

# Capability News

NINTH EDITION

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## Tennyson Tennis Centre Case Study

### The Company

Décor Metalwork Pty Ltd, based on the Gold Coast, specialises in providing structural steel and metalwork, such as balustrades and gates for commercial and residential building projects. The company employs approximately 20 people and was launched 11 years ago by Barry Bennett. He is now a consultant to the new owner and Managing Director, Cedric Hinton, who took over the firm from the start of 2008.

Mr Hinton said Décor Metalwork undertook projects mainly on the Gold Coast and in southern Brisbane. Some larger contracts have involved supplying metalwork for high density residential developments, such as Mirvac's Ephraim Island on the Gold Coast, Arbour on Grey in Brisbane's South Bank precinct, and Cutter's Landing in suburban new Farm. The firm has undertaken work over the past eight years at the Foster's Brewery, in Yatala.

Wadsworth Constructions Pty Ltd, based on the Gold Coast, specialises in supplying and installing internal fit outs—walls, ceilings, doors, architraves and skirting boards—for large-scale residential developments. Owner Glen Wadsworth said the firm had undertaken work as far afield as Cairns and Sydney. The company employs approximately 100 people, with a diverse range of trade skills including plasterers, carpenters, joiners, cabinetmakers, plumbers, concreters and labourers.

From its base at Kingscliff in northern New South Wales, UFS Australasia Pty Ltd trades as universal Fabric Structures and designs and manufactures fabric roofing and shade structures for commercial, sporting and domestic use. Director David Gullis said the company had undertaken work throughout Australia, and in New Zealand, China and Singapore.

"Most are for commercial or recreational projects, although we also undertake domestic projects in the Gold Coast region," Mr Gullis said.

### The Opportunity

National property and development company Mirvac Ltd is developing a 12ha site fronting the Brisbane River at Tennyson as the location for a new international-standard State Tennis Centre as well as building 390 residential apartments, new roads and parklands. The project is valued at \$540 million.

The \$82 million State Tennis Centre includes a 5,500-seat centre court with corporate facilities, plus 22 match and training courts that all meet International Tennis Federation standards. The centre has change rooms, a pro shop, a café and support facilities.



The project includes new headquarters for Tennis Queensland and function rooms.

Construction of the State Tennis Centre began in March 2007 and is due for completion in December 2008. Work on the residential component started in July 2007 and the first stage is expected to be completed by mid 2009.

### The Results

Both Décor Metalwork and Wadsworth Constructions had worked with Mirvac previously and secured contracts for the Tennyson project.

Décor supplied metalwork for the tennis centre and apartments, including balustrades, gates, door frames and lintels. Wadsworth Constructions supplied walls, ceilings and other fit-outs for the tennis centre and the first stage of the apartments. Glen Wadsworth said a "ballpark" figure for the work his firm undertook on the tennis centre alone was just under \$1 million. He estimated the value of work covering roughly 21,000m<sup>2</sup> of floor space in the first stage of the residential component at just under \$7 million, with stage two covering about 16,000m<sup>2</sup> and worth almost \$6 million.

Mr Wadsworth said the third and final stage of the Tennyson apartments was yet to be finalised. "We have a very good relationship with Mirvac," he said. "If you can say something is your bread and butter, then Mirvac and a couple of other big firms are our bread and butter."

David Gullis said Universal Fabric Structures designed, supplied and installed about 2,200m<sup>2</sup> of tensile fabric roofing and steel framing to cover two exterior show courts at the tennis centre. He said his firm had first expressed an interest in the project through Tennis Queensland before being engaged by Mirvac.

Mirvac Construction Manager for Tennyson, Paul Cunningham, said a definite advantage of ICN's involvement was its ability



INDUSTRY  
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NETWORK

Creating opportunity for Industry

to identify firms the developer may not have worked with previously.

He cited Universal Fabric Structures as one such supplier. "If you are a big construction company you are going to know the usual suppliers of plasterboard, concrete or reinforcement," he said. "But Universal Fabric is relatively new to Mirvac because it's an unusual trade we don't often use. Many building firms might go 10 years or a lifetime without using that sort of supplier."

Mr Cunningham said when undertaking a project for which the State Government's local industry policy applied, the ICN process was flexible enough to accommodate Mirvac's specific needs.

"We sent ICN a list of our trade packages and they send us back names of suitable firms," he said.

"We can bounce names off each other. It's quite a good process."

Mr Cunningham said the flexibility of the process extended to enabling Mirvac to engage overseas suppliers for specialised components, such as lifts, if local alternatives were not deemed adequate.

Steve Jones, ICN Queensland's Government Projects Manager, said unique projects, like the State Tennis Centre, underlined the benefits of the network. "While the principles of sourcing suppliers remain the same, the requirements of some projects do stretch us because sometimes we haven't had much experience in them," he said. "For instance, tennis centres like the one at Tennyson are not built regularly."

Mr Jones said ICN could turn to other sources if its usual supplier lists were found to be inadequate for a specific project. "We have a big database – 30,000 to 40,000 companies nationwide, so we have a good chance of finding someone," he said.

"But sometimes we can't, and so we have to use other means. We have a network of ICN offices interstate, so we can pick their brains, and we can use word of mouth to identify possibilities."

