



AUSTRALIAN STEEL INSTITUTE

25 February 2016

Committee Manager
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Email: committee.sen@aph.gov.au

Australian Senate Inquiry into the future of Australia's steel industry

Dear Committee Manager;

The Australian Steel Institute (ASI) appreciates the opportunity to contribute the following submission to the Senate Economics References Committee in the interests of procurement approaches for Australian governments to maximise value for the State's economy whilst preserving public safety and good environmental outcomes.

In essence the submission recommends assessment of tenders beyond merely upfront costs to take account of whole-of-life costs and flow-on economic benefits of engaging the local industry more meaningfully.

The ASI also recommends adherence to Australian Standards through existing third party verification programs to help mitigate project risks, especially since prevalence of steel product and materials not meeting relevant Australian standards has increased significantly since the move to global sourcing and purchasing practice in recent years.

Thank you for any consideration the Committee affords this submission.

Yours sincerely,

Tony Dixon

Chief Executive

Ian Cairns

National Manager – Industry Development
and Government Relations



AUSTRALIAN STEEL INSTITUTE



Senate Economics References Committee

*Australian Senate Inquiry into the
Future of the Australian Steel Industry*

Submission by

AUSTRALIAN STEEL INSTITUTE (ASI)

(FEBRUARY 2016)

SENATE ECONOMICS REFERENCE COMMITTEE INQUIRY INTO THE SUSTAINABILITY OF
AUSTRALIA'S STRATEGICALLY VITAL STEEL INDUSTRY AND ITS SUPPLY CHAIN

TABLE OF CONTENTS

Executive Summary and recommendations.....	3
Introduction: the challenges faced by the steel industry	8
Behaviour from competitors.....	9
Conformance.....	14
Government purchasing.....	15
Industry policy	16
Solutions: dumping reform	19
Solutions: government procurement.....	24
Solutions: product compliance and conformance.....	32
Solutions: industry policy.....	37
Attachment 1 – Letter from European trade ministers to European Commission.....	43
Attachment 2 – Letters from participants in the steel industry supply chain	46
Attachment 3 – case studies of non-conformance.....	Error! Bookmark not defined.
Attachment 4 – summary of US and Canadian legislation from BIS Shrapnel Report <i>The Benefits of a Government Procurement Policy for Local Steel</i> Error! Bookmark not defined.	
Attachment 5– March 2015 priorities of the EU Research Fund for Coal and Steel	Error! Bookmark not defined.

Executive Summary and recommendations

Australia's steel industry employs 106,411 people (as per 2011 Census) throughout the whole supply chain and has an annual turnover in excess of \$35 billion producing 0.3 percent of the world's crude steel output.

However, it faces a number of challenges that may be summed up as being:

- A weak domestic demand for steel, coupled with competing with an increasing amount of cheap subsidised and often dumped and non-compliant steel;
- The need to compete in a world market with an oversupply of product and against competitors from countries that are either state owned or receive high level of state subsidies;
- The need to compete on price grounds against steel imports that are not compliant with Australian standards, thereby posing safety and environmental threats to the community; and
- Procurement and industry policies that are designed to give effect to a 'purist' interpretation of the international trade obligations that Australia has entered into.

Adopting the following solutions will assist the Australian steel industry to meet these challenges and so will assist in establishing a viable and competitive steel industry for the nation going forward. They are:

ANTI-DUMPING

Recommendation 1

Australian anti-dumping laws (Customs Act 1901) and administrative regime should keep up with the ever changing global industrial and trade environment. These laws and guidelines, while taking into account the World Trade Organisations' rules, should also be comparably strong with other major trading regions (e.g. US, Canada, EU) to protect Australia from dumping. The anti-dumping laws should be amended so that the ability for the Minister to utilise what is known as the 'lesser duty rule' (the imposition of duties at a level perceived to be lower than the margin of dumping but adequate to remove injury) should be either removed or alternatively, the discretion exercised only in the most extraordinary of circumstances.

Recommendation 2

The anti-circumvention provisions contained in dumping law should be amended and administrative practices changed, in the manner discussed in this submission.

Recommendation 3

There should be a suitable review of Government practices and legislation to determine what trade data can be released by the Australian Bureau of Statistics so businesses can not only follow the flow of international trade, informed decisions can be made to determine whether in a particular case products from a particular country have been 'dumped' into Australia.

Recommendation 4

Legislation should therefore be extended to increase the time period securities may be held to six months as permitted by WTO agreements.

Recommendation 5

Adopt the main recommendation of the House of Representatives Standing Committee on Agriculture and Industry which published a report on Australia's anti-circumvention framework in relation to anti-dumping measures entitled *Circumvention: Closing the Loopholes*, being:

The Committee recommends that the Minister, in imposing any anti-dumping duties, should use a combination of duties in preference to a single duty. This should be the default position in each case, unless it can be demonstrated by the Minister that a single duty is more suitable than a combination.

Recommendation 6

An Anti-Dumping Information Service/industry review should be conducted to determine the extent of 'input' dumping and to design suitable remedies for Australian industry.

GOVERNMENT PROCUREMENT

Recommendation 7

The concept of value for money contained in Government financial management legislation should be replaced with something like:

Value for money with respect to goods means achieving the best procurement outcome after weighing the following factors:

- A. Quality of the good being procured;
- B. The quantities of goods to be procured;
- C. The delivery timeframes within which the goods are to be delivered;
- D. The cost to Government involved in purchasing the good judged on a whole-of-life basis;
- E. The environmental costs and benefits of purchasing the good; and
- F. The social benefits for the Australian economy as a result of making the procurement.

Recommendation 8

The matters to be taken into account when considering 'whole of life costs' in a procurement exercise set out in Rule 4.6 of the *Commonwealth Procurement Rules* should be made mandatory for all purchases with steel componentry and applied nationally.

Recommendation 9

The Government to develop a paper setting out its role in ensuring the economic sustainability of the Australian steel supply chain so that procurement decision makers can apply appropriate weighting criteria when considering tenders for projects designated by the Government as being strategic.

PRODUCT COMPLIANCE AND CONFORMANCE

Recommendation 10

All Australian jurisdictions must pass binding rules in the suite of documentation that governs procurement (including any State projects with over \$20m of Federal funding) to require that:

1. All structural steel products to be sourced from mills with ARCS third party certification;
2. All fabricated products to be obtained from suppliers accredited under the National Structural Steelwork Compliance scheme; and
3. All steel products to be procured from businesses accredited under the steel industry's Environmental Sustainability Charter.

Recommendation 11

All Australian jurisdictions should establish a cell within the Department with overall responsibility for procurement policy to allow 'whistle blowers' to report the use of non-compliant product in much the same way that reports of malpractice in other areas of administration can be reported.

Recommendation 12

To facilitate the operation of recommendation 11, procurement documentation will need to contain provisions requiring suppliers and contractors to provide all reasonable assistance and all relevant documents necessary to determine whether non-compliant product has been used in public infrastructure.

INDUSTRY POLICY

Recommendation 13

A Royal Commission - not a Productivity Commission - review of manufacturing in Australia with special reference to the continuing visibility of the Australian steel industry that would look at:

1. The causes and effects in the decline of Australian manufacture, including:
 - (a) the trading behaviour of other countries; and
 - (b) the effect of international obligations on the continued operation of Australian manufacturing;
2. The structure and appropriateness of existing Government procurement policies;
3. The operation of existing industry policies developed for the Australian steel industry; and
4. The industry policies of comparable jurisdictions

with a view to recommending policy designs that will assist the maintenance of a vibrant Australian manufacturing sector, including in particular the steel industry.

Recommendation 14

The Department of Industry, Innovation and Science should be provided with funds so that the Australian Industry Participation Authority operates in the manner intended, set out in the Jobs Bill 2013. It is also the Minister's responsibility to ensure that the Australian Industry Participation Advisory Board is set up and actively supporting and advising the Authority and ministers required.

Recommendation 15

The current threshold of \$500m for a project to qualify for an Australian Industry Participation Plan (AIPP) is too high. This threshold was set amidst the mining boom with \$400b of projects in the pipeline. This threshold should be reduced to a more realistic figure like \$200m.

Recommendation 16

The reinstatement of a National Steel Industry Advocate to work closely with the industry and Government to ensure that the policy platforms of both Federal and State Governments are better aligned to benefit the steel industry, jobs growth, innovation and the economy as a whole.

Recommendation 17

A portion of funds should be allocated from the innovation and science agenda and placed in a fund similar to the European Union Research Fund for Coal and Steel.

Introduction: the challenges faced by the steel industry

About the Australian Steel Institute

The Australian Steel Institute (ASI) is a 'not for profit' organisation and is the peak industry body in Australia representing the nation's steel and associated industries. Its mission is to 'assist in the profitable growth of the complete Australian steel value chain'.

The ASI's membership includes all sectors of the steel industry including manufacturers of steel and steel products, distributors, processors, fabricators, designers, detailers, galvanizers and paint companies, suppliers of services and consumables, constructors and educators.

The ASI provides industry and professional development by conducting regular technical seminars, publishing technical manuals available through its own bookshop and online and operates the largest steel library in this part of the world. It delivers guest lectures at universities and hosts a range of national and state-based committees providing cross-industry representation.

Governance and policy is set by a Board of industry leaders from across the spectrum of Australia's steel industry. ASI core business activities are coordinated and supported by a wide range of state and regional committees and special interest workgroups operating under a charter determined by the Board. ASI groups cover areas and interests as diverse as health and safety, sustainability, sheds, manufacturing and distribution, fabricators, detailers, pipe and tube, sheet and coil, engineering and construction.

The ASI also provides an independent voice for industry representation covering such issues as industry safety, government policy, steel in buildings, maximising local content, sustainability, compliance, codes and regulations.

ASI Principles

The Australian steel industry is committed to safety and sustainability:

- Safety – ensuring that the Australian built space is made from products that conform to the highest standards to ensure the personal safety of users and product durability; and
- Sustainability - the development of products and practices that will lead to the continuation of a world class Australian steel industry.

The issues in a 'nutshell'

Behaviour from competitors

A BIS Shrapnel report published in September 2015 said:

The Australian steelmaking industry is under severe pressure from rising imports, in particular

- Escalating imports of cheap steel from China. A significant proportion of this steel being exported to Australia is reputed to be 'dumped' at prices which are below the cost of production (i.e. at a loss by the Chinese and other Asian producers)
- For the Australian steel industry to remain viable and profitable, it firstly needs to produce at (or near) capacity and secondly sell as much of its product as possible into the domestic market and sell less into the less profitable (or often unprofitable) export markets where global oversupply has pushed down prices and margins.¹

The report went on to say in the area of procurement that:

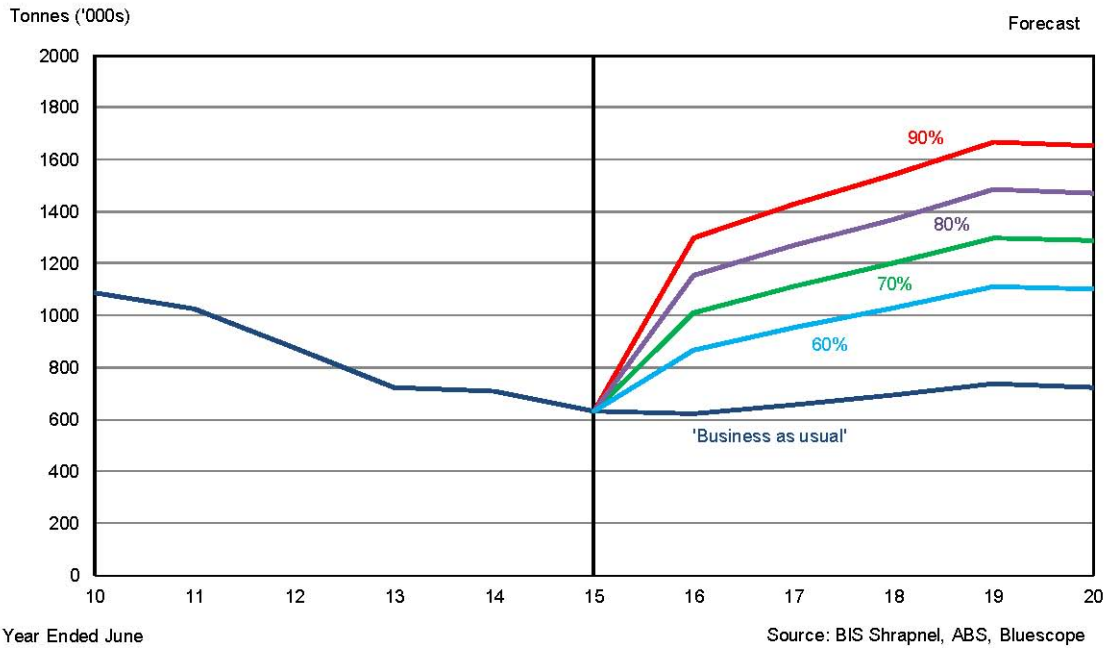
A local content policy will keep local producers viable

Naturally, the reduced size of the Government market combined with ongoing competitive pressures will put the future viability of the local steel industry at serious risk. However, a strengthening of Government procurement policy in favour of more local content will help mitigate some of these risks. Domestic steel tonnages purchased under alternative local procurement policies are presented in the accompanying chart.

The Benefits of a Government Procurement Policy for Local Steel

The Australian Workers' Union Chart 1: Domestic steel usage in government projects under alternative scenarios:

¹ BIS Shrapnel *Benefits of a Local Procurement Policy for Local Steel in Government Construction* (2015):
<https://www.awu.net.au/sites/awu.net.au/files/awu-file/Benefits%20of%20a%20Government%20Procurement%20Program%20for%20Local%20Steel%20Content%20Final%20Report.pdf>



Year Ended June Source: BIS Shrapnel, ABS, BlueScope

For example, a shift towards 90 percent local supply would grow the size of the market from 633k tonnes currently to a peak of around 1.5m tonnes in 2018/19 and 2019/20. Altogether, we estimate a ruling to 90 percent domestic content will accumulatively add 3.4m tonnes over the next five years, an average of 690,000 tonnes per annum to the Government market. Production of an additional 3.4m tonnes will add \$4.3 billion to real GDP over the next five years, assuming an average steel price of \$1,270/tonne. This price is 10 percent higher than the projected average import price. A 10 percent higher price is in line with the Canadian local content policy.

Some of this will be offset by additional cost to Government budgets. We believe a shift to 90 percent local content will absorb the excess domestic capacity which in turn will be sufficient to support the ongoing viability of the local steel industry. Such a shift in policy would add up to \$80 million dollars per annum to government budgets, assuming that domestic prices are at least 10 percent higher than import prices. If we assume that domestic prices are 20 percent more, then the additional cost rises to as much as \$160 million per annum.

It is also of note that in February 2016 eight European Union Industry Ministers wrote to the European Union recommending that it step up its fight against cheap steel from countries such as Russia and China, warning that the European industry is at 'impending risk of collapse'.

The Ministers' letter is set out in [Attachment 1](#)

Similarly, on 22 December 2016 the United States imposed a 256 percent tariff on various coated flat rolled steel products.²

The ASI is pleased that on 18 February 2016 the Minister for Industry, Innovation and Science announced that the Anti-Dumping Information Service would prepare a report:

- Identifying trends in dumping and circumvention behaviour in Asian steel and aluminium markets;
- Identifying the existing dumping duties across all steel and aluminium products; and
- Make recommendations on the most effective measures where there is evidence of these activities.³

However, as illustrated by the situation faced by the City of Whyalla as well as the submissions from ASI members contained in Attachment 2 to this submission, much remains to be done.

