



WELCOME

Welcome to the Summer 2006 edition of XLERPLATE® *Steel In Touch*.

To begin we would like to congratulate two customers for exciting wins in the recent *Manufacturers' Monthly 2006 Endeavour Awards* for Manufacturing Excellence.

Newcastle's Waratah Engineering (NSW) won the Manufacturer of the Year Award for its Waracar shuttlecar, which also secured the Import Replacement Of The Year Award. Closer to home, Apollo General Engineering (VIC) secured two Highly Commended awards – in the Exporter of The Year and Import Replacement of

The Year categories. Read our lead story for more details on these innovative XLERPLATE® steel users.

This edition also contains stories on recent record Plate Mill throughput, our Customer Service team's activities, Port Kembla Steelworks maintenance plans for Christmas, and a look at how steel is performing in the Australian economy.

On behalf of *Steel In Touch* and the XLERPLATE® steel team, thanks again for your continued support.

Simon Fieldsend
State Sales Manager - Victoria & Tasmania

XLERPLATE® CUSTOMERS TOP MANUFACTURING AWARDS

Innovation and product excellence have secured big wins for two XLERPLATE® steel customers at the 2006 *Manufacturers' Monthly Endeavour Awards* for Manufacturing Excellence.

Victorian company Apollo General Engineering secured two Highly Commended awards – one for Exporter of the Year for its boiler drums exported to Indonesia, the other for Import Replacement of the Year for its large pressure vessels used at Queensland's Mt Isa mines.

NSW company Waratah Engineering won two awards – Manufacturer of the Year (the major award) and Import Replacement of the Year – for its Waracar shuttlecar designed for use in underground coal mining.

The Endeavour Awards, designed to recognise and reward Australian manufacturing excellence, are open to all manufacturers throughout the country.



Apollo Engineering's Production Manager John Frisina with an export boiler drum.

This year's presentation event, held in Sydney, attracted more than 120 guests from all areas of manufacturing.

Waratah Engineering made a huge impact with its Waracar shuttlecar, launched in 2003. The company has built 25 of the \$900,000 Waracar shuttlecars and is fabricating another five at its Newcastle workshop.

Designed to carry up to 16 tonnes of coal in underground mines, the unit is made from 20 tonnes of Grade 350 XLERPLATE® steel.

It can also be fitted with a wireless data transmission system, which helps track the unit when it is in operation deep underground.

The carrier has allowed Waratah Engineering to break into an Australian market dominated by a

US company building mining machines in South Africa.

Waratah Engineering has 130 employees and uses 250-300 tonnes of XLERPLATE® steel a year.

Apollo General Engineering, an Australian-owned company with more than 50 years' experience in medium-to-heavy fabrication, assembly and machining, is another Australian success story.

Exports of the company's machinery and fabricated metal products are growing rapidly due in part to some smart strategic investments by the company.

Apollo General Engineering's General Manager, Sam Guccione, said his company had been supplying boiler drums to Indonesian customers for a number of months.

BlueScope Steel's National Sales Manager Distribution and Manufacturing, Stan Clark, said he was delighted to see fabricators like Waratah Engineering and Apollo General Engineering securing awards and high commendations. "It underpins the innovation and expertise that Australian manufacturers are encompassing in their work," he said.

For more information: Apollo General Engineering – www.apollo-engineering.com.au and Waratah Engineering – www.wareng.com.au

To enter your business in the 2007 *Manufacturers' Monthly Endeavour Awards*, see Page 2.

GALE FORCE PRESENCE FOR WIND TOWER FABRICATOR

Heavy engineering specialist Keppel Prince Engineering is fabricating 53 wind towers for the \$400 million Lake Bonney Stage II wind farm project in South Australia.

Located near Millicent, the wind farm is one of the largest wind farm developments in the world.

The wind turbines will collectively generate 159 megawatts of power and will be capable of supplying electricity to 100,000 homes when fully operational in mid-2008.

Keppel Prince Engineering is fabricating the 78-metre-high Lake Bonney towers from 8300 tonnes of Grade 350 XLERPLATE® steel at its Victorian workshops.

