

From: [REDACTED]
To: [Economics, Committee \(SEN\)](#)
Subject: inquiry into Australian manufacturing industry
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To the Senate Standing Committees on Economics

I believe Australia is highly vulnerable should there be a conflict involving China, due to the rundown of our manufacturing industries.

I believe we need to build strategic industries that allow the economy to continue functioning for at least three months in the event of a conflict, and critical industries to supply our military forces.

I believe that the Government must roll out a \$1 trillion plan to double manufacturing production by 2035, comparable to other developed nations. Such a plan should aim to have \$1 trillion invested into strategic manufacturing and related infrastructure by government, a development bank, commercial banks and equity finance over 15-20 years.

This investment would employ another 1 million people directly. There were 918,000 employed in manufacturing in 2019, hence more than doubling manufacturing should add another one million jobs to the economy. Another 750,000 would likely be employed indirectly as manufacturing has a high multiplier effect into the economy. The Industry Capability Network (2016) estimates that \$1 million in manufacturing output supports between \$713,400 and \$1.2 million in related economic activity. In the US automotive industry, final jobs multiplier for original equipment manufacturing is 10-to-1. 85.5% of Australians in manufacturing jobs are full-time, compared to 65% of the total workforce and tend to be well paid.

I believe such investment will diversify Australian industry, reduce Australia's reliance on foreign investment and on imports and will pay for itself in profits and taxes.

I believe the government needs to assemble key industry and infrastructure leaders, determine the strategic industry and infrastructure needs to build resilience.

It is vitally important that the government formally declares these new industries as "strategic industries" which automatically exempts them from World Trade Organisation and Free Trade Agreement rules. This will allow the government to impose restrictions on competing imports, provide subsidies, have preferential contracts, take government equity and even government ownership of companies where needed.

I believe there would need to be a **super Department for Strategic Industries** as a one stop shop for the rapid development of such industries.

I believe that a new development bank is needed to fund these industries and reduce reliance on deficit budgets.

These industries may partner with foreign firms, but they must be Australian owned or else they will be subject to foreign takeovers and lost offshore. Far too many major firms in manufacturing are today foreign owned, including CSL.

I believe strategic industries are need in the following sectors:

- important defence products, under license if necessary as already done with ships and submarines;
- essential pharmaceutical and other medical supplies;
- domestically owned firms in the transportation and agricultural equipment sectors – automotive (even the Holden brand could be recoverable if actioned quickly), heavy vehicles, rail and rolling stock, agricultural machinery, heavy tractors, etc., are well within national capabilities;
- machine tools industry for supplying tools to strategic industries and some areas of manufacturing;
- metals processing industries are needed to supply other strategic, machine tool and other industries;
- an advanced chemical industry is important to supply pharmaceuticals, defence and manufacturing industries;
- essential consumer goods manufacturing;
- telecommunications and transport;
- agriculture and food processing industries;

- low cost energy is essential for the development of new industries.

Regards

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