PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Importer verification report

Verification and case details

Initiation date	25 June 2024	**ADN**	ADN 2024/041
Case number	645		
The goods under consideration	Interchangeable bolted clip heads		
Case type	Dumping and Subsidisation Investigation		
Importer	A C Plumbing Supplies Pty Ltd		
Location	32 Riverside Road, Chipping Norton, NSW 2170		
Verification date	29 October 2024		
Investigation period	1 April 2023 to 31 March 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

Introduction

A C Plumbing Supplies Pty Ltd (trading as Australian Consolidated Plumbing, 'ACP') submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Dumping and Subsidisation Investigation 645 (case 645) into interchangeable bolted clip heads (the goods) from China.

A verification team has verified whether the data ACP submitted is complete, relevant and accurate for use in case 645. Anti-Dumping Notice (ADN) 2016/30 describes the commission's verification procedure.

This report explains the commission's key findings, including the evidence considered and material issues identified. Where ACP or the commission 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 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.

1 Company background

1.1 Corporate structure and ownership

ACP is a nationwide plumbing products wholesaler and distributor in Australia. ACP sells plumbing, bathroom, and hardware products.

The goods form part of ACP's plumbing product category.

ACP is an independent Australian company, which was registered on 1 March 2019.

1.2 Related parties

The commission examined the relationships between ACP and parties involved in the supply and sale of the goods.

1.2.1 Related suppliers

During the investigation period, ACP purchased the goods from only Ningbo Fenghui Metal Products Co Ltd (Fenghui). The commission found that one of ACP's directors was simultaneously also the director of Fenghui from before the investigation period, to 15 June 2023. This director resigned as a director for Fenghui on 15 June 2023 and remained a director for ACP. In consideration of this, as well as other information that the commission obtained relating to ACP's ownership and structure, the commission considers ACP to be related to its supplier Fenghui.

1.2.2 Related customers

ACP stated that it had no related customers during the investigation period. The commission found no evidence to indicate otherwise.

2 Goods under consideration

2.1 Importation of the goods under consideration

ACP confirmed that the goods it imported from China during the investigation period matches the description of the goods that are the subject of this investigation.

2.2 Model control codes

ADN 2024/041 details the model control code (MCC) structure in relation to sales and cost data for the goods.

2.2.1 Amendments to model control codes

The commission found that ACP imported and sold clip heads suitable for pipe types other than the pipe types listed in the proposed MCC structure as outlined in ADN 2024/041 (refer section 3.1 for further details). The commission therefore amended the MCC structure to include additional subcategories for the clip head type. All other categories remain the same as those proposed in ADN 2024/041.

Additional subcategories for type of clip head

- bolted clip heads for galvanised pipe (identifier 'C')

- bolted clip heads for HDPE pipe (identifier 'D')

- bolted clip heads for pressure pipe (identifier 'E')

- bolted clip heads for PVC expansion pipe (identifier 'F')

- other (identifier 'G').

The new proposed MCC structure is outlined below.

Category	Determination of the sub-category	Identifier
Type	Bolted clip heads for drain, water and vent (DWV) pipe	A
	Bolted clip heads for copper pipe	B
	Bolted clip heads for galvanised pipe	C
	Bolted clip heads for HDPE pipe	D
	Bolted clip heads for pressure pipe	E
	Bolted clip heads for PVC expansion pipe	F
	Other	G
Product code (specific to relevant company)	XXX	XXX
Nominal Diameter (mm)	Numeral	Numeral
Finish	Powder coated	A
	Non-powder coated	B

2.3 Verification of model control codes

Table 1 below details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Type	Verified to the commercial invoice
Product code	Verified to the commercial invoice
Finish	Verified to the product brochure using the product code on the commercial invoice

Table 1 MCC sub-category determination

The commission is satisfied that ACP sold the goods in the Australian market.

