

Submission to the Productivity Commission

Fabricated Structural Steel Safeguards Inquiry

Response to the interim report

30 September 2026

NEACH welcomes the opportunity to respond to the Productivity Commission's interim report.

This submission concerns **structural steel fabrication undertaken in Australia**, rather than the production or supply of raw steel. The relevant activity is the conversion of steel into project components through detailing, cutting, drilling, profiling, welding, assembly, surface treatment and preparation for erection. The location of this fabrication activity must be distinguished from the origin of the input steel and the location of the supplier or head contractor.

We acknowledge that the Commission's findings on provisional measures will not be revisited, while its findings on definitive measures remain subject to further consideration. Our comments address that remaining assessment.¹

NEACH's central question is whether the analysis sufficiently distinguishes **the financial performance of Australian businesses from the performance of fabrication occurring in Australia**. We ask the Commission to address that distinction explicitly, test the implications of its measurement assumptions, and explain any limitations that remain relevant to its final conclusions.

1. Market context and the safeguards requirements

The interim report finds that imports increased at an average annual rate of approximately 6 per cent over 2020–21 to 2024–25, but that the nature of the increase did not satisfy the safeguards requirements. It also finds that aggregate industry indicators do not establish serious injury or the requisite threat, while acknowledging pressure on some businesses and market segments.²

We recognise that sustained competitive pressure does not, by itself, establish the conditions for safeguards. The import-increase requirement and the injury assessment must each be satisfied. A different conclusion on injury would not resolve an unchanged finding that the required increase in imports had not occurred.

The interim report already considers preliminary 2025–26 import data and identifies additional turnover analysis planned for the final report. We ask the Commission to explain whether the updated evidence changes its assessment, clearly distinguishing observed results from estimates and preliminary information.³

Where the available evidence permits, the final report should also explain whether differences between product categories and import-exposed activities materially affect the overall conclusions. The terms of reference contemplate reporting by tariff line where feasible. Such analysis must remain consistent with the relevant domestic-industry definition, rather than selecting only businesses experiencing deterioration.⁴

¹ Productivity Commission, [Fabricated Structural Steel Safeguards Inquiry](#) (inquiry webpage).

² Productivity Commission, [Fabricated Structural Steel Safeguards: interim report](#) (report webpage).

³ Productivity Commission, [Fabricated Structural Steel Safeguards: interim report](#).

⁴ Productivity Commission, [Fabricated Structural Steel Safeguards Inquiry: terms of reference](#).

2. Distinguishing business performance from Australian fabrication

Activity-level attribution

In its published responses following the September webinar, the Commission confirms that business financial information was not disaggregated by activity because a reliable, comprehensive source had not been identified. It also explains that direct imports can be matched to industry businesses but purchases of imported fabricated structural steel through intermediaries are not captured by that matching.⁵

These are specific attribution limitations. They do not establish that imports are missing from national trade totals or that the Commission's conclusions are incorrect.

They do, however, raise a question about interpretation. A business could maintain revenue or profitability while changing its mix of domestic fabrication, imported-package supply, installation and other services. In that situation, enterprise-level performance and domestic fabrication performance could move differently.

The question is not whether ATO data accurately records business finances. It is whether the analysis can reliably attribute those results to fabrication undertaken in Australia.

NEACH asks the Commission to explain how its findings account for potential changes in business activity mix, including whether purchases of imported finished components could affect the relationship between reported expenditure and estimated Australian production.

Engineering, detailing and project management directly associated with Australian fabrication should remain recognised as part of that activity's value-add. The purpose is accurate attribution, not an artificial separation of the services required to deliver fabricated components.

Production estimates and sensitivity

The Commission estimates domestic fabricated tonnage rather than measuring it directly. Its production model includes an input-steel cost-share parameter calibrated using information from four fabricators. The report acknowledges the small-sample uncertainty and presents sensitivity analysis. It also explains that changing the calibration affects the estimated production level rather than the historical pattern. This four-fabricator input is one component of the estimation method, not the basis of the entire inquiry.⁶

Our further question concerns **changes in activity mix over time**, rather than a different fixed calibration alone. The final report should explain whether the model adequately captures a changing relationship between whole-of-business costs, input-steel purchases and domestic fabrication output.

Where the information available to the inquiry cannot resolve that question, the report should identify what remains uncertain and whether that uncertainty could materially affect the findings. Data limitations are not proof of injury, but their consequences for the assessment need to be clear.

The Commission has arranged a technical review of its analysis for publication with the final report. NEACH asks that the review address these attribution and estimation assumptions, alongside the implementation of the calculations.⁷

⁵ Productivity Commission, [Fabricated Structural Steel Safeguards: interim webinar responses](#).

⁶ Productivity Commission, [Fabricated Structural Steel Safeguards: interim report](#).

⁷ Productivity Commission, [Fabricated Structural Steel Safeguards: interim webinar responses](#).

3. Capability, investment and the interpretation of adjustment

The final assessment should distinguish productive adjustment from a reduction in commercially viable fabrication capability.

A move towards complex work or greater engineering content could represent successful specialisation. Lower labour hours could reflect automation rather than declining production. Conversely, stable turnover would not, on its own, establish that workshop activity, practical capacity or the investment outlook remained unchanged.

These possibilities require examination together. No single indicator should be treated as conclusive.