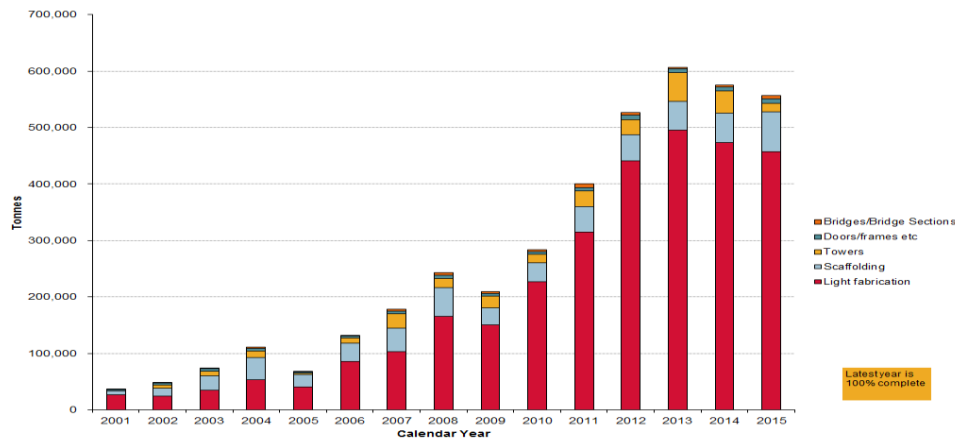
We strongly recommend that the Minister also include imports of manufactured steel products in the advice that he receives from the Anti-Dumping Commission. This is as much of a problem as the 'mill gate' products produced by BlueScope and Arrium.

We would like to bring to the Senate's and the Government's attention that there is more structural steel fabrication being brought into the country (see chart below) than there is 'mill gate' steel. The 'mill gate' steel has been very successful in proving dumping, however none of the fabricated steel has even put a case together. This steel has originally come from a steel mill in a standard length, such as 12, 15 or 18 metres and is then cut, drilled, welded, painted, etc to form structural components for bridges, buildings, etc. None of these products have ever lodged a dumping case, as the system is not 'user-friendly' to these products or this sector.

² <http://enforcement.trade.gov/download/factsheets/factsheet-multiple-corrosion-resistant-steel-products-122215.pdf> See also *US Calls for 256% Tariff on Chinese Steel Imports* IBT News 23 December 2015: <http://www.ibtimes.com/us-calls-256-tariff-chinese-steel-imports-2237808>

³ Ministerial Press Release *Asian Steel Makers to Face Anti-Dumping Inquiry* 18 February 2016: <http://www.minister.industry.gov.au/ministers/pyne/media-releases/asian-steel-makers-face-anti-dumping-enquiry>

Fabricated Steel Import by Year



Source Australian Bureau of Statistics

The other point to make to the comments above is that the Australian steel industry, as are most steel industries around the world, predominantly domestically focused. Therefore we need all parts of the industry chain to be strong and working together for its long-term survival. This is why it is crucial that we concentrate on keeping all the links strong.

The Office of the Chief Economist produced the *Australian Industry Report 2014*.⁴

The report says that manufacturing produced around \$100 billion of output each year and accounts for over 930,000 jobs, making it the fourth largest employing industry.⁵

⁴ <http://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/Documents/Australian-Industry-Report.pdf>

⁵ Page 109

EU governments call on Brussels to tackle China over steel⁶

Michael Pooler

Financial Times, 6 February 2016

A group of governments including the UK and Germany have urged the EU to step up its fight against cheap steel from countries such as Russia and China, warning that the European industry is at “impending risk of collapse”.

Ministers from seven steel-producing member states — Germany, Italy, the UK, France, Poland, Belgium and Luxembourg — [have put their names to a letter urging Brussels to take greater action](#) to tackle unfair trade practices and “ensure a global level playing field” for the steel sector.

The letter ratchets up pressure on the EU at [a time of deepening crisis in the European steel industry](#) which has lost more than a fifth of its workforce since 2008. A plunge in international steel prices has hit steelmakers around the world and many blame a surge of underpriced exports from China. Brussels has some tariffs in place but industry figures accuse the European Commission of responding inadequately compared with countries such as the US.

[Tata Steel](#) said it would cut more than 1000 jobs in the UK last month, [adding to thousands of redundancies and plant closures](#) in the country over the past year.

“The European Union cannot remain passive when rising job losses and steelwork closures show that there is a significant and impending risk of collapse in the European steel sector,” stated the letter, dated Friday and addressed to three members of the European Commission and a minister from the Netherlands and seen by the *Financial Times*.

“The commission should make full and timely use of the full range of EU trade policy instruments,” it said.

The signatories, which include UK business secretary Sajid Javid, have called on the commission to impose measures where there is a “threat of injury”. They also called for reform of trade defence instruments to make the process quicker, more transparent and effective, and for an investigation into hot-rolled flat products from China.

“We should not wait until the damage from unfair practices becomes irreversible for our industry,” the letter said.

The intervention, initiated by France’s economy minister Emmanuel Macron, came days after the EU’s top trade official called on Beijing to cut overcapacity in its steel industry. Cecilia Malmström, trade commissioner, said she would [open three new anti-dumping investigations](#) into steel products originating from China.

Sector representatives gave a cautious welcome to the contents of the letter. Gareth Stace of the UK Steel lobby group said: “It’s what we want to see from governments. But we aren’t out of the woods yet. In fact it could get worse before it gets better.”

Roy Rickhuss, general secretary of the British steelworkers’ union community, said: “Governments across Europe are finally waking up to the steel crisis that we are facing.”

The commission said the institution had proposed modernisation of trade defence instruments in 2013 and that the proposal was lodged with the European Council of Ministers.

“There are 35 definitive measures in place on imports of steel products, 15 of which concern China directly. We have new ongoing investigations for six steel products, three of which concern China, and are always willing to look at well-substantiated cases that European producers bring forward to us,” the commission said.

Steel imports into Europe rose 29 percent in the third quarter of 2015 compared with a year earlier, according to Eurofer, the continent’s steel association. [Import duties slapped on concrete reinforcement bars](#) from China last week were criticised by the industry as insufficient.

The letter also argued that in order to safeguard the competitiveness of sectors such as steel, the most efficient plants should not be subject to what it called undue carbon costs.

The ASI estimates that Australia's steel industry employs 100,000+ people and has an annual turnover in excess of \$35 billion. The integrated Australian steel channel typically holds in excess of two million tonnes of inventory available through distributors located in over 200 sites across the country and produced during 2015-14, 925,000 tonnes of crude steel, or 0.3 percent of the world total compared with 803,830,000 tonnes by China – about half the world's total production.⁷

The Australian Industry Report also notes that approximately 92,000 jobs have been lost from manufacturing in the ten years from 2003-04 to 2013-14⁸.

Some job losses are a result of globalisation. However, the Report goes on to say that effective protection rates from things such as tariffs and subsidies in manufacturing fell from almost 35 percent in the late 2000s to less than five percent in 2014.⁹

Australia is therefore very much a 'fair trade' country.

However, the steel industry faces problems of chronic global oversupply estimated to be between 200-300 million tonnes from China alone.

As discussed by the Anti-Dumping Commission in its recent report on hot plate rolled steel from China, Indonesia, Japan, Korea and Taiwan, factors that have created this overcapacity are the high level of state ownership and state subsidies.¹⁰

The Australian steel industry therefore expects that international trade rules be properly enforced by the Australian Government.

Conformance

As the Australasian Procurement and Construction Council said in *Procurement of Construction Products: A Guide to Achieving Compliance*:

"The Australian construction industry operates in a global marketplace and utilises a vast, increasingly complex and innovative range of construction products, many of which are manufactured overseas.. Regardless of the

⁶ <http://www.ft.com/cms/s/0/a18fcd06-cc47-11e5-a8ef-ea66e967dd44.html#axzz3zYhfgokN>

⁷ https://www.worldsteel.org/dms/internetDocumentList/steel-stats/2015/Crude-steel-production-Jan-Dec-2015-vs-2014_/document/Crude%20steel%20production%20Jan-Dec%202015%20vs%202014.pdf

⁸ Page 5

⁹ Page 81

¹⁰ Anti-Dumping Commission Report 198 *Hot Rolled Plate Steel China, Indonesia, Japan Korea and Taiwan* (2013):41

origin of the manufacturer of the construction product there is a lack of credible and accurate information available in Australia to assist all stakeholders involved in construction projects to verify construction product conformance and performance. This has the potential to create significant constraints and risks to a construction project. In Australia there have been numerous instances where non-compliant construction products have caused the collapse of buildings, motorway signs, glass panels and more. The risk of loss of life and severe injury should not be underestimated. The quality and compliance of construction products is a major risk management issue which needs to be addressed. It is vital that we create an environment in Australia in which all stakeholders in the building and construction process, including the community, are assured that all construction products meet a minimum acceptable level of performance and are fit for the purpose to which they are intended."¹¹

This government publication then goes on to say:

"Evidence suggests that the market penetration of non-conforming products in several key construction product sectors in Australia may be up to 50 percent. This is a sobering and alarming statistic."¹²

Australian product is built to Australian standards. Quality can be assured.

It is therefore disappointing that domestic output can lose market share through being undercut by non-conforming products.

The cost/quality trade-off should not only be a concern to not only the Australian steel industry but also to users of Australian builders and infrastructure constructed using inferior product.

Government purchasing

On 17 July 2014 the Senate Finance and Public Administration References Committee published a report called *Commonwealth Procurement Procedures*.¹³

The Chair's preface to the report said:

¹¹

http://www.apcc.gov.au/ALLAPCC/APCC_Guide_to_Procurement_WEB%20and%20EPUB%20version.pdf:page

5

¹² Ibid

¹³

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Commonwealth_procurement_procedures/Report/index

"The committee has formed the view that government procurement policies, as part of the value-for money assessment, should take into account the impact of the government's procurement decisions on communities and on the broader economy.

Throughout this inquiry, witnesses made clear to the committee that the value-for-money proposition is not only a matter of comparing prices, it is a matter of assessing the broader benefit as well as the costs, of the available options. Hence the urgent need for a stronger methodology to assess whole-of-life costs within the value-for-money assessment part of the procurement decision-making process.

The committee has also formed the view that with the consideration of the broad economic benefits of procurement as part of a comprehensive value-for-money assessment, the effective application of the range of procurement-related policies, combined with scrutiny and accountability measures, procurement outcomes for Australian companies would be considerably improved without impacting on our international obligations."

It is unfortunate that the Government response to this report rejected these recommendations.¹⁴

We strongly suggest that the Government accepts and moves to immediately implement this recommendation.

Industry policy

Commonwealth procurement policy is influenced by what is called a 'non-discriminatory principle',¹⁵ which can be expressed in this fashion:

"These requirements, based on Australia's obligations under international free trade agreements, necessitate all government procurement to be non-discriminatory and for all suppliers to be treated equitably based on their commercial, legal, technical and financial abilities and not discriminated against due to size, foreign affiliation or ownership, location, or the origin of goods or services.¹⁶

¹⁴

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Commonwealth_procurement_procedures/Government_Response

¹⁵ See also *Commonwealth Procurement Rules*: 16

¹⁶ Senate Committee, paragraph 3.4

However, the Australian position has been identified as being 'purist'.¹⁷ as Dr Nick Seddon, an academic procurement law specialist said in a submission to the Commonwealth Procurement Procedures said.

Small and Medium Enterprises (SMEs)

Rule 5.4 (of the Commonwealth Procurement Rules) provides an exception (from the non-discrimination rule) for SMEs:

"5.4 To ensure that *Small and Medium Enterprises (SMEs)* can engage in fair competition for Australian Government business, officials should apply procurement practices that do not unfairly discriminate against *SMEs* and provide appropriate opportunities for *SMEs* to compete. Officials should consider, in the context of value for money:

- a) The benefits of doing business with competitive *SMEs* when specifying requirements and evaluating value for money;
- b) Barriers to entry, such as costly preparation of submissions, that may prevent *SMEs* from competing;
- c) *SMEs'* capabilities and their commitment to local or regional markets; and
- d) The potential benefits of having a larger, more competitive supplier base."

SME is defined Appendix C of the CPRs to mean:

"Small and medium enterprises (SMEs) – an Australian or New Zealand firm with fewer than 200 full-time equivalent employees."

It is not clear whether rule 5.4 permits discrimination *in favour of* Australian SMEs. It does not state so. It merely provides that Government must not "unfairly discriminate against SMEs". In our view, this rule does not permit a Government decision that favours a local company over a foreign company on the basis that the Australian company is a SME. However, it seems clear from the Australia-US Free Trade Agreement (AUSFTA) itself that the intent was to allow discrimination in favour of SMEs. Chapter 15 Annex A Section 7 General Notes provides:

"This Chapter does not apply to: (a) any form of preference to benefit small and medium enterprises;¹⁸

¹⁷ See paragraph 3.7 of the Senate *Commonwealth Procurement Procedures* report: 16

¹⁸ Seddon submission pp. 3-4

The 'non-discriminatory' policy view also influences unnecessarily the way in which Australian industry policy is designed and operates. The Seddon observation indicates there is some capacity for the design of robust industry policy that will assist the maintenance of a sustainable Australian steel industry which the ASI believes should be explored.

This part of the submission highlights some of the issues facing the Australian steel industry. The next part discusses some solutions.

Solutions: anti-dumping reform

The absence in Australia of a meaningful general customs tariff (not AD tariff) on imported steel products illustrates the open and competitive nature of Australian steel markets.

That means the Australian steel supply chain has a legitimate expectation that international trading rules will be complied with by overseas competitors with appropriate action taken when those rules are broken.

It therefore follows that where an international competitor's pricing and marketing practices can be characterised as being 'dumping', the only way to truly remove the injury caused by the effect of dumping, is to remove the dumped component of the price by adding the full dumping margin.

This allows market forces to operate in a free but fair manner.

It follows that Australian anti-dumping law should be amended so that the ability for the Minister to utilise what is known as the 'lesser duty rule' (the imposition of duties at a level perceived to be lower than the margin of dumping but adequate to remove injury) should be either removed or alternatively, the discretion only exercised in the most extraordinary of circumstances.

ASI members have expressed other areas of the dumping law that should be reviewed. Particular areas include:

Anti-circumvention investigations

An anti-circumvention inquiry is only held after a successful anti-dumping investigation and only where there is prima facie evidence that exporters or importers are circumventing measures imposed in the original investigation.

This means that an anti-circumvention inquiry should not take 155 days to complete as the preliminary issue has already been determined by the Anti-Dumping Commission (the Commission); it should not require a timeframe that is as long as the original investigative timeframe.

This would mean the intended effect of the original dumping duties is not undermined and the domestic industry does not suffer prolonged injury.

The Commission should also have the powers to self-initiate an investigation, especially in relation to anti-circumventions inquiries.

This is because the Commission has full access to Australian Bureau of Statistics (ABS) import data. Industry only has access to redacted data which necessarily does not contain all the evidence needed to either affirm or reject the presence of dumping.¹⁹

This means the Commission should be able to continuously monitor patterns of trade that indicate circumvention may be taking place and thus inform the relevant industry groups or companies and commence a circumvention inquiry.

