

# STEEL BY

The newsletter of BlueScope Steel's STEEL BY™ Brand Partnership Program



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# WELCOME



**Welcome to the third edition of the STEEL BY newsletter and my first as BlueScope Steel's new Corporate Brand Manager, replacing Leo Kerema.**

We are dedicating this edition of STEEL BY and Steel Edge (an associated publication) to the important and topical issue of "rainwater harvesting" and demonstrating the various activities

of STEEL BY™ program members involved in the rainwater harvesting industry.

With the current drought gripping Australia – the worst in the past 100 years – all eyes are on how this may impact on our overall economy. While it's adversely affecting thousands of farmers throughout the country, dozens of steel rainwater tank fabricators, many of them STEEL BY™ program members, are rising to the occasion.

Most tank-making companies – now working at or close to full capacity and growing rapidly – are producing and installing a wide range of steel tanks and rainwater harvesting systems for domestic and rural applications in an effort to help Australians harvest rainwater wherever and whenever it falls.

BlueScope Steel, as one of Australia's leading manufacturers, is also playing its part in this enormous national effort – through its own initiatives to save fresh water at its Port Kembla Steelworks by using recycled water, as well as through our \$1 million national 'Tank A Day Challenge' which will see the company donate a 27,000-litre rainwater tank to an Australian primary school every school day for the next year (see story in *Steel Edge*).

All these efforts, along with increased education on how we can all save more precious water, will also help strengthen the value of the STEEL BY™ program, which is underpinned by the benefits of using quality Australian-made steel products.

In keeping with the "water" theme, we also provide an analysis by our own BlueScope Steel economists on the effects of the drought, as well as a general economic overview from the Australian Chamber of Commerce and Industry and associates.

We hope you enjoy this edition and we look forward to showcasing more STEEL BY™ businesses in upcoming editions.

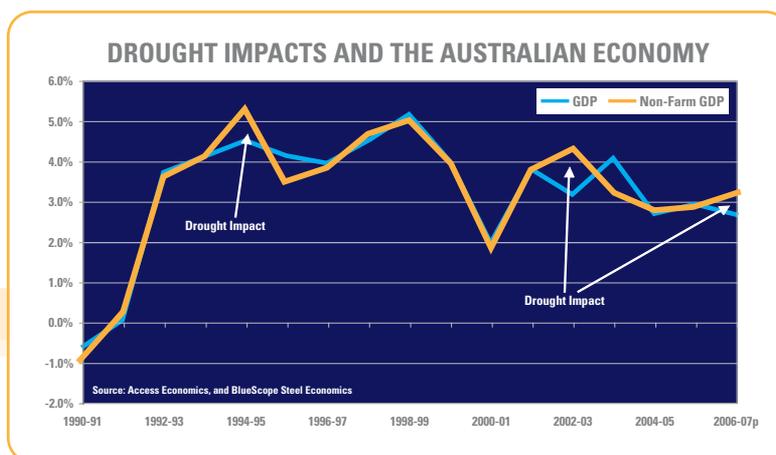
**Michael Reay**  
Corporate Brand Manager, BlueScope Steel Limited

## HARVESTING AUSTRALIA'S CLOUDS

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

**Australia is facing the worst drought in its history, and the Murray-Darling Basin is being depleted. The economic impact is severe, with GDP growth being reduced about half a percentage point.**

As a high percentage of Australia's rural production is exported, the impact on the current account deficit is substantial. Farm incomes have fallen dramatically, and the federal and state governments are supporting them financially. Other negative effects include the impact on towns that depend on farmers' expenditure and the increase in food prices that will affect all consumers. While many people's attitudes towards water use have changed – from seeing it as a relatively trivial matter to now considering it a high-priority issue – they need to change even further. Although the federal



government has devised a \$10 billion plan to transfer control of the Murray-Darling Basin to the national level, developments at the local level remain too slow.

Fixing Australia's water crisis requires multiple solutions. All state governments have passed legislation

to conserve water. As a start, they have implemented laws requiring every new home or major renovation to comply with minimum requirements.

