



Senate Standing Committee on Economics
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Friday 14th November 2014

To the Senate Standing Committee on Economics

RE: Automotive Transformation Scheme Amendment Bill 2014

As a leading supplier of engineering professionals to the Australian automotive industry, Bayside Personnel Australia Pty Ltd urges the Senate to consider the far reaching effect the proposed Bill will have to the current Automotive Transformation Scheme.

Having serviced automotive manufacturers for close to 30 years, through the identification and provision of Australia's leading engineering talent, we have been closely involved in the development and progression of automotive design in Australia, now recognised among the global best.

Ford Australia, considered Ford's key R&D asset in the Asia Pacific region, and one of its four 'centres of excellence' for product development globally, boasts successful outcomes on a mix of local and overseas market projects. In fact Ford Australia designers were recently acclaimed integral to the success of the recently released Ford Escort – unveiled at the Shanghai Motor Show¹. Ford's Asia Pacific product development chief recently acknowledged the expertise held here in Australia, stating that Ford Australia were designing products for the globe.

As testament to this, it was reported that some 50 designers and engineers were deployed to China to assist with the establishment of a new development centre there. Ford Australia is currently the nearest fully fledged design centre to China. This closely mirrors activities reported at General Motors in Detroit, who have actively sought hundreds of Australian engineers due to their expertise in car design across global markets. With the threat of funding cuts to support this niche and sought after capability, Australia may well face its skill base becoming its next big export, as we lose our home grown talent to offshore operators.

¹ Australia designs Ford Escort for China Source: <http://www.carsguide.com.au/car-news/australia-designs-ford-escort-for-china-21780>



Aside from the repositioning this evokes for us and the regard for Australia as world leaders in innovation, we need to think about the wider impacts for our economy and future technical leaders.

What will this mean for our education system? There has already been a reported decline in the number and calibre of engineering graduates here in Australia.² It is fair to anticipate that this will further eradicate with the disappearance of R&D and the withdrawal of Australia from the global innovation stage.

For several decades, automotive companies have been key employers in the manufacturing marketplace, in both South Australia and Victoria specifically. The abolishment of government assistance and support for continued research, development and innovation will only further consolidate the economic impacts already witnessed through the diminishment of automotive manufacturing across these two states, with the potential loss of 1100 jobs across automotive design at Ford Australia alone.

This will have an inadvertent, yet obvious, impact on the entire automotive value chain which has experienced a steady and continued growth since the mid-1960s. In addition to direct automotive design, R&D in this industry incorporates interactive safety systems, vehicle connectivity and environmentally sustainable innovation which can lead to extensive commercial opportunities. The impact of funding cuts will have far reaching effects.

Increased unemployment rates and subsequent government expenses will inevitably be required through way of assistance and redeployment, and there stands to be adverse effects for all who sit as first and second tier suppliers to what has to date, been a booming market sector.

We strongly oppose the Bill of amendment to the Automotive Transformation Scheme. As a leading first tier supplier to the automotive industry, we advocate the continuation of government assistance, enabling platforms for advanced product development ensuring Australia, and its local engineering talent, maintain its place at the forefront of global innovation.

Sincerely

Robert Blanche FAICD FRCSA (Life)
Director, Bayside Personnel

² Australia's Next 10,000 Engineers are Gold – Source: <http://sourceable.net/australias-next-10000-engineers-are-gold/>