



AUSTRALIAN
CONSTRUCTORS
ASSOCIATION

**SENATE STANDING COMMITTEE ON ECONOMICS
INQUIRY INTO THE FUTURE SUSTAINABILITY OF
AUSTRALIA'S STEEL INDUSTRY**

SUBMISSION BY AUSTRALIAN CONSTRUCTORS ASSOCIATION

FEBRUARY 2016



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SENATE STANDING COMMITTEE ON ECONOMICS INQUIRY INTO THE FUTURE SUSTAINABILITY OF AUSTRALIA'S STEEL INDUSTRY

SUBMISSION BY THE AUSTRALIAN CONSTRUCTORS ASSOCIATION (ACA)

The Australian Constructors Association (ACA) represents leading construction and infrastructure contracting companies operating in Australia and is dedicated to promoting a sustainable construction industry for Australia.

The ACA member companies have a combined annual turnover exceeding \$50bn and employ over 100,000 workers with many more being employed through subcontractors providing services to ACA members.

A list of ACA members is attached (**Annexure 1**).

ACA member companies operate in a number of market sectors including:

- **Engineering construction incorporating public and private sector infrastructure**
- **Commercial and residential building**
- **Contract mining**
- **Oil and gas operations**
- **Process engineering**
- **Telecommunications services**
- **Environmental services**
- **Maintenance and related services**

The ACA members are responsible for the construction of most major resources, infrastructure and commercial projects in Australia and, as such, they are heavy users of steel and steel related products.

APPROACH TO TERMS OF REFERENCE

The Building and Construction Industry

The building and construction industry is the third largest industry in Australia. It represents approx. 9% of GDP and employs around 1 million workers.

Perhaps more importantly, the industry impacts on virtually every Australian as they go about their day to day activities, whether that be through the use of road, rail or other transport systems, or in terms of their general living or working environment.

Steel and Safety

The safety record of the building and construction industry, while improving, continues to be an issue of concern to the peak construction businesses, and is an issue that the ACA has been working on to assist the industry to improve its safety culture, safety by design and approach to safety in general. Safety is not just related to the activities of individuals on construction sites but could be significantly impacted by the reliability or otherwise of construction products.

Steel (whether structural, reinforcing or through product fabrication processes) is a key product utilised by the industry. It is incorporated in most, if not all, construction projects and plays an important role in ensuring the structural integrity of buildings and other projects.

The ability of industry to construct reliably is dependent upon steel products being compliant with relevant standards and manufactured to required specifications. Steel may also affect the industry through the use of plant and equipment on worksites.

Steel products that are defective, or do not otherwise meet the relevant manufacturing standard, may potentially place many lives at risk. Accordingly, the ability of the industry to source steel from reliable sources is a critical factor to a successful construction project.

Steel and Reliability

The construction industry sources its steel from both local and overseas manufacturers, taking into account a manufacturer's safety record, product design and innovation, product reliability, product deliverability and price.

Steel products must be fit for their intended purpose and continue to perform in a structural and reliability context for the life of any project, and then in an ongoing capacity.

Australia's steel manufacturers have an excellent compliance record, and the ACA notes that they have supported the Australasian Certification Authority for Reinforcing and Structural Steels (ACRS). The ACRS operates a voluntary third party accreditation regime under which steel mills submit their products and steel making operations to independent testing by experts attached to ACRS. The ACA notes that the ACRS scheme is not limited to Australasian manufacturers, but also

includes international steel manufacturers who have nominated for accreditation assessment.

The ACA is aware that, while ACRS has been invited to accredit a significant number of steel manufacturers, there have been a number of manufacturers that have failed to meet the ACRS accreditation requirements. The ACA also understands that there have been incidences of forged accreditation or other compliance documentation which enhances the need to ensure appropriate compliance procedures are in place.

How to Address the Issue of Non-Conforming Products

The potential risks for the building and construction industry from the manufacture and sale of non-conforming products (including steel) are an issue of current examination by the Senate Economics References Committee.

The ACA has endorsed a submission made to the Committee by the Construction Product Alliance and submits that the Committee's analysis of the non-conforming product issue is also relevant to its examination of the steel industry in a wider context.

THE NEED FOR A SUSTAINABLE STEEL INDUSTRY FOR AUSTRALIA

The ACA submits that a viable steel industry for Australia is essential to the long term sustainability of the building and construction industry for the following reasons:

- Products sourced from Australian steel manufacturers have a high compliance record that is essential for safe construction and the long term operation of construction projects.
- Having the ability to source steel products from both local and international steel manufacturers enhances competition and diversity in the marketplace. The absence of an Australian steel industry could have far reaching impacts on cost and reliability for the building and construction industry.
- Compliance with relevant standards is a central component for ensuring a level playing field between steel manufacturers, whether they are local or international. Unfortunately, Australia's current compliance systems are not as efficient or effective as they could be. The sooner that the regulatory deficiencies are resolved the better it will be for Australia's steel manufacturers.
- Sourcing steel products from Australian steel manufacturers achieves potentially significant financial and project delivery benefits for industry that are not necessarily able to be achieved through imported steel products, especially with the lead times required for manufacture and delivery of products. Delays in construction as a result of non-compliant products or slow

delivery times have corresponding financial impacts on construction businesses.

CONCLUSION

The ACA considers that a viable steel industry in Australia is essential to the long term sustainability of the country's building and construction industry.

February 2016

Annexure 1: Members of the Australian Constructors Association

- ▶ Acciona Infrastructure Australia Pty Ltd
- ▶ BGC Contracting Pty Ltd
- ▶ Brookfield Multiplex Australasia
- ▶ Clough Limited
- ▶ CPB Contractors Pty Limited
- ▶ Downer EDI Limited
- ▶ Fulton Hogan Group Ltd
- ▶ Georgiou Group Pty Ltd
- ▶ Grocon Pty Limited
- ▶ Hansen Yuncken
- ▶ John Holland Group Pty Ltd
- ▶ Laing O'Rourke Australia Construction Pty Ltd
- ▶ Lend Lease Building Pty Ltd
- ▶ Lend Lease Engineering Pty Ltd
- ▶ McConnell Dowell Corporation Limited
- ▶ UGL Limited
- ▶ Watpac Limited