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Director's Message



As we approach Easter it's time to reflect on the first quarter of 2015, and what an incredibly busy time it has been.

Victoria has seen the completion of a hectic week of activities, as another very successful "Australian Automotive Week" (Auto Week) culminated with the 2015 Melbourne F1 Grand Prix.

Visits by automotive companies from China, India, Indonesia, Malaysia, Thailand and many other countries, provided many opportunities for networking meetings and discussions with Victorian automotive suppliers.

With only two years left for Australian automotive manufacturing companies to find new customers and markets for their products and services, unique opportunities such as this are critical.

The ASEA team has also been busy during this period, holding another very successful Forum and participating in a number of key events such as the recent Australian International Airshow and Auto Week.

At the Forum held on February 3rd, we focused on identifying potential opportunities in the Mining sector, with speakers from Jolimont Global Mining Systems, Normet and Safemate.

We were very fortunate to have the Minister for Industry & Minister for Energy and Resources, The Hon. Lily D'Ambrosio to provide the opening address at this Forum, which was greatly appreciated by the more than 100 attendees.



Identifying as many revenue opportunities as possible in other sectors, countries and markets is crucial, so Australian automotive suppliers can try to offset the revenues they will lose when their main OEM customers finally cease manufacturing in 2016/17.

This is an incredibly difficult task as volumes are large in the automotive sector, and it is hard to find other opportunities that offer the same or similar revenues. It is made even more difficult as most of the supply chain is in the same boat, with all looking to identify new sources of income and new revenue streams. This also means that some of the suppliers will be competing with each other over the same opportunities.

The complexity of the situation is made even more difficult when you consider that it can take many years to break into some sectors such as Medical, Aerospace and Defence. This means that if a company is not already qualified to supply into these sectors, there is very little opportunity to brake in as a "Tier 1" before 2016/17.

Suppliers must therefore look at other alternatives which take less time to access such as a "Tier 2" into these sectors, or look at sectors where they are already qualified - such as automotive. However with automotive closing is Australia, they must now work to identify potential opportunities with overseas automotive customers.

Here the obvious choice is our closest market - ASEAN, with its large population and a rising disposable income. Vehicle ownership in this region is low but growing rapidly, with the Indonesian automotive sector currently having the highest percentage growth in the world.

If companies are interested in accessing this market, particularly Malaysia, please see the section below titled *In-market Automotive Advocate Program*.

Over the balance of 2015, ASEA will continue its focus on helping companies within the Australian automotive supply chain through the provision of experts to help with the implementation of improvement projects, and with a range of networking activities such as Forums and Workshops.



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Business Capability Support Program (BCSP)

The Business Capability Support Program (BCSP) is a Commonwealth Government program running until June 2016, and is assisting companies in the automotive supply chain to transition their businesses beyond the cessation of the Australian vehicle manufacturing in 2017.

During this challenging time of transition, the BCSP participants are making steady progress by identifying and pursuing new business opportunities both locally and overseas. These companies have a survival imperative and they are increasing their pursuit of new business activities to achieve a sustainable business model.

ASEA is currently working with 19 companies (nine South Australian & ten Victorian) that are participating in the implementation of Evolving Innovation Projects. This makes a total of 35 companies that have undertaken projects in the BCSP Program since it commenced at the beginning of December 2012.

These 35 companies have undertaken more than 70 projects. Of these, more than 50 have already been fully implemented, with the remaining projects in various stages of completion. In addition to these projects, there are also a number of others that are in the preliminary scoping phase, and scheduled to commence during Q2 of 2015.

The various BCSP participants are progressively diversifying into other sectors which include Mining Equipment, Building Construction, Medical & Health, Energy, Defence, Truck & Bus, Aftermarket, Water Storage, Electronics and Food.

As another option in the pursuit for an ongoing sustainable business, many companies are reviewing overseas opportunities with a number are actively reviewing opportunities in the Malaysian automotive industry via the Malaysian based State Government of Victoria, Automotive Supply Chain Advocates.

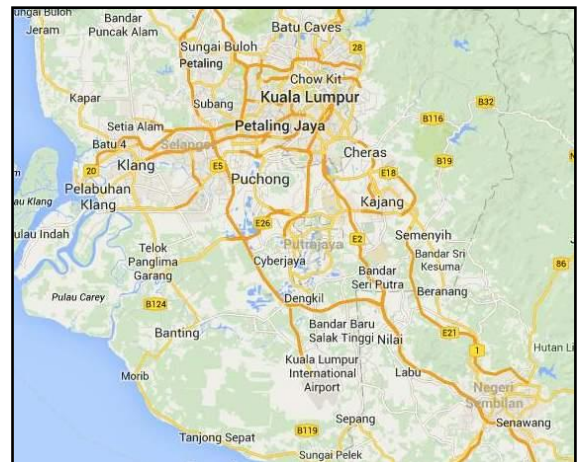
There are still opportunities for more companies to participate in the Evolving Innovation program so please contact your friendly Client Managers: Tom Chappell, Peter Cesco & Peter Taylor.

