

# TOWARDS FUTURE INDUSTRIES:

VICTORIA'S AUTOMOTIVE  
TRANSITION PLAN



**VICTORIA**  
State  
Government

Authorised by the Victorian Government  
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## PREMIER'S FOREWORD

OUR ECONOMY IS  
CONSTANTLY CHANGING.  
GOVERNMENTS CAN'T FIGHT  
THE TIDE, BUT NOR SHOULD  
THEY SURRENDER THEIR  
OBLIGATION TO SUPPORT  
AFFECTED WORKERS AND  
BUSINESSES AND SHAPE THEIR  
FUTURE FOR THE BETTER.

Over the last few years, no sector has been more affected by this economic tide than the automotive manufacturing industry.

Many generations of Victorians spent their professional lives putting Australian cars on Australian roads. They built our state into an economic powerhouse and they should be proud of their legacy.

We don't want to erase this history. We want to honour it by investing in our skills and expertise, and giving our manufacturing industry a solid footing in this new century – a genuine chance at growth.

The challenges are clear. Workers need to find new opportunities and new skills. Businesses need to find new markets and create new products. And the communities most affected need new jobs.

We're providing \$46.5 million to help achieve just that.

We're saving TAFE and making it stronger than ever.

We're giving incentives to businesses to hire retrenched automotive workers.

And we're helping businesses in the supply chain gain a foothold in overseas markets and emerging industries.

But as a government and a state, we owe these workers, businesses and communities more than just our financial support. We owe them a way forward. A pathway to tomorrow's jobs.

There are real opportunities here, and that's not just some empty phrase.

That's why we're also investing in the rapidly-growing industries that will soon come to define our economy – the booming global sectors that will provide the high-skill, high-wage jobs of the future.

This change isn't going to be easy, but we'll get there.

Consider our potential: some of the world's most skilled workers, in one of the world's most successful and prosperous societies, within close reach of the fastest-growing markets and population centres in history.



**The Hon Daniel Andrews MP**  
Premier

Add to that equation a Government that will always be there to support workers, businesses and communities every step of the way, and you can be confident that Victoria's future is as bright as ever.

## MINISTER'S FOREWORD

THE AUTOMOTIVE INDUSTRY HAS PLAYED A MAJOR PART IN VICTORIA'S ECONOMIC SUCCESS FOR MUCH OF THE STATE'S HISTORY. SINCE THE 1950S, THE MANUFACTURE OF CARS, TRUCKS, BUSES AND OTHER VEHICLES HAS BROUGHT JOBS AND PROSPERITY TO MANY COMMUNITIES – IN PLACES LIKE DANDENONG AND DOVETON, BROADMEADOWS AND CAMPBELLFIELD, GEELONG AND NORLANE, AND MANY OTHERS.

After consulting with Victorian industry groups, automotive businesses, unions and the community, the government has developed *Towards Future Industries: Victoria's Automotive Transition Plan*. This \$46.5 million package will secure new opportunities for the sector up to and beyond 2017.

Building on current assistance measures, this plan delivers newly-funded programs to assist Victorian businesses, workers and communities meet the challenges ahead and embrace a new future.

A \$5 million Automotive Supply Chain Transition Program will provide tailored case management services to assist automotive businesses to diversify into new markets.

We are also establishing Skills and Jobs Centres across the Victorian TAFE network to assist workers to identify new employment opportunities.

Communities hit the hardest by departing automotive companies will be supported to attract investment and create new jobs for local workers. We will be contributing \$10.6 million to support economic development in Melbourne's north, \$10 million to Melbourne's south-east, \$5 million to Melbourne's west and \$7.5 million to the Geelong Region.

And these automotive industry measures are complemented by the government's broader economic and skill development measures and related social policies.

There can be no under-estimating the challenging times ahead for Victorian automotive businesses and workers, but there are also many opportunities.



**The Hon Lily D'Ambrosio MP**  
Minister for Industry

*Towards Future Industries: Victoria's Automotive Transition Plan* comes at a time when the Victorian Government is embracing new and growing industries that will help our state remain competitive at home and overseas. We will ensure that automotive businesses, workers and their communities are part of this strong and prosperous future for Victoria. The full transition will take time and this plan is an important beginning that will be built on in the years ahead.

# 01

## TOWARDS FUTURE INDUSTRIES: VICTORIA'S AUTOMOTIVE TRANSITION PLAN

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### Supporting Workers

- New Skills and Jobs Centres in TAFEs – Individualised assistance for workers seeking career advice and subsidised training.
- **\$8.4 million** for a new South-East Automotive Transition (SEAT) skills program to strengthen training and job search support in south-east Melbourne.
- \$100 million for the Back to Work Scheme – Incentives for businesses that employ retrenched workers, including an incentive payment of up to \$7,000 for businesses employing retrenched automotive workers.
- \$320 million for the TAFE Rescue Fund – Investment in TAFEs will provide high quality training facilities for Victorian workers.

