

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into Manufacturing in Victoria

Melbourne—7 August 2009

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Ms M. McManus, State President, Victoria Division, Engineers Australia; and
Ms G. Graham, Executive Director, Victoria Division, Engineers Australia.

The CHAIR—I welcome Ms Madeleine McManus and Ms Glenda Graham to the all party parliamentary committee hearing taking evidence today on the Inquiry into Manufacturing in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. Comments you make outside the hearings are not afforded such privilege. Could you each please state your name, your position, organisation and business address please.

Ms McMANUS—Madeleine McManus, State President of Engineers Australia in Victoria, 21 Bedford Street, North Melbourne.

Ms GRAHAM—Glenda Graham, Executive Director, Institution of Engineers, Victoria division, 21 Bedford Street, North Melbourne.

The CHAIR—Thank you. Over to you to make a verbal submission. We usually try to keep the submissions to 15 minutes but that does not always happen because we end up interrupting you. We will see how we go.

Ms McMANUS—That is fine. Engineers Australia is the peak body for engineering practitioners in Australia and represents all disciplines in branches of engineering. Engineers Australia has almost 90,000 members in Australia who are bound by a common commitment to promote engineering and facilitate its practice for the common good. Thank you for the opportunity to comment on manufacturing in Victoria. This inquiry is very timely. Engineers Australia has recently issued a manufacturing policy position supported by a new report titled *Engineering the Future of Australian Manufacturing*, which was launched in Melbourne on 27 March this year, and we will make copies available.

While we have already supplied copies of both documents for your consideration I would like to take this opportunity to outline the background behind the development of the policy position and report and the key issue which has been considered by both positions. In 2008, Engineers Australia brought together a group of members to direct a program of work inquiring into the issues material to the future of the Australian manufacturing sector. The manufacturing working group was chaired by our past national president of Engineers Australia Peter Cockbain who is a very successful manufacturing engineer in his own right. Peter was an excellent choice to direct this work, an electrical engineer. Peter established and continues to own the highly successful and innovative electrical equipment manufacturing company, Ampcontrol, which is one of Australia's leading manufacturers and international suppliers of electrical and electronic products to the power, energy and mining sectors. The company employs more than 800 people across Australia and internationally.

Peter is also a member of Federal Minister Kim Carr's Future Manufacturing Industry Innovation Council, and the Prime Minister's Science, Engineering and Innovation Council as well. With Peter as chair, the Engineers Australia's manufacturing working group developed an internal discussion paper and online survey to collect our members views. That is the 90,000 that we mentioned earlier. After robust member comment and participation, a discussion paper and survey results have formed the backbone of the report and the policy position which you now have copies of. Engineers Australia's motivation to producing the report and policy position is to provide input into future government planning, priority setting and initiatives related to the Australian manufacturing sector.

Engineers Australia has long played an active role in Australia-wide discussions on innovations and the importance of Australia's science, engineering and technology skills to the development and commercialisation of emerging technologies in Australia. Engineers Australia members have an ongoing interest in innovation and in the role that research and development plays in underpinning the nation's welfare and also the continued success of the Australian manufacturing sector. *Engineering the Future of Australian Manufacturing* outlines that Engineers Australia believes that a strong manufacturing sector is an essential

component of the Australian and therefore the Victorian economy. While the sector has undergone a period of change the resulting structural adjustment has ensured the sector's continued relevance as a contributor to GDP, a provider of employment and as both a source of export and import replacement revenue for Australia.

The current global financial crisis has created a new set of challenges for Australian manufacturers with the downturn adding to the long-term pressures for domestic firms to adjust to a more competitive market. Throughout 2009, the manufacturing sector has faced a challenging economic environment with an overall decline in activity. Despite the global economic downturn there are a number of areas of future potential growth for the Australian manufacturing sector. These opportunities and challenges are considered in detail in our report. To continue to compete globally, Engineers Australia has made a number of recommendations directed at the Federal Government. However, many of the recommendations can also be strategically supported and promoted by the government of Victoria.