Mr Jones said there was a positive side to such circumstances. "We can find companies we weren't aware of, and even we get surprised with the people who can come out of the woodwork," he said.

"But it's not often we come up with a complete blank. I'd say the odds of that are one in 1,000."

According to the Manufacturing Sector Impacts Report 2007, compiled by ICN and Australian Economic Consultants Group, every \$1 million of manufacturing business retained in Australia or freshly generated by Australian companies creates 12 full-time jobs. Every \$1 million of manufacturing business retained or generated by Australian manufacturers also generates \$394,000 in taxes and charges, which benefits Australians as the government can reinject it into the economy.

For further information, please contact: Steve Jones, Industry Capability Network (Qld) or email: [info-qld@icn.org.au](mailto:info-qld@icn.org.au)

## Minister Opens ICN's Hume-region Office in Wodonga

The Hon. Theo Theophanous MLC, Victorian Minister for Industry and Trade, opened ICN's new regional office in Wodonga in what was a successful event supported by many local industry leaders. The office, that completes ICN Victoria's regional network, will service the booming Hume region in the North-East of the State including Wangaratta, Shepparton and the Goulburn Valley.

With billions of dollars being invested in the area, both publicly and privately, the timing is perfect and Hume Regional Manager Tammy Atkins is determined to ensure businesses in the region have every opportunity to be involved.

Minister Theophanous complimented ICN on its accomplishments to date:

"I am certain that Tammy Atkins will do a fantastic job for the region and I would encourage local businesses who want to export to get in touch with ICN. It has already achieved a significant amount of economic activity in Victoria and is an important organization," Mr Theophanous said.



*Peter Yates, ICN Executive Director, Tammy Atkins – ICN Hume Regional Manager, Minister Theo Theophanous – Minister for Industry & Trade & Jim Barraza, ICN Regional Program Manager*

Projects in the area include the unprecedented \$2billion Food Bowl Modernisation project, the Sugarloaf Pipeline and many other considerable ventures, including the Logic Distribution Centre in Wodonga, the Bogong Hydro Power Station works and the imminent \$200million re-development of Falls Creek.

Tammy is excited by the level of activity, seeing the extent of investment as a massive vote of confidence for the area:

"There's a sense of excitement and optimism in north east Victoria and the Goulburn Valley. The scope and size of many of our current and proposed developments sets a bright course for the future of this region"

ICN has regional offices in Geelong, Ballarat, Bendigo, Traralgon and now Wodonga.

For further information please contact: Tammy Atkins, Industry Capability Network (Hume) or email: [info-vic@icn.org.au](mailto:info-vic@icn.org.au)

## ICN to Work Closely with Ichthys LNG Project

### New LNG Plant for Darwin **INPEX**

Following substantial technical studies and with the support and encouragement of the Northern Territory government, INPEX has announced that Blaydin Point on Middle Arm Peninsula in Darwin has been selected by the Ichthys Joint Venture as the location for a proposed LNG processing facility for gas from the Ichthys Gas Field.

INPEX estimates that more than US\$20 billion in capital expenditure will be required to construct the onshore and offshore facilities needed for the project.

The Blaydin Point site has the capacity to support two initial LNG trains (processing plants), which will cool the natural gas to below -160 degrees Celsius, the point at which gas reduces to a liquid.

In this liquid state, LNG is a colourless, odourless, and non-toxic clear liquid that is one six-hundredth of the volume in its gas state, making it safe to transport over long distances. There is opportunity for future expansion.



The first LNG shipment from Darwin is planned for late 2014 or early 2015. A final investment decision on the project is expected to be made by early 2010, subject to environmental approvals and engineering design study completion.

The Ichthys Project will deliver significant social and economic benefits to Australia and represents the biggest initial investment of any resource project in Australia's history.

### Local Community Benefits

More than 2000 employees will be required in Darwin during the peak of the four-year construction phase of the project from 2010, and a full-time workforce of approximately 300 will be needed in Darwin to maintain and operate the onshore facilities for many decades.

INPEX looks forward to working closely with the Industry Capability Network sourcing goods and services from ANZ businesses and providing employment opportunities.

### The Ichthys Gas Field

The Gas Field lies about 850 kilometres west-south-west of Darwin in the Timor Sea and is one of Australia's largest undeveloped gas fields.

Recoverable reserve estimates are 12.8 trillion cubic feet of gas and 527 million barrels of condensate (light oil associated with gas) to be produced over an operational life of more than 40 years.



The project is expected to initially produce more than 8 million tonnes of LNG and 1.6 million tonnes of liquefied petroleum gas (LPG) each year, as well as 1000,000 barrels per day of condensate.

These forecasted production volumes equate to about 50% of current Australian annual LNG production, about 20% of current annual Australian crude oil production and about 60% of current annual Australian LPG production.

