OUR PLAN

FOR A STRONGER MANUFACTURING SECTOR
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KEY POINTS

Our traditional industry sectors have consistently supported the Australian economy, creating jobs and being a source of livelihood for so many families.

Driving all our industries forward, including traditional sectors like manufacturing, is central to the Liberal and Nationals Government’s economic plan.

Manufacturing remains a key part of the Australian economy, employing hundreds of thousands of Australians and contributing tens of billions in annual exports.

Due to our strong economic management, manufacturing under the Liberals and Nationals has experienced 32 consecutive months of stable or expanding conditions according to the Australian Industry Group. And the value of Australia’s manufacturing exports has grown by around 23 per cent since 2013, compared to a 13 per cent decline when Labor was last in government.

There is significant potential to grow the sector, with the Advanced Manufacturing Growth Centre estimating the sector could capture growth of 25 - 35 per cent by 2026.

But our manufacturing sector will only expand if it can compete with the rest of the world. This means we need to prepare manufacturing for the future and establish the right policies to make Australia an easy environment for manufacturers to invest, export, embrace new technologies and develop high value products.

The Liberal and Nationals Government will deliver a stronger manufacturing sector by:

- Growing exports by Australian manufacturers including by delivering more free trade agreements and supporting an Australian Made export campaign to give our manufacturers a bigger edge in overseas markets.
- Supporting manufacturers to modernise and grow through a new Manufacturing Modernisation Fund, support for science, technology and commercialisation, and providing new opportunities in areas like space industry.
- Delivering reliable and affordable energy to lower production costs with our Fair Deal on Energy, as well as gas market reforms and investments in business energy efficiency.
- Ensuring Australia has a world-class skilled workforce that supports smarter manufacturing, including support for up to 80,000 new apprentices.
- Providing better access to finance through our Australian Business Securitisation Fund and Australian Business Growth Fund.
- Growing our sovereign defence industry and maximising opportunities for Australian involvement in our record $200 billion investment in Defence capability.
• Maintaining a strong anti-dumping system to ensure a level playing field for our manufacturing businesses.

By contrast, Labor’s policies will weaken the manufacturing sector by making Australia a place in which it is harder to do business.

Labor wants to punish manufacturing and other traditional industries with their economy-wrecking emissions reduction targets that would drive up energy prices and reduce manufacturing production.

Under Labor’s plan, scores of Australian firms including food processors and manufacturers of chemicals, building products and consumer goods will be forced to pay billions of dollars buying global carbon credits in order to comply with Labor’s reckless emissions reduction targets. Labor’s workplace relations policies will put the unions back in charge while its trade policy will give trade unions a veto over our trade negotiations.

It’s a disastrous recipe that will drive Australian manufacturing jobs offshore, just like the last time they were in office when one in eight manufacturing jobs disappeared.

Labor’s past failures on manufacturing tell us they will not only fail to create manufacturing jobs, but Australian taxpayers will be left to pick up the bill.

Only the Liberal and Nationals Government has a strong plan to continue to grow Australia’s manufacturing sector and other traditional industries.

**OUR RECORD**

Australian Manufacturing not only has a great history but an exciting future. It employs hundreds of thousands of Australians, is a major export industry and contributes almost one quarter of our research and development expenditure.

The Advanced Manufacturing Growth Centre, an independent industry-led body established by the Liberal and Nationals Government in 2015, has identified significant capacity for Australian manufacturing to grow: by reducing production costs, value-adding and accessing new global markets.

We have already taken major action to bolster manufacturing and secure the jobs that so many Australian families rely on. Our strong record includes:

**Taking Australian manufacturing to the world**

To ensure their growth, our manufacturers need to export and reach new markets.
In just five years, the Liberal and Nationals Government has embedded Australia with the economic engines of our region.

We have concluded free trade agreements with China, Japan, Korea, the 10 economies of the Trans-Pacific Partnership (TPP-11) and the 10 countries of the Pacific Agreement on Closer Economic Relations (PACER Plus), as well as Indonesia, Peru and Hong Kong.

This is powering major opportunities, with manufacturing exports growing by around 23 per cent since 2013.

**Lower taxes for small and medium businesses**

We are reducing taxes so businesses can grow and employ more Australians.

