

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

INTRODUCTION

At the time of our last AGM in October 2020, we were just 7 months into the COVID pandemic, and our focus and advocacy were very much directed towards ensuring that SEMMA members had as much information and support as possible to be able to weather the worst of the COVID constraints. As time has gone on, and the COVID lockdown processes for manufacturers have been understood, this advice and support has become more about communicating official government changes in timely updates. We have been able to focus upon things other than COVID, though as in every aspect of our lives, the ability to forward plan has become challenging, particularly the ever-changing limitations on SEMMA's face to face meetings and events which has made for a very different experience to our pre-COVID years.

Despite the ravages of COVID, we have not only retained but increased our membership base and we have welcomed wonderful new members into our manufacturing alliance. We have been joined by new manufacturers and associates, more local councils and educational institutions as well as establishing partnerships with other industry organizations.

GOVERNMENT

As is our normal practice, we have sent out updates throughout the year to members via emails and our monthly Newsletters regarding meetings and our advocacy to government.

SEMMA continues to use the information provided to us by our members, particularly data captured through survey responses, to feedback information to government around current issues for manufacturers, COVID impacts, policy positions and the actions SEMMA would like to see from Government to enable manufacturing to thrive and grow.

We have been very fortunate to have the support of a number our local MPs at both State and Federal level who have initiated meetings for us with their ministerial colleagues and made representations and introductions to senior Government departmental representatives to further our cause.

Our activities are summarised below in respect to each level of government.

FEDERAL

Advocacy to the Federal Government both in face to face meetings and in written submissions have included:-

- Federal, State and Local Governments to require meaningful percentages of Local Content for all government procurement.
- The need for an active import replacement programme.
- Education and skills training designed to meet industry needs.
- Government to recognise that 95% of manufacturers in Australia are SME's and to ensure policy and contracts are appropriately geared.

Our most recent submission, which has gone to both Federal and State Industry Ministers, is a manufacturing and growth strategy proposal for the south east region of Victoria encompassing not just Melbourne's South East but extending right across to the Gippsland and the LaTrobe regions. We have presented a proposal to create Australia's own 'Silicon Valley'; an eco-system of high value electronics and advanced manufacturing based upon an industry critical to our sovereign capability –

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

silicon wafer and semiconductor production. The global semiconductor market is expected to grow to 1 trillion USD by 2030.

Semiconductors are essential components of equipment used in modern warfare and defence, security applications and technologies, life-saving medical equipment, automobiles, industrial applications including Artificial Intelligence, IoT (Internet of Things), industrial process monitoring, communications and data capture and analysis technologies. Our modern world and advanced economies cannot function without them.

Immediately following our submission, we became aware that the Federal Government is looking at the feasibility of an on-shore, semiconductor capability. Our vision is that Victoria's South East can be the region for this exciting industry. Australia has natural advantages for such an industry including geological stability, access to mineral sands and rare minerals used in production of semiconductors. Gippsland in Victoria's South East has the additional benefit of access to water for use in the production processes, through the desalination plant, and easy access to our manufacturing heartland in the south east. Our region also boasts universities, research hubs and world class facilities at the Synchrotron, as well as the adjacent Melbourne Centre for Nanofabrication.

Export opportunities coinciding with the growth of the semiconductor and allied industries would benefit from, and provide further impetus for, the proposed third international airport in the South East of Melbourne and the Port of Hastings. As referenced in Plan Melbourne 2017 – 2050, development of the South east airport is estimated to provide \$17.6 B in economic growth and thousands of jobs.

We have also provided our proposal to the Federal Department of Industry, Science, Energy and Resources and will continue to push at both Ministerial and departmental level the potential for the South East to be home for a vibrant, Victorian 'Silicon Valley'.

The submission was prepared in conjunction with a SEMMA Sub-committee of three members from the electronics design and production sector. Thanks go to Ray Keefe of Successful Endeavours, Louise Bayliss of SETEC BMPRO and Geoff Condick of GBC Scientific Equipment for their time and invaluable input.

