



AUSTRALIAN STEEL INSTITUTE

Infrastructure SA  
Level 15, Wakefield House  
30 Wakefield Street  
Adelaide SA 5000  
30 July 2019

To whom it may concern

Re: South Australia 20-Year State Infrastructure Strategy Discussion Paper Submission

We thank Infrastructure South Australia for the opportunity to provide our submission to the 20-Year State Infrastructure Strategy Discussion Paper, June 2019.

The Australian Steel Institute (ASI) is the nation's peak body representing the entire steel supply chain from the manufacturing mills to end users in building and construction, heavy engineering and manufacturing. Our Vision is to influence profitable and sustainable growth for the complete Australian steel value chain, and we work closely with the very broad cross section of steel product manufacturers and service suppliers to help enhance industry competitiveness in construction and other strategic markets.

We wish to offer our contribution to the State Infrastructure Strategy Discussion Paper from the perspective of the Steel and Construction sectors, the economic demands and requirements of these sectors, rather than comment on the specific infrastructure needs of South Australia. We will allow other experts in their fields to provide value judgements on certain infrastructure assets required to be built to meet future demand needs of all South Australians.

Australia is embarking upon an infrastructure investment boom, which appears to be a once in a generation major infrastructure renewal period in which billions of dollars of tax payers funds will be put towards new roads, rail networks, ports, energy supply facilities and networks, water and waste utilities, education and sporting facilities. The spending scale of this 'renaissance' in infrastructure build is unprecedented in Australia, has a high potential to generate many thousands of local jobs, and if managed well, provide a substantial economic stimulus to our States.

With billions of dollars in infrastructure investment being planned in South Australia over the coming years, the ASI is totally committed towards supporting well designed Industry Participation Plans for infrastructure investment which ensure the local content of all materials and allied services is fully exploited, and whenever possible mandated, so that the local economy and local communities generate the best possible economic and community returns.

In recent years the South Australian Government and Office of the Industry Advocate (OIA) should be congratulated on working closely with local industry to develop a strong and united Steel Industry Plan which has been incorporated into the South Australian Industry Participation Policy (SAIPP), and which provides for:

- Government expenditure that results in the best economic development for South Australia;
- Value for money in public expenditure;
- The economic development of the local steel industry and other strategically important industries for South Australia;
- Capable businesses based in SA being given full, fair and reasonable opportunity to tender for and participate in government contracts. <sup>1</sup>

The ASI is fully committed to supporting the South Australian Steel Industry Plan and SAIPP which stipulates:

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<sup>1</sup> SAIPP

- All steel content must meet Australian Standards under ACRS (Australian Certification Authority for Reinforcing Structural steel);
- All steelwork fabricators must be certified to the relevant Construction Category in accord with the National Structural Steelwork Compliance Scheme (SCA Compliance program);
- The mandated use of certified Australian Standard steel in all taxpayer funded projects. <sup>2</sup>

Our firm view is that this policy is critical in helping to ensure the highest possible quality standards of steelwork supply are provided towards much needed major infrastructure projects, coupled with growing capability and capacity demand and new jobs for the local steel industry. The ASI strongly contends that when combined, these policies will underpin the healthy growth of the local steel supply chain and in turn provide stronger growth in much needed South Australian jobs and stronger growth in the South Australian economy.

More recently, other Australian regions have experienced wide ranging dilemmas and woes in the building sector in relation to issues with building regulations and significant knock-on effects due to sub-standard building compliance issues and various State Governments are currently reviewing recommendations from the recent Shergold Weir *Building Confidence* report. The ASI is most confident the South Australian Government has minimised such significant issues in the Construction sector by mandating third-party certification, which incorporates:

- AS/NZS 5131 Structural Steelwork – Fabrication and Erection, which provides a solid foundation for defining what structural steelwork compliance looks like;
- The National Structural Steelwork Specification, which is the implementation tool for engineers to embed AS/NZS 5131 in design and construction practice, and;
- The National Structural Steelwork Compliance Scheme (NSSCS).

Since the inception of SAIPP, the ASI has been working closely with the South Australian OIA to ensure this policy achieves its objectives and we believe the SAIPP has worked extremely well to date. The *Industry Advocate Act 2017* provides the OIA with the ability to recommend reforms to State Government procurement practices and ensure commitments made by contractors through Industry Participation Plans are acted upon. The Office of Industry Advocate (OIA) monitors compliance of the SA Steel Procurement Policy on steel purchases for State Government projects.