Yet too many new residential developments are springing up throughout Eastern Australia without

adequate drought protection and water-conservation measures in place. Currently, builders must choose between various climate-control measures, including the installation of rainwater tanks and/or the use of energy-efficient fixtures such as solar water heaters. However, much more can be done to encourage the conservation of precious water resources and governments at all levels need to become more serious about it.

Education remains a priority: all communities and levels of government need to know how to play a role in ongoing water conservation. State laws have also been passed to encourage consumers to save water. Although restriction levels vary from state to state, there are few areas where consumers are not restricted

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## GENERAL BUSINESS SENTIMENT IMPROVING

The Australian Chamber of Commerce and Industry (ACCI) and the Westpac Banking Corporation's March quarter 2007 survey of industrial trends reports that general business sentiment improved towards its decade average.

The report says that while the Westpac-ACCI Actual Composite Index dipped marginally in the March quarter (from 54.9 to 54.2) it remains resilient, above its decade average, consistent with above-trend growth.

The slight softening in March quarter activity is not expected to persist, with robust expectations for the June quarter driving the Westpac-ACCI Expected Composite Index from 53.8 to 58.8, pointing to above-trend growth.

Labour demand eased moderately, with the Labour Market Composite Index implying a softer 2007 second half after a strong first half. However, the survey says labour market conditions remain historically tight, with a further rise in the 'difficulty of finding labour' index.

Manufacturing wage expectations rose only marginally in the March quarter, suggesting wage inflation has bottomed.

Selling prices fell, and while June quarter expectations are positive, they are weak historically with limited pricing power.

## COOROY COMPANY CRANKS UP PRODUCTION OF RAINWATER TANKS

A Sunshine Coast hinterland company has established a second rainwater tank manufacturing factory and a new showroom to tap into south-east Queensland's rapidly growing water tank market.

Cooroy Sheet Metal and Tank Works, established in the 1980s by Managing Director Brian Durrington, fabricates round and slim water tanks, and roofing made from BlueScope Steel products.

"Rainwater tanks account for about half our company's sales," Mr Durrington said. "We sell up to 80 tanks a week made from AQUAPLATE® steel, with capacities ranging from 200 litres to 22,500 litres."

Cooroy Sheet Metal and Tank Works services a region extending north to Maryborough, west to Kingaroy and south to Brisbane, selling its tanks directly to the public and through agents in the Brisbane metropolitan area.

The company fabricates tanks at one of two factories at Cooroy and has recently opened a third manufacturing facility at Gympie.

"This factory is expected to shorten our turnaround on tank orders," Mr Durrington said. "We aim to have eight workers fabricating 50 tanks each week by late 2007."

Cooroy Sheet Metal and Tank Works



Brian Durrington – expecting to shorten tank turnaround time.

employs 25 people and has built a new rainwater tank and roofing showroom at Caloundra.

The family-run company is a dedicated user of BlueScope Steel products, and a member of the STEEL BY™ Brand Partnership Program.

"We've been fabricating rainwater tanks from AQUAPLATE® steel and other BlueScope Steel products for more than 20 years," Mr Durrington said. "It's a product that stands the test of time, has BlueScope Steel's 20-year warranty, and delivers clean-tasting water because it's

coated with a food-grade polymer."

Cooroy Sheet Metal and Tank Works also fabricates roofing and roofing accessories such as guttering, flashings and fascias.

"We can supply a full roof on the same day a customer orders it, provided the order is placed before 10am," Mr Durrington said.

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## HARVESTING AUSTRALIA'S CLOUDS

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to some extent. Most people are complying – as reflected in the fact that per capita water consumption has fallen in recent years.

In spite of this, ever-dwindling water supplies require even further water saving. Plans include desalination plants, restrictions on water used for agricultural purposes, the use of long-distance pipelines, recycling on a vast scale and, ultimately, increasing water prices.

The easiest solution for consumers is to install water tanks. With authorities subsidising installation,

the proposition has become more attractive. Governments and water authorities need to ensure rebate claims are processed as quickly and efficiently as possible.

As research by one of Australia's leading water authorities, Conjoint Associate Professor Peter Coombes, has shown, individual householders can generate significant mains water savings every year simply by installing rainwater harvesting systems for everyday household water use (see lead story *Steel Edge* No 26).

Many are taking up the challenge – water tank producers have been extremely busy as a result of demand.

