

6 September 2021

Submission to:

Economics Reference Committee inquiry into
“The Australian manufacturing industry”

From Caroline Larner, 63 year old Tasmanian resident, grandmother to ten.

To the honourable members of the Economics Reference Committee, Australian Senate.

Please consider my Submission to the inquiry herewith in addressing the Terms of Reference, as follows:

a. What manufacturing capacities Australia requires for economic growth, national resilience, rising living standards for all Australians and security in our region.

‘National resilience’ implies our ability to survive in uncertain times. Overseas supply chains are currently disrupted, for whatever reason of manufacturing or shipping delays, lockdowns or reduced capacity to produce. Australia’s history of post-war economic boom began on the sound basis of government intention, cooperation and funding with industry guidance to boost local manufacturing to supply the war effort; our own raw materials were employed in steel, machine-tool and equipment production. Living standards rose on the basis of solid physical economics with its flow-on effects for the whole country and its people. We could do that again if the political will allowed.

Large scale infrastructure development is required to provide plentiful power, water, transport networks across this vast country. This provides the efficiencies industry needs, provided by government at affordable service rates.

It is crucial that we return to self-reliance in machine tool making, manufacturing including parts manufacture, all being key to ‘national security’ in many senses of the term.

b. The role that the Australian manufacturing industry has played, is playing and will play in the future.

We used to call ourselves, ‘the Lucky Country’, in large part due to the high availability of skilled training and high employment rates in manufacturing industry including high-tech design and engineering, and services industries in connection with it. Launceston used to boast of its machine-tool annex which supplied parts to the space industry; its workforce was highly skilled; all that now mothballed as a quaint museum display. Launceston was also a textile town with manufacturing that supported broad employment opportunities. The town has lost the vibrancy of those times; the central shopping mall no longer a social hub. Australian manufacturing is a shadow of its former self with its stockpile of machine tools sold cheaply to China; the dismantlement of technical training colleges and the opportunities they once provided the younger generation; even the car industry is gone. We had been told that Australia’s future was to be largely a financial centre; that it was other countries’ role to be the (low wage) manufacturers. We are saddened that our children’s formerly bright occupation and employment future was given away to resource and financial corporations, at great cost not only to government coffers but to the population as a whole.

Our son works in the oil and gas industry as a project engineer and supervisor. He works with the (foreign) manufacturers, overseeing installation on behalf of these customers to the industry. He understands this industry will be short-lived and would have preferred to be working in aeronautics but there are not such opportunities in Australia. He says there is a shortage of welders and boiler makers in Australia, many of whom are working in mining; that Korean and Chinese workforces are flown in, despite the language barrier, the Chinese a very reliable crew; 50% of skilled and experienced workers, both on and off shore, the machinists, fitters and turners, drilling contractors, structure designers and installers, are flown in from Scotland and the U.S. He says his company relies on sourcing equipment from Singapore with a lead time of about a week. How is it that Singapore, a tiny island on the tip of Malaysia, has become the centre of world shipping and equipment supply?

Australia has been posturing against China in the South China Sea and is at risk of disrupting this key transport corridor of manufactured goods. This appears to be a short-sighted approach and unwarranted attitude against our largest trading partner.

I am informed by an investment advisor that it is unlikely Australia will ever create a new manufacturing industry due to the excessive red-tape in this country which delays start-ups and finally kills the project due to excessive cost imposts and heavy-handed bureaucracies. Foreign corporate multinationals hold sway over Australia's rich resources and have privatised the profits. My cynicism is based on watching the insidious destruction of the productive sector, whether primary or secondary over the past 40 years, due to policies of deregulation and misregulation, 'free' trade and exorbitant monetary stimulus to speculative investment, away from productive investment.

Into the future it is essential that we literally build out of the coming recession which will otherwise be much worse than it is touted to be. To rebuild and value-add our rich commodity resources in manufacturing would support the power of bright young people's individual initiatives, innovation and creative problem-solving abilities. This is true wealth.

c. The drivers of growth in manufacturing in Australia and around the world.

We cannot rely on 'market forces' to determine growth in our best interests. Governments have a crucial role in providing the backbone of essential infrastructures to generate plentiful affordable power, plentiful affordable water supply, efficient transport networks, which may be seen as the first step in the real physical economy. Financial excuses are easily overturned by reference to a quick history lesson in Hamiltonian banking principles and the principles that President F.D. Roosevelt used to build the Tennessee Valley Authority major infrastructure networks that established an important basis of the former powerhouse of American manufacturing. Australia followed suit under leadership of such politicians as John Curtin, Ben Chifley and King O'Malley; the latter the founder of the Commonwealth Bank of Australia as a government-owned bank. China has used such a model of self-funding development finance in recent times.