On this last point, ASI members report that the confidentiality of data makes cases more difficult to mount.

Therefore, there should be a suitable review of Government practices and legislation to determine what trade data can be released by the ABS so that businesses can do more than only follow the flow of international trade so informed decisions can be made to determine whether, in a particular case, products from a particular country have been 'dumped' into Australia.

Extension of time securities can be held

Under current anti-dumping legislation, securities expire after four months which means they can expire if an investigation is extended.

Legislation should therefore be extended to increase the time period securities may be held to six months as permitted by WTO agreements.

Use of the combination of duties method to counter dumping²⁰

The House of Representatives Standing Committee on Agriculture and Industry published a report on Australia's anti-circumvention framework in relation to anti-dumping measures entitled *Circumvention: Closing the Loopholes*.²¹

¹⁹ Confidential information is presented to the community in this manner:
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5372.0.55.001Jan%202016?OpenDocument>

²⁰ Setting a dumping duty constituting a fixed duty amount (usually calculated as a percentage of the ascertained export price or 'floor price'), plus a variable duty component that is applied if the import price is below the floor price.

²¹ http://www.aph.gov.au/Parliamentary_Business/Committees/House/Agriculture_and_Industry/Anti-Dumping/Report

Its main recommendation was:

"The Committee recommends that the Minister, in imposing any anti-dumping duties, should use a combination of duties in preference to a single duty. This should be the default position in each case, unless it can be demonstrated by the Minister that a single duty is more suitable than a combination."²²

An ad valorem measure is not the most effective way to deal with the dumping of high fixed cost commodity products, such as steel.

As the ASI told the inquiry:

"4.31 The Australian Steel Institute stated that, where only the *ad valorem* method is used, there is a high risk that the exporter will simply reduce prices, thereby circumventing the intended measures."²³

ASI members remain of this view and requests the Committee to make this recommendation to the Senate and the Government.

Input dumping

ASI members also report an increase in 'input' dumping, where dumped and subsidised intermediate materials (billet and slab, HRC etc) are exported from a country subject to measures to a third country that then transforms the intermediate product into a finished product and then exports them to Australia.

An Anti-Dumping Information Service/industry review should be conducted to determine the extent of 'input' dumping and to design suitable remedies for Australian industry.

Review of the operation of the dumping legislation

ASI members finally report that there are cases where the full operation of Australia's dumping legislation is avoided where either:

- Importers either make a minor modification to a product which is the subject of a dumping investigation; or

²² Page xiv

²³ *Circumvention: Closing the Loopholes: 34*

- Continue to import goods into Australia at a price that is not reflective of the levels of dumping duty applied.²⁴

Therefore, consideration should be given to amend legislation so as to:

- Implement the US/EU practice of 'scoping studies' to identify what are regarded as 'like goods' to the goods which are the subject of a dumping investigation to avoid the 'minor modification' problem;
- Require the law to make clear that when considering whether an importer is circumventing a requirement to increase prices commensurate with the amount of dumping duty payable, the decision maker must have regard to the price paid as from the time the original duty notice was published and not when the duty rate was finally determined; and
- Extend the Minister's powers in relation to anti-circumvention inquiries to allow alterations to the forms of measures contained in the original notice.

There are also a number of changes that can be made to the anti-dumping procedures that will remove red tape and improve efficiencies.

They include:

- If a form of circumvention activity is found, the scope of a dumping notice should be altered so that it applies to all exporting countries to which the notice applies as well as ensuring that the notice fully covers the tariff category of the circumvention;
- The Commission should reject exporters' claims for non-disclosure of domestic grade or model information for like goods used for model matching to determine the dumping margin, noting that this practice has emerged as being 'high risk' to anti-dumping outcomes for Australian industry;
- The occurrence of non-verification visits to validate information in exporter questionnaire responses should be limited to 'low risk' review of measures and duty assessment inquiries only – that is, where refunds sought are less than \$250,000;
- The Commissioner should impose securities based on the Applicant's claims as contained in the consideration report if the exporter cannot produce compelling evidence within 60 days;

²⁴ As explored in Anti-Dumping Commission cases 290,291,298 and 306

- Deeming exporter questionnaires to be non-compliant unless accompanied by a compliant public file version within the prescribed 37-day timeframe with no extensions to be granted unless in exceptional circumstances and for a maximum of one week's extension. Extensions should only apply to nominated questions where information cannot be sourced by the deadline.
- The Anti-Dumping Commissioner should explore options for a recommendation to the Minister for a ministerial initiated investigation, review or circumvention inquiry where this can be supported by evidence of changing patterns of trade, including significant changes in volume and reductions in export prices that is contained in confidential data available to Government and not to the community as a whole.

As previously mentioned in this submission, the ASI also suggests that the Australian Anti-Dumping Commission and the Government need to assist the many SMEs within the downstream steel channel (i.e. BlueScope and Arrium's customers) to assist them access the anti-dumping system. It is fair to say that there are more tonnes of manufactured products being imported into this country than there are 'mill gate' products. Many of these manufactured/fabricated products contain the already proven steel products under a dumping tariff and it is clear that many of these 'products' are also being dumped. However due to the nature of the anti-dumping system and the laws, it has been very difficult for manufactured products or SMEs to take advantage of the system.

This needs to be urgently reviewed by the Commission and the Government and suitable changes made to allow better access for SMEs.

In summary of the anti-dumping comments made above, we believe that the Government has bipartisan support for all or most of these measures and should move quickly to implement these either by changing the regulations or the law that applies to them.

Solutions: government procurement

The ASI has adopted a bipartisan approach to achieve the best outcome for the Australian economy and therefore proposes government agencies and major contracts implement an approach that demonstrates ongoing commitment according to the following procurement principles:

ASI Procurement Principles

1. Full and Fair and Reasonable Access – Project proponents are encouraged to maximise Australian industry participation in investment projects. Ensuring local suppliers have full and fair access to supply opportunities under direct government contracts and with prime contractors for major projects.

Full: Australian industry has the opportunity to participate in all aspects of an investment project (e.g. design, engineering, project management, steel supply, fabrication, professional services, IT architecture);

Fair: Australian industry is provided an equal opportunity to compete on investment projects on a transparent basis, including being given reasonable time in which to tender; and

Reasonable: tenders are free from non-market burdens that might rule out Australian industry and are structured in a way as to provide Australian industry the best opportunity to participate in investment projects.

2. Full Opportunities for Local Suppliers – Australian suppliers should have full opportunity to compete for the provision of goods and services under Government contracts both directly and indirectly through supply to prime contractors. For major projects, prime contractors should ensure that local suppliers have full and fair access to sub-contractors and supply arrangements.

Procurement plans should demonstrate how purchasers will facilitate opportunities for participation by local suppliers; undertakings by purchasers should be monitored over the life of the project and purchasers should publish the extent of participation by local suppliers.

3. Value for Money - Value for money should look beyond “least cost” and brings to bear a broader cost-benefit approach that considers support of local supply chains, overall benefit to

the economy and whole-of-life costs, including rectification, maintenance, servicing, quality and ongoing supplier relationships.

4. Uniform Standards and Performance Assessment – Procurement plans need to ensure that all suppliers adhere to the relevant standards and quality expectations.

Government sourcing for major projects adhere to the Australasian Procurement and Construction Council guidelines.

All steelwork for state-funded (including partly) development projects to be specified to the new Structural Steelwork Fabrication and Erection Code of Practice (AS 5131) which calls up established construction classes of the Building Code of Australia ensuring safer infrastructure for the NSW public.

5. Clarity, Transparency and Improvement of Processes – Transparency is a key of good governance and should inform all policy and commercial dealings. Governments seek to develop policies, processes and criteria regarding investment projects that are clear and unambiguous. The private sector is also encouraged to incorporate the principles of transparency in its processes.

Australian parliaments have passed laws that require procurement purchases to provide 'value for money'.

The ASI considers the concept of value for money used by Australian governments is relatively narrow and overly focused on achieving the cheapest upfront cost option rather than the option that benefits the economy and communities as a whole.

There are also considerations when evaluating 'whole of life' aspects with respect to infrastructure.

Purchasing locally provides other significant savings for a project's whole-of-life costing, like lower inventory to manage, reduced lead times and improved after-sales support. Continuity of work within the local industry helps ensure that the existing high skills base is available for ongoing maintenance. Onsite inspection costs can be significantly reduced where the personnel involved are resident in the region.

Locally fabricated steelwork can take advantage of road, rail or local sea transportation, maximising flexibility and economy in meeting delivery schedules and ensuring that project schedules are met.

Regular face-to-face contact between the builder, fabricator and detailer ensures that delays are minimised when design or site erection schedule changes arise. The industry is serviced by a network of steel distribution centres throughout Australia that stock a depth and range of steel products enabling fabricators to quickly source material to respond quickly and cost-effectively to any changes. Australian steel distributors can also supply processed steel to fabricators to further speed production schedules.

Finally, a whole family of Australian Standards ensures safe and economic use of steel. These standards are used as a matter of course by Australian-based members of the steel supply chain.

They ensure mechanical properties, chemical composition, dimensional and mass tolerance. They cover welding, painting, galvanizing and design to deliver quality and reliable solutions. Like links in a chain, if one Standard's requirements are not met, the whole system is likely to fail.

The Australian steel supply chain demonstrates a strong commitment to occupational health and safety (OH&S) believing that all injuries, occupational illnesses and incidents are preventable. Steel manufacturers enjoy global-industry-low benchmark levels for Lost Time Injury Frequency Rates (LTIFR) and Medical Treatment Injury Frequency Rates (MTIFR).

Maintenance of this supply chain capacity (jobs, capabilities, skills and investment) also clearly offer social and environmental advantages whilst providing procurers with a greater choice of vendor.

These are clearly matters that should be dealt with exhaustively in any guidance given with regards to 'whole of life' and 'value for money' issues.

It is therefore noteworthy that Infrastructure Australia felt it necessary to say in its *Infrastructure Audit Plan*, announced on 17 February 2016:

"Resilient assets generally require less frequent or substantial maintenance and renewal. Planning processes should encompass whole-of-life considerations. Constructing assets to be resilient to the effects of a changing climate can deliver lifecycle cost savings to infrastructure operators and owners. Users benefit from infrastructure that is more reliable, efficient and safe²⁵

And made these recommendations:

²⁵ Infrastructure Australia *Australian Infrastructure Plan* (2016) http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf: 135

“Recommendation 5.1: The Australian Government should require all project proponents seeking Australian Government funding to consider whole-of-life maintenance costs in their business case, and where possible they should be captured within the proposed contract structure. Including a mandatory test for inclusion of maintenance costs within procurements will place a discipline on proponents seeking funding to understand, expose and account for the future maintenance needs of public infrastructure.”²⁶

And:

“Recommendation 7.5: Infrastructure owners and operators should develop and maintain strategies to improve the resilience of infrastructure and minimise the costs of mitigating risks by considering resilience within whole-of-life cost projections. Regulators should ensure that responses to threats are proportionate and efficient. The costs of managing risks should reflect consumer preferences, balancing pricing and reliability considerations.”²⁷

The World Bank has observed that definitions of what constitutes ‘value for money’ vary according to context.²⁸

The United Kingdom Government has recently published the *Public Contracts Regulation 2015*, which is accompanied by a procurement policy note reading:²⁹

“The new PCRs 2015 provide greater clarity and scope to assess the most economically advantageous tender on a cost-effective basis that explicitly includes environmental and/or social criteria where they are linked to the subject matter of the contract and are transparent and non-discriminatory. Where relevant and proportionate, in-scope organisations should take full advantage of these new flexibilities when letting major contracts such as construction, or infrastructure. Environmental criteria could include the carbon footprint of construction materials. Social criteria could include taking into account the benefits of employment and supply chain activity including the protection of the health and safety of staff involved in the production process, the social integration of disadvantaged workers or members of vulnerable groups among the staff performing the

²⁶ *Australian Infrastructure Plan*:83

²⁷ *Australian Infrastructure Plan*: 135

²⁸ World Bank Institute *Value for Money Practices and Challenges. How Government Choose When to Use PPP to Deliver Infrastructure and Services* (2013):9
<https://openknowledge.worldbank.org/bitstream/handle/10986/17622/840800WP0Box380ey0Analysis00PUBLIC0.pdf?sequence=1>

²⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/473545/PPN_16-15_Procuring_steel_in_major_projects.pdf

contract, such as the long-term unemployed, or training in the skills needed to perform the contract, such as the hiring of apprentices.”³⁰

Using the UK regulation as a starting point, the ASI recommends that the concept of value for money should be replaced with something like: Value for money, with respect to goods, means achieving the best procurement outcome after weighing the following factors:

- A. Quality of the good being procured;
- B. Quantities of goods to be procured;
- C. Delivery timeframes within which the goods are to be delivered;
- D. Cost to government involved in purchasing the good judged on a whole-of-life basis;
- E. Environmental costs and benefits of purchasing the good; and
- F. Social benefits for the Australian economy as a result of making the procurement.

Rule 4.6 of the *Commonwealth Procurement Rules*³¹ provides that when considering the issue of ‘whole of life costs’, relevant costs could include:

- A. The initial purchase price of the *goods* and services;
- B. Maintenance costs;
- C. Transition out costs;
- D. Licensing costs (when applicable);
- E. The cost of additional features procured after the initial procurement;
- F. Consumable costs; and
- G. Disposal costs.

The ASI also recommends that this concept should be made mandatory when considering purchases involving products such as steel.

³⁰ Page 5

³¹ <http://www.finance.gov.au/sites/default/files/2014%20Commonwealth%20Procurement%20Rules.pdf>

Weighting local content when assessing procurement decisions

There is a general proposition that there is a requirement to treat overseas parties "on no less favourable terms than Australian firms when governments are making procurement decisions for infrastructure falling within scope of an international trade agreement".³²

However, Article 15 of the US-Australia Free Trade Agreement (for example) permits terms and conditions relevant to the evaluation of tenders according to essential requirements and evaluation criteria set out in tender documents³³; whilst Chapter 15, Annex A, Section 7, General Notes provides that:

"Dealing with government procurement does not apply to: (a) any form of preference to benefit small and medium enterprises."

What this means is that despite the general terms of the US-Australia Free Trade Agreement suggesting the contrary, preference can be given to the produce of small to medium enterprises.

It is these provisions that permit the South Australian Government, for instance, to specify a transparent weighting for parties who can meet specific criteria set out in procurement documentation for projects falling within specified classes.³⁴

Moreover, the procurement documentation used in some Australian jurisdictions require the consideration of social considerations.

As an example, the *NSW Public Private Partnership Guidelines* require a public interest evaluation considering amongst other things, whether a proposal meets the Government's objective relating to the economic and regional development in the area concerned, including investment and employment growth.³⁵

³² See for example Article 15.2.1 of the Australia- US Free Trade Agreement: <http://dfat.gov.au/about-us/publications/trade-investment/australia-united-states-free-trade-agreement/Pages/chapter-fifteen-government-procurement.aspx>.