An example of this is Hills Industries' decision to open two more manufacturing plants this year. Their Hardware and Eco products division's earnings have risen about one third in recent times. Another example is BlueScope Water, which is working at developing more capacity and generating strong earnings. Adelaide water tank manufacturer Aquaboss has recorded a 200 per cent rise in sales.

Consumers are not the only ones looking for solutions. Business is playing its part in water conservation. BlueScope Steel has been active in saving huge amounts of fresh water.

The water recycling plant in the Illawarra region of New South Wales has been a success story, saving more than three billion litres of fresh water in recent months. The company has now decided, with financial help from the Victorian government, to convert its Western Port plant to use recycled water.

To both encourage water saving and educate young people about the value of water, BlueScope Steel through the Tank A Day program will donate a new water tank to one primary school in Australia every school day for the next 12 months.

## SMALL BUSINESS INVESTMENT EASING - ACCI

The St George – Australian Chamber of Commerce and Industry (ACCI) Small Business Survey shows that small business conditions continued easing over the March 2007 quarter, but the index remains at a satisfactory level.

Wage and non-wage labour costs rose significantly in the quarter, with both indices growing at the fastest rate since the survey began in 1996.

The survey reports that this is having some impact on profits and investment, which declined in the quarter.

Despite moderation of these key indicators, sales and employment continued growing soundly.

The survey says performance of medium and large businesses has been much stronger over the quarter, and may reflect different industry sectors benefiting from the current resources boom.

"In the March quarter, investment by small business has moderated," ACCI Chief Executive Peter Hendy said.

"This softening may reflect the need for significant reforms to the capital gains regime in Australia.

"The availability of suitable, qualified employees is now the biggest single constraint on small business investment, showing the importance of major reforms to education and training announced in this year's (federal) Budget."

Steven Milch, St George Head of Economic Research, said: "The fruits of the current economic expansion are still not being felt equally across business sectors.

"Over the March quarter, we've again seen a widening gap between small business (where conditions declined) and the rest of the business community.

"However, our expectation is that a steady interest rate environment, improved retail activity and a recovering housing sector should see this gap narrow in coming quarters."

Andrew Hile (left) with Bundaberg Tank Makers' Kevin Beveridge.

# WARMTH AND WATER DRAWS SEA CHANGERS TO BUNDABERG

Water tank sales are booming in the Queensland town of Bundaberg thanks to growing demand from rural property owners without access to mains water.

With rural house and land packages available for less than \$200,000, 'Bundy' has become an attractive destination for people wanting a sea change.

Self-confessed retired jack-of-all-trades Andrew Hile and his wife Valerie moved from the New South Wales town of Yamba in 2003, building a new home and installing three 22,500-litre rainwater tanks made from AQUAPLATE® steel.

"We had no mains water so we ordered the tanks from Bundaberg Tank Makers because they were reasonably priced," Mr Hile said. "We laid a cracker dust (hard dirt) base, and installed a tank on each side of the house, and one next to the shed."

While the Hiles use bore water for their garden, tank water supplies all household needs, with the tanks remaining about two thirds full year-round.

"We use the tank water for washing, cleaning and drinking," Mr Hile said. "I just love the taste of tank water . . . I was reared on it."

Owner of Bundaberg Tank Makers Kevin Beveridge said demand for tanks had doubled in the last two years because of growing orders from customers such as the Hiles.



Larger tanks for rural blocks.

"I've gone from one employee to three because we're now manufacturing as many as 15 tanks a week from AQUAPLATE® steel," Mr Beveridge said.

About 40 per cent of tanks manufactured and sold by Bundaberg Tank Makers are 22,500-litre rural tanks, with the company regularly supplying local building company High Coast Homes.

"We order between three and 12 tanks a month for rural homes without mains water supply," Nathan Daniel from High Coast Homes said. "We prefer buying tanks made from AQUAPLATE® steel because they're supported by BlueScope Steel's 20-year product warranty."

He said High Coast Homes was experiencing its busiest year yet, and expected to build 100-120 homes in and around

Bundaberg in the next 12 months.

"Existing homes have become expensive, so more people are choosing to build their own," Mr Daniel said. "Our customers are a mix of locals upgrading to new homes, and people moving from interstate.

