

Issues & Insights

The federal government has been incentivising Australian manufacturers to rethink the way they do business, with investments in the form of funding for SMEs.

Government grants critical to start manufacturing revival

Grants from the federal and state governments encourage manufacturers to innovate, especially during the COVID-19 crisis. It is important for manufacturing businesses to find the right partner to help them through the competitive application process. **Caroline Tung** speaks to Tieman Tankers and the Avant Group to find out more.

DURING the COVID-19 pandemic, the need to support innovation among Australian manufacturers has come to the fore.

The pandemic has spurred the need for rapid domestic manufacturing. While there is still much work to be done in terms of building up the country's advanced manufacturing capabilities, more

funding to help drive innovation has already been put in place in the past few years.

Within Australia, the federal government has been encouraging manufacturing companies to adopt more advanced technologies into their processes, and there already has been a shift in advanced manufacturing concepts, from operational concept to reality.

Prior to COVID-19, federal government grant schemes such as the \$100 million Advanced Manufacturing Fund has helped industries invest in advanced manufacturing techniques, which has allowed businesses to build long-term sustainable growth. One element of the Fund, the \$47.5m Advanced Manufacturing Growth Fund, has already provided almost \$41m in grants to 32 businesses across

South Australia and Victoria, with a total investment of \$144m.

Other initiatives include the \$40m Innovative Manufacturing Cooperative Research Centre (IMCRC), which is matched by over \$200m in cash and in kind from industry and research partners. The federally funded Advanced Manufacturing Growth Centre (AMGC) is supporting 56 collaborative projects across Australia



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More help with the MMF

A government report from the Department of Industry, Science, Energy and Resources has stated 200 projects worth more than \$215 million dollars are being supported through the Manufacturing Modernisation Fund (MMF), with the federal government contributing \$48.3 million. These job-creating investments are timely, according to Minister for Industry, Science and Technology, Karen Andrews, as the industry seeks to cope and move forward.

“The federal government is committed to helping Australian manufacturers prepare for the future and to employ more Australians. More than 2,600 new jobs are expected to be created by these successful projects,” Andrews said.

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manufacturers invest in capital equipment and new technologies to transform and upgrade their manufacturing operations.

Andrews has called upon the industry to take the opportunity with investments like the MMF and “look to come out on the other side stronger”.

The MMF was divided between large- and small-scale projects and are the first to be allocated under the fund, (which was broken up into separate streams). Grants totalling \$35m will go to 59 companies for large scale projects worth over \$177m. A further \$13.3m in grants will go to 141 small scale projects worth over \$38m.

One such company who received a grant under the MMF was Victorian family-owned business Tieman Tankers. The company is a SME established in 1953 that designs

and manufactures a range of road transport tankers. To date, it has supplied more than 5,600 road transport tankers including fuel, milk, food grade, chemical and bitumen tankers.

As Tieman Tankers moved forward with the business, the company felt there was a need to improve on its key services. Welding is a key component of its business and investment in equipment that will reduce processing time and rework, improve accuracy, consistency and employee health and safety, is needed, according to Tieman Tankers COO Barry Greig.

Following the application, the company received a \$100,000 grant to obtain automated welding equipment, and was assisted by Avant Group, a consultancy firm that offers competitive grants advisory as a key service.

“Selecting the most appropriate improvement, in this case, a remote-vision automated welding system, suited both the funding program and company objectives and outcomes,” Greig said.

Meeting the requirements

To apply for the MMF, businesses must meet several criteria. According to the business.gov.au website, the business needs to be:

Tieman Tankers are proud to lead the industry in quality and innovation. Their team offers experience, service and skills that have been passed down through 65 years of manufacturing.

with a total value of \$45m. According to government reports, these projects have potential to generate between \$281-290m in revenue for Australian businesses and create 1,215 new high-skill jobs.

The latest move by the federal government to boost the sector has been incentivising Australian manufacturers to rethink the way they do business, with investment in small- to medium-sized businesses. This could be the right move with companies like Detmold Group and Grey Innovation pivoting and innovating with the backing of state and federal governments.



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- an entity incorporated in Australia;
- a manufacturing SME, with up to 199 employees (headcount); and
- clearly identify the level of job creation expected.

In addition, the website states that companies need to be in trading activities that either form a significant proportion of their overall activities, or, are a substantial and not peripheral activity of their corporation. Substantial evidence on how the project (which the grant is being applied for) is supported by the board of directors, that the project can be completed within a set period of time, and the additional costs of the project not covered by the grant funding can be covered, must also be provided.

Greig said that (the MMF) being a competitive fund program, Tieman Tankers had to effectively demonstrate that the company could meet the fund objectives and outcomes to be successful.

“I understood that over 2,500 applications were received by AusIndustry with only 200 being successful. That is only eight per cent of applications.”