³³ See Articles 15.6.1(e) and 15.9.6 of the Australia-US Free Trade Agreement. In the case of the Trans Pacific Partnership, it expressly permits procurement documentation to list the relevant importance of the criteria: see Article 15.13.1(c)

³⁴ See *South Australian Industry Participation Policy Procedural Guidelines* (November 2015): <http://www.industryadvocate.sa.gov.au/upload/industry-advocate/ipp/ipp-guidelines.pdf?t=1448599529885> and the South Australian Industry Participation Plan: <http://www.industryadvocate.sa.gov.au/upload/industry-advocate/ipp/industry-participation-policy.pdf?t=1448599529885>

³⁵ *NSW Public Private Partnership Guidelines* (2012): 25
http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0015/22605/NSW_PPP_Guidelines_2012_Final_Versi_on_14_August_2012_dnd.pdf

The importance of supporting jobs and skills development through the steel value chain cannot be underestimated. An independent report commissioned by the Industry Capability Network in 2012 concluded that for every \$1 million in increased or retained business output, the manufacturing industry supports:

- \$713,400 worth of gross value add in terms of industrial support activity (i.e. type I effects).
- Six full time equivalent (FTE) jobs.
- \$64,900 in avoided welfare expenditure.
- \$225,300 in tax revenue.

It would therefore be appropriate for the Government to develop a paper setting out its role in ensuring the economic sustainability of the Australian steel supply chain so that procurement decision makers can apply appropriate weighting criteria when considering tenders for projects designated by the Government as being strategic.

This Victorian example illustrates the process that the ASI has in mind:

During 2014-15, thirteen Strategic Projects were underway worth a total value of \$7.92 billion. Six of these Strategic Projects were declared in 2014-15, the remaining seven projects were ongoing from prior years.

Each of these Strategic Projects has minimum local content requirements applied to help drive additional economic activity and jobs. The minimum local content requirements for Strategic Projects are determined on a case-by-case basis by the Victorian Government, with consideration to analysis undertaken by ICN based on their experience with previous projects of a similar nature and information provided by the responsible Agency.

In addition, the Victorian Government has set additional requirements for the Level Crossing Removal Project packages to use 100 percent local steel and maximise the use of local steel in the West Gate Distributor.³⁶

This approach would appear to satisfy the requirement for balancing 'secondary' primary objective concerns (such as the development of SMEs, innovation, standards for responsible business conduct or broader industrial policy objectives) against 'primary' policy objectives (delivering goods and services necessary to accomplish government mission in a timely, economical and

³⁶ Victorian Government *Victorian Industry Participation Plan Annual Report 2014-5* (2015): 5. See dsdbi.vic.gov.au/__data/assets/word_doc/.../VIIP-Annual_Report.doc

efficient manner) as recognised in Article V of the 2015 *OECD Recommendation of the Council on Public Procurement*.³⁷

³⁷ <http://www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf>

Solutions: product compliance and conformance

As previously indicated, the Australasian Procurement and Construction Council (APCC) said in *Procurement of Construction Products: A Guide to Achieving Compliance*:

"The Australian construction industry operates in a global marketplace and utilises a vast, increasingly complex and innovative range of construction products, many of which are manufactured overseas.. Regardless of the origin of the manufacturer of the construction product there is a lack of credible and accurate information available in Australia to assist all stakeholders involved in construction projects to verify construction product conformance and performance. This has the potential to create significant constraints and risks to a construction project. In Australia there have been numerous instances where non-compliant construction products have caused the collapse of buildings, motorway signs, glass panels and more. The risk of loss of life and severe injury should not be underestimated. The quality and compliance of construction products is a major risk management issue which needs to be addressed. It is vital that we create an environment in Australia in which all stakeholders in the building and construction process, including the community, are assured that all construction products meet a minimum acceptable level of performance and are fit for the purpose to which they are intended."³⁸

The publication goes on to say:

"Evidence suggests that the market penetration of non-conforming products in several key construction product sectors in Australia may be up to 50 percent. This is a sobering and alarming statistic."³⁹

Quality issues on a number of major projects stemming from non-compliant product prompted a tightening of compliance provisions for both the Queensland and NSW transit authorities.

This focused the ASI's attention to be alert to non-compliance in a whole range of steelwork and representations have been made on quality issues ranging from portal frames, guard rails, sheds, bridge trusses and building construction projects.

Observable defects such as substandard welding that needed to be ground out and replaced, laminations in plate that could cause catastrophic failure, substandard corrosion protection

³⁸

http://www.apcc.gov.au/ALLAPCC/APCC_Guide_to_Procurement_WEB%20and%20EPUB%20version.pdf:page

5

³⁹ Ibid

affecting the life of an asset and generally poor workmanship were found unfortunately to be commonplace on imported structural steelwork.

Relevant to this Committee's term of reference, there also is a price depressing effect from these imports that affects a sector of local fabricators that are forced to chase price at the expense of maintaining their quality systems and procedures.

The knock-on effect is that currently many fabricators and steelwork manufacturing SMEs are unable to maintain a reasonable profit that would allow them to reinvest in their businesses.

Testing by the steel industry has also identified metallic coated and pre-painted steels that do not meet Australian Standards and regulations. Examples include substandard metallic coating and paint thicknesses and non-conforming levels of lead in paint.

The non-compliances are not limited to poor quality and bad workmanship but extend to deliberate fraudulent behaviour with examples such as falsified test certificates, welds made with silicone rubber and then painted, attachment of bolt heads with silicon rather than a through bolt and water filled tube to compensate for underweight steelwork with fraudulent claims that their products meet particular Australian Standards.

Examples of non-compliance are contained in Attachment 3 of this submission. The committee can also refer to ASI's submission to the Senate Inquiry into Non-conforming Building Products.

This issue of non-compliant substitutions concerns building surveyors or inspectors who do not have the engineering expertise, knowledge or often opportunity to identify steel defects or check whether the steel supplied is compliant.

Builders and project managers may take on the responsibility of site inspection but often do not have the skills or knowledge to understand compliance at a material or fabrication level.

Moreover, for structural steelwork there is currently no reliable system for surveillance of imported building products apart from product failure. However, if defects with major structural steel items are discovered, the prime contractor often has no alternative to meet the time constraints but to accept faulty product or try to patch up or repair any defects.

The implementation of a system that requires the supplier and all stakeholders in the construction chain to ensure that the products that they are selling are certified to comply with relevant standards and fit-for-purpose responsibilities within their scope will be good for Australia.

In 2014, the ASI implemented a National Structural Steelwork Compliance scheme that requires steelwork fabricators to be audited for compliance capability to qualify for certification. It is not mandatory and relies on contractor engagement and good purchasing practice for its success.

It is modelled on the steel product compliance principles used in the UK where there is a risk categorisation for each type of structure and the fabricator capability requirements are commensurate with the level of complexity and nature of the risk profile involved. This is also a voluntary scheme as per the model used in the US.

The scheme is open to all fabrication companies from any country and provides the engineer and client reassurance that the subcontractor is certified as being capable of carrying out the work to Australian Standard requirements at a predetermined risk category of the project.

Steel reinforcing and structural steel product manufactured in or imported into Australia is covered by a compliance scheme managed by the Australasian Certification Authority for Reinforcing and Structural Steels (ACRS). This scheme seeks to certify compliant structural and reinforcing steel by auditing at the steel mill level. We should clarify that this scheme covers 'mill gate' products and not manufactured or fabricated products. It is well established and has a very good track record in ensuring compliant quality steel is used in construction.

The ASI strongly recommends that the Federal Government demands that for any project that contains more than \$10m of Federal funds that the following take place, or the funds are not forthcoming.

It follows that the ASI believes that all Australian jurisdictions must pass binding rules in the suite of documentation that governs procurements that require:

1. All structural steel products to be sourced from mills with ACRS third party certification; and
2. All fabricated products to be obtained from suppliers accredited under the National Structural Steelwork Compliance scheme.

It would also mean that the Federal Government would have a similar position to the South Australian Government.⁴⁰

⁴⁰ <http://www.eventbrite.com.au/e/industry-participation-forum-expression-of-interest-tickets-20096929457>

If this occurred, an increased standardisation of government processes and documentation would start to develop throughout Australia.

The ASI also believes there is a case that, for specific identified products or processes (such as welding, galvanizing and painting), there should not only be reliance on accredited suppliers (who have evidence to show that they have a capacity to comply to Australian standards) there should also be conformance testing – that is, a regime that tests whether Australian standards are in fact being met by product supplied and being used for a particular project.

The steps taken to ensure that only products meeting Australian standards are being used in infrastructure should also be recorded in a compliance management plan. This should be a mandatory requirement imposed in the procurement framework document.

This is an important management tool for complex infrastructure projects such as the development of freeways, where no one standard or construction code can act as a normative document to guide the development of a quality project.

The fact that non-complying product is being used in infrastructure projects causes ASI members frustration. This is because they are unable to safely report non-compliant product due to confidentiality clauses in construction contracts and sensitivity of relationships in the building products supply chain which may cause them to lose future contracts.

This makes continuous improvement or a 'Safety Alert' process impossible. The key to the success of reporting non-compliant product is the ability for anonymity of the person reporting, coupled with qualified review of the matter reported.

A major instance of structural failure of a bridge truss in Sydney was recently reported on through this mechanism. The ASI has proven its effectiveness to Australia.

The ASI has been active in endeavouring to gain support for a confidential reporting system for instances of fraudulent supply of steel and steelwork and has been in discussion with Engineers Australia on this matter. This was one of the ASI's recommendations in its Senate submission into Non-conforming Building Products. ASI members support the availability of such a scheme.

In the United Kingdom, a confidential reporting scheme previously known worldwide as CROSS, now known as Structural Safety, has been established which allows stakeholders to report anonymously on unsafe building products and practices in structures.

This is funded by the UK structural and civil engineering fraternity as well as health and safety sectors supported by the UK Government and has positively influenced change to improve safety in the UK construction industry.

For this to work, procurement documentation will need to contain provisions that require suppliers and contractors to provide all reasonable assistance and all relevant documents necessary to determine whether non-compliant product has been used in public infrastructure. We recommend that the Federal Government support such a scheme and work with the relevant parties in the market to implement the scheme as soon as possible.

Finally, environmental sustainability is important.

As steel is recognised as a sustainable material, there was a need to establish mechanisms for companies to determine what a sustainable steelwork supplier is and how to identify one.

The ASI Environmental Sustainability Charter (ESC) was established in 2010 to encourage the steel industry channel to operate in a more environmentally responsible way and to develop a means of accrediting committed downstream enterprises associated with steel manufacturing, fabrication or services – an important element when having regards to 'whole of life' considerations when making procurement decisions.

The accreditation is designed to be used by regulators, environmental rating agencies and bodies such as the Green Building Council of Australia.

To become an ESC member, it is necessary to sign the Charter declaration committing the company to operating its business to reduce its environmental footprint, to increasing the efficiency of its resource use, to demonstrating environmental responsibility and sharing its knowledge of sustainability with others and to seek this in its choice of sub-contractors and suppliers.

Accordingly, the ASI strongly recommends that the Federal Government demands that for any project that contains more than \$10m of Federal funds that the following take place, or the funds are not forthcoming.

It should be a mandatory requirement for Government procurers to source steel products from businesses accredited under the steel industry's Environmental Sustainability Charter.

Solutions: industry policy

As discussed earlier, effective protection rates for steel products have fallen significantly.

Moreover, there is some doubt about whether all overseas suppliers of steel products are complying with the trade rules prescribed by the WTO.

Finally, as discussed earlier, it has been argued that Australia's international obligations restrict the capacity for Australia to design a robust industry policy that would encourage a sustainable Australian steel industry.

However, other countries such as the US and Canada take a more liberal view.

A precis of relevant laws are set out in [Attachment 4](#).

It is necessary that all participants in the Australian steel supply chain have confidence that Australian policy settings operate in a similar fashion to those in place in comparable jurisdictions.

The ASI therefore believes there should be a Royal Commission - not a Productivity Commission - review of manufacturing in Australia with a special reference to the continuing viability of the Australian steel industry that would look at:

1. The causes and effects in the decline of Australian manufacture, including:
 - (a) the trading behaviour of other countries; and
 - (b) the effect of international obligations on the continued operation of Australian manufacturing;
2. The structure and appropriateness of existing Government procurement policies;
3. The operation of existing industry policies developed for the Australian steel industry; and
4. The industry policies of comparable jurisdictions

with a view to recommending policy designs that will assist the maintenance of a vibrant Australian manufacturing sector, including in particular the steel industry.

A review with the prestige of a Royal Commission is necessary as there have been a number parliamentary and Productivity Commission inquiries that have reviewed both manufacturing policies and the effectiveness of Australia's dumping regime that have largely gone unnoticed or alternatively not given full effect.

However until then, the policy levers that are currently available to the Australian Government (and the recommendations contained within this submission) should be utilised to the fullest extent.

Australian Industry Participation Policy

The *Australian Jobs Act 2013* underwrites the operation of the Australian Industry Participation Plan which is designed to give Australian industry a real opportunity to compete for work in major public and private projects in Australia.

The Act details Australian industry participation requirements for major projects valued at \$500 million or more.

It also establishes the Australian Industry Participation Authority (AIPA) to provide businesses with assistance and guidance on how to meet obligations under the Act.

However, unfortunately the program has not operated in the way envisioned by Parliament and the Act.

The Industry Participation Program lost more than half its appropriation in the 2014-15 Budget.

The position of Steel Supplier Advocate also remained unfilled for a significant period of time – indeed, the ASI believes that the AIPA operated with a staff of 0.5FTE for more than 18 months after its inception. It was originally funded to cater for between 30 – 60 people at the height of the resources boom.

Commonwealth, State and Territory industry ministers signed the Australian Industry Participation National Framework in April 2001.⁴¹

The National Framework encourages governments to adopt a consistent national approach to maximise Australian industry participation in major projects in Australia and overseas.

Each jurisdiction has its own policies aimed at encouraging Australian industry participation in public and private projects.

Whilst more staff are now involved in the program, the Australian Government must commit resources to ensure:

- That the Australian Industry Participation Program operates in the fashion anticipated; and
- That a properly resourced steel supplier advocate is allowed to operate properly to assist SME businesses operating in the steel supply chain to identify business opportunities and

41

<http://www.industry.gov.au/industry/IndustryInitiatives/AustralianIndustryParticipation/Documents/AIPFramework.pdf>

to generally champion the Australian steel supply chain so that the Commonwealth is playing its full part within the National Framework.

The Committee should take the opportunity to ask the Government what it is doing to ensure the success of this vital program.

Therefore, the ASI recommends that the Department of Industry, Innovation and Science should be provided with funds so that the AIPA operates in the manner intended, set out in the Jobs Bill 2013. It is also the Minister's responsibility to ensure that the Australian Industry Participation Advisory Board is set up and actively supporting and advising the Authority and the Minister, as required.

We would also recommend that the current threshold of \$500m for a project to qualify for an AIPP is too high. This threshold was set amidst the mining boom with \$400b of projects in the pipeline. This threshold should be reduced to \$200m which reflects a more realistic view of the current market and number of projects within.

And the reinstatement of a National Steel Industry Advocate to work closely with the industry and Government would ensure that the policy platforms of both Federal and State Governments are better aligned to benefit the steel industry, jobs growth, innovation and the economy as a whole.

