

REGISTER OF ENTERPRISE AGREEMENTS

ENTERPRISE AGREEMENT NO: EA06/115

TITLE: **BlueScope Steel Welded Products Enterprise Agreement
2006**

I.R.C. NO: IRC6/958

DATE APPROVED/COMMENCEMENT: 8 March 2006 / 28 February 2006

TERM: 36

**NEW AGREEMENT OR
VARIATION:** Replaces EA05/314.

GAZETTAL REFERENCE: 24 March 2006

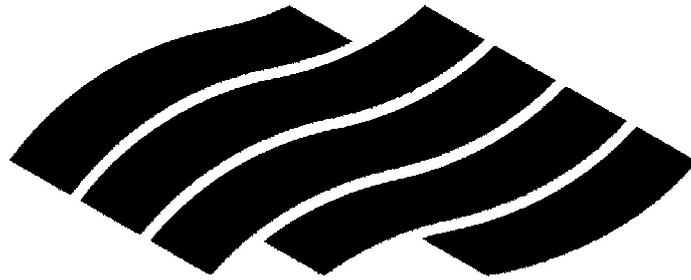
DATE TERMINATED:

NUMBER OF PAGES: 8

COVERAGE/DESCRIPTION OF

EMPLOYEES: The agreement applies to all employees employed by BlueScope Steel (AIS) Pty Ltd, located at Five Islands Road, Port Kembla NSW 2505, engaged in the company's Welded Products business at Unanderra in the state of New South Wales, who fall within the coverage of the BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2004.

PARTIES: BlueScope Steel -&- The Australian Workers' Union, New South Wales



**BLUESCOPE
STEEL**

WELDED PRODUCTS

**Enterprise Agreement
2006**

1. ARRANGEMENT

This Agreement is arranged as follows:

1. Arrangement
2. Definitions
3. References
4. Parties, Application and Duration
5. The Welded Products Future
6. The Morals by which we work
7. Remuneration and conditions
8. Procedure for resolving claims, issues and disputes (Management of change)
9. Procedure to meet urgent Customer needs
10. Welded Products Team Bonus Scheme (TBS)
11. Co-Operation Between Company and Union Representatives
12. Signatures

2. Definitions

- 2.1. WPP Welded Products Plant
- 2.2. AWU Australian Workers Union
- 2.3. BSL BlueScope Steel (A.I.S.) Pty Ltd
- 2.4. Company BlueScope Steel (A.I.S.) Pty Ltd
- 2.5. Employees Employees of WPP who are on wages
- 2.6. The Award BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006

3. References

- 3.1. BM1 WPP Business Manual
- 3.2. OI.18.01 Accreditation
- 3.3. OI.18.02 Development Training
- 3.4. WP.01.02 Position Descriptions
- 3.5. BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006
- 3.6. Attachment 1 Disciplinary Procedure – (peer review from previous EA)

4. Parties, application and duration

- 4.1. This agreement shall be known as the Welded Products Enterprise Agreement 2006.
- 4.2. The parties to this agreement are BlueScope Steel (AIS) Pty Ltd (the **Company**) and the Australian Workers' Union, New South Wales (the **AWU**).
- 4.3. This Agreement applies to the parties and employees of BlueScope Steel (AIS) Pty Ltd in respect of their employment at the Company's Welded Products business at Unanderra in the state of New South Wales.
- 4.4. This Enterprise Agreement replaces the Welded Products Enterprise Agreement 2005.
- 4.5. The nominal term of this Agreement is from 28 February 2006 and remains in force for a period of three years (the nominal term)..
- 4.6. This Agreement prevails over the provisions of the BlueScope Steel (AIS) Pty Ltd – Port Kembla Steel Works Employees Award 2006 (the **Award**) to the extent that it deals with the same matters.

5. The Welded Products Future

- 5.1. Since the inception of our plant, Welded Products has been on the forefront of workplace design and leaders in the 'Team Concept'. This has eliminated the need for leading hands and supervisors with those traditional roles and responsibility being performed by the Team Members.

From the time of commissioning the WPP to the present, there has been significant increase in output to expected production levels. This has been achieved through constant evolution of the work duties and commitment of all Team Operators and the Support Team.

It is recognised that there have been productivity improvements at the Welded Products over the years. These productivity improvements have been achieved through the active involvement of the Team Members at Welded Products in the continuous improvement of the plant. This Agreement provides a framework for ongoing continuous improvement in today's environment, which builds on the success of the past agreements.

For WPP to continue to grow into a successful business operation it is critical that we satisfy customer's needs for consistent quality, reliability of delivery and ensure that our products remain cost competitive. To achieve this, it is agreed that there must be continuing: -

1. Development of work duties in line with the WPP job design.
2. Creation and maintenance of team working.
3. Increases in output
4. Manufacturing cost reduction

In order to support this agreement and help achieve other aspirations of our industry and employees/unions, there is a need to work together to continue working towards full achievement of "world best" team working practices at WPP.

