

DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

MB24-000976

To: Minister for Industry and Science

MEETING WITH ROWAN RAMSEY MP

Timing: 4:45 pm – 5:00 pm, Wednesday 6 November 2024

Meeting with: Mr Rowan Ramsey MP, Federal Member for Grey, South Australia

What we want:

- Acknowledge the evolving situation at the Whyalla Steelworks.
- Emphasise that the Australian Government is committed to Australian iron and steel and the future prosperity of the Upper Spencer Gulf.
- Avoid disclosing non-public information about the Steelworks and government strategy.

What they want: Further information on what is happening at the Steelworks, and how Commonwealth and State Governments will respond in the event of administration or closure.

Prior meetings: Nil. As the local member, Mr Ramsey has been engaged around the steelworks and transformation plans since at least 2017.

Issues and Sensitivities:

1. The possibility of closure at the Steelworks could be used to question the credibility of Future Made in Australia and renewable energy commitments – while an actual closure would have far reaching economic and social impacts on the Whyalla community.
2. GFG has long-made strong representations, but has not been forthcoming in making investments in the future of the operation.

Consultation:

3. DISR: Minerals and Resources; Supply Chains and Sovereign Capability; Strategic Policy; Analysis & Insights. Department of the Prime Minister and Cabinet.

Attachments:

A: Discussion points

B: Biography

Clearing Officer:	James Flick	General Manager, Industry Policy Branch, Industry and Manufacturing Division	s22
Contact Officer:	s22	A/g Manager, Industry Policy	s22
For Parliamentary Services' use only.			30/10/2024
Date Submitted to the Minister's office in PDMS:			

Discussion points

- The Albanese Government is closely monitoring the financial and operational challenges facing the current owner of the Whyalla Steelworks, GFG Alliance, here and around the world.
- We're looking at the transition and future sustainability of Australian steel holistically – through our Future Made in Australia agenda, NZEA work and to unlock enablers like hydrogen.
- There are challenges in dealing with the current operator.
 - We're mindful of Mr Gupta's global debts and what's happening with his operations in Europe.
 - Despite \$113.2 million of State (\$50) and Commonwealth (\$63.2) funding being available to support the steelworks, milestones aren't progressing.
- I'm working closely with Tom Koutsantonis to consider available and appropriate steps should the situation worsen.
- In the meantime, my department is also connected with federal employment and social services to provide support to the community as needed.

ATTACHMENT B

Biography

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DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

MB24-000946

To: Minister for Industry and Science

MEETING WITH SENATOR JACQUI LAMBIE

Timing: 11.00am – 11.30am, Wednesday 20 November 2024, M1.49, Australian Parliament House

Meeting with: Senator Jacqui Lambie, Senator for Tasmania

Proposed note taker: N/A

What we want: s22

What they want: s22

Prior meetings: None advised.

Issues and Sensitivities:

1. s22

2. Senator Lambie visited the Upper Spencer Gulf Region, including Whyalla, in late October 2024 and may wish to discuss government intervention to prevent closure of the Whyalla Steelworks. The possibility of closure could be used to question the credibility of Future Made in Australia and renewable energy commitments. Actual closure would have significant local economic and social impacts.

3. s22

4. s22

5. Background is at Attachment B and a biography at Attachment C.

Clearing Officer:	Dwayne Purdy	A/g General Manager, Budget and Portfolio Policy Branch	s22
Contact Officer:	s22	A/g Manager, Portfolio Priorities Team	s22
For Parliamentary Services' use only. Date Submitted to the Minister's office in PDMS:			11/11/2024

Consultation: YES

6. Sovereign Capability and Supply Chains Division; Industry and Manufacturing Division; AusIndustry; Technology and Digital Division; Science Division; Strategic Examination of R&D.

Attachments:

- A:** Discussion points
- B:** Background
- C:** About the Organisation and Biography

Discussion Points

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If asked: Whyalla Steelworks

- We are closely monitoring the financial and operational challenges facing the current owner of the Whyalla Steelworks, GFG Alliance.

