

SUBMISSION 3

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The Committee Secretary
Standing Committee on Economics, Finance and Public Administration
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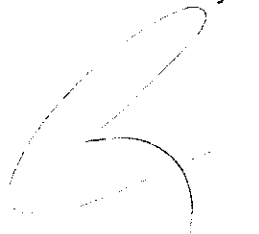
Dear Sir/Madam

I write in response to the letter of 8 June 2006 from the Hon Bruce Baird MP, Chairman, House of Representatives Economics, Finance and Public Administration Committee, to the Hon Clare Martin MLA, Chief Minister of the Northern Territory, inviting Submissions to the Inquiry into Australia's manufacturing industry now and beyond the resources boom.

The Department of Business, Economic and Regional Development would like to make a brief Submission on behalf of the Northern Territory. The Northern Territory's Submission is attached.

Should you require further information on this matter, please contact Mr Ian Prince, Director Industry Policy, Industry and Economic Policy Division on telephone (08) 8999 7055.

Yours sincerely



Mike Burgess

17 July 2006



SUBMISSION TO THE INQUIRY INTO AUSTRALIA'S MANUFACTURING INDUSTRY NOW AND BEYOND THE RESOURCES BOOM

Northern Territory
Department of Business Economic and Regional Development

July 2006

The Northern Territory manufacturing sector is comparatively small, contributing 7.5% to Gross State Product (GSP) in 2004-05, compared to 12% nationally. However, manufacturing is still an important sector in the Northern Territory economy, having strong interactions with other production sectors, especially through the provision of inputs to the construction and mining sectors.

There has been significant growth in the sector during the last 5 years with the value added contribution of the sector increasing by almost 50% in this period. Despite this, wages and salaries in the sector have only increased slightly. More than half of the sector turnover in the Northern Territory is associated with the processing of bauxite to alumina at Nhulunbuy.

The overall development issues for the Northern Territory manufacturing sector are somewhat different to those faced, for example, in Victoria and South Australia. The Territory does not have a legacy of older manufacturing facilities but rather is looking to green-field developments based on resource sector feedstocks and newer technologies.

The Northern Territory Government is actively encouraging debate between all levels of Government and the upstream and downstream sectors about future opportunities and challenges for downstream investment in mineral, oil and gas and how Australia may capture more of the value chain.

The *Northern Territory Manufacturing Industry Strategy 2004 - 2009* was developed in consultation with government and industry and provides a strong foundation for the development of the manufacturing sector. The Strategy is directed at maximising the growth of the manufacturing sector. It also seeks to harness the new opportunities created by current and upcoming major development projects in the Territory. These include the arrival of Timor Sea gas onshore, the Adelaide to Darwin Railway and Darwin's new port, as well as the Territory's location and strong links in to South East Asia. A copy of the *Northern Territory Manufacturing Industry Strategy* can be found on the Northern Territory Government's business website at http://www.nt.gov.au/business/documents/general/MI_STRATEGY_COMPLETE1.pdf enclosed.

The Manufacturing Consultation Group (MCG), established by the Strategy, encompasses effective partnerships with industry, manufacturers, unions and relevant agencies and plays a pivotal role in the implementation of the strategy and setting future directions and actions for the sector. A case manager for Manufacturing Industry Development has also been appointed in the Department of Business, Economic and Regional Development and is working closely with the MCG, the NT Manufacturing Council and industry representatives.

The Northern Territory Government supports and is represented on the National Manufacturing Forum. This Forum was established following the National Manufacturing Summit held in Melbourne in December 2005. The timetable has been set for the Manufacturing Forum to report to the State and Territory Ministers by September 2006.

The participants of the Forum have been drawn from industry, industry and employer organisations (Australian Industry Group, Business Council of Australia and Australian Chamber of Commerce and Industry), unions and research organisations are supported by all State and Territory Governments across Australia. The Australian Government has been invited to participate but has thus far declined. The Forum meets regularly to discuss issues, challenges and opportunities which exist in the manufacturing industry in Australia.

The Northern Territory has found that the National Manufacturing Forum presents a valuable opportunity to explore and continues to make progress on issues of relevance to the development of Territory manufacturing including:

- opportunities for value adding especially to mineral, oil and gas production and primary production outputs;
- access to new technologies and processes;
- research and development and associated commercialisation;
- investment capital and access to development funding;
- common-use infrastructure;
- environmental requirements; and
- skills formation, appropriate skilled migration and recognition of qualifications.

The National Manufacturing Forum is working towards the development of a Strategic Action Plan for manufacturing and provides an ideal opportunity for the Australian Government to work with all States and Territories to grow the sector nationally. States and Territories are working on a number of initiatives and it would be advantageous for all involved to have Australian Government involvement in the National Manufacturing Forum.

Specifically in relation to export and import competing matters, it is important that future policy concerning the development and growth of the manufacturing sector should explicitly and effectively:

- stimulate and assist firms to add value to mineral, oil, gas and other primary produce in Australia prior to export;
- overcome impediments to accessing some of Australia's oil, gas and mineral resources for value-adding in Australia and for other domestic purposes;
- encourage and support Australian manufacturers currently exporting, or with the potential to do so, to be fully competitive in regional and global markets and to respond to globalised market opportunities;
- through bilateral and plurilateral international export market reforms, ensure that Australian manufacturing exports face no greater tariff and non-tariff barriers than those in place for the import of manufactured products into Australia;
- encourage and support relevant Australian manufacturers and expand the export of services associated with manufactured goods exports;
- ensure that Australia's trading partners demonstrate fully and prove incontrovertibly that "market economy status" conditions prevail before Australia accords them that status;
- maintain and strengthen Australia's antidumping and countervailing tariff regime; and
- ensure that all of Australia's free trade, economic and trade facilitation agreements open new manufactured goods markets and do not undermine the reasonable development and growth of Australia's manufacturing sector.