For further information on this project please visit [www.projectgateway.icn.org.au](http://www.projectgateway.icn.org.au) or contact Kevin Peters, Industry Capability Network (NT) at email: [info-nt@icn.org.au](mailto:info-nt@icn.org.au)

## ICNL's Manager of Client Services

ICNL would like to welcome Sue Johnston-Vos as the new Manager of Client Services. Sue will be involved in marketing and promotion of the various functions of the Industry Capability Network to Industry and Government Departments, specifically Defence. No stranger to the Industry Capability Network; since 2006 Sue was the ICN Consultant for ACT and has a good knowledge of the Network



*Sue Johnston-Vos—ICNL*

capabilities and nuances of engaging ICN in Major Projects. Sue will be representing ICN Ltd and the Industry Capability Network in negotiations with project managers and prime contractors creating awareness of Project Gateway to potential users of the system and network. "I really enjoyed my time as a Consultant for ACT's ICN; we were a really small team and were able to bring incredible ANZ experience & capabilities to Major Projects by using the combined knowledge of the Network. I'm looking forward to taking this experience into the promotion of the Network as a whole".

Before becoming a Consultant for ICN, Sue worked with Tyco Australia and has a broad experience in the major construction industries where she organised and coordinated promotional events, National Road Shows & Start-Up Workshops on Major Projects. Prior to that, Sue has had many years experience as a Partner and Director in a successful mechanical & engineering company in country NSW.

For further information please contact: Sue Johnston-Vos, Industry Capability Network Limited (ACT) or email: [info@icn.org.au](mailto:info@icn.org.au)



## TAA Drives Australian Business into North America



Team Australia Automotive (TAA)'s trade mission to the Society of Automobile Engineers (SAE) World Congress in Detroit has proved successful, with fourteen member companies represented and \$7M of contracts so far secured.

TAA is a joint initiative between the Industry Capability Network, the Federation of Automotive Parts Manufacturers, Austrade and the Victorian and South Australian Governments, supported by a Federal Government Supplier Access to Major Projects (SAMP) grant. It represents some of the country's most competitive and innovative automotive suppliers, promoting Australian supply capability in North America with the aim of establishing new, or expanding on existing, business in the market.

ICN Business Adviser Chris Reilly attended the 2008 SAE World Congress in Detroit, USA as part of TAA. Fourteen members were represented, with Australian manufacturing capabilities on display in the Pontiac G8 GT – a car manufactured in Adelaide by GM Holden that includes many of the team's innovative technologies and parts.

The vehicle, which is currently exported to and on-sale in the USA, garnered much interest at the show. Directors from

corporations such as General Motors and Toyota visited the TAA stand giving consortium-members significant opportunity to showcase their products and services.

Futuris, which designs and manufactures automotive interior solutions, displayed its 'PET' carpet material in the Pontiac G8 GT. The product, which can be produced from recycled plastic water bottles, attracted particularly strong interest from GM, as well as considerable attention from Toyota and Ford.

Even with the high value of the Australian dollar North American purchasers were attracted to Australian equipment, demonstrating the main attraction was the quality and innovation of the products on offer. Derek Lark, ICN's Executive Director, told Manufacturers' Monthly:

"Australian automotive components, with the assistance of our Detroit team, are now breaking into the US market on several fronts, largely as a result of a strong focus on innovation, efficiency and quality."

Encouraged by the success so far, TAA's next objective is to expand its membership to include companies that can provide after-market components.

For further information please contact: Chris Reilly, Industry Capability Network (VIC) or email: [info-vic@icn.org.au](mailto:info-vic@icn.org.au)

*The new Pontiac G8 GT was kindly loaned to TAA by General Motors*



## ICN National Workshop

On the 28th and 29th of July, ICN had its first National Workshop in four years, with attendees traveling from as far as New Zealand, West Australia and Darwin to meet at the Bayview Eden Hotel in Melbourne.

The two-day itinerary was packed with talks, presentations and exercises with the opportunity for plenty of networking as well as the chance to put faces to names of many interstate and trans-Tasman colleagues.

Speeches and presentations from ICN representatives provided an insight into the work being carried out around the network and the techniques and views employed by various offices. Case studies were presented on current projects and a series of team workshops encouraged all to get involved.

A variety of guest speakers kept everyone entertained and engaged with subjects ranging from the future direction of manufacturing to thinking laterally and identifying opportunities for innovation and invention. Business futurist Morris Miselowski's thought-provoking speech considered the possibility of a future doing business in a virtual world such as Second Life; with company representatives attending meetings in the form of 'avatars'. On what was a slightly more conceivable front for many, DFAT presented a model of Australia's exhibition at the Shanghai Expo 2010, while between dinner courses Graeme Alford's inspiring story was told with humour and charisma.

The workshop concluded with a visit to the Telstra Global Operations Centre in Clayton, where guests were honored with a guided tour of the facility.



*Charmaine Barratt—ICN NT*

Thanks to a great job by Derek Lark, along with all who participated in or contributed towards the event, the two days were a huge success and played an important part in prompting reflection on the future direction of the organisation. A survey completed since the workshop has provided overwhelmingly positive feedback with the majority of respondents finding it enjoyable, informative and interesting. Suggestions for future improvements included calls for a three-day event and additional networking time with hints from an anonymous golf enthusiast, an afternoon on the course was the perfect way to provide this!

