

## WELCOME



Welcome to the sixth edition of the *STEEL BY* newsletter, a publication designed to deliver important information to all members of the *STEEL BY*™ Brand Partnership Program.

In this issue, you'll find details of the latest world crude steel production figures for 2007, which recorded a 7.5 per cent total increase over 2006.

China lead the way once again, posting a 15.7 per cent increase, while the combined totals of Australia and New Zealand also posted a modest 0.6 per cent growth in the same period.

But with a slowdown beginning to bite in a number of economies across the world, attention has naturally turned toward our own economy here in Australia.

With a strong Australian dollar and rising interest rates, we look in this issue at how the global slowdown could affect local businesses.

You'll also find more details of the survey we conducted with *STEEL BY*™ members at the end of last year. Aside from the extremely

positive feedback about the *STEEL BY*™ Brand Partnership Program and the value it provides your business, it also told us 95 per cent of members read this newsletter.

Eighty-one per cent of you then circulate *STEEL BY* within your organisation, and on average 3.9 additional people then read each copy, giving the magazine an estimated total circulation of 5800 people – an extremely pleasing result.

Once again, this issue of *STEEL BY* features several inspirational member profiles, including a husband-and-wife team who have just celebrated 10 years in business, and a two-year-old roofing company that's making the most of an area near Melbourne marked by the Victorian government for growth.

So enjoy the issue, and thank you for your on-going participation in the *STEEL BY*™ Brand Partnership Program.



Michael Reay  
Corporate Brand Manager, BlueScope Steel Limited

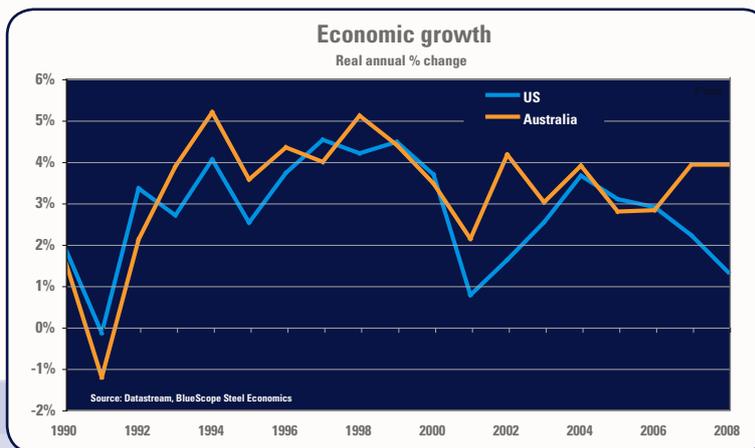
## MORE OR LESS A MATTER OF INTEREST

By BlueScope Steel Economists

**There are clear signals that global economic growth is decelerating. The developed world is now facing the dilemma of dealing with both rising inflation and slowing domestic activity.**

In response, the US Federal Reserve has aggressively reduced interest rates recently, down to levels of three per cent. These rate reductions are intended to lower the increasing chances of a recession in the US, given that economic growth fell in the fourth quarter of 2007 to an annual rate of just 0.6 per cent.

What started the crisis are the low interest rates that prevailed in the US a few years ago, which encouraged people on low incomes to enter the housing market. They were able to service the loan while interest rates remained low, but when interest rates increased, a significant percentage of them defaulted on the loans. The consequences are that new home sales have fallen by 26 per cent in 2007, the steepest fall since recording started in the early 1960s.



The housing problem has spread to other sectors of the US economy and to other countries – and Australia has certainly not been immune to this problem. An example of this was the decision taken by the major banks to increase interest rates due to the credit squeeze, even when the Reserve Bank of Australia (RBA) kept interest rates constant at the time. Another example is the dramatic impact that the credit squeeze had on Centro Properties Group, which is desperately trying to either refinance

or to extend a moratorium on their short-term debt.

Like the US and other countries, the underlying rate of inflation in Australia, currently at 3.6 per cent, is well above the sustainable levels of two to three per cent. In contrast with the US, however, Australian economic growth is fairly strong, and consequently the RBA is more likely to lift interest rates once again in the near future than follow the lead of the Federal Reserve. This means that the Australian dollar is likely to remain

strong, with global investors chasing high-return currencies.

The strong Australian dollar – which has substantially eroded the competitiveness of Australian businesses – and high interest rates are making life difficult for these businesses. If, as expected, consumption expenditure growth decelerates by about one percentage point relative to the historical level, then the prospects for manufacturing businesses are going to be even more severe. To a lesser extent, the service sector is also affected.

