

Speaking Notes

Productivity Commission, Fabricated Structural Steel Safeguards, public hearing

Wednesday 13 May 2026. Commissioners Catherine de Fontenay and Barry Sterland.

Graham Fry, on behalf of Technoweld Pty Ltd.

Technoweld is a welding consultancy supporting fabricators in compliance, optimisation and training. We are not a steel fabricator.

Note on this version: these are the speaking notes used at the hearing. Two factual references have been corrected for accuracy since the hearing, both marked in the text: the description of BlueScope's share register, and the description of the BlueScope competition penalty. Nothing else of substance has been altered.

Context

- I am passionate about this industry. I have volunteered thousands of hours to it, and I hold the view that we must defend sovereign capability and capacity in steel.
- To do that we have to pull back the curtain and identify the root causes.
- Steel production and steel fabrication need to be separated as issues. I am not sure we can save both. Anti-dumping measures are what has fuelled imported fabricated steel.
- The strong-arming to use 'Australian steel' is one of the biggest cost drivers steel fabricators face.
- Tariffs and safeguards are a myopic view, and I would suggest a selfish one. The potential retaliation has far greater consequences for the wider economy. Think beef, seafood, wine.
- Our biggest exports are iron ore, coal (metallurgical and thermal) and LNG. Raw steel ingredients.
- A significant part of the welding industry relies on that mining industry for work.

Root causes of the lack of competitiveness

- High input costs: closed loop certification schemes run by industry bodies, raw material steel, consumables, energy costs for power and gas, insurance, wage pressure, workers compensation.
- Low productivity: we need more output per hour. The factors are misguided government decisions and funding, low workforce competence, a failing VET sector, declining welding management competence, no focus on process optimisation or design for manufacture, and limited incentive for trades to do extra work.

1. High input costs

Power and energy costs

- A significant knock-on cost for every part of steel production and fabricated steel. An obvious factor, but outside my wheelhouse to discuss in this forum.

Closed loop certification and standards: industry bodies and steel producers

See the attached ecosystem map at Appendix A.

- Two main not-for-profit industry bodies, the Australian Steel Institute (ASI) and Weld Australia (WA), sit in the same office in North Sydney and actively pursue exclusive arrangements through regulation and

standards influence. These bodies have sought commercial positioning by writing themselves, and their products and services, into mandatory requirements: the National Construction Code and Standards Australia. The Australian Certification of Reinforcing Steel (ACRS) scheme is also part of the puzzle.

- Linking of key stakeholders. The founding members of ASI are the steel producers: BlueScope, Liberty, OneSteel Manufacturing and Stramit.
- Those steel producers do currently, and have historically, held positions on both the WA and ASI governing boards.
- ASI set up a subsidiary, Steelwork Compliance Australia (SCA), and the National Structural Steelwork Compliance Scheme (NSSCS), which is a proprietary scheme. Only SCA can certify to NSSCS. The mandatory requirements for AS 4100, and therefore AS/NZS 5131, were written into the National Construction Code through ASI influence. ASI trains engineers and strongly encourages the specification of NSSCS. SCA conducts the audits and administers the scheme.
- Weld Australia. The interrelationship of services is too complex to set out in text. See Appendix A.
 - In summary, WA is the International Institute of Welding (IIW) delegate and sole agent. WA administers and controls IIW products and services in Australia for both company and personnel certification. Other IIW member countries cannot offer the same services here, which limits competition in an exclusive market. IIW was once described to me as 'the only organisation you join that restricts your market'.
 - WA is the IIW Authorised National Body (ANB), whose role is to set up Authorised Training Bodies. WA is the only ATB in Australia.
 - That ATB trains, certifies and qualifies welding management personnel. WA holds the largest team of International Welding Engineers in Australia, trained by IIW, who then deliver commercial engineering services.
 - WA is also the IIW Authorised National Body for Company Certification, administering the IIW Manufacturer Certification Scheme in Australia. WA is the only body conducting IIW-MCS audits here.
 - The IIW Manufacturer Certification Scheme specifically references and relies on IIW personnel qualifications, which only WA offers through its ANB and ATB roles.
 - On the back of that training and those qualifications, WA has advocated for their insertion into Australian Standards, which are effectively mandatory, with its Principal Welding Engineer and Technical Publications Manager chairing several of the main Australian Standards committees.
 - WA holds an exclusive commercial arrangement for the Xiris weld camera. It also sought, and was declined, exclusivity for the Seabery Soldamatic augmented reality welding simulator.
- Restrictive practices. The steering and commercial positioning by these not-for-profit industry bodies and their supporters is restrictive and counterproductive for the steel fabrication industry. In effect, killing the goose that lays the steel egg.

