PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Australian industry verification report

Verification and case details

Initiation date	19/12/2024	**ADN**	2024/108
Case number	659		
The goods under consideration	Certain Strata Steel Bolts		
Case type	Dumping and Subsidy Investigation		
Australian industry	Jennmar Australia Pty Limited		
Location	40-44 Anzac Ave., Smeaton Grange, NSW, 2567		
Verification from	5/05/2025	to	7/05/2025
Investigation period	1/10/2023	to	30/09/2024

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

Jennmar Australia Pty Limited (Jennmar) provided data to the Anti-Dumping Commission (the commission) in relation to Dumping and Subsidy Investigation 659 (case 659) into Certain Strata Steel Bolts from China.

A verification team (the team) has verified whether the data Jennmar submitted is complete, relevant and accurate for use in case 659. Anti-Dumping Notice (ADN) 2016/30 describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where Jennmar or the 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 659.

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

Jennmar Australia Pty Limited (Jennmar) is a private manufacturing company, owned by sole shareholder Frank Calandra Inc. Jennmar supplies ground support products, systems and solutions for the Australian mining and tunnelling industry.

Jennmar manufactures ground support products, using Australian steel, in 4 locations at Western Sydney & Newcastle in New South Wales, Mackay in Queensland and Perth in Western Australia.

More than 5 million rock bolts and plates are manufactured each year across Jennmar's Australian manufacturing sites, as well as over 50,000 cables bolts and 8,000 tonnes of resin capsules.

1.2 Related parties

The team examined the relationships between Jennmar and parties involved in the production and sale of the goods.

The team found no related party customers or suppliers involved in Jennmar producing or selling the goods during the investigation period.

2 Like goods manufactured in Australia

2.1 Manufacturing in Australia

A friction bolt is manufactured from high tensile bare/black Hot Rolled Coil strip (HRC). Jennmar only uses 107.5 width black HRC grade ABO400. This is a specific grade but is equivalent and interchangeable with the HA400 grade, which is the standard generic international grade.

The steel strip is passed through a roll forming machine which has a series of rolls that form the steel into a "C" shape, with a slot along its entire length.

A steel ring, or collar, is then welded on the outer non-tapered end of the bolt to hold a domed plate to the rock surface. Jennmar imports the rings.

The top end is swaged/tapered to allow easy insertion into the hole in the ground. Jennmar stacks the bolts into 150 lots.

Galvanising is outsourced, where the black bolts are sent to a third-party unrelated galvaniser. Corrosion protection is provided by the hot dip galvanising process. When completed, the third-party galvaniser packs the bolts into packs of 150 with steel straps and timber bearers. The galvaniser then delivers the packs to Jennmar. The product is then delivered to the customer.

2.2 Model control codes

The sales and costs data Jennmar submitted complies with the model control code (MCC) structure detailed in ADN 2024/108.

2.2.1 Amendments to model control codes

After comparing prices of different models of the goods, the team does not recommend amending the MCC structure.

2.3 Verification of model control codes

Table 1 MCC sub-category determination

below provides detail on the model control code (MCC) sub-categories were determined and verified to source documents.

Category	Determination of the sub-category (note evidence)
Finish	The items description on the commercial invoice includes the finish type either GL for galvanised or BK as black (non-galvanised).
Length	Based on the standard length shown on the commercial invoices
Outside diameter	Based on the standard outside diameter as listed on the commercial invoice
Base Metal Thickness (BMT)	All friction bolts are of the one base metal thickness

Table 1 MCC sub-category determination

2.4 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 team considers that the like goods manufactured by Jennmar are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- **Physical likeness:** Applicant-manufactured friction bolts are alike in physical appearance to the imported goods.
- **Commercial likeness:** The locally produced friction bolts compete directly with imported friction bolts in the Australian market. Participants in the Australian mining and resource extraction industries, as the end-users and key customers for the like goods and subject goods, purchase locally made and imported goods, and readily switch between suppliers.
- **Functional likeness:** Imported and locally manufactured friction bolts have the same end-use application. A friction bolt is a common type of rock support system used in mining, particularly in underground operations. Its primary function is to stabilise rock formations and prevent collapses in tunnels, shafts, or other mined areas.
- **Production likeness:** Friction bolts produced in Australia are manufactured in a similar manner to the imported goods. Liquid steel is cast into high tensile flat rolled steel (as the feed material), which, in the case of the Australian market, is purchased by the applicants from a third-party supplier. The flat rolled steel is then roll-formed by the friction bolt producer to transform the raw material feed into a hollow C-shaped bolt. The friction bolt may then be metallic coated via the hot-dipped galvanising process.