- We are looking at the transition and future sustainability of Australian steel holistically, including through our FMA agenda.
- There are challenges in dealing with the current operator.
- Despite \$113.2 million of State and Commonwealth funding being available to support the steelworks, milestones are not progressing.
- I am working closely with the South Australian Government to consider available and appropriate steps, should the situation worsen.
- My department is also connected with federal employment and social services to provide support to the community as needed.

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BACKGROUND

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Whyalla Steelworks

- The owner of the Whyalla Steelworks, Mr Sanjeev Gupta, is facing significant global debts and operational challenges here and in Europe.
- Whyalla Steelworks is currently the only domestic supplier of steel rail track products. The facility also supplies steel products to the rolling stock manufacturing industry. The department understands imported alternative products are available to mitigate potential domestic supply chain interruptions, but extended lead times are likely.
- \$113.2 million has been made available to support the steelworks, comprising \$50 million in state government funding and \$63.2 million in Australian Government funding.
- The current operator of the Whyalla Steelworks has long made strong representations, but has not been forthcoming in making investments in the future of the operation.

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ABOUT THE ORGANISATION

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BIOGRAPHY

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WHYALLA

Issue

What is the Government doing in response to the challenges faced by the Whyalla Steelworks?

Key Talking Points

- The Australian Government is closely monitoring the financial and operational challenges facing the current owner of the Whyalla Steelworks, GFG Alliance, here and around the world.
- The Government is committed to Australian iron and steel. Manufacturing green steel using Australia's abundant ore and renewable energy is a pillar of our Future Made in Australia. (refer *QB24-000088 Green Metals*)
- The Commonwealth and State Governments have previously made significant funding available to modernise the Whyalla Steelworks and put it on a sustainable footing.
- However, we have seen continued challenges with the blast furnace, job losses, and reports of local suppliers and contractors not being paid under the current owner.
- I encourage GFG to be open about what's going on at the Steelworks and to take urgent action to resolve outstanding debts, restart production and progress the promised modernisation of the facility.
- I acknowledge the current uncertainty faced by the Whyalla community and my thoughts are with the people and businesses impacted.

Steel industry

- We are committed to a Future Made in Australia – rebuilding Australian manufacturing is a large part of this.
- Australian iron and steel are mainstays of the economy where we have a competitive edge, due to our abundant reserves of metallic ores.
- And Australia’s abundant solar and wind resources, extensive mineral reserves and highly skilled workforce can give Australia a comparative advantage in the future production of green metals.
- In South Australia, Whyalla and the Upper Spencer Gulf host an advantageous combination of renewable energy resources and minerals required to support Australia’s net zero transition. This combination also has the potential to help reindustrialise the region through hydrogen and green steel production, bringing new jobs and business opportunities.
- Working together, the Commonwealth and South Australian Governments are jointly supporting the development of a hydrogen export hub at Port Bonython, while the State Government is leading the development of a hydrogen power plant and storage facility near Whyalla.

Contact: s22 Manager Industrial Investment and Transition
s22
Cleared by: Lucas Rutherford, General Manager, Industry Policy
s22

Min ID: QB24-000115
Division: Industry and Manufacturing
Created: 28 May 2024
Updated: 13 November 2024 8:49 AM

Whyalla Steelworks

- The Government is aware that the blast furnace is offline for the second time this year.
- In addition, the Government is aware of reports of:
 - reductions in non-essential spending, including on maintenance,
 - overdue payments to contractors supplying services to the Steelworks,
 - suspension of services by suppliers,
 - unwanted material impacting blast furnace operations, and
 - GFG exploring options to raise immediate funds, including by offering investment opportunities in its mining operations.
- We are working across agencies, and with the South Australian Government to monitor the situation and understand the impacts.
- The Commonwealth has staff on the ground to support impacted businesses and suppliers.

