



The Hon Karen Andrews MP
Minister for Industry, Science and Technology
Federal Member for McPherson

TRANSCRIPT
Press conference – Tonsley Innovation District, Adelaide

18 February 2020

Topics: Innovative Manufacturing Cooperative Research Centre, BAE Systems, naval shipbuilding

Speakers:

Professor John Spoehr, Pro-Vice Chancellor – Research Impact at Flinders University, and Director of the Australian Industrial Transformation Institute

Minister Karen Andrews, Minister for Industry, Science and Technology

David Chuter, CEO of the Innovative Manufacturing Cooperative Research Centre

Craig Lockhart, Managing Director of ASC Shipbuilding

Professor Colin Stirling, Vice-Chancellor of Flinders University

E&OE

John Spoehr: Welcome everyone. We're here with Minister Andrews to announce a \$2.9 million project supported by the Innovative Manufacturing CRC and BAE Systems and ASC Shipbuilding. This is a vitally important project to the nation because what it helps to do is to prepare the shipyard here in South Australia for the digital age – to create a digital shipyard if you like, with high skilled, high wage jobs that ensure the shipbuilding is here to stay in Australia for many decades to come.

I'd like to now introduce the Minister.

Karen Andrews: Thank you very much. It's a pleasure to be here today for the opening of this fantastic facility. As a government, we are absolutely committed to ensuring that industry and researchers collaborate as much as they possibly can. Because the evidence is clear that when industry engages with researchers and vice versa the outcomes for industry are significantly better than when there is not a high level of collaboration. So what this project demonstrates is that we are bringing together some key players; the Innovative Manufacturing CRC, BAE Systems, the university, will be working together here to look at the innovations that they can develop for the defence industry in the first instance, but more broadly for industry right across Australia.

Now interestingly, one of the key features here will be that we will be demonstrating the social impacts of innovation and technology and change. Innovation and technology are not things that people should be concerned about, because what we'll be doing here is looking at how machines, how automation can assist in day-to-day work, which frees up people for the more advanced technological support that's needed for us to develop our capability, not just in defence but in industries right across Australia.

So I congratulate everyone who's been involved in the culmination of this fantastic project and I wish them all the very best for the future.

I'll invite David Chuter to come and say a few words.

David Chuter: Thank you, Minister. Yes, so I have the privilege of running the Innovative Manufacturing Co-operative Research Centre. We've so far funded 28 new projects quite similar to this that are all designed to take Australia forward on this whole digital manufacturing journey. What's really critical about this project with BAE, ASC and Flinders, is this is focusing on the human element of how we adopt new technologies such as robotics, virtual reality and other assistive technologies to make sure that the people that are going to work in these shipyards deliver the best possible product, using the latest level technology.

Key to this project is also the opportunity for a range of small and medium Australian owned businesses to also become involved and to take the knowledge and the learnings out of this research project, not just into the shipyard but more broadly into Australian manufacturing. And that's why IMCRC is very happy to be a partner to Flinders in particular, and to their industry partners BAE and ASC Shipbuilding to create something really transformative in this part of the world. Thank you.

Craig Lockhart: Thanks, David. Well, as a net beneficiary for most of the research and technology, BAE Systems and ASC Shipbuilding move into the new shipyard down at Osborne mid this year. It's an exciting development today. It starts to prepare the yard, prepare the employees for a truly digital age. And I think what we are starting this journey is being able to bring in a wider community, harness some of the benefits, and we have a pipeline of projects all ready to give the researchers on our behalf. And it really is about preparing our industry for the next 20 to 30 years. So today is really just the start of the journey, but very exciting work.

We're happy to match the funding from IMCRC. It also creates seven new research positions which takes the total to 16, and I'm sure all 16 will be very busy on our behalf. So again, a very exciting day and a really exciting prospect. Thank you.

Colin Stirling: Yes, this is a very exciting day. An exciting day for the university, for Flinders University. Also an exciting day I think for the Tonsley precinct here overseeing Innovative Manufacturing working [indistinct] on a daily, daily basis. But this is an investment and I'm very grateful to the Federal Government, to the Innovative Manufacturing CRC for making this possible. This enables the research being done by Professor Spoehr and his colleagues here at Flinders. That research now can be driving and informing the work that's being done by BAE Systems and ASC Shipbuilding, working together, hand in glove in a really close partnership that will bring genuine benefits into the future. The benefits that will work not just for the very important defence industry here in South Australia, but also for the broader manufacturing community, for SMEs, that we also will be engaging with in the coming months. So it's a very exciting development, it's a terrific partnership, and I look forward to seeing the outcomes as they evolve. Thank you.