"We can supply house and land packages for less than \$200,000."

Mr Beveridge expects the local property boom to continue driving demand for Bundaberg Tank Makers' rural tanks for some time.

"We service an area within a 50-kilometre radius of Bundaberg, and orders keep streaming in steadily," he said.

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# PARKES PEOPLE PREFER QUALITY STEEL



Ray Arnott's work comes largely through word-of-mouth.

**A western New South Wales manufacturer says rainwater tanks made from AQUAPLATE® steel are the Rolls Royce products of the rainwater tank industry.**

Parkes-based Ray Arnott Water Tanks is owned by sole operator Ray Arnott who fabricates about three tanks a week for local farmers and homeowners.

Mr Arnott, whose work comes largely from word-of-mouth, says he uses AQUAPLATE® steel because it is durable, Australian-made and produces clean-tasting water because of its food-grade polymer lining.

"AQUAPLATE® steel tanks are

competitively priced against poly tanks, and come with a 20-year warranty backed by BlueScope Steel," he says.

Ray Arnott Water Tanks fabricates round tanks with capacities of up to 23,000 litres.

"About 70 to 80 per cent of my sales are made to farmers who order 10,000 to 23,000-litre tanks to supply water to their entire home," Mr Arnott says.

He says tank sales are being driven by the drought, and his company is currently busy addressing demand.

"Last year was our driest on record," he says. "We recorded only approximately 150 millimetres of rainfall."

Ray Arnott, who established the company in 1975, says tank-making has become more efficient with time.

"The sheets are longer now and need fewer joints. We also use stitching screws rather than rivets to hold the tank joints together, making it a one-man job," he says.

He says he recently custom-designed a 20,000-litre tank for a farm in Warren.

The tank, built to sit beside a shed, is tall and slim, measuring 3.1 metres high and 2.75 metres wide.

Ray Arnott Water Tanks has also provided water tanks to several indigenous communities in western New South Wales, including those at Gilgandra and Bourke.

"I fabricated 13 tanks for 13 houses at a community at Wellington a few years ago," he says. Ray Arnott Water Tanks is a member of the STEEL BY™ Brand Partnership Program.

"I'm an Australian operator supporting Australian-made products," Mr Arnott says.

"When it comes to steel, quality is more important than quantity.

"Imported steel may be cheaper, but in my opinion it's an inferior product."

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## How to join the program

For more information call Steel Direct on 1800 800 789 and ask for an information brochure and registration form.



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## TANKS IN TASSIE THANKS TO BLUESCOPE ADS

**A Tasmanian rainwater tank manufacturer's sales have risen significantly in recent months thanks largely to BlueScope Steel's national advertising campaign promoting water tanks and rainwater harvesting systems.**

Peter Dixon Tank Maker, based at Wynyard in north-west Tasmania, manufactures five to eight round and slim tanks a week.

Owner Peter Dixon said slim tank sales have increased to 30 per cent of his company's tank sales because of the advertising campaign and growing urbanisation throughout Tasmania.

"Tasmania doesn't offer water tank rebates, but locals want to be environmentally friendly," Mr Dixon said. "Slim rainwater tanks are popular in smaller capacities (360 litres to 720 litres) because they're



Peter Dixon rolling tanks.

competitively priced, suit the look of modern homes and fit well on smaller building blocks.

"I'm also developing a range of larger-size slim tanks.

"The tanks I manufacture are mainly used to collect drinking water because, unlike other parts of Australia, the region's usually steady rainfall provides enough water for gardening and household chores."

The remaining 70 per cent of tanks sold are round tanks with capacities of up to 9000 litres. These are made

from AQUAPLATE® steel in a galvanised finish or one of two COLORBOND® steel colours.

"Customers like the look of corrugated steel because it's such an Australian icon," Mr Dixon said.

A sole trader with two curving machines and basic edge-forming machinery, Mr Dixon can fabricate and deliver a rainwater tank within 10 days, and generates sales through plumbing companies, word-of-mouth and advertising in the Yellow Pages.

"I sell about a third of my tanks to local plumbing companies which on-sell them," Mr Dixon said.

Established in 1984, Peter Dixon Tank Maker has manufactured rainwater tanks from BlueScope Steel products for 15 years.

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