

PROCUREMENT OF GOVERNMENT INFRASTRUCTURE PROJECTS

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Position: On behalf of 68 Businesses
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Partially Confidential

Submission from 68 NSW and Australian Businesses to the NSW Legislative Assembly Inquiry into the procurement of Government Infrastructure Projects.

Introduction:

This submission is centred around **steel** which is a major critical component in many infrastructure projects. It is supported by the 68 Businesses listed in Appendix 6. The steel products referred to in this submission are:

- Sheet piling (Raw material can be manufactured by **BlueScope Steel Port Kembla**, secondary manufacture can be carried out by **other NSW businesses**).
- Armco safety railing (**NSW manufacturers** as above).
- Tunnel lining and duct material made from spiral wound steel strip (**NSW manufacturers** as above).
- Purlins and girts for buildings (**NSW manufacturers** as above).
- Building roof and wall cladding (**NSW manufacturers** as above).
- Steel plate (Plates can be manufactured by **BlueScope Port Kembla**, fabrication can be done by **hundreds of fabricators across regional and metropolitan NSW**).
- Structural tubes and pipes (Hot rolled coil can be manufactured by **BlueScope Port Kembla** and formed into tubes and pipes by Austube Mills at their **Newcastle** or Acacia Ridge plants or by Orrcon (BlueScope subsidiary) at their Brisbane or Adelaide factories
- Concrete reinforcing bar & mesh and merchant bar (Can be manufactured by **Arrium at Rooty Hill NSW** and secondary processing

done by **hundreds of fabricators across NSW**). Also manufactured by Arrium at Laverton North Victoria.

- Steel beams, columns, channels, angles and merchant bar (Raw material can be manufactured by **Arrium at Whyalla S.A.** and fabrication can be done by **hundreds of fabricators across NSW**).
- Quenched and tempered high strength plate – used for components such as bridge girders and construction aids such as overhead cranes (Raw material can be manufactured by **BlueScope Port Kembla** and then quenched and tempered by **Bisalloy at Unanderra** and then fabricated by **hundreds of fabricators across NSW**)

Many of the above products have at least three stages of manufacture – steelmaking, secondary processing such as forming/shaping/welding and then tertiary processing such as painting or galvanising. If the Government sources them from NSW, there is a significant positive benefit through the whole state economy. The share of the final sale price which goes to the actual steelmaker is typically only about 1/3rd - the rest is in the “value adding” processing.

Our Businesses have great concerns that Australia’s steelmakers, secondary processors, fabricators and painters/galvanisers are under significant financial stress and we can see that there is a fantastic opportunity available for the NSW Government to support all of those businesses by specifying Australian steel in their Infrastructure Projects.

We believe that issues of **quality, safety of steel structures, whole of life costs** and **community economic benefits** far outweigh the natural desire for Governments to support taxpayers by buying items for **cheapest first cost**.

This submission mainly relates to item 7 of the inquiry terms of reference (“any other related matter”) but also contains some very important points which relate to items 1, 2, 3, 4 and 6.

Current situation:

Businesses in our group who are intimately involved with fabrication and steelmaking have observed that the NSW Government implementation of large Infrastructure projects involves “handing over” the responsibility of procurement to the tier 1 Contractors. This “handing over” includes every aspect of the procurement including price, delivery, decision on who the supplier is and most importantly – **quality**. Some tier 1 contractors have shares in fabrication shops in China and some are “Partners” with Chinese fabricators. See appendix 1. We have no issue with Contractors engaging whoever they wish – from any country in the world – as partners. This is a normal business decision. We do have an issue though with the NSW Government management of some contractors where the financial need of the contractor to get the cheapest price/support their partner over-rides the need of the NSW taxpayer to have safe structures erected and the need of hundreds of fabricators and the two steelmakers in the State to survive.

We cannot give details publicly but wish to request a private meeting with the full Committee where we will provide full details of information we have.

Proposed activities signalled up by the NSW Government around steel procurement.