2.4 List of model control codes

ACP sold the following MCCs during the investigation period:

MCC			
A-800001-40-A	B-800028-25-A	C-800013-20-B	E-800041-20-A
A-800002-50-A	B-800029-32-A	C-800014-25-B	E-800042-25-A
A-800003-65-A	B-800030-40-A	C-800015-32-B	E-800043-32-A
A-800004-80-A	B-800031-50-A	D-800162-56-A	E-800044-40-A
A-800005-100-A	B-800032-65-A	D-800163-63-A	E-800045-50-A
A-800006-150-A	B-800033-80-A	D-800164-75-A	F-800008-50-A
A-800049-90-A	B-800034-100-A	D-800165-90-A	F-800009-65-A
B-800026-15-A	B-800035-150-A	D-800166-110-A	F-800010-80-A
B-800027-20-A	C-800012-15-B	E-800040-15-A	F-800011-100-A

Table 2 MCCs that ACP sold during the investigation period

2.5 Like goods assessment

The commission considers that the goods which ACP imported were identical to, or had characteristics closely resembling, the like goods manufactured by the Australian industry.

3 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 to audited financial accounts. ADN 2016/30 further describes this verification process.

However, as ACP is not audited, the commission verified the sales listing by reconciling it to ACP's tax returns.

The verification procedure was as follows:

1. The commission reconciled the total revenue for 1 July 2022 to 30 June 2023 from the tax statement to the profit and loss statement and the accounting system.
2. The commission reconciled the total revenue for 1 July 2023 to 30 June 2024 from the tax statement to the profit and loss statement and the accounting system.
3. The commission verified the total investigation period revenue from the profit and loss statement to the accounting system.
4. ACP demonstrated the total investigation period sales listing by extracting the listing live from the accounting system.
5. ACP filtered the investigation period sales listing live with the commission, using the appropriate product codes for the goods. ACP then attained the sales listing for the goods only.
6. The commission reconciled the filtered sales listing from the accounting system to the sales listing that ACP provided to the commission.

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

3.1 Sales completeness and relevance exceptions

Exception 1: Addition of product codes

Description: Prior to verification, the commission identified various product codes from ACP's product catalogue that the commission considered to possibly be the goods. ACP had not included these product codes in the Australian sales listing, nor the cost to import and sell listing. During verification, ACP provided more information about the specifications and uses of these products. Based on the information that ACP provided, the commission considered all the identified product codes to be the goods.

Resolution: ACP revised the Australian sales listing, and the cost to import and sell listing, to include the sales and costs for the identified product codes.

Exception 2: Reclassifications of MCCs

Description: In relation to the sales of the goods that ACP added to both the Australian sales listing and the cost to import and sell listing, the commission found that ACP misclassified one product type.

Resolution: The commission revised both the Australian sales listing, and the cost to import and sell listing, by reclassifying the "type" identifiers for the particular product code.

3.2 Sales completeness and relevance finding

The commission is satisfied that the sales data ACP submitted is complete and relevant including any revision outlined in an exception above.

4 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 2016/30 further describes this verification process.

The commission verified whether the sales listing ACP submitted is accurate by reconciling it to source documents, consistent with ADN 2016/30.

The commission did not identify any issues in this process. The commission detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

4.1 Sales accuracy finding

The commission is satisfied that the sales data ACP submitted is accurate.

5 Verification of imports and cost to import and sell

5.1 Import listing

ACP confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods over the investigation period. ACP however explained that the import consignments from the ABF listing included a mixture of the goods and non-goods. The commission found this to be the case, upon assessment of the relevant source documents.

5.2 Verification of cost to import and sell

Prior to the verification, the commission selected ten shipments for ACP to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, ACP provided the following source documents:

- commercial invoice from its supplier
- packing list from its supplier
- proof of payment remittance for the imports of the goods
- bill of lading
- invoices for port handling at the Australian port
- invoices for other import charges in Australia
- invoices for inland freight (Australian port to ACP's warehouse)
- Australian customs entry for home consumption document
- certificate of product origin

The commission typically verifies cost to import and sell (CTIS) as complete and relevant by reconciling the total cost to import, and the selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

However, as ACP is not audited, the commission verified the SG&A expenses by reconciling the expenses to the tax returns.

In terms of the CTIS verification process, the commission identified the issues outlined below. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Exception 3: Reallocation of inland transport, port handling, and other import charges (Australian port to ACP warehouse) in the cost to import and sell listing

Description: The commission found that ACP allocated inland transport, port handling, and other import charges, by value, to attribute these costs to the goods. The commission considers that an allocation of these costs should be made based on quantity rather than value.

Resolution: The commission reallocated the inland transport, port handling, and other import charges, by quantity.

Exception 4: Use of SG&A values from financial statements and tax returns

Description: During verification, ACP could not demonstrate how the investigation period SG&A account values it reported in the importer questionnaire response linked to the trial balances or financial statements. **Resolution:** For relevant calculations, the commission found it appropriate to use ACP's SG&A expenses as recorded in its financial statements. The commission was able to verify these financial statements to ACP's accounting system and tax returns.

