

# The Sydney Morning Herald

Politics Federal [Federal budget](#)

This was published 5 months ago

## 'We make things in Australia': PM's plan to boost manufacturing



By [David Crowe](#)

October 1, 2020 – 12.01am



Save



Share



Industry will be promised \$1.5 billion to sustain local manufacturing as part of a budget plan that aims to secure a "sovereign capability" in six priority areas ranging from food to medicine and clean energy.

Prime Minister Scott Morrison will name the target industries in a major speech on Thursday that sets out ambitions to build global scale in each sector, with the promise of public funding to lure big investors.



Prime Minister Scott Morrison will announce funds for manufacturers to target priority development areas.

"We make things in Australia. We do it well. We need to keep making things in Australia. And with this strategy, we will," Mr Morrison says in a draft of the

speech.

Five days out from the federal budget, the Prime Minister will use the speech to signal flagship measures to cut tax, build new infrastructure, fund more skills development and "rebuild the economy" from the recession.

Mining giant BHP Billiton will back the government message by announcing an \$800 million outlay on skills, engineering and technology on Thursday, saying this would include at least 2500 more apprentices and trainees.

The government estimates its manufacturing plan could create 80,000 direct jobs and about 300,000 more indirect jobs by helping companies modernise their factories and ramp up exports.

There will be new incentives to get workers to farms with a severe shortage of pickers due to COVID-19 border restrictions.

The six priority sectors to receive the new funding will be resources technology and critical minerals processing; food and beverage manufacturing; medical products; clean energy and recycling; defence; and space.

"The reality is we cannot and should not seek to reach global scale in a large number of sectors," Mr Morrison says in a draft of the speech to the National Press Club.

"Don't try to do everything. It's all about alignment, across different levels of government, with industry and with the research and education sectors."

Industry Minister Karen Andrews has talked of expanding food exports, for instance, so Australia adds value to its farm produce, and to produce batteries that add value to the country's rare earths and other raw materials.

The \$1.5 billion is new money to be spent over four years on three components including a Manufacturing Modernisation Fund, which will offer \$52.8 million in

grants to local companies within three months.

The grants will only be offered to companies in the six priority areas and will be conditional on industry committing \$3 for every \$1 in public funds, with the new money adding to an initial round of funding last April.

The government estimated the last funding round would create 2600 jobs and the next round could do the same. Companies can apply for amounts between \$100,000 and \$1 million.

The second component will be a \$107.2 million Supply Chain Resilience Initiative to identify areas where Australia needs a domestic capability for emergencies, a problem exposed in medical products during the pandemic.

The third and largest component will be a \$1.3 billion Modern Manufacturing Initiative, which will open in the first half of next year to offer grants for major projects.

In the same way the government allocated \$150 million last year to support Australian space companies work with NASA, the new fund is meant to attract big investors from overseas and build "economies of scale" in local production.

Labor industry spokesman Brendan O'Connor has dismissed the government's talk so far of a new plan for manufacturing, pointing to the closure of car-making as one of the failures of the Coalition's time in power since 2013.

"They've spent seven years attacking and undermining Australian manufacturing and now they want Australians to believe they support manufacturing – what a waste of years of economic growth and taxpayers' money," Mr O'Connor said on Monday.

The government estimates manufacturing employed 860,000 workers and generated about \$50 billion in exports before the pandemic.

One day after Labor leader Anthony Albanese accused the Prime Minister of dodging responsibility for the "Morrison recession" and being too slow to help those in need, Mr Morrison will promise a budget that can "cushion the blow" of the pandemic.

The government's argument is that other countries have been hit much harder and that 700,000 more jobs would have been lost in Australia were it not for federal stimulus measures.

In a signal that income tax cuts are likely to be brought forward in the budget, Mr Morrison will point to the government's record in reducing taxes.

"Australians are keeping more of what they earn, as promised. And there will be more," he says.

Under the BHP plan to be announced on Thursday, the mining giant will spend \$300 million over five years on 2,500 new apprenticeships, and \$450 million to source more local products and services in Australian mining and technology businesses.

"Providing apprenticeships, skills and training opportunities for Australians of all ages and all walks of life, particularly in our regional communities, is a commitment we can make to help Australia bounce back," BHP chief executive Mike Henry said.

---

## Trump Biden 2020

Our weekly newsletter will deliver expert analysis of the race to the White House from our US correspondent Matthew Knott. Sign up for *The Sydney Morning Herald's* newsletter [here](#), *The Age's* [here](#), *Brisbane Times'* [here](#) and *WAtoday's* [here](#).

---



**David Crowe**



David Crowe is chief political correspondent for The Sydney Morning Herald and The Age.