Job losses

- The Government is aware of retrenchments at the Whyalla Steelworks, and reductions in contractors at its mining operations, earlier this year.
- I encourage GFG to engage with workers, unions, and government to support those impacted.
- The Government has a set of support measures to help retrenched workers.
 - All retrenched workers and their partners have access to employment services support through Workforce Australia.
 - The Transition Support Network ensures employers and workers understand their rights and obligations during redundancy.

Contact: s22, Manager Industrial Investment and Transition
Cleared by: s22 Lucas Rutherford, General Manager, Industry Policy
s22

Min ID: QB24-000115
Division: Industry and Manufacturing
Created: 28 May 2024
Updated: 13 November 2024 8:49 AM

Outstanding debts

- I urge GFG to urgently resolve outstanding debts with businesses and suppliers to the Steelworks.
- GFG Alliance needs to be open about what's going on at the Steelworks, and honour the promises made to the people and businesses of Whyalla.
 - GFG Alliance also has debts in Europe relating to the collapse of former financier Greensill Capital.
 - Multiple steel mills in Europe owned by GFG Alliance are also facing insolvency or liquidation.

If asked – Government funding to Liberty Steel Australia

- Earlier this year the Minister for Climate Change and Energy and I made \$63.2 million available to Liberty Steel Australia through the Powering the Regions Fund to support the commission of a low carbon electric arc furnace at the Whyalla Steelworks.
- The Powering the Regions Fund grant process included expert merit and technical assessment. Liberty Steel were assessed as suitable and recommended for funding by the assessment panel.

Contact: s22, Manager Industrial Investment and Transition
Cleared by: Lucas Rutherford, General Manager, Industry Policy
s22

Min ID: QB24-000115
Division: Industry and Manufacturing
Created: 28 May 2024
Updated: 13 November 2024 8:49 AM

Background

- Whyalla Steelworks is owned by GFG Alliance, headquartered in London, UK and privately owned by Sanjeev Gupta. Mr Gupta is under investigation in the UK and France for fraud and money laundering.
- The Steelworks supports about 25 per cent of jobs in the Whyalla region.
- On 25 October, media reported that rail freight operator Aurizon had halted rail services to GFG because of “unresolved contractual issues”. The SA Treasurer stated that payment is being made to Aurizon with rail services expected to resume.
- On 24 October, media reported on further cost-cutting at GFG’s iron ore mines. Mining work will be brought in-house at one of the mines, with job losses likely to occur.
- On 22 October, media reported that GFG had engaged corporate adviser Blackbird Partners to seek expressions of interest from lenders, offering security in the Duchess Mine tenements near the Steelworks.
- On 21 October, SA Cabinet visited Whyalla, meeting with workers, businesses, and GFG. The SA Premier called for GFG to invest in the Steelworks, saying “the best way trust can be restored and built upon is to deliver.”
- On 25 September, the SA Government stated that GFG Alliance is behind on royalty payments, and confirmed it has sought specialist financial and legal advice to prepare for ‘every possible contingency’ at the Steelworks.
- On 20 September, media reported that the Whyalla blast furnace is offline again with no firm return date, due to ‘unwanted material’ entering the blast furnace.

Contact: s22, Manager Industrial Investment and Transition
Cleared by: Lucas Rutherford, General Manager, Industry Policy
s22

Min ID: QB24-000115
Division: Industry and Manufacturing
Created: 28 May 2024
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- Earlier in September, media reported that GFG Alliance is cutting costs at the Steelworks, including on maintenance, and cut 100 jobs from mining operations connected to the Steelworks.
- In August, media reported 48 retrenchments at the Steelworks, contractors owed “tens of thousands of dollars” in payments, and the blast furnace entering hot-idle for a short period due to difficulties sourcing coking coal.
- The Steelworks blast furnace was out of operation from mid-March to early July when the furnace cooled down below the required temperature during scheduled maintenance.

Contact: s22, Manager Industrial Investment and Transition
s22
Cleared by: Lucas Rutherford, General Manager, Industry Policy
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Min ID: QB24-000115
Division: Industry and Manufacturing
Created: 28 May 2024
Updated: 13 November 2024 8:49 AM

DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

MB24-000853

To: Minister for Industry and Science

VISIT TO SOUTH AUSTRALIA

Timing: 18 September 2024

Meeting with: To support your visit to South Australia, this brief provides overarching information about the state, prior departmental interactions with businesses, government and individuals and broad issues, sensitivities and discussion points.