For further information, please contact: [Derek Lark, Industry Capability Network Limited](mailto:info@icn.org.au) or email: [info@icn.org.au](mailto:info@icn.org.au)

**Group Photo:** Back Row: Linus O'Brien WA; Keith Wheatland TAS; Michael Hough INCL; Bob Murdoch NZ; Dave Pallant NZ; Greg House TAS; Front Row: Danielle D'Souza ICN WA, David McLachlan Chairman ICNL; Melissa Laurie ICNL; Dermot Cussen SA





## Satellites & Tactical Interoperability (S&TI) portal

The Defence Materiel Organisation (DMO) Satellites & Tactical Interoperability (S&TI)



Branch in collaboration with SME Gateway Alliance Pty Ltd and the Industry Capability Network has developed a new industry portal to provide:



- Rapid Acquisition Support (RAS) and support for Minor Projects;
- Solicitation for a Support Services Contract (SSC), and
- Support to Operational Sustainment

The Rapid Acquisition Support (RAS) element, particularly in the Satellite Communications (SATCOM) domain is a key driver for the creation of the S&TI portal. The intention of S&TI branch is to seek rapid solutions to meet urgent warfighter demands in the SATCOM and Tactical Information Exchange Domain (TIED). The nature of this capability will be unique in that the solutions offered will have quick delivery timeframes and could be delivered with or without Through Life Support (TLS) depending on how the capability will be utilised.

S&TI Branch will seek registration from SMEs able to meet future requirements for supplies and services relating to satellite ground equipment rapid acquisitions and the tactical information exchange domain. The e-portal will also alert SMEs to supplies and services to be acquired through the Government tendering process. SMEs are encouraged to visit the e-portal at [sti.icn.org.au](http://sti.icn.org.au) to register interest.

This is an excellent opportunity for Australian and New Zealand's SME's to raise their profile with S&TI Branch against S&TI Branch's specific requirements.

For further information, please contact Mr. Ian Grant, Commercial Manager, Satellites & Tactical Interoperability Branch, email: [ian.grant@defence.gov.au](mailto:ian.grant@defence.gov.au) or Dermot Cussen, Industry Capability Network (SA) or email: [info-sa@icn.org.au](mailto:info-sa@icn.org.au)

## AGC Oil and Gas Successes

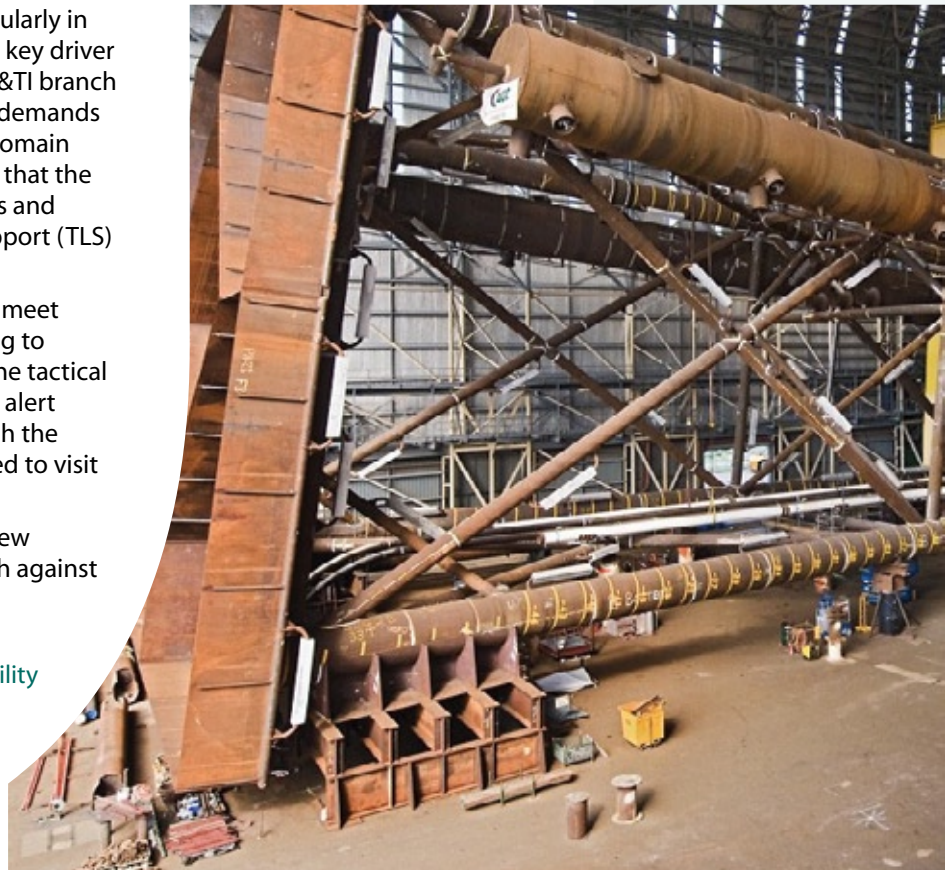
Major Western Australian company, AGC (Ausclad Group of Companies), was successful in winning the jacket and platform contract for Eni Australia Ltd's Blacktip natural gas project through the joint efforts of the Northern Territory Industry Capability Network of Western Australia offices.

ICN has been able to build its oil and gas experience through participating on major projects in Western Australia, including the Gorgon Australian LNG project owned by the Gorgon Joint Venture (Chevron, ExxonMobil and Shell), the Pluto LNG project owned by Woodside and the North Rankin Redevelopment owned by the North West Shelf Venture.