### Supporting Businesses

- **\$5 million** for a new Automotive Supply Chain Transition Program – Tailored support for automotive businesses to diversify into new markets.
- \$200 million Future Industries Fund – Targeted assistance for Victoria's high-growth, high-value industry sectors that can create significant new jobs.
- \$508 million Premier's Jobs and Investment Fund – For strategic, job-creating projects on the advice of the Premier's Jobs and Investment Panel.

### Supporting Communities

- New Local Industry Fund for Transition (LIFT) program to create jobs in communities impacted by the departure of the automotive industry – **\$10.6 million** for Melbourne's north, **\$10 million** for Melbourne's south-east, **\$5 million** for Melbourne's west and **\$7.5 million** for the Geelong Region.
- \$22 billion for Getting On With It – Fast tracked transport infrastructure projects that will create thousands of Victorian jobs.
- \$500 million for the Regional Jobs and Infrastructure Fund – Targeted support for new jobs, infrastructure and strengthening communities in rural and regional Victoria.

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*Bolded items are included in the \$46.5 million Towards Future Industries: Victoria's Automotive Transition Plan.*



# 02

## VICTORIA'S CHANGING ECONOMY

VICTORIA HAS MANY COMPETITIVE ADVANTAGES THAT HAVE HELPED CREATE A STRONG, RESILIENT ECONOMY. IN PARTICULAR, OUR WORLD-CLASS INDUSTRIES AND HIGHLY SKILLED WORKFORCE PLAY A KEY PART IN VICTORIA'S PROSPERITY.

Despite these advantages, the Victorian economy has been going through a period of change in recent years. International competition, the fluctuating Australian dollar and the increasing interdependence of global supply chains are creating new pressures for Victorian businesses, particularly manufacturers.

The automotive industry is a case in point, with Ford, Holden and Toyota having announced plans to cease production in Australia by the end of 2017. Without action, the effects of these closures will be substantial. The Productivity Commission has estimated that up to 24,000 jobs could be lost in Victoria by 2017.

The automotive sector is a major employer in Melbourne's north, south-east and west, and in Geelong. Unless we help them adjust, the end of vehicle production will potentially hit those communities hard. It could also rob the state of many quality manufacturing jobs and capabilities that are critically important to Victoria's continuing prosperity and social fairness.

This is about economics, but it is most importantly about the quality of life of many Victorians. The quality of our jobs is important, because work comprises a sizeable proportion of our lives.

