

Austech 2012 – An opportunity to put the soaring Aussie dollar to good use

Now is the time to invest in technology, machine tools and metalworking equipment

Melbourne, 09 February 2012 – With the dollar now reaching US\$ 1.07, manufacturing businesses are continuing to worry about how much longer they can survive. Toyota's announcement in January that it will shed 350 jobs at its plant in Altona has been blamed on the strength of the Australian dollar, which some commentators say is having a significant impact on the manufacturing industry's capacity to remain globally competitive.

Over the past two years the Australian dollar has appreciated 17% against the US dollar, 8% against the English pound, and a whopping 33% against the Euro. That means companies' spending money goes a third further in Europe than it did two years ago.

For small business, the high value of the Australian dollar means any imported machinery or office equipment is dirt cheap and should be taken advantage of.

"The high dollar means it's a good time to buy an imported machine and most of the high value, high precision, latest technology machines are imported," comments Ken Richards from Interlease Co Pty Ltd, one of Australia's largest business finance broking companies. "Therefore, there's never been a better time to buy and whilst exports may be hurting, upgrading to the latest technology and automation may enable companies to reduce overheads and become more cost effective as well as offering greater precision. The greater precision cannot also be underestimated, as it's not as easy for companies to import components that require a high level of precision."

Interlease is the major sponsor of this year's Innovate Showcase taking place from 8 to 11 May during Austech 2012 at the Sydney Showground, Sydney Olympic Park. Organisations will display latest manufacturing technology and techniques, as well as typical manufactured components in their industry, providing Australian component manufacturers, precision engineering firms, toolmakers, advanced manufacturers or general engineering companies visiting the stand with a unique opportunity to discuss their manufacturing capabilities and to network.

"Austech is a premier event for the manufacturing industry and in the current economic environment, making companies aware of the range of options available in the market to finance capital equipment is important," Mr Richards explains Interlease's involvement in the show. "Additionally, most incumbent banks only offer the products they prefer to offer and on the terms they want. As such, some companies may not consider implementing the latest technology as they incorrectly believe it is not cost effective or will be difficult to finance."

And more investment in intelligent manufacturing techniques and prioritising key technologies are crucial if Australia is to avoid losing its competitive edge in manufacturing, Innovate organiser AMTIL (Australian Manufacturing Technology Institute Limited) points out, and innovation will play its part in ensuring Australia's manufacturing productivity.

"The key to the industry's survival depends on innovation and ensuring businesses can adapt to the ups and downs of economic change," says AMTIL CEO Shane Infanti. "While some businesses have had to downsize, many have managed to adjust to the economic conditions by outsourcing, innovation and quality improvement and introducing new technologies and skills."

Almost any manufacturing sector can embrace innovation, whether they're high-tech or low or medium-tech. Sure, Australia's manufacturers and farmers are in a much more competitive global environment than the big resource companies, and the high currency is making it a lot harder for them. While the exchange rate is favourable for imports and investments in new technology, the cheap imports also mean local manufacturers are not only battling on the export but also on the domestic front.

Some experts predict that the Aussie dollar will be back in the mid-US\$0.90 by the end of the year, so Australia's exports will be more competitive and will hopefully help our manufacturers currently battling for survival.

"Until that happens," Mr Infanti says, "take advantage of the currency while you can and invest in new technology and machinery. Austech 2012 comes at the right time, as it offers the unique opportunity to source the latest in production technology available today."

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