

STEEL BY

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



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www.steelby.com.au

WELCOME



Welcome to the fourth edition of the **STEEL BY** newsletter, a communication designed for all members of the **STEEL BY**™ Brand Partnership Program.

This edition, our most comprehensive yet, is in line with the **STEEL BY**™ Brand Partnership Program's continued growth, and our desire to continue to add value to your membership of it.

You'll be pleased to hear the BlueScope Steel brand is going from strength to strength. An independent study of the corporate reputation of the top 50 companies in Australia has ranked BlueScope Steel 11th – an excellent result given that BlueScope Steel has just reached its fifth birthday as a stand-alone company (since the de-merger from BHP Billiton in 2002).

The annual study, conducted by AMR Interactive on behalf of the Reputation Institute, asked respondents 21 questions on topics ranging from the company's products and services to performance and leadership. BlueScope scored highly across all areas, climbing from 17th spot in 2006. We're now aiming to fall within the top 10 companies in 2008 – an achievable goal given that we've just launched a second round of national television commercials to further enhance our reputation in the broader Australian community.

The ads, with themes of *Building the Future* and *Saving Water*, focus on BlueScope Steel's commitment to a sustainable future. Each is filmed through the eyes of a child, and features BlueScope products that will continue to have a positive impact on the way we live in the years to come. You can read more about those commercials in the accompanying edition of *Steel Edge* magazine.

We've also just sponsored the successful 2007 *Manufacturers' Monthly Endeavour Awards*, which involved a record number of entrants and 150 attendees at the Awards breakfast held in August at Sydney's Darling Harbour.

Just as we believe it's vital for BlueScope Steel to support customers through programs like **STEEL BY**™, we're convinced it's also important for the company to back manufacturing generally through these challenging times of increased global competition.

If you think your business has developed an innovative steel product, don't hesitate to nominate it for the 2008 Endeavour Awards. We'll bring you more details in the months ahead.

Michael Reay
Corporate Brand Manager, BlueScope Steel Limited

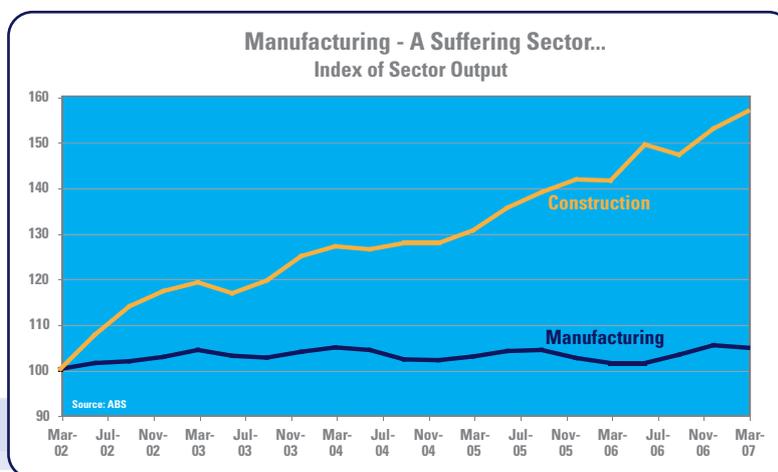
MANUFACTURERS UNDER DOLLAR PRESSURE

By BlueScope Steel Economists

Many manufacturers, especially those competing with Chinese counterparts, are finding it hard to manage with a strong Australian dollar. The reality is that our dollar is unlikely to weaken until the commodity boom ends – and this is not expected to happen in 2008, and may not even happen in 2009.

Assessing the manufacturing sector as a whole could be misleading, as circumstances change substantially from one sub-segment to another.

Those manufacturers servicing resource-sector companies – such as those providing machinery and equipment – are doing better. Others, such as vehicle and component manufacturers, have been severely affected by the high dollar and a global over-capacity. Future prospects do not look bright either.



The likelihood of inflation remaining close to the Reserve Bank of Australia's upper limit of three per cent was the main reason for our most recent interest rate rise.

With unemployment at a 30-year low and consumption expenditure remaining very high, the Bank could

not guarantee that further rises would not take place in the next 12 months.

This will likely prevent the housing market from recovering in 2007 or 2008, especially given that housing affordability is currently at record low levels. Further interest rate rises will make housing even less affordable.