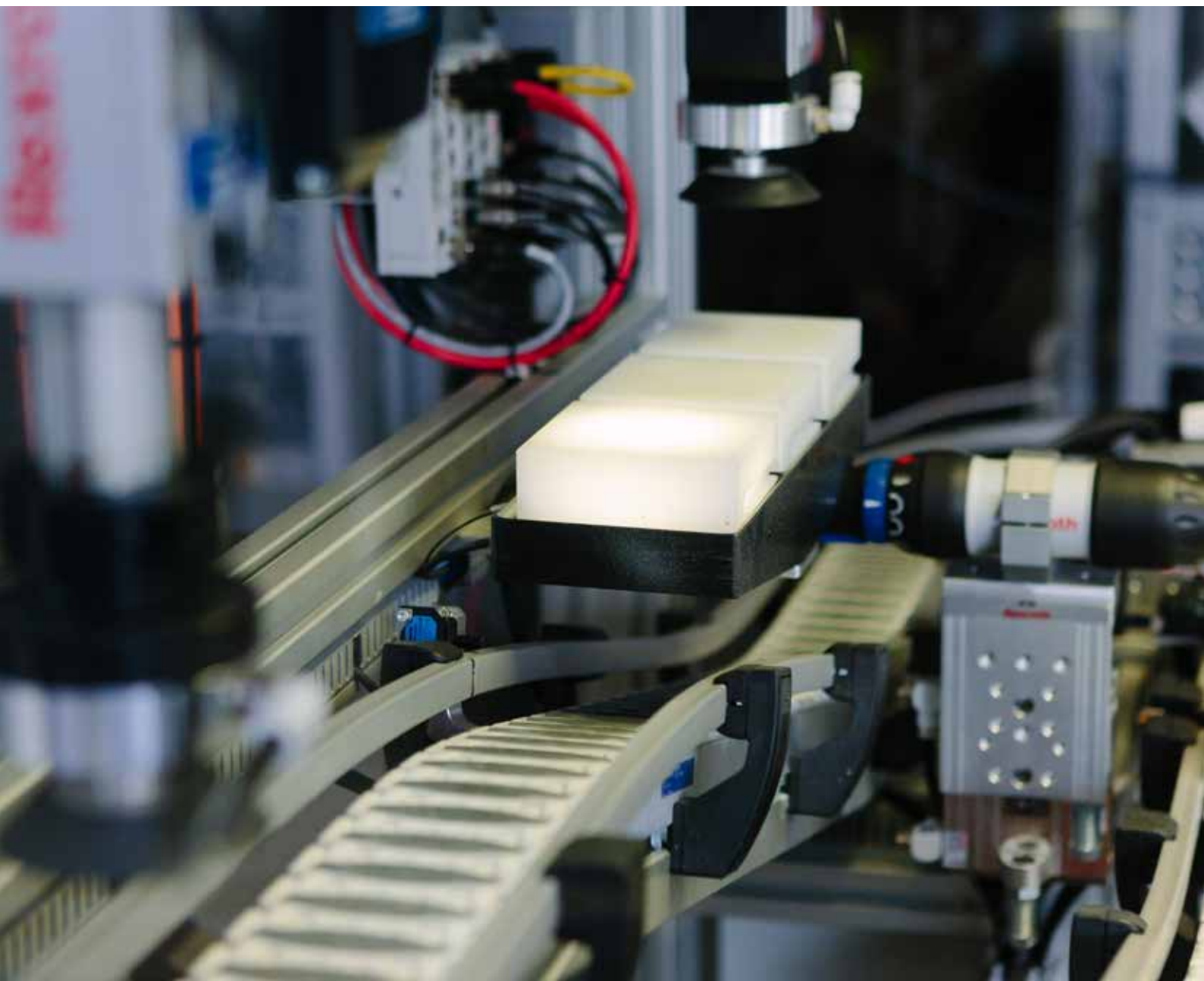
Automotive workers, businesses and communities have time to prepare for their future beyond 2017. Through purposeful action, unnecessary business closures, job losses and their social consequences can be avoided.

Part of the response lies in growing and attracting new industries, which Victoria is doing through programs like our \$200 million Future Industries Fund, the \$508 million Premier's Jobs and Investment Fund, our \$22 billion Getting On With It fast-tracked transport infrastructure projects fund, and our \$500 million Regional Jobs and Infrastructure Fund. It also involves becoming a more globally-competitive and outward-looking economy.

But the response must also lie in strengthening our existing industries, because the industries of the future will in many cases be the industries of the present modernised for new realities.

With the right approach, we can help our industries negotiate the big transitions now underway in the world economy, creating new opportunities for people and modernising the economic bases on which many existing communities rely for their continuing prosperity.

The answer lies not just in creating new capabilities but in retaining, improving and re-directing those capabilities and industries we already possess. We must therefore be prepared to respond to these big changes with a forward-thinking plan to adapt and prosper.



# 03

## TRANSITIONING TO FUTURE INDUSTRIES

*TOWARDS FUTURE INDUSTRIES: VICTORIA'S AUTOMOTIVE TRANSITION PLAN IS A \$46.5 MILLION PACKAGE THAT WILL CREATE JOBS AND HELP BUSINESSES, WORKERS AND COMMUNITIES IN THE AUTOMOTIVE INDUSTRY MEET THE CHALLENGES AHEAD AND TAKE ADVANTAGE OF EMERGING OPPORTUNITIES.*

The plan will provide additional assistance for retrenched automotive workers to find high-quality and sustainable employment. It will also provide assistance for businesses to access global automotive markets and develop new opportunities in high growth sectors. Greater effort will be directed towards creating jobs in those local communities most affected by change.

The Victorian Government will also continue to advocate for greater structural adjustment support from the Commonwealth Government. The 2015-16 Commonwealth Budget forecast an effective cut of \$795 million from the Automotive Transformation Scheme over seven years from 2014-15. Victoria will continue to fight for its fair share of this budget saving for economic development projects, particularly in those regions most impacted by the closure of the three major passenger car manufacturers.

The plan will be overseen and coordinated by a **Victorian Automotive Transition Taskforce**. The taskforce will provide advice to the Government on the transition process and will include representation from industry, unions, community organisations and state government.

### FUTURE INDUSTRIES

The Victorian Government is looking to the future. It is investing in industries with high growth potential and supporting the businesses and workers from slowing parts of the economy to transition into these growth sectors.