Innovation

On 7 December 2015, the Government announced its innovation and science agenda.⁴²

One of the initiatives promoted in an accompanying factsheet related to the steel industry:

Turning Tyres into Steel⁴³

Supported by an ARC Linkage Projects grant, the University of New South Wales (UNSW) and OneSteel teamed up to use a polymer technology to recycle rubber tyres in steelmaking, enabling the partial replacement of coal and coke. This revolutionary approach has already diverted more than two million car tyres from landfill and reduced greenhouse gas emissions.

Originally supported by an ARC Discovery project grant for basic research, ARC Laureate Fellow, UNSW Scientia Professor Veena Sahajwalla invented a new polymer technology – an invention that won her an Australian Museum Eureka Prize.

Professor Sahahwalla partnered OneSteel on an ARC Linkage Projects grant to translate this invention into a practical use, including carrying out polymer injection technology trials in steel plants across Australia and Thailand.

UNSW has signed an agreement with OneSteel – Australia's largest manufacturer of steel long products – which allows OneSteel to sublicense this unique technology around the world.

In the face of unfair Chinese competition, the letter signed by European Trade Ministers sent to the European Commission set out in Attachment 1 requested the Commission to explore other ways to avoid the downturn of the European steel industry and guarantee the long-term and sustainable development of the industry through use of the following programs:

- The SPIRE Public Private Partnership (an international non-profit association designed 'to ensure the development of enabling technologies and best practices along all the stages of large scale existing value chain productions that will contribute to a resource efficient process industry');⁴⁴

⁴² <http://innovation.gov.au/system/files/case-study/National%20Innovation%20and%20Science%20Agenda%20-%20Report.pdf>

⁴³ <http://www.innovation.gov.au/factsheets/faster-research-industry-collaborative-project-grants>

⁴⁴ <http://www.spire2030.eu/about-a-spire>

- The European Fund for Strategic Investments (designed to 'overcome current market failures by addressing market gaps and mobilising private investment (through supporting) strategic investments in key areas such as infrastructure, education, research and innovation, as well as risk finance for small businesses')⁴⁵; and
- The Research Fund for Coal & Steel (RFCS) which gives funding of over €50 million every year to innovative projects to enhance the safety, efficiency and competitive edge of the EU coal and steel industries.⁴⁶

As the introductory document for the RFCS indicates:

"It was created in 2002 to build on the successes of the European Coal and Steel Community. This visionary common market helped unite nations, reinvigorate the European economy and lay the foundations for the European Union as we know it today.

Investment in research and innovation is vital if the EU coal and steel industries are to remain competitive in an increasingly fierce global market and contribute to economic growth and job creation in all member states."

The March 2015 priorities for the Fund are set out in [Attachment 5](#)

Given the current budgetary considerations facing the Government, the ASI believes that a portion of funds should be allocated from the innovation and science agenda and placed in a fund similar to the RFCS.

In that way, the Australian steel chain is placed in a similar position to its European competitors as they together attempt to remain sustainable during a period of international product oversupply.

⁴⁵ http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en

⁴⁶ http://ec.europa.eu/research/industrial_technologies/pdf/rfcs/rfcs-activities_en.pdf

**For further information or clarification on this submission please
contact:**

Ian Cairns

National Manager – Industry Development and Government Relations

Australian Steel Institute

PO Box 6366, North Sydney, 2060 NSW

Level 13, 99 Mount Street, North Sydney, 2059 NSW

Further information on the ASI can be found using the web link:

www.steel.org.au

February 2016

Attachment 1

Letter from European trade ministers to European Commission⁴⁷

5 February 2016

Dear Vice-President Katainen,

Dear Commissioners Bieńkowska and Malmström,

Dear Minister Kamp,

The European steel industry – already weakened by the 2008 economic crisis – is tackling chronic use of unfair trade practices in a context of strong international competition intensified by overcapacity at global level.

The European Union cannot remain passive when rising job losses and steelwork closures show that there is a significant and impending risk of collapse in the European steel sector.

Following the Conclusions of the Presidency at the Extraordinary Competitiveness Council on steel on 9th November 2015, we jointly appeal to the European institutions to use every means available and take strong action in response to this new challenge. These means include trade defence instruments (TDI), within the framework of WTO rules, and other instruments to support and modernise the European steel industry.

First, the Commission should make full and timely use of the full range of EU trade policy instruments to tackle unfair trade, including anti subsidy measures, to ensure a global level playing field. This includes taking swift and appropriate measures in pending antidumping cases, such as the investigation on cold-rolled steel flat products originating from Russia and China. We therefore welcome the rapid response of the Commission to the request by the industry to start the registration for this product. We urge a rapid consideration of the request for an investigation into imports of hot-rolled flat products originating from China and ask the Commission to also consider any request for registration, given the crucial importance of this product for the European steel industry.

Moreover we should not wait until the damage from unfair practices becomes irreversible for our industry. Within the scope offered by the EU Basic Anti-dumping Regulation, the Commission should be prepared to open investigations "*ex officio*" and to set up measures on the ground of

⁴⁷ <http://im.ft-static.com/content/images/99dbea10-cc4f-11e5-be0b-b7ece4e953a0.pdf>

the “threat of injury” where the evidence justifies this. The Commission should also quicken the pace of investigations before imposing trade defence measures.

Furthermore, we call for new efforts to adopt a package of measures to modernise TDI in a manner which recognises the importance of free but fair trade to the European economy, to producers and to consumers. Such TDI reform should further streamline and expedite the procedures, increase transparency, predictability, effectiveness and enforcement for all economic operators in order to enhance the protection of the European steel industry against unfair practices.

At the same time, EU regulation has to take into account and safeguard the competitiveness of energy-intensive industries, such as the steel industry. The European Council of October 2014 has given clear guidance on the Climate and Energy Framework up to 2030, including guidance on the future development of the key European climate policy instrument – the EU Emission Trading System. The European Council decided that, while maintaining incentives for industry to innovate, the most efficient industrial installations in sectors at risk of carbon leakage should not be subject to undue carbon costs. It is of utmost importance for the steel industry that this guidance from the European Council will be implemented fully, in order to prevent carbon leakage and the relocation of production and jobs outside the EU.

Finally, we should also explore other ways to avoid the downturn of the European steel industry and guarantee the long term and sustainable development of the industry, such as supporting the development of low carbon technologies and processes for the steel industry and fostering steel product innovations through Horizon 2020, primarily via the SPIRE Public Private Partnership, the Research Fund for Coal and Steel (RFCS) and the European Fund for Strategic Investments (EFSI).

The high level stakeholder conference on 15 February provides an opportunity to explore these issues. We welcome the Commission taking the lead in organising this conference and following up on the conclusions of the Extraordinary Competitiveness Council meeting on steel. We also hope that there will be an explicit focus on addressing the serious and specific issues facing the steel industry across the EU through the conference, albeit within the wider context of Energy Intensive Industries.

Sigmar GABRIEL

Federal Minister for Economic Affairs and Energy

Germany

Federica GUIDI

Minister of Economic Development

Italy

Sajid JAVID

Secretary of State for Business, Innovation and Skills

United Kingdom

Emmanuel MACRON

Minister for the Economy, Industry and Digital Affairs

France

Mateusz MORAWIECKI

Deputy Prime Minister, Minister of Economic Development

Poland

Kris PEETERS

**Deputy Prime Minister, Minister of Employment, Economy and Consumers, in charge of
foreign trade**

Jean-Claude MARCOURT

**Vice Minister President, Minister of Economy, Industry, Innovation and Digital Agenda of
the Walloon government (on behalf of the Walloon, Flemish and Brussels Capital Regions)**

Belgium

Etienne SCHNEIDER

Deputy Prime Minister, Minister of Economic Affairs

Luxembourg

Attachment 2

Support letters from SMEs in the Australian steel value chain

ACA- ACE CONSTRUCTION AUSTRALIA

ABN: 98 120 168 512

| CIVIL | STRUCTURAL | MECHANICAL | PROJECT MANAGEMENT |



Ace Construction Australia

Federal Senate Economics References Committee

Attn: Committee Secretariat

PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Ace Construction Australia provides a complete package in Engineering and Construction, from Design, Fabrication and Installation that operate in Ingleburn, Sydney, New South Wales. Ace Construction has vast experience in commercial, industrial and institutional sectors. With over 30 years of experience.

In the past for more larger projects we have completed, we had employed up to 200 skilled workers and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced enormously. This is mainly due to the fact that to win a project we are not competing on the quality of work you provide but more based on the price. Projects are been sent overseas to be fabricated as they are a lot cheaper. We have been further frustrated as these are fabricated to lower than Australian Standards and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Rima Elomar
QA Assurance Manager



Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Alfabs Group are a well established heavy engineering company with a vast array of experience in engineering fabrication along with products and services including Protective Coatings, Mining, Equipment Hire, Transport, Rail and Onsite Services. Originally formed in the 1950's as "Alfabs Engineers", the company has been owned and operated as a 'family business' since 1986 and remains under the direct management of the family owners. Over the years Alfabs Group has had a close association with the mining, infrastructure, energy and construction industries with purchases of Peddinghaus Machinery.

Over the past 5 years we have employed up to 100 people and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 50%. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Jason Torrance
Group General Manager/Family Owner

Document Name						
Created Date	25/02/2016	Review Date	25/02/2016	Creator	K Cook	Page 1 of 1



15 Bellona Ave. Regents Park, NSW 2143

PO Box 119 Chester Hill, NSW 2162

Website: www.allthread.com.au

A.B.N. 58 003 174 383

T: 61 2 9645 1122 or Free Call 1300 668 244

F: 61 2 9645 1133 or Free Call 1300 663 243

Email: sales@allthread.com.au

A.C.N. 003 174 383

Federal Senate Economics References Committee

Attn: Committee Secretariat

PO Box 6100

Parliament House

Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Allthread Industries Pty Ltd operate in the Mining, wind energy, fabrication, oil & gas, infrastructure, rail and general engineering sectors within Australia supplying thread rolled bolting components and solutions utilising quality Australian steel for many of our components.

Over the past 30 years we have employed up to 40 people annually and our company was making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced and we are only able to offer 4 day per week working conditions. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia and in particular China. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce at Allthread Industries.

We strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Brett King

Engineering Manager & HSEQ Coordinator





A.C.N. 118 171 190

✉ 16a Jumal Place
Smithfield, NSW 2164

☎: 02 9632 2411

📠: 02 9632 3411

25.2.16

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

My company, Aardvark Steel Constructions P/L undertakes fabrication and installation of structural steel work for builders in NSW. We are currently completing work on Barangaroo and Darling Harbour Live. I began the business nearly 20 years ago with one employee and a ute doing miscellaneous metalwork.

Over the past 20 years we have employed up to 30 people and our company was making reasonable profits. A large proportion of which was reinvested back into the company to move into structural steel fabrication and installation. Money was spent purchasing the plant and equipment to allow us to do this, moving to bigger premises and retraining staff. However, in recent times our workforce has reduced to about 15 employees, where in the past we had up to 3 apprentices, we now have none. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce. In a competitive market tendering for contracts, we are simply not able to compete with companies purchasing their steel overseas, having it fabricated abroad and shipping it into Australia. The flow on effect of the loss of locally produced steel work to others such as galvanizers and painters has been substantial too.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.
4. Ensure all Government projects are awarded to Australian companies, employing Australian workers and using local steel products.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Kind Regards,

Jon Maher
Director



DALABAM HOLDINGS PTY LTD T/AS
BELMORE ENGINEERING

47 SHOWGROUND ROAD
TAMWORTH NSW 2340

PH: 02 6765 9311
FAX: 02 6765 3926

A.B.N. 26 121 831 534
A.C.N. 121 831 534

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

25 February 2016

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Belmore Engineering is based in regional NSW and operate in the structural steel sector. We have been in the industry in excess of 15 years and currently employ 45 people. We specialise in completing structural steel and metalwork projects for large projects such as mining sites, retail, commercial and industrial developments, healthcare infrastructure and the government sector, nationwide.

Over the years, we have made significant investment in technology to improve efficiencies. One of the biggest investments we've made has been the introduction of a Voortman CNC Plasma Beamline machine which uses a full 8 axis movement to allow operations on all four sides of a steel member.

We are finding the industry is becoming increasingly competitive and price sensitive due to the increase in cheap imported steel products, mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Yours sincerely,

David Green
Managing Director



Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Brezac Constructions operates from South East Queensland and is a family owned and operated business supplying structural steel fabrications throughout Australia. The business was established in 1986, and throughout our growth have maintained our commitment to provide quality of goods and exceptional customer service.

We specialise in the manufacturing, assembly, distribution, installation and erection of fabricated steel works.

We also offer our clients a range of services including drafting, protective paint coatings, galvanising, technical assistance and on-site support.

Brezac Constructions work in the following sectors: Mining, gas, resource, infrastructure, commercial and industrial projects.

Brezac Constructions recently invested in a purpose built production facility that has been built with efficiencies and safety in mind.

Over the past 28 years we have employed up to 35 people and our company was making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies.

However, in recent times our workforce has reduced to 15. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

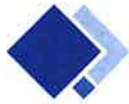
We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Peter Brezac
Director

BSF

**BEENLEIGH STEEL
FABRICATIONS PTY LTD**



Member of
AUSTRALIAN STEEL INSTITUTE

41 Magnesium Drive, Crestmead Qld 4132
P.O. Box 1598 Browns Plains BC Qld 4118
Telephone: (07) 3803 6033
Fax: (07) 3803 6266
www.beenleighsteel.com.au
A.B.N. 18 010 942 999

24 February 2016

Federal Senate Economics References Committee
Attention: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Beenleigh Steel Fabrications (BSF), provides medium to heavy structural steel for major infrastructure projects, commercial developments and for the mining industry. The company commenced operation in 1980 and has been involved in the construction of many iconic structures on the Eastern seaboard.

Ten years ago BSF employed 180 people and our company enjoyed sound profits which were largely used to fund the purchase of new machinery and equipment needed to keep pace with the market. However, in recent times our workforce has reduced to 50 because of the lack of work available in our sector. This is mainly due to a limited demand for domestic steel products and the massive increase in cheap, imported steel products from Asia. We have been further frustrated by the fact that the majority of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in these three ways:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into Australia.
3. Stamp out the sub-standard, non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institute's submission to this committee.

We look forward to some strong recommendation, but more importantly, decisive action coming from your work.

Yours sincerely,

Mark Finney
Director



CSF Industries Pty Ltd

ABN 47 010 885 177

Cairns Office

PO Box 207, Bungalow QLD 4870

6 Walters Street, Cairns QLD 4870

P: 07 4035 1506 F: 07 4035 1894

Townsville Office

P: 07 4779 7489

www.csfindustries.com.au

E: accounts@csfindustries.com.au

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, CSF Industries operate in the mining, oil & gas, industrial, commercial and government sectors of the construction industry. We predominantly supply and install fabricated structural steel, however over the past 3 years we have branched into the commercial and industrial roofing sectors. CSF Industries is a family owned and operated company that was established in 1979. Over the past 10 years CSF has invested the majority of our profits back into the business and have invested in a blast and paint facility and more recently spent \$3 Million on new automated steel processing machinery.

