



Founding of a Steel Industry

Australia's steel industry has its origins in an unusual reversal of the ancient art of alchemy. Its founders made their fortunes not in the pursuit of gold and silver, as they all in some way hoped they might, but in the making of iron and steel.

The industry has its genesis in the 19th century, in the days when gold mining and great landholdings were the main hope for wealth in Australia. Just where the story begins is a matter of personal perspective. For some, it begins with John Lysaght in England, for others with Charles Rasp at Broken Hill, and for yet others with the Hoskins family in Port Kembla or even Lithgow.

All of these sought wealth from gold or silver along the way to founding the Australian steel industry, and their ultimate success is now embodied in the company that has become BlueScope Steel Limited. Over the years the three main threads of this story - Lysaght, BHP and Hoskins - have been interwoven in countless ways. The result is a fascinating and complex tale of endeavour in the best Australian traditions.

Founding fathers

A little chronology helps set the scene. Lysaght is the oldest part of the story, dating back to 1857, when a young John Lysaght set up a small galvanising business in Bristol, England. His company would ultimately form a very large part of the BlueScope Steel business, although it did not begin local production until 1921 when it set up a rolling and galvanising plant in Newcastle. For John Lysaght, the impetus to seek lucrative markets in Australia came from the gold rushes which began in the 1850s. Like many others, Lysaght made his Australian fortune not from the gold itself but from supplying the needs of those who searched for gold.

However, at the dawn of the 21st century, it is not the Lysaght name that stands foremost above the door. That honour belongs to the name of BHP, which traces its origins back to 1885, when boundary rider Charles Rasp discovered silver at Broken Hill, and the BHP Big Mine was established. The mine produced fabulous wealth over the ensuing 45 years, but the enduring strength of the company was not built on silver: it was built on the iron ore leases which BHP secured at Iron Monarch and Iron Knob in 1899, and on the steelmaking operations it began in Newcastle in 1915.

Completing the roll call of early contributors is the Hoskins family - founders of the Port Kembla steelworks which endures to this day. Charles and George Hoskins were barely toddlers in 1853, when their father brought his family out from England to Victoria in an ultimately fruitless quest to make his fortune in the goldfields. But half a century later, in 1907, the Hoskins brothers branched out from their successful iron foundry business when they bought an ailing steelworks at Lithgow, complete with blast furnace and steelmaking facilities. This led to their establishment of Australian Iron & Steel at Port Kembla in 1928, which cemented their place in Australian steel industry legend.

Making steel

All three ventures had come a long way by the time they were part of the Australian steel industry as we know it. For the beginnings of that industry, we must look to 1915. While the Anzac legend was being forged on the battlefields, at home the Governor-General, Sir Ronald Ferguson, was officially opening BHP's first steelmaking plant at Newcastle. This plant was to become one of the stalwarts of the nation's steel industry for much of the 20th century.



True, the Hoskins brothers had already been making steel at Lithgow since 1907, but this was not their landmark contribution to our story. When they took over the failed Eskbank steelworks at Lithgow, it was to some degree out of practical necessity. Somebody had to keep up steel production in this era of expanding railways and industry, and the Hoskins were the right people at the right time. Their later achievements in Port Kembla, however, relegated their first two decades of iron and steel making to the minor pages of history.

Meanwhile, John Lysaght entered the Australian scene - and in doing so began the intertwining of the three threads of our story. The year was 1921 and it was an exciting time for the Australian iron and steel industry.

The war was over and the country was building a bright future as a modern industrial nation. BHP was encouraging satellite industries in Newcastle, and Lysaght was one of those satellites. John Lysaght (Australia) Ltd was set up as a wholly owned subsidiary of John Lysaght Ltd of England, and began rolling and galvanising steel sheet at Newcastle. The feedstock was from the adjacent BHP plant, establishing an enduring link which would ultimately see the two companies become one.