In-market Automotive Advocate Program

Since the Australian-Malaysian Supplier Showcase held in Malaysia from September 29th to October 2nd 2014, seven of the 25 Australian companies that participated have already made at least one follow-up visit to Malaysia.

The In-market Automotive Advocates have provided assistance to these seven Victorian companies, to further explore the many opportunities for collaboration, and to investigate possible new business.

The Advocates share an office at the Malaysian Automotive Institute in Cyberjaya, which is approximately half way between the International airport and the Kuala Lumpur city centre. It is a convenient location to meet visitors from Australia, and is quite near to the key automotive manufacturing hubs.



For further information on this Victorian government program, please contact either of the 2 advocates who work two weeks on and two weeks off in Malaysia (which means one is normally always there). They can be contacted on:

Mr Linsey Siede: +61400375874 or +60123388098
Mr Peter Taylor: +61433706212 or +60175005044

Manufacturing Productivity Networks (MPN) - latest news

The Manufacturing Productivity Network (MPN) is a Victorian State Government program running until April 2016, which is primarily aimed at helping suppliers in the automotive supply chain, but also other Victorian manufacturing companies as well.



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ASEA conducted the 7th MPN workshop on February 27th for participating companies, with the theme being “Energy Efficiency Refresher”.

Ms. Joy Adcock, Management Systems Manager from Continental delivered a presentation on their experiences and lessons learnt from their rooftop solar installation, and other initiatives in energy efficiency. Joy stressed the importance of effective cross-functional teamwork, with support from the top management, and of selecting appropriate companies with which to partner.

Geoff Andrews from Genesis Now contributed a detailed update of the current state of play and trends observed in the energy sector. This included the national electricity grid aggregate demand, network charges, and high-level opportunities to reduce operating costs in fuel (gas/diesel) and electricity. Additionally, Geoff presented an update on the progress in the opportunities for diversification into CleanTech.

The workshop participants generated a lively discussion and it quickly became clear that any investment in energy efficiency needs to have an immediate payback. Some of the workshop participants are already active in CleanTech and were open with their contributions and insights on the sector.

Our next networking workshop will be held in the second quarter 2015.

South Australia

Currently there are a number of exciting activities happening in the South Australian supply chain.

Firstly there are the long term ASEA “Tier 1” companies that are conducting various diversification projects through the Business Capability Support Program (BCSP). At the moment there are seven projects in total, with three more potential projects being developed.

A further six companies have recently had ASEA assessments with five of these also conducting a Diversification project.

Secondly, the South Australian Government has started an Automotive Supplier Diversification Program that is designed to provide diversification assistance to the local automotive supply chain.

This is separate and complimentary to the Federal Governments’ Automotive Diversification Program for which a number of South Australian ASEA companies have successfully applied recently.

Part of the application processes for these grants requires an “arms-length assessment” to access this support funding. All of those companies that are working with ASEA have received this assessment as part of their normal engagement, and a number of new companies have accessed the assessment in a bid to enhance their diversification support activities. The assessment is a mandatory requirement for companies to apply for access to the funding through both ASDP and ADP.

Should you wish further information on ASEA or our activities in South Australia, please feel free to contact Peter Cesco, ASEA Client Manager SA cescop@optusnet.com.au or 0422 006 111.

ASEA Forum

A very successful Forum was held on February 3rd, 2015 which focused on identifying opportunities in the Mining sector. The key note speaker was The Hon. Lily D’Ambrosio MP, Victorian Minister for Industry & Minister for Energy and Resources.



Speakers from the mining sector were from Jolimont Global Mining Systems, Normet and Safemate, and identified some of opportunities that currently exist, as well as some of the challenges.





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We were also fortunate to have speakers from MtM, Hella and Advanced Braking Systems, who have all been successful in supplying their products into the Mining sector.

Following the presentations, a Q&A panel was convened, and proved to be a popular addition to the previous Forum agendas.



Automotive Week

During the Australian Automotive Week, held from the 10th to 15th March, there were a range of events which included the 18th Asia Pacific Automotive Engineering conference (APAC), The Cars of Tomorrow 2015 conference, Supplier Showcase and business matching meeting, culminating in the Australian Grand Prix.

The Supplier Showcase was officially opened by Minister D'Ambrosio, who stayed and visited many of the booths.



The Showcase was held over two days and included display booths from 35 companies involved in the Victorian Automotive Industry.

Whilst it was open to the public, the main visitors were primarily the delegates attending the two day APAC which included people from China, India, USA and Malaysia.

The delegation from Malaysia included six automotive component suppliers, who are here to progress collaboration discussions with various Victorian companies. They had previously met many of these Victorian suppliers at the Malaysian Australian Supplier Showcase, held from September 29th to October 2nd in Putrajaya Malaysia.



An important aspect of the Victorian Supplier Showcase was the business matching meetings as well as the site visits, which enhanced the relationships and fostered greater trust between the various companies.

We are confident that these meetings will progress the relationships and translate the opportunities into mutually beneficial new business between Victorian and Malaysian companies. Already three purchase orders have been issued and the momentum is building. Hopefully more commercial agreements will be achieved during the course of this year.

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