



WELCOME

Welcome to the first South Australian-Northern Territory edition of XLERPLATE® *Steel In Touch* for 2006.

Our region's economy has grown solidly in the past year, and our prospects remain strong - especially in light of Australia's continuing resources boom.

Additionally, several major SA-based defence and resources infrastructure projects are earmarked for the years ahead, along with ongoing resources activity in the NT.

SA's employment rates remain below the national average, courtesy of the resources buoyancy and conditions in SA and the NT, as well as in other

resource-rich states. This boom, coupled with the Air Warfare Destroyer and Olympic Dam projects, should see SA-NT progress in the years ahead.

Our population continues to rise, and demand for housing stock continues to drive our domestic market forward.

However, there's no time to rest. We should consider ways we can enhance these prospects by adding value to everything we do in the steel industry.

If we continue to add value for customers, business will grow.

Ted Lojczyk
State Sales Manager – SA & NT

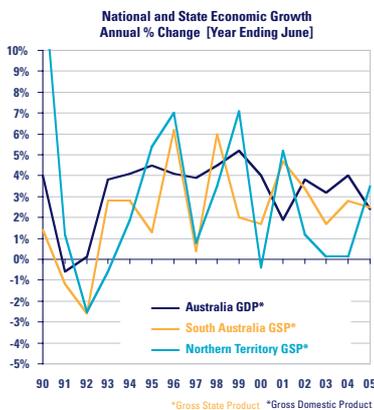
SA-NT REVIEW

SA's economy grew about 2.5 per cent in 2004/05, supported by positive growth in business investment and solid levels of residential and non-residential investment.

Population has risen as the expense of living in Sydney and Melbourne rises. This has led to a lower unemployment rate than the national average, and has allowed housing approvals to hold up, and residential vacancies to remain low.

However, the high value of the AUD in recent years has impacted on the export performance of both the automotive and wine industries.

Looking ahead, growth is expected to moderate slightly next year on the back of softening domestic consumption.



Source: BlueScope Steel Economics and Access Economics



AIR WARFARE DESTROYER PROGRAM SPEEDS AHEAD

The Australian steel industry is poised to be a major winner in the \$6 billion SEA 4000 Air Warfare Destroyer (AWD) program.

First outlined in the 2000 Defence White Paper, three new air defence-capable ships will be built in Adelaide in what has been described as one of the most significant ship-building programs ever undertaken in Australia.

The Osborne site will also be transformed into an integrated state-of-the-art facility capable of building and maintaining Australia's naval fleet for the next 50 years, the SA Government says.

SA's \$100 million commitment to the project includes building a new 200m-long wharf capable of supporting 100-tonne-capacity cranes and a \$70 million, 160m-long ship lift – the largest in Australia.

"The Government has also committed to building a transfer system capable of moving ships around the site, from the construction berth to the ship lift," our State Sales Manager, SA-NT, Ted Lojczyk, says. "There are also plans to create a 30ha Suppliers' Precinct for contractors to set up offices and supply points near the shipyard.

"These destroyers will require the highest quality steel – as will the upgraded facilities at Port Adelaide, where they will be built. Eventually this project will call on suppliers to



Air Warfare Destroyer

provide approximately 20,000 tonnes of steel for both vessels and infrastructure."

The three AWDs will replace the five Adelaide Class Guided Missile Frigates (FFGs), with the first entering service by the end of 2013. The build program is due to start mid-2007.

The AWDs will provide air defence for accompanying ships, as well as for land forces and infrastructure in coastal areas. They will also be able to protect themselves from missile and aircraft attack.

So far, the Australian Government has selected Raytheon Australia and ASC Shipbuilding as preferred industry participants to join the Commonwealth as core members of the Air Warfare Destroyer Alliance.

"A project of this size will be an enormous boost for South Australian industry and our State's economy in the years ahead," Ted says. "If called upon, BlueScope Steel will be delighted to play its part."

TED'S 40 YEARS IN STEEL

Decimal Currency Day – Feb 14, 1966 – is a date our State Manager for SA-NT, Ted Lojszczyk, says he'll always remember.

It was the day he started in the steel industry.

The past 40 years have seen dramatic changes in the industry, says Ted, and he's seen a lot as he's worked at numerous BlueScope Steel locations throughout Australia before settling in Adelaide.

"In the very early days, sales and marketing managers didn't have cars," he says.

"You had to borrow a car to get to a meeting or to visit a customer!

"Business was different too; we responded to production, rather than today's business environment, in which sales and marketing people are much more accountable for company returns.

"Today, our role is to generate business ahead of schedule, and drive production."

Not that Ted regrets the passing of older business methods.

"I believe we face some interesting challenges in the years ahead, especially here in SA," he says.

"On one hand, we're witnessing pressure being brought to bear on the automotive industry, while on the other we see enormous demand for quality



steel coming from other major industrial and resources infrastructure projects.

"Some of these will be short term, while others will be longer-term projects."

He cites Australian Defence Force (Army and Navy) projects and major resource projects, such as the BHP Billiton expansion at Olympic Dam in South Australia, as being enormous opportunities.

