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HD **ROAD TO RECOVERY**
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There is life in manufacturing after the last cars leave our soils, writes JESSICA IRVINE

Twenty years after the last car rolled off its assembly line, the old Ford factory on Parramatta Rd in Sydney's west is a hive of activity. But instead of making cars, the privately-owned business **park** is home to more than a dozen thriving businesses employing more than a thousand people.

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The Homebush **site** has not lost its revhead feel. Today the heritage-listed 1930s red brick building bears the name "Sime Darby Motors **Group**" — a **company** which imports French Citroen and Peugeot cars.

The Japanese are also here, importing Nissans, and the South Koreans too, with Kia employing 100 people on **site**.

Technology companies Toshiba and Altech Computers (companies unimaginable 20 years ago) are here too, along with offices and warehouses for logistics **company** DHL, Barbecues Galore and Australian First Mortgages. Yes, there is life after car manufacturing.

Residents of Melbourne's Altona and Adelaide's Elizabeth, who are facing uncertain economic futures after the closure of Ford, Holden and Toyota in Australia, can take some heart.

But there is no denying local manufacturing is shrinking.

Australians made goods valued at \$104 billion last financial year — a dwindling share of Australia's \$1.5 trillion economy.

A century ago, one in four working Aussies were employed in manufacturing. Today it's one in 13 and falling — fast.

The number of manufacturing workers shrank from more than a million to just 943,700 over the past decade — a loss of 58,000 jobs.

Further declines are inevitable says Roy Green, the dean of University of Technology's business school.

"Yes, I think there will be less and less jobs in manufacturing as a share of all jobs," Professor Green says.

To survive, firms will need to link into the global supply chain and focus on delivering high-quality products that satisfy niche consumer demands.

Australians often forget how good we are at this, according to Green. "If you look at the history of Australian manufacturing, those great inventions, right back to the stump jump plough, they emerged out of nowhere," he says.

"They spring from our innate ingenuity, determination and frontier spirit." Ultrasound technology, black box recording devices, wireless internet and hearing devices all owe their existence to Aussie talents, says Green.

"We can do it, people come up with these things." A chance **buy** of a cheap studio microphone in **China** in 1981 gave Peter Freedman — the founder and owner of Rode Microphones — the idea for his now-global business.

Voted manufacturer of the year for 2013, Freedman says he set out with the crazy idea to make 50 microphones a month.

Today, Freedman and Rode employ 140 people and manufacture around half a million microphones a year, exported to 100 countries.

"I'm embarrassed to say business is phenomenal. Our growth potential is unlimited. People think there's no manufacturing left in Australia, but you need to have a closer look. It's there, it's just a little bit hidden," Freedman says.

He adds smaller business is the real engine of Australian manufacturing, possessing the ability to be more nimble.

"We don't muck around, we make decisions quickly. We don't have any partners or debts. I'm just having fun." Green agrees small business people, like Freedman, are the future for manufacturing in Australia.

"It's about design and quality and being cool and having a deep understanding of the consumer's desire. Government co-investment in assembly manufacturing had to come to an end at some point," he says.

"The pity for the country is that this wasn't realised 20 years ago. Each government has not wanted to be the one on the watch when the car industry went under." The jobs of Australia's future will mostly come in services, according to Green.

"Some of them will be low value-added, like hairdressing and health care, which have great social value but less economic value. Other jobs will come higher up the value chain from IT and engineering." But if Australians want to keep affording those imported cars, we'll have to keep exporting too.

If Australia wants to avoid becoming a quarry to the world, governments will have to invest in the skills and know-how of our people to avoid an underclass of unskilled labour like in the US, says Green.

"There's a certain relentlessness to technological change," he says. "You shouldn't lose sleep over it, in the same way that we shouldn't lose sleep over the disappearance of the labour-intense 19th-century industries that were replaced by electricity and the internal combustion engine. The issue is how it is handled." And all that comes down to skills.

History shows many of the workers retrenched from Holden, Ford and Toyota will lack the skills to keep working.

A study in 2006 by Adelaide-based researchers of the fortunes of workers fired from the Lonsdale Mitsubishi plant found a third of those retrenched never worked again. A third had to accept lower-wage jobs. Only a third went on to secure higher-paid positions.

Some of the lucky ones found their way into the defence industry. A dozen or so picked up work with ASC, Australia's largest defence contractor, mostly working on its submarine maintenance program.

Richard Reilly, the head of the Federation of Automotive Product Manufacturers, says it will be too late for many auto parts manufacturers who will be "devastated" by the closure of domestic car manufacturing.

But many have begun to successfully diversify and hit the export market, with one particular success story being Hella, an Australian maker of motor vehicle lights, including headlights and rear tail lights, which began manufacturing lamps for the mining industry a few years ago.

But there are more than 30,000 people employed making car parts in Australia and the majority of the demand today still comes from the departing car producers.

"These people are pretty skilled people and hopefully they can get a job in other manufacturing areas," says Reilly.

With Australia's jobless rate hitting a 10-year high of 6 per cent, time is running out.

But there may still be jobs on offer for those with the right skills and a willingness to move.

Peter Freedman already employs two former car parts makers in his Sydney microphone factory and is hoping to hire around 40 new workers in the year ahead. "Unfortunately a lot of them are in Victoria but maybe some will move," he says. "We'll be looking. We're hiring."

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