

## SPECIAL EDITION – LOCAL CONTENT

*The times are changing for industrial projects. Today, investment decisions are made in a competitive global market. Government and industry have been concerned about the tendency of sourcing manufactured components overseas instead of choosing local goods and services. The Queensland Government introduced the Local Industry Policy making it possible for local industries to compete and tender for packages that would otherwise go overseas. So far, the Policy has identified \$2.43 billion of major project work packages. \$1.54 billion worth of contracts have been awarded to Australian and Queensland companies.*

To encourage fair access to opportunities for local content, the Queensland Government introduced the Local Industry Policy in December 1999. Australian companies are given the opportunity to demonstrate their competitiveness in a global market environment in terms of price, quality and delivery requirements to projects. "The policy encourages buyers to break down procurement requirements into smaller packages," ICN Qld

Chief Executive Officer Mr. Jim Box reports. "It has given small manufacturers the opportunity to tender for major industrial projects," he adds.

ICN Qld has played a significant role in the implementation of the Policy assisting a number of projects with preparation and implementation of Local Industry Participation Plans. So far \$1.54 billion worth of contracts have been awarded to Australian companies since the introduction. Out of that \$1.21 billion have been sourced in Queensland.

The contract that brought the billion dollar to a Queensland company was awarded to Process Media Australia, an engineering consultancy which commissioned Dartbridge Welding at Carole Park to fabricate pressure vessels for the North Queensland Gas Pipeline Project. Thanks to ICN Qld's expertise and knowledge of local industry capabilities projects such as Tarong North Power Station, Comalco Alumina Refinery, Cairns Tilt

Train and Suncorp Metway Stadium Re-development Project have secured contracts where local capabilities exists.

The Local Content Awards is an initiative of ICN Qld to recognise the benefits of the Local Industry Policy. The awards identify the outstanding contribution industrial projects and manufacturers make to stimulate local industry opportunities. Three project categories are featured at the awards: major industrial projects, infrastructure or facilities projects and Government projects. In addition the awards recognise local businesses that have built strong supply relationships in their production and competed against imports. The business initiative awards and small business initiative awards are categories recognising Queensland manufacturers.

## COMALCO'S LOCAL ACHIEVEMENTS

*Comalco Alumina Refinery is a significant example of how local content can become a driving force of a major project providing long term benefits for the local community.*

Generating long term benefits for the Gladstone region has been a crucial factor for the project. Local industry opportunities, employment and community involvement have been on the agenda since the early days of the project.

The Comalco Alumina Refinery Project, situated in Yarwun 10 kilometres north-west of Gladstone, has strengthened Comalco's commitment to Gladstone and Queensland. The project team has worked closely with ICN Qld to utilize industry opportunities for Australian and Queensland companies. The project has implemented both a Local Industry Participation Plan and an Australian Industry Participation Plan. ICN Qld has assisted the project team in reviewing bid lists to find the most capable and cost effective

suppliers from local industry. An ICN representative worked with the project team evaluating suppliers' capabilities and providing advice as to how suppliers could meet the requirements of the project.

Comalco's commitment to work with local industry since the commencement of the project has certainly paid off. More than \$1.0 billion worth of contracts has been secured with Australian and Queensland companies reaching 87 per cent local content. It is expected that the project will generate approximately \$1.3 billion worth of contracts at the completion of the alumina refinery.

Comalco's commitments to local industry includes the supplies of 16,000 tonnes structural steel. This package was bid on globally with the lowest procurement price coming from Asia. Despite value-added cost of logistics and import taxes by using the Asian supplier, the project team decided to go local supporting the Australian steel industry.

When completed the refinery is expected to produce 1.4 million tonnes of alumina per year. Approximately four hundred new jobs are expected to be created in Gladstone for the refinery.



The Comalco Alumina Refinery

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## \$101.3 million opportunity for local industry

*There has been a dramatic growth in the production of coal seam methane gas in Queensland over the past years and it is expected to continue growing. A substantial contributor to this development is the North Queensland Gas Pipeline Project. With \$79.9 million worth of local content, the project has come a long way.*

A North Queensland Pipeline Alliance has been formed between Enertrade, GHD and Thiess Napac for the construction of the pipeline.

ICN Qld has worked with the project's engineers and procurement team to maximise local content with a particular focus on regional industry opportunities. This particular focus has given regional manufacturers the opportunity to tender for packages. A number of regional companies including Rockhampton Switchboards, Corrosion Specialists, and Ricom Electronics have won contracts for the project.