In late 2020, in response to advice that our member businesses, trying to recover from COVID impacts, were having to turn away work because of welding skills shortages, SEMMA set up a Welding Sub-Committee (Peter Angelico – SEMMA President, Ian Cubitt, SEMMA Vice President and Todd Hartley, SEMMA Board Member). It was decided to look at how we could establish a pilot programme to train people to develop basic welding skills to meet the needs of our members. As a not-for-profit association SEMMA needed to source funding for the programme and official advice came through on the 21st of June 2021 that we had been successful in getting \$200,000 to run a series of five pilot-courses of 4 weeks duration. The funding was secured through the Department of Education, Skills and Employment, Local Jobs Programme. Special Thanks to Darrel Hewton the LJP Co-ordinator for all of his on-going support. Also, our Thanks to the Contracts team at DESE, in particular Trent Cahoon and David Murray.

Special thanks go to Todd Hartley at Hilton Manufacturing for making his facilities available to us and for all of the other in-kind support he has provided to make this programme possible to support SEMMA members.

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

We are working with Chisholm TAFE to deliver the welding training and Heather Sharpe at Max Employment as lead employment provider to find wonderful course participants for us. Naturally, like all other aspects of life in 2021, the planned start date for the first of 5 pilot courses has been impacted by the extension of the COVID lockdown requirements and we are now hopeful of running the first training group from Monday 18th October.

STATE

We have met with State Ministers and senior bureaucrats on a number of occasions and our advocacy included:-

- State and Local Governments to require meaningful percentages of Local Content for all government procurement, not just projects over \$1Million (regions); \$3Million (metropolitan).
- To ensure all State government agencies have requirements for local content and use purchasing criteria which looks at *total cost* not just price.
- Education and skills designed to meet industry needs. Consideration of our industry led, 'fast track' welding training suited to the needs of manufacturers.

Throughout the last year, SEMMA has had the opportunity to meet on several occasions with the ICN and Department of Jobs, Precincts and Regions (DJPR).

Over the last year ICN have been very supportive of SEMMA, not only directly providing opportunities for members to submit EOI's for specific items, but also liaising with SEMMA members at site visits to better understand their businesses, and their needs, and seeking to assist them where possible. ICN have also provided useful exposure for SEMMA in ICN's on-line formats and publications. We continue to work closely with ICN to improve SME's access to major contracts. Our Thanks to Andy Balmain and recently appointed CEO Diane Smith and staff for their support.

SEMMA was also invited to participate on the Victorian Government's Rail Industry Development Advisory Committee (RIDAC) which reports directly to the Minister for Public Transport, The Hon Ben Carroll MP, through the Victorian Rail Advocate, Jill Walsh. SEMMA Board Member Todd Hartley sits on the Committee and SEMMA CEO is part of the RIDAC Supply Chain Sub-Committee. This has been a great forum for us to raise our members' concerns which were highlighted during the SEMMA rollingstock round table. For example, excessive risk clauses in contracts, with onerous requirements being forced down the supply chain and imposed upon our SME's. In some cases, these requirements made bidding for the work untenable. Skills shortages impacting rail/rolling stock and actions to address them are also being tackled by RIDAC. Our Thanks to Jill Walsh for inviting SEMMA's participation on RIDAC and the sub-committees thereby ensuring our member's voices could be heard in the vital transport sector.

SEMMA CEO is also a member of the Victorian Government's Southern Metropolitan Partnership. The partnership includes representation from local councils (CEO's of City of Greater Dandenong, Kingston, Casey, Cardinia, Frankston, Mornington Peninsula). The partnership provides strategic advice to Victorian Ministers on government policy, service delivery and budget priorities across social, economic and environmental issues.

LOCAL

SEMMA is actively involved with Local Government in the South East. We are delighted to advise that we now have all of the Greater South East Melbourne (GSEM) Councils as members of SEMMA

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

(Casey, Cardinia, City of Greater Dandenong, Frankston, Kingston, Knox, Monash and Mornington Peninsula).