"The ADF, in particular, will generate enormous structural demand for steel over the next few years, and this can only be good for the Australian steel industry," Ted says.

And with steel flowing through his veins, Ted aims to play a vital role in helping to develop these markets for BlueScope Steel products.

BETTER VALUE FROM PLATE MILL

The Plate Mill at the Port Kembla Steelworks is now offering faster service after a multi-million dollar maintenance program completed earlier this year.

The program involved the reheat furnaces, Stand No. 2 and aspects of processing and despatch, and will result in better product turnaround for all XLERPLATE® steel customers.

No. 1 furnace had minor refractory work done on the hearth, while No. 2 furnace received a new hearth and had other refractories replaced.

Nitrogen is now used in an automatic system to purge volatile coke oven gas from the gas supply lines, replacing a slower, more dangerous manual process that used steam.

The gamma ray thickness gauge on Stand 2 was updated to provide more reliable and accurate readings on plate thickness and profile. The window liners were also replaced within the Mill housing.

Processing work involved refurbishment of the rotary line and guillotine line turnover tables, new arbours on the rotary line side trim sheers, a new scrap trolley for the plasma cutter, and the removal of asbestos from one of the cranes' control panels.

In the despatch section, both large forklifts have been fitted with speed governors, and seatbelts or seat cut-out switches.

AIR RIDE FIRES UP FOR BLUESCOPE STEEL'S NEW FURNACE

South Australian manufacturer Air Ride Wind has fabricated vital components for the \$100 million expansion of BlueScope Steel's Port Kembla Steelworks.

Air Ride Wind has supplied large ductwork and a section for the stack as part of the expansion project which will increase the nominal capacity of the Hot Strip Mill at Port Kembla Steelworks from 2.4 to 2.8 million tonnes a year.



Expansion plans include the construction of a second walking beam reheat furnace, which will add value to an additional 400,000 tonnes of steel slab a year by converting it to hot-rolled coil.

This hot-rolled coil production will help support the expansion of BlueScope Steel's downstream steel coating and painting facilities in Asia, and help meet demand for flat steel products in Australian markets.

Air Ride Wind has fabricated five hot air ducts and a section of the stack for the new walking beam reheat furnace. Mainteck Services, a Port Kembla based construction company, contracted to part-manufacture and erect the new furnace, approached Air Ride Wind to undertake the work.

With more than 80 employees working from its premises in Islington, Air Ride Wind is one of the largest manufacturers of wind towers in Australia. Although wind towers are a speciality, the company also undertakes other heavy fabrication work.

About 30 tonnes of 250 Grade XLERPLATE® steel were used for the ductwork, and about 20 tonnes of XLERPLATE® steel were used for the stack. The massive hot air ducts measure almost 3m in diameter and are 5-10m long. The stack is more than 3m in diameter and 8m long.

The XLERPLATE® steel was supplied by Smorgon Steel, one of BlueScope Steel's distributors.

WEBSITE FOR FABRICATORS

Metal fabricators are being encouraged to log on to a free industry-first online directory designed to connect them with project developers across Australia.

The idea is that metal fabricators, as well as project developers and engineers, will use the directory to source steel fabrication services for projects in any State.

BlueScope Steel is sponsoring the online Australian Metal Fabrication and Services national directory, launched by the Industry Capability Network of Western Australia (ICNWA).

ICNWA senior consultant, Linus O'Brien, says registering on the site will mean fabricators are better positioned for tender opportunities.

Linus says the success of the website will depend on support from metal fabricators.

See <http://www.projectconnect.com.au> to register.

SAFETY MESSAGE COMPRESSED AIR

Many people are not aware of the dangers surrounding compressed air.

While most fatalities associated with the wrong uses of compressed air are attributed to sky-larking and horseplay, many people are seriously injured and killed each year by incorrectly using compressed air when doing legitimate work.

Air under pressure can be just as dangerous as high pressure steam, and when released suddenly can cause serious injury. It can maim, tear or embed matter into skin and bones.

Air directed around the face can blow out an eye, or may puncture an ear drum, causing deafness. A person who has been painting or covered with dirt or soot can have poisonous particles blasted into the body where they immediately combine with blood. Even air without impurities is dangerous when forced into the bloodstream through a cut or even through skin pores.

Many serious injuries have occurred with pressures as low as 28 kPa.

Remember - compressed air can kill. Use it sensibly!

NEW TRAINING PROGRAM BENEFITS DISTRIBUTORS

A new training program will provide distributors and their employees with everything they need to know about XLERPLATE® steel, from its manufacture to technical advice and branding.

From mid-April, BlueScope Steel sales teams will use the DVD to host training sessions for distributors.

Michael Reay, BlueScope Steel Brand and Communications Manager, says the DVD is divided into seven modules, which provide information on BlueScope Steel, market segmentation, branding, product range, technical information, services and safety.

It has been developed in close consultation with our State Sales Managers and Account Managers to ensure relevant content, design and functionality.

