

QUEENSLAND PRODUCTIVITY COMMISSION – MANUFACTURING IN QUEENSLAND DRAFT REPORT

SUBMISSION – CARAVAN TRADE & INDUSTRIES ASSOCIATION OF QUEENSLAND

6 SEPTEMBER 2017

The Caravan Trade & Industries Association of Queensland (trading as Caravanning Queensland) welcomes the opportunity to provide feedback in relation to the Manufacturing in Queensland draft report released by the Queensland Productivity Commission.

The Caravan Trade & Industries Association of Queensland is the peak industry body for Caravan, Motorhome, Camper Trailer and other Recreational Vehicle derivatives in Queensland. It represents the vast majority of businesses in the industry in this state including dealers, manufacturers, accessories suppliers, repair & service facilities etc.

Almost 240 businesses from Cairns to the Gold Coast and west are embraced in the membership of the Association which was established in 1964.

The Manufacturing segment represents a significant portion of the Recreational Vehicle industry in Queensland, particularly in regard to employment. Queensland based Manufacturers are specialists in their field demonstrating a particular focus on custom built, off-road caravans and camper trailer products. There is also a strong componentry manufacturing, engineering and design sector that supplies product direct to recreational vehicle manufacturers both in Queensland and Interstate. Build quality is to an extremely high standard as is required under the Australian Design Rules.

Many manufacturers based here in Queensland are market leaders, especially when it comes to innovation, engineering and design. One particular Queensland based component manufacturer has directly changed the way caravans have been built in Australia and helped support the recent phenomenal growth in off-road caravan products. This particular business engineers and manufactures arguably the most advanced caravan suspension in the world, right here in Queensland. While their success has been outstanding, they face the ongoing geographical challenge of being removed from the main recreational vehicle manufacturing hub in Victoria and overseas.

Recreational Vehicle Manufacturers in Queensland must adhere to some of the world's toughest construction standards and are subject to over 100 Australian Design Rules, Australian Standards and Regulations. The industry is regulated by various State and Federal Government Departments, Agencies and Regulators.

The Caravan Trade & Industries Association of Queensland works closely with its federal body, the Caravan Industry Association of Australia on a voluntary regulation program facilitated by the industry. The program subjects those manufacturers engaged in the program to audits against Federal regulations. These audits are conducted by Caravan Industry Association of Australia staff in manufacturing facilities, retail dealerships and at industry owned and operated consumer events.

Through these programs, the Caravan Trade & Industries Association of Queensland endeavours to advocate best practice and standards within the manufacturing sector in this state. This message is conveyed through to the consumer via various advertising, educational campaigns and an array of different communications channels.

While the Recreational Vehicle manufacturing sector in Queensland is a strong and robust industry, focussing on specialised niche markets, it is under increasing pressure from both Interstate & Overseas manufacturers. Most of the challenges facing our industry are due to forces outside of our control, such as overseas & interstate economic drivers.

The Queensland Recreational Vehicle Manufacturing sector has been somewhat forgotten or ignored by the Queensland Government, overshadowed by Queensland's economic powerhouses, Mining, Tourism and Agriculture. When you compare the Recreational Vehicle Industry to these in sheer size, this could be validated, however the Government needs to consider the opportunities the Recreational Vehicle Industry can provide in terms of growth, employment and innovation.

We are innovators, we are resilient and we embrace new technologies. We have to be one step ahead to compete with our Recreational Vehicle colleagues and competitors from both interstate and overseas. With a little State Government attention, the Queensland Recreational Vehicle Industry could really blossom.

HOW CAN THE QUEENSLAND GOVERNMENT SUPPORT QUEENSLAND BASED RECREATIONAL VEHICLE MANUFACTURERS?

The Caravan Trade & Industries Association of Queensland has reviewed the Queensland Productivity Commissions report on Manufacturing in Queensland, including the draft recommendations. We are pleased to provide the following feedback in relation to how this will impact upon the Recreational Vehicle Manufacturing sector and ideas on how the State Government can best support our industry.

Manufacturing in Queensland – Draft Recommendations

1. Adopt An Action Plan

The Caravan Trade & Industries Association of Queensland welcomes and supports the proposed policy action plan outlined in the Queensland Productivity Commissions report on Manufacturing in Queensland. The three key action points recommended in the report, Address Cost Pressures, Increase Productivity and Improve Government Programs are a positive start, however more can be achieved by simply sitting down and consulting with Industry. We agree that a broad approach is required, with the targeting and support of specific industries needing to be avoided for risk of isolating other industry groups.