As it happens, 1921 was quite a year for the steel industry. In this same year, Charles and Cecil Hoskins bought 162 hectares of industrial land at Port Kembla from the family of pioneer explorer and politician William Charles Wentworth. Although not as grand as Wentworth's 1813 crossing of the Blue Mountains, his descendants were playing their part in Australia's development as vendors of the site that would become the Port Kembla steelworks.

One other event of 1921 has an incidental resonance with W.C. Wentworth. This was the year that Essington Lewis became the first Australian-born general manager of BHP - just as Wentworth had become one of the first ever locally born Australians. Migration no longer produced the top BHP managers, but it would play a vital role a few decades later. The mutual endeavours of migrant and locally born Australians would become the backbone of Port Kembla when European migrants provided a workforce for the expansion that began in the 1950s.

Needless to say, the Hoskins' 1921 land acquisition was a crucial step towards the family's great contribution to the industry. But perhaps not the first step. As early as 1916 the family had acquired the rights to coal deposits at Wongawilli, 14 kilometres south of the present steelworks. At the same time and place they built the first of many coke ovens they would develop there. In 1920 they created a corporate basis for the Port Kembla steel venture when Charles Hoskins' sons, Cecil and Sydney, incorporated Hoskins Iron & Steel Company Limited. This company would later make way for Australian Iron & Steel.

Joining forces

With the benefit of hindsight, it may seem inevitable that the three threads of this story would one day be woven together, but it was a long time coming. The first of the mergers took place in 1935, when BHP bought AIS through an exchange of scrip. Some 28 years after Charles Hoskins took over the steelmaking reins at Lithgow, it was the end of the Hoskins era. Still, it would be many years before the Lysaght thread was added to the BHP weave, even though there had been merger discussions as early as 1925, just four years after Lysaght set up in Newcastle.

Numerous factors contributed to the takeover of AIS by BHP, but the Hoskins family was not seen to have failed. The Hoskins name continued to be held in high esteem, and indeed the official name of the plant under BHP remained the "Hoskins Kembla Works". But the Port Kembla venture had not fared

well in its fledgling years, having struggled to meet huge capital costs and then being hit by the Wall Street Crash of 1929 and the subsequent Great Depression.

By contrast, BHP's Newcastle steelworks was able to ride out the crisis better than many, and the Depression had far less impact than might be expected on the overall health of the company. Even though BHP closed its original Big Mine in Broken Hill in 1930, the company was still doing well. By 1935, while the world was still climbing out of the depths of the Great Depression, BHP announced its best profits for 40 years. It had produced well over half a million tons of steel and had 10,000 employees and a similar number of shareholders. At a time when Australian unemployment still ran at more than 16 per cent, it was a remarkable achievement.

Wartime wonders

Even more remarkable achievements lay just over the horizon, as Australia's steel companies did their bit for the war effort.



Both BHP and Lysaght undertook major expansion at Port Kembla in the late 1930s, and both companies diversified into areas that would be rather surprising in peacetime. In 1936 BHP joined forces with Broken Hill Associated Smelters Ltd and four other companies to form Commonwealth Aircraft Corporation Ltd, thereby giving birth to the nation's aviation industry.

The CAC plant at Fishermans Bend produced more than 1000 aircraft during World War 2.

Lysaght's surprising wartime contribution was the Owen sub-machine gun, which was developed by Wollongong inventor Evelyn "Evo" Owen. His prototype was shown to Lysaght managers who brought it to the attention of BHP chief Essington Lewis, who was also in charge of Australia's wartime munitions production.

After testing in 1941, the gun went into production at Port Kembla, with parts supplied by Lysaght's Newcastle plant. Production of the Owen gun, which became known as "the Digger's darling", peaked at 800 a week, and 45,000 were made.

Less surprising pre-war and wartime developments included BHP's preparations to build a blast furnace at Whyalla in 1937, its commissioning of Port Kembla's second blast furnace in 1938, and the completion of Kembla's fifth open hearth furnace in 1939. By 1940 it had also built a shipyard at Whyalla and was laying the keels of two new patrol vessels. Of course, one of the company's greatest contributions was the already mentioned role of Essington Lewis in wartime procurement.

