PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Australian industry verification report

Verification and case details

Initiation date	25/06/2024	**ADN**	2024/040 and 2024/041
Case number	644 and 645		
The goods under consideration	Interchangeable bolted clipping system brackets (case 644) and interchangeable bolted clipping system clip heads (case 645)		
Case type	Dumping and Subsidy Investigation		
Australian industry	Abey Australia Pty Ltd		
Location	57–81 Abey Road, Cobblebank VIC 3338		
Verification from	18/11/2024	to	20/11/2024
Investigation period	1/04/2023	to	31/03/2024

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

Contents

1 Introduction

Abey Australia Pty Ltd (Abey) provided data to the Anti-Dumping Commission (the commission) in relation to:

- dumping and subsidy investigation 644 into interchangeable bolted clipping system brackets (brackets) from the People's Republic of China (China) (case 644), and
- dumping and subsidy investigation 645 into interchangeable bolted clipping system clip heads (clip heads) from China (case 645).

A verification team has verified whether the data Abey submitted is complete, relevant and accurate for use in case 644 and case 645. Anti-Dumping Notice (ADN) No 2016/30 describes the commission's verification procedures.

This report explains the verification team's key findings, including the evidence considered and material issues identified. Where Abey or the verification team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record for case 644 and case 645.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).[1]

[1] All legal citations in this report are to the Act unless otherwise stated.

2 Company background

2.1 Corporate structure and ownership

Abey Australia Pty Ltd is a manufacturer and wholesaler of plumbing and masonry products. Abey also imports and sells kitchen, bathroom and laundry products.

Abey is a privately-owned Australian company that began manufacturing in Australia in the 1950s and was registered with its current name (Abey Australia Pty Ltd) on 1 July 2000.

Abey's head office, warehouse and manufacturing facility is located at 57-81 Abey Road in Cobblebank, Victoria, Australia. Abey also has a warehouse in Queensland, Australia.

2.2 Related parties

The verification team examined the relationships between Abey and parties involved in the production and sale of brackets and clip heads.

The verification team found no related customers or suppliers were involved in Abey producing or selling brackets and clip heads.

3 Like goods manufactured in Australia

3.1 Manufacturing in Australia

Abey identified itself as the sole manufacturer in Australia of like goods to the goods (brackets and clip heads) under consideration for cases 644 and 645. The verification team found no evidence to suggest that there are other manufacturers of like goods in Australia.

3.1.1 Production process – Interchangeable bolted clipping system brackets

Brackets are manufactured by Abey using zinc plated (galvanised) steel coil purchased mostly from an Australian manufacturer.[2]

Abey uses a pneumatic feeder to feed the slit steel coil through a press tool, which is programmed with the relevant parameters for the type of steel bracket being produced. There are multiple stages of progression through the press tool which transforms the steel coil to the desired bracket. For welded nut brackets, the nut is pressed and swaged into the bracket.

Once the bracket has been pressed, it is assembled and packed into carton boxes.[3] The packed brackets are transferred to Abey's warehouse where they are stored before they are subsequently sold to customers.

3.1.2 Production process – Interchangeable bolted clipping system clip heads

Clip heads are manufactured by Abey using galvanised steel coil that is mostly purchased from an Australian manufacturer.

Similar to the production process for brackets, Abey uses a pneumatic feeder to feed the slit steel coil through a press tool, which is programmed with the relevant parameters for the type of clip head being produced. There are multiple stages of progression through the press tool which transforms the steel coil to the desired clip head.

For clip heads that are subsequently powder coated, the clip heads are manually placed onto a conveyor belt which passes through Abey's powder coating machine. The powder coating machine washes the clip heads and then coats them once. The clip heads are then flipped over, coated a second time, then cured. Once the clip heads are dried, they are manually packed into carton boxes. The packed clip heads are transferred to Abey's warehouse where they are stored before they are subsequently sold to customers.

