



**COOLING TOWER WATER TREATMENT CONTROLLERS EXPORTED FROM
THE UNITED STATES OF AMERICA**

VISIT REPORT

INTEGRA WATER PTY LTD

Location: Unit B, 195 Port Hacking Road, Miranda NSW

Date: 21 March 2017

Integra Water:

David Nabarro – Director

Anti-Dumping Commission:

: Gilon Smith, Director – Injury and Causation
Mick Kenna, Assistant Director – Operations 5

Background and purpose

On 23 January 2017, the Anti-Dumping Commission (Commission) commenced an investigation into the alleged dumping of cooling tower water treatment controllers exported to Australia from the USA. The investigation commenced after the Commission received an application from Aquarius Technologies Pty Ltd (Aquarius). The Commission understands that Integra Water Pty Ltd (Integra) is a major water treatment service company operating in Australia and a major customer for cooling tower water treatment controllers and associated water treatment equipment.

The Commission visited Integra to get its perspective on the market for cooling tower water treatment controllers and water treatment in Australia, and learn more about the factors influencing the controller purchasing decision.

Company background

Integra was established in 1990, when Dave Nabarro, an industrial chemist, teamed up with a refrigeration mechanic associate to service the Sydney cooling tower market. Over the years, Integra has expanded into other areas of the water treatment industry, as well as the cleaning and hygiene sector.

The company now has approximately 175 employees and maintains offices in each major state capital.

Integra's business model is to provide a complete service package for the management of cooling tower water. It sells equipment to the customer, rather than

installing the equipment free of charge and making money on other elements of the service provided.

Australian cooling tower water treatment market

Integra explained that it and a number of other entities compete to provide water treatment services to the cooling tower market in Australia. The market is divided into industrial and commercial sectors. Integra is more active in the commercial sector where its major competitor is Hydrochem. Hydrochem is Melbourne-based and holds the majority of the Melbourne market, while Integra holds a dominant share of the Sydney market commercial cooling tower market. Integra said the two companies competed fairly evenly outside of the two major cities.

Other competitors in the cooling tower market include SAS, Hydroflow and Multiwet. Integra stated that Nalco/Ecolab is prominent service providers to the industrial market, including the Western Australian mining market.

Purchases of cooling tower water treatment controllers

Integra had initially purchased cooling tower water treatment controllers from the Australian manufacturer, Aquarius Technologies (Aquarius). At the time, Aquarius had been the dominant player in the Australian market and had pioneered the concept of presenting the controller and associated equipment on a platform that could be conveniently installed and removed.

Integra advised that it switched the majority of its cooling tower water treatment controller purchases from Aquarius to Convergent Water Controls (CWC) after Integra supported CWC in designing a controller package suitable for the Australian market. Integra advised that it had become dissatisfied with the quality of Aquarius' after sales service and support. Integra also had disputes with Aquarius over it not honouring warranty claims for faulty equipment.

Integra's Queensland operations continued to purchase cooling tower water treatment controllers from Aquarius due to the relationship between local Integra management and Aquarius staff member, Dave Venamore. Dave Venamore later moved to Waterdos Instruments Australasia (Waterdos), an importer of controllers from the USA.

In 2010/11, Integra switched its equipment purchases from CWC (and to a lesser extent, from Aquarius) to purchasing Advantage Control controllers from Waterdos. Integra advised that the Advantage Control controllers were its preferred brand and it would supply these controllers if, as happened in most cases, the customer or tender did not specify a preference. Integra advised that it would purchase and supply other brands of controllers if required in certain tender documents. Integra has recently purchased a small volume Ultima brand controllers from Aquarius as they were preferred for certain applications.

Integra's staff are trained in the use of a range of controllers as in some cases the company will take over the treatment of water in cooling towers with equipment already in place.

PUBLIC RECORD

Integra stated that it still receives offers from Aquarius to purchase cooling tower water treatment equipment at what it considers to be low prices, in some cases undercutting Waterdos' prices. Integra advised that it had no confidence in Aquarius' staff, product quality or after sales service and would not purchase from Aquarius even if Advantage Controls products were not available in the Australian market. Integra stated that it considered the anti-dumping application to be anti-competitive and that taking the action had not helped raise the image of Aquarius in the eyes of the company.

Integra purchases most of its cooling tower water treatment controllers from Waterdos in a package including sensors and pumps. Integra incorporates the components into a water treatment package including backboard, manifold and solenoid. In addition, Integra purchases equipment from Waterdos identified under the 'Zetol' product code prefix where a complete water treatment kit is supplied on a skid, ready for installation.

Integra receives discounts from Waterdos according to its levels of purchases. The discounts are incorporated in the invoice price and no rebates are received. Integra advised that it has no direct dealings with Advantage Controls, the manufacturer of cooling tower water treatment controllers imported from the USA, although Integra management has met with the directors of Advantage Controls on a couple of their trips to Australia.