Judging from comments made by members of the NSW Government during the Parliamentary debate about procuring 100% Australian steel for Infrastructure projects last year, there is a significant knowledge gap amongst Politicians:

- Of the eight (8) different types of steel products which have their origin at BlueScope Port Kembla (Please refer to the list on pages 1 and 2 of this submission) only **two** are covered in the Government’s considerations.
- There are already at least 4 excellent Australian Standards which cover the production and fabrication of steel (listed on the next page) and yet the NSW Government is waiting for an additional Australian Standard to be written. We have significant examples where steel already procured by the NSW Government does not comply with the **existing** standards.

Civilised world approach to building things from steel.

For any item to be built from steel there are certain criteria that need to be met in order for the designer's intent to be carried out. As a simplistic example, imagine a bridge girder that an Engineer has designed to withstand a stress of 150MPa for example, in the belief that the steel which will be used is safe for 250MPa - and the girder is actually built from defective (perhaps imported) steel which can only withstand 140MPa, the bridge will collapse.

The Engineering approach of knowing the characteristics of the steel to be used, knowing that properly trained tradespeople will be fabricating it, knowing that properly trained people will be erecting it and knowing the loads and how to design it - results in an extremely high probability that the structure will be safe and the taxpayers have value for their money. There is nothing new in this approach, it is more than a century old. In the 1930s Dorman and Long successfully built the Sydney Harbour Bridge because they used this Engineering approach.

We have evidence of many examples where steel fabrication work being carried out by suppliers to the NSW Government has not used this Engineering approach – effectively taking the State's Infrastructure back to more of a “third world” approach.

In order to help steel designers and builders and users achieve their twin objectives of safe, cost effective structures there are several relevant Australian Standards which provide guidance:

- AS/NZS 3679.1 is an excellent standard which defines the **raw steel** beams/columns/channels etc. People amongst our group can provide evidence of this Standard being breached by the NSW Government in Infrastructure projects.
- AS 1554 is an excellent standard which defines **welding** of steel structures. People amongst our group can provide positive direction so that the committee can confirm that steel sourced for the NSW Government did not comply with this standard.

- AS 4100 is an excellent standard which covers **design and fabrication** of steel structures. Same comment as above.
- The Work Health and Safety Act 2011 has requirements that “A public authority” and “a person conducting a business or undertaking” must provide a safe workplace as well as other requirements. People from our group can provide evidence where the NSW Government has breached this act with some of their Infrastructure projects – because of non-complying imported steel.

Our intent is not to be critical or negative about the NSW Government – we have no political agenda and are 100% bipartisan – our intent is to assist the NSW Government to develop a more enlightened policy as per **suggestion 1** at the end of this submission.

Secrecy agreements:

We can provide the NSW Government with an example where a secrecy agreement, struck by a supplier to the Government, caused information about non-complying steel on one of their Infrastructure projects to be suppressed from the public. This type of information is in the public interest and suppressing it with a secrecy agreement is working directly against the taxpayers who paid for the work. We recommend **suggestion 2** at the end of this submission to the Government.

Community feeling:

Some members of our group ran a petition asking the NSW Government to specify 100% Australian steel in their Infrastructure projects. 15,300 people from all over NSW, Victoria, Queensland, South Australia and Western Australia signed the petition. Businesses all around the Illawarra actually ran the petition from their counters, encouraging people to sign it. Should the NSW Government choose to ignore suggestion 1 at the end of this submission, the public will surely form an opinion that an **economic concept** (economic

rationalism/free trade) is more important to the Government than the peoples' actual **personal future**. Conversely there is a great likelihood that if the Government was to go with suggestion 1, it would be viewed in a positive way by all demographics – as the Victorian Liberal and Labor Governments decisions have achieved with their 98% and 100% Australian steel policies and as the WA. Liberal Government's decision to build the Perth football stadium from Australian steel was.

Some NSW Politicians' incorrect view that any 100% Australian steel procurement policy will allow BlueScope to take advantage of the NSW Government.

It has been stated publicly several times and in meetings by senior representatives of the NSW Government that a 100% Australian steel procurement policy would lead to BlueScope Steel treating the NSW Government as a “captive soft customer” and increasing prices to take advantage of them.

With all due respect, these comments indicate a total lack of understanding of the Australian steel industry and market forces.