NEACH is investing in equipment, systems and people to improve productivity and deliver more complex infrastructure work. Our commercial concern is that the credibility of the forward workload and the opportunity to compete affect the case for continuing that investment. Persistent price pressure from imported finished steelwork can weaken that case even where current turnover remains sound. This is NEACH's business perspective, not a quantified finding about the industry as a whole.

For the safeguards assessment, longer-term capability concerns must be distinguished from the requirement that threatened serious injury be clearly imminent and supported by facts. Business closures are not the only potentially relevant consideration, but a general possibility of future capability loss is not sufficient.⁸

We ask the Commission to explain how the evidence already before it concerning investment, employment, utilisation and business adjustment informs that distinction.

Separately, a national fabrication capability baseline could record output, practical capacity by product category, qualified personnel, apprentices and facility locations. Such an inventory would identify existing capability. Determining what capability is strategically necessary would require a further assessment of demand, criticality, alternative supply and replacement lead times.

4. Procurement and the causes of commercial pressure

NEACH acknowledges that imports are not the only potential source of pressure on Australian fabricators. Labour availability, input costs, project sequencing, design maturity, risk allocation and compressed programmes also affect performance. These factors need to be distinguished from import effects.

The safeguards framework requires an objective causal assessment and prevents injury caused by other factors from being attributed to increased imports.⁹

Where tender and project-level information is already available to the inquiry, the final report should explain what it establishes about sourcing decisions and their effects. Relevant distinctions include whether work was awarded offshore, awarded to another Australian fabricator, deferred, cancelled or redesigned.

Any price comparison should account for differences in scope, delivery, inspection, surface treatment, erection interfaces and commercial risk. An apparent tender-price difference does not establish an equivalent delivered-cost difference.

⁸ World Trade Organization, [Agreement on Safeguards](#).

⁹ World Trade Organization, [Agreement on Safeguards](#).

Broader procurement questions should be considered separately from the safeguard determination. These include whether package-level disclosure of country of fabrication, fabricated tonnage and Australian fabrication expenditure would improve visibility of procurement outcomes.

A documented Australian market-testing process could also be examined. Such a process would record the capability and available capacity considered, the tender opportunity provided, and the reasons for the eventual sourcing decision. Its assessment would need to consider reporting costs, confidentiality, competition and applicable procurement and trade obligations.

This is a question about transparent decision-making, not an assumption that domestic capacity must be purchased regardless of price, programme or other project requirements.

5. Temporary measures and industry adjustment

If the Commission finds that the legal conditions for definitive measures are satisfied, a separate assessment would be required of the measures necessary to address the identified injury, facilitate adjustment and meet the public-interest requirements.¹⁰

An adjustment plan would need to explain what would change during the measure's operation and how that change would improve competitiveness after the measure ends.

General commitments to investment, technology and training would need to be translated into identifiable activities, implementation periods and measurable outcomes. Relevant measures could include fabrication productivity, rework, delivery performance, workforce qualifications and effective use of new technology.

The assessment should distinguish investment already proceeding from investment that a safeguard measure would accelerate, expand or otherwise change. It should not attribute all subsequent industry investment to the measure.

Any proposed design would also need to address proportionality, duration, review, progressive liberalisation where required, and effects on downstream users and products not reasonably available from Australian suppliers. These considerations do not remove the need first to establish the legal basis for a measure.¹¹

6. Public-interest assessment

If a public-interest assessment is undertaken, the comparison should identify the additional costs and benefits attributable to the proposed measure against a clearly stated alternative without it.

Relevant considerations could include additional Australian fabrication value-add, workforce development, investment and demonstrable changes in delivery or supply-chain risk. These would need to be assessed alongside costs to downstream users, infrastructure delivery, taxpayers and other affected parties.

Wages, supplier expenditure, business income and taxation should not simply be added together as independent benefits without examining overlap and the alternative use of resources.

An offshore-fabricated package should likewise not be treated as containing no Australian economic activity. The comparison should identify where the associated fabrication, engineering, logistics, installation and other services occur.

¹⁰ Productivity Commission, [Fabricated Structural Steel Safeguards Inquiry: terms of reference](#).

¹¹ World Trade Organization, [Agreement on Safeguards](#).

Potential advantages such as workshop access, inspection and responsiveness to design changes should be demonstrated for the relevant procurement rather than assumed from fabrication location alone. The same scrutiny should apply to claims about offshore supply.

Any proposed capability or resilience benefit should identify the particular capability concerned, why it matters, and the likely cost and time required to replace it. This would allow the assessment to compare identifiable outcomes rather than broad claims about expenditure remaining within, or leaving, Australia.

7. Requested action

For the final report, NEACH asks the Commission to:

1. **Explain the effect of updated evidence** on the import-increase, injury and threat findings, distinguishing observed results, estimates and unresolved uncertainty.
2. **Address the distinction between enterprise performance and Australian fabrication activity**, including the implications of changing business activity mixes and intermediary purchases of imported fabricated components.
3. **Explain the treatment of adjustment and causation**, showing how the available evidence distinguishes productivity improvements, import-related effects and other commercial pressures.
4. **Publish the implications of the methodological review and remaining data limitations**, while clearly separating the safeguards determination from broader questions about procurement transparency and fabrication capability.

NEACH seeks a final assessment that makes clear what the evidence establishes about fabrication undertaken in Australia, what it does not establish, and whether any unresolved measurement issues materially affect the conclusions.

A finding that the safeguards conditions are not met would resolve that particular legal assessment. It would not, by itself, answer the separate questions raised here about fabrication reporting, procurement outcomes and the measurement of domestic capability.

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