Meanwhile, Lysaght had become BHP's Port Kembla neighbour in 1939 when it established its second Australian plant, the Springhill Works, beside the AIS works. In the same year Lysaght formed an equal partnership with American Rolling Mills Company to set up the Commonwealth Rolling Mills at Port Kembla. CRM met a strategic demand for steel for Australian automotive and appliance industries, and Lysaght developed and made many special steels. Among them were electrical and helmet steels, bullet proof plate



and aircraft steel. Shortly after the war, in 1947, Lysaght took over full control of CRM.

Post-war boom

When the soldiers came home from war, a baby boom was not the only sort of boom that happened. The years that followed would bring a seemingly endless run of development for Australia's steel industry. One of the first big announcements came in 1946, when AIS revealed its plans for a Flat Products Division, the products of which now feature in Steel In Focus.



By 1955 the Division was an operating reality, with the commissioning of its hot strip mill by Prime Minister Sir Robert Menzies. The mill cost 40 million pounds and had a capacity of a million tons per year.

In a parallel development, Lysaght transformed the efficiency of its operations by replacing its sheet-fed machinery with a four-stand continuous cold reduction mill to process the output of the nearby hot strip mill.

Year after year the developments came. In 1956 AIS began its No 2 works with the construction of the No 2 open hearth furnace. In 1957 it added the sinter plant, and two years later the No 4 blast furnace. Big news for 1961 was BHP's new ferro alloy plant at Bell Bay, Tasmania, followed in 1962 by its new Basic Oxygen System (BOS) furnaces at Newcastle to replace the open hearth system. BOS came to Whyalla in 1965, as did a second blast furnace and a rolling mill.

Lysaght was also on the move, expanding both its facilities and its product range. In 1961 it commissioned its first continuous galvanising line at Port Kembla and began building its network of steel service centres around Australia.



Throughout the 1960s it introduced special sheet steels such as Terne Sheet, with its lead and tin coating for fuel tanks, electrical chassis and fire doors, Marvplate vinyl coated steel, and Colorbond prepainted steel. In 1966, the year that Colorbond was launched, Lysaght closed its Newcastle sheet steel plant, but the following year it bought a 600 hectare site at Western Port and expanded its Springhill cold reduction mill from four stands to five.

Closer than ever

Throughout this period, BHP and Lysaght became ever more closely linked, with one providing feed for the other, and their major operations effectively co-located on one vast site at Port Kembla. It was hardly surprising that in 1969 BHP obtained a half share in John Lysaght Australia. The other half was by then owned by the British firm of GKN (Guest Keen and Nettlefolds Limited) which had superseded John Lysaght as the British parent company.

Around this time in the history of BHP, its achievements were spread across an ever more diverse portfolio. Non-steel milestones were increasingly important, with the first manganese from Groote Eylandt in 1966 and the first Bass Strait gas strike by BHP and its partner Esso in the same year. In 1967 BHP joined the Mt Newman venture to mine ironstone in the Pilbara.



BHP was in the process of becoming the multi-faceted company which would ultimately give rise to the two separate entities known in 2002 as BHP Billiton Limited and BlueScope Steel Limited.

With BHP's centenary approaching, there remained one more thread to be fully woven into its fabric. In 1979, Lysaght became a wholly owned subsidiary of BHP, bringing together three separate ventures into one proud Australian company.

Only the year before, Lysaght had commissioned its Western Port hot strip mill plant. In keeping with the proud history of BHP and its forebears, this plant was considered the most advanced of its type in the world - a boast which had applied to many of the milestone plants of past decades.

And so it was that in 1979 three histories became one. The pioneering ventures of Charles Rasp, John Lysaght and Charles Hoskins had finally come together in a great Australian steel company. It is often said that success has many fathers, but in the case of BlueScope Steel it is literally true.
