

Submission to Senate Economics References Committee inquiry into The Australian Manufacturing Industry.

Prepared by: This is a private submission, not part of a campaign.

Louise Ackland

[REDACTED]
[REDACTED]

THIS SUBMISSION IS: NOT CONFIDENTIAL

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Comments:

Nothing happens in isolation and the attention now being given to the manufacturing industry in this country illustrates the realisation that the years of decline and slow strangulation of this sector leaves Australia underprepared to transition to any alternatives now that the globalist financialization of everything is showing signs of imminent collapse.

I write this submission from our home in the beautiful Murray River town of Mannum which is about 80 km east of Adelaide, which I will use as a microcosm of how interconnected manufacturing is to the economy and people's quality of life and especially, the impact on regional towns and districts. It reflects the wider issues that come to mind after months of isolation.

I normally reside in our other home near Mildura but have been stuck in SA for some months now due to border closures. Whilst I am able to return to Victoria easily enough, to do so would prohibit my return. So, like the almost 15 million Australians over the last month, I'm prevented from going about my usual businesses. For the purposes of history – think about that, **15 million Australians** - prisoners in our homes and the nation at a stand-still. Rules insisting on this and others banning that. The population is being groomed; bribed; cajoled; shamed and led blindly into a future of 'passports' in order to go about normal life and expected to submit to permanent digital surveillance and checking. Meanwhile the economy is buckling and the weaknesses are being revealed.

George Orwell and Ayn Rand couldn't make it up.

Australia found itself woefully underprepared for this health crisis. Decades of decline in health systems and reliance on population growth to artificially fuel GDP through immigration, has resulted in a crisis that as usual, the citizens and normal working families now suffer disproportionately from. Decades of ideology that has destroyed the real economy which used to employ people in meaningful and productive pursuits has been traded for the illusion of prosperity fed by debt and an increasingly dangerous property bubble.

We have an aging population that puts a strain on the health system already and an obesity epidemic of a population engaged in sedentary occupations of little discernible value. There is a palpable sense amongst the population that something is deeply wrong in our society and this is evidenced by the unprecedented flight of people to the regions and the boom in 'crisis preparedness' information and discussion. How have we got to the stage that so many people are actually making plans to stockpile food and arm themselves against an apocalypse?

Meanwhile where has our government put its energy? It continues to indulge in the distraction and division of identity politics; inclusion targets; climate propaganda and fake issues which constantly leaves them in moral contradictions and dilemmas. The preposterous assertion that young white males, now defined as the new domestic terrorists, apparently justifies increasing suppression of privacy such as the recent *Surveillance Legislation Amendment (Identify and Disrupt) Bill 2020*.

Perhaps if our male youth were working in productive industry and could imagine a future for themselves, they might not be seen as such a threat? Dissent and political freedoms are being crushed by the misuse of laws such as the Fixated Persons Investigations Unit, ostensibly designed to counter genuine terrorists but now used against independent media creators who make politicians uncomfortable. Small grass roots member-based, political parties, must now verify they have 1,500 members—triple the 500 members previously required—in order to be registered. Meanwhile the failure of small businesses across that nation as a result of the lock down strategy is seen as incidental damage and conveniently ignored as all energy is now channelled into demonizing anyone who refuses to surrender to this new totalitarian regime.

The rebuilding of the manufacturing sector is but one of the tasks facing our nation. The sense of unity and purpose a huge rebuilding would bring is exactly the opportunity that this country needs right now. It may go some way towards restoring trust and hope as well as the economy.

Terms of Reference B: The role that the Australian manufacturing industry has played, is playing and will play in the future

Case Study – Transportation and development.

Self-reliance and determination built this country and the evidence is all around me. I don't have to travel very far in any direction to see the remnants of it. The history of this nation could be viewed through the lens of transport and industry illustrated by our railway infrastructure. A history besieged by interstate rivalry, government bungling and the forces of divestment in favour of short-term profit or outsourcing of what used to be considered a government responsibility, to the private sector.

The town of Mannum was once a thriving port town providing crucial transport to the developing pastoral industry as this article describes.

Mannum's early history developed around the personal desire of William Randell, the son of an early pastoralist, to operate a steamboat on the River Murray, and in 1853 Randell launched his [paddle steamer Mary Ann](#) at Noa-No Landing, 5km upstream from the present site of Mannum, and in doing so, opened up one of the most romantic eras in the history of Australia.

This paddle steamer, the first on the River Murray in South Australia, pioneered the navigation route to the stations along the Murray, Murrumbidgee and Darling Rivers, and in the early years, the goldfields of Victoria.

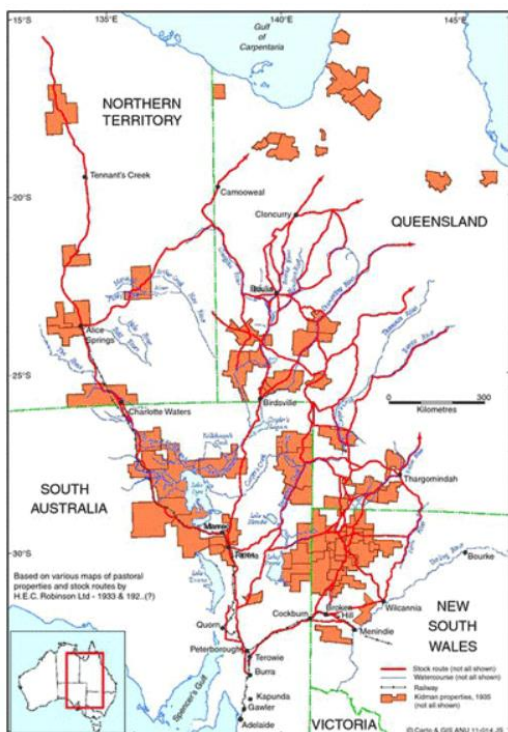


The river trade opened up a transport network for goods and services along the entire river systems, and in 1877 David and John Shearer established a blacksmith and implement business in Mannum and used the river system to market their range of agricultural products. This company (now Horwood Bagshaw Ltd) remains today, the mainstay of Mannum's economy.