The Victorian Government has identified sectors where Victoria has a competitive advantage and where there is potential to create high-quality jobs for Victoria's growing population, including those from the automotive industry. These sectors include:

- Medical technology and pharmaceuticals
- New energy technology
- Food and fibre
- Transport, defence and construction technology
- International education, and
- Professional services.



VICTORIA IS EMERGING AS AUSTRALIA'S  
LEADER IN ADVANCED MANUFACTURING

# 04

## SUPPORTING NEW SKILLS AND JOBS

THE GOVERNMENT WILL  
HELP WORKERS DEVELOP  
NEW SKILLS AND CREATE  
NEW JOBS TO ASSIST  
THE TRANSITION PROCESS.

Many automotive workers have skills that are highly transferable. Skills like specialist design, technical and production skills will be highly sought after by fast-growing industries. Previous experience, however, suggests that many others – especially older male workers – may find getting a suitable job much more difficult. Failure to help these workers find work risks creating unacceptable concentrations of unemployment in some communities.

Wasting the talents and productive capacities of such people not only results in significant costs to the individuals and their families, but also to their communities and the broader economy.

We therefore have to ensure that everyone who wants to remain in the workforce has the best possible chance of doing so. In periods of economic restructuring, more active and locally-based labour market programs that increase the capacity of people to move between jobs have the best chance of success. These sorts of reskilling strategies have succeeded in other nations and can succeed here.

Our goal is to help automotive workers find sustainable jobs in existing or growing industries. To achieve this, the government will ensure that all retrenched automotive workers will have access to a full range of support services – from careers and training advice, assistance with job-searching to retraining and upgrading of skills and qualifications.

## EXTENDING THE BACK TO WORK SCHEME

The Back to Work Scheme provides financial assistance to businesses that employ eligible unemployed or retrenched workers. Businesses hiring a retrenched automotive worker full-time will be able to receive a one-off payment of \$7,000, or \$5,250 for a part-time worker. This will apply to former employees of the three major car companies as well as former workers in the supply chain.

Employers can also receive payments of up to \$4,000 where they provide accredited training to the new employee. This will be in addition to any other payment received under the scheme.

## ESTABLISHING SKILLS AND JOBS CENTRES ACROSS THE TAFE NETWORK

The government is establishing Skills and Jobs Centres across the Victorian TAFE network. These will provide a one-stop-shop for Victorian workers, job-seekers and businesses to access a range of services, such as training advice, careers advice, referral to other job support services and skills assessments.

The Skills and Jobs Centres will also provide training and workforce development services to local businesses and will help connect retrenched workers with local employment opportunities.

Figure 1: How Skills and Jobs Centres will support workers



### **SOUTH-EAST AUTOMOTIVE TRANSITION (SEAT) SKILLS PROGRAM**

Around half of Victoria's automotive industry workers live and work in Melbourne's south-east. To ensure the workers in this region can access all the services they need, the government is providing more than \$8 million in further support to strengthen skills, training and job search support in south-east Melbourne.

A \$4 million partnership has been established between Chisholm and Holmesglen Institutes to provide workers with careers advice, re-training and job-placement services. The government will also invest \$2 million to establish new Skills and Jobs Centres at Holmesglen and Chisholm Institutes and provide \$2 million in funding to Group Training Organisations.

Through the South-East Automotive Transition (SEAT) skills program, a worker will be able to:

- access advice and services through face-to-face contact at Skills and Jobs Centres, shopping precincts and local community centres, and through an online tool;

- receive a job capability assessment and a personalised education and career transition plan, through a Case Manager;
- receive pre-employment advice and training – including recognition of prior learning – and assistance with job applications and interview techniques;
- receive seamless access to courses and retraining opportunities at the two Institutes and beyond, with ongoing support and guidance provided throughout their training;
- be matched with training that meets the identified needs of south-east region employers; and
- have access to employment readiness programs, an employer matching service, and employment placement programs through a Placement Officer to support the worker's transition to new employment.

### **ADDITIONAL OPPORTUNITIES FOR WORKERS**

#### **Increased eligibility for subsidised training for automotive workers**

The Victorian Government will continue to support workers in the automotive manufacturing supply chain to access training programs. Automotive sector workers are currently eligible for subsidised training through the **Victorian Training Guarantee** (VTG), to train in a higher qualification or retrain in an equivalent or lower level qualification.

#### **Career and transition advice**

Career and Transition Advice Services are available at no cost for affected workers. Personalised careers advice, through one-on-one sessions, helps employees choose the right training to support their move into a new or changing job. Businesses can arrange for this support to be delivered on-site for employees. Careers and transition advice can be accessed through Skills Centres, or through community services in other locations.

### Investing in skills and training infrastructure

Funding programs aimed at improving TAFEs across Victoria will also increase the quality of training, and training opportunities available to all Victorians.