3.2 Model control codes

Abey did not identify the model control codes (MCCs, as identified in ADN No 2024/040 and ADN No 2024/041) relevant to the brackets and clip heads it manufactured and sold.

[2] Except for welded nut brackets, which are made from hot rolled coil (HRC) and are subsequently zinc plated.

[3] Abey subcontracts some assembly of brackets. If the brackets require subcontracted assembly, the brackets are transported to one of several local subcontractors where the brackets are assembled and subsequently packed.

However, Abey identified the product codes relating to its brackets and clip heads which can be used to identify the type of bracket and clip head.

3.2.1 List of all product codes

During the investigation period, Abey sold brackets with the following product codes:

Product codes		
0051	0060	0079
0053	0061M	0080
0054	0063	0082
0055	0066	0087
0058	0071	5061
0059	0078	5160

Table 1: Product codes of brackets sold during investigation period

Abey sold clip heads with the following product codes:

Product codes			
0001	0014	0032	0049
0002	0017	0033	0070
0003	0018	0034	0162
0004	0024N	0040	0163
0005	0026	0041	0164
0006	0027	0042	0166
0007	0028	0043	0283
0008	0029	0044	0285
0009	0030	0045	0286
0010	0030	0046	
0011	0031	0047	

Table 2: Product codes of clip heads sold during the investigation period

3.3 Like goods

Like goods are defined under section 269T(1) of the Act as:

> goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

The verification team considers that the like goods manufactured by Abey are identical to, or have characteristics closely resembling, the goods (brackets and clip heads) exported to Australia, for the reasons detailed below.

- **Physical likeness:** the primary physical characteristics (including shape, size and colour) of the goods exported to Australia and locally produced goods are almost identical.
- **Production likeness:** Abey produces goods in a similar manner to the imported goods using the same raw material inputs and manufacturing processes.
- **Commercial likeness:** Abey's goods compete with the goods exported to Australia in the same market and are sold to common customers.
- **Functional likeness:** Abey's goods and the goods exported to Australia are functionally alike as they are used for the same purpose or application.

3.4 Like goods assessment

The verification team is satisfied that:

- brackets and clip heads produced by Abey are like to the imported goods the subject of case 644 and case 645 respectively[4]
- at least one substantial process of manufacture of brackets and clip heads is carried out in Australia[5]
- the like goods were wholly or partly manufactured in Australia by Abey,[6] and there is an Australian industry, consisting of Abey, which produces like goods in Australia.[7]

[4] 'Like goods' are defined in section 269T(1).

[5] Section 269T(3).

[6] Section 269T(2).

[7] Section 269T(4).

4 Australian market

4.1 Australian market summary

The Australian market for brackets and clip heads is supplied by Abey and imports from China.

At the visit, Abey identified ACP, Aztec, Couta and Flexistrut as its main competitors in the Australian market for brackets and clip heads.

4.2 Australian market structure

4.2.1 Marketing segmentation and end uses

Interchangeable bolted clip heads and brackets are used to secure pipes to a surface. The clip heads and brackets are used in residential plumbing settings and the primary users of brackets and clip heads are plumbers.

At the visit, Abey stated that the main market segments for the goods can be separated into industrial and residential. Abey stated the goods are identical in both market segments, however the industrial market segment is occupied by suppliers such as Flexistrut that sell directly to plumbers/builders (i.e. sales do not occur through a merchant or retailer). The residential market segment is mostly supplied by merchants/retailers that sell to plumbers and other end users.

4.2.2 Distribution arrangements

Abey and suppliers of brackets and clip heads imported from China sell to retailers (such as hardware stores). Retailers then sell the goods to end users. The main end users of Abey's like goods are plumbers, which Abey considers to be its target end user. Abey also sells like goods to retail hardware stores that then sell to the public.