With regard to the construction market, residential investment is now recovering modestly following many years of contraction. The number of loan defaults is, however, at a record level, especially in the outer-Western area of Sydney. Further interest rate rises could easily abort the recovery.

However, both components of the non-dwelling construction market (building and infrastructure) and the mining industry are expected to remain strong for a number of years, as they are insulated from changes in interest rates over the short-term.

# SURVEY TELLS ALL

A survey of the STEEL BY™ Brand Partnership Program conducted at the end of 2007 has revealed that 87 per cent of members rate the program as excellent, very good or good, while 67 per cent say it has had a positive impact on their sales.

The in-depth survey asked a range of questions, from the overall business value of the program to the specific value of each STEEL BY™ element.

The association with BlueScope Steel, TV advertising, logos and stickers had a very positive effect on business dealings for more than 80 per cent of the companies surveyed. Fifty-eight per cent said it helped their businesses compete with imported steel.

The STEEL BY™ Brand Partnership Program, now in its fourth year, is gaining increasing recognition from the general public. Thirty-five per cent are familiar with the STEEL BY™ logo, and almost half are more likely to purchase a STEEL BY™ branded product.

Eighty seven per cent of members also rated the core benefits of the program excellent, very good or good.

## WORLD STEEL PRODUCTION UP

World crude steel production for the 67 countries reporting to the International Iron and Steel Institute totalled 1,343.5 million metric tonnes (mmt) in 2007, a 7.5 per cent increase on 2006.

Despite a slowdown in the growth rate from the end of the first quarter, it's the BRIC (Brazil, Russia, India and China) countries which are pushing the growth, cumulatively producing 48.2 per cent of the world's total production in 2007, up from 31 per cent in 2001.

China remains the driving force, producing 489mmt, a 15.7 per cent increase on its 2006 statistics. Remove China's figures, however, and world steel production would have grown by only 3.3 per cent in 2007.

India and Brazil also showed significant growth, posting 7.3 and 9.3 per cent respectively.

Australia and New Zealand produced a combined 8.7mmt in 2007, a slight increase of 0.6 per cent, while the United States was the only country in the top 10 to show a decrease, albeit just 1.4 per cent and 97.2mmt last year.



*Sheenah and Warren Whitten have seen their business boom over the last 10 years, doubling turnover every year.*

# ARC ATTACK BATHES IN NORTH COAST BOOM

**A husband and wife team who started a structural and general engineering business in 1997 on one of Australia's most popular holiday strips now have a full-time staff of 15 after making the most of the possibilities of steel in the economic boom.**

Warren and Sheenah Whitten celebrated 10 years in business on the New South Wales north coast in early December.

They have seen their Woolgoolga-based company ARC Attack Engineering grow from a 20-metre by 30-metre shed to a 2200-square-metre premises, including a new fabrication section with three overhead cranes.

Twenty-four kilometres north of Coffs Harbour, Woolgoolga is popular for its unspoilt beaches, the Solitary Islands Marine Park, whales and dolphins along its coastline, the Guru Nanak Sikh temple, cafes and restaurants.

It's also the location for one of the region's most successful engineering companies.

ARC Attack owner Warren Whitten said ARC Attack Engineering had no trouble delivering to its markets, which stretch 170km south to Port Macquarie.

"Like anywhere in Australia the competition is tough, but we've managed to double our turnover every year since we started," he said.

"We don't turn away any genuine business no matter how big or small, so I guess that's why we have grown."

One of the biggest jobs ARC Attack has undertaken was the new Coles retail development in Port Macquarie that began in February 2007.

It was due for completion just after ARC Attack celebrated its 10th anniversary in December.

The project involved ARC Attack installing a total of 324 LYSAGHT SupaZed® 12-metre-long purlins.

Other jobs in which the company has used LYSAGHT® products include a hospital and a rural medical centre, both located in Coffs Harbour, and a Catholic school in Port Macquarie – witnessing the strong economic growth along this part of the eastern seaboard.

In addition to LYSAGHT® building products, ARC Attack is an enthusiastic user of COLORBOND® and ZINCALUME® steel from BlueScope Steel.

"We recently used COLORBOND® steel for a bus shelter in Bellingen," Mr Whitten said.

"Our philosophy has been to undertake any job – from building chairs, to repairing boats using XLERPLATE® steel. The more jobs you do, the more jobs come your way."

He said being a member of the STEEL BY™ Brand Partnership Program had helped ARC Attack grow by adding credibility to ARC Attack Engineering's presence in the local market.

"There are further opportunities to leverage our STEEL BY™ membership to enhance our market share into the future," Mr Whitten said.

"When we first started, it was Sheena and I, and one other full-time staffer.