The Government has committed \$320 million to the TAFE Rescue Fund, which will support the skills and training needs of local communities by upgrading existing TAFE workshops and laboratories. This will also include support to re-open some previously closed campuses.



# 05

## SUPPORTING BUSINESSES

TO SURVIVE BEYOND 2017, BUSINESSES IN THE AUTOMOTIVE SUPPLY CHAIN WILL NEED TO EXTEND THEIR REACH INTO THE GLOBAL AUTOMOTIVE MARKET OR DIVERSIFY INTO NEW MARKETS.

There are opportunities for Victorian businesses, particularly those with advanced manufacturing capability, to play an increasing role in the global automotive sector. The use of our domestic automotive design and engineering capabilities by multi-national automotive producers reflects the strong global reputation built up by the local industry.

The major car manufacturers will continue to have a strong footprint in Victoria after 2017 through their specialised areas of expertise, including design and engineering. The Victorian Government is seeking to build on this footprint and is actively engaging with Ford, Holden and Toyota to identify new opportunities for collaboration.

The manufacturing precincts in the City of Greater Dandenong, for example, boast many makers of sophisticated articulated buses (Volgren), heavy duty trucks (Iveco), light rail vehicles (Bombardier) and caravans (Jayco), as well as fire engines, garbage trucks, utility vehicles and campervans. And, the automotive aftermarket sector is growing and will continue to grow over the coming years.

Retaining these industries is important for Victoria's manufacturing sector and for the regional economy of Dandenong, parts of which have relatively high levels of unemployment. We see Greater Dandenong as a region with a great economic future and we believe that by retaining these industries and spinning off new ones, we can create a better future for the communities of the region, including those that have been hard hit by previous waves of economic change.

There are also opportunities for Victorian automotive businesses to extend their reach beyond the automotive sector to growing industries such as food and beverage processing, health, transport, defence and construction.

### CASE STUDY

#### UTILISING TECHNOLOGY FOR GLOBAL REACH

##### ROBERT BOSCH AUSTRALIA

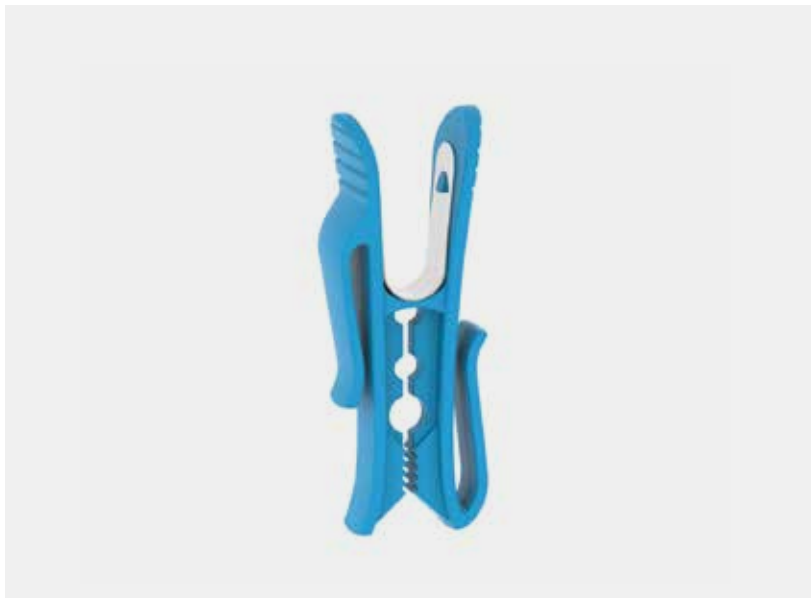
Robert Bosch Australia (RBAU) is the regional subsidiary of the Bosch Group, a leading global supplier of technology and services.

With an Australian presence dating back to 1907, RBAU has a long history of supplying state-of-the-art components to Australia's automotive industry.

While local car manufacturing will cease in 2017, RBAU will continue to provide engineering and manufacturing solutions to automotive industries globally and outside this sector in Australia.

RBAU's success has come from the application of the highest standards of innovation in new technologies, applying flexibility to its product range whilst increasing performance and efficiencies.

Diversification of its products, services, customers and exports are core elements of RBAU's strategy.



## CASE STUDY

### DEVELOPING PRODUCTS FOR NEW MARKETS

#### DOLPHIN PRODUCTS

Dolphin Products is a privately owned Australian manufacturer of high precision injection moulded plastic components. Dolphin commenced its operations in 1946 as an automotive component supplier but made a decision to diversify into other markets in 1992. Three years later, Dolphin created a line of products for the gaming industry, including casino chips and accessories.