The recommendations of the report are based on the belief that the manufacturing sector requires a high level of innovation and integrated programs between industry, government and the education sector to enable opportunities to be grasped and for potential growth to expand. The overarching recommendation by Engineers Australia is that a strategic vision for the manufacturing sector must be developed and supported by a national manufacturing policy. The manufacturing policy should be directed by the existing Future Manufacturing Industry Innovation Council and guided by a ministerial forum under the Council of the Australian Government COAG to review progress and consider forward strategies. The Victorian government can play a role in promoting this concept and supporting and contributing to its development, particularly as part of the COAG process. Engineers Australia is also aware of the past work of the Victorian Government on the manufacturing strategy and subsector strategic plans aimed at making Victoria the key centre of manufacturing excellence in the Asia-Pacific region. The Victorian government obviously has much to offer in the development of a national manufacturing policy given that Victoria is the centre of manufacturing.

Engineers Australia also considers the essential elements of a national manufacturing policy to be the development of technology roadmaps. The technology roadmap concept is a consultative process led by government that is designed to help manufacturing, its supply chain, academic and research groups to come together to jointly identify and prioritise the technologies needed to support strategic research and development, marketing and investment decisions.

Since the launch of *Engineering the Future of Australian Manufacturing*, Engineers Australia has been provided with information from [DIRD] Department of Innovation, Industry and Regional Development (DIIRD) indicating that the Victorian Government is considering road mapping various sectors currently. Engineers Australia supports this initiative and believes that the committee should recommend that manufacturing be considered as a priority sector by DIIRD. The Australian manufacturing sector will require assistance to respond to the challenges and new directions set by the technology roadmap process. Engineers Australia has therefore recommended that the enterprise concept manufacturing network should be the key government initiative to assist the sector.

Staff representing Enterprise Connect in Victoria attended the May launch of our report and provided positive feedback on the scope of the recommendations and shared details of valuable and growing contribution of the network to a number of Victorian manufacturers. The final key recommendation of *Engineering the Future of Australian Manufacturing*, which I will mention now, is related to the engineering, science and technology skills that are critical to the future of the manufacturing sector. Even in the current economic situation there is a

persistent engineering skill shortage across Australia which has not been reduced by the current economic downturn. For example, more professional engineers currently migrate to Australia each year than are actually produced by our own university systems nationally. At the same time Australian engineering firms are consistently reporting that their capacity to deliver engineering projects is being undermined by skill shortages.

Engineers Australia believes that a national skills strategy is needed to address these issues, rather than a piecemeal approach which has occurred in the past. This will require involvement, collaboration and leadership from business, industry, education providers and the government as a collaborative group. Engineers Australia is currently working with a coalition of business, education, industry and professional engineering bodies, including the Association of Professional Engineers, the Association of Professional Engineers, Scientists and Managers Australia, the Association of Consulting Engineers Australia, the Academy of Technological Sciences and Engineering and the Australian Council of Engineering Deans, towards the development of a national engineering skills strategy. As the project developed, Engineers Australia would be in a position to keep relevant Victorian agencies and government representatives up to date with work towards the development of the overall strategy.

We are very pleased that the Victorian Government is considering issues that are related to manufacturing in the state in detail currently. Thank you particularly for the opportunity for us to give evidence to the committee. We certainly hope that the work undertaken by Engineers Australia in this area will be of assistance and we can use that to work from a platform going forward.

The CHAIR—Thank you. The first question I want to ask is can you give us examples of manufacturers who have decided to bring some of their offshore sites back to Victoria because of a range of reasons, be it quality, ready supply, long-term management, costs. We have been given a range of examples of why it is cost effective to do it in manufacturing in Australia. Do you have examples where local business has decided to do their manufacturing—what was offshore manufacturing back to Australia?

Ms GRAHAM—Not so much bringing back but expanding. A lot of that is around redevelopment. A key component of that is smart manufacturing. I listened to your comments previously about speaking to some people who may not previously presented to such inquiries. For example, there is a medical materials manufacturer that has started up a brand new plant and is using the Green Building Fund as part of that process, and they have been using AusIndustry funding. You can clearly see that they can compete very effectively in what is quite a strategic niche market but see that they can compete against the Chinese with an onshore factory and that is the use of smart manufacturing processes. They are the organisations that are worth speaking to.

Mr ATKINSON—Is that consumables or sophisticated?