4.2.3 Demand

Abey claims that demand for brackets and clip heads is primarily driven by activity in the building and construction sector. Abey claims that any reduced residential construction activity exacerbates pricing pressures and increases competition for the remaining demand for brackets and clip heads.

4.3 Australian market pricing

Abey negotiates pricing directly with its customers on a case-by-case basis. Typically, Abey will provide the customer with a price list with its recommended retail price and then negotiate discounts and rebates.

5 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN No 2016/30 further describes this verification process.

The verification team verified whether the sales listings Abey submitted for case 644 and case 645 are complete and relevant by reconciling them to unaudited financial statements and Abey's tax returns.

The verification team verified the relevance and completeness of the sales data as follows:

1. Reconciled total sales revenue for the 2023 and 2024 financial years between Abey's unaudited financial reports, tax returns and internal profit and loss statements. This reconciliation included off-invoice rebates, which Abey recorded as sales and marketing expenses in its financial reports.
2. Reconciled Abey's total sales revenue in its profit and loss statements to monthly general ledger subtotals in Abey's accounting system.
3. Reconciled the sum of all months in the period from April 2023 to June 2024 in Abey's accounting system to Abey's internal profit and loss statement for that period.
4. Examined Abey's complete list of internal product codes, confirming that Abey classified all like goods (and some non-like goods) in the general category of 'manufactured bolted clip products' in its accounting system.
5. Reconciled Abey's total sales revenue for the general category of 'manufactured bolted clip products' to subtotals for selected high-quantity models of like goods, based on data Abey extracted from its accounting system using computer script it wrote for cases 644 and 645.
6. Reconciled the subtotals for selected high-quantity models of like goods to Abey's like goods sales listing.
7. Reviewed a sample of sales recorded as 'domestic' or 'export' in Abey's accounting system, confirming that Abey appeared to correctly classify destination markets for like goods.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Sales completeness and relevance exceptions

Exception 1: Exclusion of some like goods from sales listings

Description: The verification team found that Abey did not provide sales data for all brackets and clip heads it had sold.

Resolution: The verification team requested that Abey revise its 'A3 Turnover' and 'A4 Aust sales' appendices/listings to include the missing products. Abey amended the sales listings as requested. The verification team noted that the revised listings incorrectly classified certain products as clip heads instead of brackets. The verification team revised the sales listings further to correct this error.

Exception 2: Calculation of certain rebates

Description: In the 'A4 Aust sales' listing, the verification team found that rebates recorded for some customers did not reflect actual rebates applicable to the sales in the investigation period because Abey had calculated rebates at the time of the application (March 2024) and some long-term incentive rebates, which were relevant to sales made in the investigation period, were not calculated until the end of FY 2024. **Resolution:** Abey revised the rebates recorded in the 'A4 Aust sales' listings to reflect the correct rebate amounts for the period. These corrected rebate amounts were also reflected in the revised 'A6.1 CTMS' and 'A3 Turnover' spreadsheets.

5.2 Import sales by company

Abey did not import any goods during the investigation period.

5.3 Export sales by company

Abey exported a low volume of brackets and clip heads to other countries during the investigation period.

5.4 Sales completeness and relevance finding

The verification team is satisfied that the sales data Abey submitted is complete and relevant, including any revisions outlined in the exceptions above.

6 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue and other key data in the sales listings down to source documents. ADN No 2016/30 further describes this verification process.

The verification team verified whether the sales listings Abey submitted are accurate by reconciling them to source documents, consistent with ADN No 2016/30.

The verification team identified the issues outlined below. The verification team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1.**

6.1 Sales accuracy exceptions

Exception 3: Revision of sales listings to include actual delivery terms

Description: The verification team found that for some customers and transactions in the listings of Abey's sales, the recorded delivery terms did not reflect actual delivery terms.

Resolution: Abey revised the 'A4 Aust sales' listings to include an additional column identifying the actual delivery terms relating to each sales transaction.