- **Reason1:** The NSW Government is never going to be the largest single customer of BlueScope Steel. At best, with all NSW Infrastructure projects using Australian steel, BlueScope's volume of a given product being purchased by the Government would never exceed say 20 or 30% of their production. BlueScope are in the wider market competing against imports, therefore their prices have to be competitive with those imports because of the 70 or 80% of sales to the non-Government market.
- **Reason 2:** In 5 minutes, anyone with a telephone can find out BlueScope's list price for a given product. This could easily be compared to what the Government is paying and is an instant, simple, transparent method to confirm that excessive prices are not being charged.

- **Reason 3:** Sales would not normally be direct from BlueScope to the Government. They are normally made through a steel merchant. Unless it is a massive single order, BlueScope would not necessarily even know if some of their product is going to the Government.
- **Reason 4:** Careful study of the diverse companies listed on page 1 and 2 of this submission shows that in fact many other businesses **value-add** BlueScope's products in virtually every case and their selling price will be typically approximately 3 times the BlueScope sales price. They would be the entity who would have direct contact with government representatives – not BlueScope. NSW fabricators all compete with each other so the Government would receive competitive pricing.

Important “compare and contrast” exercise with another manufacturing Industry and activities in Victoria:

The NSW Government has mandated an ethanol content in petrol sold across the state. There is a recent commitment from the NSW Government to enforce that mandate. Conversely, some NSW Politicians have told members of our group “The Government is unable to specify 100% Australian steel in Infrastructure projects”. This statement is a little difficult to believe - firstly in light of what the NSW Government has done for one NSW ethanol producer and secondly in light of actions taken by the previous Victorian Liberal Government – 98% Australian Steel to be used on East West link project (see Michael O’Brien MP press release 1/10/14 in appendix 2) and the Victorian Labor Government’s current project which is using 100% Australian steel on their level crossings (See extract from Victorian Labor website 20/11/14 in appendix 3). (Repeated on their website 21/8/15)

To summarise the Ethanol mandate (which our group are in no way critical of or negative about)– it benefits just one NSW company directly, it benefits several hundred workers in that one company, it also benefits some wheat farmers and associated suppliers, its implementation costs service station owners around the State, its implementation costs motorists around the State

and a positive feature of the mandate is that it gives NSW some fuel self-sufficiency by “home growing” a small percentage of the fuel used in the State. In other words, there is a **small positive strategic impact**.

Contrast this with the scenario if the NSW Government was to use 100% Australian steel in their Infrastructure projects: It would benefit literally hundreds of NSW companies – see the full list of large and small companies from one end of the State to the other on page 1 of this submission and keep in mind the hundreds of fabricators and painters, it would benefit literally thousands of workers (rural, regional and metropolitan), it would help support a steelworks that puts \$2.5 billion into the economy every year and would have an **enormous strategic impact** by maintaining a healthy steel Industry in NSW.

Importance of Steel industry to the Illawarra and NSW.

In making procurement decisions just based on cheapest first cost, the NSW Government has been ignoring two key parameters – the first of course is quality (safety) and the second is the wonderful opportunity to provide economic benefit across NSW to our steel industry. The main players in the Industry – BlueScope and Arrium – are a key component of the State’s manufacturing industry and provide much more than just economic benefit. BlueScope’s contribution to the State’s education through the University of Wollongong for example is nothing short of fantastic. Their Community activities contribute way beyond other Australian Companies and are much more than the NSW people would have a right to expect.

Of course the industry is about a lot more than just the big players and that is an issue that we request the NSW Government focus on. There are two groups to consider:

The first is every single service station, hardware shop, take-away food shop, newsagent, real estate agent, car dealer, school, restaurant, sign-writer, machine shop, fabricator, hotel, maintenance organisation, club, coal mine, transport company, engineering supplier and supermarket in the Illawarra who mostly have massive dependence on the survival of the steelworks. If the

steelworks was to close, many of those businesses would close within weeks. BlueScope Port Kembla has 2,769 businesses who supply them direct. We ask the NSW Government to **respect** those businesses as well as every other Illawarra business.