Ms GRAHAM—It is reasonably sophisticated. It is medical fabrics: gauzes for surgery through to fire blankets, a whole plethora of materials. It is competing in a fairly common market. The clothing manufacturing sector, we have lost a lot of industry offshore. They are the kinds of people who I think might be useful for us to submit.

The CHAIR—Could you give us a couple more examples.

Ms GRAHAM—I do not think I can give you specific examples right now but I can come back to you.

Ms McMANUS—There are some general examples where we are doing some

manufacturing and combining of recycling type plants around building products. Some of these are at the preliminary stage. I am not quite sure how much I am allowed to mention about it but we can come back to you. This is a list of organisations that have successfully done the manufacturing replacement or re-engineered their manufacturing process back onshore. I am certainly aware of a number of organisations that have done the manufacturing replacement process. Rather than sourcing it offshore they have brought it back in-house from that. We can put together some information provided to the Committee.

The CHAIR—I have one other question in relation to skills. How many more tertiary places do you estimate that we need for undergraduate engineers—part A? Part B is workers in the manufacturing industry now who may not have had the opportunity to go to university. Are there any projects under way to get those people as mature age students into engineering?

Ms McMANUS—There are a number of universities that have a combined TAFE system and then dovetailing into a university course. For example, a certificate of engineering you can do at TAFE level and then develop further into engineering if that is what you desire. We are seeing a transition of people who may have trade skills on the ground for a couple of years and then decide they want to convert that to a certificate of engineering and then go to the full degree that way. There is now a combination of pathways to get into the engineering profession where previously it was a four-year degree. Now we have a wide range of experienced pathways to get into that profession.

Mr DAVIS—It is five years now.

Ms McMANUS—No, that is the master's. That is at Melbourne. You can do a four-year degree at university.

The CHAIR—If you do this through to a degree, is that at RMIT?

Ms McMANUS—Swinburne does it as well, and Monash University has a diploma of engineering, but you can build onto it, yes.

Ms GRAHAM—We are very fortunate in Victoria that we have a number of universities that are dual sector universities. Those that are not tend to partner with the TAFE sector. The other thing is the Institution of Engineers is working with a number of the TAFE sector and the vocational sectors to look at a certificate of graduate diploma so you can make the transition, rather than going from an advanced diploma pathway into university, you can take a vocational pathway at postgraduate level. We are looking at some very innovative programs that are being considered at the moment to provide a strategic pathway which will then link up with something like a masters in engineering practice. A group comes out of the University of Southern Queensland, for example, that again is a vocational based. It uses the workplace for a case study. That is very attractive for mature age students. Those programs allow an engineer to progress from one occupational category to another while being active in the workplace and adding to their qualifications, rather than just repeating the same level of qualifications, we are really keen to consider.

The CHAIR—In undergraduate place numbers, do you have a figure on how many workplaces we need?

Ms McMANUS—Australia itself currently produces half of what we require. We supplement that through migration. We have been static for about 10 or 15 years.

The CHAIR—So whatever we have now, we need to double.

Ms McMANUS—It is not enough.

Mr DAVIS—Is there a study we should look at on that?

Ms McMANUS—There is, yes.

Ms GRAHAM—We will send you some data.

Ms McMANUS—We have qualified data around that but ballpark. It is currently half as much. If I could genetically engineer my engineering workforce I would be very happy, but there are ethical issues around that.

Mr DAVIS—Let me follow on from this education area, there is base level engineering qualifications and as you have said the articulation through and then there is high level qualifications on top. Now, the focus on the manufacturing side of it—and forgive me, please explain—which of our universities would have that focus?

Ms McMANUS—You mean as a specialist manufacturing group?

Mr DAVIS—Yes, exactly. Is there a university in Australia/Victoria that has that as a particular focus?

Ms McMANUS—We certainly have universities that are stronger industry partnerships for delivery around centres of manufacturing excellence. I have to declare that I have some bias because I sit on the board of some of the universities, so I might throw to Glenda who might be a little bit more neutral.