2. Queensland Government Energy Policies

A review into energy prices is welcome and urgently required to avoid further pressure by ensuring energy policy and regulation are efficient. Any policy reform that reduces or halts the surge in energy costs to business will be of benefit. It is a concern to see long established Queensland based manufacturers in other industries closing their doors as a result of an inability to operate competitively in the market due to ever increasing operating costs. The recent closure of Alvey Reels is a prime example of this.

The State Government needs to communicate directly with industry to determine where Government can assist business in reducing these costs by possibly providing further incentives for alternative / renewable forms of energy generation.

3. Queensland Government Tax Reform

Create a competitive business environment through a more efficient tax system.

4. Developing A New Procurement Model

Expand competition for government procurement, improve value for money and provide a simple clear process. Communicate more effectively to industry the opportunities available for government work or contracts.

5. Broader Reforms of the Education & Training Sector

A review of the Vocational Educational and Training System (VET) and funding model is imperative to encourage more student takeup and interest in the recreational vehicle industry. Attracting and retaining staff has proved challenging especially when the recreational vehicle industry has not had endorsed industry relevant training packages & apprenticeships on offer due to a lack of State Government support and funding.

Increased labour costs and the inability to attract entry level employees' due to a lack of training options and relevant government support of industry training packages. A long term full time workforce is much more cost effective than part time / temporary staff skilled in other areas.

The Caravan Trade & Industries Association of Queensland have long been voicing our concerns to all levels of Government of a clearly identifiable skills shortage within our industry. It has been a problem for many years with Caravan Trade & Industries Association of Queensland Members proving it to be seemingly impossible to find employees with the skills required to work in this industry.

A significant camper trailer manufacturer based in Brisbane recently advertised for a new position that had become available within their operation. The owner of the business was not at all surprised, when they only received three applications for the role. The three applicants respectively held Boat Builder, Coachbuilder and Chef Qualifications. Unfortunately, this is an example of what is occurring all too often in our industry. Many of our members are forced into employing people with qualifications from other industries that only have minor relevance to the caravan industry.

While there have been training courses available to our industry in the past that provide some relevant training and qualifications in this area, there has not been an all-encompassing training package that could deliver in its entirety, industry relevant modules...until now. These are the newly created MSM courses listed below.

MSM21015 Certificate II in Recreational Vehicle Service and Repair

MSM21115 Certificate II in Recreational Vehicle Manufacturing

MSM31015 Certificate III in Recreational Vehicle Service and Repair

MSM31115 Certificate III in Recreational Vehicle Manufacturing

MSM31215 Certificate III in Recreational Vehicle and Accessories Retailing

The level of funding currently available via the State Governments "User Choice Program" is not adequate and urgently needs reviewing. Funding for the above MSM courses has been removed, which indicates to us that, in the Government's opinion, our industry is not experiencing a "Skills Shortage", which is far from the truth. This places our industry at a significant disadvantage.

The skills set required by those employed in the Caravan Service & Repair and Manufacturing Sector of our industry is extremely diverse. Some of the skills required include:

- Carpentry
- Cabinet making
- Plumbing (connect and drainage)
- Automotive electrical installation including light fitment, wiring and fault finding.
- Engineering fabrication incl welding.
- Sheet metal cutting and folding.
- Automotive Braking installation/specialised servicing/trailer braking systems
- Suspension fitment/replacement/repair/fault finding & suspension alignment
- Body panel fitment
- Upholstery
- Glazing
- Power tool and machinery operations
- Equipment installation incl Air conditioning, stoves, sanitary system and specialise servicing requirements.
- Fibreglass manufacturing and repairs
- Appling specialised trims and components
- Welding to AS1554 as a minimum
- Gas system testing & fault finding
- State and Federal Industry compliance

The above list is a sample of some of the comprehensive list of skills required by those employed in the Caravan Industry. Estimations from Industry experts have revealed that a minimum of at least 40 individual trade skills are used each and every day within these various Caravan Industry enterprises.

This list of requirements also highlights the fact that within the Queensland caravan industry there is very little difference between manufacturers and medium to large repair operations. Caravan repairers are generally referred to as a 'remanufacturer' simply because the cross over in required skills are virtually the same. It is a fact, that after a major accident, the skills required to repair a Caravan or other Recreational Vehicle is quite often more intense than that of manufacturing as new.

In Queensland, most, if not all Caravan Manufacturers are small specialist type Manufacturers. In fact they are often referred to as 'Boutique manufacturers' as they build less than 20 units per month in what is effectively a 'custom built' situation. This is often vastly different to some of the manufacturers in Victoria where they are structured similarly to the car industry where a production line of non-skilled labour can be utilised based on the repetition process of a volume building.