Over the past 10 years we have employed up to 180 people in regional Queensland and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth, efficiencies and improved productivity. However, in recent times our workforce has reduced to 79. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Regards

Sean Adams /DIRECTOR / B.ENG (CIVIL)

.....
CSF INDUSTRIES PTY LTD



24 February 2016

Member of Australian Institute of Steel

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Central Coast Metal Protectives (CCMP) operates in New South Wales providing abrasive blasting and protective coating to metals for all types of industries including mining, oil & gas, high rise buildings, government infrastructure, general fabrication, equipment manufacture as well as domestic metal structures. The business started in 1978 from a small yard operation and over the 35+ years have invested several millions of dollars in equipment and facilities to become one of the largest and most efficient blast and paint facilities in NSW.

In 2014 the business was taken over by new owners who have invested heavily in new technologies and equipment to improve the competitiveness and services to our clients.

We are currently implementing the latest Quality Assurance and Control software on the international market to provide the utmost confidence to our clients and end users that the corrosion protection being applied by the Company meets the highest standards to meet the expectations and service life expectation of the products specified.

Our operations are in the Central Coast area of NSW, a region with high unemployment and many social demographic challenges. In this we have managed to provide a well trained and long term employment for our staff meeting all the Award requirements and fully complying and paying all Australian taxation and statutory obligations. As well as providing support for local community funding and activities.

Over the past 35+ years we have employed up to 30 people at any one time and our company were making reasonable profits, most of which was reinvested in the company to enable growth and efficiencies and a safe working environment for our workers.

However, in recent times our workforce is operating at about 15 people and we find it difficult to maintain or expand our production and workforce due to the lack of domestic demand for painted steel products and the large increase in cheap



imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

In fact over the past 18 months there has been a considerable amount of product that was painted or galvanised overseas that has critically failed and we have been engaged to repair which in the majority of cases requires the full removal of the coating to bare metal and a full re-application of the coating to meet the required standards. Despite this we have seen a continued amount of government funded or subsidised steel projects being sourced from Asia with sub-standard quality outcomes.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Peter Way
Managing Director
CCMP
peter@ccmp.com.au



1 Stephen Place
Orange NSW, 2800
Phone: (02) 6362 5066
Fax (02) 6362 5077
ABN 86 142 765 071



www.centraldesign.com.au

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, CDE Structures Pty Ltd, operate in the Construction, Mining, Oil & Gas and general fabrication sectors. We are a regionally based design and fabrication company founded in 2000. We have grown and changed over the years, and have continually invested in the latest modelling and information management software in an attempt to give us an edge over our overseas competitors.

Over the past 15 years we have employed up to 20 people and our company were making reasonable profits, a large proportion of which was reinvested software and hardware to enable growth and efficiencies. However, in recent times our workforce has reduced to 7. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Phillip Bird
Managing Director
CDE Structures Pty Ltd



23rd February 2016

Federal Senate Economics References Committee

Attn: Committee Secretariat

PO Box 6100

Parliament House

Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Central Engineering, operates in the commercial construction sector manufacturing structural steel using Australian made steel and employing Australian workers. We supply steelwork for warehouses, schools, shopping centres and the like. Central Engineering is a family business that began back in 1974 and through diligent hard work we have grown into a business that now employs 45 permanent staff and manufactures up to 100t per week of structural steel for the NSW and QLD construction markets. We have invested heavily in a modern, efficient workshop with state of the art equipment and each year we train new people through apprenticeships and other ongoing training. We consider ourselves excellent corporate citizens paying Australian taxes, supporting local charities and sporting clubs; and training and employing Australians.

Central Engineering has constantly upgraded our equipment and manufacturing processes to ensure we are as competitive and efficient as possible. Most of our profits have been invested back into our business to fund modern facilities and expansion. In 2014 we completed a workshop extension of 750m² which enables us to safely and efficiently load structural steel into shipping containers for export to New Guinea.

In recent years (past 3 to 5 years) we have found it increasingly difficult to maintain our employment levels and profitability due to cheap, non-compliant imported steel mainly from Asia. I personally have inspected one major bulky goods building where Chinese steel was used and the quality was appalling – it does not comply with our Australian Standards and presents a potential public safety risk. It is very frustrating when we go to great effort and cost to ensure our quality complies with the Australian Standards and cheap imports are flooding our market with not even a hint of restriction or attempt at compliance. It is shameful! When we allow

Central Engineering Pty Ltd ACN 058 287 586 ABN 51 696 449 529 QBSA Licence No. 700 647

Phone: (07) 5534 0600 Fax: (07) 5534 3164

Street Address: 19 Traders Way, Currumbin QLD 4223, Australia

Postal Address: PO Box 78, Currumbin QLD 4223, Australia

Web Page: www.ceng.com.au Email: info@ceng.com.au

substandard products into our construction projects we are putting the safety of our workers, students, customers and families at risk. We have regulations for a very good reason and we should never compromise on them.

We are more than willing to compete with imported products that are of the same or better quality standards that we produce and are required to meet. The problem I have experienced, I have not seen cheap imported steelwork that is anywhere near the standard required by our regulations and that we produce day in and day out. That is just not fair and not Australian!

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Kevin Johnson
Managing Director
Central Engineering Pty Ltd

Central Engineering Pty Ltd ACN 058 287 586 ABN 51 696 449 529 QBSA Licence No. 700 647

Phone: (07) 5534 0600 Fax: (07) 5534 3164
Street Address: 19 Traders Way, Currumbin QLD 4223, Australia
Postal Address: PO Box 78, Currumbin QLD 4223, Australia
Web Page: www.ceng.com.au Email: info@ceng.com.au



Compliant Steel Pty Ltd
1294 Kingsthorpe-Haden Rd
Boodua, QLD 4401

23rd February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter to support the Australian Steel Institute's (ASI) submission about the future of Australia's steel industry.

Compliant Steel operates in the structural steel sector and also a little general fabrication. We have been in the industry 15 years previously as Ruralfab changing the company name to "Compliant" Steel several years ago. We are situated in south east Queensland near Toowoomba. We were one of the first in Queensland to purchase a robot plasma cutter for doing beam work etc. The idea behind the purchase was to make us more competitive with the bigger fabricators in Brisbane.

Over the past 15 years our work force has varied in size up to 17 employees. At present we have 15 employees – which includes office / workshop/ and the site erection crew. One of the main reasons for the reduction in staff is the fact that a big percentage of the structural steel is being imported, already fabricated (not necessarily compliant with Australian standards but none the less a far cheaper product).

We would urge the government to support local manufacturing and therefore securing more jobs for Australian workers. They can do this in several ways

- Restrict the import of subsidised products coming in to this country (maybe a tariff of some description)
- Police the standard of fabrication work to Australian Standards therefore making it harder to bring the defective material in to our country.
- Encourage the three levels of government to use Australian product.

With all this in mind we strongly support the ASI submission to the committee.

Sincerely

Kent Bullock
Director
Compliant Steel



Federal Senate Economics Reference committee
Attn:Committee Secretariat
PO Box 6100
Parliament house
Canberra ACT 2600

Dear Economics References Committee Members,

We support the notion that a strong steel industry is the foundation stone of a strong and prosperous nation. The development and maintenance of an intelligent and skillful workforce in this sector will insure that the country has a confident presence in the world of manufacturing. Creative infrastructure projects will fill the gap left by the decline in the mining sector.

Countrywide Engineering produces equipment used in the canola harvesting process. Because of the seasonality of this industry the company involved itself with general engineering including structural steelwork and other manufacturing processes. We have witnessed a decline in the sort of work which keeps us busy and no matter how diversified we allow ourselves to be we have trouble keeping the workforce of 10 busy and therefore profitable.

We have build up a diverse set of equipment and personnel over the years basically starving for work. This indicates that there is very little in the way of economic development going on in this country. There is a lot of spending but not of the kind that stimulates economic activity.

On two occasions we were involved in projects where the steel came from foreign manufacturers so we took on secondary roles in the projects and usually correcting errors in the imported jobs. The work was substandard but was still used so the strict guideline enforced on Australian manufactures was not applied by the regulators in this case.

Consequently it would be in our interests and therefore Australia's interests if government funded developments be designed to include steel or metal components. This would result in a greater spread of skills across a job, a greater involvement of manufacturing and not just limited to concreting and earthworks which chews up a lot of money with very little to show as well.

Our local TAFE (Wagga Wagga) doesn't have a Fitter and Turner teacher at the present time. A country needs a bank of metal trade workers or skilled tradesman of all

kinds for that matter when difficult times occur. We can set to work changing things for the better by getting these people into productive work.

Our company strongly supports the Steel Institutes submission to this committee.

We look forward to some positive consequences from your work.

Yours Sincerely

Thomas Grigg (director)



Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600
Feb 2016

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Donhad Pty Ltd operates in the mining consumables sector. We consume approximately 100,000 metric tonne of steel in a year. This is a significant quantity by Australian industry metrics.

Over the past 25 years we have employed up to 145 people and our company was making profits in line with other businesses in our sector. However, in recent times Chinese steel product has entered Australia and taken significant share from us. The details of our situation can be found on the public record in the context of a current anti-dumping case, case 316, that we are conducting in order to prevent further loss of share and damage to the business.

So, we strongly urge the Government to support local manufacturing and steel industry jobs in four main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.
4. Improve the anti-dumping process as recommended publicly by the CEO of Arrium and the ASI.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to deliberate actions coming from your work that will make a difference.

Sincerely regards,

Dr Paul Shelley
Managing Director

Dwyer Engineering and Construction PTY LTD
16-22 Spencer Street
Harvey, Western Australia 6220
PO Box 509
Harvey, Western Australia 6220
Tel 08 9729 2922 Fax 08 9729 2822
dwyereng.com.au



23 February, 2016

Attn: Committee Secretariat
Federal Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

I am writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

My company, Dwyer Engineering & Construction Pty Ltd (Dwyer Engineering) is a 100% Western Australian owned multidiscipline engineering company based in Harvey WA, who specialise in providing 'turnkey' packages and ongoing maintenance support services in the structural, mechanical and piping disciplines mining sector throughout WA.

Dwyer Engineering is a family orientated company that has been operating since 1999 who is highly focused on personnel safety, to drive a positive culture within our company, which will ultimately show in the quality of our work, to the benefit of our clients and our company growth.

Throughout our 17 years of operating like many companies, we have experienced highs and lows, however, have always had continuous work(s). At our peak Dwyer Engineering had employed 170 personnel. The company has previously made a modest profit, which has been reinvested back into the company to enable growth, increased efficiencies such as personnel development, automation equipment (beam line, angle line machines and the like).

In recent times our personnel has reduced to 30 (82% reduction). This is mainly due to the lack of domestic demand for steel products and the significant increase in cheap imported steel products mainly from Asia. Multiple jobs Dwyer Engineering has recently priced have been awarded to overseas companies.

Furthermore, I am becoming increasingly frustrated by the fact that a large number of these imports are sub-standard and many fail to meet the acceptable Australian Standards. I can speak of this first hand, as our company has been engaged directly to complete third party quality reviews of imported steel (Works of which we originally priced).

I would strongly urge the Government to support local manufacturing and steel industry jobs, particularly with:

1. Eliminating the sub-standard non-conforming products that are being delivered to Australia, which is placing Australian workers lives at risk, damaging our industry and stealing our jobs.
2. Assisting with the increase of demand for local steel products through more supportive local content policy in Government funded procurement.
3. Eliminate or reduce the foreign government subsidised products coming into this country.

In summary, local sustainable growth is paramount to the future success of Australia and its residents. If the continued acceptance of sub-standard non-conforming products is the direction the Government wish to allow this country to operate under, will not only see this company forced to close its doors, but many others also, as it's not safe let alone acceptable to supply an inferior product.

Dwyer Engineering and Construction PTY LTD
16-22 Spencer Street
Harvey, Western Australia 6220
PO Box 509
Harvey, Western Australia 6220
Tel 08 9729 2922 Fax 08 9729 2822
dwyereng.com.au



I look forward to some strong recommendation, but more importantly actions coming from your work. If you have any queries, please don't hesitate to contact.

Yours sincerely,

Joe Dwyer
Managing Director

17 February, 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

The Galvanizers Association of Australia (GAA) is an industry Association established in 1963 to represent galvanizing companies and to provide technical consulting services on a not for profit basis. Our members include most of the hot-dip galvanizing companies throughout Australia and major local supplier companies.

The Association's objectives are to provide the highest standards in design and quality of galvanized products and to assist consumers achieve the economics inherent in the correct design and application of galvanized products. We provide free technical publications and practical assistance on all aspects of design, application, process, bolting, welding and painting of galvanized steel.

Further information is readily available from the GAA or any of the leading galvanizers listed on our website (www.gaa.com.au).

Our industry has declined by over 20% in the last 3 years to volumes not seen for over a decade. This has resulted in a number of plant closures, reduction in shifts for nearly every facility and a consequent significant loss of employment. This is mainly due to the lack of demand for domestic steel products and the large increase in cheap imported fabricated steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce.

So, the GAA would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Act to reduce the level of foreign government subsidised fabricated steel articles coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Peter Golding
Chief Executive Officer
Galvanizers Association of Australia



GAY CONSTRUCTIONS

ABN 42 009 930 554
225 Queensport Road North, Murrarie Qld 4172
PO Box 452, Morningside Qld 4170
Phone: (61-7) 3890 9655
Fax: (61-7) 3890 9699
Email: mail@gayconstructions.com
Web: www.gayconstructions.com

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Gay Constructions operates in the state of Queensland and Northern Territory within the structural steel fabrication sector. We have done work in the oil & gas area, Defence, local infrastructure and domestic commercial work including high-rise.

Gay Constructions was established in 1959. Over time we have designed, enhanced and developed many strategies to enable us to meet the high standards that our clients demand. We pride ourselves on being a progressive leader in the steel fabrication, engineering and construction industry. We have recently purchased a plate & angle processing machine which we believe will be a great investment for our future.

Over the past 3-5 years we have employed up to 100 people and our company and were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to between 20-30 workers. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards

BRETT MATHIESON
General Manager



G.F.C. INDUSTRIES PTY. LTD.

ABN 29 767 108 571

42 Glenbarry Road, Campbellfield, Victoria. 3061 Australia.
Phone (613) 9357 9900 • Fax (613) 9357 9940

Excellence in Steel

Design and Fabrication • Heavy Steel
Formwork • Falsework • Shoring

Federal Senate Economics References Committee
Attn: Committee Secretary
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, GFC Industries Pty Ltd has been providing fabricated structural steelwork for road/ rail bridges, shopping centres, multi level buildings, commercial and industrial developments since 1959.

Over the past 20 years we have employed up to 25 people directly and similar amounts indirectly. Profits were reasonable which enabled us to reinvest into providing further efficiencies and other work opportunities.

We have reduced our workforce in the past few years, due to a lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs. Manufacturing to Australian Standards and regulations comes at a cost and it is obvious that we are not on a level playing field.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards, _____

Ron Kandell
Director
GFC Industries Pty Ltd

25th February 2016



Federal Senate Economics References Committee
Att: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600



Re: Support for ASI Submission into the Future of Australia's Steel industry

Dear Economic References Committee Members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Hutchins Bros has been operating in the regional town of Narrandera in New South Wales since 1981. We specialise in the fabrication and erection of Structural Steel. The company was started in 1981 by Brothers Stewart (my Father) & Graham Hutchins, building farm sheds. Today the business remains within the family owned and operated by myself and my wife Heidi, remaining to working on small farms with a redirected focus to large scale Commercial and Government Work.

Over the past 10 years under the current ownership we have employed up to 30 people and our company was making reasonable profits, a large proportion of which we have reinvested in the company to enable growth and efficiencies to remain competitive.

