



Edf Energy Transformer arriving at Southampton on MAFI trailer after Ro/Ro transport

TRANSFORMER PRODUCTION IN AUSTRALIA

DUMPED IMPORTS A THREAT TO LOCAL MANUFACTURERS

By Robert Wilson – Managing Director, Wilson Transformer Company

Despite the significant stress and financial setback over 7 years of the ACCC transformer case and subsequent litigation, which finally concluded in mid 2006, Wilson Transformer Company (WTC) has continued its very strong commitment to the Power Industry. The Company now employs over 500 Australians, including 50 engineers and chemists.

COMMITMENT

This commitment is demonstrated by \$25m capital expenditure in Distribution (Wodonga) and Power (Glen Waverley) over the past 5 years including –

- » New ERP system, engineering software and computer hardware
- » Engineering system and product development in power and distribution
- » Continued development of the Dynamic Ratings product offerings
- » Office upgrades to enhance productivity
- » Warehouse expansion and systems to handle increased product volume
- » A new Georg core cutting and stacking machine in distribution
- » Winding equipment
- » Vapour phase drying equipment
- » An extensive TJJH₂b laboratory for oil and SF₆ testing
- » New 120T & 60T cranes including building strengthening to reduce test cycle times
- » A new independent medium test power supply and capacitor bank in Glen Waverley
- » A replacement 100MVAR PCB free capacitor yard for power transformer testing
- » New impulse and partial discharge measuring and diagnostic equipment
- » A new test bay including impulse equipment in Wodonga.

In addition, LEAN activities and training have facilitated continuing system and process improvements. In each of the past 5 years, 5 staff members have attended the Association of Manufacturing Excellence conference in the USA including a separate tour of 10 companies involved in LEAN.

WTC in conjunction with TJJH₂b has run the Annual TechCon® Asia Pacific Conference for the benefit of the Industry. WTC was also instrumental in enabling the Centre for Power Transformers at Monash University to be formed.

TURBULENCE AND ACHIEVEMENT

The close collaboration between WTC and its major suppliers has enabled reliable supply chains to be maintained despite the turbulent international environment for transformer materials.

This commitment has enabled the capability of WTC to be substantially enhanced. Over the last 5 years, sales and MVA output from our Australian operations both increased by 3 times. MVA output in 2005/06 was just under the maximum achieved by the entire Australian transformer industry in any year prior to 1999.

EXPORTS REQUIRED

With the enhanced power transformer output capability and the slow down in orders from key Australian customers, WTC was able to overcome the surge in demand, and for most of the past year has had between 30 and 40 power transformers in storage, awaiting the availability of sites. This situation led to a fall in Australian orders, and the need to find export work. As WTC had been supplying into the UK market for 8 years, we were able to secure a good order from Edf Energy (referred to on front cover) to overcome a lean period for the Company in the Australian market.

GLOBAL SHORTAGE

With the global shortage of transformer manufacturing capability and transformer material suppliers, WTC is now finding offshore markets increasingly attractive, despite the high Australian dollar. We are also experiencing for the first time ever, reputable overseas customers seeking to do business with WTC due to difficulties they are experiencing with their traditional transformer suppliers.

DUMPED PRICES

With our exposure to the changes in export markets, WTC is of the view that a number of recent overseas bids into the Australian market are likely to be at dumped prices. As a consequence, a dumping case has already been initiated with the Australian Customs Service in relation to a recent tender and contract award.

THE FUTURE

WTC is primarily committed to serving the Australian market with value driven products and services. The Company will still however continue to supplement this activity with export business to diversify our income stream and maintain exposure to international markets.