However, the non-dwelling building market is far less likely to be affected by the current monetary policy environment. More a function of long-term requirements, this sector is expected to continue growing moderately in the next two years. Non-dwelling building work in the pipeline is at record high levels.

The outlook for civil construction is even stronger, and is likely to last for the next few years. This reflects the urgent need to improve neglected infrastructure in all states.

As well as the \$10 billion allocated for the Murray-Darling river system, the federal government has announced an extra \$3 billion for urgently needed port upgrades, designed to lift these facilities to an international competitive standard. Current port bottlenecks are threatening Australia's commodity exports.

SHED MAKERS' CAMPAIGN A SUCCESS

The Australian Steel Institute's (ASI) National Steel Shed Group has launched a poster-led campaign to promote industry compliance for the cold formed steel shed industry.

National Manager – Steel Shed Group Neil Creek said the theme We Stand by Our Sheds was developed for the poster-based campaign so group members could demonstrate proudly their compliance with Australian Standards and consumer laws.

"The poster is designed to be displayed by members at their point of sale to reinforce the industry compliance by members to their customers," Mr Creek said.

He believed the campaign had already reached about 50 per cent of shed resellers across Australia.

The campaign's impetus was largely spurred by the 2006 Cyclone Larry which played havoc with non-compliant steel sheds.

Shed Group enquiries should be directed to neilc@steel.org.au

NATIONAL COMMITTEE TO HELP COUNTER STEEL IMPORTS

The Australian Steel Institute (ASI) has formed a National Committee to develop strategies to compete with imported fabricated steel in major construction projects.

Comprised of ASI directors, this committee is boosting advocacy of Australian fabricated steel to government, major project proponents and relevant industry bodies.

BlueScope Steel is a sustaining ASI member, and Bernie Landy (BlueScope Steel's Vice-President Strategic Accounts and Marketing, Australia and New Zealand Industrial Markets) is Chairman of the ASI.

"Our position is that project proponents should clearly demonstrate upfront commitment to providing full, fair and reasonable opportunity at the design and engineering stage for Australian-sourced fabricated steelwork," Don McDonald, Chief Executive of the ASI said.



Crisp Bros' Peter Acheson, whose company has built a solid reputation for tackling environmental projects.

TASMANIAN COMPANY WALKS ON AIR

Tasmanian structural engineering company Crisp Bros is fast building a reputation for tackling challenging projects in environmentally sensitive areas.

The Launceston-based company, which recently received its fifth engineering excellence award, has fabricated and erected Tasmania's Tahune Airwalk and the 'Otway Fly' tourist viewing platform in Victoria, and is drawing, fabricating and erecting the 500-metre elevated tree-top walk 'Illawarra Fly' on the escarpment at Knights Hill above Wollongong in New South Wales.

"We enjoy tackling the fabrication and construction challenges that environmentally sensitive projects pose," Director Peter Acheson said.

Crisp Bros won the Australian Steel Institute (ASI) – VIC/TAS 2006 Structural Steel Engineering Award for Avalon Coastal Retreat, an architecturally designed luxury accommodation house near Swansea on Tasmania's east coast.

However, the Tahune Airwalk, built on the edge of the Huon River in Tasmania's southern forest area in 2003, is the company's most awarded project.

"This project has received awards from the ASI – VIC/TAS, from the Master Builders Association of Tasmania and from Master Builders



Australia," Mr Acheson said.

He said the Tahune Airwalk had also been the most challenging fabrication and construction project Crisp Bros had undertaken.

"The structure had to be built like a high wire, running through the treetops of re-growth forests on the Huon Trail," Mr Acheson said. "We were given a design layout, and minimal machinery access to assemble the structure on the forest floor.

"We had to develop drawings to meet size and weight restrictions, fabricating the 500-metre-long structure in small structural steel sections – like a Meccano set – with the largest section only six metres long."

The Tahune Airwalk was fabricated from tube sections and XLERPLATE® steel plate over two months, and involved three months' on-site construction.

"Our assembly team followed our environmental risk assessments, and made no impact on the forest vegetation," Mr Acheson said.

Crisp Bros, which specialises in architectural, residential and commercial fabrication, can undertake up to six jobs at any one time at its 3500-square-metre Kings Meadows workshop.

"Commercial projects involving beams and columns are our bread and butter," Mr Acheson said.