'Australian steel'

- The concept of 'Australian steel' is a fallacy, and an expensive one.
- Through marketing, positioning and insinuation, Australian steel fabricators are pushed towards 'Australian steel'. World steel standards such as EN, ASME and GB hold up the world's structures. Our Australian Standards place excessive and unnecessary barriers in the way of using those steels.
- 'Australian steel' is largely a marketing facade, and BlueScope is the clearest example. It is an ASX listed multinational with no Australian controlling shareholder. The two largest lines on its register are custodian nominees, HSBC Custody Nominees (Australia), the Australian custody arm of the London headquartered HSBC group, and JP Morgan Nominees Australia, the custody arm of the New York headquartered JP

Morgan. Those nominees hold on behalf of other investors rather than owning the shares themselves. Behind them the register is roughly half institutional, the largest single holder sits around nine per cent, and the major index managers on it, State Street, BlackRock and Vanguard, are all United States domiciled. More telling than the register is where the money is actually made. In FY2025 North Star, a mill in Ohio, produced \$514 million of BlueScope's \$738 million underlying EBIT. Around seventy per cent of the group's earnings came out of the United States. [Corrected since the hearing. At the hearing I described the HSBC and JP Morgan holdings as ownership stakes, and described HSBC as a London investment bank. They are custodian nominee holdings, not beneficial ownership, and they appear at the top of most ASX 100 registers. The substance of the point, that this is not an Australian owned company, is unchanged.]

- Liberty Steel is part of the GFG Alliance, controlled by Sanjeev Gupta, UK.
- In August 2023 the Federal Court imposed a \$57.5 million penalty on BlueScope Steel, and a \$575,000 penalty on its former general manager, for attempting to induce eight Australian steel distributors and an overseas manufacturer into arrangements to fix and raise the price of flat steel products between September 2013 and June 2014. The Full Federal Court dismissed the appeals in 2025. It is the highest penalty ever imposed for cartel conduct in Australia. [Corrected since the hearing. At the hearing I referred to a \$58 million fine and to a finding of guilt. The correct figure is \$57.5 million, the conduct was attempted price fixing, and the proceeding was civil, brought by the ACCC, with the penalty imposed by the Federal Court.]
- Sanjeev Gupta has been embroiled in controversy, including the South Australian government stepping in over Whyalla, where OneSteel Manufacturing is reported to owe the state millions in royalties.
- OneSteel Manufacturing and GFG Liberty entered administration. Status as at the date of this hearing, May 2026.
- Combined effect of steel producer influence: steel input costs sit well above international benchmarks. See Appendix B for the sourced range.
- Imported steel anti-dumping cases brought by the steel producers and ASI are set out in Appendix B. The average dumping duty imposed between 2009 and 2015 was 17 per cent, against a maximum scheduled tariff rate of 5 per cent.

Standards and specifications

- The not-for-profit industry bodies heavily influence AS/NZS standards, often holding chair positions on committees, and then offer commercial services (audits, training, certification) against the requirements they have advocated for.
- The fabrication industry and asset owners operate under the pretence that these industry bodies are a regulated authority.

Compliance and audit schemes

- The industry bodies lobby asset owners and government departments, such as Transport for NSW and the South Australian Department for Infrastructure and Transport, to specify their schemes into specifications and therefore into contract documents.
- This has perpetuated a closed loop system for steel fabrication and welding, increasing the cost of doing business.

Government procurement and Defence

- The recent focus on Defence workforce development, and the use of cost-plus contracts with the primes, has dramatically depleted local fabricating companies' access to people, particularly in South Australia and Western Australia.
- It has become increasingly difficult to attract and retain the people needed to run a fabrication business, and that trend is going to continue or, as most suspect, increase.
- The depletion of the available workforce and the poaching of skilled workers from wider industry into Defence has unfairly shifted the cost of workforce development onto the structural steel industry.
- In South Australia, the Defence primes have been given priority access to graduates of the new Technical Colleges.

2. Low productivity

Misguided government funding decisions

- Government, acting on advice, has spent a significant amount of taxpayers' funds, much of which in my opinion is misguided.
- Government has spent in the order of \$30 million on augmented reality welding simulators over the last ten years through various funding programmes. The basis of the funding is that these systems are a proven way to reduce training costs. Anyone who has spent time under the hood knows that is not the answer. The systems lack the fundamental elements required to develop genuine welding competence. The pub test is simple: if they were any good, every fabricator would have one. They do not. These machines have the shelf life of a computer, three to five years. The return on investment case does not stack up.
- Targeted government spending should focus on optimisation. Rather than buying virtual welders, funding should go to:
 - actual advanced equipment for the VET sector
 - optimisation programmes for industry
 - capital equipment grants for optimisation
 - customised skill uplift training for wider industry, outside Defence
- Government focuses its funding programmes on Defence and forgets the very industry that underpins it.

