

Senate Inquiry into Current and Future needs April 2003

Automotive Centre of Excellence

Response to

Senate Employment, Workplace Relations and Education References

Committee

Enquiry into Current and Future Skill Needs

April 2003

Introduction

I am pleased to be able to attend this hearing and provide you with the ACE story thus far. You have, I understand, been provided with Allen Consulting Group report to Kangan Batman Tafe on the Automotive Centre of Excellence (ACE) and that forms the basis of our discussion with you.

I would also like to acknowledge that your interest was aroused in discussions with the VACC, amongst others in other forums previous to this and their presence here today is important in displaying their support.

The vision for ACE had its genesis in the requirement to re-invigorate Automotive training and facilities in the TAFE system, particularly in Victoria, but in reality across Australia. KB TAFE, as the largest provider of Automotive training (approx 45% of state output for the RS&R sector), has facilities and other characteristics which reflect an outmoded view of the Auto industry and the RS&R sector in particular.

An easy decision at that time would have been to simply replace the existing stock and carry on at Richmond and Coburg sites. The more challenging and difficult decision was to look in depth at the broader redevelopment of the infrastructure underpinning the automotive industry in Victoria and Australia and how to meet challenges the industry faces if it is to succeed in the global operating environment.

It is a truly global industry which needs to be supported by world class education and training, a research and development base, an enhanced global profile and sharper positioning within the global industry.

The importance of the Auto Industry to the Victorian and Australian economy is recognised. Such stats as the largest manufactured export earner are understood and acknowledged.

Review Process

- Global/Local context
- The Proposition
- Consultation Messages
- The value of ACE
- Component stages
- Progress to date and conclusion

Global Context

Industry Structure:

- Consolidation amongst vehicle manufacturers
- Outsourcing of design and production to the supplier chain
- Manufacturers as Brand Managers who have greater control over after sale care

Technology Trends

- Digitisation of the vehicle (chip)
- Virtual prototyping
- Sophisticated diagnostic tools in RS&R
- Mechanics to technicians

Education and training supporting infrastructure

- Rapid advance of technology supported by key education and research institutions eg Kettering Uni (USA), Uni of Tokyo(Japan), Aachen Uni (Germany)
- Cluster of expertise and collaboration enhancing innovation developments
- True Industry - institute collaboration in pre-competitive basic research and commercial in confidence product development.

Local Context

Industry Structure

- Victoria is home to Ford and Toyota and has significant Holden operations
- Substantial low volume/high value bus and truck assembly
- Hundreds of manufacturing firms from first tier to third tier suppliers
- Substantial design and product development requirements to support the manufacturers.
- Significant RS&R sector
- Small domestic marketplace which needs access to the global marketplace
- Skill shortages
- Skill segmentation

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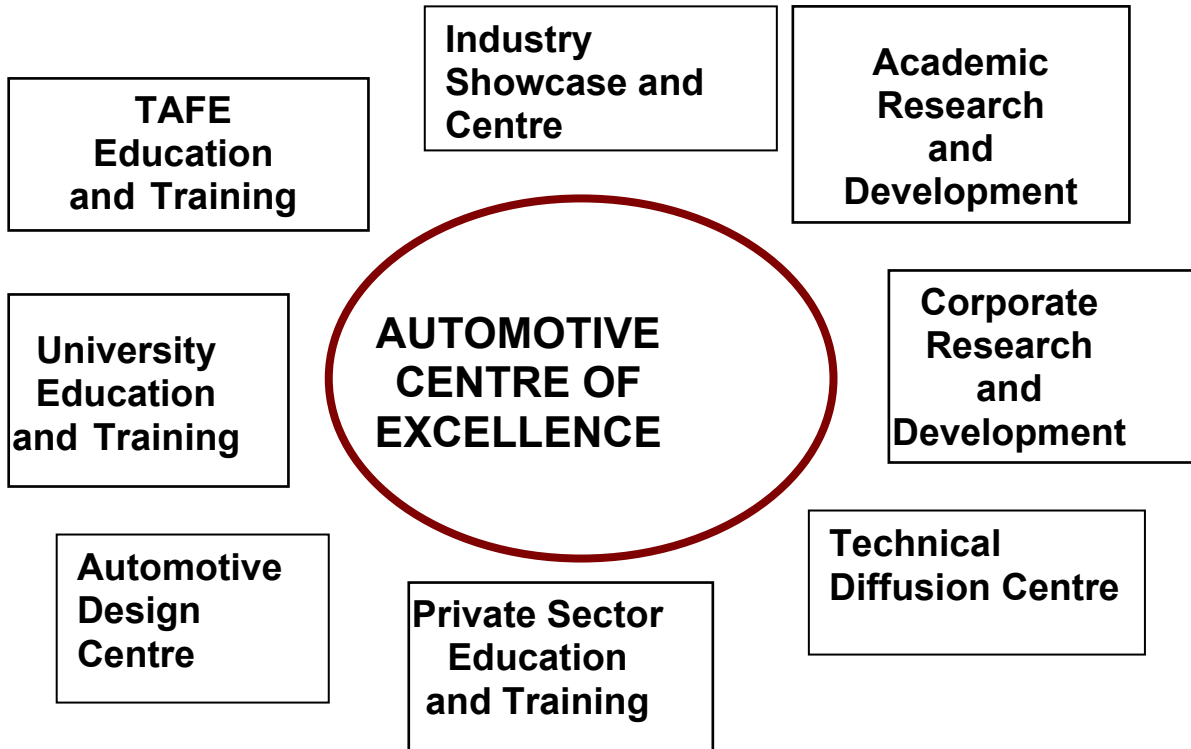
Technology trends

