercial reality.

Perhaps the opportunity is not to collect another piece, but to connect the pieces Australia already has.

And where those pieces produce different pictures, Government should continue to ask:

What can we not see in the data?

ABN 84 064 718 770
LOCKED BAG 1008, WAUCHOPE NSW 2446
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Conclusion

The question raised by this inquiry may ultimately prove larger than whether one safeguard application satisfies one legal test.

It has exposed how difficult it is to establish a single, contemporary picture of Australia's fabrication capability despite substantial information already existing.

Australia already knows that substantial future demand lies ahead.

Infrastructure Australia estimates approximately **8.1 million tonnes of steel demand** from the Major Public Infrastructure Pipeline over 2023-24 to 2027-28, including approximately **3.8 million tonnes of structural elements**.

It estimates Australian steel-fabrication capacity at approximately **1.4 million tonnes annually**, while also identifying limitations in our understanding of aspects of domestic fabrication capability and the need for improved monitoring of local production capacity.

We therefore have enough evidence to know that the question matters.

We may not yet have sufficiently connected evidence to know the complete answer.

That distinction is important.

Industry does not expect Government or the Commission to make decisions simply on what manufacturers believe to be true because we experience it first-hand.

But equally, **the absence of a connected national evidence base should not be mistaken for evidence that the capability risk does not exist.**

Industry wants to help close that gap.

The people operating these businesses can help Government understand what is occurring beneath the national statistics: where work is changing, where investment is stopping, where businesses are diversifying, where apprentices are or are not being trained, and where productive capability may be becoming increasingly difficult to sustain.

Government, in turn, holds national data that individual manufacturers cannot assemble.

Neither perspective is sufficient on its own. Together they could provide Australia with a much clearer picture.

That should matter to the Commission regardless of its final determination.

ABN 84 064 718 770
LOCKED BAG 1008, WAUCHOPE NSW 2446
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EMAIL info@hfhand.com.au | WEBSITE www.hfhand.com.au



It should also matter to DISR and Defence. If we cannot clearly see what Australia can make, where that capability sits and at what scale, we cannot know what we need to protect, strengthen or rebuild.

And that returns to the central proposition of this submission:

We cannot effectively identify, protect or rebuild sovereign and strategically important manufacturing capability if we cannot first see and measure that capability.

The fabricated structural steel inquiry provides Australia with an opportunity to recognise that gap.

Whatever the Commission ultimately determines on the safeguard, industry asks that this opportunity not be lost.

Yours Faithfully

HF HAND CONSTRUCTORS PTY LTD
ABN: 8406 4718 770

Ian Bird
General Manager