Ms GRAHAM—I think generally the degrees are not necessarily with a specific bias, it is more about the underpinning skills. The way we view a professional engineer's development is that the first four years is the acquisition of the underpinning knowledge and skills. In manufacturing, mechanical is going to be a strong focus. Most of the universities will offer a good mechanical course. We tend not necessarily to encourage the fragmentation down because it is the underpinning knowledge and skill. They are going to spend the next four years in an organisation learning how to effectively apply that knowledge and skill. There is a designated point of—to practise competently which is a chartered engineer. We really see to develop a fully performing engineer takes about eight years and it is a dual process: one, spending time with a university professor; the other half is spent in industry. Developing industry skills we see as being critical in situ in the organisation, rather than everything being developed in university and they come out ready formed.

Ms McMANUS—Mind you, there are some focuses in some of the universities where they are specialising in some skills. For example, one of the local universities has a school of automotive engineering in which they are obviously promoting the development of skills where they work on a race car and develop that side. Another university has a focus on the aviation industry and they have partnerships in that and they are developing the manufacturing process to support that and they are helping them win business and develop expertise to deliver strengths and skills and capability around the aviation sector. There are definitely universities that are promoting a specialisation in different areas, and it really comes down to some of the industry partnerships that the university is engaged in. It might be a CRC type arrangement, it might be an industry partnership development type of R and D delving into manufacturing and patent process going forward. It does depend, but we do have some good ones.

Mr DAVIS—Let me get this clear. You have the general undergraduate with some tiny level of specialisation, then you have your four years in the workforce to become chartered, but during that period you could be doing a whole range of different things as well.

Then after that there might be further specialisation. What is there in terms of that?

Ms McMANUS—The specialisation with that?

Mr DAVIS—Yes.

Ms McMANUS—I am talking about in the first four years of studying the undergraduate degree. That is where some universities have a special automotive school.

Mr DAVIS—But it is a secondary kind of specialisation. The base level skills is the primary aim of that first four years. I am thinking what is there in terms of training in the four years whilst they are at work and beyond that specialises into some of these areas. Is there a master's level in manufacturing engineering? I am looking at the titles here. I am happy to be educated.

Ms McMANUS—Yes. There are certainly master's courses focusing on a wide range of manufacturing disciplines, ranging from automotive manufacture to batch manufacturing type process, depending on what your specialisation is. A lot of that post-specialisation, once you get your undergraduate degree, happens within the workplace, that onboard vocational training that develops a competency post-practice, if you want to call it, where they develop towards their CPEng type qualifications so they are qualified then by the profession to determine that they are eligible to practise at a certain level of engineering as a signed-off engineer.

Mr DAVIS—Is there any role for state government to persist in strengthening that post first four years period and the level of skills and research into these areas?

Ms McMANUS—Very much so. There is a focus, support, development and that partnership between industry, government and the organisational organisations to deliver the skills that are required for future planning, to delve into that national skills strategy that I spoke about earlier. We are really only going to get to where we need to be as a state and a country in terms of where our skills are developed if we have that tri-partnership to get to where we need to go. That requires a review of what is currently required, future strategy development and then the supporting underpinning of the educational side to get to where we need to get to. That is where we are talking about that national skills strategy approach that needs to be done and then work Victoria in.

Mr DAVIS—Yes, but we may not be able to do the whole national strategy. We can recommend things on a national level. They may or may not be followed but we can be more persuasive where we get a bipartisan position at a state level.

Ms McMANUS—Yes.

Mr DAVIS—You might want to think where we could, in that educational area, intervene.

Mr ATKINSON—You mentioned, apart from anything else, in terms of the shortfall in skills, brain drain. Why are we losing people from the manufacturing sector and brain drain overseas?

Ms McMANUS—That is because there has not been a lot of research and development in manufacturing in the last wee while. There are more leading edge manufacturing techniques, even though some of them have been instigated here, have been taken offshore and developed. That attracts our best and brightest to go and follow that train so they can learn from that side. The sustainability of the manufacturing sector in terms of

some people's mind has a question mark over it. We think about the automotive sector, for example, which has been a strong manufacturing platform for Victoria and what it has been going through in the last year is a change from the traditional model. Victoria has been very adaptive in picking up new technology and changing the way the manufacturing process is going which is quite different from the other internationally, and now that people can see there is a bit more of a future to it than maybe five years ago where they were developing a similar product going forward that would not necessarily meet with impacts on the environment that a vehicle might do, for example. We are seeing some of those people now retained but that is where they have invested in R&D to develop that process, and where they have not done that process. If you are somewhere in manufacturing you will follow where the best practice is to learn your craft. If we can offer that, that is great, we will retain them; if we cannot, they will go offshore.