"We've managed, using steel from BlueScope Steel, to stay ahead of the market in terms of growth and to deliver a quality service to diverse groups of clients.

"We are very well placed to build on our first 10 years, and I believe ARC Attack's best years lie ahead."

**For more information contact:**

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# MARCO ROOFING ON THE RISE IN MELTON

Marco Roofing is just over two years old, but it has made its mark in one of outer-Melbourne's fastest growing zones.

Established in Melton by former roof plumber Eric Marsh in 2005, Marco Roofing is set to move into bigger premises and employ more staff after tripling its business turnover since its first year.

Eric Marsh and his brother David make up the two-man Marco Roofing team which manufactures sheet metal products from COLORBOND® steel and ZINCALUME® steel for local roof plumbers and the general building trade, as well as for owner-builders.

The company also manufactures purlins and top-hat profiles from GALVSPAN® steel coil.

The business is located 46 kilometres north-west of Melbourne, in a zone which has been earmarked by the Victorian Government as a key growth centre over the next 20 years.

Melton Council has begun a \$15 billion initiative to establish the area as a major growth centre for Victoria.

Backed by the Victorian Government's Melbourne 2030 strategy, Melton will be the focus for Melbourne's North West development that will create an entire new city,

*Eric Marsh of Marco Roofing, with an industrial gutter guard.*



home to up to 100,000 people in the next two decades.

"We are planning our future around Melton's big development, and we feel very well positioned to capitalise on this projected expansion over the next two decades by being a part of the STEEL BY™ Brand Partnership Program," Eric Marsh said.

"We are already seeing the emergence of the owner-builder. Marco Roofing believes that this market will

increase markedly given the rate of residential development that will happen here over the next 20 years.

"This development is one of the biggest ever undertaken in Melbourne – so we must ensure that we have the resources and infrastructure in place to deal with the ongoing increase in demand for BlueScope products."

Up to 37,000 homes catering for 90,000 people will be built in Melton over 25 years.

An estimated \$6 billion in business investment will generate 26,000 jobs.

Mr Marsh says Marco Roofing's membership of the STEEL BY™ Brand Partnership Program has greatly assisted his company's growth by promoting its strong association with BlueScope Steel brands.

"Selling and promoting BlueScope Steel products has been a very positive aspect of our growth," Mr Marsh said.

"We highlight our membership of the STEEL BY™ Brand Partnership Program in our marketing campaigns, and I believe the program has had a significant impact in the marketplace by building trust in our business.

"It gave Marco Roofing credibility and acceptance in the marketplace when we first kicked off by promoting our connection with well-known, high-quality Australian-made BlueScope Steel products.

"It has helped sustain our tremendous growth ever since."

**For more information**

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## SHARE YOUR STEEL BY™ SUCCESS

Australia-wide builder GJ Gardner Homes' Central Coast franchise builds about 30 homes a year in a range that can be customised to the buyer's needs.

Owner Gary Palmer said the company has been a member of the STEEL BY™ Brand Partnership Program since 2005, and in that time has seen business grow significantly.

"You can't beat the service, support and quality provided by BlueScope Steel," Mr Palmer said.

"We can't afford to build homes that aren't right the first time, so we know we can rely on BlueScope Steel products for quality and our customers' peace of mind."

To that end, GJ Gardner Homes Central Coast has put 'Steel Supplied By' logos on their brochures and

**It's Gotta be a G.J. Gardner Home**

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House and Land Packages Available

Introducing the Sentosa. This home offers a central living zone, generous amounts of space including a private bedrooms area, a home office and spacious family and outdoor living areas. Designed to impress.

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G.J. Gardner Homes proudly uses BlueScope Colorbond Roofing.

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**4351 0551**  
or visit [gjgardner.com](http://gjgardner.com)

placed advertisements in local print media (pictured).

"There are many benefits in our association with BlueScope Steel," said Mr Palmer. "But without doubt the main benefit would be having the

logo of such a major company appear in our ads. This reinforces our image as a quality builder who uses quality products and services – one which has a major company wishing to do business with us.

"This undoubtedly makes our clients feel more secure in their decision-making, and would contribute to the fact that at least 70 per cent of the residential houses we are now constructing have roofs made from COLORBOND® steel in a variety of profiles."

If you have a similar marketing success story, we'd like to share it with other STEEL BY™ members.

Just tell us how you have used the program to promote your company's use of Australian-made steel in recent months. This may include print, radio or TV advertising, signage displayed on your vehicle fleet, or company premises.

Email your story with an image to [bluescopeeditorial@theprojectgroup.com.au](mailto:bluescopeeditorial@theprojectgroup.com.au).