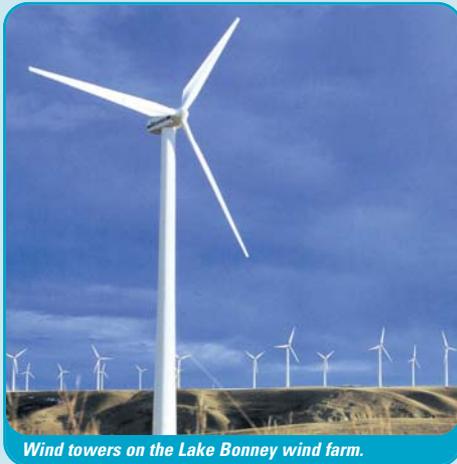
The towers are being built as tapered cylinders with a diameter of 4.2 metres at the bottom and 2.3 metres at the top.

"Each tower is constructed from 157 tonnes of XLERPLATE® steel," Keppel Prince Engineering's Managing Director Steve Garner said. "We get the plate steel, roll it, and weld the sections together.

"We always buy Australian steel," he continued. "XLERPLATE® steel is a product we can trust, and we can be sure that it complies with Australian standards, which is often a requirement of our customers.

"BlueScope Steel has been able to achieve a perfect delivery schedule into Smorgon Steel for Smorgon to strip plates and deliver them to us."

The largest section of each tower is 30 metres long and weighs 57 tonnes.



Wind towers on the Lake Bonney wind farm.

The sections undergo full surface treatment, then are fitted with internal ladders, platforms and electrical equipment before leaving the workshop.

Keppel Prince Engineering has invested in a second plate-rolling machine for the project, to ensure the company delivers on time in case of a breakdown.

Keppel Prince Engineering is Australia's most experienced supplier to the growing wind energy industry and has fabricated major steel wind farm components at its Portland workshops since 2001.

The company fabricated 14 wind towers from XLERPLATE® steel for Victoria's pioneering Codrington wind farm, and has worked for clients in Victoria, South Australia, Western Australia, New Zealand and Europe.

ENTRIES OPEN FOR 2007 ENDEAVOUR AWARDS

The 2007 *Manufacturers' Monthly* Endeavour Awards are now open to all Australian manufacturers, big and small, who have been operating for at least two years.

The awards, heading into their fourth year, cover eight categories:

- Import Replacement of the Year
- Technology Application of the Year
- Innovative Product of the Year – Consumer
- Innovative Product of the Year – Industrial
- Exporter of the Year
- Environmental Solution of the Year
- Safety Scheme of the Year
- Young Manufacturer of the Year

An overall winner will be selected from those categories and awarded the top prize – Manufacturer of the Year 2007 – in recognition of the winning company's manufacturing innovation and excellence.

Nomination forms and conditions are available in the December edition of *Manufacturers' Monthly* magazine or online at www.ferret.com.au/FerretAwards/Mmawards.asp Entries close 30 April 2007.

CHANGES TO COIL IDENTIFICATION

A new alphanumeric system is now identifying steel coils leaving BlueScope Steel's Springhill (Port Kembla) and Western Port plants, and the company's Service Centres.

Although this mainly affects coated steel, cold rolled and hot rolled products marketed by our Australian Manufacturing Markets Division, it will affect 1800mm-wide hot rolled coil and coil plate product, sold by Industrial Markets.

The changes, prompted by customer feedback, apply to alphanumeric prefix ranges for several coil units leaving Western Port; e.g. Z12345 has become J12345.

Also, the letters "W" and "P" have been removed from seventh position in the alphanumeric markings; e.g. J12345W has become J12345.

Coils processed at BlueScope Steel's Service Centres have had an "S" added to seventh position in the identification code; e.g. J12345 has become J12345S1.

The changes will provide alphanumeric code consistency for despatch and invoice documentation, and will help to improve inventory management.

STEELWORKS TOUR A SUCCESS

Victorian distributor Smorgon Steel and customer Keppel Prince Engineering have gained a deeper understanding of XLERPLATE® steel-making operations after a recent visit to the Port Kembla Steelworks.

The highlight of the one-day trip was the Plate Mill tour, organised and attended by State Manager Simon Fieldsend.

"It was a great opportunity to show our customers from Smorgon Steel and from Keppel Prince Engineering the production processes involved in making XLERPLATE® steel," Simon said.

The visit was timely for Keppel Prince Engineering, which is using XLERPLATE® steel to fabricate wind towers for the Stage II Lake



Representatives from Smorgon Steel, Keppel Prince Engineering and BlueScope Steel at Port Kembla's Industry World visitor centre.

Bonney wind farm project (see above story).

The Victorian sales team would like to extend special thanks to Plate Mill Manager Gerard Mahoney for the time he made available for our customers.