Exception 4: Revision of sales listings to include transport costs for certain transactions

Description: The verification team found that for sales to one customer, there were no transport costs recorded despite the sales transactions being made at free-into-store delivery terms.

Resolution: Abey revised the 'A4 Aust sales' listings to include transport costs for these transactions.

6.2 Related party customers

The verification team did not identify any related customers of Abey.

6.3 Sales accuracy finding

The verification team is satisfied that the sales data Abey submitted is accurate, including any revision outlined in an exception above.

Details of this verification process are contained in the verification work program, including its relevant attachments, at **Confidential Attachment 1**.

7 Verification of CTMS completeness and relevance

The commission typically verifies cost to make and sell (CTMS) data as complete and relevant by reconciling the total cost to make (CTM) and selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN No 2016/30 further describes this verification process.

The verification team verified whether the CTM and SG&A data Abey submitted in the 'A6.1 CTMS' spreadsheets are complete and relevant by reconciling these to Abey's financial statements and tax returns.

The verification team verified the relevance and completeness of the CTM data as follows:

1. Reconciled total cost of goods sold (COGS) between Abey's unaudited financial reports, tax returns and internal profit and loss statements for the 2023 and 2024 financial years (July 2023 to June 2024).
2. Reconciled total COGS for the 2023 and 2024 financial years to the investigation period (April 2023 to March 2024).
3. Reconciled total COGS to total cost of production for the investigation period.
4. Reconciled the method Abey used to extract production cost data from its accounting system, including how Abey extracted separate data for each product code.
5. Reconciled the method Abey used to allocate production cost data between domestic and export products.

The verification team verified the relevance and completeness of the SG&A data as follows:

1. Reconciled Abey's SG&A expenses recorded in its unaudited financial reports to its internal profit and loss statements for financial years 2023 and 2024 and tax return for FY 2024.
2. Reconciled Abey's SG&A allocation to Abey's internal profit and loss statement for the investigation period to the equivalent statements for financial years 2023 and 2024.
3. Reviewed the SG&A expenses allocated to like goods in Abey's CTMS spreadsheets.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

7.1 Exceptions during verification of completeness and relevance of CTMS data

Exception 5: Exceptions during verification of completeness and relevance of SG&A expenses

Description: The verification team found that the COGS used in the allocation of SG&A did not reconcile to Abey's COGS as recorded in the P&L. Further, the verification team found that Abey had included certain SG&A expenses in its 'A6.1 CTMS' spreadsheets that were not relevant to like goods.

Resolution: The verification team requested that Abey revise its SG&A as recorded in its 'A6.1 CTMS' spreadsheets to exclude certain SG&A expenses that were not related to the production or sale of like goods. Further, the verification team requested that Abey amend the COGS used in the allocation of SG&A expenses to like goods. Abey revised the SG&A expenses in its 'A6.1 CTMS' spreadsheets accordingly.

7.2 CTMS completeness and relevance finding

The verification team is satisfied that the CTMS data provided by Abey, including any required amendments as outlined in the exceptions identified above, is complete and relevant.

8 Verification of cost to make and sell accuracy

The commission typically verifies CTMS data as accurate by reconciling a selection of volume, cost and other key data in the CTM and SG&A listings down to source documents. ADN No 2016/30 further describes this verification process.

The verification team verified whether the CTM and SG&A listings Abey submitted are accurate by reconciling them to source documents, consistent with ADN No 2016/30.

The verification team identified the issues outlined below. The verification team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

8.1 Cost to make and sell accuracy exceptions

Exception 6: Revised production quantity and cost of production

Description: Abey identified rounding variances in the production quantities and costs used to prepare its CTMS spreadsheets when compared to the figures in Abey's accounting system.

Resolution: Abey provided revised CTMS spreadsheets which corrected the variances to better reflect the figures in Abey's accounting system.

Exception 7: Revised depreciation for FY 2024

Description: Abey incorrectly calculated total depreciation and fixed overheads for the first three quarters of financial year 2024.