So far the value of bid packages for competitive Queensland and Australian bids total \$101.3 million. \$94.5 million worth of contracts have been awarded with 39 per cent going to Queensland, 46 per cent to interstate and 15 per cent overseas. The North Queensland Pipeline pro-

*"The project is expected to make a significant contribution to economic activity and flow on development in local and regional economies," reports Graeme Hogarth Project Manager.*

ject was subject to the Local Industry Policy Plan and the Federal Government's Enhanced Project By-Law Scheme. ICN Qld has assisted the project team in the development and implementation of these policies securing opportunities for Queensland and Australia.



Work on the pipeline

## REGION GROWS ON NEW COAL DEVELOPMENT

*The Mackay community and local industries have measured significant benefits from the Hail Creek Mine Project. New jobs, commercial programs, community investments and regional initiatives have all contributed to economic growth for the Mackay region.*



Hail Creek Coal Mine, Mackay

\$460 million has been invested to build the first single module 1200 tph coal plant in Australia. The plant is located in Queensland's Bowen Basin, one of the most important coal producing areas in the world.

Pacific Coal, the major Joint Venture owner of the coal mine received a Highly Commended as a Major Queensland Project at the 2003 Local Content Awards. According to the project team involving local community has been a key factor since the project's early days. According to Pacific Coal's General Manager Grant Thorne, Hail Creek Mine illustrates Pacific Coal's commitment. Over 86 per cent of the total cost for

the project have been sourced locally with contracts worth \$391 million. From the project's localisation strategies, eighteen contractors from Queensland won contract work for the project. Eleven of these were from Mackay representing a positive win for the industry in the region.

"One of the key benefits of local industry participation was that the project could work effectively with local engineering and construction," commented Mr. Thorne. "As a result, major savings were achieved though changes made for efficiencies in plant operations and improvement," he added. According to Mr. Thorne, local industries contributed a major savings during the project making it possible to deliver on time and within budget.

"I believe our success is due to the highly commitment to a safe workplace, minimal environmental management and a strong community relation," he concluded.

Hail Creek Coal Mine is expected to produce 5.5 million tonnes for prime hard coking coal annually. The mine has stimulated growth for Mackay's engineering and manufacturing capabilities by supporting the mining and mineral process industry.

## SUNCORP METWAY STADIUM TOPS LOCAL CONTENT

*According to the 2003 Local Content Awards Judging Panel Brisbane's Premier Rugby Football venue, Suncorp Metway Stadium, rates the best contribution to local content in the Infrastructure or Facilities Projects category in Queensland. Formerly known as Lang Park Stadium, the \$280 million project was completed in May 2003 just in time for the Rugby League matches and Rugby Union World Cup.*

A consortium of Multiplex Constructions and Watpac Queensland was appointed for the project in June 2001. The two parties formed a joint venture, Lang Park Redevelopment Joint Venture (LPRJV), to manage the project, with project supervision by Queensland Government's Project Services acting on behalf of the sponsor Government Agency.

A Local Industry Participation Plan (LIPP) was produced with assistance from ICN Qld, setting key objectives and strategies to ensure maximum local content and participation for suppliers and subcontractors. By working with the project team, ICN Qld had a unique opportunity to promote the capabilities of local companies in meeting the quality, reliability and standards consistent with the demands of the project. "The focus on local industry participation has created many opportunities for local companies to

work on a major infrastructure project for Queensland," reported John Taylor Contract Manager, LPRJV.

In some cases the specifications for the items were not a good match to the capabilities. In these cases ICN Qld assisted on technical and contractual issues to find the best possible solutions to maximise local industry involvement, without compromise to the time or cost efficiency of the project.



Suncorp Metway Stadium

While the supply and installation of toilet partitions may not be seen usually to be such an issue, it presented just such a case in the potential for local supply to the project. The Joint Venture team could not find any local company meeting the required specifications. However, after consulting ICN Qld the team modified the specifications to accommodate local capabilities awarding local manufacturer Kirkbuild the contract.

## QUEENSLAND WORLD LEADER IN RAIL ENTERTAINMENT

*Queensland rail travellers on the new Brisbane to Cairns Tilt Train can relax in arm-chair comfort, while enjoying the world's latest interactive in-seat information and entertainment system. This is the world's first to offer train travellers these benefits; and the best part is that it is developed in Queensland.*

This was just one of many features of local content in the Brisbane Cairns Tilt Train Project, which won the QR and EDI alliance an award for Government project at the 2003 Local Content Awards.