In addition to our close partnership with the City of Greater Dandenong - our patron and with representation on the SEMMA Board - we are actively involved with the South East Councils. COVID in 2020-2021 has continued to limit our ability to host joint, live events however, over the past year, SEMMA has facilitated more frequent on-line communication and news updates with Council Members.

Councils commonly refer manufacturers to SEMMA and promote our events/activities; in return SEMMA helps connect members to Council resources, programs, contacts, grants and events.

Other interactions include:

- Ongoing relationship with Talking Business magazine facilitated by the City of Greater Dandenong, providing article content.
- SEMMA CEO participates on the Greater Dandenong Regional Employment Taskforce
- Knox, Kingston and Monash collaborate actively with SEMMA for the benefit of the manufacturers in their municipalities. Knox and Monash consistently feature SEMMA in their Newsletters and events emails
- Representation by Casey Eco Dev at SEMMA's New member event ; SEMMA participation in Casey Business Awards; plans to support new manufacturing network in Hallam.
- SEMMA meets with SECCCA (South East Councils Climate Change Alliance) Executive Officer to liaise on current council and industry activities in the progress towards zero emissions, sustainability and the circular economy.

EDUCATION , SKILLS AND TRAINING.

UNIVERSITIES, TAFE AND SECONDARY SCHOOLS.

We have a number of Partnerships in place with tertiary institutions and we are delighted to advise that Federation University has recently joined SEMMA and we are looking forward to working with Kathy Racunica, Head of Campus, and her team at Fed Uni Berwick.

SEMMA participates on the Swinburne Advisory Committee of the Manufacturing Futures Research Institute, and we are fortunate to have Ros Hore, Swinburne's Director Industry Research Engagement and Business Development on our SEMMA Board. SEMMA CEO was invited recently to adjudicate at Swinburne's 3MT Awards for 2021. The 3MT (3 Minute Thesis) Awards are a great initiative whereby PhD students compete by presenting their often complex and sophisticated thesis research in 3 minutes in 'layman's terms' ; an invaluable skill for communicating with businesses and investors to 'sell' their research concepts and projects. We have also engaged with a Swinburne researcher and Fulbright Scholar on her projects around sustainability and the circular economy – of particular relevance to our SEMMA Sub-Committees looking at Energy and Waste and sustainability more broadly.

SEMMA CEO participates in the Monash Chemicals and Polymers Manufacturing Innovation Network Advisory Board liaising with Professor Antonio Patti, Director, ARC Industrial Transformation Training Centre - Green Chemistry in Manufacturing. In addition, we have been liaising with Professor Amrik Sohal, Professor of Management, Monash Caulfield, on a circular economy project which Monash have recently secured funding for under the Victorian Government (CEBIC) Recycling Victoria

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

Business Support Fund to work with manufacturing businesses to enhance their capabilities to adopt circular economy models and practices that create efficiency and reduce waste.

SEMMA has regular engagement with multiple staff from Chisholm TAFE including looking at models for entry level manufacturing training and more recently the SEMMA short-course welding programme.

We have continued to liaise with Melbourne University's Dr Toong Khuan Chan, Senior Lecturer-Construction, Faculty of Architecture Building and Planning and his PhD student, Chigozie Ndukwe researching local content in the construction sector and the implications for local manufacturing. SEMMA members participated in this research. The findings of Chigozie's research support our contention that the definition of Local Content needs to be revisited to provide greater participation to benefit our manufacturers. This is an area of advocacy which we will continue to focus upon in the coming year.

SECONDARY

SEMMA continues to work with a number of local secondary schools in the area keen to develop and maintain a relationship with the manufacturing sector and to maximise opportunities for their students in the sector. In particular, we have worked closely with Hallam Secondary College and held our New Member event on the 4th of May at the Hallam Campus. It was an excellent event which included a great tour of the school's trade centre, with high quality catering for the event by Hallam hospitality students.