Mr ATKINSON—Why have they not been invested in research and development?

Ms McMANUS—There have been tax changes in the last 15 years that have made it more expensive to do that here particularly, have the same tax concessions. I think about 10 years ago a lot of R&D centres that were based here suddenly went offshore because they received better deals elsewhere. That development will attract—

The CHAIR—Give us some specifics. Specifically what would make a difference by way of incentives to encourage investment and commercialisation of the R&D?

Ms GRAHAM—If you look at our policy it is starting off a division that we are strongly recommending that we need to see, a series of planks to underpin the manufacturing division and that is around the national manufacturing policy. I do understand what you are saying that this is a state government inquiry, but we strongly believe that until we get an approach where there is collaboration across the sectors, we are able to harness the capabilities sitting inside our universities and within our industries across the various states, until it sits within an innovation and a manufacturing policy that is embraced across the process—and that is where the technology roadmaps are so critical in that process. Until we can see that as part of where individual industries sit then pinpointing individual incentives becomes a problem for our manufacturers because it is not addressing the core issue.

The CHAIR—I might have missed something but this is what I am getting at. You talk about a technology roadmap, you talk about the core issue. I am suggesting to you that as Engineers Australia I would think with the basis of your membership you would know what are some of the key core issues. From what I have heard in previous evidence there are, as we heard earlier today, some companies that have entree to research and development funds because they are well known, they are well connected, they might hire consultants, but the research and development is not necessarily going to be retained in Australia. It could be given to a big company and the research and development goes offshore. If you forgive me for saying this, I want to get away from all of the roadmaps and all of the national plans, to some of the smaller, medium companies that want to have manufacturing in Australia. They want to make sure their fellow citizens are employed, that families are given a working wage and so on. They said to us that some of the R&D is wasted.

How do we as a state parliamentary committee, making recommendations to DIIRD and to State Government, advise them on how you spend R&D incentives well?

Mr ATKINSON—Can I go a little bit further. From my point of view I do not understand why any company would do R&D to get a government incentive, frankly. I am staggered by some of the evidence that we are getting; that is that the government should bankroll all these companies. The reason why I would do R&D is so that I could make new product, make more sales, make more profits and I would want to do it myself, and I own a

business and that is what we do. We cannot go to the government and ask for any money. I get the tax incentive a bit but I want to know what the other things are that really inhibitors to why people are not getting R&D.

Mr DAVIS—Or alternatively things that might facilitate it.

Mr ATKINSON—Yes, because it has to be more than tax incentives. It has to be more than government grants.

Ms McMANUS—I think there is a cultural thing around that R&D is not invested or seen as a priority for an organisation to improve a manufacturing process. I do not see it being embraced as it was previously, the way you do business and improve it. If you think about some of the innovators in Victoria from a manufacturing side that have come from all walks of life, so it might be someone's idea in the backyard where they have converted it into a result. We have some very smart academic institutions that have come up with some good project work and that has been taken to manufacture as a process from that side. It comes from lots of different areas. But some of the R&D process takes a while to invest to an outcome. Not everything can convert to exactly what you want, but you need to have some culture where that is certainly considered to be best of grade and manufacturing, but you cannot go and manufacture something and claim it has gone the way of another country because what is the point of differentiation.

You need to have a point of differentiation. We cannot compete on a wage for wage scenario from a labour point of view, even the materials case, depending if we are smart about recycling and what we are doing. We need to review the process, be competitive and re-engineer our manufacturing industry, which I think is what we are looking at in terms of—on Victoria's behalf certainly we have had a big change in the last 10 or 15 years in terms of what our manufacturing base used to look at. You have to be smarter. That comes from engineering innovation and the excellence in delivery, the reskilling of the industry and re-energising the processes around manufacturing to have that large point of differentiation so that we have a sustainable manufacturing sector going forward, both statewide and nationally.

