Overview

• Australia’s Productivity Decline
• Global Trends affecting our industry
• Mineral and Energy Services Strategy
• Existing Programs
Productivity: key driver of profitability
“resources boom masked a decline in Australia’s productivity”¹

Mining Industry Multifactor Productivity, Australia
Index 2013-14 = 100

Multifactor Productivity, Australia vs Peers

Source:
1 – CSIRO, Unlocking Australia’s resource potential, 2015
2 – The Conference Board, Total Economy Database, Sep 2015
Response to Productivity Decline
Continued labour force rationalisation… or innovation

Australian Innovation System Report 2016:

On average, every $1 invested in innovation returns $2 in sales

$30 billion innovation investment → $60 billion innovation sales

Innovation activity accounts for:

50% of economic growth in the OECD

Firms that innovate compared to non-innovators

2x higher for productivity

1.4x higher for profitability
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What are the MEGA TRENDS influencing our economy? … and how can we leverage these

**Global Mega Trends**

- **GLOBAL ECONOMIC DEVELOPMENT AND THE RISING MIDDLE CLASS OF CHINA AND INDIA**
- **PRESSURE ON EXISTING BUSINESS MODELS**
- **CYCLICAL INDUSTRY**
- **INCREASING RESOURCE COMPLEXITY**

**Revenue**

- 34% $50 - $200k
- 32.3% $200k - $2m
- 5.9% $2m +
- 27.8% <$50k

**Employment**

- 0.1% 200+
- 65% Sole Traders
- 32.6% 1 - 19
- 2.3% 20 - 199

**SOUTH AUSTRALIA**

- 143,486 BUSINESSES

**Source:** METS Ignited, 2016

**Global Mega Trends**

- **DIGITISATION**
- **UBIQUITOUS SENSORS**
- **AUTOMATION**
- **ROBOTICS**
- **BIG DATA**
- **INTEROPERABILITY**
- **INTEGRATED MODULAR SYSTEMS**
- **AGEING POPULATION**
- **SOCIAL LICENCE LOW IMPACT MINING**
SA Supply Chains and Knowledge Priorities

**Commercial Priorities**

IKP1: Improving speed of innovation, collaboration and business models

IKP2: Operating in a global market place

IKP3: Business development, optimisation and growth

**Technical Priorities**

IKP4: Excellence in finding, extracting and processing

IKP5: Reducing industry footprint

IKP6: Ubiquitous sensing, digitisation and data analytics

**Comparative Advantage**

- **Education, Training & Research**: 55 (8.3%)
- **Transportation & Logistics**: 45 (6.8%)
- **Technology & Automation**: 44 (6.6%)
- **Site Operations & Services**: 235 (35.3%)
- **Equipment**: 116 (17.4%)
- **Research Capability**: 55 (8.3%)
- **IT & Professional Services**: 171 (25.6%)
- **Metro Geographic Concentration**: 513 (77%)
- **Regional Geographic Concentration**: 153 (23%)
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South Australia’s Economic Priority 1: Unlocking our resource potential

Primary Objective for Suppliers

Position South Australia to become a leading mining and energy services hub for the nation
METS Supply Chain Scorecard
Developing a national services hub for the nation

South Australian Targets
- METS Contribution to GDP: ↑ contribution from 3% to 5% (national average)
- Employment: ↑ employment from 2% to 4% (national average)
- Export Revenue: ↑ exports from 10% to 15% by 2025 (share of Sector Revenue)
Australian Committed Projects & Value

South Australia
Committed
- Pt Pirie $514
- Uley $50
- Total $564m

Feasibility
- 8 Projects $6b

Strategic Plan

Position South Australia to become a leading mining and energy services hub

South Australian mining and energy services are globally competitive, innovative and unlock our resource potential
Consultation Process

Over 230 businesses, industry associations and research organisations contributing their views and ideas.

- 46 people participating in a Northern Economic Plan METS forum
- 24 one on one interviews with established minerals or energy service providers
- 197 surveys completed across 12 weeks, including feedback during the GMUSG conference
- Input from 9 industry bodies
- Comprehensive research on major global and national trends
- A review of current research capability and present public research funding allocations across major universities in South Australia
- Mapping of the South Australian supply chain and categorisation of capabilities and geographic concentrations
Consultation Report

Key Themes

• *Increase*
  • Opportunities for SMEs to access mining and resource operators and Tier 1 suppliers and increase understanding of their business needs
  • Industry driven research and development, through a strategic and focussed approach and opportunities for exchange between industry and academia
  • International competitiveness of local Mining & Energy Services SME businesses

• *Maximise*
  • Industry input into government policy development
  • Early stage foreign market export opportunities for SMEs
  • Opportunities for SME businesses to collaborate by increasing SME understanding of Joint Venture (JV) and other frameworks for partnering and lower barriers to collaboration

• *Decrease*
  • Duplication, time and costs associated with procurement processes by taking more innovative approaches around procurement and pre-qualification
  • Cost of compliance and state based regulation
  • Impediments to industry attraction
Proposed Strategic Priorities

**Strategic Industry Growth Themes**

1. Leverage industry strengths from Automotive and Defence sectors for the development and application of sensors and data analytics.
2. Commercialise Innovation in Mining Services for Export Markets
3. Drive Cost Reduction Through Local Innovation in Oil and Gas Services
4. Export of Environmental, Community and Water Services

**Strategic Business Themes**

5. Reduce the Cost of Compliance
6. Increase the Opportunities for Collaboration and Clustering
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Government Initiatives

- Business Transformation Voucher Program
- Export Market Development Grants
- Industry Skills Fund
- TradeStart
- SA Micro Finance Fund
- Business Transformation Voucher Program
- Supply Chain Facilitation
- Automotive Structural Adjustment Program
- Manufacturing Investment Program
- Next Generation Manufacturing Investment Program
- Automative Supplier Diversification Program
- Regional Development Fund
- Industry Capability Network - South Australia
- Australian Small Business Advisory Services
- Accessing business growth opportunities
- Research Connections
- Premier’s Research and Industry Fund
- Small Business Development Fund
- Innovation Voucher Program
- Foreign Market Development Grants
- Business SA Coaching and Mentoring Program
- Automotive Transformation Scheme
How to Navigate Government “HELP”?

Develop a Relationship with Government
Mining & Petroleum Services Centre of Excellence

Selected highlights

- Onshore Petroleum Training Facility
- SRA Environ’ Compliance Platform
- LaserBond Surface Treatment
- IPACS Remote Operations Centre
- Copper Uranium Hub
- LabSA Proppant Testing
- Overseas Delegations
- IMPTEC Super Fine Crushing

Department of State Development
Look for the trends everyone else is missing

“The belief you can make things fly from that nice chair in your office”
– Dain Dunston
Thank you