Resolution: Abey provided revised CTMS spreadsheets which corrected the variances to better reflect the figures in Abey's accounting system.

Exception 8: Updated data in 'A7 Other factors' spreadsheet and correction of errors

Description: Abey lodged its application before the end of FY 2024 and therefore the data for other economic factors was not complete for the whole financial year.

Resolution: The verification team requested Abey revise its 'A7 Other factors' to include data for the whole FY 2024, consistent with the data reported for the previous financial years, which Abey revised. Abey also revised the data for revenue, return on investment, capacity utilisation and productivity.

The verification team noted that for some factors, there were some formula errors for FY 2024 which the verification team corrected.

8.2 Cost allocation method

Table 3 outlines how each cost component is allocated.

Cost component	Method applied
Raw materials (steel coil)	Abey allocated steel costs based on the actual cost of coil consumed in the production of semi-finished goods. Abey allocated costs from semi-finished to finished goods production orders on a first in first out (FIFO) basis.

Other raw materials (packaging, bolts and nuts)	Abey allocated other raw material costs based on the actual cost of those raw materials consumed in the production of finished goods.
Scrap offset	As scrap revenue represents less than 1% of Abey's total costs, Abey has not recorded an amount for scrap offset in its CTMS worksheets.
Direct labour	Abey allocated labour costs as the sum of: • an estimate of each product code's standard labour expense • an adjustment to account for the difference between monthly estimated and actual labour costs, allocated to each product code based on production quantity in pieces per hour.
Manufacturing overheads	Abey allocated manufacturing overheads as the sum of: • an estimate of each product code's standard manufacturing overhead expense • an adjustment to account for the difference between monthly estimated and actual manufacturing overhead costs, allocated to each product code based on production quantity in pieces.
Depreciation	Abey allocated depreciation based on the proportion of total manufacturing overhead expenses made up by total depreciation expenses, averaged across each financial year.

Table 3: Cost allocation method

8.3 Related party suppliers

The verification team did not identify any related suppliers.

8.4 Cost to make and sell accuracy finding

The verification team is satisfied that the CTMS data Abey submitted is accurate and reasonably reflects the costs associated with the manufacture and sale of brackets and clip heads, including any revisions outlined in the exceptions identified above.

9 Injury and causal link claims

9.1 Volume effects

In its applications, Abey provided data relating to its sales to certain customers from 2018 to 2024 to demonstrate that it had lost sales volumes to these customers. Abey claims that some of these customers used to be Abey's largest customers, and that these customers now source brackets and clip heads from China.

Based on the data provided, it is apparent that Abey has lost significant sales volumes of both brackets and clip heads to some customers.

9.1.1 Market share estimate

At the visit, the verification team requested that Abey provide evidence to substantiate its market share estimate and workings presented in its applications. Following the visit, Abey indicated that it has been 'unable to locate these for the market share %'s originally included'.

Abey provided a revised estimate of its current market share. The estimate is based on its share of sales of brackets and clip heads to certain large customers. The verification team reviewed Abey's sales data and other publicly available information and considers Abey's estimate to be reasonable.

9.2 Price effects

In its application, Abey provided a comparison of its prices to known competitor prices over the period from 2022 to 2023.

The team compared some of Abey's prices referred to in the price comparisons to Abey's verified selling prices, which reconciled. Based on the information provided, the team observes that Abey's competitors' prices are relatively lower than Abey's prices.

After the visit, Abey provided additional price lists and comparisons of its prices for the period from May 2023 to November 2024. Other than the comparison for May 2023, the other comparisons relate to months outside the investigation period. The team observes that Abey's prices are relatively higher than those of its competitors. In relation to brackets, Abey's prices are between 44% and 144% higher than its competitors' selling prices, and between 4% to 74% higher for clip heads.

10 Attachments

Confidential attachment 1	Verification work program