Tieman Tankers knew that it

had to be selective about the most appropriate improvement that they wanted out of their business. In this case, the focus on the remote-vision automated welding system was deemed most suitable for both the funding program and company objectives/outcomes.

“In manufacturing, there is always improvements to be implemented as business conditions and change occurs overtime,” Greig said. “Selecting the most appropriate improvement is critical.”

Greig said that the funding outcomes had to demonstrate increased innovation and enhanced productivity in manufacturing operations, along with increased job opportunities and upskilling in the manufacturing sector.

The company also had to ensure that it had sufficient cash in addition to the funding to allocate over the duration of the project – which could stretch out to one to two years.

“It was natural for us to want to meet the expectations of the competitiveness and compliance requirements of the grant program,” Greig said. “But at the same time, we realised this can be a time-consuming exercise, and can divert

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that time away from other important tasks demanded by the business.”

The road to a successful application

It was important to Tieman Tankers to get the grant approved and they needed help overcoming the challenges of understanding and complying with the fund documentation. Partnering with a specialised service company such as Avant Group which helps manufacturing businesses make the application process more seamless and professional in terms of presentation, was critical.

“One of the reasons that we decided to get Avant’s help is because of their high success rate in their client-awarded grants,” Greig said.

“They don’t just provide the upfront requirements and then leave, but they look after their clients through the entire process, supporting them all the way through, thus making it easy and allowing the clients to get on with business.”

Because of its expertise in helping manufacturing businesses, Avant also understands the company’s product and manufacturing operations to help identify improvements that would be suitable for a particular grant, in this case, the MMF and the automated welding equipment that Tieman Tankers was looking to get the funding for.

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Image credit: Tieman Tankers

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He added this then led to focusing on a company program that would fit, and then they proceeded with data collection for the grant submission. Avant oversaw the process and put together the submission, combined with information provided by Tieman.

Kate Whitehead, managing director of Avant Group told *Manufacturers’ Monthly* that Tieman Tankers had worked with them across several different funding programs. She believes that one of the reasons why their application was successful was because of their strong manufacturing capability, combined with a commitment to investing in new technologies. What got them ahead, she believed, was its focus on quality and the productivity of the organisation.

“Obviously, they’re faced with a highly competitive market. Tanker companies are actually importing, so they’re competing against lower cost imports and the question is: ‘How do you compete against that?’” Whitehead said. “There’s two things. One, reputation of the quality, so it’s about the longevity of the products

that they manufacture, and also investing into new technologies to increase or maintain production efficiencies.”

Besides having a strong history, she said that Tieman focused on employing skilled tradespeople, and it invests in upskilling its personnel which indicates a strong commitment to human resources – a key element in the grant application criteria process.

Standing out from the crowd

Given the general market success rate of grants for the MMF was at eight per cent, it demonstrates just how competitive these grants can be.

“A project being able to meet the merit criteria is important. When a competitive grant is announced, the department actually publishes the merit criteria with a weighting against each of those criteria,” Whitehead said. “It’s a square peg, square hole. A lot of people would come to us with a desire for competitive grant funding on a particular grant. However, if their project doesn’t align with the guidelines and the merit criteria that are published, then there’s a good chance it might not be successful.”

Each grant has a different reason,

according to Whitehead. If an organisation wants to self-apply for a grant, she suggests the first thing they should do is read carefully and determine if the company’s project actually aligns against every single one of those criteria.

“If it doesn’t, then they shouldn’t apply,” she said.

Whitehead said with regard to the particular grant that Tieman Tankers applied for, they were not at any strategic advantage.

“They were successful because the particular project they are looking at investing in aligned perfectly with the merit criteria for the grant, which is why we decided to proceed with the application for them.”

The importance of grants for Australian manufacturers

Greig feels that grants allow Tieman Tankers to remain a competitive Australian manufacturer against both local and overseas manufacturers.

“It assists local manufacturers to modernise with advanced technologies, increase innovation and competitiveness. It helps to maintain, upskill and create jobs within Australia, potentially assisting and opening up new exports markets

for local companies to compete on an international level,” he said.

Whitehead concurs, saying that funds like the MMF will increase Australia’s competitiveness on a global scale.

“There are a lot of offsets and incentive programs in international jurisdictions around capital investments, which puts Australia at a strategic disadvantage if we don’t have similar programs to help aid in-country manufacturing capability,” she said. “I think more so than ever, what we’ve seen in recent months is a desire to increase our in-country manufacturing skills and our in-country manufacturing capabilities.”

She believes that it is very difficult for Australia to compete in low-value added product, and as a country, if Australia is serious about growing its manufacturing capabilities, then there is a need to invest in these advanced technologies. Grants such as the MMF are enabling organisations to invest at a critical point in time.

“It’s stimulating that investment and stimulating job opportunities for the future, and maintaining our sovereign capability in-country, but also increasing our cost-competitiveness on a global scale.” **M**