Issues and Sensitivities:

Whyalla Steelworks

1. There has been significant media reporting on the Whyalla Steelworks, including:
 - retrenchments, with 45 jobs cut at the Steelworks and others in related mining operations;
 - delays to a shipment of coking coal;
 - reports of non-payment to contractors and suppliers;
 - reports of reduced maintenance and safety concerns.
2. Talking points for Whyalla Steelworks are at Attachment B.

s22

Clearing Officer:	Celia Gleeson	General Manager, Whole of Government Policy and Priorities Branch	s22	
	Naomi Perdomo	General Manger, Whole of Government Policy and Priorities Branch	s22	
Contact Officer:	s22	a/g Manager, Economic and Project Team	s22	
For Parliamentary Services' use only.			17/9/2024	
Date Submitted to the Minister's office in PDMS:				

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Consultation: YES

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Attachments:

- A:** Discussion Points
- B:** Q&As
- C:** Key State Facts
- D:** Departmental interactions
- E:** AusIndustry Insights
- F:** State and Local Economic Profiles for South Australia

Discussion points

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Q&As

If asked about Whyalla Steelworks

- The Australian Government is aware of reports of non-payments and retrenchments at the Whyalla Steelworks.
- The Government is working with the South Australian Government, industry associations and businesses to understand the situation and monitor the impacts.
- We are committed to a Future Made in Australia – rebuilding Australian manufacturing is a large part of this. Green metals are identified as a priority sector under the Government’s Future Made in Australia National Interest Framework.

If asked about providing Government funding to Liberty Steel Australia, part of the Gupta Family Group (GFG) Alliance

- On 31 January 2024, the Minister for Climate Change and Energy, the Hon Chris Bowen MP, and I made \$63.2 million available to Liberty Steel Australia through the Powering the Regions Fund to support the commission of a low carbon electric arc furnace at the Whyalla Steelworks.
- The Powering the Regions Fund grant process included expert merit and technical assessment. Liberty Steel were assessed as suitable and recommended for funding by the expert committee.

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Background information – SA projects and opportunities

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Green Steel

Liberty Steel, part of GFG alliance announced the phase out of coal-based steelmaking at its Whyalla plant with the signing of a supply contract for a 160-tonne low carbon emissions (low carbon) **electric arc furnace**. The new furnace will lift steelmaking capacity at Whyalla from 1 million tonnes per annum (mtpa) to over 1.5mtpa. The \$485 million new EAF and associated infrastructure would be funded by the business, with grant funding sought from SA government.

Potential sensitivity: *Whyalla community held a meeting Sunday 15 September 2024 where over 100 community members attended to discuss their concerns with a state government independent.*

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DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

MS24-001358

To: Minister for Industry and Science (For Decision)

**INQUIRY INTO THE CONTINUATION OF ANTI-DUMPING MEASURES:
HOT ROLLED STRUCTURAL STEEL SECTIONS EXPORTED FROM JAPAN,
THE REPUBLIC OF KOREA, TAIWAN, AND THE KINGDOM OF THAILAND**

Timing: Routine - Decision due 26 October 2024 – There is a statutory requirement for a decision within 30 days from the date the report is sent to you (an extension can be arranged if you consider there are ‘special circumstances’). In the absence of a decision, the measures expire on 20 November 2024.