2.5 List of all model control codes

Jennmar produced and sold and produced goods with the following MCCs during the investigation period:

Sales MCC	Domestic sales
G-2.4-47-3.2	Yes
N-2.4-47-3.2	Yes

Table 2 List of MCCs sold during investigation period

2.6 Like goods assessment

The team is satisfied that:

- Certain strata steel bolts produced by Jennmar are like to the goods[2]
- at least one substantial process of manufacture of certain strata steel bolts is carried out in Australia[3]
- the like goods were, therefore, wholly or partly manufactured in Australia by Jennmar[4]

[2] Section 269T(1) (definition of 'like goods').

[3] Section 269T(3).

[4] Section 269T(2).

- there is an Australian industry, consisting of Jennmar and DSI Underground, which produce like goods in Australia.[5]

[5] Section 269T(4).

3 Australian market

3.1 Australian market background

A friction bolt is typically used in Australian hard rock mines to provide ground reinforcement to allow safe operation of underground mines. Friction bolts are the dominate product used in the hard rock ground support market because:

- they are the lowest cost option for miners to use in the underground mining reinforcement
- the product is easy and quick to install. It is quickly pushed into a hole that is smaller than the bolts diameter and is held in the ground by the friction between the bolt and the ground
- there is no substitute for friction bolts.

Jennmar's main competitors are local producers, DSI and Split Set Mining Systems (SSMS) and two main importers Drillcube and Minova.

Jennmar stated that Drillcube is supplied by Chinese exporter Tonry Mining Safety Support Technology Co., Ltd (Tonry). Tonry not only supplies Drillcube, an importer, but also competes directly in the Australian market. Minova imports friction bolts from Anto Mining Equipment Co., Ltd (Anto).

While SSMS is a local manufacturer of friction bolts, it also imports the subject goods from Tanrimine Metal Support Co., Ltd and competes with the Australian industry on the basis of this supply chain.

Other competitors are Australian based importers such as Perenti Limited and Normet Asia-Pacific Pty Ltd.

Jennmar claims that most of the friction bolts are exported from China. There are some sales that are coming from South Africa however not a significant volume.

Customers are readily able to change supplier, which is typically the case for a commodity product, because of the volume, secure supply and quality service.

Jennmar stated that every time it has lost out on a contract or winning a supply agreement, it is only on price. Even though Jennmar's high quality and reliability is recognised, price is at the forefront of discussions. At the same time, Jennmar has not experienced a material reduction in the raw material costs.

3.2 Australian market structure

3.2.1 Marketing segmentation and end uses

The market segment is the underground mining sector requiring ground support.

The end users are miners/mine developers that require a low-cost option to reinforce an underground mine site. Jennmar sells friction bolts direct to end users, it does not sell to distributors or retailers because friction bolts are usually part of a supply contract that consists of a 'basket' of products used in the hard rock underground support.

The imported products are equivalent products and used in the same manner and purpose.

3.2.2 Distribution arrangements

The majority of Jennmar's contracts to customers are contracted under formal agreements. Jennmar's supply agreements cover a two-or five-year period that are subject to periodic review during set intervals of the agreement.

Jennmar has shorter agreements in place with smaller sized customers. However, agreements can fall under review when the customer requests a review. Jennmar considers that it experienced pricing pressures from customers at the tendering or re-negotiating process where customers attempt to drive down prices using overseas supplied prices.

3.2.3 Supply

Jennmar has contracts with end users being mining companies, to supply friction bolts over an agreed period. It does not sell to distributors or retailers as friction bolts are usually sold with other products under supply contracts for hard rock underground support.

