

# **The Future of Australian Manufacturing National Manufacturing Week Panel Discussion Thursday 9<sup>th</sup> May 2013**

John Blakemore BSc, PhD, Post Doc ASNT, CPEng, CMC,  
FIEAust,

## **Introduction**

Reed Business and Reed Exhibitions, who organize National Manufacturing Week (NMW), supported a panel discussion on the future of manufacturing in Australia. This was organized and facilitated by myself. My invited panelists included one of the best manufacturers in Australia, Frank Seeley, a well known economist and CEO, Craig Milne, an academic, Professor Chris Davies, a former GM of a Toyota subsidiary, Gary Stewart, and a Director of the Institution of Industrial Engineers, Bill Ferme. I was there in my capacity as former Director of Reed Business.

## **Agenda and Format**

A list of potential items of importance was displayed to the audience in no particular order and the audience was asked to pick a topic for debate from the list, or, add another topic if they wanted to.

This list is given below:

1	Setting the Scene Australia's strengths and weaknesses in a global context
2	The World and market economic outlook
3	How significant is the strong A\$?
4	Is Australia a special case?
5	Does Australia have any competitive advantages?
6	What happens to our massive reserves of natural gas, uranium, bauxite, coal, food production and sunlight
7	What is innovation?
8	Does the Government understand R&D and Innovation?

9	Why is our output of scientists and engineers poor?
10	What is the CSIRO doing?...DICE.
11	Have we capitalized on the opportunities created by climate change
12	What industries should we support and should we pick winners?
13	What are we good at?
14	Do the global mining giants care about what is in the national interest?
15	Does manufacturing matter?
16	We need a vision, leadership and a plan.
17	How can we build a better value adding future?

These are now discussed in the order chosen by the audience as follows with abbreviated comments from the panel members. Time did not permit discussion of all the above topics.

### **Does Manufacturing Matter ?**

- Manufacturing is crucial to any civilized country...it is the central core for the success of any country (FS)
- Manufacturing adds wealth to the service industries
- Manufacturing is the core of all progressive societies
- It makes the world go around
- All innovation results from manufacturing
- Manufacturing innovation creates wealth
- Innovation in manufacturing drives wealth creation
- Manufacturing makes a country strong
- Manufacturing creates technology (CD)
- It depends on who you ask
- The people in Canberra think it doesn't matter at all
- Manufacturing is the basis of the security of the nation

What should the government do?

- If we are relying on government then we are lost (FS)
- There is a pull and a push (CD)
- The thing that matters is what the industry is doing
- The government is crucial (BF)
- If the government opts out then we are doomed

- Research cost money (CD)
- SME's need help, they need to be educated in management and R&D
- Australia is a high cost country (CM)
- In the Holden commodore the labour cost is \$12,500 per car the labour cost in Thailand would be \$2,0000 (CM)
- We need tariff protection
- How many people know about the NMW exhibition? (FS)

### **Does Australia have any competitive advantages ?**

- Yes Innovation
- Our education system is a competitive advantage
- One of our advantages is our small size
- USA companies are very slow
- We are not good at innovation
- Australian is 23<sup>rd</sup> for innovative skill in a recent list of developed countries in the world and going down fast
- We are not good at small volume production

### **Audience**

- How can small companies improve.. I am not interested in broad brush answers
- The MBA dumbs you down (GS)
- Put knowledge back into the human being
- Innovation requires effort
- Education in world competitive manufacturing is needed.
- Do not confuse short run scheduling with short run production
- Design out the labour
- I would be thoroughly depressed if I thought It was dumbing down our students (CD)
- Look at the complexity of the gear sample created by 3D printing (handed around (JB)
- Innovation involves ingenuity

### **What is Innovation?**

- Insight
- Ingenuity

- imagination
- Newness
- Inspiration
- Seeing it but doing it differently
- It is the commercialization of business ideas
- It takes a long time to go from the idea to successful commercialization
- In some cases the time frame even now is 23 years (GS)

### **The Effect on Manufacturing of the strong Australian dollar**

- If you think that the high Australian dollar is the problem then you have a problem (GS)
- The problem is how you react to the Australian dollar (GS)
- Seeley is exporting successfully at A\$=1.10 US. The reason is that Seeley gives the customer something that no other company can give (FS)
- The currency war is in progress world-wide
- The government has relinquished defending the Australian currency
- We all know that that real unemployment rate is 10% (CM)
- Samsung, during the GFC spent a fortune on R&D (JB)
- Honda is the only car company that made money during the GFC (JB)
- It is what happens at the firm level that is the most important
- Industry needs to get organized and let the Government what is needed
- Why is Seeley successful?... because it is working on products for the future (GS)
- We must value add (JB)

### **What is Australia good at?**

- Medical Research (JB)

### **Product Development must drive the overall innovation process**

- There has been too much emphasis on process not new products

- It is not what is happening now it is where they are going
- Honda design the product based on feedback (JB)
- It is about product development and then design the process to build the product
- The order is product development and then process innovation (FS)
- The secret of Toyota...take cost out of the design and the manufacturing process (GS)
- I wonder if Australia is good at product innovation (CM)
- The US is very good at dreaming up new products (CM)

### **We need a Vision Leadership and Plan**

- We are a report generator but nothing is ever done (BF)
- The submarine is a real example of our incompetence
- Sitting people in a room to solve the problems of the Australian submarines is a very ineffective way forward.
- Government gave the contract to the Swedes the German tender was rejected
- The politicians once again made a very poor decision
- It is good to see that you are making U Boats again ..a German reaction to our submarines (CM)
- We should build our own submarines and all our own ships...we are an island.
- Australia was founded by the Royal Navy 225 years ago, and ,despite this we do not have a shipbuilding industry.

John Blakemore  
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