Dolphin now supplies products for the automotive, mining and medical industries and exports to Europe, North and South America, India, China and countries in the Asia-Pacific.

### **Fast tracking infrastructure projects means more jobs**

Through the infrastructure transport plan Getting On With It, the Victorian Government is fast tracking transport infrastructure projects. Automotive workers and businesses may find new employment and diversification opportunities as activity in the infrastructure sector increases.

### **Helping businesses access international markets**

The government is expanding inbound trade missions to increase engagement between local and international businesses, enabling more Victorian businesses to showcase their goods and services, and develop new export opportunities. The government's network of international Victorian Government Business Offices will be expanded, creating new opportunities in South America, Turkey and Singapore from 2015.

Although the major car manufacturing plants are set to close by 2017, niche industries in the automotive sector will continue to operate.

### **AUTOMOTIVE SUPPLY CHAIN TRANSITION PROGRAM**

Transitioning into new markets will raise different challenges for each business. The new \$5 million Automotive Supply Chain Transition Program will help automotive supply chain companies meet these challenges.

The Automotive Supply Chain Transition Program provides eligible automotive suppliers with access to specialist business expertise to assist them with the identification, design and implementation of strategies to improve their business performance and transition into new markets.

Each participating company will work with a specialist business adviser to undertake a strategic review of their business. A business specialist will help the company connect with government and non-government services according to the needs of that company. This could include assistance with management and leadership, sales and marketing, financial management, accessing new domestic or international markets, and product development.

## **CASE STUDY**

### **DEVELOPING PRODUCTS FOR THE CONSTRUCTION SECTOR**

#### **HICKORY CONSTRUCTION GROUP**

Hickory is an industry leader in producing modular and prefabricated building technologies to high rise residential, hotel and healthcare construction projects. Forging a reputation as an innovative and dynamic company, Hickory has grown into a nationwide group of construction, structures, facades, manufacturing, fit out and crane logistics specialists.

Hickory has used the skills and knowledge of the automotive industry's businesses and workers to enhance its operation. For example, Hickory has employed automotive design engineers to design and test its pre-fabricated bathroom modules, and has also used lean manufacturing processes in its plant.



# 06

## SUPPORTING COMMUNITIES

THE AUTOMOTIVE SECTOR IS A MAJOR EMPLOYER IN SEVERAL COMMUNITIES ACROSS MELBOURNE AND REGIONAL VICTORIA. THESE COMMUNITIES HAVE A PROUD HISTORY AND HAVE BEEN THE CENTRE OF THE ECONOMY FOR MANY YEARS.

Helping these communities through this time of transition is of vital importance. Strategies which help such communities make the transition to new economic opportunities can help prevent the sort of urban decline that often follows wide-scale industry restructuring. Experience tells us that when suburbs experience widespread job loss as a result of structural economic change, social infrastructure can spiral steadily into decline – devaluing the significant investments carefully made by people and governments over many years.

Fewer children may complete school, levels of health and wellbeing can reduce, crime rates can go up, and retail centres can suffer.

Remedying these sorts of problems is a hidden cost of economic change and can prove to be extremely expensive. A smarter strategy is to maintain the value of our social investments by keeping people in productive jobs.

Such strategies can help maintain the strength and value of the significant investments that the state and people have made in community assets over many years.

### LOCAL INDUSTRY FUND FOR TRANSITION (LIFT)

To help those communities that will be most affected by changes in the automotive sector, the Victorian Government is investing \$33 million to establish a Local Industry Fund for Transition (LIFT) with four sub-funds.

A new \$10 million fund will be established for Melbourne's south-east and a new \$5 million fund for Melbourne's west. These build upon the government's commitment to invest a further \$10.6 million in Melbourne's north and \$7.5 million in Geelong.