Given the nature of the industry in Queensland as outlined above, the unique skill set required to work within the industry and the severe skill shortage, an urgent review of the level of funding available under the 'User Choice Price List' is required. This is vital to ensure safe work practises are maintained and the industry attracts and develops highly skilled and motivated apprentices.

6. Reorganise the Investment Facilitation Activities of Trade & Investment in Queensland

The Recreational Vehicle Manufacturing Industry nationally produces approximately 21,000 units annually plus many more tent trailers under 750kg. While some of these manufacturers are based in Queensland, the majority of the larger recreational vehicles (caravans) are currently manufactured in Victoria. Queensland boasts the most recreational vehicle registrations of any state in Australia. Of the 600,000+ recreational vehicles registered nationally, over 160,000 of these are registered here in Queensland. The demand for product in Queensland continues to increase and the main manufacturing base remains interstate. The Queensland Government has an opportunity to attract new Recreational Vehicle related business to the state to service this large customer base.

Recreational Vehicle Manufacturers require support from an ever-increasing supply chain of componentry, appliance, electronic, material manufacturers & suppliers. Some of these supply chain businesses are already based in Queensland, however more could be tempted to setup base here through Government incentives and support. There are many European and Asian based manufacturers and suppliers currently looking at the Australian market as an opportunity for growth. The State Government needs to be proactive in supporting Queensland based businesses in leveraging potential opportunities with some of these overseas manufacturers and suppliers. Queensland's proximity to Asia provides us with a geographical advantage over some of our southern counterparts.

As mentioned previously, Victoria boasts the largest concentration of recreational vehicle manufacturers of any state. The Victorian Government is directing more support towards their Manufacturers, particularly since the decline in Victoria's automotive industry. This provides an unfair advantage to Victorian based manufacturers.

An urgent review is required on the level of State Government investment in manufacturing supply in Queensland. Queensland based manufacturers are forced to source from interstate or overseas suppliers due to a lack Queensland based suppliers. This imposes additional cost on product and places quality at risk, due to sub-standard overseas manufacturing processes.

7. Independent Stocktake of State Based Regulations

It is not just State based regulation that requires review, but also Federal Legislation that is being interpreted differently in each state, Gas Compliance an example. The manufacture of a recreational vehicle is a complicated process involving the input from multiple supply chains and source materials. It is common for the vehicle to be subject to a multitude of regulations due to complexity of the vehicle makeup.

One recreational vehicle may be subject to up to over 100 Australian Design Rules, Australian Standards and Regulations.

We are not asking for the standards and regulations to be reduced as this ensures product is manufactured to an extremely high standard ensuring best practice and build processes. However, to ensure a level playing field across all states, legislation must be interpreted and regulated consistently across all states. Better communication between all state regulators is required.

8. Avoid Investment Attraction Incentives to Individual Firms

No further comment required.

9. Consolidate Innovation & Entrepreneurial Programs

Increase effectiveness and reduce administration costs by consolidating and simplifying innovation programs. Track, manage and measure the performance of programs.

10. Labour Mobility & Employment Transition

Support manufacturers, regions and workers, by improving adjustment assistance and removing barriers to labour mobility to assist workers to transition to new jobs.

Other Recommendation Include:

11. Support industry in the acquirement and development of emerging technologies that will support their manufacturing process in order to compete with better resourced and funded interstate and international competitors.

12. Provide relevant training and funding to upskill existing workforce in the use of advanced manufacturing techniques.

13. Assist industries in accessing potential overseas markets, suppliers or service providers that are not present in Queensland or Interstate.

14. Work collaboratively with the Federal Government and Industry Associations to ensure imported products are subject to the same stringent regulations and compliance programs as locally manufactured products.

CONCLUSION:

The Caravan Trade & Industries Association of Queensland welcomes the Queensland Productivity Commissions review into the Manufacturing in Queensland and the opportunity to provide feedback. An outcome that results in more State Government engagement, support and recognition of the Queensland Recreational Vehicle Manufacturing Industry is a positive step. The Caravan Trade & Industries Association of Queensland is available for further consultation if required.

About the Caravan Trade & Industries Association of Queensland

The Caravan Trade & Industries Association of Queensland is the peak body of the Caravan, Manufactured Home and Camping Industry in this state. It was founded in 1964 and membership is made up predominantly of retailers, manufacturers, hirers, repairers, suppliers etc. in the caravan, camping and manufactured home industries.

Submitted by The Caravan Trade & Industries Association of Queensland - 6 September 2017

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