In January 2009 the company relocated to a new larger purpose built facility at Red Hill Industrial Estate, Narrandera. The 18,000sqm facility includes a new 1120sqm fabrication workshop with overhead crane and a dedicated 960sqm sandblasting and painting building with a modern 6m wide x 5m high x 21m long auto recovery blast chamber for surface preparation. In 2011 we installed a Python X beamline processing machine, enabling us to take on larger projects and provide greater efficiency in production for our clients.

However, in recent times we have found our tender success rate and margins for new work have been significantly reduced as we find ourselves competing against cheap imported steel alternatives mainly from Asia. We have been particularly frustrated by the fact that a large number of these cheap alternative imports have proven to be sub-standard in quality and in many instances below acceptable Australian Standards.

We would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.
2. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
3. Develop a strategy to combat foreign government subsidised products coming into this country.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendations from the inquiry, but more importantly some positive actions coming from your work.

Kind Regards

Bill Hutchins
Director



H.F. HAND
CONSTRUCTORS

Mining • Steel Fabrication • Erection • Construction Services



February 25, 2016

Ref: IWB20160225_0

Federal Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Attn: Committee Secretariat

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our Company, HF Hand Constructors Pty Ltd is a leading Australian Steel Fabrication & Construction provider, with a strong reputation for technical excellence, client focus and innovation. With strong experience in the Defence Infrastructure, Gas Treatment Facilities, & Coal Mining Industries; we offer a complete service including plate work, pipework, structural beam lining, surface protection, transport & crange. HF Hand Constructors operate 3 x fabrication facilities across NSW in Port Macquarie (Sancrox), Kempsey and Mt Thorley.

Reflecting back 5 years to 2011, our employment figures stood at **136 workers** inclusive of **37 apprentices** and the company was making reasonable profits. A large proportion of the profits were reinvested in HF Hand Constructors to enable growth, innovation and capital expenditure to increase manufacturing efficiencies. However, over the past 5 year period our workforce has reduced to less than half at **64 workers**, of that only **6 apprentices**. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Yours Faithfully
HF HAND CONSTRUCTORS PTY LTD

Ian Bird
General Manager



Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Idec Solutions Pty. Ltd. operates in the construction industry and whilst idec is a builder whose capabilities extend to full turnkey building works, we offer a range of steel solutions including steel fabrication and rigging.

Corporate idec began in 1990 and since then has developed considerable experience and expertise in the design, fabrication and erection of steel structures both domestically and internationally. Idec has invested extensively in its people and processes, focusing on the highest possible standards of expertise and compliance.

During the past 10 years we have employed up to 150 people and our company was making reasonable profits, a large proportion of which has been reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to well below this level due to the lack of domestic demand for steel products and the unacceptable increase in cheap imported steel products. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are well below acceptable Australian Standards.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through policies that are more supportive of local content in Government funded procurement.
2. Focus critically on repelling foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and effecting employment in this country.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Damian Gartshore
Director



Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

My company, Leed Steel operate in the *Mining Commercial & Manufacturing Industries providing a various range of products.*

Mining:

- *Switch Room Sub Base frames (Roy Hill Project)*
- *Take-up towers (Xstra Zinc)*
- *Conveyors (Xstra Zinc)*
- *Hoppers (Tenant Creek)*

Commercial:

- *Multi Storey Car Parks (Wangaratta)*
- *Shop Centres (Westfield's)*
- *Broad Acre Warehousing (Frasers)*

Manufacturing:

- *Milk Dehydrator Buildings (Tatura Milk)*
- *Milk Processing Plant (Murray Goulbourn Melbourne & Sydney)*
- *Pet Food Manufacture (Mars)*

In 1992 the company formed and traded under the name of Old Bull & Box Engineering. A staff of 8 employees were employed within an 18 month period. Old Bull Box changed its name 6 years ago to what it is today, Leed Steel.

A heavy investment of over 4 million dollars was invested in state of the art processing equipment to service a demanding market with heavy workloads in all industries.

In the current climate a heavy proportion of works is now sourced off shore at rates far lower than project hard costs. This has seen a down turn in production, profits and employees.

Over the past 10 years we have employed up to 52 people and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 38. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Adam Furst
Director

Macfab

Engineering

Build Your Future With M.E

*STRUCTURAL, STAINLESS STEEL,
MILD STEEL & SHEETMETAL FABRICATORS*

WTIA Welding Inspector no. 2387

ABN 19 083 121 608

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Macfab Engineering which was founded in 1998 and primarily manufactures and installs road and rail structural steel projects across Victoria and New South Wales. Macfab Engineering commenced in a rented shed making tray bodies, but now employ sixty people, including six apprentices. Just over two years ago we built a fit-for-purpose manufacturing and administration facility and also purchased a Peddinghaus drill line.

It has been so disappointing that at the same time that Macfab Engineering invested \$+3.0m in expanding our manufacturing facility, the sales opportunities within Australia have completely declined, not only with regards to the volume but also margins that are able to be achieved. So many other engineering shops have already declared bankruptcy. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

28 Ariel Dve, Airport Estate, Albury, NSW, 2640
Phone: (02) 6021 3333 Fax: (02) 6023 5388
Email: mud@macfab.com.au; john@macfab.com.au
Accounts: michelle@macfab.com.au
Web site: www.macfab.com.au

Finalist₂₀₁₁
WorkCover NSW
SafeWork AWARDS

Chamber
Business
Awards
WINNER 2010
FINALIST 2011
BEST SMALL/
MEDIUM BUSINESS

Chamber
Business
Awards
FINALIST
Excellence in
Manufacturing
2008, 2009, 2010

We therefore strongly support the Australian Steel Institutes submission to this committee, as something needs to be done soon.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

John Bourke

General Manager

B.Bus (Acc), Grad Dip Mgt, MBA (Op Mgt) & CPA



Federal Senate Economics References Committee

Attn: Committee Secretariat

PO Box 6100

Parliament House

Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Mechasteel operates in the construction industry providing structural steel to a wide range of projects. We have been in business for over 33yrs, the last few years we have invested in overhead crane and power saw to able to compete in the volatile market

Over the past 3years we have employed up to 23 people and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 19. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.

1. Do something about foreign government subsidised products coming into this country.
2. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Dave Austin

Estimating & Project Manager

MECHA DESIGN & FABRICATION PTY LTD

Design, Fabrication & Erection

ABN 16 163 732 438

9a Lucca Road, Wyong NSW 2259

PO Box 477, Wyong NSW 2259

Ph: 02 4351 1877 Fax: 02 4351 1482

mechasteel.com



Mentis Australia Pty Ltd
ABN 11 064 213 369

34 Renewable Chase
Bibra Lake WA 6163

Phone: (08) 9434 1961
Facsimile: (08) 9418 5826
admin@mentis.com.au

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, R&R Engineering (WA) Pty Ltd trading as Mentis Australia has been operating in Western Australia since 2000. We are a steel fabrication company specialising in the handrail and grating for mining (including Gold, Iron Ore, Coal, Gas, Oil, etc.), petrochemical, power generation, construction, agriculture, paper, food processing and steel fabricators and merchants.

Over the past 16 years we have had busy periods where we employed up to 50 factory personnel and our company was making reasonable profits, enabling reinvested in the company with modern equipment and improved processes to facilitate growth and efficiencies. However, in recent times our workforce has reduced to 12 factory personnel. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Michael Mucciacciaro
Director



A division of Sell & Parker (ABN 98 000 101 315)

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Precision Oxycut operate in the metal fabrication sector for the Wollongong to Newcastle region. We specifically provide profiled plate for over 500 different fabrication workshops both large and small. We have been in business for over 40 years now and have a long standing history and relationship with the industry. I have seen many of our customers go out of work in the last 24 months and close doors which has resulted in many good employees lose their jobs while at the same time watching large government funded projects buy imported steel and finished steel products from Asia.

We employ 53 individuals across the skill range in our business with the aim of investing and growing our company. Profits in recent times have been hard to come by however we still invest in the industry and right now as I type we have a brand new machine being commissioned to provide faster lead times and higher quality profiles to the fabrication industry. This is an investment of over \$200k

I have been in the GM role for 14 months now and I wish I had a \$ for every time I heard about the good old days when the industry was thriving. Our car park is now far bigger than it needs to be compared with how the business operated 10 years ago. Revenues are less than half and margins on that revenue are also less than half. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. Many of our customers can't even buy the plate needed for the price that their customers are buying sub standard finished items from Asia, never mind the cost of profiling, weld and assemble, painting or Gal etc.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.

Factory Locations

Sydney: 106 Long Street, Smithfield NSW 2164. Ph: 02 9757 3833.
Newcastle: 8 Everett Street, Carrington NSW 2294. Ph: 02 4969 1017.
www.precisionoxycut.com.au

1.

Accounts payable: PO Box 755, Matraville NSW 2036. Ph: 02 9316 9933



A division of Sell & Parker (ABN 98 000 101 315)

3. Stamp out the sub-standard non-conforming products that are damaging our industry removing revenue from the Australian economy by removing the employment need of skilled Australians.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Simon Preston | General Manager

Precision Oxycut

106 Long St Smithfield NSW 2164

E: simonp@oxycut.com.au

Factory Locations

Sydney: 106 Long Street, Smithfield NSW 2164. Ph: 02 9757 3833.
Newcastle: 8 Everett Street, Carrington NSW 2294. Ph: 02 4969 1017.
www.precisionoxycut.com.au

2.

Accounts payable: PO Box 755, Matraville NSW 2036. Ph: 02 9316 9933



Protective Fencing Pty Ltd
ABN 88 000 375 584
16 Pile Road, Somersby NSW 2250 Australia
PO Box 563, Gosford NSW 2250
Phone: (02) 4340 4411 Fax: (02) 4340 0660
Website: www.profence.com.au

25 February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Protective Fencing Pty Ltd operate in the steel fabrication and steel wire mesh manufacturing market. We are a regional NSW manufacturer of High Security perimeter fencing and safety mesh products. The company has been in operation since 1975 and over the past 10 years has undergone significant expansion as a result of re-investment by the Australian family owners. Some of this investment in high tech new manufacturing equipment has led to growth of employee numbers by 100% over that period

Over the past 3-5 years we have continued to experience a downward trend in margins attainable for our products as a result of lower quality imported products coming into the market.

Of particular concern is the lack of support from, particularly, state and federal government agencies in placing value on locally produced higher quality end use products which are routinely used in national security applications.

This situation has resulted in a decline in the growth of our business and subsequently stifled our ability to further increase employment opportunities in our regional area

We strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Yours sincerely

Trevor Buwalda

Trevor Buwalda
General Manager



RAMBLER WELDING INDUSTRIES PTY LTD

ABN: 12 140 022 813



Telephone: 02 6921 3062
Facsimile: 02 6921 4472
Email: admin@ramblerwelding.com.au

39 Lewington Street
Wagga Wagga NSW 2650
www.ramblerwelding.com.au

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, Rambler welding Industries Pty Ltd operate in the commercial building and structural steel fabrication industries. We were founded in 1985 and have been steadily growing since then, until recently.

Over the past 20 years we have employed up to 30 people and our company were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 10. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Simon Musgrave
Managing Director
Rambler Welding Industries Pty Ltd



STEEL Fab Pty Limited

A.B.N.24 161 107 615

59 Glendenning Road, Rooty Hill NSW 2766 Australia

Telephone: (02) 9832 3488 Fax: (02) 9832 3445

Website: www.slsteel.com.au Email: admin@slsteel.com.au

Federal Senate Economics References Committee

Attn: Committee Secretariat

PO Box 6100

Parliament House

Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, S&L Steel Fab Pty Ltd operates in the Engineering, Building and Constructions Industry. We have undertaken contracts involving steel fabrication and site installation of bridges, mining equipment and pressure vessels. The company has been involved in many iconic projects over the years including Darling Harbour and Barangaroo.

S&L was founded over 40 years ago by directors Jaime Lorenzo and Luis Santos and has grown considerably now operating out of a workshop in western Sydney boasting over 10,000sq meters of undercover workshop and the largest painting facility in NSW.

Over the past 10 years we have employed up to 150 people and our company was making reasonable profits, which for the greater part was reinvested in the company to enable growth. However, in recent times our workforce has reduced to fewer than 100 people. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certain well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.

2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Luis Santos
Director

22 February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600



Dear Economic References Committee members,

Re: The future of Australia's steel industry

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

The Steel Reinforcement Institute of Australia (SRIA) is the leading non-profit national organisation providing high quality technical support and information service to the Australian Building Industry on the use of reinforcing steel in concrete, primarily reinforcing bar and reinforcing mesh. The SRIA evolved from the Steel Reinforcement Promotion Group and was founded in 1988 reflecting the growing demand for technical assistance. SRIA membership includes the founding Australian mill members, the reinforcing steel processors (full members) and associate members who supply complementary products and services providing the end user with a complete package solution.

SRIA members service the Australian industry with a nation-wide processor footprint and distribution network. Their reinforcement products are manufactured to the highest standards for a reliable and efficient just-in-time supply chain. SRIA was instrumental in establishing the independent third party certification scheme for reinforcing steels back in the year 2000 (Australasian Certification Authority for Structural and Reinforcing Steels – ACRS), which now covers other products including structural steels and post tensioning feed materials.

Our founding mill and full processor members have endured many years of consolidation and investment in cutting edge technology for efficiency and to control labour costs. While this has allowed the industry to remain competitive, non-conforming product volumes are increasing, particularly in the mid to lower market tiers. In an attempt to address the non-conforming product issue the independent ACRS body was established to independently verify and certify the quality conformance to the Australian Standards. This fundamental minimum requirement assessment has allowed SRIA to modernise for the global procurement environment by changing its Constitution in 2004 to allow for both 'verified quality certified Australian and overseas mill feed' to be used for the processing of reinforcing steel.

SRIA members implement quality assurance and traceability certification to demonstrate conformance to the Australian Standards being AS/NZS 4671 Steel reinforcing materials and AS 3600 Concrete structures. SRIA contributed to the recent Australasian Procurement and Construction Council (APCC) *Procurement of Construction Products* –

A guide to achieving compliance as a building product Guide to the procurement teams in construction projects to properly assess for conforming building product.

Non-conformance with AS/NZS 4671 also impacts on the ability of the material to ensure the building structure complies with other key Australian Standards (including the Loading and Design Standards). Therefore the overall building safety factors that are included in the suite of related Australian Design Standards may not be met. Even such items as rib geometry on the reinforcement surface effects the mechanical bond assumed in the AS 3600 Concrete Design Standard. Non-compliant chemistry effects the weldability to AS/NZS 1554.3 Welding of steel reinforcing materials. Pin diameters for bending reinforcement effects bar development strength as defined in AS 3600 Section 17.

The communication to these procurement teams is crucial to educate against imported non-conforming materials. Our steel reinforcement manufacturing, processor and accessory supplier membership reaches in the order of 60,000 SME national customers consisting of builders and developers with their specialised procurement teams. A secondary target audience are the professional designer/ specifier/ environmental practitioners including architects, engineers, and students. SRIA, through its charter, has strong linkages into these professions. We reach into Australia's national engineers and architects in the residential, commercial, industrial, retail, infrastructure, regulatory and community service areas. SRIA's involvement through the Building Products Innovation Council (BPIC) connects directly to 400+ environmental practitioners. SRIA's national tertiary guest lecture program also reaches the undergraduates studying Civil Engineering at university being the future designer and specifiers and totaling 3200+ per annum.

