

## Has Blundstone blundered?

Last week, columnist James Kirby looked at Blundstone's decision to move its boot manufacturing to Asia. It drew a huge response from readers, mostly disgruntled. Here's one from a manufacturing consultant who believes the move will hurt the bootmaker.

JAMES Kirby says Blundstone made the right move in moving to Asia and suggests all Australian manufacturing rightfully faces a similar fate. Let's consider the facts. Manufacturing makes up 12 per cent of our GDP, according to the Australian Bureau of Statistics. That's twice as big as mining (6 per cent of GDP) and four times as large as agriculture (2.9 per cent). In Victoria, manufacturing represents 14 per cent of the economy and employs more than 300,000 people, making it the state's largest industry.

Therefore, given Mr Kirby tells us all our manufacturing is headed for low-cost economies, we might assume Victoria has a pretty bleak

future. On the contrary, manufacturing is forecast by IBIS World to grow by 2.4 per cent a year for the next five years.

Manufacturing has always faced competitive challenges. Twenty years ago, pundits predicted its demise when the walls of tariff protection were lowered – but manufacturing exports have more than doubled since then.

Of course, it is not all good news. A recent Manufacturing Futures study by the Australian Industry Group shows 80 per cent of manufacturers were concerned about their future.

Kirby is right on one point: unskilled wages in Australia are at least 10 times higher than those in China, Thailand or India, but then unskilled workers make up 25 per cent of our manufacturing workforce. There is more to manufacturing competitiveness than the cost of unskilled labour.

The companies I see succeeding are innovators. They develop unique products and value a close

connection between their product designers and production in Australia. They take advantage of being close to their customers by offering faster service and by customising products.

For every Blundstone or Ajax Fasteners closing its doors, there is another innovative Australian manufacturer expanding.

So what about Blundstone? When an American friend asked me for a pair of Blundstones, he did so to own an Australian icon. He would have been disappointed if "Made in China" was stamped inside.

I also suspect many of those manufacturing workers who wear Blundstone safety boots around Australian factories will now insist their boss buys Australian-made boots. Then I suspect Blundstone will now find to its detriment that "Made in Australia" has a marketing value.

**TIM MCLEAN**

Tim McLean is principal of TXM Consulting, tim.mclean@txm.com.au.

is you unlimited  
at ANZ branches,  
or a low monthly fee.  
.com or call us



g 13 13 14 or visiting www.anz.com