We have fast-tracked tax cuts for around 3.3 million small and medium-sized Australian businesses with a turnover of less than $50 million, enabling them to invest in and invigorate their businesses. We have also expanded the instant asset write-off to medium sized businesses and increased it to $30,000.

**Investing in science, technology and commercialisation**

For an even stronger future, Australian manufacturing must embrace advanced technologies to boost productivity and compete internationally.

Through initiatives like the $100 million Advanced Manufacturing Fund, $40 million Innovative Manufacturing CRC, $30 million Rail Manufacturing CRC, Entrepreneurs’ Program and Industry Growth Centres, our Government is supporting world class manufacturing facilities and fast-tracking commercialisation of new ideas in machinery, rail, food and other products.

**Supporting the transition of the automotive sector**

Due to our strong economic management, Australian manufacturing continues to thrive after the closure of Ford, Toyota and Holden. Around 80 per cent of their former workers have successfully transitioned. We have also supported businesses in the automotive supply chain to diversify into new opportunities such as defence industry through our $100 million Advanced Manufacturing Fund and $155 million Growth Fund, with over 70 per cent of these businesses still manufacturing.

**Growing exports of Australian Made products**

Australia’s future manufacturing growth is highly dependent on local businesses gaining access to new global markets and supply chains.
A re-elected Liberal and Nationals Government will continue to remove trade barriers and increase support for manufacturing exports through a comprehensive range of measures, including:

- Delivering new trade deals, building on our record of increasing the total trade covered by free trade agreements from around 26 per cent to around 70 per cent. This includes working to conclude trade negotiations with the European Union, regional markets via the Regional Comprehensive Economic Partnership and the four-nation Pacific Alliance (Mexico, Chile, Peru and Colombia) and the UK when they are ready to do so.
- Supporting an Australian Made export campaign, with up to $5 million over the next four years to push the logo in Australia’s largest trading markets. Funding would support marketing and promotional campaigns to profile the logo as an export brand of Australia, making it even more valuable for manufacturers of food and beverages, pharmaceuticals, cosmetics, clothing and other products. Funding will be used to support registration of trademarks for the logo in markets like the UK, European Union and Canada.
- Providing support for promotional and marketing activities of exporters through the additional $60 million we are providing to the Export Market Development Grants Scheme (EMDG) over the next three years, bringing the total annual spend to $157.9 million. The EMDG helps current and aspiring small to medium sized exporters to utilise free trade agreements and seek new offshore opportunities for their goods and services.
- Rolling out our $20 million SME Export Hubs program to boost the export capability of businesses across the country, including manufacturers.
- Continuing to provide export finance solutions for Australian exporters through Efic, as well as connecting Australian businesses with overseas opportunities and facilitating investment through Austrade.

**Supporting manufacturing to modernise and grow**

Australian businesses have long been world leaders, using cutting-edge technology and business processes.

Australian manufacturers need to continue to invest, innovate and modernise in order to develop new higher value products, differentiate themselves in the market and prepare for the future, including for industry 4.0.

A re-elected Liberal and Nationals Government will establish a new Manufacturing Modernisation Fund, with funding of $50 million from Government and at least $110 million from industry. The Fund will provide grants to small and medium sized manufacturing businesses to modernise, grow and employ more Australians, particularly helping those manufacturers in regional and outer suburban Australia.
The Fund will support manufacturers to become more competitive and create more jobs by co-funding capital investments that help them scale-up, invest in new technologies and develop new high-value products.

$20 million would be provided for matched grants of between $50,000 and $100,000 for smaller scale technology and efficiency investments. $30 million would be provided for larger-scale grants of up to $1 million, with a $3 co-contribution from industry for every $1 from government, to support more transformative investments in technologies and processes.

This builds on our continued investments in science, technology and commercialisation initiatives that provide new opportunities for manufacturing growth and competitiveness. This includes our investment of $100 million in the Advanced Manufacturing Fund, the creation of the Advanced Manufacturing Growth Centre, support through the Entrepreneurs Program and $40 million for the Innovative Manufacturing Cooperative Research Centre.

It also includes new Cooperative Research Centres initiatives that support our world-leading researchers to collaborate with the manufacturing industry to develop new products and open up new markets:

- $55 million for the SmartSat CRC to develop new satellite and communications technologies.
- $35 million for the Future Food Systems CRC to establish six regional and periurban food hubs around the country aimed at building capability and value-adding to local produce.
- $25 million for the Future Battery Industries CRC to expand production of critical minerals like lithium and develop opportunities for specialist battery manufacturing.
- $20 million from the Cooperative Research Centres Projects grants program for industry-led research and development projects focused on developing new solutions to plastic waste and recycling.