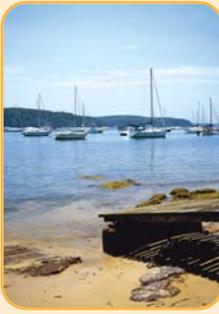
SAFETY MESSAGE: BOAT WITH CARE

Now it's summer, many of us will be heading onto open water – lakes and the ocean – in small recreational boats.

While many safety-conscious boat users always pack flares, a two-way radio (and mobile phone), life jackets and fresh water, how many think of additional safety equipment? Most Australian boating safety authorities list the following additional items as being very important:

- small fire extinguisher
- first aid kit
- a basic tool kit (for possible breakdowns)
- rope (for towing)
- a bucket (for bailing)
- oars (in case your outboard breaks down)

Always heed the day's weather forecast . . . and tell friends and family where you intend heading and your estimated time of return.



COMMODITY BOOM DRIVING STEEL SALES

By BlueScope Steel Economists Max Serrano, Nick Scavarelli and Amy Davidson

Domestic demand, a major component of the Australian economy, grew 4.2 per cent in 2005/06. It is now slowing partly because of the Reserve Bank's decision to lift interest rates 0.75 percentage points this year in an effort to control inflation.

Falling house prices, particularly in NSW, appear to also be slowing domestic demand and impacting on consumer confidence. As house prices rose, consumers increased their borrowings. We now seem to be experiencing the opposite effect.

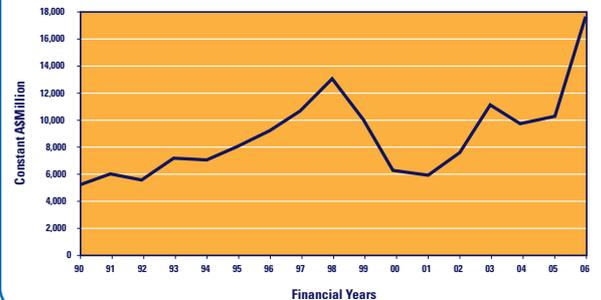
Investment, the other major component of the economy, remains strong, with the commodity boom helping to lift investment to unprecedented levels.

Non-dwelling building investment rose about 12 per cent, mining investment rose 68 per cent, and private plant and equipment investment rose more than 18 per cent in 2005/06. The 2006/07 outlook remains positive. However, prospects for rural production and investment appear to be deteriorating rapidly. An El Nino weather pattern will likely impact on rural production in 2006/07.

High commodity prices have boosted the mining states (Western Australia and Queensland) and investment in these states continues to rise, with the outlook for 2006/07 looking positive.

However, demand for labour and materials, especially in Western Australia, is outstripping supply, causing costs of both to rise. Future prospects may be less buoyant when the commodity cycle returns to more sustainable levels.

Total Mining Investment in Australia



New South Wales, Victoria and South Australia are affected by several factors including the following:

- Falling house prices are reducing housing activity and consumption;
- An overvalued Australian dollar (due to the commodity boom) is making local manufacturers less competitive, which is aggravated by China's efforts to increase its exports of manufacturing products into Australia; and
- Our national skills shortages are limiting expansion of some manufacturing components.

The drought is also having an impact on these states. Ironically, when the commodity boom subsides the dollar will be likely to weaken and aid recovery in these states.

Strong mining and non-dwelling construction investment is helping to lift steel sales in these sectors, although much mining equipment is imported. This lift in sales is, however, being partly affected by falls in both dwelling activity and in manufacturing and rural activity.

CHANGES TO END-OF-YEAR XLERPLATE® DELIVERY

Plate Mill maintenance work and wide-load delivery restrictions will affect XLERPLATE® and XLERCOIL® steel delivery times over the Christmas and New Year period.

Maintenance will be carried out at the Port Kembla Steelworks Plate Mill from 29 December to 15 January. XLERPLATE® steel will not be produced during that time, and extended lead times will apply. Please speak to the XLERPLATE® Customer Service group or your sales branch for further information.

Restrictions to XLERPLATE® Coil Plate and Coil Floor Plate will apply during this time because of the Metpol site closures, and deliveries will be allocated in line with Metpol's planned reopening.

Road and traffic authorities have also imposed wide-load restrictions that affect the delivery of Standard and General XLERPLATE® steel in December and January.

Widths of 2500mm or more cannot be delivered between 25 December and 5 January (DIS Week 52, Week 1). In NSW, load restrictions also apply between 22 January and 26 January (DIS Week 4).

Orders for widths of 2500mm or more during these restricted periods will be booked for delivery the following week.

