



Vernier Society Newsletter

November 2015

Courtesy of Australian, AFR and Manufacturing Monthly

China and Australia's manufacturing figures

Manufacturing Indexes for October (> 50% expansion – below contraction)

- China was 49.8, the same result as September.
- China's economy grew by 6.9% first time below 7%
- Australia was 50.2, a 1.9 point fall from the September 52.11 .
- Expanding - wood & paper products (down 5.5 points to 64.0); textiles, clothing, footwear, furniture & other manufacturing (up 0.5 points to 56.9); petroleum, coal, chemical & rubber products (up 0.3 points to 57.5); months, non-metallic mineral products (up 3.6 points to 52.6).
- contracted - **machinery and equipment (up 2.2 points to 45.0); metal products (up 1.4 points to 48.1);** very small printing & recorded media (down 0.9 points to 46.6); and food, beverages & tobacco (down 3.8 points to 49.7).

Manufacturing Monthly

Digital Workforce in Australia

- 60% of new jobs require skills held only by 20% of workforce
- 75% of the fastest growing occupations require science, technology, engineering and mathematics related skills and knowledge
- 40% of Australian jobs are at risk of being automated in the next 10 to 15 years
- Australia has 600,000 information and communication technology workers
- Australia will need an extra 100,000 ICT workers by 2020
- Only 28% of workers are women

Australian 7-8/11/2015

Put more women on boards

- Institute of Company Directors CEO urges top companies to boost effort for more women on boards
- IOCD is pushing target of 30% female directors by 2018
- Current figures are 19% of total
- Ceo says women made up 31% of ASX 200 board appointments this year.
- FTSE 100 has risen from 12.5% in 2010 to 26% in 2015

- The Australian

No economies of scale for cars or defence equipment

- Of the total of Asia we have: 0.6% of population/33% of land but only 10% arable but only 3% of its renewable water
- 3% economic share of Asia but with GDP growth half of Asia
- Spend just under 5% of total government spend on defence -1% of GDP
- Spending \$100b on subs in SA is political not good decision making
- We put \$10's of billions into automotive and still companies were not globally competitive
- Number of jobs to be lost is so small – these jobs are being replaced every 31/2 months
- Over last 5 years we have created 8 times more jobs than those lost
- Would have created 10 times more with new age IR regime in place
- We have 7th highest living standard in the world but we can fritter it away with muddled thinking, rent seeking and pork barrelling!

• View by P Ruthven – founder ISIS World – Australian 11/2015

ABB has launched its YuMi collaborative robot in Australia.

YuMi was originally launched at Hannover in April 2015.

Able to work side by side with humans without safety zones

Has lightweight yet rigid magnesium skeleton with a floating plastic casing wrapped in soft padding in order to absorb impacts.

It is suited for small parts assembly and pick-and-place applications within the electronics industry.

According to ABB, the ability to work safely alongside humans in electronics assembly will allow the robot to drive efficiencies across a wide variety of innovative applications.



Shambolic Training has to go

- PM –“Government will not continue to sponsor speculative and poor quality courses being offered”
- Vocational training market is worth \$6b in Australia
- 254 colleges were government approved Fee-help providers lending \$1.7bn for courses – fees do not have to be paid back until students own \$54,000/annum
- Training colleges have tripled fees in 3 years since the former Labor government gave vocational training students access to the same loans as universities.
- ACCC alleges Unique International College Pty Ltd gave free laptops to lure indigenous students in \$25,000 management courses. UIC to pay back \$57m for enrolling 3600 students
- Allegedly signed up 66 year old woman who could not read or write to the course
- One college picked up \$6m to run on-line courses for 4000 students but had only 3 graduates.

The Australian

USA study – Companies drive wage inequality

- Apple gives its shuttle bus drivers 25% pay increase – Facebook raises wages of canteen staff and cleaners to \$15/hour – Workers at Microsoft contractors now get paid sick leave ...
- Study of S&P 500 show that a company at 90th percentile i.e. 90% more profitable than others saw ROI jump from 22% in 1982 to 99% in 2014
- But median company only moved from 9% to 16% and at 25th percentile it stayed the same

Possible conclusions:

- Government policies on minimum wage and education may not be enough to close wealth divide
- More skilled workers go to work for growing companies with least skilled leaving
- Market dominant companies can extract profits above competitive landscape

Wall Street Journal/Australian 6/11/2015

Luxury Car maker Ferrari valued at \$13.5bnAus in US Float

- Ferrari has a 14% profit margin but this is well below other luxury brands
- Fiat Chrysler will put 10% on market this year with 80% to be marketed in 2016
- At that point Piero Ferrari son of the founder will own remaining 10%

Wall Street Journal in AFR November 2015

Electric Car Maker Tesla posts loss

- Tesla posts loss of \$US229.9m in 3rd quarter plus heavy cash use of \$US450m
- Revenue rose by 10% to \$US937m but adjusted revenues rose by 33%
- Tesla shares rose 11% after announcement
- Tesla predicts it will deliver 17,000-19,000 vehicles in 4th Qtr
- Revenue was boosted by sale of \$39m of **Pollution Tax credits**

Wall Street Journal/Australian 6/11/2015

Banking – Credit Suisse to cut 2000 jobs

- Credit Suisse plan to cut 2000 of 6000 workforce in London
- Moving 1800 of jobs to cheaper locations in Poland and India will save \$2.4bn in next 3 years.
- Credit Suisse employs 20,500 people in banking worldwide
- Deutsche Bank employs 8500 people in Britain also expected to reduce London operation
- More than 700,000 employed in financial services in London but expected jobs will be relocated regionally outside London

Kraft Heinz to axe 2600 in rationalisation

- KH plan to cut nearly 6% of its workforce in America
- Will close nearly 20% of its 41 factories in states
- Spokesman said it would make it more competitive globally and accelerate growth
- Cuts in line with practices employed by 3G – Brazilian private equity firm that now controls Kraft Heinz with aim to cut \$US1,5b from budgets
- Observers suggest that 3G so intent on cost cutting – did not invest in innovative products

Science -The brightest light in the Universe

A newfound galaxy 12.5 billion light-years from Earth is the most luminous one known in the universe,

blazing more brightly than 300 trillion suns,

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The engine behind the galaxy's brilliance may be a supermassive black hole

Seeing the object as it existed 12.5bn years ago

The new study appears in the May 22 issue of The Astrophysical Journal