Current commercial projects include a \$1 million Hydro Tasmania call centre, a new Harvey Norman building in Hobart, and structural steel work for the Avebury Nickel Project, near Zeehan, on the west coast of Tasmania.

Crisp Bros is a member of the STEEL BY™ Brand Partnership Program.

"We proudly support BlueScope Steel because it's an Australian company producing quality Australian steel," Mr Acheson said. "If we don't support Australian steel producers, prices will increase, quality may fall and the industry will suffer."

For more information contact:

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PACIFIC INDUSTRIAL LOOMS LARGE OVER FABRICATION

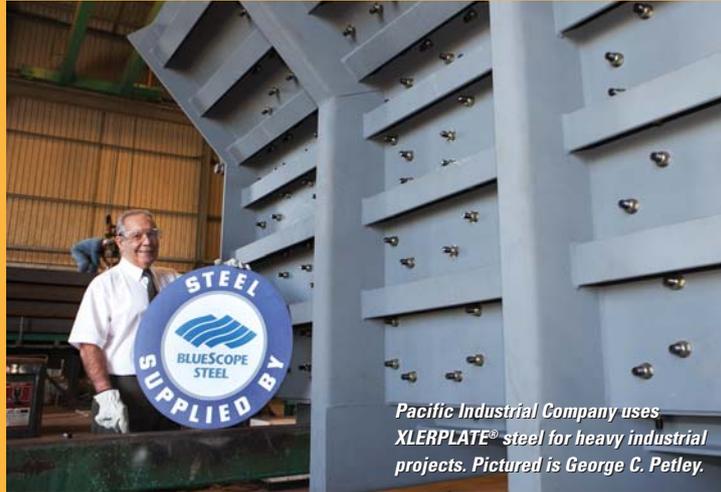
Family-owned West Australian Pacific Industrial Company (PIC) has figured prominently in this country's fabrication and construction scene since Italian immigrant Erasmo Mosole opened for business in 1969.

Since then, the company has manufactured and erected some of the biggest machines and infrastructure elements in Australia. It has filled orders from every Australian state and throughout South-East Asia – most underpinned by steel products from BlueScope Steel.

Australia's current resources boom, fed by demand from emerging economies such as China, is maintaining a positive influence on PIC's activities.

As the company's long-standing Business Development Manager George C. Petley put it: "When it comes to the projects we become involved in, the sky's the limit. As big as they come, we'll do them!"

With a voracious appetite for BlueScope Steel products such as Grade 250 and Grade 350 XLERPLATE® steel, and other BlueScope Steel building products, as well as Bisalloy



Pacific Industrial Company uses XLERPLATE® steel for heavy industrial projects. Pictured is George C. Petley.

steel products based on BlueScope green feed stock, PIC consumes an average of 10,000 to 15,000 tonnes of steel every year.

The company's huge erecting shops at Naval Base, south of Fremantle, have fabricated elements as large as 65 metres long, 10 metres high and 14 metres wide.

According to Mr Petley, these could range in weight from several tonnes through to several hundred tonnes apiece, and could be destined for an enormous range of applications.

PIC has been involved in all aspects of steel fabrication and construction over the years, covering engineering, procurement, fabrication, installation, commissioning and related fields including electrical, instrumentation and civil work.

"We end up erecting about 40 per cent of what we make, and we also erect for other organisations working in our field," Mr Petley said.

PIC's undercover and under-crane fabrication space totals about 25,000 square metres, with an adjacent five

hectare lay-down area. PIC's original erection shop now acts as the company's maintenance and storage facility. The company also runs its own fleet of B-Double semi-trailers and low-loaders, as well as several 300-tonne-capacity crawler cranes.

While the company's workforce varies depending on the number and type of projects on its order books, some 250 shop workers and site personnel are currently engaged.

PIC is a familiar name on huge mining projects throughout Australia. The company has supplied and fabricated bespoke equipment and facilities for iron ore, coal and diamond mines.

It has also worked on power-generation, oil and gas, and major government projects – including the fabrication of large road and rail bridge sections.

PIC is a member of BlueScope Steel's STEEL BY™ Brand Partnership Program.

For more information contact:

George C. Petley

Pacific Industrial Company

Ph: (08) 8410 2566.

www.pacific-industrial.com.au



STEEL SALES STRONG FOR SOUTHERN ROOFING

Roofs made from COLORBOND® steel are being installed on nine out of every 10 new homes in Tasmania, according to a local roofing company.