HIGHEST THROUGHPUT SINCE 1982

Port Kembla Plate Mill throughput has reached its highest level in 25 years, in large part due to the combined efforts of the Plate Operations team and the XLERPLATE® Customer Service group.

A total of 213,239 tonnes of XLERPLATE® steel has been produced at the Plate Mill in the last six months, and if production continues at its present rate, mill output will exceed 400,000 tonnes for the year. Annual output was initially budgeted to reach 388,000 tonnes.

On-time delivery performance into our customers' stores nationally, has risen almost 30 per cent, from 65 per cent in April 2003 to 92 per cent year-to-date to October 2006.

The XLERPLATE® Customer Service group consists of 15 officers – including six in the Planning and Scheduling team, six Customer Service Officers and two Technical Metallurgists. The six Customer Service Officers field inquiries, provide product information to customers, book orders and track the progress of existing orders to keep output on course.



Our friendly XLERPLATE® Customer Service group.

The group regularly deals with as many as 150 customers each week across Australia.

Victorian and Tasmanian customers will be familiar with the voice of Customer Service Officer Peter Panteli, who deals with their specific inquiries.

Peter has worked at BlueScope Steel for 25 years and has spent recent months tracking and managing orders for wind tower projects to be produced in Victoria and Tasmania.

The XLERPLATE® Team

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IN THE HOT SEAT TIM ELKINGTON



Name: Tim Elkington (winner of our recent Reader Competition)

Job title: Project Engineer (RCR Tomlinson)

No. of years in the Steel Industry: 13

Description of current role: To turn people's ideas into working pieces of equipment

Previous position: University student (Engineering)

Person I most admire: Sir Isaac Newton (1642-1727)

E-mails received on average per day: 20

Best invention of the last century: Weet-Bix

Worst television program: *Big Brother*

Time I spend in my car each day: Hopefully none – I like to ride my bicycle instead

Hardest habit to break: Going to bed too late

Favourite drink: Freshly brewed coffee

Best car on the road/favourite car of all times: Holden HG Monaro

Most useless possession:

An old kite I am going to fix some day

Favourite

outdoor recreational activity: Bike riding

What kick starts my day: Breakfast with my children

If I had \$1m to blow it would be on... New house

If I could have one person over for dinner, it would be... Colin Buchanan (country singer/songwriter and children's entertainer)

If there was one thing I could do all over again... First date with my wife

Favourite holiday destination ever: Whitsunday Islands

ANYTHING BUT STEEL

If you think the cost of living in Sydney is eye-watering, spare a thought for the denizens of Tokyo, London and Moscow; the world's most expensive cities. Sydney, while rocketing up the charts in recent years, is still down at number 20, nestled between equally cosmopolitan Vienna and Rome. Auckland, ranked number 80, is a much less expensive proposition.

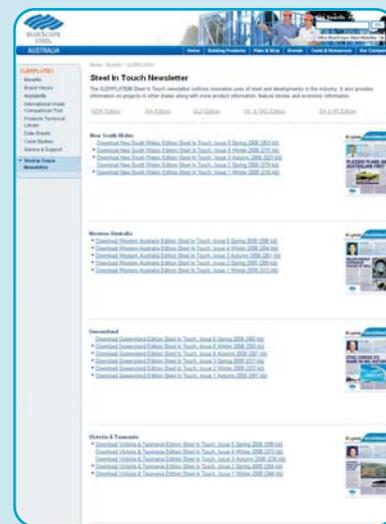


Mercer Human Resources Consulting, which compiles the annual figures, bases its rankings on 200 goods and services – including the monthly rent on a two-bedroom apartment, the cost of a hamburger, transport and entertainment.

The dearest rent (Tokyo) is approximately \$A6000 a month, while the rent in Buenos Aires for the equivalent standard apartment will set you back about \$A800 a month.

And the three cheapest cities in the world on Mercer's list of 144? Asuncion (Paraguay), Montevideo (Uruguay) and Santo Domingo (Dominican Republic).

STEEL IN TOUCH GOES ONLINE



Back issues of *Steel In Touch* are now available online.

The creation of the online archive provides readers with access to stories on XLERPLATE® steel projects published in all five state editions since *Steel In Touch* was launched more than a year ago.

It addresses feedback from a recent reader survey in which 95.6 per cent of respondents said they wanted to read about interstate developments.

To access archive editions of *Steel In Touch*, go to www.xlerplate.com.au and click on *Steel In Touch*.