BRIEF



Stefan Ahrens

## NEW ASI CHAIRMAN

Stefan Ahrens has been appointed chairman of the Australian Steel Institute.

Mr Ahrens, who takes over the role from Bernie Landy (BlueScope Steel's General Manager Industrial Markets) is Managing Director of the Ahrens Group, a fourth-generation family business processing over 13,000 tonnes of steel per year.

The company specialises in structural steel, industrial and commercial buildings, rural and domestic sheds, grain silos and materials handling projects.

"I acknowledge the great drive and leadership that Bernie Landy has given us and would like to continue to further develop his tremendous work," Mr Ahrens said.

"The ASI plays a key role in promoting steel in construction, taking technical leadership and advocating local content.

"I see the immediate future as one where fostering the 'new steel' message will provide the catalyst for growing our prospects within an ever-increasing competitive commercial environment."

Mr Ahrens has been awarded the 2003 South Australian Young Entrepreneur of the Year accolade.

Ahrens Group was listed as one of the BRW Top 500 private companies and has featured in the Top 100 fastest-growing private companies in Australia for five years running.



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# SMALLER IS BETTER FOR CUSTOMER-FOCUSED BUSINESS

After deliberately downsizing, a 43-year-old family-run business in New South Wales believes it's better able to deliver personalised service, quality workmanship and customer satisfaction.

Tarnel Constructions designs, manufactures and installs residential carports, pergolas and awnings, offering customers free onsite quotes.

Owner of Tarnel Constructions Colin Tarman said he took over from his father Keith in 1986 with the aim of delivering better service.

"In the 1960s and '70s, we serviced all of Sydney – and there wasn't a lot of competition," Mr Tarman said.

"Now we service only the Eastern Suburbs, and the St George and Sutherland Shire in Sydney.

"We're about a third of our original size, but continue to offer high-quality carports, pergolas and awnings made from BlueScope Steel products at competitive prices."

Mr Tarman said people often chose flat-roofed awnings because they were more cost-effective, providing covered outdoor entertainment areas and play areas for children.

Most carports, awnings and pergolas measure about 30 square metres, and have roofing made from LYSAGHT TRIMDEK® or LYSAGHT CUSTOM ORB®.



Colin Tarman has down-sized his business to deliver a more customer-focused approach.

Tarnel Constructions also uses LYSAGHT FIRMLOK® BEAMS and LYSAGHT SHEERLINE® guttering, which features concealed fixing for a clean, seamless finish. All four BlueScope Lysaght products are made from COLORBOND® steel.

"For a gable-roof design, we generally would use darker shades such as COLORBOND® steel in the colours of Ironstone® or Headland® for roofs, or a light, reflective colour like Classic Cream™ or Surfmist® for ceilings," Mr Tarman said.

Most work comes from advertising in local newspapers and the Yellow Pages, with about 10 to 15 per cent of jobs from word-of-mouth, he said.

The company recently bought a new factory at Taren Point in Sydney's south for use as a manufacturing, storage and display area.

"We use the factory space to cut the LYSAGHT FIRMLOK® BEAMS to size, connect the brackets, and store pre-cut roofing products from BlueScope Lysaght," Mr Tarman said.

Tarnel Constructions is a member of the STEEL BY™ Brand Partnership Program. "We're keen to promote quality, Australian-made products, and see an advantage in promoting the fact that we use only BlueScope Lysaght products," Mr Tarman said.

"We can confidently direct people to BlueScope Lysaght products because they deliver the look, colour and price customers are looking for."

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## LOCATION A WINNER FOR TAILOR MADE STEEL BUILDINGS

A Victorian man has successfully moved from transport and trucking to the steel industry, selling garages and sheds to rural, residential and industrial customers on Melbourne's northern fringe.

Terry McCoullough, who started Tailor Made Steel Buildings in 2004, now employs three people – himself, wife Theresa, and nephew Scott – and undertakes 12 to 15 jobs a month.

"We deliberately positioned ourselves at Campbellfield on the northern fringe of Melbourne so we could cater for a rural market to the north, and a residential market to the south," Mr McCoullough said.

The strategic location, hard work and quality service is paying off, with word-of-mouth now generating 15 per cent of his turnover.

"About half of our work is residential, the other half is mostly



Strategic location helped to increase sales.

hobby farms are part of Tailor Made Steel Buildings' day-to-day business, the company recently supplied, delivered and installed a new driver training centre at Campbellfield.

Tailor Made Steel Buildings is a member of the STEEL BY™ Brand Partnership Program.

"BlueScope Lysaght provides us with consistent service and quality products," he said.

"They also give our customers peace of mind with their warranties. We're proud to be associated with such a great Australian brand."

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