Southern Roofing owner David Johnson, who has 24 years' experience in the roofing industry, said steel roofs have dramatically increased in popularity in the last decade.

"When I started Southern Roofing in 1997, 80 per cent of new roofs were tile, with the remainder steel," Mr Johnson said. "Now, it is the reverse – 90 per cent of new roofs are steel."

The company, which services homes within a 150-kilometre radius of Hobart, installs 16 to 20 roofs a month on new homes.

"Southern Roofing supplies and fixes BlueScope Steel fascias and gutters made from COLORBOND® steel and ZINCALUME® steel, and roofing made from COLORBOND® steel in all profiles," Mr Johnson said.

Southern Roofing's office and showroom are situated at Kingston, one of Hobart's fastest growing areas. The company's service includes

picking up and quoting building plans.

"When homeowners are ready, we measure the job and can have our installation team at work in two to three days," Mr Johnson said.

He said it took about one-and-a-half to two days to install fascia and gutters, and two to three days to install roofing on an average-sized home.

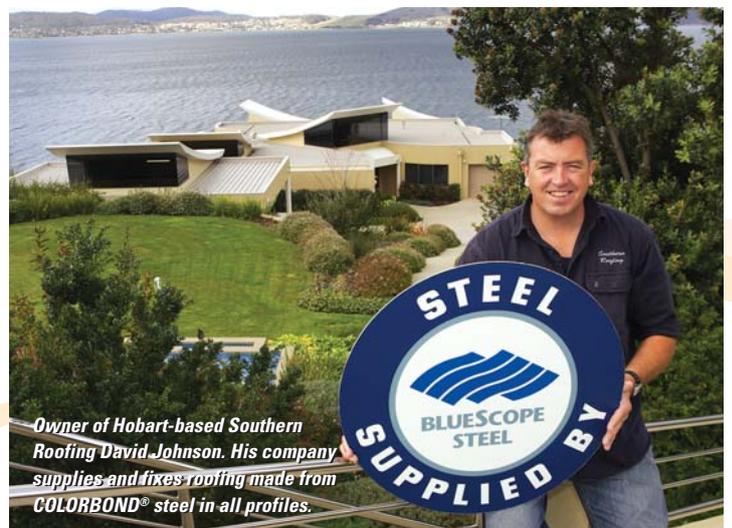
Southern Roofing also undertakes challenging roofing projects on modern, architecturally designed homes.

"We recently completed work on a waterfront home at Sandy Bay for local builder Clayton Worbej," Mr Johnson said. "The roof was designed to look like sails, with two sections of the roof curving in opposite directions."

He said Southern Roofing generated business because of its reputation for reliability and quality work. The quality of his employees was another key to Southern Roofing's success, he said.

"We've had the same fixers for 10 years, and those workers train our apprentices," Mr Johnson said.

"It ensures good work practices are passed on, delivering customers



Owner of Hobart-based Southern Roofing David Johnson. His company supplies and fixes roofing made from COLORBOND® steel in all profiles.

consistent, quality service.

"Our company is well-respected in the local building community. About 80 per cent of our business is generated through return customers, with the balance coming via word-of-mouth and our Yellow Pages listing."

Southern Roofing is a member of the STEEL BY™ Brand Partnership Program.

"The program allows us to keep up to

date with industry developments, and provides us with great marketing material," Mr Johnson said. "We use STEEL BY™ stickers on all our invoices and envelopes."

For more information contact:

David Johnson

Southern Roofing Pty Ltd

Ph: (03) 6229 9910



KIRWAN STEEL TURNS A PROFIT ON TOWNSVILLE TENDERS

Quality assurance, quick production turn-around and competitive costings continue to generate tendering successes for Townsville fabrication company Kirwan Steel Pty Ltd.

Owned and operated by Bill and Coral Gard, the company specialises in fabrication work for commercial projects, tendering through State government construction and maintenance services such as QBuild.

Kirwan Steel, which has offered quality assurance for more than 12 years, has fabricated steelwork for the gymnasium at the Townsville Sports Reserve, one of only six International Association of Athletics Federations-certified tracks in the Oceania region.

Other recent projects have included work for Townsville Sports Reserve's entry building, high-rise apartment blocks for developer Honeycombes, and the expansion of Castletown Shopping Centre.