ICN's knowledge of Australian Oil and Gas suppliers has enabled companies like AGC to have early contact with the Black tip project.

Joe Macri, Group Business Development manager of AGC has expressed his gratitude for ICN's assistance via formal correspondence saying "I would like to take this opportunity to thank ICN for providing AGC with the advice, assistance and contact leads during the early concept and pre expression of interest stages that ultimately allowed us to position ourselves which finally resulted in a positive outcome."

A contributing factor to AGC's success in winning oil and gas tenders, like the Blacktip project, has been the WA's Australian Marine Complex Common User Facility (AMC-CUF), which opened its doors for the first contract in July, 2003. The vision for Western Australia to become the home of a world-leading





destination for the oil and gas, resource, marine and defence industries. July 2008 marks the fifth year of industry excellence at the AMC-CUF.

The use of AMC CUF has enabled Australian companies to win tenders on oil and gas projects requiring assembly and pre-assembly of fabricated units as well as undertaking repair and maintenance works. AGC's success in winning the New Zealand Pohokura jacket, constructed at the AMC CUF, was the first ever built in Australia for export internationally. This project led to AGC being introduced to the Blacktip project by ICN, resulting in the successful tender to fabricate and assemble the 3000 tonne jacket structure, topside platform and piles for the project. AGC has also used the AMC CUF to produce the recent Linda and John Brookes platforms.

The Australian oil and gas industry will see unprecedented growth in the next 15 to 20 years, due to major projects off the North West coast including the Pluto LNG, Pilbara LNG, Gorgon/Janszlo, Ichthys, Browse Basin and Sunrise projects.

The Industry capability Network's successes on the Blacktip project have laid an excellent platform to move forward in connecting potential Australian suppliers to the proposed North West oil and gas projects.

For further information please contact: Linus O'Brien, Industry Capability Network (WA), or email: [info-wa@icn.org.au](mailto:info-wa@icn.org.au)



## The Australian & New Zealand Water Directory



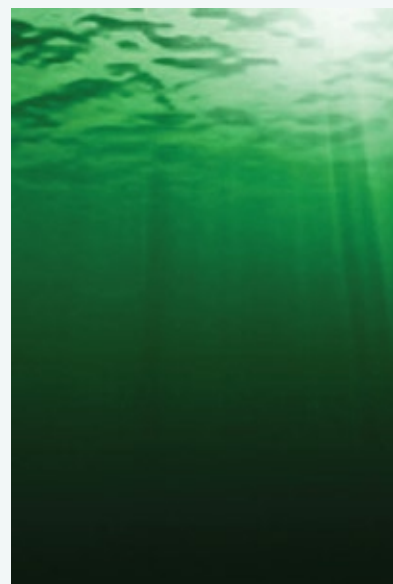
The new one-stop shop ANZ Water Directory is now filling with Australian and New Zealand companies interested in doing business in the Water Industry. The ANZ Water Directory has a growing number of projects featured inviting companies to register their interest such as the Gippsland Water Factory, ACT Water, Snowy Mountains Scheme Upgrade, Tillegra Dam and the SA Water Desalination Plant. Vendors will be able to promote their capabilities and to have this information shared with relevant organisations working with ICN in local and global water projects by registering on the Directory. You can visit the Directory on-line at [www.water.icn.org.au](http://www.water.icn.org.au)

Subscribers to the ANZ Water Directory can elect to be automatically notified when project information is published using the RSS feed options. Information will be at your fingertips, speeding up the sometimes lengthy process of finding business opportunities for SME's.

ICN is rolling out a series of sector directories grouping together capability and projects along the same lines as the ANZ Water Directory.

Other sectors currently being reviewed include Clean Energy and Renewable Technologies, Defence Procurement, Health and specific portals for major infrastructure projects.

For further information please contact: Derek Lark, Industry Capability Network Limited or email: [info@icn.org.au](mailto:info@icn.org.au)



## ICN Helps Ergon Energy Power Queensland

### The Company

Queensland's Ergon Energy owns and manages the electricity distribution network in Queensland's regional areas. It services a one million km<sup>2</sup> area with a power-line network that extends more than 150,000km. Ergon Energy has more than 4,500 employees and owns assets worth more than \$7.6 billion. About 650,000 residential, industrial and commercial Queenslanders rely on Ergon Energy for power.

### The Opportunity

Ergon Energy required a reliable supplier of medium voltage metal-enclosed switchboards to control the company's power supply at substations throughout regional Queensland. Ergon Energy envisaged an increased requirement for switchboards because of the high rate of population and economic growth in the state. The company currently has more than 20 regional substation construction or upgrade projects in progress to cope with demand.

To achieve an adequate supply of switchboards, Ergon Energy needed reliable suppliers that would agree to five-year contracts worth up to \$10 million. Ideal suppliers would be technically compliant, occupational health and safety conscious, have a good track record and a strong ability to regularly produce quality work. Ergon Energy required suppliers that could provide warranties for their work, have good supplies of spare switchboard parts and offered commercially competitive deals. The contract Ergon Energy sought was for design, manufacture, testing and supply of switchboards.

Ergon Energy approached Industry Capability Network Queensland (ICN) in July 2006 with a request that ICN use its extensive database and expertise to find suppliers who could meet the switchboard supply criteria.