Mr ATKINSON—I think the CRCs are actually happening. People like CSIRO have contributed an enormous amount through R&D in collaborating for projects. I am not sure that we are not actually underestimating the amount of R&D that is done anyway. The other key point—somebody touched on this word, it might have been the chair—we have also been exploring which runs to some of that brain drain and it is at a significant cost to our manufacturing sector is the inability to commercialise a lot of our intellectual property. Your guys again are a skilled part of the process and clearly are involved in much of the development and the identification of opportunities that are too often opportunities lost overseas. What do you see as the major hurdles to the commercialisation of our ideas and therefore the sustaining and growth of our manufacturing industry and as part of those hurdles whether or not there are simply attitudinal problems with the finance providers as one of the key stumbling blocks?

Ms GRAHAM—I think the attitudinal blocks occur in two areas: one is finance which is one issue but I think there is a need for cultural change around the approach to buying in Australia. There is a tendency to want to buy from overseas. We often see it at government level and across our businesses as well. There is a safety factor sometimes in buying overseas.

Mr DAVIS—Why, because it is a big established firm?

Ms GRAHAM—A big established firm. It is a bit like the IBM factor, those cultural issues. I listened to Steve before and there is a reference to the same thing, a recognition that

our home-grown product is good and understanding that. Part of that is how we describe what is good value. Too often it comes down to good value is often the cheapest price and does not take into whole of life understanding. It is a greater sophistication in the purchasing process and the maintenance process that is required to maintain an asset, getting both the private sector and the government to understand the importance of major purchases, not just being a value for dollar issue at the purchase price but it is an investment opportunity, and the skills that can come with the acquisition of a major asset and maintaining that asset. The whole of life understanding of a purchase can mean that our own products can compete very effectively.

Ms McMANUS—I will give you a recent example. Bushmaster is a very good product. It is produced locally in Victoria and Bendigo for the military.

The CHAIR—I am not familiar with it.

Ms McMANUS—They are going through an upgrade process. It is a federally funded project. That project is open for international tender and it is not specified an amount of local content. To support the manufacturing industry and to maintain the sustainability of something like a product that is locally made and well produced, maybe we should think about specifying a certain amount of local content in reviewing from a manufacturing basis initially first before automatically going to the international market.

Mr DAVIS—But aren't there trade restrictions on that?

Ms McMANUS—There could well be.

The CHAIR—That was challenged by Steve Dargavel, our previous witness, who said sometimes trade obligations are not necessarily what they are held out to be.

Ms GRAHAM—Also the recent changes to the PPP process and the involvement of the ICN in that process where when tenders are being considered, it needs to consider local content. That local content has to be competitive, it has to be able to stand up to good scrutiny.

Mr DAVIS—They get a look in.

Ms GRAHAM—Correct, and often that issue of making sure we do ask the question. If we are looking at using product from overseas is there something local that competes effectively in that space that should be considered in the process.

The CHAIR—Again previous evidence: we have examples of two states in the US where there were very clear specifications that if they were put up by some of our state governments it was suggested you could not do it. Do you have examples of where government has done this in a way that you are supportive?

Ms GRAHAM—Unfortunately, Kate, who was meant to be here with us today is ill, so we will come back to you, Christine, with that because there are some really good examples of that.

The CHAIR—David was lamenting the fact that Eastlink gantries were manufactured in China.

Ms McMANUS—I completely support that point of view because I have a manufacturing complete bias and I would much prefer the locally manufactured than go offshore, and I do not think it should be an example of the price point and off you go. I think

there should be considerations of long-term sustainability in the manufacturing process to support local industry.

The CHAIR—You might also throw in some examples of where we have imported and the standards do not meet our conditions. For example, the ferris wheel at Docklands—

Mr ATKINSON—Was that imported?

The CHAIR—Yes, imported.

Ms McMANUS—None of our local product.

Mr ATKINSON—You got off lightly on the barriers to commercialisation. You mentioned the two mindset issues that it is good to buy big and international and also the finance. What are some of the other barriers to commercialisation?

Ms GRAHAM—What we are recommending, certainly as part of this process, is not so much the barriers but looking at what can be done. The promotion of the CRC process is seen as being really important in looking at opportunities in manufacturing around commercialisation. We think it is important to start looking at the linkages. We are looking at a register of opportunity and technologies.

