

PROFILE:

John Fitti Fitti Steel Fabrication, WA

Steel Australia speaks with the General Manager of Fitti Steel Fabrication, JOHN FITTI about competing for business at ringside of the current resource boom, staying in the game and the challenges in winning work driven by foreign investment.

SA: How did your business develop to where it is today?

JF: My father went into business back in 1989 and as most small fabricators do, initially catered to the commercial and residential markets. With the recession of the early 1990s business was tough. However with a cautious approach the business survived through this tough period and outgrew two facilities. In 1994 Fitti Steel moved into a purpose-built 2000sqm facility on the back of a progression into supplying fabricated steelwork to the mining, materials handling and industrial markets.

I joined the business in 2000 to fulfil a position within management. With our continued repeat business with clients and growing reputation within the industry we have been able to gradually add senior personnel to our ranks and expand our workforce over the years. With the momentum of the previous mining boom in WA we decided to move into a larger (5000sqm) facility in 2008. Our move coincided with GFC, but with work on the books we didn't feel the downturn until mid 2009. I believe we were able to weather the GFC storm through our steady growth and expansion throughout the years.

SA: What big changes in the market have you witnessed during that time and how has the role of fabricators changed?

JF: Over my time in the industry I have noticed increased pressure being placed on fabricators to turnaround steelwork more expediently, especially on mining projects. With the ongoing and increased use of steelworking machinery, the industry has been able to overcome this by becoming more efficient and providing quicker turnaround times. Another trend I have noticed is a reliance on fabricators to value-add. The scope of fabrication packages will now include not only the fabricated steelwork component, but items associated with that such as surface treatment.

It seems we need to provide micro project management with our steelwork packages. Finally, with the advent of the 'global

economy' I have unfortunately witnessed the increasing trend of steelwork being fabricated overseas and shipped into Australia for use on many resource projects within our state.

SA: We recently talked about your faith in the industry by investing in new machinery. What specific growth opportunities was that investment aimed at?

JF: During the previous mining boom, we saw an opportunity to expand our production capacity and have the ability to tackle larger volumes of steelwork. As mentioned, we moved into a larger facility three years ago and also installed two CNC machines. Even though the market has been weaker post-GFC, we believe our investment in machinery has assisted us remain competitive within our market and improve our production times to meet tight client schedules. Long-term, our investment in machinery places us in a good position to make the most of fabrication opportunities derived from the continuation of resource projects.

SA: Policymakers in this country oppose mandating levels of local content on major projects, but recent reports indicate agreements being made with foreign entities to stipulate foreign input. What is your take on this as a prominent WA-based steel contractor?

JF: It's disappointing hearing about these agreements, especially when the cost of doing business in Australia is relatively high for manufacturing. It's unfortunate our Government feels the need to provide a trade-off with these foreign entities when they will more than likely still invest in resource projects since they want our minerals.

With the sheer volume of steelwork required for these resource projects, we may not have capacity to fabricate all steelwork required but there is more capacity within the industry at present to receive a larger percentage. I feel Government should ensure a higher percentage of local content is achieved on these projects.

I find it hard to believe Government can't see the benefits to our society of a thriving industry which employs a large volume of people by ensuring opportunities are not foregone with agreements to entice foreign investment. Increased local content should be a condition of investment in Australia, not a bargaining tool. We need a sustainable



industry not only for our future needs but also for the immediate spin-offs it creates through employment, investment and training.

SA: What specific difficulties are you encountering in getting fair project bidding rights?

JF: It's difficult to say since we may be oblivious to these difficulties we are up against while bidding on projects. However we have provided many budget quotations during the project feasibility stage of mining projects only to hear the steelwork is being fabricated overseas once the project is up and running. It is quite discouraging hearing this when it happens as the time and effort spent by our company to assist in the early stages is not rewarded with at least an opportunity to re-bid at construction stage.

We have also experienced a scenario where our client was instructed by their foreign client to use overseas fabricators on their project. Furthermore, anecdotal evidence suggests overseas fabricators have the luxury of a change in specifications to suit their local market with those for Australian fabricators remaining stringent.

SA: What is the main value you and your business extract from ASI membership?

JF: Being a member of the ASI provides us with a support network where knowledge and experience can be shared amongst members. It acts as a medium through which we can communicate with fabricators from not only our State, but Australia-wide. In a business sense it can also assist directing clients to appropriate quality fabricators to suit their specific project requirements. Only recently WA ASI State Manager, **James England** had a request from a company seeking interested parties to fabricate side tipper bodies. Finally, the ASI has been a voice for the fabrication community with regards to the issue of local content. The campaign has enabled the concerns of many fabricators to be heard in a structured and focused approach to government.