ICN Queensland Chief Engineer Ben Matthews said ICN conducted research into switchboard suppliers across Australia and nominated eight companies that could do the job effectively. "We looked at Ergon Energy's specifications, searched to see what companies could meet those requirements, and gave a short brief to Ergon Energy on the options."

Ergon Energy selected Areva T&D Switchgear Australia, based in Rocklea, Brisbane, and Hawker Siddeley Switchgear, based in Narangba, 30km north of Brisbane. Five-year contracts were signed with the two companies, starting in mid-2007. Ergon Energy Contract Services Coordinator Richie Woods said both companies had performed well so far. "We haven't had any problems and we don't envisage any. They have been able to supply switchboards as and when we need them."

Areva T&D Switchgear Australia Managing Director Robert Bagnell said ICN's heads up on the project had been a great help. "We've been supplying 36kV indoor GIS switchgear panels for Ergon Energy's prefabricated substations at Banyo

and we just finished supplying an 11 panel 36kV switchboard for the Dalby substation [near Toowoomba] in May, worth about \$970,000." The five-year supply contract was worth about \$2.5 million to Areva, which equated to nearly 5% of the Australian company's turnover. Areva T&D Australia employs about 450 people and supplies switchgear panels to Australian, New Zealand and some overseas markets.

Hawker Siddeley Switchgear Business Development Manager Wally Dekker said Hawker Siddeley's five-year contract with Ergon Energy was for the supply of 11kV Eclipse fixed switchboards. The Eclipse brand switchboards, manufactured by Hawker Siddeley, had won accolades in the United Kingdom and the awards were one reason Ergon Energy had chosen Hawker Siddeley for the project, he said.

"We import the components from the UK and assemble them in Narangba to Ergon Energy's specifications." In the last 12 months the contract had earned Hawker Siddeley \$500,000 for the supply of two switchboards and that would increase if Ergon Energy's demand increased, Mr Dekker said. Mr Woods said ICN's assistance had saved Ergon Energy time and money and helped continue its tradition of buying Australian-made whenever possible. "If ICN knows of an outstanding company they think should be bidding on a project, they will let us know, which is a win-win situation. By identifying Australian companies they have helped us to buy Australian products."

### The Results

Having five-year contracts has allowed Ergon Energy to continue supplying reliable energy services to its Queensland customers. The contracts provide Areva T&D and Hawker Siddeley with significant revenue streams and have helped the businesses continue to grow. Mr Matthews said the project illustrated how ICN could save project owners time and money and assist Queensland manufacturers to find opportunities to grow their businesses.

According to the Manufacturing Sector Impacts Report 2007, compiled by ICN and Australian Economic Consultants Group, every \$1 million of manufacturing business retained in Australia or freshly generated by Australian companies creates 12 full-time jobs. Every \$1 million of manufacturing business retained or generated by Australian manufacturers also generates \$394,000 in taxes and charges, which benefits Australians as the government can reinject it into the economy. Using those figures, Areva and Hawker Siddeley's supply contract with Ergon, worth up to \$10 million, could generate up to 120 jobs and \$3.94 million in taxes and charges.

For further information or advice, please contact: Ben Matthews, Industry Capability Network (QLD) or email: [info@icnqld.org.au](mailto:info@icnqld.org.au)



## Australian Companies Win Contracts as part of Woodside's \$1billion Otway gas project

Australian suppliers have out-bid international competitors in winning \$65M of construction contracts for a major gas project in Victoria.

Woodside's Geographe and Thylacine gas fields, located in the Otway Basin offshore from the south-west coast of Victoria, will account for approximately ten percent of south east Australia's gas supply. Gas and condensate will be piped inland and processed at the new plant, constructed adjacent to the existing Iona Gas Plant.

The Australian Government's Supplier Access to Major Projects (SAMP) grant enabled the involvement of an Industry Capability Network (ICN) consultant, who facilitated the participation of Australian companies in this major project. The subsequent involvement of local industry added to the success of the \$1B project.



Woodside's Thylacine platform - Otways

ICN assisted Woodside and its contractors during the project procurement phase, allowing Australian business the opportunity to successfully bid for \$65M in contracts; \$25M in import replacement, \$20M in local sourcing and \$20M in regional assistance. This resulted in the creation or retention of approximately 600 Australian jobs.

Further, the involvement of Australian industry in the construction of the Otway Gas project has enhanced local skills and capabilities, securing future employment for the region.

The main contractor, Technip, established the project engineering and procurement team at their office in Malaysia, initially benefiting Malaysian and European companies associated with the business. However, as the project approached the construction phase Australian companies were more successful, with Technip realising the benefits of awarding contracts to local business.

James Ewenson, ICN's Business Consultant involved in the project commented;

"Local businesses rose to the challenge, enhancing their profiles and improving competitiveness prior to winning significant contracts for the construction phase."

One such case is a West Australian-based national combustion engineering and manufacturing company, HPS, which secured the order for the Fired Heater through a licence agreement with a Swiss company. This contract provided significant manufacturing opportunities for Australian companies, coupled with valuable state-of-the-art technology training for servicing and maintaining the new equipment.