Mr ATKINSON—That you would maintain or who would maintain that?

Ms GRAHAM—We are suggesting that should be a government process. If you look at our recommendation here, that is our number 1 recommendation that we start to look at registers because—I think, Christine, one of the comments you were making—there were some organisations that do very well and blossom, and others who are seen to struggle. Often it can be an issue of connecting people to the right government assistance or to the right supplier.

The CHAIR—A mentoring process.

Ms GRAHAM—Yes. One of the things that we have also recommended is promoting a number of programs that already sit there out of places like Enterprise Connect and increasing the capability of the services they provide. A lot of that is around the connection, promotion and support. Often we have the tools there, but information about them can be quite haphazard in terms of access, if you are looking at rural and regional access. Again we make a strong recommendation about taking what is good, that is already there and increasing access to it and increasing the capability of those services, rather than do we need something yet again on top. We think we have the planks in there but we are not applying them consistently and it is an issue of accessing information.

The CHAIR—Can I interrupt on accessing information. Do many of the manufacturers ever use their state or federal MPs or MP's offices to identify what is available for their particular company or problems? The reason I ask that question, I do not know if my office is unusual but we get lots of inquiries. We help lots of sports and rec clubs and schools but it is not as if we are inundated with inquiries from local businesses with what grants are available for this particular problem.

Ms McMANUS—They might go to more industry bodies, like the manufacturing type professional organisations to get some of that information anyway. We are talking about specific advice in a particular industry rather than maybe a direct MP type situation.

The CHAIR—They come to you, they have got comfort, you will know where to

direct them.

Ms McMANUS—Yes.

Ms GRAHAM—We are however making a major recommendation that we do look at an internet portal for manufacturing.

Mr DAVIS—Yes, I saw that.

Ms GRAHAM—We think again it is key to be able to provide information. This is around getting country specific information, manufacturing specific information. Again it is a linkages issue. There is a lot of good stuff out there but how do people find it. If you are a Ford, a Holden or a Toyota, it is fine. Even if you are a tier 2 in that sector, you are fine. But most of our manufacturing is small. The smart ones—and I was listening to your question before when Steve was here about your concern about the demographic changeover. I would be concerned about that too. Often these are small manufacturers, how do they connect into some of these programs, how can they access good, simple tools to promote what we think are really good recommendations from governments' perspective. It is very quick to bring together and can have a big impact.

Mr ATKINSON—Enterprise Connect, is that flourishing or has that been curtailed as a program?

Ms GRAHAM—I think we would like to see assistance and encouragement for it to flourish further.

Mr ATKINSON—Yes, I understand it has been cut back a bit.

Ms GRAHAM—They have some good opportunities in there. It is sitting in the right place, the services need to expand.

Mr ATKINSON—My question was, you put this out in March, to what extent did that take into account—and was it in your view to take into account in any substantive way—the impact going forward on the manufacturing sector of rising energy costs, rising water costs to some extent, and particularly carbon emissions trading, so increased costs in those environmental performance areas. Was that anticipated as part of this report at that stage? We have had global warming for a while, it was there before March, but I wondered to what extent you have taken that into account and the impact that you have forecast for the manufacturing sector.

Ms GRAHAM—It was not specifically built into this. This is the first cut. We do a number of reports. Infrastructure report cards have been around for a while, for example.

Mr DAVIS—A very valuable contribution.

Ms GRAHAM—We are about to do the next one. This is the first one in the sector, so we see this as an ongoing process and there are numbers of those issues that we will feed into that. There is already work to build on this. I will be able to come back to you and give you an update of what that looks like because I think it is a crucial issue about how we assist organisations transition, particularly the carbon emission impact.

Ms McMANUS—Also in terms of promoting manufacturing in Victoria, sometimes the tendering process that government put into line could be reviewed in terms of encouraging local manufacturing.

The CHAIR—That is one of your recommendations in the submission.

Ms McMANUS—Yes.

The CHAIR—Thank you very much. We appreciate your time this afternoon and you will be provided with a transcript of evidence in about a fortnight. You are free to correct typographical errors but obviously not change the substance of your submission.

Witnesses withdrew.

Hearing suspended.