Recommendations: That you			
1. Accept my findings and recommendations in <i>Anti-Dumping Commission Report No 637 (REP 637)</i> at <u>Attachment A</u> to secure the continuation of the anti-dumping measures for a further 5 years.			
Accepted / Not accepted / Please discuss			
2. Sign and date the public notice at <u>Attachment B</u> and the schedule at <u>Attachment C</u> .			
Signed and dated / Not signed and date / Please discuss			
Minister:		Date:	
Comments:			
Clearing Officer:	Isolde Lueckenhausen	Acting Commissioner Anti-Dumping Commission	s22
Contact Officer:	Justin Wickes	Acting Deputy Commissioner Investigations	s22
For Parliamentary Services’ use only. Date Submitted to the Minister’s office in PDMS:			26/9/2024

Key Points:

1. REP 637 at Attachment A details my findings and recommendations following a continuation inquiry into the dumping duty notice (the measures) applying to hot rolled structural steel sections (HRSS) exported from Japan, the Republic of Korea (ROK), Taiwan and the Kingdom of Thailand (Thailand).
2. Exporters from Japan, the ROK and Thailand have continued to export HRSS at dumped prices since the measures were imposed in 2014.
 - a. Should the measures expire, exports from Japan, the ROK and Thailand would likely continue at dumped prices.

- b. This would in turn likely lead to a continuation or recurrence of material injury to the Australian industry that the measures are intended to prevent (REP 637, Chapter 7).
- 3. There were 3 exempt exporters from Taiwan who exported during period examined (1 October 2022 to 30 September 2023). There were no exports by Taiwanese exporters subject to measures during the period examined, however, I found that dumping would likely recur should the measures expire (for the reasons set out in REP 637, sections 7.5 and 7.6) and that this would likely lead to a recurrence of material injury to the Australian industry that the measures are intended to prevent (REP 637, section 7.7).
- 4. I have found that the variable factors relevant to the determination of duty payable on imports of HRSS have changed for the largest exporter, Hyundai Steel Company (Hyundai Steel) from the ROK. The commission verified Hyundai Steel’s exports in ROK.
 - a. The new variable factors result in a change to the fixed rates of interim dumping duty as outlined in the following table. The new variable factors are at Attachment D.
- 5. I recommend that you change the duty method from the combination duty method to the *ad valorem* duty method (REP 637, Chapter 10), as the method is most suitable for addressing any injurious effects caused by dumping. This represents a change to the preliminary recommendation in the statement of essential facts (SEF) 637, which recommended the combination of fixed and variable duty method (combination method).
 - a. In response to SEF 637, Hyundai Steel proposed the *ad valorem* duty method. In response to the Hyundai submission, Liberty Primary submitted support for the combination method (submissions addressed in REP 637, section 10.3).

Country	Exporter	Current fixed duty (%)	Current duty method	Recommended fixed duty (%)	Rec. duty method
ROK	Hyundai Steel Company	4.7%	Combination fixed and variable	5.2%	<i>ad valorem</i>

- 6. I do not recommend that the variable factors be changed for any other exporter (REP 637, Chapters 8 and 9).
- 7. The resulting measures for all exporters are set out in REP 637, section 1.4.7, table 2.
- 8. The commission will examine whether the variable factors applying to exports of HRSS from Japan, the ROK, Taiwan, and Thailand have changed as part of a review of measures in Review 642. The SEF for Review 642 is currently due 29 November 2024.

Background:

- 9. The measures were first imposed by public notice on 20 November 2014 and were continued for 5 years from 5 November 2019.
- 10. On 16 October 2023, OneSteel Manufacturing Pty Ltd, trading as Liberty Primary Steel (Liberty Primary), applied for the continuation of the measures for a further 5 years. Liberty Primary is the sole Australian producer of HRSS.

11. My staff and I are available to further explain the findings and recommendations of REP 637. The department's Anti-Dumping Policy Section can provide policy advice.

Sensitivities and Handling:

12. Without a decision, the measures will expire on 20 November 2024. Once expired, a new investigation would be required to re-establish measures.

Data referenced:

13. Refer to REP 637, including all attachments and appendices.

Consultation: YES

14. I maintained a public record for this inquiry with all submissions from interested parties addressed in REP 637. There was no foreign government participation in this inquiry.

15. If you accept my recommendations, I will publish Attachment A and Attachment B on the public record. Affected parties will have 30 days to appeal your decision to the Anti-Dumping Review Panel.