BUSINESS OPPORTUNITIES

As well as actively promoting the strength and capabilities of our manufacturers and local supply chains in the south and east of Melbourne, we are frequently contacted by organizations wanting to find local suppliers. Recently we were able to go out to members for EOIs on 700+ items required for the Frankston Hospital Redevelopment project. Our Associate member Plenary Group is part of a consortium, which includes Multiplex and Spotless. The Plenary consortium is one of the three short-listed bidders for the project.

COLLABORATION.

As advised in last year's report, it has become apparent that there is a push from both Governments and Primes to want to minimise their costs, administrative burden and risk by working with just a few key suppliers rather than dealing with a lot of smaller SME suppliers. It has been suggested to us that in order to ensure work in the future on major contracts that smaller manufacturers will need to be willing to work collaboratively in order to be able to meet buyers demands in terms of scope and scale.

SEMMA has set up a Board Sub-Committee to investigate Collaboration models for SEMMA members which will enable them to pursue larger packets of work within areas such as Rail, Construction and Defence. During 2020-21 we were able to run a series of Collaboration Workshops conducted by David Pender, one of Australia's foremost experts on collaboration. This programme, which was funded by a small grant from the Victorian Government, was very well received by members who participated.

PARTNERSHIPS & MEDIA

As most SEMMA members would by now be aware, in late 2020, it was agreed that SEMMA would partner with Fulcrum Procurement to form a SEMMA-Fulcrum buying group. The ability to save

CEO REPORT – SEMMA AGM 8 SEPTEMBER 2021

money/reduce the costs of operating has probably never been more critical for our members given the impact of COVID on sales and revenues and more recent price hikes for materials, components and freight. Partnering with Fulcrum Procurement enables us to harness the potential of group purchasing for SEMMA members.

SEMMA have negotiated a number of MOU's and signed agreements to partner with other industry bodies including AMTIL and Weld Australia. Our agreement with AMTIL will see SEMMA attending and promoting Australian Manufacturing Week, with a stand in the Australian Manufacturing section of the exhibition in March 2022.

SEMMA has continued to build an active media presence to gain exposure, consolidate our industry reputation and generate web traffic to our pages. Engaging in media partnerships is essential for SEMMA to have a reliable source of exposure and presence.

Media.

Prime Creative Media (PCM): SEMMA collaborates with the Manufacturers' Monthly journalist team for official comment and article content, including the promotion of SEMMA members' success stories, in exchange for sharing our choice of manufacturing news articles in our member Newsletter and LinkedIn Page .

ABC News: We have an ongoing relationship with various journalists within the ABC, across their on-line items, television and radio. SEMMA provides our journalist contacts with relevant industry news content including media releases.

Other: Have informal, ongoing relationships with media outlets including The Age, Dandenong Star Journal, AuManufacturing and Talking Business magazine.

SUMMARY AND LOOKING FORWARD.

While 2020-21 has seen us retain our membership numbers, in the most difficult of years, we are keen to strengthen our collective voice by growing our membership. We will be embarking on a programme to grow our membership over the next 12 months.

While growth is an objective for the coming year it will not distract us from our 'core business': to advocate for our members, provide business opportunities, to save through group purchasing and to support and assist our members .

We continue to be optimistic that we will all soon emerge from lockdowns and that our progress, and the advent of the new year, will see our manufacturing members, and indeed the rest of the economy, begin to recover and learn to live and function in a "COVID Safe" environment.

We are excited about the launch of the SEMMA Short Course Welding Project and looking forward to seeing 'graduates' from the programme working with our members. We also intend to look at how SEMMA can facilitate more opportunities through collaboration and for those members who want to move into the Defence sector.

To all who have contributed to the work and success of SEMMA over the last year; the office management team of Beverly and Justine and our wonderful Board, SEMMA Members and our supporters in the community more broadly, my sincere Thanks.

Vonda Fenwick

Chief Executive Officer, SEMMA.