3.2.4 Demand

The product demand is driven from commodity prices and as a result of strong commodity prices there is increased demand for new or renewed mines in Australia. The key use of the product relates to providing a safe working environment in underground operations. New mine developments, mine closures and geological conditions drive the variability at the mine site level.

Jennmar alleged that Chinese competitors are dumping friction bolts into the Australian market, creating downward pressure on prices from Australian competitors to remain competitive and retain customers. Jennmar explained that over the injury period it had to reduce its prices, even when it was an incumbent on a mine, to retain the business.

3.3 Australian market pricing

Volumes and demand dropped off in 2020 to 2022 because of the global pandemic and the collapse in commodity prices, specifically nickel. However, over the last 3 years there has been strong growth in the gold price which has driven an increase demand for friction bolts.

The current condition of the Australian market is stable however pricing of friction bolts has become the primary issue faced by the Australian industry as they compete with Chinese dumped products. Jennmar is confronted with Chinese pricing in its tending for new business and even at times forced to re-negotiate with

4 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 2016/30 further describes this verification process.

The verification team verified whether the sales listings Jennmar submitted are complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

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

1. Reconciled the group revenue in the upwards sales workbook for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the revenue for the investigation period to the trial balance.
3. Verified the sales revenue and volume for domestic sales and export sales of the like goods by reconciling the amounts reported in the upwards sales workbook and the accounting system.
4. Reconciled the revenue and the volume in the A-4 sales listing for the like goods to the trial balance and the accounting system.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Sales completeness and relevance exceptions

The verification team did not identify any exceptions for the reconciliation of upwards sales and considers Jennmar's upwards sales data is relevant and complete.

4.2 Import sales by company

Jennmar did not sell any imported goods into the Australian market in the period of investigation.

4.3 Export sales by company

Jennmar did not export goods for sale to other countries during the period of investigation.

Jennmar identified sales of non-goods exported to other countries during the period of investigation. The verification team was able to verify the value and volume of export sales of the goods to other countries during upwards sales verification to Jennmar's accounting system.

4.4 Sales completeness and relevance finding

The team is satisfied that the sales data Jennmar submitted is complete and relevant.

5 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 verification team verified whether the export and domestic sales listings Jennmar submitted are accurate by reconciling them to source documents, consistent with ADN 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.**

5.1 Sales accuracy exceptions

Exception 1: Inland freight costs

Description: The inland freight costs were calculated based on 2023 freight costs rates.

Resolution: Jennmar provided an updated A4- Australian Sales listing with revised freight charges based on the 2024 freight rates.

Exception 2: Other costs

Description: The sales representative costs were calculated erroneously.

Resolution: Jennmar provided an updated A4- Australian Sales listing with revised sales representative costs based on the percentage payable to each sales representative.

5.2 Related party customers

Jennmar did not sell the goods to related party customers in the period of investigation.

5.3 Sales accuracy finding

The verification team is satisfied that the sales data Jennmar submitted is accurate, including any revision outlined in an exception above. Details of this verification process are contained in the verification work program and its relevant attachments, at Confidential Attachment 1.

Accordingly, the verification team considers Jennmar's sales data suitable for analysing the economic performance of its certain strata steel bolts operations from 1 October 2020 to 30 September 2024.

6 Verification of CTMS completeness and relevance

The commission typically verifies cost to make and sell (CTMS) 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 2016/30 further describes this verification process.

The verification team verified whether the CTM and SG&A listings Jennmar submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

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

1. Reconciled the cost of goods sold for the 15-month period ending Dec 2024 and 12-month period ending Sept 2024 to the audited financial statements for Dec ending 2024 and the trial balance ending Sept 2024.
2. Reconciled the cost of goods sold for the period to the trial balance ending Sept 2024.
3. Reconciled cost of goods sales to the total company cost to make for the period ending Sept 2024.
4. Reviewed the categorisation of the cost to make of the goods and non-goods

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

1. Reconciled the SG&A listing to management accounts and the accounting system.
2. Reviewed SG&A allocation methodology for accuracy and reasonableness.
3. Reconciled the SG&A listing for the period to the trial balance.
4. Reviewed selected accounts of the SG&A listing to ascertain whether these were relevant for the domestic SG&A calculation.