Our investment in the Australian Space Agency will also provide new opportunities for manufacturing, with the space industry expected to grow to $12 billion and create up to another 20,000 jobs by 2030.

Affordable and reliable energy

Secure, reliable and affordable energy is critical to all businesses – none more so than manufacturing. As an energy-intensive industry, higher power costs would pose a significant risk to production.

The Liberal and Nationals Government’s Fair Deal on Energy will deliver affordable, reliable 24/7 power.
It includes a price safety net that will help small businesses make empowered and informed decisions about their energy plan, supports reliable power by requiring energy companies to sign contracts guaranteeing enough energy to meet demand and backs investment to improve competition by underwriting new reliable energy generation – including investment in Snowy 2.0 and Battery of the Nation.

We will continue taking strong action to ensure gas prices go down and gas supply goes up. This includes, through the Australian Domestic Gas Security Mechanism, ensuring there is enough gas for Australia before it is exported.

The Liberal and Nationals Government will invest to improve the transparency, competitiveness and long-term security of gas supply – with $8.4 million to accelerate gas supplies from the Northern Territory to the east coast with the opening of the Beetaloo Sub-basin for exploration and development.

Small manufacturers can also benefit from our investment in the Energy Efficient Communities Program.

This will provide $50 million in more than 2,500 grants to eligible businesses and community organisations to help them save energy by either installing new equipment or by reviewing and improving their energy management. Eligible small businesses will be able to claim grants of up to $20,000 and high energy-using businesses up to $25,000.

World-class skilled workforce

A highly-skilled workforce allows us to work smarter and more competitively on the global stage.

That’s why we are backing in vocational education and training (VET) as central to the growth of Australian businesses, particularly manufacturing.

We established the Skilling Australians Fund in 2017 to boost apprenticeships and traineeships across the country, including in manufacturing.

The Liberal and Nationals Government is also investing $585 million in the VET sector to better equip Australians with the skills they need for today and tomorrow.

We are establishing a new Skills Shortage Payment to boost existing incentives for areas of identified skills needs to support up to 80,000 new apprentices over five years.

We are establishing a National Skills Commission to drive long-term reform of VET. This will develop a nationwide approach to skills development, serving the needs of both students and industry.
Language, literacy, numeracy and digital skills are the foundation of employment. To ensure all Australians have the skills they need for work, the Government will provide $62.4 million to establish a national program to deliver foundational skills training.

We will build on Questacon’s Engineering is Elementary pilot program by investing $6.2 million to roll out the program nationally. This will provide training to 1,000 primary school teachers across all states and territories to give them the confidence and skills to teach engineering to school kids.

**Growing our sovereign defence industry capabilities**

We are investing over $200 billion over the next decade to modernise the Australian Defence Force and secure our nation. This includes $90 billion for our continuous naval shipbuilding program, including the construction of the new Attack class submarines.

Our defence industry policies are ensuring local Australian businesses including manufacturers have more opportunities to benefit from this massive investment in Defence capability, ensuring we create Australian jobs and a sovereign Australian defence industry.

The creation of a stronger, more resilient, and internationally competitive defence industry is maximizing opportunities for Australian businesses to secure Defence contracts. Tens of thousands of people and more than 3,000 small to medium enterprises are already employed in Australia’s defence industry.

The Liberal and Nationals Government has launched the 2019 Defence Policy for Industry Participation, providing further opportunities for Australian companies to compete for work and drive the long-term development of Australia’s sovereign defence industry.

- This policy builds on the success of the Government’s well-established Australian Industry Capability Program and Local Industry Capability Plan. It also extends the requirement to include opportunities for Australian industry on all Defence procurements of $4 million, and above $7.5 million for construction.

Our $230 million Centre for Defence Industry Capability works closely with industry to help it take advantage of the unprecedented opportunities.