The DVD also includes an animation of the entire



steel making process at the Port Kembla Steelworks.

"It's a really powerful tool because distributors will have all the information they need to know about XLERPLATE® steel in one spot," Michael says. "It's easily absorbed and there's lots of visual information."

He said the DVD's flexible menu and modular structure allow the training sessions to be tailored to suit each audience and the time they have available.

"If we need to train brand new staff who have never worked in the steel industry, the sessions will take them through the nuts and bolts of how steel is made," Michael said.

NEW PLATE MILL MANAGER



The Port Kembla Steelworks has a new Plate Mill Manager – Gerard Mahoney.

Gerard was appointed to the position in December and oversees all rolling, processing and despatch of XLERPLATE® steel, as well as maintenance of these processes.

His major responsibilities are to ensure production runs to schedule and deliveries are fulfilled.

Gerard has worked in various roles throughout his 25 years at BlueScope Steel, including Manager of the Slab Caster and Customer Services for Hot Rolled Coil Products.

He enjoys being at the hands-on production side of the business. "That's the really important part for me. We're at the forefront of the operations and producing quality XLERPLATE® steel for our customers," Gerard said.

MILDURA COMPANY BUILDS BIG REPUTATION

Farmers might be ruing Australia's tough weather conditions, but they have helped a Mildura company build an international reputation for hardy, durable products.

Titan Andys has manufactured off-road wheels and components for nearly 60 years and its products have been used on ice crushers in Antarctica, people movers at San Diego Zoo and mobile field cannons for the Australian and American military.

Purchasing Manager Jeff McKeon says Titan Andys builds new wheels for sales and export, as well as providing replacement parts for imported agricultural machines. He says Australian farmers are known for pushing their vehicles to the limit.

This is partly because Australia has few restrictions on maximum weights for off-road vehicles, he says. Europe has much stricter regulations governing design parameters of machinery and wheel loads.

The duty cycle, or expected workload, of Titan Andys' products is greater than in Europe, given



Titan Andys Purchasing Manager
Jeff McKeon

the comparative size of Australian properties, Jeff says.

Overseas interests, such as the American military, approach Titan Andys when they need a small batch of hardier-than-usual wheel products.

Titan Andys, which has sales offices throughout Australia, uses XLERPLATE® steel to manufacture the centres for its wheels.

Jeff says the company typically uses 16mm XLERPLATE® steel (and

sometimes 20mm) compared to the 12mm usually used on overseas wheel products.

Titan Andys is supplied by Adelaide Profile Services, which receives its BlueScope Steel products from distributors OneSteel and Smorgon Steel.

Titan Andys, originally known as Andys Engineering, was taken over by the world's largest wheel manufacturing company, Titan Wheels, in 2004.

The take-over has meant that Titan Andys, which was originally an agent for GKN, can now tap into the global manufacturing technology and supply chains of Titan Wheels and also offer products from GKN – one of the only companies in the world to do so.

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IN THE HOT SEAT PHIL BAKER

Name: Phil Baker

Job Title: Logistics Transport Allocator

No. of years with BlueScope Steel: 6

No. of years in the steel industry: 12

Description of current role: Organise the unloading of material from rail wagons and organise delivery to customers

Previous position: Supervisor for Australian National Rail

Previous position duties: Supervising daily activities at ANR

Woman I most admire: Mother

Man I most admire: Father

E-mails received on average per day: 35

Best invention of the last century: Traffic lights

Worst television program: Big Brother

Time I spend in my car each day: One and half hours

Hardest habit to break: Smoking

Favourite drink: Bundy Rum

Best car on the road/favourite car of all time: Ford Falcon XF

Most useless possession: Nothing – everything has a purpose

Favourite outdoor recreational activity: Cricket and tennis (with a BBQ)

What kick starts my day: One good coffee

If I had \$1m to blow it would be on... The family

If I could have one person over for dinner, it would be... Kerry O'Keefe (ABC cricket commentator)

If there was one thing I could do all over again... Better education

Favourite holiday destination ever: Kimberleys



ANYTHING BUT STEEL

While iron and steel making is thought to have taken more than 2000 years to develop, the ancient Egyptian King Tut always carried a small iron dagger – thought to be his most precious personal possession – made of meteorite iron.

The Sumerians called iron 'sky metal', while the Egyptian Pharaohs called it 'black copper from the sky'. Even the Inuit of Greenland made iron tools for more than 100 years from a single 30-tonne meteorite.

While there is some evidence that African smiths could melt iron 2000 years ago, almost everyone else had to wait for it to fall to earth – until the wholesale smelting of iron during the Industrial Revolution.



Steel has come a long way in 2000 years – XLERPLATE® steel used creatively in Adelaide's Festival Bridge.

YOUR REQUESTS

How can we improve our service to you and better meet your ongoing requirements?

Let us know.

Did you know we can offer the following services:

- Training
- Joint Customer Visits
- Mill Tours

- Shared Safety Learnings and Practices
- Technical Assistance
- Promotional Assistance
- Electronic Transactional Activities

To find out more please contact your State Sales Manager.