The VET sector is a failed experiment

- The current output of the VET sector, in the main, is not aligned to industry needs. There is no confidence that the sector is producing competent people. The Manufacturing and Engineering (MEM) training packages are cumbersome, expensive and ineffective.
- The industry urgently needs a solution to competence development of the workforce.
- Having a qualification and being competent are vastly different things. True competence breeds efficiency and low rework. Both lift productivity.

Decline of welding management competence

- The front line of optimisation and welding process improvement is welding management and welding supervision. The introduction of the IIW schemes, and the training that underpins them, has diluted the existing and very effective welding supervision qualifications, AS 1796 and AS 2214, which were highly sought after and respected globally.
- Welding supervisors who have progressed from the shop floor are best placed, and most likely, to be genuinely competent in welding supervision. It is that competence which minimises rework, improves

welding processes and lifts efficiency. The current system has failed to focus on this, and there is limited support for welders to bridge the gap into supervision.

- An engineer typically does not have the foundational knowledge or the know-how to manage welding. Operating from theory, rather than practice, know-how or learned experience, is a limiting factor.
- This has a direct negative effect on productivity.

No systematic optimisation focus

- Optimisation, or driving down the cost of fabrication and welding, does not automatically mean capital expense, automation or cobots. Often sound technical judgement coupled with deep know-how is all that is needed. Think reduction of weld metal volume, better wire selection, smarter machine set-up.
- Many fabrication business owners do not have the know-how to optimise their operations, because they may not have come from the shop floor. Their teams often have limited exposure to best practice and lack the know-how to optimise.
- If government wants to help industry drive down cost and lift competitiveness, the strategic funding should go to benchmarking best practice, optimisation of processes, and implementation of process improvement.

Design for manufacture is largely absent

- Design for manufacture is essentially filling the gap between what is cheap and easy to manufacture and what the design intent requires. It is sadly lacking. The current and next generation of engineers do not have the know-how, the competence, or the willingness, or all three, to design components so they are efficient to manufacture. It is difficult to explain to a non-welding person how important this is. For context, one hour in the design office can save ten to fifty hours in consumables, time and therefore money.
- There needs to be a greater focus on what matters to designers, and incentives for reducing cost through smart design.
- It is all too easy for a designer to say 'that will do, make them all 6mm fillets'. The cost implication is significant. Time spent changing a line on a drawing typically pays massive dividends in manufacture. We need to bridge that divide and make sure fabricators get a seat at the design table.

No incentive for trades to work more hours

- We need the people making the decisions that affect productivity to start looking through the lens of a tradesperson. That is easy for me, because it is a path I have worn. As an industry we need to lift productivity while minimising fixed costs. If a fabricator has more work they can employ more people, but that increases fixed costs and lacks the flexibility that workforce demand requires.
- Many tradespeople do not want to do overtime any more because of the perceived tax burden. I regularly hear 'there is no point doing overtime, most of it gets taken in tax'. A logical solution government can implement, with minimal effect on tax revenue, is to abolish tax on overtime. There would be an immediate uptick in output without adding fixed costs to fabrication companies.
- There needs to be greater respect for what a tradesperson does, and an appreciation of lived experience, if we are going to instigate positive change. Ideas from a boardroom do not translate into improvement without shop floor buy-in. Buy-in comes from respect, perspective and empathy for the workforce this industry so desperately needs.

Exclusive arrangements on imported equipment and consumables

- Elements of the supply chain into the fabrication industry are killing the goose that lays the steel egg. Certification schemes and steel producers aside, the supply chain generally is dominated by groups holding exclusive arrangements to supply welding equipment, consumables and spares. That increases cost to fabricators and restricts practical access to technology, because it becomes unviable.

The way forward

- Tariffs and safeguards are counterproductive and myopic.
- Pull back the curtain and understand the root causes.
- Investigate the exclusive arrangements that exist.
- Separate steel producer issues from steel fabricator issues.
- Address input costs: steel, power, compliance.
- Drive productivity through competence development, design for manufacture and optimisation, and give trades an incentive to work overtime again.
- Engage with people in industry who are impartial and have international experience and know-how.
- Build a more sustainable, competitive industry through strategic change and targeted government funding aimed at global best practice.

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