We must recognise the 'win-win' opportunities offered by cooperation with our near neighbours in Asia. What is good for their economies enlarges our customer base as well as sharing of technological breakthroughs in solving any productive challenges we may face. We must join our transport networks to link with China's infrastructure corridors, the New Silk Road, ensuring 'peace through development' as a natural law of human interaction and mutual benefit.

d. Strengths of Australia's existing manufacturing industry and opportunities for its development and expansion.

Australia's strengths of any remaining manufacturing industry, or those recently dismantled, lies with the older generation of technical experts and tradespeople, who are fast dwindling in numbers and availability. By recognising this crucial resource of expertise and immediately encouraging and funding their return to mentorship of next generation technicians is a central opportunity we have to develop the full range of skills needed to expand ongoing high-tech expertise.

We are resource rich and must employ such for the benefit of the nation.

One such modern day example of a shovel-ready project in support of local steel production is the '*Iron Boomerang*' proposal of entrepreneur Shane Condon. The connecting railway to combine raw materials for this project from W.A. iron-ore to coking coal reserves in Queensland should be funded with a wholly-owned government bank. Living standards of populations thus employed would improve for decades to come (refer term of reference 'a.').

e. The sectors in which Australian manufacturers enjoy a natural advantage in energy, access to primary resources and skilled workers over international competitors, and how to capitalise on those advantages.

Tasmania used to enjoy a natural advantage in hydro power due to foresight of former Premier Eric Reece, 'Electric Eric', in ensuring construction of major dams. Energy-intensive industry such as Comalco aluminium producer were attracted to the state due to plentiful cheap power. Plentiful long-term skilled jobs ensued. However, since the recent advent of Bass Strait cable, the Tasmanian population as a whole no longer enjoys affordable power which is offset against the environmental cost of Victoria's coal-powered sector, while the new corporatized 'provider' middle companies reap commissions and executive bonuses.

There is a network of just such dams as drafted decades ago called the 'Bradfield Scheme', a large network of interlinked dams and weirs designed to supply power and water in the states of Queensland and NSW, shelved long ago; ripe for resurrection.

It is difficult to envision how the government will afford to provide long-overdue maintenance or rebuilding of our aging dams infrastructure without the backing of a government bank as the CBA used to be. Senator Gerard Rennick's recent speech to the Parliament in this regard is commendable in its practical explanation of how such public bank funding works. We need more such leadership.

We must also capitalise on cooperative efforts with other countries in nuclear energy development, Australia being a foremost source of raw materials in the industry, whether uranium or thorium.

f. Identifying new areas in which the Australian manufacturing industry can establish itself as a global leader.

Government funding support for entrepreneurial initiative in major works, such as Shane Condon's '*Iron Boomerang*' project or the Bradfield Scheme of linked water projects as outlined by engineer Emeritus Professor Lance Endersbee, would provide inspiration of such global leadership.

Crucially, Australia has been in collaboration with China's Shanghai Institute of Applied Physics concerning the next generation of nuclear reactors, the Thorium Molten Salt Reactor (TMSR): a very hopeful safe technological advance for the world.

g. The role that government can play in assisting our domestic manufacturing industry, with specific regard to:

- i. research and development*
- ii. attracting investment;*
- iii. supply chain support'*
- iv. government procurement;*
- v. trade policy;*
- vi. skills and training; and*

We need the right sort of regulation and self-funding power by government bank which sincerely encourages productive enterprise and research, supports our tech training and fair wage structures, and understands the importance of government funding of essential infrastructures which help make productive industry efficient and profitable. Let's make our own machine tools, equipment and supply chains. Money, as a by-product of exchange then flows to government coffers; we can then afford essential services such as health and education available to all. Lucky-country Australia used to do all that in the 'good old days' when I was a girl!

h. The opportunity for reliable, cheap, renewable energy to keep Australia's manufactured exports competitive in a carbon-constrained global economy and the role that our manufacturing industry can play in delivering the reliable, cheap, renewable energy that is needed.

Australia has the largest deposits of uranium and thorium in the world. We export our rich uranium around the world; the nuclear industry is taking off in other countries. Nuclear Power will save the environment, Windmills Won't!

Just for a start, look to the win-win initiative of international collaboration with China's TMSR modular reactor program. We must be good neighbours in the region.

My address is disclosed on cover letter to this Submission.

Yours sincerely

Caroline Larner