The second group are all the other businesses around NSW who are involved in downstream processing of steel. We believe that the NSW Government underestimates how many of these businesses there are – and how many people they employ. There are fabricators, roll formers, galvanisers, painters, heat treaters, transport companies all over NSW whom we ask that the NSW Government treat with **respect**.

Australian Governments have available to them the “Remplan” software which can run models showing the economic effects of changes in the economy. We have organised the running of two Economic impact assessments for the information of the NSW Government. They are contained in Appendix, 4 and 5.

The first of those analyses the effect of the Port Kembla Steelworks closing, with BlueScope importing hot rolled coil for their Lysaghts operation instead of making it themselves. We have been advised by some of the best Sharemarket analysts in Australia that this is a possible option and that simple changes in parameters such as the value of the Australian dollar or a reduction in the Asian HRC. price or significant dumping efforts by overseas suppliers could result in a situation where it would make more sense to BlueScope shareholders to import rather than make. Loss of volume of hot rolled coil caused by the demise of Australia’s car manufacturing Industry is also a looming factor.

This impact assessment shows the loss of over **5,000 jobs** and a **\$2,571,542,000 annual hit** to the Illawarra economy if steelmaking ceases.(Note that the assessment does not include the small increase in cost for Governments purchasing Australian steel).

The second analysis looks at the positive view which is the scenario where the NSW and Federal Governments specify 100% Australian steel for all of their Infrastructure projects. The resultant supply of an additional 389,000 Tonnes of steel annually to the Governments would result in an extra **1307 jobs** in the region and an improvement of output in the Illawarra economy of

\$663,529,000 per year. Of course this analysis does not include the beneficial effect on the rest of the State. That effect would be large because of bigger employers like Arrium Rooty Hill, Austube Mills at Newcastle as well as literally hundreds of smaller fabricators who would all benefit from such a policy.

Temporary or “construction” steel on Infrastructure projects.

People in our group have witnessed examples where an Infrastructure provider uses the very cheapest possible Chinese Steel for temporary formwork and other key items for use during construction on the project. Overhead cranes have been imported from China with no manufacturer’s name on them for these projects. In first world countries around the world, overhead cranes always have the makers’ name on them because they are proud of their product and are happy to be accountable for it. Please see **suggestion 3** at the end of this submission.

International background.

The Chinese Government has stated repeatedly that they have every right to dominate any international steel market. Many of their steelworks are State owned, are on free land, exist to employ people rather than run at a profit and have subsidies for export. Whether the actions of the Chinese Government and Steelmakers are deliberate or accidental in flooding the world with dumped steel (much of it low quality) is immaterial. The important thing is the result – which is that they now manufacture half the world’s steel and that their actions are quickly sending free market steelmakers around the world out of business.

There is a prevalent feeling in the NSW community that Governments and others who import Chinese steel (particularly non-complying steel) are more on side with the Chinese Government than they are with their own constituents.

Suggestion 1: The NSW Government to use 100% Australian steel, fabricated in Australia, for all of their Infrastructure Projects. (Where possible!). The safety, quality, whole of life costs and economic & social justifications are very strong.

Suggestion 2: Ban the use of secrecy agreements on NSW Infrastructure projects. These agreements are counter-productive to democracy and can result in dangerous and inferior outcomes.

Suggestion 3: Use 100% Australian steel, fabricated in Australia, for all temporary structures, construction aids and overhead cranes for all NSW Government Infrastructure projects. (where possible).

Appendix 2: Victorian Liberal Michael O'Brien press release.



Michael **O'BRIEN**

STATE MEMBER FOR MALVERN
SHADOW TREASURER



WEDNESDAY, 01 OCTOBER 2014

VICTORIA TO REAP EAST WEST LINK REWARDS

- Construction company to far exceed minimum local content target
- Great news for Victorian workers, their families and businesses

· Labor would sacrifice thousands of jobs to save inner city seats from the Greens

In a massive boost for the local economy, the East West Link project will see the vast majority of construction dollars on the multi-billion project spent locally.

Project Company East West Connect will exceed the requirement for local content with more than 90 per cent of construction funds to be spent on local goods and services, including Australian steel, as well as employing and up-skilling local people.

