



WELCOME

Welcome to the Winter 2006 edition of XLERPLATE® *Steel In Touch*. In this issue we look at global and Australian economic conditions, and the current buoyant state of Australia's mining industry.

With economic conditions remaining upbeat throughout OECD countries, and demand for Australia's commodities and base metals staying high through 2006-07, we can expect demand for XLERPLATE® steel to remain strong for the coming year. As a general rule, economic growth above three per cent translates into strong demand for steel, in line with 2006-07 forecasts (refer to page 3).

In this issue, you'll also find practical ways that some of our customers are meeting this demand, developing and fabricating a range of products designed to help Australia grow in the years ahead.

And as always ... we welcome your feedback! See how you can be in the running to win a fabulous 32-inch JVC LCD slim-line television simply by taking part in our Reader Survey.

Ted Lojszczyk
State Sales Manager – SA & NT



New Samaras facility.

A WINNING PARTNERSHIP

Adelaide's Samaras Structural Engineering, strongly backing the region's steel industry future, has opened a huge five-bay fabrication shop with a 24,000 square metre roof area.

The new facility incorporates a workshop, blasting and painting areas, and a state-of-the-art beam production line which Managing Director Michael Samaras believes may be the only one of its kind in Australia.

Mr Samaras said the new fabrication shop had been opened in sections, with the blasting and painting area operating about a year ago.

Samaras Structural Engineering is fabricating the galleries and gantries for the new ABB Grain expansion project at Port Adelaide, where work has just started.

PORT EXPANSION GOES WITH THE GRAIN

South Australia's leading grain handling body is building 10 new silos, terminal and ship-loading facilities, conveyors and elevators as part of the massive Port Adelaide redevelopment.

ABB Grain Ltd is spending \$100 million on the project, expected to be commissioned late next year. Grain storage capacity will be 65,000 tonnes.

The new silos are being built at the Outer Harbour and follow dredging of the channel to allow for the berthing of larger bulk Panamax ships. Their construction coincides with a raft of other new Port Adelaide developments, including the Royal Australian Navy Air Warfare Destroyer program.

ABB Grain says eight of the new silos will hold 7,500 tonnes of grain, while the two smaller silos will each hold 2,500 tonnes. The silos project is designed to streamline South Australia's grain export efforts.

While Ewing Construction is a major contractor on the job, other South Australian companies – including Air Ride Wind, Manuele Engineers, Samaras Engineering and Macweld Industries – are involved in the project. ABB will undertake some construction work onsite.

Ewing Construction General Manager Michael Heard said it was expected all silos would be completed by next March.

"Our part of the project involves two packages – one for the silos, and another for transfer tower



Digital image of new terminal.

buildings and shipping galleries. The silos will use 3,600-3,800 tonnes of steel, while associated work will require another 600 tonnes. The majority of this will be XLERPLATE® steel," he said.

Steel supports for the first two silos are already in place, and the rest will be installed in coming months. The supports for all 10 silos will be fabricated by Manuele Engineers and use over 1,000 tonnes of steel, according to Director Vince Manuele.

The silos' ring beams are being fabricated by Air Ride Wind.

Ted Lojszczyk, BlueScope Steel State Sales Manager South Australia-Northern Territory, said the ABB Grain Ltd silos project was one of a number of major works being undertaken in South Australia and the Northern Territory over the next year or so. "It's good to see the supply chain being used to its fullest in this project. XLERPLATE® steel is being supplied by OneSteel Steel & Tube and Smorgon Steel," he said.

MINING INVESTMENT

By BlueScope Steel Economists Nick Scavarelli and Max Serrano

Mining investment continues to grow rapidly because of the commodity price boom that has seen Australia's terms of trade rise dramatically. Australia has benefited from very strong price growth in coal, iron ore, gas and a range of base metals.

There is a clear link between mining commodity prices and investment, and we see mining investment expanding until about 2007-08.

The Investment Monitor data produced by Access Economics shows a large number of projects will start in 2007. These include the Gorgon LNG development, the expansion of BHP Billiton's Olympic Dam, Woodside's Pluto LNG project and the expansion of Rio Tinto's Argyle diamond mine and others.



Strata control products manufactured by BlueScope Steel customer DSI Mining in action.

China's industrial boom and its demand for resources will continue over the next few years.

Beyond 2007-08, however, the commodity cycle is expected to start its downward movement.

While Chinese growth in demand will remain strong up until then, substantial capacity additions in iron ore, aluminium and coking coal will have removed most excess demand.

BLUESCOPE STEEL AIDS ONESTEEL EXPANSION

XLERPLATE® steel is playing a vital role in OneSteel's Project Magnet expansion program at the company's Whyalla facilities.

The \$354 million project involves OneSteel converting its steel-making process from hematite iron ore to magnetite ore, and upgrading its steelworks as a result. The move will release the company's South Australian reserves of hematite ore for export.

Both types of iron ore are being extracted from OneSteel's Iron Duke mine about 80km west of Whyalla.