Question: John, is it possible just to ask - as an extension not connected with this but, loosely related - your view of the damage that could be done to the state's economy with Holden quitting Australia.

John Spoehr: Sure. Well look, it is a very sad announcement to see the end of the road for Holden here in Australia, and of course it will impact on the retail network here in South Australia, around Australia it will have a material impact, no doubt. It's unclear exactly what those impacts might be. Unfortunately, Victoria is going to bear the brunt of the job losses because there is a major design facility there - a world-class design facility - located in Victoria which employs around about 330 people. So South Australia on this occasion hasn't borne the full brunt of this particular announcement, but it will experience some of the flow on impacts through the dealer network.

Question: Do you see the design and Holden's promise when it left Australia in 2017 that there would be jobs retained here? Was that design work having impact on a global scale for Holden do you think?

John Spoehr: Yeah, look, it was very welcome that GM committed to retain the design facilities here in Australia. They are high wage, high skilled jobs, and they ensured that we were part of the global automotive value chain. The loss of that facility makes it harder for us to enjoy the benefits of participating in the global value chain. So we've got some work to do to ensure that we are able to regain and maintain that important position in the global automotive value chain.

Question: Is Holden's departure from Australia in good faith to the contracts that were signed when they announced they weren't manufacturing here?

John Spoehr: Well we don't know precisely what was in the contracts, but certainly GM made a commitment at the time that design facilities would remain here in Australia.

Question: So they're going against that now? They're going against their word?

John Spoehr: It certainly appears that this contradicts the original commitment that they made.

Question: Minister, just on that point, the Prime Minister yesterday obviously was caught by surprise and expressed some dismay and anger towards Holden's decision. Federally, do you see this as a big letdown for Australia as a whole?

Karen Andrews: Well the decision that was announced by Holden yesterday was extremely disappointing for a number of reasons, including the very minimal notice that they gave to the Government of their announcement. In fact, it was just before they released their statement, made their announcement. Today, my Department is meeting with Holden so that we can better understand what the extent of this departure will be in terms of timing and resources. And of course, it's unfortunate that that's happening post the event, and I would have much preferred to have had those discussions prior to their announcement yesterday. It is extraordinarily disappointing that Holden has taken these actions.

But what we do see is that Ford has shown a very strong commitment to Australia. They reaffirmed their commitment yesterday. I spoke to the CEO Kay Hart, she confirmed that they were as committed as ever to Australia. We've subsequently heard from her that they are looking at investing \$500 million in Australia over the coming 12 months. They are looking to hire more people.

So I think that what Ford has been able to demonstrate is, this is what you can do with government support and an organisation that is willing to take some risks and to invest in not only Australia, but the people in Australia. And I guess my last comment on Holden is that they have committed to me that they will look after the displaced employees, and they will look after the dealers that have been affected by this very sudden announcement. I will be holding them to account on that.

Question: Is it possible that even Holden has taken us for suckers a bit? Promises that were made three years ago, getting on for three years ago, it would seem they had no intention of keeping those promises.

Karen Andrews: I think it's incredibly disingenuous of them. They have been the beneficiaries of about \$2 billion in Commonwealth funding over a number of years. And I would have expected that they would have a greater commitment to Australia and to Australians, and that they would have had greater respect and courtesy for Australia and Australians, and given us some opportunity to work with them to fully understand the decision rather than being briefed at very short notice prior to them taking the public stage and walking away from Australia.

Question: So this is an element of trust, and it seems there isn't much on your behalf towards them.

Karen Andrews: Oh look, I think that Holden have got a lot of work to do to restore Australians' confidence, because this has been a devastating blow. And people do associate with the brand of Holden. Everyone has got a story. My first car was a Torana. So it's been part of my family history for quite some time. But that story is being told all around Australia now, and they've damaged their brand by their own actions.

Question: How confident are you that Ford won't follow in Holden's footsteps and how many Holden workers do you think Ford will take on?