Visiting local steel supplier Arrium in Laverton today, Premier Denis Napthine said that East West Link was delivering thousands of jobs for the Victorian economy and the high degree of local content would result in even further jobs growth for the state.

"We are creating a massive economic boon, with local businesses and workers set to reap the benefits from the East West Link project both during construction and once the project opens thanks to vastly improved transport links across the north of Melbourne," Dr Napthine said.

"East West Connect's commitment to using just over 90 per cent of local content is an outstanding achievement, and greatly exceeds the minimum local content target of 80 per cent for Victorian Government projects.

"Victorian workers, their families and businesses will welcome this commitment to local content.

"The main components of the roadway will be produced locally, including more than 90 per cent of electrical cables and conduits. A precast facility will also be established in Melton to manufacture bridge beams and concrete tunnel lining segments," Dr Napthine said.

Treasurer Michael O'Brien said Daniel Andrews must now explain why the flip-flopping Labor Opposition is turning its back on workers, their families and local business.

"A whopping 98 per cent of the structural steel for the EWL project will be sourced locally. Daniel Andrews needs to come out and tell the Victorian steel industry why he does not care about their jobs or their livelihood," Mr O'Brien said.

"Daniel Andrews and Don Nardella should also tell the Melton community and the manufacturing industry

in Melbourne's northwest why Labor is against establishing a new precast facility and new job opportunities in that region.

“Labor claims they are for workers and families, but Daniel Andrews would sacrifice thousands of Victorian jobs just to save Labor's inner city seats from the Greens,” Mr O’Brien said.

Minister for Roads and Public Transport Terry Mulder said the Napthine Government was getting on with the job of building a better Victoria.

“With the contracts for the project now locked away, East West Connect can get on with the task of recruiting local suppliers and contractors and employing the massive workforce of 3,700 people needed to build this landmark project,” Mr Mulder said.

“The Coalition Government is getting on with the job of delivering this project and making sure that the economic benefits for Victoria are maximised with this unprecedented commitment to local content and local jobs for a project of this scale.”

Appendix 3: Victorian Labor press release.

LABOR'S LOCAL JOBS: 100% AUSTRALIAN STEEL

Under an Andrews Labor Government, 50 of our most dangerous and congested level crossings will be removed and fixed using **100 per cent Australian steel.**

Leader of the Opposition, Daniel Andrews, made the commitment while announcing the 49th and 50th level crossings slated for removal under Labor's plan to remove the 50 worst level crossings across Melbourne.

Labor will also maximise the use of Australian steel in the construction of the West Gate Distributor once the project is fully scoped.

Under the Liberals, public transport contracts are going overseas. Labor will aim for a minimum local content requirement of at least 50 per cent, as part of a \$350 million plan for new rolling stock.

Labor's commitment will provide a long term, steady pipeline of work for more than 10,000 workers employed in the Victorian steel industry.

Quotes attributable to Mr Andrews

"We'll use local steel because we support local jobs."

"The Liberals are sending jobs overseas and cutting TAFE in the middle of a jobs crisis."

"Only Labor will remove our 50 most dangerous and congested level crossings and we'll use Australian steel to do it."

Key Facts

- Labor will aim for a minimum local content requirement of at least 50 per cent as part of its commitment to buy 30 new metropolitan trains and 20 new VLocity V/Line carriages.
- Labor will implement minimum local content targets for strategic projects and halve the value of the threshold for defining strategic projects to \$50 million.
- Labor will emphasise the importance of local purchasing policy requirements across all Government departments and agencies.

Published on November 20, 2014

Economic Impact Assessment – Closure of Raw Steel Business

Disclaimer

The following Impact assessment has been undertaken utilising REMPLAN Economic modelling software utilising the latest available data from the Australian Bureau of Statistics. The primary (and most current) data sets utilised for this analysis are:

- ABS 2011 Census JTW Employment
- ABS 2012 / 2013 National Input Output Tables
- ABS June 2014 Gross State Product

Impact Assessment

BlueScope Steel currently has approximately 3,200 direct employees within the raw steel manufacturing component of the business operations. This is considered the most threatened and at risk of component of the Bluescope Steel Port Kembla operations.

