

Whyalla and EP Heavy Industry Cluster Summary

Background:

- The Heavy Industry Cluster project was initiated and developed by RDAWEP, mid 2015 in response to a need for action to address poor operating conditions experienced by major businesses operating in Whyalla and Eyre Peninsula and their supply chains
- The project objective is to support growth and sustainability of businesses operating in the Whyalla and Eyre Peninsula region which are themselves either a heavy manufacturing business or operate as part of a heavy industry supply chain
- The cluster is industry led and chaired by Theuns Victor, GM OneSteel/Arrium Steelworks
- Consists of a core leadership of 9 CEO's of major regional heavy industry businesses
- Includes CEO level participation from the Whyalla Council, RDAWEP and Deputy CEO of DSD
- There is engagement with an additional 52 Supply chain companies

Future direction for the next 12 months includes work to progress three specific areas of focus:

1. New opportunities

Identify, pursue and promote new opportunities for Whyalla and regional business, including Defence and other major projects;

- 1.1 Defence Projects, including Access and Accreditation
- 1.2 Collective Bidding, How to structure and market to enable joint bids for new opportunities
- 1.3 Other opportunities/projects for Whyalla including mining, resource processing and renewable energy

2. Training and Workforce development/Trade skill sets

- 2.1 Building capability for defence and heavy industry projects with vocational training and industry placement

3. Ultra High Speed Internet

- 3.1 Connecting Whyalla to AARnet, very high speed broadband, similar to Northern Adelaide Gig City concept

Other initiatives in progress or that will be progressed:

- Investigation and feasibility assessment of Defence asset reprocessing in Whyalla
- Ongoing engagement to build linkages with the Defence Industry to improve access by regional business to Defence projects (including component manufacture for Defence projects and supply of goods and services to training operations at Cultana)
- Capability mapping including identification of opportunities for growth and diversification of Whyalla businesses
- Strengthen engagement with State and Federal Government agencies to better facilitate opportunities in the region and communicate regional issues and impediments.
- Investigate ways to reduce production costs for industry in the region, including energy and water

Whyalla Heavy Industry Cluster Leadership group members:

Company	Position	Main Business
Arrium/Onesteel Limited	General Manager Whyalla Steel Works (Chair)	Steel and Steel Product manufacture
Cowell Electric Supply Pty Ltd,	Managing Director	Electrical Engineering and Construction
E&A Limited and its Group Companies	Executive Chairman	Heavy Equipment/Engineering/Fabrication /Electrical/Maintenance
Muradel Pty Ltd	Chief Executive Officer	Microalgae product and Biofuels manufacture
Petro Diamond Australia	Chief Executive Officer	Bulk Fuel Storage and Distribution
RDAWEP	Board Member and Deputy chair,	Economic Development
RDAWEP	Chief Executive Officer	Economic Development
RDAWEP	Project Manager	Economic Development
Santos Limited	Manager Port Bonython Plant	Hydrocarbon Processing and Export
Sudel Industries Pty Ltd	State Manager	Electrical Engineering and Construction
BIS Industries	General Manager, Site Services SA	Bulk materials handling and processing
Whyalla Hose and Fitting Services	General Manager	Industrial Maintenance, Repair and Fitting
Whyalla Council	Chief Executive Officer	Local Government
CSL Transhipment	Manager Transhipment Operations	Bulk Shipping
SA Department of State Development	Deputy CEO	Economic Development

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Whyalla's current key strengths (identified capabilities)

- Heavy fabrication infrastructure with ability to build and handle very large, complex steel items (large physical size, weight and complexity)
- Well equipped heavy engineering workshops with available capacity (large lathes, welders, borers etc)
- Ability to successfully bid for work and negotiate complex Defence procurement and quality processes
- New build and maintenance capability
- Location with relative close physical proximity to major mine and defence in-field training operations
- Very well established rail, road and port infrastructure
- Strong Commercial/Engineering teams with experience in infrastructure and project management
- Capability to operate in very remote regions under arduous conditions
- Short delivery times for fabricated components with exacting quality standards
- Cost competitiveness for inland delivery of fabricated components
- Affordable housing and industrial land

Heavy Industry Opportunities:

1) Short term

Further finishing and adding value to steel products such as pre-fabrication of structural components

Fabrication and manufacture of renewable energy infrastructure and equipment

Increased port access for import and export of materials and finished product

Extend distribution and finished product sales into offshore markets

Sale of services such as commercial infrastructure teams consulting on Infrastructure projects

Better utilise existing heavy engineering workshops and capability

Move into additional areas of Defence work, such as heavy equipment component and module manufacture, maintenance and repair

Geographical expansion to access new markets across SA then beyond SA

Actively Target larger scaled projects

Expansion of existing capabilities into new/other industries including Defence, Wine, Food processing and Health/Aged Care

Forming relationships with complementary businesses enable access to larger markets and tender as a group for delivery on major/larger projects

2) Medium

Prefabrication of structural/construction components

Manufacture and complete fit modules for Defence, Land400, OPV, Frigate and submarine programs

Develop port infrastructure to enable import and export of product for third parties

Development and production of new high value products for export markets with greater use of the port for export and import

3) Long term

Increase steel content in high-rise buildings as an alternate to concrete

Diversify rail product manufacture to extend product range and access new markets

Develop and commercialise medium and high level nuclear waste handling capability

Further Information:

DefenceSA (2016) *Industry Capability Assessment*. Advisian/Worley Parsons Group, Government of South Australia DefenceSA 17May 2016.

Burgan B, Spoehr J. (2016) *Modelling of the Arrium Closure on the Regional and State Economies*, Adelaide: Australian Industrial Transformation Institute, Flinders University of South Australia.