- Same as global but a fear that the gap in technologies in the major auto centres of the world will widen

Education and Research supporting infrastructure

- Fragmented and patchy
- TAFE and Industry is closer than Uni and Industry
- Relationships have significant tensions
- No institutions like above
- Institutions feel left behind in the funding stakes to allow them to fill the role

Proposed elements of ACE



Model for the ACE

Through wide consultation with potential stakeholders, a model for an ACE and its constituent elements has been developed. The proposed ACE would be focused on:

- addressing the significant problems in retail, service and repair training that are in part due to the inadequate state of the existing aging Kangan Batman TAFE automotive training facilities, which service 3,750 students per annum;
- improving the quality and co-ordination of all sectors of the education and training system, from VET in schools to TAFE and through to undergraduate and post-graduate engineering degrees, supporting the manufacturing sector;
- building a critical mass of leading edge research and product development capability available to support the industry as it seeks to improve its innovation performance;
- **showcasing** the capabilities of the industry to improve its image and thereby showcasing the capabilities of the industry to improve its image and thereby allow it to attract the people required to drive future innovation in products and practices;
- provide a **high profile** place, both physical and virtual, for the industry to improve communication and collaboration, both within the industry and between the education sector and industry; and
- **globally** position Victoria and Australia in the automotive industry.

Consultation messages

General Findings

- Support for the concept of an ACE
- Support for many possible component elements of an ACE
- Vehicle assemblers would like to see the centre as being an essentially education & training focussed centre.
- Higher education and component suppliers stress the importance of including a significant R&D capability in the centre.
- Significant tensions between Industry and the TAFE and University sectors.
- ACE should be operated in such a way that its services can be utilised on a “virtual” basis by remote stakeholders.
- Broad agreement that a staged development approach is appropriate.
- Urgent need (seen by the Kangan Batman and the VACC in particular) to modernise the automotive training facilities of KB TAFE.

More Specific findings

- Different models for training (at all levels) need to be considered.
- Trend evident within the RS&R sector for large dealers to take on training in-house (much as the vehicle assemblers do with much of the training for production workers) but not necessarily to the exclusion of the TAFE system.
- The rise of “virtual engineering”
- Components manufacturers would gain considerable benefit from access to contract research, product development services and facilities.
- Traditional Industry/University models for collaborative R&D activities (eg. CRCs) are inappropriate.

The Value of ACE

The value of an ACE would lie in the extent to which it can:

- strengthen the automotive industry, and the wider manufacturing sector, and ensure manufacturing and engineering capabilities to compete globally;
- improve education & training and research & development outcomes through promoting critical mass and network effects;
- position Victoria as a globally significant centre of excellence in the automotive industry, particularly in the areas of collaborative engineering services and niche manufacturing;
- showcase Australia’s automotive expertise;
- position Victoria as a supplier a high quality education and training (including distance delivery) services for the automotive industry;
- build the industry’s image to allow it to attract the talented employees that it needs;
- broker best practice product design and manufacturing outcomes
- improve linkages (both physical and virtual) between industry stakeholders; and
- allow high facility and equipment costs to be shared.

The financial viability of the ACE will depend upon the extent to which it can provide additional value for :

- individual companies
through giving them access to better educated and trained people and providing better and lower cost technical support and research and development services;

education & training, and institutional research & development providers through allowing them to share costs, attract greater company support for their services and provide a better experience to both students and teachers;

- the automotive industry as a whole

through strengthening the education & training infrastructure, building a stronger R&D system, better showcasing the industry to the local community and the global industry and consequently better enabling the industry to attract bright young people into the industry; and

- the community

through better linking the education & training system to business needs and developing the industries overall capabilities and hence contributing to the creation of high quality jobs and increase the attractiveness of Victoria as a location for major industry events and investment

Progress to date

- **Feasibility studies completed and approved.**
- **Docklands site procured** (Fox Trust site on Collins St.)**
- **State Government funding received (\$14.6m) to commence Stage 1 KB Tafe redevelopments on site and running by 2005**
- **Interim Board established under Chairman Ivan Deveson to plan Non - Tafe elements**

** Location

The importance of the location on Collins Street and in the Docklands cannot be underestimated.

Collins Street

Main Street, Business success, serious players, financially successful, attractive and desirable place to work and have an address.

Docklands

New Melbourne – smart and modern, incredible access by rail, highway and aero, technological infrastructure is most advanced in town, exciting and happening place.

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It highlights:

Auto industry is a core part of Main Street, Australia

Auto of the future is not located in dusty, dirty backwaters of our community as perceived by parents and some in the community.

Auto future is about advanced technology and clean, green processes as distinct from the view of parents and the community.

Thankyou

Phillip Murphy

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Kangan Batman TAFE

Somerton

Vic Australia

Component Staged development approach - ACE

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