The 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**.

6.1 Exceptions during verification of completeness and relevance of CTMS data

Exception 3: Breakdown of adjustments to COGS figure between financial reporting period and POI

Description: The verification team explained to verify the completeness and relevance of the upwards costs reconciliation book it would require a breakdown of accounts that comprised the difference between the COGS figure set out on Jennmar's audited financial statement and trial balance.

Resolution: The verification team requested that Jennmar submit a revised upwards costs reconciliation worksheet separating the cost accounts to reconcile the total COGS figure in audited financial statements and trial balances.

6.2 CTMS completeness and relevance finding

The team is satisfied that the CTMS data provided in the application by company, including any required amendments as outlined in the exception table above is complete and relevant.

7 Verification of cost to make and sell accuracy

The commission typically verifies CTMS 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 2016/30 further describes this verification process.

The verification team verified whether the CTM and SG&A listings Jennmar submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The verification team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

7.1 Cost allocation method

Table 3 outlines how the team allocated each cost component.

Cost component	Method applied
Raw materials	Jennmar allocates raw material costs based on the purchase cost on a standard cost basis.
Labour	Jennmar allocates labour costs based on weighted average costs at normal operating capacity excluding burrowing costs.
Manufacturing overheads	Jennmar allocates manufacturing overheads based on weighted average costs at normal operating capacity.
Depreciation	Jennmar applies depreciation at cost for tangible assets (plant and equipment), net of accumulated depreciation and/impairment losses. Cost is inclusive of acquisition cost and replacement of parts of plant and equipment. Jennmar measures the value of intangible assets at cost on initial recognition then measures the carrying cost less
Variance (for standard costs)	Jennmar calculates a monthly variance of standard costs to actual figures in management reports.

Table 3 Cost allocation method

7.2 Related party suppliers

Jennmar did not transact with any related party suppliers during the investigation period.

7.3 Cost to make and sell accuracy finding

The team is satisfied that the CTMS data Jennmar submitted is accurate and reasonably reflects the costs associated with the manufacture/production and sale of the goods.

8 Economic condition

8.1 Applicant's injury claims

In its application for a dumping and subsidy investigation Jennmar claimed that the Australian industry has experienced injury in the form of:

- lost sales volume and lost market share
- lower production volumes
- price depression
- price suppression
- loss of profits
- reduced capital investment
- reduced research and development expenditure
- reduced return on investment
- reduced capacity utilisation
- reduced employment
- reduced productivity, and
- reduced inventory turnover.

Jennmar Australia Pty Limited claimed that injury commenced during FY2023 and continued throughout the proposed investigation period.

8.2 Approach to injury analysis

The analysis detailed in this chapter is based on verified financial information submitted by Jennmar and information relevant to tenders.

The verification team has assessed the economic condition of the Australian industry from the 1 October 2020 using the information provided by Jennmar. The commission has compiled the figures presented on an annual basis for years ending 30 September 2024. This preliminary assessment is at **confidential appendix 1**.

8.3 Volume effects

The following chart shows Jennmar's sales volumes of Australian produced certain strata steel bolts.