Continued to review of work arrangements (eg roles/responsibilities, roster patterns, working relationships and remuneration systems) will deliver benefits to the Company and employees.

The Company will benefit from improved business performance due to full employee involvement in business improvement (eg. Reducing costs, improving productivity, quality, etc.)

This will allow employees to benefit from greater involvement in determining work place practice, increased job satisfaction through changed roles and responsibility, and more attractive rosters.

5.2. Skill development and career Path

Team Operators have the opportunity to acquire mutually agreed skills within a 3 level career structure. On development of these skills and following accreditation, the employee will attract the remuneration for that level.

Other Issues that will be considered throughout the life of this agreement.

Evaluating existing skills
Training in multiple skills/whole tasks
Literacy/numeracy training
Link to national standards
Employees training other employees
Career paths identified
Employee benefits:

Recognising use of skills that have been learned outside the workplace
Better and broader skills – a multi-skilled employee
Clear identification of career paths
Training recognised nationally so skills are portable
Improved communication through better literacy/numeracy
Higher morale
Employer benefits:

Available skills identified so training can focus on those still required for maximum productivity
Better and broader skills – a multi-skilled workforce
Improved communication through better literacy/numeracy
Improved value for training investment as employees pass on skills to other employees

6. The morals by which we will work

6.1. To succeed as a business, and to contribute to a strong and viable business, Welded Products must deliver:

- * high quality products
- * in accordance with customer orders

- * at the lowest cost possible.

This Agreement provides the framework for Welded Products to create a working environment that demonstrates commitment to:

- * the safety of all people who interact with our business
- * supplying and satisfying our customers as a matter of priority
- * striving for quality in all that we do
- * reducing the cost of waste and other overheads
- * making decisions in accordance with applicable employment legislation
- * testing and implementing work practices that increase efficiency, and reduce labour cost per tonne of prime product despatched.

We will work to ensure that everyone understands these morals, and their role in helping to improve our performance against these measures whilst at the same time ensuring all parties have their key concerns addressed as part of the process. We also must adhere to our Bond

6.2. Our Bond

Our customers are our partners

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service, and ideas.

Our people are our strength

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with respect and maintain a healthy balance between work and family life. Our experience, teamwork, and ability to deliver steel inspired solutions are our most valued and rewarded strengths.

Our shareholders are our foundations.

Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together, makes us stronger.

Our communities are our homes

Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values, and encourage involvement. Our strength is in choosing to do what is right.

7. Remuneration and conditions

7.1 Remuneration

7.1.1. Current wage rates, stated below, for Welded Products shall be increased by:

- 4.5% effective from the first full pay period on or after 18 March 2006; and
- a further 4.0% effective from the first full pay period on or after 18 March 2007; and
- a further 2.0% effective from the first full pay period on or after 18 March 2008; and
- a further 2.0% effective from the first full pay period on or after 18 September 2008.

Welded Products existing wage rates for a 38-hour week as at February 2006

- Level 1 \$782.58
- Level 2 \$959.96
- Level 3 \$1043.44
- By appointment \$1140.33

7.1.2. The Company will maintain ongoing availability of career path increase under employee development schemes as individuals enhance skills, responsibility.

7.1.3 All wages will be paid fortnightly by electronic funds transfer directly in to an account nominated by the employee with a bank, building society, credit union or other financial institution recognised by the Company.

Each pay period from the above date will commence at Day shift on Sunday

7.1.4 The Company will satisfy its superannuation contribution obligations in respect of the lump sum by making contributions calculated by the method set out in the Award.

7.1.5 Shift allowances will be retained at the current level for the duration of this agreement as set out below

Paid at 15% per afternoon & night shift which is averaged out as

- 10% shift allowance across an employees ordinary time, 38 hours per week, when working a 3 shift operation
- 7.5% shift allowance across an employees ordinary time, 38 hours per week, when working a 2 shift operation

7.1.6 Meal allowance on overtime will be retained at the current level for the duration of this agreement as set out below

\$16.50 per overtime shift, or after 4 hours continuous work.

7.2 Clothing and Safety Equipment

7.2.1 Suitable work attire and safety equipment will be provided by WPP. Clothing will be replaced on a needs basis.

7.3 Sick Leaves and Leave for other Special Purposes

7.3.1 Sick leave – As per Clause 24 of the BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006.

7.3.2 Annual leave – As per Clause 26 of the BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006.

7.3.3 Long service - As per Clause 28 of the BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006.

7.4 Accrual of Time in lieu

If a Team Member is required to work outside of normal hours, the Team Member may chooses to claim Time in Lieu instead of overtime.