The SRIA recommends that the following steel reinforcement quality issues need to be considered in establishing a level playing field to ensure that all materials entering Australia are conforming building products and provide Australian manufacturers a reasonable chance to remain competitive:

- A true independent 3rd party certification (ACRS - JAS ANZ accredited or equivalent) is required for the following reasons:
 - to verify material properties and design specifications to Australian Standards
 - traceability back to the Mill source (heat number) to establish the mechanical and chemical properties
- Procurement practices vary across the building sector. While the higher Tier 1 building contractors and Government Authorities typically have quality assurance procurement specifications, most small to medium builders tend to procure on a 'price basis'. They may not be aware that materials may not be compliant with Australian Standards and have limited knowledge of the impact of non-compliant materials therefore education of quality issues is required.
- Before providing building design certification Engineers should obtain independent 3rd party certificates for the reinforcing material to demonstrate compliance to the building specifications. This is essential in the small to medium builder sector of the market as it is on major projects.
- Quality conformance education (a core objective of the SRIA) should be replicated across all building products to ensure that only materials complying with Australian Standards are used in construction.

Our market intelligence shows that non-conforming reinforcing materials are still penetrating the Australian market. The continuation of this trend further reduces local investment, employment and translates to the loss of Australian capability and value adding in this important building sector. This is mainly due to the avoidance of quality steel products and the large increase in cheap imported steel products mainly from Asia (at this point in time). We have been frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that SRIA members produce. Please have a look at the attached video link for the types of reinforcing materials that are in the global market and without the proper verification processes may unknowingly be used on local building projects: <https://www.facebook.com/CivilEngDis/videos/1008285312545534/?ref=nf>

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for independently certified quality steel products through more supportive local content policy in Government funded procurement and local government requirements in smaller building projects. *Noting that our reinforcement sector acknowledges that feed materials can be sourced from quality Australian and overseas mills. A list of third party accredited mills can be found at www.steelcertification.com*
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendations, but more importantly actions coming from your work.

Yours Sincerely

Scott Munter
Executive Director



Structural Steel Fabricators Association Victoria

Thursday, 25 February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our association (45 members) covers the major structural steel fabricators in the State of Victoria; founded in 1961 we operate in all sectors of the building industry across the south east of Australia,

Over the past 10 years we have employed up to 1500 people and our members were making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 900. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce.

In many instances our members have had to repair or remanufacture steelwork imported from Asia in particular.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.
4. Have government departments purchased from quality Australian suppliers and not purchase products from overseas that are inferior and in many cases cost less than local manufacturers can buy the raw materials for!! Think about this raw materials (steel) costs basically the same the world wide so what are these overseas manufacturers doing?

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Andrew P. Matthews
CHAIRMAN SSFV



39 Link Drive, Yatala, Qld, 4207
PO Box 6105 Yatala DC, QLD 4207
ABN: 36 129 374 385 QBCC: 1136397

T (07) 3297 3888
F (07) 3297 3890

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company Steel Fabrications Australia operate in the Supply, Fabrication, Surface Protection and Installation of Structural Steel to the Mining, Heavy Industrial and Commercial Markets. The Company began operations in 1998 and is a privately owned Australian Company. We have a purpose built 8000 sqm factory in Yatala, Qld which is ideally located close to the Pacific Motorway between Brisbane and the Gold Coast.

In the time period from 2002 until 2007 we had employed up to 100 workers in our factory and successfully completed Projects of 4000 tons and a value of \$20m. Our company made reasonable profits and a large proportion was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 50 mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Sha~~te~~ Farrell
General Manager



24 February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economic References Committee members,

I am writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

My company, Structural Challenge Pty Ltd operates in Victoria since 2000. We specialise in commercial projects and over the last 15 years have completed a number of educational facilities, police stations, community centres, retail developments and apartments. We have recently relocated to new custom built premises and invested in a CNC Drill line and larger overhead cranes so we can undertake larger projects.

Over the past 8 -10 years we have employed on average 40 people and our company was making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to 26 employees. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards, and certainly well below the level of work that we produce. We have been contracted on numerous occasions to repair, replace and finish imported steel which did not meet the specifications and the clients' expectations. This has become much more prevalent over the last 3-4 years.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Yours sincerely
STRUCTURAL CHALLENGE PTY LTD

Maria Mavrikos
Managing Director

W.D.T. (ENGINEERS) PTY. LTD.
ENGINEERS FABRICATORS CONSTRUCTORS



124 INGRAM ROAD ACACIA RIDGE BRISBANE QLD 4110
PO BOX 115 ACACIA RIDGE QLD 4110

TELEPHONE: (07) 3345 4000
INTERNATIONAL: 61-7-3345 4000
FAX: (07) 3345 8697
EMAIL: wdr@wdtengeiners.com.au

A.B.N. 53 009 804 675
A.C.N. 009 804 675

43 COMMERCIAL AVENUE PAGET MACKAY QLD 4740
PO BOX 5629 MACKAY QLD 4740

TELEPHONE: (07) 4952 2742
(07) 4952 2711
FAX: (07) 4952 3768
EMAIL: wdrmackavreception@wdtengeiners.com.au

ASI (QLD) MEMBER No: 5123

24th February 2016

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Economics References Committee Members,

As a long standing ASI member, we write in support of the Australian Steel Institutes' (ASI) submission into the future of Australia's Steel Industry.

W.D.T. (Engineers) Pty Ltd - Engineers Fabricators Constructors - established 1970 - as a medium sized Company employing some 65 - 85 (sitework) employees - Workshops in Brisbane / Mackay - catering to the medium / heavy engineering requirements of Sugar , Mining, Ports and General Industry - all States.

The effects of an unbridled embrace of "globalism" were first felt in our Industry a decade plus ago. In 2000 the ASI issued a flyer stating that "**seven of the largest fabricators across the nation have retrenched 8 out of 10 men**". Those larger companies have since closed their manufacturing facilities.

For some 5 years now our industry has been subject to the second and perhaps final phase of the rout , as every major project now fosters use of the overseas option at some 30% - 50% of the local - generally higher standard - product.

Local industry is not only required to meet much higher wages and conditions - reflected in the overall Aussie lifestyle - but is also subject to a considerably higher quality performance regime.

For significant periods last year W.D.T. carried our full complement of employees even though we had little or no contract works in our workshops. We have understandably suffered a severe performance reversal.



So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidized products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We have traded for 2000 years and will continue to do so where we have an edge, but our total embrace of “globalism” will **“inevitably leave our nation at the mercy of world wide forces beyond its control”**.

We desperately need a combined approach - Government intervention, preferably using RBA credit, for infrastructure development and national interest priorities, with support for proven industries / factories to modernise, in conjunction with ongoing private enterprise development initiatives utilizing existing financial facilities.

Our Industry is a large central / decentralized jobs provider. Strategically, our country needs an effective Steel Industry.

We therefore strongly support the Australian Steel Institutes submission to this committee, seeking common sense consideration toward a viable future for the Australian Steel Industry.

Yours faithfully

Bill Webster
Director

Federal Senate Economics References Committee
Attn: Committee Secretariat
PO Box 6100
Parliament House
Canberra ACT 2600

24th February 2016

Dear Economic References Committee members,

We are writing this letter in full support of the Australian Steel Institute's (ASI) submission into the future of Australia's steel industry.

Our company, WE Smith Pty Ltd is a regionally based company serving local and international export markets, its product is held in high regard for its quality and performance. Since 1922 we have operated in the design, manufacture, installation and maintenance of process and heat exchange equipment for the power generation, oil and gas, petrochemical refining and mineral process industries. We maintain the highest standards in thermal and mechanical design and through continued in-house development of manufacturing and welding technology and embracing the latest advances in materials and code/speciation requirements maintain the highest quality of designed and manufactured equipment.

Over the past 95 years we have employed up to 130 people and our company had been making reasonable profits, a large proportion of which was reinvested in the company to enable growth and efficiencies. However, in recent times our workforce has reduced to under 80 and we are about to make the decision to half our workforce to 40 employees. This is mainly due to the lack of domestic demand for steel products and the large increase in cheap imported steel products mainly from Asia. We have been further frustrated by the fact that a large number of these imports are sub-standard and many are below acceptable Australian Standards and certainly well below the level of work that we produce.

So, we would strongly urge the Government to support local manufacturing and steel industry jobs in three main areas:

1. Assist with increasing the demand for local steel products through more supportive local content policy in Government funded procurement.
2. Do something about foreign government subsidised products coming into this country.
3. Stamp out the sub-standard non-conforming products that are damaging our industry and stealing our jobs.

We therefore strongly support the Australian Steel Institutes submission to this committee.

We look forward to some strong recommendation, but more importantly actions coming from your work.

Sincere regards,

Gregory Mann
VP Business Development
WE Smith Pty Ltd

Attachment 3

Examples of steelwork failures



Photo 1
Bolts failure

*(Source: APCC-ATIC
standards presentation, 18
April 2011)*

Photo 2
**Poor galvanizing due
to steel chemistry**



Photo 3
Silicon Welds



Photo 4

Diagonal chords on this bridge truss when cut were found to be filled with water. This is extremely unusual and is thought possibly to have been deliberate to build up the weight of the structure to have a mass within overall specification.



Photos 5-6

Poor paint finish against a specification of 75um inorganic zinc silicate, 6. 125um epoxy and 75um urethane. Top coat left off.





Photos 7–8
Steel cracking on imported fabricated product

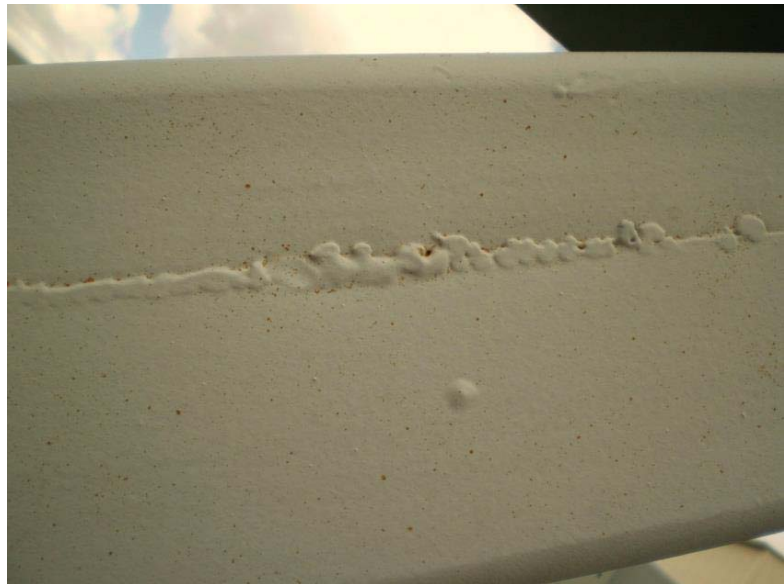


Photo 9
**Very poor seam welding or
rectification of an
unwelded section**

Falsification of test reports

Steelwork tested and analysed by ALS NATA certified laboratory

Tensile testing showed the steel was 338 MPa yield strength versus a 450 MPa grade to AS/NZS 1163 Grade C450L0 called up in the engineer's documentation.

Extract:

COMPLIANCE STATEMENT: The tensile test results reported herein fails to comply with the requirements specified in Table 6 of the AS/NZS 1163: 2009 for Grade C450L0. CVN impact test results reported herein comply with the requirements specified in Table 7 of the AS/NZS 1163: 2009 for Grade C450L0.

Non- Compliant welding statement



Attachment 4

Summary of US and Canadian legislation from BIS Shrapnel Report: *The Benefits of a Government Procurement Policy for Local Steel*¹

6.2 United States

The major Acts that have provisions relating to steel procurement are the Buy American Act and the Recovery Act Buy American Provision. The Recovery Act followed the GFC, and applies to construction, alteration, maintenance or repair contracts funded with Recovery Act money.

The Buy American Act has been in place since 1933, and has only been substantially amended four times since then. The Act applies to purchases directly made by the Federal government of more than \$3000 as long as it is consistent with public interest, reasonable in cost and the item is for use in the United States.

The Act has been interpreted to mean that at least 50 per cent of the purchase be attributable to American made components. There are other statutes which impose higher domestic content requirements on procurements not covered by Buy American, or apply to indirect purchases (that is, not by Federal government entities, but using federal funds).

In determining what constitutes American goods, the place of mining, manufacturing or production is controlling. The nationality of the contractor is not considered when determining the origin of a product. To illustrate, for manufactured articles, regulations have interpreted the act as meaning that the cost of foreign components does not exceed 50% of the cost of all components.

In terms of steel, for it to be deemed as 'produced in the US', all manufacturing processes must be performed in the United States. Exceptions apply for the metallurgical processes for steel additives.

The federal government also have exceptions due to the World Trade Organisation Government Procurement Agreement (GPA). For projects/purchases that fall under the GPA, substantial transformation must occur in a signatory to the GPA. Department of Defence purchases have more stringent requirements, with the Berry Amendment requiring certain purchases to be 100% American in origin.

6.3 Canada

Canada have the Agreement on Internal Trade (AIT), which is an agreement on trade between different provinces. The AIT explicitly allows preferences for Canadian content through the use of weighting criteria that favour 'Canadian value-added', or through limiting the tender entirely to Canadian suppliers or goods.

There are exceptions in Ontario and Quebec, the two largest provinces. These exceptions are generally in line with exceptions used in most US states. Ontario has a Procurement Directive that give a price preference of 10% for Canadian steel products identified in vendor proposals.

¹ Page 18

Attachment 5

March 2015 priorities of the EU Research Fund for Coal and Steel²

2.1 Improved energy efficiency in high temperature processes by recovery of waste heat without drawback on environmental impact compared to present best available technologies.

2.2 Integration of process monitoring (online/offline) AND control AND technical management of steel production using mathematical methods for a multi-criteria optimisation of steel production with respect to at least two of the following aspects: productivity, resource efficiency and product quality.

2.3 New OR improved resource efficient processes to transform low quality primary raw materials OR secondary raw materials (e.g. slag, dust, scale, sludge, low quality scrap) into valuable products.

2.4 Solutions directly aiming at minimizing the ecological footprint of the Steel Works with respect to one of the following issues: air, water, soil, biodiversity OR CO2 emissions.

2.5 Measurement AND on-line control of mechanical properties, through either new measurement techniques OR improved physical models.

2.6 Development of new steel grades with improved technological property combinations (e.g. strength, formability, toughness, etc.) enabling more efficient steel applications (e.g. weight reduction, energy absorption, thermal shock resistance, wear...).

2.7 Development of steel solutions for transport OR sustainable construction (focusing on energy efficiency AND carbon neutralisation) OR energy applications (including renewables) with improved life cycle assessment (LCA) results

2.8 Safety of steel infrastructures (e.g. tubes, pipes, pipelines, vessels, fittings, structural elements) for cost-efficient fluid storage AND transportation in the energy sector

2.9 Improvement of working conditions in steel production through innovative solutions by use of both modelling AND monitoring activities linked to health OR safety aspects risk management

[ENDS]

² http://ec.europa.eu/research/industrial_technologies/pdf/rfcs/priorities-steel-2015_en.pdf