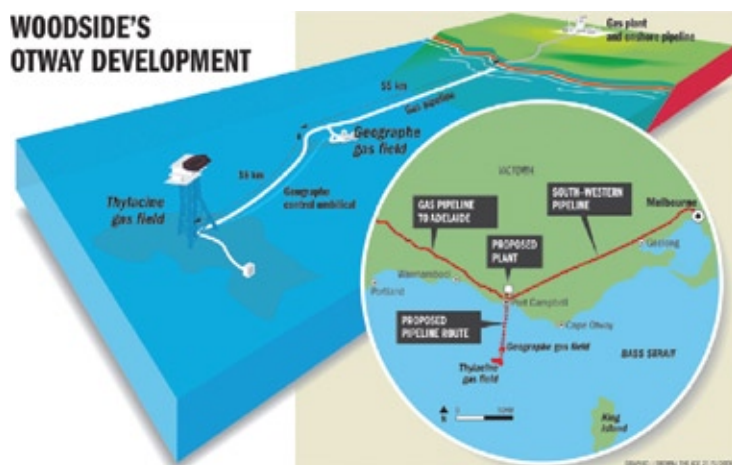
Geelong-based engineering company Thornton Engineering, a structural steel fabricator, also won a number of contracts for the supply and surface treatment of structural steel. After an evaluation of price, freight costs and comparative logistical benefits the advantage in awarding the contracts to competitive local suppliers over importers was recognised.

SAMP funding allowed ICN to provide the following services:

- A consultant dedicated to the project providing ongoing support for Woodside, the main contractor and the procurement teams.
- Industry briefings to assist Australian manufacturer/ suppliers and guide them through the introductory phase of the project.
- The identification, nomination and promotion of capable Australian suppliers.
- Assistance to Australian companies that facilitated joint venture opportunities for technology transfer.
- Support for Australian companies developing sustainable relationships with project management.
- Assistance to the EPC contractor with briefings for the registration of local companies on their e-Procurement site.

For further information please contact: James Ewenson, Industry Capability Network (Vic) or email: [info-vic@icn.org.au](mailto:info-vic@icn.org.au)

### WOODSIDE'S OTWAY DEVELOPMENT



## Oz Minerals commitment to local industry

OZ Minerals (previously Oxiana) engaged local contractors in order to rapidly develop its Prominent Hill Copper Gold Mining Project.

The \$1.08 billion project is located approximately 650km North West of Adelaide. OZ Minerals appointed Fluor as the Engineer Procurement Construction Manager (EPCM) to oversee the project but still maintained a very strong commitment to local industry and community involvement.

Oz Minerals' policy of preferential use of local suppliers with acceptable quality and capacity drove a number of initiatives throughout the project.

These initiatives included:

- Advertise contract packages on the ICN web portal via the EPCM.
- Online registration for packages of interest by suppliers and contractors.
- Supplier list provided by ICN to Oz Minerals which were then added to the existing supplier/contractor data base.
- Awarded packages were listed by ICN on the web portal to advise interested parties for potential subcontracting.

ICN was engaged to recommend local companies that had the capability to work on this exciting project. ICN facilitated approximately \$170M worth of contracts to local and Australian and New Zealand industry.

This project has delivered over \$450M to local industry through working with the Industry Capability Network, supported by the Industry Capability Networks offices in WA; this figure represents more than 50% of the total sourcing costs.

Mick Wilkes, General Manager, Prominent Hill said "Oz Minerals has a very strong focus on local communities and industry, it is committed to ensuring that they benefit from projects like these. We have a strong commitment by employing and training local people."

*The SA Processing Plant*



Mr Wilkes says contracts won on this project have benefited many local suppliers and enabled them to grow and increase employment.

**Status:** Under construction

**Mining type:** Open pit

**Resource base:** 1.9Mt copper, 3.7Moz gold

**Plant:** 8Mtpa crush, grind, flotation

**Production:** 2008(f) 25,000t/a copper | 15,000oz/a gold

2009(f) 117,000t copper | 86,000oz gold

**Product:** High grade copper concentrate | 45% Cu, 19g/t Au, 57 g/t Ag LOM

**Cash cost:** 85c/lb LOM

**Capital cost:** A\$1.08 billion

**First production:** Third quarter 2008

For further information please contact: Darren Hill, Industry Capability Network (SA) or email: [info-sa@icn.org.au](mailto:info-sa@icn.org.au)

## Biotechnology the culture and economy of new regionalism

The most efficient way of capturing solar energy is through biomass - the origin of all coal and petroleum in the world. Recent innovations such as solar hot water and photovoltaic cells only generate heat and electricity respectively, and then currently only at a relatively small scale. There is evolving technology for large scale thermal power generation and also for the conversion of solar energy into chemical energy where it is stored for future use. All of these technologies offer contributions to future power needs but none have the current potential that is available in biomass.

Regional Australia is where the vast majority of biomass is generated. This is in the form of grasslands, cereal crops, perennial crops such as grapes, fruit and nuts, in native and plantation forests, in scrubland and in algae in coastal regions and waterways. All are potential sources of biomass which could contribute to the energy mix. The strength of biomass is that it can be used to generate electricity and to produce liquid fuels.

This offers extraordinary opportunities for regional Australia.