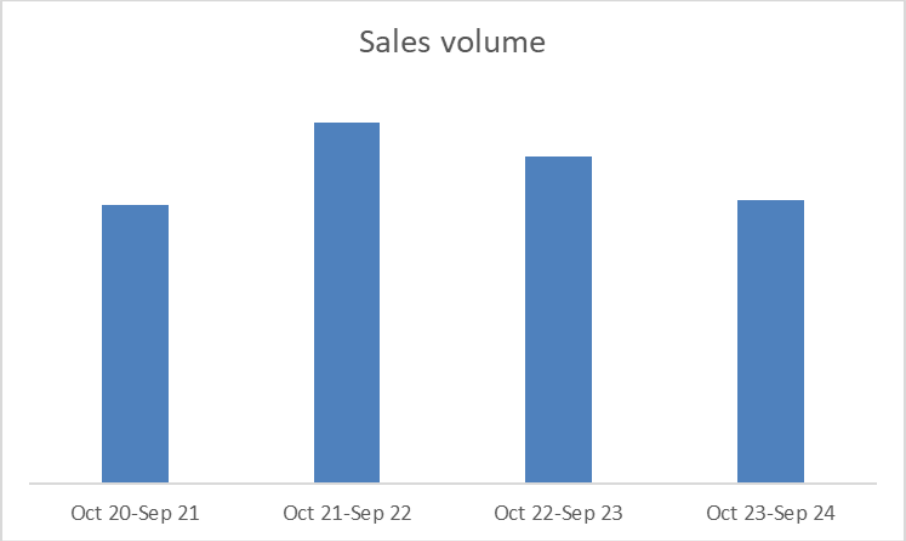

Figure 1 – Sales volume

As depicted in figure 1, Jennmar experienced a reduction in sales volumes in 2023. The trend continued in 2024.

Based on this analysis, the verification team considers that Jennmar has experienced injury in the form of loss of sales volume during the investigation period.

8.4 Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

Jennmar claims that it has experienced both price depression and price suppression.

To assess Jennmar claims, the verification team compared the weighted average selling price of like goods sold by Jennmar compared to its weighted average CTMS for the like goods for the injury period. Figure 2 depicts this comparison.

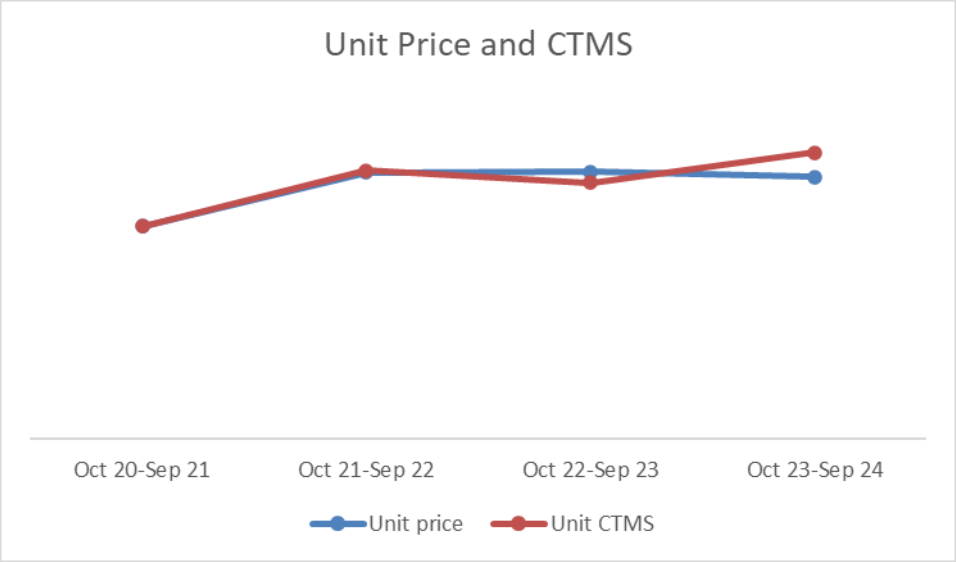

Figure 2 - Unit price and CTMS

Based on this analysis, the verification team considers that company has experienced injury in the form of price suppression and price depression during the investigation period.

8.5 Profit and profitability

Jennmar claim that price competition with imports from China affect its ability to raise prices sufficiently to cover costs, which has negatively impacted its profits and profitability, particularly in the two most recent years of the injury period.