OneSteel says the project is expected to generate more than \$1.5 billion in additional revenues over its life, and the company expects to export as much as four million tonnes of hematite ore a year from its new Whyalla shipping facilities over the next 10 years.

While much of the ore will find its way into the international market, BlueScope Steel is expected to buy some for its Port Kembla steel-making operations.

Stage One of Project Magnet – the OneSteel export shed – is expected to come on stream by October this year.

OneSteel Distribution's Project Magnet Manager Barry Kelly said about 1,000 tonnes of XLERPLATE® steel was being used for a range of applications. "We're using it to construct hoppers and chutes in the ore handling areas, and to fabricate the various tanks involved in the magnetite ore process," he said.



OneSteel's Whyalla facilities.

"These will be slurry, thickener and storage tanks."

The magnetite ore is being crushed at Iron Duke, and piped to Whyalla as a slurry. Mr Kelly said much of the steel used in fabricating this slurry pipeline was PIPESTEEL™.

This work was done at OneSteel's Kembla Grange facility near Port Kembla.

"The main reasons we selected XLERPLATE® steel for elements of this project were the quality and consistency of the plate itself, and BlueScope Steel's ability to deliver according to our short lead-times," Mr Kelly said.

BlueScope Steel's State Sales Manager (SA/NT) Ted Lojszczyk said local engineering companies G.L. Volnar Engineering, Manuele Engineering and Whyalla Fabrications had been involved in various aspects of the project.

THE RECIPE AS NEVER BEFORE

As many as 80 per cent of the steel grades and 'recipes' available around the world today either didn't exist 25 years ago or are being produced in such a way that they are effectively like new steels. For its part, BlueScope Steel – as a world-leading steel manufacturer – is at the forefront of developing new alloy designs for steels aimed at addressing specific customer requirements.

One recent example was the grade of XLERPLATE® steel used in the Royal Australian Navy's ANZAC Class frigates built by Tenix.

BlueScope Steel Metallurgical Technology Manager Jim Williams (pictured) said steel development is constantly changing.



"While our main grade of hot rolled strip and slab steel – a low-carbon, aluminium-killed steel – has changed little in recent years, we are constantly assessing our range of products according to customer demand," he said.

"Major changes have occurred in steel production technology over the past few decades, from ingot to continuous slab casting, then thin slab casting and currently strip casting. These dramatic technology changes resulted in very different steel product behaviours even in cases when the steel chemical composition remained almost unchanged."

Mr Williams said his department received calls on a daily basis from customers wanting to know if BlueScope Steel could produce certain grades and alloys to meet specific requirements.

"We make business assessments based on anticipated demand, plant capability and other factors," he said.

ASI STEEL CONVENTION

The 2006 annual Australian Steel Institute Steel Convention is being held at the Hyatt Regency Adelaide.

The three-day event – from Sunday September 10 to Tuesday, September 12 – will consist of a golf day, a meet-and-greet evening event and a gala dinner with safety awards presentations. Plenary sessions will be held on Monday and Tuesday.

Other events are being finalised and will be posted on the ASI Website in the weeks ahead.

For further information, please contact David Kilpatrick – email: convention@steel.org.au – or visit the ASI's Website – www.steel.org.au.

SAFETY MESSAGE: TREAD CAREFULLY ON STAIRS

Stairs – around the home and in the workplace – can lead to some of our more debilitating accidents.

Almost as many legs and ankles are broken on stairs as in accidents on sports fields.

Some stair falls can cause even more serious injuries, including broken backs and necks.

A broken leg can lead to you being incapacitated for up to several months – a devastating situation if you have a manual job.

So remember, when walking up and down stairs:

- Move in single file
- Always use the hand rail
- Concentrate on the task at hand – and don't engage in distracting conversation
- Take your time – and one step at a time

NEW TRAINING PROGRAM A HIT

XLERPLATE® steel distributors have given a new BlueScope Steel training program the thumbs up.

The training program, which was launched in May, is delivered professionally

in an electronic format that includes animations, video, diagrams, text and graphics.

It is designed to provide distributors with everything they need to know about XLERPLATE® steel from its manufacture through to technical advice.

OneSteel Metaland Darwin and Smorgon Darwin were among the first to take part in two 45-minute training sessions.

The program is divided into seven modules, including technical information, services, branding, market segmentation, safety, product range and the steel-making process.

Customers who wish to benefit from the new XLERPLATE® steel training program should contact their BlueScope Steel State Sales Manager.



TOWER OF STRENGTH A WINNER AT RANDWICK

If you're looking for evidence that XLERPLATE® steel can be equally at home in elegant, architectural settings as in heavy industry, the Royal Randwick Racecourse Observation Tower (pictured) is a good place to start. XLERPLATE® steel plays an integral role in the award-winning structure, which was designed by Adelaide architects Swanbury Penglase and fabricated by Steriline Racing.

The floors and stairs of the tower are fabricated from XLERPLATE® steel, while the main structure was fabricated from Smorgon Steel's square and rectangular hollow sections. COLORBOND® steel has been used for the roof sandwich panel of the tower.

