

I wish to address the following terms of reference:

- a. what manufacturing capacities Australia requires for economic growth, national resilience, rising living standards for all Australians and security in our region;
- b. the role that the Australian manufacturing industry has played, is playing and will play in the future;
- c. 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

- a) Australia should focus growth in key sectors for the security of the nation and its people, for example:
 - a. Food and agriculture
 - b. Medical and health
 - c. Minerals, mining and petroleum
 - d. Renewable energy sources and storage
 - e. Defence

Developing capacity in these sectors is fundamental to the security, way of life and improving the wellbeing of Australian people. COVID-19 has laid bare supply chain risks, compromises and inadequacies- even through shipping alone- which much of Australia bases not only its economy on, but the most fundamental needs of its people.

Growth of capacity in these key sectors improves the capability of Australia to support itself despite rapidly changing world conditions, even if there are not immediate shifts in living standards. Additionally, by maintaining and growing these sectors within Australia, employment opportunities will have reduced dependence on international markets.

- b) Australia has built a significant proportion of its wealth based on mineral resources. While these resources will continue to deliver into the future, Australia should hedge significantly against changing market conditions, as the demand and manner these resources are used in is likely to change significantly in the near future. Integration of these raw commodities, in addition to the uptake of renewable energy and other resources into Australia's production chain will harden the economy and manufacturing industry against this change, allowing Australia to maintain its local capabilities, and pivot or grow into emerging markets nationally and internationally.
- c) The government can play a key role in supporting domestic manufacturing efforts. Significant grant funding already exists to bolster a number of the sub-points of this term of reference, and does assist a significant number of manufacturers; however the buying power of the state should not be underestimated, and represents an under-leveraged resource in supporting local business. To streamline purchasing processes and "de-risk" procurement many government bodies purchase from resellers who source many products internationally. While this is convenient and appears to be a more financially viable solution, in reality this de-risking measure actually induces significant dependence on international markets, once again laid bare by COVID-19 when Australia was unable to properly arm its healthcare professionals.

By focusing on local manufacturing efforts and using the significant purchasing power of the state, the government could foster manufacturing industries locally, improving the viability of manufacturing goods within the country, and indirectly supporting further growth. For example, pill cups (plastic and/or cardboard) are sourced internationally. These represent a low-risk product to produce, and could be readily made with moderate investment in existing business. The offer of a sustained government contract to procure these items locally would justify this investment (whether the investment is made by industry or state), and allow further potential growth- equipment which may have been non-viable to maintain previously may now

become feasible again, allowing growth of the business into other synergistic sectors.

While grant funding and initiatives are highly useful and should be maintained, the government should not underestimate its own buying power, and the strong positive effect this could have on local manufacturing efforts if directed in an efficient, well thought out manner.

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