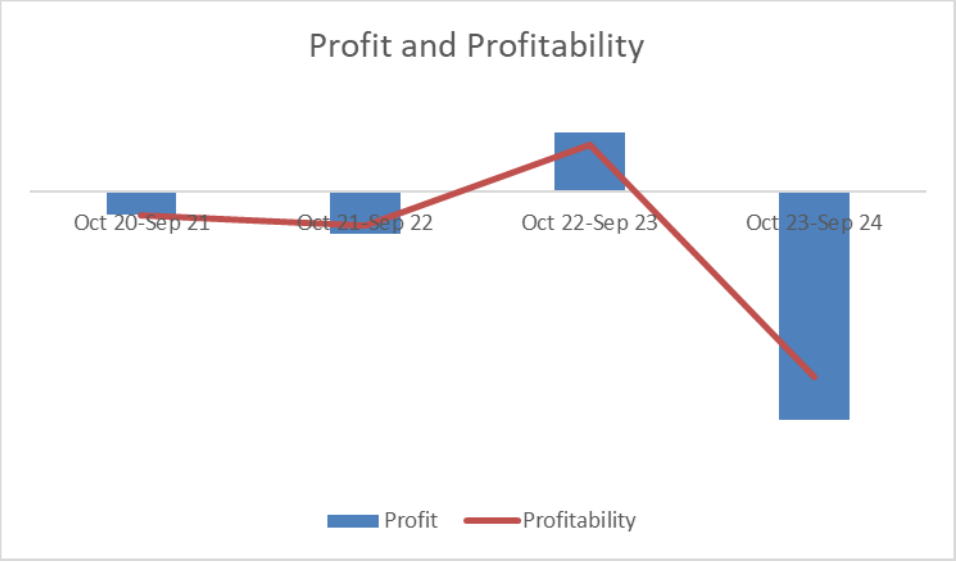

Figure 3 - Profit and profitability

Figure 3 depicts profit and profitability over the injury period. Jennmar's profit and profitability exhibit a sharp downward trend in the two most recent years of the injury period.

Noting the verification team's observation that Jennmar has experienced reduced sales volume (chapter 8.3) and experienced price depression and suppression (chapter 8.4) during the investigation period, the verification team considers that Jennmar has achieved

lower profit and profitability than would have been the case had sales volume and prices been maintained.

Based on this analysis, the verification team considers that Jennmar has experienced injury in the form of loss of profits and reduced profitability during the investigation period.

8.6 Other economic factors

As part of its application, Jennmar provided data in relation to a range of other economic factors which may also be indicative that injury has occurred. This included data relating to:

- reduced capital investment
- reduced research & development expenditure
- reduced return on investment (ROI)
- reduced capacity utilisation
- reduced employment
- reduced productivity
- reduced inventory turnover.

The verification team note that the application is a joint application by DSI and Jennmar, and that the other economic factor section:

- considers both applicants jointly; and
- consider financial years ending 30 June.

The verification team has examined the data provided in respect of each of these claims. Specifically, the team has examined data provided in respect of Jennmar for years ending 30 September.

	Oct 20-Sep 21	Oct 21-Sep 22	Oct 22-Sep 23	Oct 23-Sep 24
Capital investment	100	44	16	2
R&D expenditure	100	130	0	0
Return on investment	100	33	402	381
Capacity utilisation	100	136	148	73
Employment	100	133	117	93
Inventory turnover	100	136	63	53

Table 4 – Jennmar's index of other economic factors

8.7 Conclusion

Based on an analysis of the information contained in the application and obtained and verified during our visit, the verification team considers that Jennmar has experienced injury in the form of:

- loss of sales volume
- price depression
- price suppression
- loss of profit
- reduced profitability
- reduced capacity utilisation
- reduced employment levels
- reduced capital investment
- reduced inventory turnover.

9 Causal link claims

9.1 Background and approach to analysis

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that material injury to an Australian industry producing like goods has been or is being caused or is threatened.

The verification team discussed with Jennmar whether the alleged dumping and subsidisation of imported strata steel bolts can be demonstrated to be causing material injury to the Australian industry, and collected evidence to support those claims. The commission will consider the evidence further during the course of the investigation.

The verification team also examined factors other than dumping and subsidisation to consider whether these may be causing injury.

9.2 Volume effects, price and profitability effects

Jennmar claim to have suffered injury as a direct result of competition with dumped imports from China which resulted in Jennmar losing tenders for new contracts and losing the renewal of existing supply contracts. Jennmar claim that despite a growing Australian market size, it has experienced a reduction in its market share.

Jennmar provided evidence to the team including pricing information, details of tender bids and tender outcomes. The commission will consider this evidence further during the course of the investigation. The verification team detailed this evidence in the verification work program and its relevant attachments in **confidential attachment 1**.

10 Appendices and attachments

Confidential attachment 1	Verification work program
Confidential appendix 1	Economic condition of Australian industry