Exception 5: Exclusion of certain SG&A expenses

Description: ACP explained that during the investigation period, it incurred SG&A expenses relating to a warehouse and office move. ACP claimed that these expenses were not ordinary business expenses, and that the expenses should therefore be excluded from SG&A calculations. ACP provided the relevant invoices relating to all of these expenses. The commission assessed the invoices and found that the majority of the invoice descriptions were in line with ACP's claims. The commission finds it reasonable to remove expenses relating to the warehouse and office move from the investigation period SG&A calculation as the expenses are not ordinary business expenses. **Resolution:** The commission removed the expenses from the SG&A calculation, except for one expense that ACP had identified. The commission did not remove this expense as the commission was not satisfied that it related to the warehouse/office move, based on the invoice description.

5.3 CTIS allocation method

Table 3 outlines how the commission allocated each CTIS component.

Cost Area	Method applied
Ocean freight	Not applicable as ACP purchased the goods at Cost, Insurance and Freight (CIF) terms.
Marine insurance	Not applicable as ACP did not pay for marine insurance.
Customs fees	Allocated by quantity
Port service and other import charges	Allocated by quantity
Inland freight (Australian port to ACP warehouse)	Allocated by quantity
SG&A (including warehouse to customer delivery)	Allocated by revenue

Table 3 CTIS allocation method

5.4 CTIS verification finding

The commission is satisfied that the CTIS provided by ACP, including any required amendments as outlined in the exception descriptions above, is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 1.**

6 Export price

6.1 The importer

The commission considers ACP to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as ACP:

- was named on the commercial invoice from its supplier
- was named as the consignee on the bill of lading
- was declared as the importer on the importation declaration to ABF
- paid for all the importation charges
- arranged delivery from the port of arrival in Australia

6.2 The exporter

The commission undertook a verification of ACP's supplier of the goods (Fenghui) and one of the manufacturers of the goods, being Cixi Guanhaiwei Qinyan Hardware Factory (Qinyan).

The commission has found Fenghui to be the exporter of the goods.

Please refer to the verification report relating to Fenghui for information in relation to the determination of the exporter.[2]

6.3 Profitability of imports

The commission assessed the profitability for selected shipments by comparing the revenue to the CTIS for each shipment. As the commission cannot trace each selected shipment to actual sales transactions, the commission used the quarterly weighted average sales revenue to assess its profitability.

The outcome of this assessment is in Table 4 below.

Shipment	Profitable (Y/N?)
1	Y
2	N
3	Y
4	Y
5	Y
6	Y
7	N/A[3]
8	Y
9	Y
10	Y
Weighted average all shipments	**Y**

Table 4 Profitability of selected imports

[2] Fenghui's verification report is available on the commission's electronic public record for case 645.
[3] Not applicable as this shipment did not contain the goods.

The assessment is at **Confidential Appendix 1**.

6.4 Related party suppliers

During the investigation period, ACP purchased all the goods from related party Fenghui.

6.5 Arms length

Notwithstanding the relationship between ACP and Fenghui, ACP explained that it purchases from Fenghui in line with market prices.

The commission assessed the information provided by ACP and Fenghui and found the following:

- The commission compared the prices of Fenghui's sales of non-goods sales to ACP and prices of the same goods from Fenghui to an unrelated Australian customer. The commission compared these prices for the same product codes and months. The commission found that there was no consistent price difference between Fenghui's sales to the two customers.
- Fenghui revises the prices of the goods its sells to ACP periodically, based on changes in raw material prices and profit.[4]
- ACP made a profit on the imports of the goods for the selected import consignments.

In consideration of the above, and based on the information that the commission attained from ACP and Fenghui, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

Accordingly, the commission is satisfied that ACP's purchases from Fenghui were arm's length transactions.

6.6 Export price assessment

The commission recommends that the export price for the goods imported by ACP from Fenghui can be established under section 269TAB(1)(a). Please refer to the Fenghui verification report for further details in relation to the calculation of the export price.[5]

[4] The commission obtained this information from Fenghui.

[5] Fenghui's verification report is available on the commission's electronic public record for case 645.

7 Attachments

Confidential Appendix 1	Profitability of imports
Confidential Attachment 1	Verification work program