Karen Andrews: Well I committed yesterday to contact Ford, which I did. I spoke to the CEO yesterday and we will be meeting in a couple of weeks' time, I believe. We're trying to line that up now for Melbourne over the next couple of weeks. I'm taking on face value with a level of trust that Ford has developed a strong workforce here in Australia. They've got over 2000 employees here. They've committed to remain present in Australia. They have committed to employ more people and they have an ongoing investment here. So all of the indications are that they can be taken at their word, and I sincerely hope that's the case.

Question: So a little bit more trust with your conversations with Ford than those with Holden?

Karen Andrews: Look, it's not a case of trust with Ford, and not having trust with Holden. I mean, Holden has damaged its own brand and its own standing in Australia. They did that all by themselves without any help from others. We will be talking to them today. My Department is meeting with them to understand what the issues will be going forward. I'm now focused on making sure that the workers and the dealers are well looked after in this transition. But my focus in terms of manufacturing capability in Australia is now firmly on Ford.

Question: Would you like to see General Motors sell the Holden brand to Australian investors?

Karen Andrews: I'm very focused on making sure that Ford does well in Australia.

Question: And will you seek to immediately redeploy the Holden workers into other areas like hydrogen and manufacturing?

Karen Andrews: Well, clearly there are opportunities in a range of businesses across Australia. What we will do is try and facilitate as much as we possibly can, support for those workers and opportunities for them. Now, when I spoke to Holden yesterday afternoon, I asked them what the classifications were of the workers that were likely to be displaced. They indicated that that would be in administration, marketing, support roles. So there are endless opportunities for those people from an industry perspective as to where they may go. I have raised the prospect with the Ford CEO of some of those workers going to Ford. Obviously, they'll make their own decisions based on their own skills needs and the future of that business here in Australia. But I would encourage all businesses across Australia to actively look at supporting those workers who have been displaced from Holden and from other industries.

Question: And just on another matter, can you explain in plain language what a technology investment target is?

Karen Andrews: I understand that there's a lot of speculation in the media about technology targets. What I will tell you is that we are very focused – the Prime Minister, myself, and in fact all of the Coalition members and senators – on building our technology expertise here in Australia. So what we will be doing is working with industry, and you're seeing a great collaboration here today between industry and researchers. We will be looking at what the technologies will be that are going to support Australian businesses.

Now, specifically on issues relating to emissions reduction, I have been very clear that I am focused on looking at what the solutions will be rather than endlessly discussing targets, or in fact whether or not climate change is real. So I'm very focused on what we can do through technology to lower emissions. Now, that might be different fuel sources. That could be hydrogen. And a lot of work and investment has already happened in that. But there are lots of other things that our researchers are working on that will lead to emissions reductions.

Question: So what is the difference between a technology investment target and an emissions target? And do they both carry a cost?

Karen Andrews: Well, if you're talking about a technology investment target, you're actually looking at what the resources will be and what the amount of the spending will be towards developing technology. If you're talking about an emissions reduction target you're talking about what will be the target set in terms of tonnages or percentages, reductions in emissions. So they are two quite different things. One is talking about the emissions that we will be reducing, and we are already well on track to meet and beat the targets that we have agreed to, that have been set. But if you're talking about an investment in technology and setting a level on that, it's clear that we do have businesses, such as BAE, that are already investing. We have the Innovative Manufacturing CRC that is investing. We have investments from Flinders University right here. All of that is an investment in technology.

Question: Minister, what happens now with legislation to further protect automotive franchises from these sorts of situations, like what's happened with Holden?

Karen Andrews: So, I have already convened a roundtable of automotive interested parties, stakeholders. That will take place this Friday. It was already set up, so that I will be speaking to dealers and their representatives, the peak associations, about a range of issues that we know are already affecting dealerships. Of course, I think the first topic of conversation now will be the impact of Holden walking away from Australia and the impact that that will have on dealerships. Now, many dealerships across Australia are multi-brand. So on that basis, it will be limited- the impact will be limited where Holden is walking away. But there are other dealerships that are, I understand, exclusively Holden. So that will have an impact. So, on Friday, I'll be chairing the roundtable and I will be speaking to industry about what the impacts are.

Question: And in the old Holden versus Ford rivalry, are you now Team Ford?

Karen Andrews: Absolutely.

Media Contact: Keegan Buzza 0447 697 846 / Daniel Glover 0428 485 773

Office of the Hon Karen Andrews MP, Member for McPherson, Varsity Lakes, QLD