It must be noted that there are a number of large contractors employed at Bluescope who are directly engaged in maintenance and operations within the BlueScope raw steel plant. As these workers are not direct employees of Bluescope they have not been incorporated into the analysis as it is difficult to estimate the potential for workers to be moved onto other contracts within those same companies. Counting these employees as direct losses would also put the impact assessment at risk of double counting, as it is assumed a number of these potential losses would be factored into the industrial wave of job losses.

As such, the following analysis looks at the impacts on the Illawarra economy were the raw steel manufacturing business of BlueScope Steel to cease operation and assumes the direct number of job losses to be 3,200. This loss would represent an annual direct decrease of \$1.916billion for the Illawarra Economy per annum (without taking into consideration the multiplier effects).

Output:

From a direct decrease in output of \$1.916 billion within the Illawarra Economy within the Steel Manufacturing sector it is estimated that the demand for intermediate goods and services within the Illawarra economy would also decrease by a further \$372 million. This represents a Type 1 Output multiplier of 1.194. These industrial effects include multiple rounds of flow-on effects, as servicing sectors, also cease to exist or significantly decrease their own output and demand for local goods and services in response to the initial direct change to the economy.

The decreases in direct and indirect output would typically correspond to job losses in the economy. Corresponding to this change in employment would be a decrease in the total of wages and salaries paid to employees within the area. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure prior to the job losses would have been captured in the local economy in sectors such as healthcare, education, real estate services, food & beverage and retail. The consumption effects under this scenario are estimated at a further \$283 million reduction in spending within the Illawarra Economy.

Under this scenario total output, including all direct, industrial and consumption effects is **estimated to decrease by up to \$2,571.542 million within the Illawarra Economy.**

Jobs:

From a direct decrease in employment at BlueScope steel of 3200 jobs flow-on industrial effects in terms of reduced local purchases of goods and services are anticipated. This is known as the industrial effect and it is estimated that these indirect impacts would result in the loss of a further 811 jobs within supporting local industry sectors. This represents a Type 1 Employment multiplier of 1.253.

The decrease in direct and indirect output and the corresponding loss of jobs in the economy are expected to result in a decrease in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure prior to the job losses would have been captured in the local economy. The consumption effects under this scenario are estimated to further reduce employment by 1,053 jobs.

BLUESCOPE STEEL – ECONOMIC IMPACT ANALYSIS

Total employment, including all direct, industrial and consumption effects is **estimated to decrease by up to 5,064 jobs within the Illawarra Economy**. This represents a Type 2 Employment multiplier of 1.583.

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	-\$1,916.461	-\$372.124	-\$282.956	-\$2,571.542	1.194	1.342
Employment (Jobs)	-3,200	-811	-1,053	-5,064	1.253	1.583
Wages and Salaries (\$M)	-\$234.625	-\$71.765	-\$67.873	-\$374.263	1.306	1.595
Value-added (\$M)	-\$247.033	-\$131.738	-\$161.710	-\$540.481	1.533	2.188

Economic Impact Assessment – Utilisation of local steel

Disclaimer

The following Impact assessment has been undertaken utilising REMPLAN Economic modelling software utilising the latest available data from the Australian Bureau of Statistics. The primary (and most current) data sets utilised for this analysis are:

- ABS 2011 Census JTW Employment
- ABS 2012 / 2013 National Input Output Tables
- ABS June 2014 Gross State Product

Impact Assessment

BlueScope Steel has the capacity to deliver an additional 389,000 Tonnes of steel per year to State and Federal Governments for major infrastructure projects. This level of government procurement would represent approximately \$494,500,000 in additional sales revenue for BlueScope annually.

Output:

From a direct increase in output of \$494.5 million within the Illawarra Economy within the Steel Manufacturing sector it is estimated that the demand for intermediate goods and services within the Illawarra economy would also rise by an additional \$96 million. This represents a Type 1 Output multiplier of 1.194. These industrial effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the initial direct change to the economy.

