

9 April 2020

The Hon Karen Andrews MP  
Minister for Industry, Science and Technology  
Parliament House  
Canberra ACT 2600



Steel Reinforcement  
Institute of Australia

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Dear Minister Andrews

### **COVID-19 and the Steel Reinforcement in Concrete sector support to the Australian economy**

On behalf of the members of the Steel Reinforcement Institute of Australia (SRIA), I thank the Australian and State Governments for their strong leadership and important initiatives in these unprecedented times as this COVID-19 crisis develops.

SRIA members supply the Australian building and construction industry with reinforcing steel in concrete which is critical to the Australian Building and Construction Industry.

The SRIA supports both the recent joint media statement released by Australian Steel Institute (ASI) and the Australian Workers' Union (AWU) to 'Classify the Steel Industry as Essential' and the BPIC request to the Building Ministers, 'for urgent action to secure building product supply chains as a key part of coronavirus containment provisions' (copy attached).

In partnership with the Federal and State Governments, all SRIA members continue to support local business, workers, their families and the communities in which they operate. Our products and services are critical path building materials which sustain the engineering, residential and commercial construction industries across Australia, employing more than one million workers and supporting more than 30,000 customers.

SRIA members implemented procedures at the early stage of the COVID-19 crisis to safeguard employees and limit access to essential visitors to manage the physical separation requirement within their respective work environments.

SRIA member footprint covers all states of Australia and their distribution network provides a reliable and efficient just-in-time supply chain. Our members provide 95% of the steel reinforcement to Australian reinforced concrete projects and directly employ 4,500 people within their manufacturing and processing facilities.

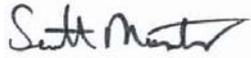
The reinforcement sector remains supply chain ready albeit with the COVID-19 restrictions and measures. Continuous steel reinforcement supply chain capacity has fortunately been maintained with our member's proactive approach. Early engagement with our SRIA members will now enable the efficient support of Government initiatives providing the right capacity at the right time. SRIA members are ready to support the planned infrastructure agendas and capital works programs that will assist the Australian economy through and post COVID-19.

We ask both the State and Federal Governments to support continuity of the construction supply chains, including the entire downstream building and construction sector in addition to the primary infrastructure related activity.

The current Government 'essential industry' support plans mention nothing about 'general building work' which represents an enormous number of small to medium builders in other key areas such as housing; SRIA and its members request the Government to apply the same principles and support to this important building sector and not leave it to flounder while focusing only on the major infrastructure agenda. To do so would be a significant missed opportunity to further underpin the Australian economy.

If you would like to discuss our industry sector engagement in further detail, please do not hesitate to contact me on the details below.

Yours Sincerely

A handwritten signature in black ink that reads "Scott Munter". The signature is written in a cursive style with a horizontal line underlining the name.

Scott Munter

**Executive Director**

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**Encl:** BPIC request for urgent action to secure building product supply chains as a key part of coronavirus containment provisions, 6 April 2020.

April 6, 2020

The Hon Ben Morton MP  
Assistant Minister to the Prime Minister and Cabinet  
PO BOX 5022, House of Representatives, Parliament House, Canberra ACT 2600

Dear Minister Morton

**RE: REQUEST FOR URGENT ACTION TO SECURE BUILDING PRODUCT SUPPLY CHAINS AS A KEY PART OF CORONAVIRUS CONTAINMENT PROVISIONS**

I am writing to request the urgent use of every legislative and regulatory avenue open to your Government to help secure the building product supply chain as it struggles with the financial fallout related to the COVID-19 pandemic.

Specifically the Building Products Industry Council (BPIC) is seeking the imposition of both a moratorium on the withdrawal of 'Trade Credit' insurance by underwriters, and a moratorium on 'Liquidated Damages' provisions within construction contracts, and for this to apply for at least the term of the Government's Staged Restrictions being imposed on communities and businesses.

We have already seen financial conditions deteriorate to levels not experienced in decades. Forecasts suggest that things are likely to deteriorate even further in the next few months before a recovery is even possible. It is critical that building product supply chains are secured so they are able to play their part in the recovery.

BPIC wishes to advise you that NCI, QBE and other insurers have taken an axe to Trade Credit insurance by dropping cover across the board to 50% of pre-COVID-19 levels. If this action and projected further reductions by insurers continues, it will bring the supply of building products to an abrupt halt, despite the sector having ample manufacturing capacity to supply the sector during this time. The actions of these insurance companies will see billions of dollars of cash disappear from the construction industry overnight because finance companies will not lend against uninsured debtors. QBE and other Trade Credit insurers appear to be undermining the key business hibernation and recovery policies that the Federal and State Governments are trying to implement.

At the same time Liquidated Damages' provisions within construction contracts which require suppliers and fabricators to pay contractors a sum of money for a delay in the delivery of materials, are being triggered because of social distancing and stringent on-site hygiene measures creating mismatches in delivery timeframes both from the demand and the supply side on sites.

BPIC is strongly of the view that Government should play a defining role in securing Australia's building product supply chains by placing moratoriums on Trade Credit insurance policies and Liquidated Damages provisions backdated to March 1, 2020, similar to what it has been applied to commercial tenancies.

BPIC thanks you for your consideration and we look forward to your urgent response.

Yours sincerely,



Rodger Hills  
**BPIC – Executive Officer**