

Prime Minister's Taskforce on Manufacturing

Terms of Reference

Background:

Australian manufacturing is an important sector for Australia and its value is not measured by its contribution to economic output alone. Manufacturing currently provides 8.6 per cent of Gross Domestic Product and 8.3 per cent of employment. Manufacturing provides approximately 950,000 jobs across a broad range of skill levels and a range of educational attainments. Manufacturing provides jobs to around 350,000 people in regional Australia¹, it accounts for 34 per cent of merchandise exports and 25 per cent of business research and development.

Manufacturing is an important driver of innovation in industry, supports value-adding of our natural resources and uses a significant proportion of the output of other sectors. A strong manufacturing sector is also important to the broader economy because of its important intersecting role across supply chains, both domestically and internationally. However, it faces challenges and opportunities, both short and long term that can have different impacts in different regions. Some pressures, such as globalisation and the small size of the Australian domestic market, have been recognised for some time. Others are more recent, including the need to adjust to a low carbon economy and the strong rise in the terms of trade and the Australian dollar. Technology is also driving changes in manufacturing and a restructuring of the sector - creating new pressures and opportunities.

Australian manufacturers of the future will be more likely to succeed by focusing on high value added products made with high skilled labour, contributing to global production chains, and selling to niche markets. Australian manufacturing will increasingly rely on world leading science and technology and management and employee skills as the source of competitive advantage.

The work of this Taskforce will set out a shared vision for the future of the manufacturing sector and identify a plan for how best to leverage the Government's existing policies and programs to best capture the opportunities arising from the Asian century and respond to its challenges. The Task Force will also help to catalyse and co-ordinate the Government's and industry's response to the immediate challenges being faced by the manufacturing sector.

¹ Australian Jobs 2011, Department of Education, Employment and Workplace Relations

Objectives:

The Prime Minister's Taskforce on Manufacturing will:

- Establish a shared vision for the future of the manufacturing sector;
- Co-ordinate and catalyse the work occurring across the manufacturing sector and Government to respond to the immediate challenges of a high exchange rate, technological change and global competition and trading conditions;
- Provide advice on how best to leverage and co-ordinate existing Commonwealth and state government policies and programs, and make further recommendations to capture at a national and regional level the opportunities arising from the Asian century and respond to its challenges, including steps to address:
 - The global trends in manufacturing to 2020 and beyond, especially in terms of emerging markets and technologies and opportunities for value adding to our agricultural and energy and resources sectors;
 - The management and workforce skills required to build capability, drive productivity and increase innovation in the sector;
 - Science and technology, investment and other firm capability requirements needed for 2020 and beyond;
 - The opportunities available from clean energy and sustainable growth;
 - The opportunities for new business creation and any barriers to the development of new businesses in Australia;
 - Regulatory and other government-induced barriers to competitiveness;
 - The productivity of the sector as a whole, and within sub sectors, assessed against international performance;
 - The further export potential of Australian manufacturers into Asia; and
 - Creating international linkages to underpin integration into global production chains; and
- Provide advice on building closer linkages and collaboration between industry and the research community, domestically and internationally, to assist to transform manufacturing through the application of science and technology and create international science and technology linkages to underpin integration into global production chains.

Membership:

The Taskforce will comprise representation from industry, unions, government and the R&D community. The list of members is at [Attachment A](#).

Resourcing Arrangements:

The Taskforce will be supported by a Secretariat located within the Department of Innovation, Industry, Science and Research including seconded officers from other departments.

To steer and co-ordinate the input from government, the Taskforce will also be supported by a Deputy Secretaries Working Group, chaired by the Department of Innovation, Industry, Science and Research and including the departments of the Prime Minister and Cabinet, Treasury, Finance and Deregulation, Education, Employment and Workplace Relations, Climate Change and Energy Efficiency, Regional Australia, Regional Development and Local Government, Defence, Austrade and Resources, Energy and Tourism.

The Taskforce will be supported by a technical working group, comprised of stakeholders, which will consider out of session research and other papers to inform the work of the Taskforce.

Reporting Arrangements

The Productivity Committee of Cabinet is expected to consider reports from the Taskforce. The Taskforce will produce a final report in mid 2012.

The report will build on the Future Manufacturing Industry Innovation Council's recent report to Government entitled *Trends in Manufacturing to 2020* and the Society of Knowledge Economics report entitled *Leadership, Culture and Management Practices of High Performing Workplaces*.

The report will include a high-level roadmap for the range of manufacturing sectors from basic metals to advanced manufacturing, covering the key platform technologies such as nanotechnology, biotechnology and information and communications technologies and capabilities that are expected to transform industry over the coming decade. This roadmap will be developed by co-ordinating advice and input from existing advisory bodies and stakeholders, including the Industry Innovation Councils, Industry Skills Councils and the National Workforce and Productivity Agency.

Meeting arrangements:

The first meeting of the Taskforce will be held in mid November 2011 to settle a detailed workplan. The Taskforce will also consider papers out of session.