ATTACHMENTS:

A: *Anti-Dumping Commission Report No 637*

B: Anti-Dumping Notice 2024/071 (notice under section 269ZHG(1) of the *Customs Act 1901*)

C: Schedule to the notice at Attachment B

D: Variable factors relevant to the notice at Attachment B

OFFICIAL: Sensitive

Australian Government
 Department of Industry,
 Science and Resources

**Anti-Dumping
 Commission**

Anti-Dumping Commission Report No 637

Schedule 1 to the public notice (Anti-Dumping Notice 2024/071) under section 269ZHG(1) of the *Customs Act 1901*

Hot rolled structural steel sections

Exported from Japan, the Republic of Korea (ROK), Taiwan, and
 the Kingdom of Thailand (Thailand)¹

I, ED HUSIC, Minister for Industry and Science, DECLARE that:

Description	Relevant section of the Act ²
I have decided to secure the continuation of the anti-dumping measures concerning hot rolled structural steel sections (the goods) exported to Australia from Japan, the ROK, Taiwan and Thailand.	269ZHG(1)(b)

¹ Excluding exports from Feng Hsin Co Ltd, TS Steel Co Ltd, and Tung Ho Steel Enterprise Corporation.

² All legislative references are to the *Customs Act 1901* (the Act), unless otherwise stated.

Hot rolled structural steel sections exported from Japan, the Republic of Korea, Taiwan and Thailand

OFFICIAL: Sensitive

I, ED HUSIC, Minister for Industry and Science, DETERMINE that:

Description	Relevant section of Act
The dumping duty notice continues in force after 20 November 2024 for exporters from Japan, the ROK (except for Hyundai Steel), Taiwan and Thailand.	269ZHG(4)(a)(i)
The notice continues in force after 20 November 2024, but that, after that day, the notice has effect in relation to Hyundai Steel, as if the Minister had fixed different specified variable factors as set out in Confidential Attachments 5, 7 and 15 of the <i>Anti-Dumping Commission Report No 637</i> dated 26 September 2024 in relation to Hyundai Steel.	269ZHG(4)(a)(iii)
For the purpose of working the cost of goods and determining whether the price paid for like goods sold in the country of export in sales that are arms length transactions are taken to have been in the ordinary course of trade, the amounts for the cost of production or manufacture of the goods produced by Hyundai Steel and the selling, general and administrative costs associated with the sale of those goods are as set out in worksheets (a) in Confidential Attachment 6 of the <i>Anti-Dumping Commission Report No 637</i> dated 26 September 2024.	269TAAD(4)
Having regard to all the circumstances of the exportation of the goods from Hyundai Steel to Australia, the export price is as set out in worksheet (b) in Confidential Attachment 5 of the <i>Anti-Dumping Commission Report No 637</i> dated 26 September 2024.	269TAB(1)(c)
Being satisfied that like goods are sold in the ordinary course of trade for home consumption in the ROK in sales that are arms length transactions that the normal value of the goods exported to Australia from Hyundai Steel is the price paid or payable for like goods as set out in worksheet (h) in Confidential Attachment 7 of the <i>Anti-Dumping Commission Report No 637</i> dated 26 September 2024.	269TAC(1)

Hot rolled structural steel sections exported from Japan, the Republic of Korea, Taiwan and Thailand

OFFICIAL: Sensitive

I, ED HUSIC, Minister for Industry and Science, DIRECT that:

Description	Relevant section of Act
As the normal value of the goods exported to Australia is the price paid or payable for like goods sold in the ROK, and that price and the export price of the goods exported are modified in different ways by the terms or circumstances of the sale to which they relate, the price paid or payable for like goods will be adjusted so those differences would not affect its comparison with that export price, as set out in Confidential Attachment 7 and Table 10 of the <i>Anti-Dumping Commission Report No 637</i> dated 26 September 2024.	269TAC(8)

Dated this day of 2024

ED HUSIC
Minister for Industry and Science

Hot rolled structural steel sections exported from Japan, the Republic of Korea, Taiwan and Thailand