The new train information and entertainment system was designed and developed based on the decision to utilise the most advanced technology available that could be operated with approved media content formats. The decision to develop the information and entertainment system locally was taken following the very high cost quotes from overseas suppliers within the airline industry. "Global markets were examined but a true match of the requirement could not be achieved to meet delivery and budget constraints," said Mr. Colin Ryan, Project Manager,

Communication and Entertainment Systems.

The system control software was developed and designed by an engineering team from QR. EDI Rail designed the overall entertainment system. Hardware components such as seat display units and distribution amplifiers were imported, as there were no local producer of these items.

"Developing the entertainment system introduced a number of challenges. No other systems had been developed for trains before, which meant that we had to start from scratch," Mr Ryan adds.

The Brisbane based seating company Transit Seating, built the seating in conjunction with Transform Rail Interiors based in Newcastle. Transform Rail Interior established a new facility in Maryborough during the project, creating another boost for local employment. "Producing the seating and entertainment system locally made it possible to conduct extensive in-service testing to ensure highest passengers comfort standards were met for the new train," commented Mr. Ryan.

The tilt train entertainment system includes individual in-seat video and audio facilities, superior to anything found in other passenger trains worldwide. Passangers can play movies, listen to audio or view the driver's camera making the system equal to the best airline in-flight entertainment systems. The new Queensland technology has revolutionized rail entertainment with potential for export to world markets.



Passengers trying the new entertainment system

## SOMETHING SMELLS AT APP-TEK INTERNATIONAL

*After two years of hard work, gas detection technology company App-Tek International has won the Business Initiative Awards at the Local Content Awards 2003.*

The Local Content awards are an initiative of ICN Qld sponsored by the Department of State Development, to recognise exceptional ability of Queensland business to successfully compete against imports. "App-Tek International has not only built strong relationships with local suppliers over time, but also established a strong market position replacing imported monitors," reports ICN Qld Chief Executive Officer Mr. Jim Box when asked about the manufacturer.

App-Tek International started off as an importer of air monitoring equipment and instruments used for Occupational Health and Safety purposes. However, in 2000 the company took a new turn with the introduction of the OdaLog H<sub>2</sub>S Gas Logger, their first step in the successful development of the OdaLog brand. One year later, the manufacturer started the OdaLog 6000 project making the first Australian intrinsically safe multiple gas monitor.

The OdaLog 6000 project demonstrates the importance of building strong relationships with local suppliers and expertise.

For the gas monitor project a number of local businesses contributed with their expertise including Marco Engineering, Electronic Engineering and QMI Solutions. The Queensland based, world class safety testing organisation, SIMTARS has incorporated an OdaLog 6000 into leading edge research for the development of remote robotic devices. These devices are used for entering and assessing coal mines after fire or explosions. Testing of the gas monitor is also being conducted in coal mines around Australia.

The small hand held unit required fresh thinking in terms of design, development and engineering. The objective was to design a sophisticated monitor that could comply both with the latest Australian Workplace Health and Safety requirements and meet International Standards.

"Meeting the requirements of the International Standards for intrinsically safe equipment used in hazardous environments introduced a major challenge for the project. No other intrinsically safe design for portable monitors had been completed in Australia before, which meant little knowledge existed prior to the OdaLog 6000 project," reports Ross Church Director of App-Tek International.

App-Tek International's new gas monitor has been built to promote a secure workplace protecting workers from hazardous gases found in many confined spaces. The monitor can sense up to six gases simultaneously and may be an electronic life saver for workers. This portable, but rugged monitor is built to handle Australian conditions with the ability to cope with a temprature range from -20° C to 40° C.

The monitor has been received favourably by the Australian mining industry. While only recently being introduced, it has already gained a position as a strong competitor replacing imported monitors.