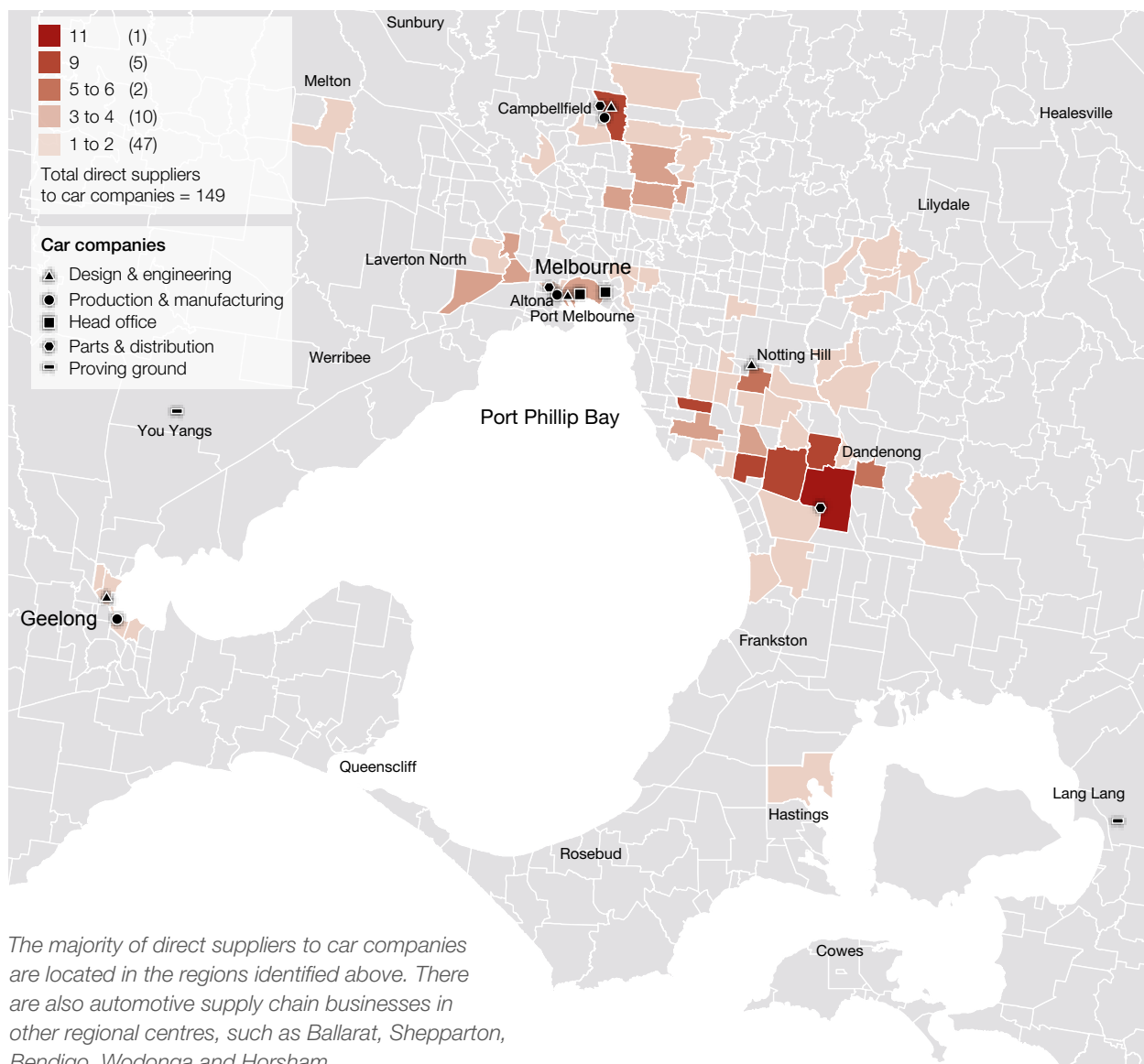
The fund aims to increase private investment that creates new sustainable jobs and assists the regions to diversify their local economies, with preference given to placing former automotive workers into any newly created jobs wherever possible.

This fund will replace the Melbourne's North and Geelong Region Innovation and Investment Funds (MNIIF and GRNIF), which closed to new applications in early 2015.

### COORDINATING THE LOCAL RESPONSE

Local automotive transition taskforces in Melbourne's north, west and south-east, and in Geelong will coordinate business, employment, training and community support services in their local communities. These local taskforces will provide regular updates to the Victorian Automotive Transition Taskforce, which has responsibility for providing advice to the Government on the transition process.

