

# DAWSON COAL MINE CASE STUDY

## *The Company*

Everton Engineering is a small Queensland company based in Brendale. The company was established in 1985 as a general engineering company. Their primary focus was on manufacturing steel columns, steel jump forms and jump climbing systems for the construction industry, specifically form work

## *The Opportunity*

Industry Capability Network has assisted an Australian company to win a major contract with one of Australia's largest coal mining ventures. In December 2004, Anglo Coal and Mitsui & Co initiated the Dawson Coal Mine Project as part of their growth strategy in order to meet the increasing demand for high quality metallurgical and thermal coals, and to re-capitalise on their existing operations at Dawson. The plan was for two additional mining operations at adjacent tenures to the current mining operations. The Dawson expansion estimated an increase in production from 7.0 Mtpa to 12.7 Mtpa of saleable coal for the seaborne market. The expansion was to include a new coal preparation plant, additional mining equipment, a coal conveying system for transporting coal, rail load out facilities and administration buildings.

Anglo Coal engaged Metso Minerals, a global market leader in rock and minerals processing systems, recycling systems and construction materials to assist in the construction of the Dawson Mine.

Metso were assigned the responsibility of building the overland conveyor structure, and required manufacturers for components, specifically Linstand frames, which are used to carry and support the belt of a conveyor system. This product is typically imported from China and is usually competitively priced in comparison to Australian industry prices.

Metso's original plan of awarding the entire contract of frames to China fell through due to logistical difficulties and tight construction schedules. The decision was made to split the contract between Australian and Chinese manufacturers in order to meet deadlines, and Metso Minerals approached ICN Queensland for assistance in finding any suitable manufacturers.

## *The Results*

ICN Queensland provided supply chain assistance to Metso Minerals by sourcing Everton Engineering, a small Queensland company with a very efficient robotic welding system. Upon further analysis of the company, Metso Minerals awarded the entire contract of linstand frames to Everton Engineering, who demonstrated their international competitiveness and played their part to keep the Dawson Coal Mine Project on time and within budget.

Since supplying the frames in 2005, Everton has added the production of various components for conveyor systems to their operations, targeting the mining and construction industries simultaneously. As a result, a fruitful relationship between Everton and Metso Minerals has evolved, whereby a number of components including loading docks, belt tension carriages and weight cradles are provided on an ongoing basis for the Dawson mine conveyor. Mike McManus, Director of Everton says “ICN’s nomination really made a difference and consequently, we’ve been able to generate hundreds of thousands of dollars worth of work in the past 2 years”

The benefits lie not only within the manufacturers’ revenue streams, but sourcing a local supplier for these products enable Australian manufacturers to continue production and strengthen their position in the market. ICN and Local Industry Policy benefits are three-fold:

- allows Australian manufacturers to be recognised and successfully compete against major internationals
- assists the procurement department of major projects to remain within budget and highlight significant opportunities in their supply chain.
- boosts local and industry economies by assisting in import replacement

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.

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