OdaLog 6000

## Contacting the ICN

### Queensland

#### Brisbane

76-74 Bowen Street  
Po Box 128  
Spring Hill Qld 4004  
Tel (07) 3832 4577  
Fax (07) 3839 3067  
Email: info@icnqld.org.au  
Web: icnqld.org.au

#### Townsville

1st Floor Enterprise House  
The Strand & Sir Leslie Thies dr  
Po Box 5873 Townsville  
Qld 4810  
Tel (07) 4771 2045  
Fax (07) 4721 2375

#### Gladstone

SDC Gladstone  
33 Goondoon Street  
PO Box 539  
Gladstone Qld 4670  
Tel (07) 4971 2323  
Fax (07) 4971 2333

#### New South Wales

Drummoyne, NSW 1470  
Tel (02) 9819 7200  
Fax (02) 9181 3321

#### South Australia

Adelaide, SA 1565  
Tel (08) 8463 3963  
Fax (08) 8463 3966

#### Western Australia

East Perth, WA 6892  
Tel (08) 9365 7623  
Fax (08) 9365 7480

#### Northern Territory

Darwin, NT 0801  
Tel (08) 8947 3170  
Fax (08) 8947 3823

#### Victoria

Melbourne, VIC 8004  
Tel: (03) 9866 6155  
Fax: (03) 9866 6304

#### Aust. Capital Territory

Canberra ACT 2601  
Tel (02) 6207 0145  
Fax (02) 6207 0033

#### Tasmania

Hobart, TAS 7000  
Tel (03) 6233 5550  
Fax (03) 6233 5551

#### New Zealand

Wellington, NZ  
Tel (64 4) 910 4949  
Fax (64 4) 910 4304

## LOCAL TECHNOLOGY BEATS IMPORTS - TARGETS EXPORTS

*A small Queensland manufacturer has proven that you can beat competition by listening to customer's requirements and deliver on it. Alcolizer Technology have been so successful that it won them the Small Business Initiative Awards at 2003 Local Content Awards.*

Alcolizer Technology won the business awards for their new Alcolizer Law Enforcement breath testing device. To win this award the manufacturer must demonstrate outstanding achievement in replacing imported goods or services. The nominees in this category are manufacturers based in Queensland with less than twenty employees.



Alcolizer LE

Alcolizer's new hand held breath testing device has been designed to meet specific needs of police and law enforcement agencies. After listening to what the users said was needed in a portable device, it was built with the user in mind. The Alcolizer LE fits conveniently into a policeman's hand and has an number of easy to use functions and a color display with a menu function similar to a mobile phone.

Prior to the introduction of Alcolizer's breath tester, the market was dominated by imported devices predominatly from Europe and US. Major multinational companies have dominated the market of breath tester for more than twenty years.

The Alcolizer LE replaces imported device with Australian designed electronics and many features not previously found in hand held breath testing devices. "We wanted to introduce a breath testing device that could exceed the capability of currently available technology and offer Australian Police a superior replacement for their existing breath testing equipment," reports Laurie Wilson Operations - Project Manager, Alcolizer Technology.

The designer requirements for the breath tester were established during Alcolizer's market research. Police throughout Australia were asked what they wanted in a perfect breath testing device. According to Laurie Wilson the Police's wishlist basically became Alcolizer's designer criteria after conducting the extensive market research. Features such as longer battery life, GPS and the ability to collect data are some of the new features incorporated in the new Alcolizer LE breath testing device.

For the breath tester project Alcolizer Technology used local manufacturers and expertise whenever possible. Sophisticated Australian electronics and design have been used incorporating 88 per cent Australian content for the device.

With the introduction of the new Australian made breath tester importers are feeling the pinch. Multinational competitors were put to an test with the tender for hand held breath testers held by NSW Police, Australia's largest Police Force. The contract included replacement of about 2000 units with an ongoing opportunity to supply NSW for the next five years. Alcolizer Technology won the tender against overseas competitors from Germany, France, U.K. and the USA.

Demonstrations of the Alcolizer LE have been conducted for police in Australia, Singapore and Malaysia.

## INDUSTRY CAPABILITY NETWORK QUEENSLAND

ICN Qld has been operating since 1986 and is an incorporated non-profit public company. ICN Queensland is commissioned by the Queensland Government to provide specific Import replacement services, for private and public sector organisations, to maximise local industry participation and content in project and procurement.

### ICN Queensland can assist you with

- Information on industry capabilities
- Evaluating capabilities
- Optimising procurement decisions
- Supply chain issues
- Local Industry Policy Plans
- EPBS Compliance
- Probity Audits

## DID YOU KNOW THERE ARE QUEENSLAND COMPANIES WITH THESE CAPABILITIES?

- Blood spot sampling machinery
- Bio medical engineering
- Blasting specialists
- Explosive hardening
- Kanagroo skin production
- Gas monitor systems
- Hydraulic systems
- Mobile silo handling equipment