The increases in direct and indirect output would typically correspond to the creation of jobs in the economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees within the area. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy in sectors such as healthcare, education, real estate services, food & beverage and retail. The consumption effects under this scenario are estimated at a further \$73 million annual injection into the Illawarra Economy.

Were State and Federal governments to increase expenditure on BlueScope Steel products by the amount of 389,000 tonnes per annum, then the result in terms of total regional output, including all direct, industrial and consumption effects is **estimated to increase by up to \$663.5 million (for the Illawarra Economy).**

Jobs:

From a direct increase in output of \$494.5 million the corresponding creation of direct jobs is estimated at 826 jobs. From this direct expansion in the economy, flow-on industrial effects in terms of local purchases of goods and services are anticipated. This is known as the industrial effect and it is estimated that these indirect impacts would result in the gain of a further 209 jobs within supporting local industry sectors. This represents a Type 1 Employment multiplier of 1.253.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 272 jobs.

Total employment, including all direct, industrial and consumption effects is **estimated to increase by up to 1,307 jobs within the Illawarra Economy** as a direct result of increased spend on local steel.

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	\$494.500	\$96.018	\$73.011	\$663.529	1.194	1.342
Employment (Jobs)	826	209	272	1,307	1.253	1.582
Wages and Salaries (\$M)	\$60.540	\$18.517	\$17.513	\$96.570	1.306	1.595

Appendix 6: List of NSW and Australian Companies who support this submission.

(The organisers of this submission would like to apologise to the thousands of other NSW companies who would no doubt have enthusiastically supported it had we asked you. Our time was very limited and unfortunately we don't have any highly developed media management skills. We suggest that you could send a copy of this submission to your local Member and ask them to support their constituents).

This Submission is supported by the following Companies:

- K&R Fabrications.
- Allfab Constructions.
- KJ Scaffolding.
- Illawarra Wire ropes.
- Allmen Industrial Services.
- WGC Cranes.
- D&D Employment Services.
- Carmine Industries.
- Mainteck Services.
- Traffic logistics.
- CMA Engineering.
- Cram Fluid Power.
- Coastwide Fabrication and Erection.
- Thurgate Electrical Services.
- Leussink Engineering.
- Cambewarra Engineering.
- Total Tools Albion Park Rail.
- Total Tools Fairy Meadow.
- Wollongong Cranes Dry Hire.
- Weldkam.
- Illawarra Fasteners.
- Affective Services.
- T.B.C. Distribution.
- Bratan Engineering.
- Klondu Group.

- Fenner Dunlop.
- Figtree Auto Electrics.
- “Try Our Buns”, Unanderra.
- Southern Steel.
- Highlube.
- R.E McMahon Pty Ltd.
- Camray Air.
- Jardine Motors.
- 3H engineering Pty Ltd
- Align It Up Pty Ltd
- Evermil Pty Ltd
- All source Aluminium Supplies Pty Ltd
- Rodel Corporation Pty Ltd
- Illawarra Electrical Design Pty Ltd
- Eva-Ready Fabrications Pty Ltd
- Active Security Operations Pty Ltd
- Bartercard South Coast & Highlands Pty Ltd
- Nupress Group Pty Ltd
- Pipe Tube & Fittings Pty Ltd
- Arrow Electrical services.
- Valveman Pty Ltd.
- Alamo Powder Coaters.
- Aquarius Surveys.
- Associated Gaskets Revesby and Wollongong.
- Total Tools Kewdale (Perth)
- Total Tools Albury.
- Total Tools Fyshwick.(ACT)
- Total Tools Gippsland Lakes Jetties (Vic).
- Total Tools Granville.
- Total Tools Moorebank.
- Total Tools Taren Point.
- Total Tools Warners Bay.
- Total Tools Penrith.
- Total Tools Gregory Hills

- Illawarra Industrial Supplies.
- Montague Smash repairs
- S&L Steel, Glendenning.
- B&E Gas supplies.
- Verdon Brothers.
- PremiAir Hire, Port Kembla branch and all 11 other branches in South Australia, Qld, Victoria and NSW.
- C&C Industries.
- Macks Rubber
- TWE Pty Ltd