We released the first Australian Defence Industrial Capability Plan, which lays out how we will build the Defence industry Australia needs. This includes a dedicated annual Sovereign Industrial Capability Priority grants program, providing up to $17 million to Australian small and medium enterprises to assist them to purchase essential equipment, such as enhancing cyber security, providing access to specialist training, or the ability to attain appropriate accreditations and certificates.
The Liberal and Nationals Government’s Defence Export Strategy, Defence Export Advocate, $3.8 billion Defence Export Facility and $20 million annually in extra export promotion will help Australian defence industry market its capabilities to our friends and allies overseas for a sustainable Australian defence industry.

And we will continue to grow the Global Supply Chain program, giving Australian companies a foot in the door for greater access to global markets through the supply chains of defence prime companies.

**Better access to finance**

The Liberal and Nationals Government will make it easier for aspiring and existing small and medium businesses – including manufacturers – to start and expand.

We understand that small businesses find it difficult to obtain finance other than on a secured basis. And that small businesses that have already obtained secured finance but wish to continue to grow also find it difficult.

With access to finance a critical issue, the new $2 billion Australian Business Securitisation Fund will start on July 1 this year. This fund increases small business access to competitive finance by providing more funding for small banks and non-bank lenders.

A re-elected Liberal and Nationals Government will also establish the Australian Business Growth Fund by providing $100 million in funding and partnering with financial institutions to enhance equity financing to businesses with annual turnovers between $2 million and $50 million. The fund will aim to expand to $1 billion as it matures.

**Maintaining a strong anti-dumping regime**

The Liberal and Nationals Government has taken firm steps to protect Australian industries, particularly manufacturing, from the illegal dumping of cheap overseas products. This includes:

- An extra $1.1 million per year for the Anti-Dumping Commission, taking its annual budget to over $12 million.
- Improved assistance for small and medium Australian businesses.
- Placing a greater onus on overseas businesses to cooperate with investigations.
- Improving the anti-dumping merits review process.
- Delivering more timely investigations.

The Liberal and Nationals Government will continue to look for opportunities to strengthen Australia’s anti dumping regime following recent consultations we have undertaken with industry to ensure it delivers a level playing field while supporting business growth, employment and competitiveness.
THE CHOICE

The Liberal and Nationals Government values our manufacturing industry and understands what is needed for continued growth.

We will work with the sector to support more exports, reducing energy costs and support modernisation and the development of new high-value products.

Labor is offering the opposite. Under Labor’s policies, manufacturing will be hit by higher costs and more red tape that will drive Australian manufacturing jobs offshore.

Australian manufacturers cannot afford Labor’s economy-wrecking emissions reduction targets which will:

- Cost the economy $472 billion.
- Slash more than 336,000 jobs.
- Cut the average wage by over $9,000.
- Increase wholesale electricity prices by more than 58%.

Under Labor, Australian manufacturers will face costs that their international competitors do not. In particular, scores of Australian manufacturers will be among the 250 Australian firms targeted by Labor to reduce their emissions by at least 45 per cent by 2030. Those firms unable to make these emissions cuts will be forced to spend millions on foreign carbon credits damaging their competitiveness in fiercely contested export markets. Given that a large share of manufacturing is located in regional Australia, the impact on employment in regional cities and towns will be severe.

Australia’s manufacturers cannot afford Labor’s export-damaging opposition to free trade. A Shorten Labor Government has said it will give trade unions an effective veto over trade agreements. Labor’s union MPs are already celebrating Labor’s decision to ‘reject’ trade agreements, including those already signed with Indonesia and Peru. This will result in sectors like the Australian steel industry missing out on promised tariff cuts.

When Labor was last in government, they did not start and finish a single Free Trade Agreement. Crucial negotiations with Korea, Japan and China foundered, as trade unions’ riding instructions outweighed the national interest.

Australian manufacturers cannot afford Labor’s regressive industrial relations policies which threaten a return to the industrial unrest of the 1970s.

Labor’s record proves their policies will drive manufacturing jobs offshore. When Labor entered office in 2007 there were over one million manufacturing jobs. When they got booted out in 2013, the number had fallen to 922,000: 1 in 8 jobs disappeared.
While manufacturing has a bright future under the Liberal and Nationals Government, Labor’s only plan is to offer taxpayer-funded subsidies to compensate for the damage they will do to the sector.

**THE COST**

The Liberal and Nationals Government’s Plan for a Stronger Manufacturing Sector includes an additional $50 million for the Manufacturing Modernisation Fund and $5 million for the Australian Made campaign.