Architects Steve Penglase and Witold Generowicz said steel was an obvious choice for the structure. "We were looking to design a structure that was cantilevered, and then tension it back. Steel was really our only option for this type of structure because of its strength and durability," Mr Penglase said.



He said one of the main challenges was to ensure that the tower did not block the views of spectators.

"The tower stands between the horse racing track and the public grandstands so it had to be extremely slender and have minimal impact on views."

It was equally crucial, however, that the structure was stable because the media cameras that operate from the tower can only tolerate minimal movement. Mr Penglase said that most observation towers were not architecturally designed.

"This is a very contemporary structure," he said. "Most Australian towers are very agricultural, but this integrates very well with the grandstands in the background."

It took two months to fabricate the tower, which was then hot dip galvanised. It was then dismantled and transported from Adelaide to Randwick and assembled on site by crane.

THE GLOBAL ECONOMY

By BlueScope Steel Economists Nick Scavarelli and Max Serrano

The global economic outlook remains sound, with business expectations in Germany – Europe's economic engine – at a record high.

Despite surging oil prices, the OECD leading indicators point to healthy economic growth in the next six months in all major economies. This will support solid levels of global steel demand.

In 2006, the US economy is likely to grow about three per cent, and Europe and Japan are expected to grow above two per cent.

Although industrial production growth in China and India has stabilised at a high level, it will continue to maintain pressure on the demand for commodities and metals, including from Australia.

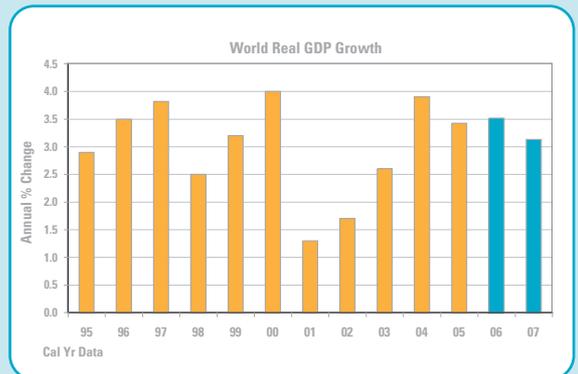
Overall global economic growth is expected to remain above the trend level of about three per cent in 2006.

In Australia, GDP growth is expected to be around three per cent in 2006-07, due to the anticipated export recovery on the back of stronger mineral prices. However the recent rise in interest rates

and the strong Australian dollar will limit growth prospects. Both these factors are likely to negatively impact on business competitiveness and sentiment.

The level of interest rates in the next six months will depend on the extent that the high oil prices filter through to downstream products, as well as the extent to which the shortage of skilled labour lifts wages.

The strong Australian dollar and fierce competition from Asia could see manufacturing investment fall in 2006-07. Agricultural investment is expected to remain fairly constant but from a high base, and mining investment is expected to remain strong.



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IN THE HOT SEAT STAN CLARK



Name: Stan Clark

Job title: National Sales Manager – Distribution & Manufacturing

No. of years with BlueScope Steel: 19 years – started at NZ Steel in 1987

No. of years in the steel industry: Steel has always been in my life

Description of current role: Provide leadership in my sectors, for Industrial Markets

Previous position: International Marketing Manager for Packaging Products

Previous position duties: Develop strategy and promote export sales of Tinplate and Blackplate

Woman I most admire: Difficult one. Apart from my mum and wife, it would have to be someone like Princess Di

Man I most admire: Again apart from my dad, probably the late ex-NZ PM David Lange

Emails received on average per day: Around 40

Best invention of the last century: Organ Donor Card

Worst television program: Don't care! Best ones

are BBC drama/comedy though

Time I spend in my car each day: 20 mins, unless I go to Sydney

Hardest habit to break: I tend to time things to the last minute

Favourite drink: Has to be Heineken

Best car on the road/favourite car of all times: Jaguar XK8

Most useless possession: The kilt I wore when I was seven

Favourite outdoor recreational activity: Association Football (soccer) and Mountain Biking

What kick-starts my day: Seeing my three sons off to school

If I had \$1m to blow it would be on... a Jag XK8 of course, my parents and world travel with my family each year until it runs out

Favourite holiday destination ever: Scotland on a sunny day in Autumn (very rare!)

TRY THIS QUICK QUIZ

Q1. Yellow gold contains 10 per cent of what element?

Q2. What is the chemical formula for salt?

Q3. What colour is yak's milk?

Q4. How many limbs does a squid have?

Q5. How many compartments are there in a cow's stomach?

A1. Copper, A2. NaCl, A3. Pink, A4. 10 limbs, A5. Four compartments

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Click on the *Steel In Touch* reader survey link.
Complete the survey (about five minutes).
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Terms & conditions apply. See the website for details.
(Permit nos: NSW - TPL 06/06448; ACT - TP 06/02432; SA - T 06/2397)