Economics will dictate that plants to produce electricity or liquid fuels will need to be located near the source of biomass. It is cost effective to transport the higher value added product such as liquid fuels further a field to the main markets in the capital cities.

The technologies that will drive the resurgence of regional centres include the production of ethanol, via first (starch-sugar based) and second (cellulose based) generation plants, biodiesel from fats and oils (including waste oils), synthetic oils from the pyrolysis of biomass, methane from waste to generate electricity and direct gasification of waste to generate electricity. In the longer term these will be based on waste products from food production or specifically cultivated biomass. The current technologies based on food products such as grains and edible oil seed products will play only a minor role.



So what will be the nature of the new regional paradigm?

One of the key planks of the new paradigm is that crops and biomass will be grown for multiple purposes. For example wheat will produce grain which could be used for food or for ethanol production. The straw would be harvested for a second generation ethanol process or to generate electricity via a direct gasification process or pyrolysis to a liquid fuel which could be used for transportation, heating or power generation. New crops such as hemp which can produce fibre, seeds (for food and oil) and biomass would be introduced. Hemp has applications in textiles, insulation, light weight insulating concrete, high tech fibre composites, non woven products, etc. It is a very versatile product and is being grown in trials in NSW right now.

Similarly industry will be looking at maximum value add and output. Take for example a feedlot abattoir operation. In the future this may have an ethanol plant at the front end with the spent distiller's grain replacing much of the grain used to feed the cattle. The manure from the feed lot will be digested to produce methane and valuable fertilizer or gasified, with activated carbon as a byproduct. The methane and gasified product would both be combusted to generate electricity to run the plant, with some being sold back into the grid. The fertilizer would be sold to local agricultural or horticultural producers. The blood and bone from the abattoir would be made into fertilizer. Other products such as cartilage would be made into nutraceuticals. The whole process becomes virtually waste free with all inputs ending up as productive, saleable outputs.

All intensive livestock industries would have the opportunity to convert current expensive to dispose of waste products into electricity and fertilizer as above. Industries such as wineries would be able to do the same with their grape mark. Processors of nuts such as almonds may choose to produce electricity by direct combustion of the wastes. The one thing all these have in common is that they all have central collection nodes where all the product must go to be converted. The rice and dairy industries function in a similar way.

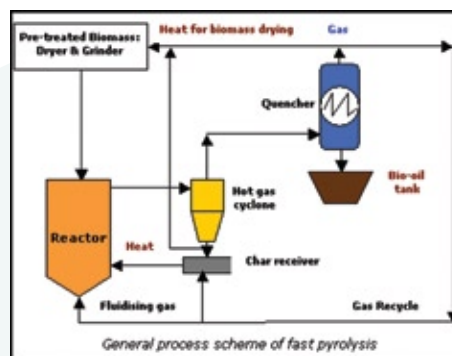
So what will the regional centre of the future look like?

Superficially it will not look that different. It may still have the traditional processing industry that was always its core. But now this will not only be producing the one product it did in the past. It may also be producing electricity from waste products, making the town and region self sufficient in power, and possibly fertilizer, and reducing the impact of waste significantly. There may also be new industry based on the conversion of biomass to liquid fuels. This will take agricultural waste or specially cultivated biomass and convert it to high value fuels which will be exported to the cities or used locally. These industries will require highly trained operators and technicians, requiring improvement in local educational facilities. There are more and higher value added products generated adding to the prosperity of the region.

The regions are predicted to be a radius of about 160km around the regional centre. This makes the transport

viable. Not all regions will be the same – their nature will be determined by the exploitable biomass resources in the region. Some regions may take advantage of new crop opportunities, where there are multiple products and processes which can be exploited.

These changes are already being pursued in regional Australia. The introduction of carbon trading will assist all of the above opportunities as all as at least close to carbon neutral if not carbon positive. The future looks bright for regional Australia.



Pyrolysis Process

## Klaus Baumgartel

After graduating with a B. App Sc from Melbourne University & having worked in various roles for Marbon Chemicals in the plastics industry in Melbourne, Klaus moved to NE Victoria, as a Procurement Engineer for IBM in Wangaratta before stepping into the current position as the Regional Manager for the Industry Capability Network in Albury in 1994. The current position utilizes the extensive knowledge of industry capability to facilitate import replacement and regional development initiatives.

Klaus was recently invited by the Canadian Consulate to participate in a study tour to Canada to look at Biotechnology developments there; he also attended the Americana Trade Show in Montreal, a major exhibition allowing companies to showcase their capability in the areas of biotechnology and environmental engineering & the Fourth Annual World Congress on Biotechnology and Bioprocessing in Orlando, Florida. The conference covered broad aspects in the field including leading edge developments that will become the commercial reality in years to come.

This is the last in a series of four articles looking at biotechnology and bioprocessing and the opportunities it will bring to Australian industry and how it may shape the industrial landscape of the future. The fourth article investigates what opportunities biotechnology will bring to regional Australia and how it could redefine the economies and cultures there.

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## Industry Capability Network Objective

The objective of the ICN is to locate and promote competitive local sources of supply, so helping to create additional employment and wealth in the community. Readers are invited to contact the ICN offices regarding the capabilities of local companies to produce goods and services which can substitute for imports.