Figure 2: Direct suppliers to car companies in Melbourne and the Geelong Region



# 07

## THE FIRST STEP OF MANY

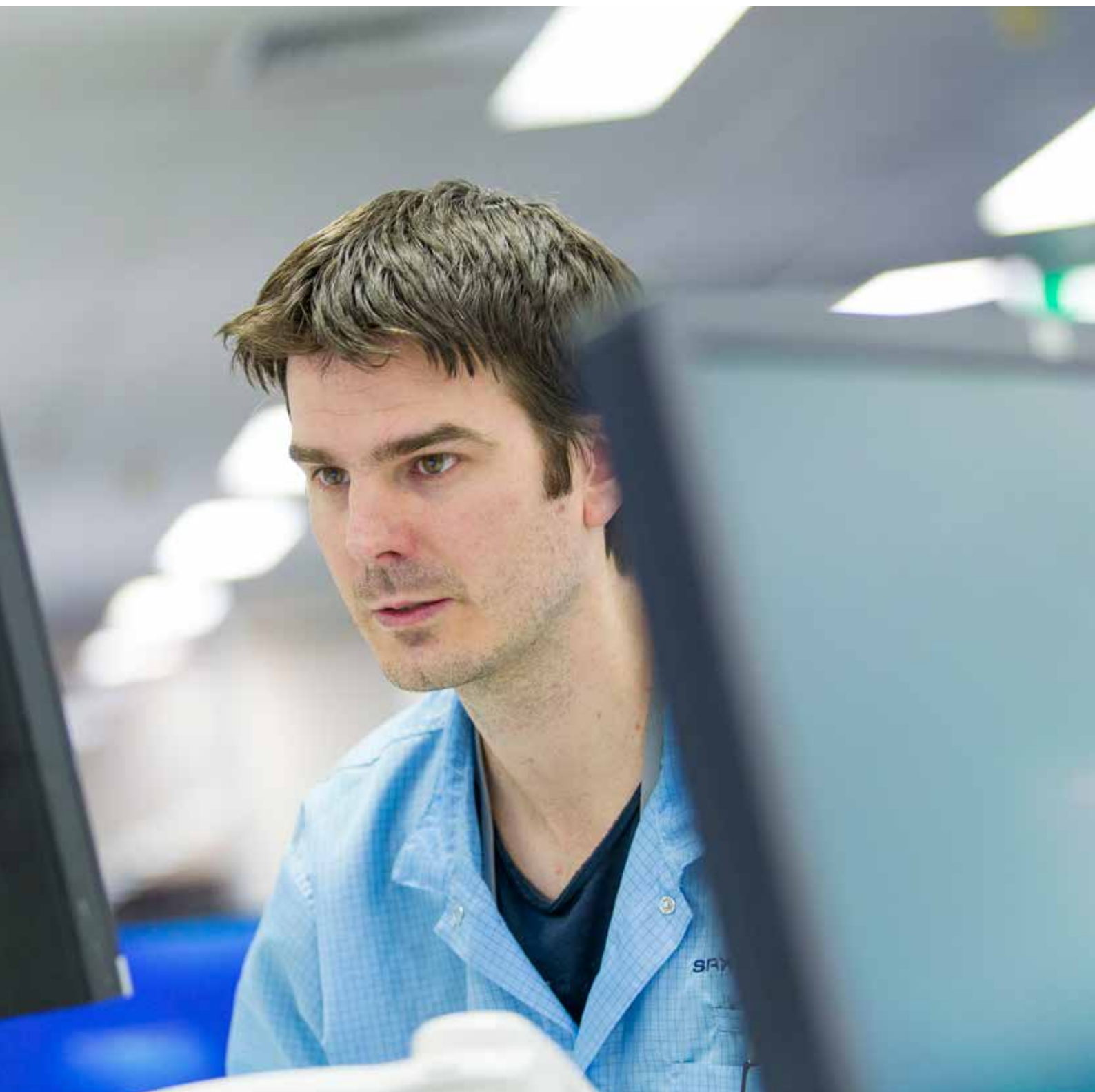
*TOWARDS FUTURE INDUSTRIES: VICTORIA'S AUTOMOTIVE TRANSITION PLAN IS A COMPREHENSIVE PLAN TO ASSIST VICTORIAN AUTOMOTIVE BUSINESSES AND WORKERS TO NEGOTIATE THE CLOSURE OF AUSTRALIA'S AUTOMOBILE MANUFACTURING PLANTS BY 2017.*

**But it is not the final step.**

The full effects of plant closures will not be known for some time. The Victorian Government therefore regards this strategy as a first step. New strategies and policies will follow as the economic situation unfolds and the relative successes of the various transition policies become known.

One thing will remain unchanged: our determination to retain Victoria as a high-skill economy that provides good jobs to people living in every Victorian community.

The way we manage the transition to a more knowledge-intensive advanced manufacturing and service-based economy will have a big influence on the type of jobs we have and therefore the type of lives we lead and the sort of society in which we live. The overall goal is to retain Victoria's reputation as a successful and prosperous economy and society.



# 08

## CONTACT INFORMATION

FOR FURTHER INFORMATION  
ABOUT *TOWARDS FUTURE  
INDUSTRIES: VICTORIA'S  
AUTOMOTIVE TRANSITION  
PLAN*, VISIT :

**[www.business.vic.gov.au](http://www.business.vic.gov.au)**  
or call Business Victoria on **13 22 15**.

For a contact list of TAFEs and  
employment services, please visit  
Department of Education and  
Training at [www.education.vic.gov.au](http://www.education.vic.gov.au)  
or call 1800 809 834.