The Act sets out the objectives of the South Australian Industry Participation Policy and supports the South Australian Government's commitment to the establishment and maintenance of optimal economic returns to State infrastructure spending. We believe this successful policy must continue to be applied in relation to the State's infrastructure strategy.

The ASI supports the contention as outlined in the draft 20-Year Infrastructure Strategy that the plan must work well with other key SA Government policies, strategies and plans for Greater Adelaide and address the current state of major infrastructure whilst maintaining a strong fit with regions of South Australia and broader Australia. South Australia has a long proud history in producing high numbers of much needed steel jobs in regional areas such as Whyalla, Olympic Dam and Barossa Valley, and the ASI firmly endorses the draft South Australian Government Infrastructure Strategy where it has the intent to capitalise on the positive growth of both regional and metropolitan economies.

The Steel Industry is a very substantial employer across the State of South Australia. <sup>3</sup> In recent years the Government of SA has provided tremendous support to steel manufacturing plants in Whyalla, which has helped the new owners Liberty GFG Alliance to ensure the continued viability of this vital and significant employer. With a continued State Government focus in all regions of South Australia, and through significant investment in high quality and innovative steel intensive infrastructure project outcomes, new high

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<sup>2</sup> SAIPP – (note ref....)

<sup>3</sup> According to .id industry sector employment in SA for 2016: 188,667 people work in the Manufacturing, Construction, Transport & Warehousing, and Professional & Technical Services sectors, of which the Steel Industry is a very significant employer.

technology steel jobs will flourish and greater economic returns across South Australian communities will be possible.

As outlined in the draft strategy document, we fully agree the strategy must support the vibrant growth of both high competing industries and new emerging sectors with high demand skills such as Advanced Manufacturing, Agriculture, Wine and Premium Food, Mining, Defence and Space, Naval Ship Building, High Tech sectors, Health and Tourism. We agree the infrastructure strategy must support the highly efficient and effective flow of products and services to enhance global competitiveness and service delivery. However in order to achieve the strong and sustainable growth of South Australia's highly important Steel and Construction sectors, which is needed to ensure the local industry meets its anticipated increasing demand in local infrastructure materials supply, we urge Infrastructure SA to ensure there is a greater and more significant focus on Steel and Construction industry development within the strategy.

The draft strategy confirms the South Australian Government has a 3 percent economic growth target, whilst the State's population growth is lagging other States and there exists a net migration of skilled workers interstate and overseas.<sup>4</sup> We firmly believe this issue highlights the paramount need to capitalise on Government infrastructure spending which will attract significant local investment in the Steel and Construction supply chain, which will in turn deliver high technology investment solutions and talent attraction in areas such as modern manufacturing in steel companies, engineering and design, and steel fabrication and erection. The ASI supports the notion as outlined in the State Infrastructure Strategy document that advanced technology and digital connectivity, which is on our doorstep with the arrival of *Industry 4*, provides a significant opportunity for all South Australian businesses to grow their customer base both locally and internationally, which will in turn assist with the State's defined objective of attracting and retaining talent and critical employee skills.

The Australian Steel Institute welcomes Infrastructure SA's initiative to garner industry and community input into the development of its 20-Year State Infrastructure Strategy, and the ASI will support this most critical strategy for South Australia where we can add value. We believe there is exists an important opportunity for the draft strategy review to incorporate a much greater emphasis on connecting outcomes with the vibrant growth of the Steel and Construction sectors. Together with this inclusion, we strongly believe through capitalisation of the existing South Australian Industry Participation Policy (SAIPP), the SA Steel Industry Plan, and by incorporating the excellent work being undertaken by the Office of Industry Advocate, the State will have a terrific opportunity to fully capitalise on the economic, social, technological and environmental sustainability returns which are obtainable through a smart and well planned 20 year infrastructure strategy.

Yours sincerely

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Michael Dawson

State Manager SA  
Australian Steel Institute

Phil Casey

Interim Chief Executive  
Australian Steel Institute

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<sup>4</sup> Infrastructure SA.....