8. Procedure for resolving claims, issues and disputes – (Management of change)

8.1 As per Clause 36 of the BlueScope Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2006.

9. Procedure to meet urgent Customer needs

9.1 This procedure applies where there is a need to supply customers with urgent product, so as not to affect their normal operations, during the unlikely event of an industrial dispute.

9.2 In the event of industrial action occurring, Team Members representatives and/or Union officials will immediately advise the Welded Products Manager that employees have voted to go on strike, before employees leave the site.

9.3 Before employees leave the site as a result of industrial action, employee representatives and/or Union officials will old a discussion with the WPP Manager in relation to urgent orders which is deemed necessary to allow urgent despatch. The discussion will generally involve:

- (a) Welded Products Manager;
- (b) Welded Products Team Member representatives;
- (c) Welded Products Production Planner
- (d) AWU Representative

The minimum number of employees, to safely and efficiently complete the urgent despatch work will remain at work until these discussions are held and items despatched. It is anticipated that any maintenance personnel would only need to remain at work during such discussions if there is incomplete maintenance work that must be finished to allow urgent despatch of the product.

The WPP Production Planner, in conjunction with our customer service group, will decide whether there is product that requires despatch.

Only product that is complete and in good order (Green Folder) will be considered for urgent despatch.

- 9.4 The items listed by the WPP Production Planner, in conjunction with our customer service group, will be required to be safely despatched during the industrial dispute. This shall be carried out on the following basis:
- (a) Manning – A minimum number of employees will be made available as required to safely and efficiently carry out the despatch work.
 - (b) Selection of employees required to perform the urgent despatch tasks during the dispute period shall be selected from the crew normally rostered to work the shift, Despatch Operator, Mr 'X' and the Product Coordinator.
 - (c) Employees will only be required to work for the time required to organise and complete the despatch of the items deemed urgent. Employees will be paid the appropriate Award rates for the time they are at work performing urgent despatch with a minimum of 4 hours payment.
 - (d) No Employee or Union will direct or encourage any employee or contractor in an associated area to take action that may effect of circumventing the intent and operation of these arrangements.

10. **Welded Products Lump Sum Payment Scheme**

- 10.1 Purpose of the Agreement - This clause provides for a quarterly Performance Recognition Payment directly related to business performance improvement measured against performance indicators.

The purpose of the agreement is to:

Reinforce commitment, to work to ensure a viable steelmaking industry at Port Kembla, including Welded Products.

Assist in achieving the Company's critical business objectives. In this regard the parties commit themselves to co-operating in measures to achieve and maintain a world-class - business at Welded Products

Recognise the contribution of employees to improved performance when this has occurred.

- 10.2 Payment - Performance recognition payments at the end of each quarter will be made to all employees of Welded Products on the payroll at the end of that quarter for which the payment is made, except: employees off work on non-accident pay workers' compensation. This performance recognition payment will be calculated as a percentage of total gross earnings, as defined.

Employees, who leave the Company during the period, will not be eligible for payment.

- 10.3 Principles of Payments System - The terms of the performance improvement recognition payments system are:

In addition to other payments, there will be a quarterly performance recognition payment directly related to reasonably achievable business performance improvements measured against the agreed performance indicator.

The Company following consultation with the employees of Welded Products and their elected representatives will determine the agreed performance indicator at Welded Products

The performance recognition payments will be paid at the end of each quarter and will be calculated as a percentage of total gross earnings.

For this purpose, total gross earnings does not include payments in respect of absences on workers' compensation by employees not in receipt of accident pay or termination payments or performance recognition payments paid during the quarter but related to a previous quarter.

The percentage of total gross earnings to be paid will be determined by reference to the actual performance measured against the 4.5 per cent target performance indicator.

On achievement of the agreed performance targets, 4.5 per cent of total gross earnings as defined for the purpose of the Scheme, with payments varying above and below this amount possible depending on performance.

The maximum quarterly payment to be made under this Scheme will not exceed 5.5 per cent of gross earnings.

- 10.4 Payments will be included in the direct deposit and (itemized separately) on the pay docket of the first administratively convenient pay fortnight following the end of a quarter. Payments will be taxed at the individual's appropriate marginal rate in the pay fortnight in which the payment is made. The payments, including tax deductions, will be included in each employee's Group Certificate.

11 Co-Operation Between Company and Union Representatives

11.1 It is a term of this agreement that the Company or the Union, undertake for the period 28 February 2006 to 28 February 2009 not to pursue any extra claims.

11.2 Discussions regarding a replacement agreement will commence in the first week of October 2008 or earlier by agreement.

12. Signatures

Signed on behalf of the Australian Workers' Union

Signed on behalf of the employees of Welded Products

Date

Date

Signed on behalf of BlueScope steel (AIS) Pty limited trading as BSL

Date