"The Sports Reserve job was challenging because we had to fabricate roofing framework and purlins for an oval-shaped roof," Coral Gard said.

The company has also won several recent QBuild tenders, working on seven school extensions in the past year.



Most fabrication jobs Kirwan Steel undertakes range from \$30,000 to \$300,000.

Kirwan Steel works on about 140 jobs a year, using COLORBOND® steel and LYSAGHT® Zed & Cee Purlins sourced through distributor Smorgon Metals Distribution.

Coral and Bill have also spent the past two years building a steel-framed home at Halifax, about an hour's drive north of Townsville.

"The two-bedroom, open-plan home has a roof made from COLORBOND® steel and matching shed made from COLORBOND® steel," Coral Gard said.

Kirwan Steel is a member of the STEEL BY™ Brand Partnership Program, displaying program signage on the front fence, and using stickers on its invoices.

For more information contact:
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Kirwan Steel
Ph: (07) 4774 6500



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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WORLD STEEL PRODUCTION RISES

World crude steel production for the 67 countries reporting to the International Iron and Steel Institute (IISI) was 110.6 million tonnes in June 2007, up 5.7 per cent on the same month in 2006.

China continued to lead, with production estimated at 41.5 million tonnes, while Germany, France and the UK produced a combined seven million tonnes.

Japan and South Korea produced a combined 14.4 million tonnes, and India produced 3.7 million tonnes. Russian production rose 5.2 per cent to 6.1 million tonnes.

Australia and New Zealand produced a combined 726,000 tonnes in June 2007.

BRIEFS

NSW TANK REBATES

The New South Wales Government has announced a major rainwater tank rebate scheme as part of its \$310 million Climate Change Fund.

The sliding-scale rebate – ranging from a maximum of \$1150 for 2000-3900 litre tanks, and a maximum of \$1500 for tanks 7000 litres and above – covers the tank, connection to toilets and connection to washing machines.

Available for New South Wales householders installing new rainwater storage systems bought

and installed between July 2007 and 30 June 2009, the rebate only covers systems with capacities of 2000 litres or more.

While households not connected to mains water are eligible for rebates on the purchase of tanks only, tanks installed to comply with the Building Sustainability Index (BASX) for new homes, major renovations or for pool installations are not eligible.

Householders can apply for the rebate once the tank is installed and plumbed in.

BOOST FOR EXPORTERS

The federal government has allocated \$254.1 million to help Australian businesses break into global supply chains and bid for work on major international projects.

Prime Minister John Howard and Industry Minister Ian Macfarlane have announced the Global Opportunities scheme as part of the government's ongoing Industry Statement, which they say focuses on building Australian companies' capacity to become global businesses.

"The Global Opportunities program will assist small- and medium-sized enterprises to find and secure overseas contracts," Mr Macfarlane said.

"The program will identify opportunities in other countries, facilitate trade missions and place Australian industry experts in international procurement offices.

"Global Opportunities provides resources to investigate up to 33 and to mount bids for up to 16 of these projects each year."

Each project would be worth at least \$500 million.

Information on major overseas opportunities will be available to prospective Australian bidders. Australian companies bidding for overseas projects will be able to identify potential Australian partners and, with government support, form teams to mount bids.

The program will also see Invest Australia working with multinational enterprises already in Australia, encouraging more investment and closer links to Australian firms and research organisations, Mr Macfarlane said.

For more information refer to the fact sheet at www.industry.gov.au

TAX CONCESSION DRIVES R&D OPPORTUNITIES

Australian businesses are investing record amounts in research and development (R&D) since changes to the R&D Tax Concession were introduced in 2001, according to Federal Minister for Trade, Ian Macfarlane.

An evaluation report released recently by the government showed business expenditure on R&D reached a record \$8.4 billion in 2004-05.

"This represents a \$2.5 billion increase since the introduction of the federal government's 175 per cent premium and tax offset," Mr Macfarlane said.

"The premium has proven popular, with more than 900 companies benefiting from the concession, and R&D expenditure rising to around \$379 million a year."

The 175 per cent premium provides a tax concession for additional R&D expenditure above a three-year average to encourage companies to increase research and development investment. The report also found an extra 1000 small organisations investing in R&D.

The evaluation report is available at www.industry.gov.au/RandDtax.