

Supplementary Submission**Following Release of the Interim Report – Safeguards Inquiry into the Import of Fabricated Structural Steel****Company name:** Brezac Constructions Pty Ltd**Address:** Crestmead, Queensland, Australia

Brezac's earlier supplementary submission focused on operational matters arising from the public hearings and the importance of maintaining a clear evidentiary focus on the safeguard tests. With the release of the interim report, Brezac has now had the opportunity to review the Commission's published analysis, data and methodology.

This submission builds on our earlier participation by identifying a small number of observations arising from that material, rather than repeating matters already addressed in previous submissions.

1. Independent review and opportunity for comment

Brezac welcomes the Commission's decision to subject its quantitative methodology and underlying code to independent review before the final report. During the interim report webinar, the Commission indicated that an appropriately cleared expert would review the methodology and check the code and analysis undertaken within the protected data environment.

Brezac also recognises the difficulty of assessing the most recent period, where some data remain preliminary and some indicators have been estimated pending more complete administrative data. The Commission indicated during the webinar that it intends to consider the most recent reliable information available as the inquiry progresses.

Brezac recognises that much of the administrative data used in the analysis is necessarily confidential and can only be accessed within the protected ABS data environment. Interested parties are therefore not able to independently examine the underlying firm-level records or reproduce all aspects of the analysis from source data. In this context, Brezac sees particular value in the independent review of the methodology, code and analysis.

Given the significance of this analysis to the Commission's findings, Brezac would welcome the outcome of the independent review, together with any material changes arising from updated data or methodology, being made available to interested parties with an opportunity to comment before the final report is completed.

Against this background, Brezac has reviewed aspects of the Commission's published data and methodology and sets out below several observations for consideration as the inquiry progresses.

2. Recent import trajectory

The Commission reports that absolute FSS imports increased by 27.9% over the investigation period, representing average annual growth of just over 6.3%. The Commission characterises this growth as "recent and significant in size", although neither sudden nor sharp, and notes that it largely continues a longer-term trend. (PC Interim Report, p. 22)

To better understand the pattern within the quarterly data, Brezac has undertaken a simple review of the Commission's published Figure 3.2 data. (PC Interim Report, Figure 3.2, p. 23; Productivity Commission Chart Data, Figure 3.2). The first compared rolling four-quarter totals ending in Q3 each year, providing a like-for-like comparison of consecutive twelve-month periods. The second compared quarterly import

volumes with a trailing four-quarter moving average, which reduces the influence of individual-quarter volatility and provides a clearer view of changes in the underlying annual level of imports.

The rolling four-quarter total increased from approximately 553,829 tonnes in the four quarters ending Q3 2024–25 to 631,771 tonnes in the four quarters ending Q3 2025–26, an increase of approximately 14.1% with the moving-average series showing the same underlying movement.

Brezac considers the recent movement noteworthy when considered against the Commission’s characterisation of the investigation-period growth as a continuation of the longer-term trend. The rolling analysis indicates that the most recent annual level of imports has moved above the range observed over the preceding several years, and that this movement remains evident after reducing the effect of individual-quarter volatility.

The latest rolling four-quarter result includes preliminary import data for Q1–Q3 2025–26. The Commission notes that these data are subject to revision. Accordingly, the most recent figures should be regarded as indicative of the current movement rather than final observations.

During the interim report webinar, the Commission described the post-2024–25 quarterly data as displaying characteristic quarterly volatility and indicated that it did not appear that anything unusual was occurring beyond the investigation period. Brezac offers the above analysis as an observation from the Commission’s published data for consideration as the inquiry progresses.

3. Interpretation of Aggregate Sales and Profitability Where Business Mix Has Changed

Article 4.2(a) of the WTO Agreement on Safeguards requires the assessment of “all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry”, including changes in sales, profits and losses. The domestic industry is defined by reference to producers of the like or directly competitive products.

Brezac notes that the Commission’s administrative data measure the overall business activity of firms identified as FSS producers. The Commission acknowledges that these data do not identify the proportion of income derived from FSS production as distinct from engineering, design, installation or other activities, and that some activity captured in the administrative data may reflect diversification into other activities rather than domestic fabrication. (PC Interim Report, p. 31).

The Commission has also identified changes in the mix of work undertaken by some domestic fabricators. The interim report notes movement towards more complex or bespoke projects and expansion beyond fabrication into activities such as design, construction and other services. It gives the example of one participant where structural steel fabrication declined from 95% to 70% of revenue while design and construction services increased from zero to 22%. (PC Interim Report, p. 47)

The Commission observes that changes of this nature may help explain why pressure in particular market segments are not necessarily reflected in declining activity or financial performance across the industry.

Brezac’s own labour records provide a further example of how the mix of activity within an FSS producer can change over time. Brezac fabricates structural steel and undertakes installation of steel it has fabricated. Installation represented approximately 7% of total labour hours in 2020, compared with approximately 20% in 2026.

The change is also evident in absolute labour hours. Over the same period, Brezac’s total labour hours declined, with fabrication labour hours declining more substantially, while installation labour hours

increased relative to the earlier years. The increase in installation as a proportion of activity is therefore not simply the mathematical effect of a declining total labour-hour denominator; the underlying mix of labour activity has changed.

These labour records do not establish whether installation is more or less profitable than fabrication, and labour hours are not a direct measure of FSS production tonnage. They do, however, demonstrate that the composition of activity undertaken by an identified FSS producer can change materially over time and that changes of this nature may form part of a business response to pressures from imported FSS.

Brezac recognises that successful changes in business mix may strengthen the overall financial position of a business and are relevant to the assessment of injury. However, where the composition of activity changes materially, growth in whole-of-business sales, profit or EBITDA does not necessarily demonstrate equivalent growth or improvement in the underlying FSS fabrication activity. Different activities may generate different levels of revenue, cost and margin, meaning aggregate financial results can change independently of the performance of individual business activities.

Brezac does not suggest that its own experience is representative of the Australian FSS industry as a whole. Rather, it provides a practical example of the limitation already identified by the Commission in interpreting whole-of-business administrative data where the mix of activities undertaken by FSS producers has changed.

4. Scope of the Robustness Check for Importing Fabricators

During the interim report webinar, the Commission also addressed whether the financial performance of firms involved in imported fabrication could affect the injury analysis. The Commission indicated that, as a robustness check, it excluded the 2–3% of fabricators identified as importing FSS and found that the overall patterns were unchanged.

Brezac notes that the Commission's import dataset contains business-level identifiers and transaction-level tariff information. However, the interim report does not appear to document the methodology used to identify the 2–3% of importing fabricators for this robustness check.

It is not clear whether the test was limited to businesses directly associated with import transactions or whether it captured other circumstances where a domestic fabricator may undertake work associated with FSS imported through another entity.