MARKET UPDATE

November 2006

ZINC RUN OFF FROM ROOFING

In August 2006 the Auckland Regional Council (ARC) withdrew its draft policy on roof runoff dated 16 April 2004. That policy, which differentiated between the alleged runoff of zinc from pre-painted roofs with that from unpainted ZINCALUME® coated steel, had resulted in some roofs having to be changed from the specified ZINCALUME® product to COLORSTEEL® prepainted steel to get resource consent.

New Zealand Steel has been working in a collaborative manner with ARC on behalf of our customers, employees and shareholders.

As a result of this work, the ARC announced in August that:

1. The draft policy has been withdrawn, and should not be used in decision making.
2. The ARC, in a joint effort with Territorial Authorities has initiated a study on source control, including a project called the "Management of Stormwater Contaminants at Source Issues and Options Scoping Project"

The ARC continues to be concerned about apparent increasing sedimentary zinc levels in Auckland harbours. Runoff from roofing entering the stormwater system is one of several identified sources. New Zealand Steel has been invited to participate in the Scoping Project.

As a consequence of the withdrawal of the draft policy on roof runoff, Rodney District Council has advised New Zealand Steel that it will modify its proposed Integrated Catchment Plan (ICMP) for the Silverdale North area in accordance with our submissions objecting to a suggested prohibition on the use of unpainted ZINCALUME® coated steel. The final decision in relation to the ICMP lies with the ARC.

New Zealand Steel has formally lodged a submission in opposition to relevant parts of a resource consent application by Waitakere City Council, relating to its ICMPs, which includes references to the prohibition or replacement of galvanised and "zinc/alum" roofing products.

New Zealand Steel will continue to be actively engaged in the policymaking processes, and keep the market informed about this important issue. Please contact us if you hear of unusual application of policy in relation to Zinc runoff and metal roofing.

Judy Morgan
Vice President Marketing