

Adapt or sink, Combet warns industry



LYNDON MECHELSEN

Aluminium Boats Australia general manager Tommy Ericson, in the hull of a boat in Brisbane yesterday, says the trick is to work smarter and be competitive

EXCLUSIVE

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POLITICAL CORRESPONDENT

INDUSTRY Minister Greg Combet has warned manufacturers expecting a fall in the Australian dollar to change their business models or risk failure, as the government fine-tunes plans to help the sector cope with structural shifts in the economy.

As part of Labor's much-anticipated industry and innovation statement, to be released next month, a new body will be created to monitor major project developers' use of Australian manufacturing products.

The statement will also unveil a program to link university research more closely with boosting technological advancement in the nation's industrial sector.

Mr Combet warned manufac-

Better service and the right niche can beat business blues

ANDREW FRASER

TOMMY Ericson knows the challenges facing manufacturing: a high dollar that's here to stay, higher labour costs than overseas companies and high energy costs.

As general manager of Brisbane-based Aluminium Boats Australia, he has managed to grow a manufacturing business by

working smarter. He has identified a niche in a highly competitive market instead of trying to compete at all levels, offered a more comprehensive client service than just construction, and competed on quality rather than price.

It has paid off. The company has grown from about 25 employees five years ago to more than 80 now, with an order book that includes ferries in Africa, tourist boats in the Seychelles and passenger boats to ferry workers to large industrial projects in Australia.

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Combet said business plans that were adapted with an Australian dollar averaging between US60c and US80c would have to face the reality that the dollar at or above parity with the US dollar was now the norm.

in the manufacturing sector has been stable at about one million, but in that time, the population has doubled, so that manufacturing's proportion of the workforce has halved from 16.7 per cent in the early 1980s to about 8 per cent.

In many ways, Aluminium Boats Australia represents the new manufacturing sector. Its workshops near the mouth of the Brisbane River are only about 10 years old, and incorporate new technology such as robotic welding to streamline the construction processes.

Continued on Page 4

He said the innovation statement would underpin Australia's open market-based economy and it was pointless to look back to past days of protectionism.

"We are at a time of quite significant structural change in the

economy," he said. "The high dollar is driving a lot of change and . . . in manufacturing in particular, business models have got to change in the economy."

"From the government's point of view, the high dollar is going to be around for a considerable time to come, so businesses are going to have to adjust."

"We've seen the effects of it, it's been very tough in some industries like aluminium . . . and the government made a number of steps to try and support structural adjustment in industries like steelmaking."

But the high dollar, which was last night trading above \$US1.05, makes it more difficult for manufacturers to compete in international markets and with imported products.

Mr Combet said the government was striving to product a "dynamic and more diverse" economy capable of taking

Continued on Page 4