



AUSTRALIAN STEEL INSTITUTE



Joint Statement from the Australian Steel Institute and the Australian Workers' Union

Classify the Steel Industry as *Essential*

In the event that the federal or state governments move towards more severe lock-down scenarios to slow the spread of COVID-19, the Australian Steel Institute (ASI) which is the peak industry body representing the entire steel industry value chain including major producer members BlueScope Steel, InfraBuild Steel, Molycop and Bisalloy, together with the Australian Workers' Union (AWU) recommend that the steel industry is classified as *essential*.

The ASI and AWU urge all Australian governments to keep the steel industry operational.

Containing the Spread of COVID-19

Steel is a high capital cost industry with low people density and high value.

The steel industry already practices very high standards of hygiene to protect all employees from routine work health and safety risks. These practices have been galvanised and heightened since the outbreak of the COVID-19 pandemic.

The Australian steel industry is more than willing to play its part in containing COVID-19. Australian steel manufacturers have already introduced the following measures to protect their employees:

- Steel mills and other facilities have introduced strict entry procedures, which include screening for COVID-19 exposure and checking the temperatures of personnel
- Stricter than usual hygiene procedures, including heightened, more frequent, and deeper cleaning
- Review of facilities to ensure social distancing guidelines are strictly adhered to, including maintaining 1.5m between employees at all times and the eradication of overlapping shifts
- Travel bans for employees since 1 March 2020
- Stringent return to work protocols post-travel and where an employee feels unwell, including self-isolation
- Introduction of remote working arrangements for non-essential employees
- Heightened communications around all hygiene measures to help ensure employee, contractor and supplier compliance
- Implementation of detailed procedures to manage a COVID-19 exposure case

An Economic Imperative

With measures in place to protect the health and safety of employees and help contain the spread of COVID-19, there are several clear reasons that necessitate keeping the steel industry operational:

- Steel occupies a strategically essential role in Australia’s sovereign production capabilities, particularly at time where there is unprecedented global uncertainty in supply chains
- Steel is a critical input across myriad aspects of Australia’s society and economy, from residential and commercial construction, through to mining. All these essential downstream and related industries rely on steel to function. If one part of an industrial supply chain is closed, this will lead to the closure of other industries and companies in a domino-effect
- The steel industry is critical to Australia’s economy:
 - The steel industry contributes \$30 billion to the Australian economy annually
 - Every \$1 million worth of output in the Australian steel industry generates:
 - Over \$700,000 worth of Gross Value Added in industrial support activities
 - Approximately \$225,300 in tax revenue
- The steel industry occupies a critical role in Australia’s workforce:
 - Over 110,000 people are directly employed in the Australian steel industry
 - For every person employed directly by the steel industry, this creates as many as six full-time jobs in related and downstream industries
- There are very significant technical constraints associated with closing down or winding back steel industry operations. Large, complex, capital intensive heavy manufacturing operations—particularly those involving molten materials—are simply not designed to stop and start; the continuous nature of the process necessitates prohibitively expensive chemical and engineering procedures to shut down with commensurate massive restart costs. Additionally, if skilled labour is stood down, it may not be available on restarting.
- A cessation of domestic steel supply would unintentionally drive importation of equivalent steel products from regions not bound by the same workplace restrictions, which would add to the economic damage and potentially cause permanent shrinkage of the local industry capability.

Closing down Australia’s blast furnaces, even temporarily, could result in a permanent closure of Australia’s steel industry, compromising our national sovereignty in a geopolitically volatile time.

If critical elements of Australia’s steel supply chain were to go into compulsory lock-down, the entire industry may not be in a position to recommence operations for many months—possibly years—after the immediate health crisis has subsided.

The ASI and AWU call on all Australian governments to classify the steel industry as ‘essential’ and allow the industry to remain operational.