By email: ewrp.reps@aph.gov.au

Committee Secretary
Standing Committee on Employment,
Workplace Relations and Workforce Participation
House of Representatives
Parliament House
Canberra, ACT, 2600

March 6, 2006

Dear Sir/ Madam,

Please find enclosed a joint submission from the Australian Die Casting Association (ADCA) and the CAST Cooperative Research Centre (CAST) in relation to the above inquiry into employment in the automotive component manufacturing industry.

Regards,

Michael Lee
Manager Technology Transfer and Education
CAST CRC

Member of the ADCA National Executive

P: 03 9214 8269
E: m.lee@cast.crc.org.au

Australian Die Casting Association Profile:

The Australian Die Casting Association (ADCA) represents the Die Casting industry in Australia.

The objectives of the Association are to promote:

- the advancement of the Australian die casting industry
- the education and development of people in the industry
- co-operation between the Association, the industry and Government

These objects are met through:

- regular branch meetings and plant visits
- seminars, workshops and conferences
- publishing of the Die Casting Bulletin magazine
- development and delivery of education programs
- support for research and development programs

ADCA has a history of representing the industry in these areas dating back to 1954 and represents approximately 350 corporate and individual members. Approximately 75% of the membership base is involved directly with automotive component manufacturing for the domestic and export markets. The automotive component manufacturing value chain is obviously an important focus for the association.

ADCA is a national industry association with the majority of members coming from Victoria, South Australia and New South Wales.

CAST Cooperative Research Centre Profile:

The CAST Cooperative Research Centre (CAST) was established as part of the Australian Commonwealth Government's Cooperative Research Centre's Program and commenced operations in 2005. The Centre continues and extends research related activities on light metals previously carried out by the CRC for Metals Manufacturing (1999-2005) and the CRC for Alloy and Solidification Technology (1993-1999).

CAST brings together universities, research organisations and companies in a joint venture which is focussed upon the provision and implementation of quality research and education on important issues

for light metals processing and manufacturing with a distinct value chain collaborative approach.

A prime role for CAST is to support the growth and competitiveness of the Australian light metals industry through its research, education and commercialisation activities. Just as Australian industry participates in the rapidly developing global economy, CAST also operates globally and works with partners around the world. Through such partnerships, opportunities are created for Australian companies, international standards of excellence are maintained and opportunities for commercialisation are increased.

A number of SME die casting companies and die casting divisions of larger global companies are members of the CAST CRC – notably: ADCA (representing a range of SME's), Ford, Nissan Casting Australia and Ferra Engineering. All of these organisations have worked with the CRC program for seven years. Approximately 25 SME die casting companies have worked with CAST research and educational staff on a range of Industry Best Practice Programmes in a variety of forms over the last five years.

Automotive Component Manufacturing – a Die Casters Perspective:

The total industry turnover (including plastic components as well as die cast metal components) is estimated to be approximately $5B. Wages account for approximately $1B with a direct total workforce approaching 23,000. This workforce covers a wide range of specialist technical skills supported by a range of TAFE and University courses. The proportion of University qualified staff is estimated to be approximately 7 to10%; the number of trade qualified staff is of the order of 15%. A number of the specialist skills such as tool making are serviced by dedicated TAFE courses in a number of locations. A range of University courses are more general in nature with little specialist dedication to the metallurgy of casting.

Automotive components manufactured in Australia are destined for both the domestic (70%) and export markets (30%). An equivalent volume of components are imported into the Australian domestic market largely from Asia. Development of more overseas sales requires input to the global vehicle design process as well as being able to compete on a per piece price basis. Both aspects require a globally competitive technically adept workforce.

The Australian automotive component manufacturing industry is made up of a number of SME's. On a global comparison our largest organisations are considered to be on the small side of Medium sized. Over the last decade a number of the small die casting companies have merged or ceased to exist. During the same period there has been a slight increase in tonnage and raw parts produced and a decline in numbers employed in the die casting sector. Globally there has been a much larger increase in die cast automotive components and a significant growth in the Asian region (and a decrease in the USA). Australia accounts for approximately 1% of the global automotive die cast components.

The current issues associated with the demise of ion Automotive (one of the largest domestic die casters brought about by a merger of a number of smaller companies) will affect/ is affecting the industry dramatically.

The ability of a die casting company to be successful in the automotive component manufacturing sector requires:

- tight control of the manufacturing process and costs
- good market research and design input
- a well trained workforce capable of working with technical systems and equipment
- a range of customers (both domestic and export) in order to cope with the cyclic nature of model manufacture and production runs

Comments from ADCA and CAST to the Standing Committee:

Current and future employment trends in the industry:

A greater number of die cast components per employee coupled with an increase in assembled components (rather than raw castings).

In order to supply Original Equipment Manufacturers (OEM's) with die cast components a greater utilisation of existing equipment is required to drive down the unit cost. Provision of assembled modules of components with associated possible machining, quality control tests and specialist criteria being met. These aspects require a combination of additional skills brought into/ expanded within the ADCA membership as well as an upskilling of existing technical skills.

Emerging skill shortages and appropriate recruitment and training strategies:

Specialist metallurgical training at both the engineering and technically trained shop floor staff level is required. Manufacturing skills such as tool making and process logic control are required for the industry to expand.

The problem is more pronounced with the small scale die casting companies; the medium sized companies are viewed as a premium employer in general and hence are able to employ experienced staff more readily. The larger companies in general have invested time and effort in more extensive internal training and development. ADCA have previously provided a training program affiliated with RMIT. The CAST CRC in conjunction with Swinburne TAFE have endeavoured to carry on this activity. Due to the low level of possible students dispersed nationally the delivery of specialist training is dependant on the federal grant and industry support managed by CAST. An individual TAFE would struggle to develop and offer such a technical quality course nationally. A number of TAFE's trying to develop such courses would struggle to justify their individual activities in light of the small potential student market and the expense of running a demonstration course.

ADCA and CAST recommend the focusing of resources for a federally funded teaching foundry environment to service the national casting industries and available to both the TAFE and University sectors. ADCA and CAST are able to provide technical teaching content and guidance. The teaching foundry should be based in Victoria and involve a large component of on the job training support.

Streamlining of the existing TAFE training assistance schemes is required in order to promote the programmes to SME's. Allowing existing qualified staff to be eligible for further certificate training allowances would assist with the up-skilling of existing staff. A significant increase in funding support is required to allow existing staff to be released from production roles for training.

Labour adjustment measures required to assist redeployed and affected workers:

Existing procedures and systems need to ensure protection of superannuation funds and access to training and job seeking skills..

The current systems appear to be working adequately.

Measures to support skills development, innovation and investment in the industry:

Focusing of specialised metallurgical training at a practical demonstration training facility catering to the broad casting industries.

Funding/ heavily subsidising the delivery of training from the centre to companies on a national scale.

Greater financial support for SME's to release staff for upgrading of technical skills.

A greater emphasis on metallurgical skills in a range of undergraduate engineering courses.

Government assistance in lobbying global OEM's to incorporate Australian components in the global designs.

Technology transfer programs such as the CAST/ ADCA Best Practice program.

The die casting industry recognizes that continual improvement, internal and external benchmarking, training of staff, implementation of new technology and capital are all important factors for commercial success. The support requested from the government is focused on streamlining the existing systems and enhancing the teaching and technical support associated with the metallurgy of manufacturing die cast components.

Both ADCA and CAST would be pleased to assist the committee with further discussions, plant tours and clarification of any points or issues discussed in this submission.

Regards,

Michael J. Lee

Manager Technology Transfer and Education: CAST CRC

National Council Member: ADCA