The rural areas of Mannum were, until the early 1870s, controlled by pastoralists who ran large cattle stations. However, in the period 1872-1883 many new farmers, principally of German stock, settled the land to grow cereals and for sheep production. These settlers provided the town with the economic boost required for development, and tradespersons, butchers, bakers, banks and other services established businesses to swell the population to approximately 770 in the early 1880s. This rich and unique heritage has provided Mannum with the opportunity to become known as the "Birthplace of the Murray River Paddle Steamers". <http://mannum.org.au/early-history.html>

As illustrated, development and expansion follow the transport routes. Imagine the Australia we may have had today if state governments at the time had cooperated to build an effective rail network to encourage development and settlement of more people inland and the diversity of industry that might have followed. Yet more than a hundred years later, nothing has changed with the Murray Basin Rail Project abandonment a glaring example. Any hope of expansion of industry along this line is now hamstrung by this failure.

A few years after Randell launched his paddle steamer, one of Australia's favourite sons Sidney Kidman was born. At just 13 years old, Sydney ran away from home with five shillings in his pocket, riding a one-eyed pony to meet up with his brother out droving in the bush. He soon found himself pawned off to a passing squatter and living in a dugout on a creek bed. But from those beginnings, based in the SA town of Kapunda, an empire was born.



Properties Kidman owned, controlled or in which he had an interest, 1935

<http://www.ecomagazine.com/?paper=EC12228>



An empire no doubt helped by the timely expansion of the railway network which enabled Kidman to move cattle to port efficiently. [Fun Fact – South Australia's first railway, 12km of broad gauge between Adelaide and Port Adelaide was opened in 1856. *This was the first Government built and owned steam railway in the whole of the British Empire!*] By 1870 an extension of the Kapunda copper town line was taken out to serve the mines at Burra. Eventually the Kapunda line pushed through to Morgan to capture the paddle steamer trade. What an amazing time of industry and expansion.

<https://nrm.org.au/connect/blog/11-a-brief-history-on-railways-in-south-australia>

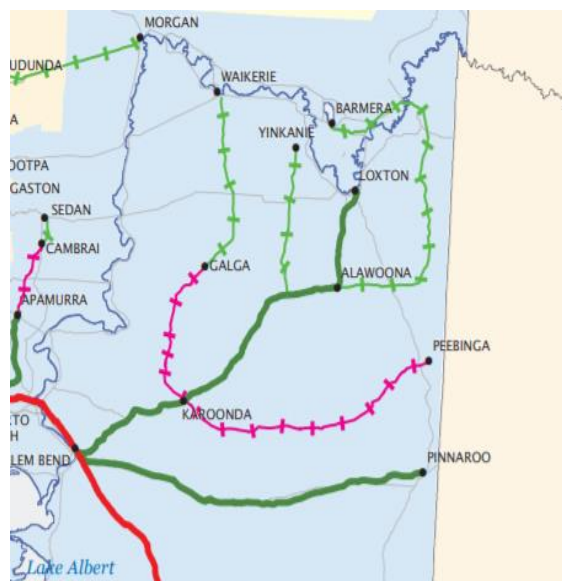
The photos below are of one of the old railway bridges between Murray Bridge to Palmer (from the Monarto line which went through to Sedan), just outside Mannum show the pride and craftsmanship of construction of even the most utilitarian projects in days past.



This map of rail lines between my home in Mannum and the other near Mildura shows the range of the SA Murray Mallee lines built to move grain. All of those little cross lines represent a siding which supported a tiny settlement that may have included railway worker housing, a school, maybe a small shop or post office. All now decommissioned and the towns dead with them.

Once these assets are lost, we'll *never* get them back.

Industry and employment traded for welfare and dependence.



One of my favourite railway stories is that of the station at Terowie in SA's mid north. The town is a fascinating example of our past. A fine example of the stupidity and hubris that resulted in Australia having so many different and incompatible rail gauges, Terowie was the point at which the gauges met and all goods; grain; coal; ore; livestock and passengers had to be reloaded from one train to another.

After an horrendous plane journey to escape the fall of Singapore, General Douglas MacArthur's wife apparently point blank refused to get on another plane and so they made the journey from Darwin by train. It was on the platform of this little outback town while awaiting the change of trains that General MacArthur made his oft repeated statement that "I came out of Bataan and I shall return".

The nearby town of Peterborough then became the meeting place of three railway gauges (broad - 5'3", standard 4'8 1/2" and narrow 3'6"). The town became hugely important as a railway link between the mines at Broken Hill and the iron and steel processing at Port Pirie. **At its height over one hundred trains a day were passing through the town.**

<https://www.aussietowns.com.au/town/peterborough-sa>

South Australian Railways 620 Class



South Australian Railways 620 Class Locomotive No. 620 "Sir Winston Dugan", 1936

This 620 Class Loco was built by S.A. Railways at the Islington Workshops. In 2012, some of the workshop buildings on the site were given provisional listing as a heritage site.

In a depressing example of modern times by 2013-2014, parts of the workshops were demolished to make way for the Churchill Shopping Centre. The site includes Adelaide's first Coles Superstore. Further parts of the workshops were demolished to make room for an Aldi supermarket and a number of specialty stores. Yay!



Aerial Photography of Islington Workshops ca 1928



The LP4 Armoured Car was Produced at Islington Rail Yards During World War 2

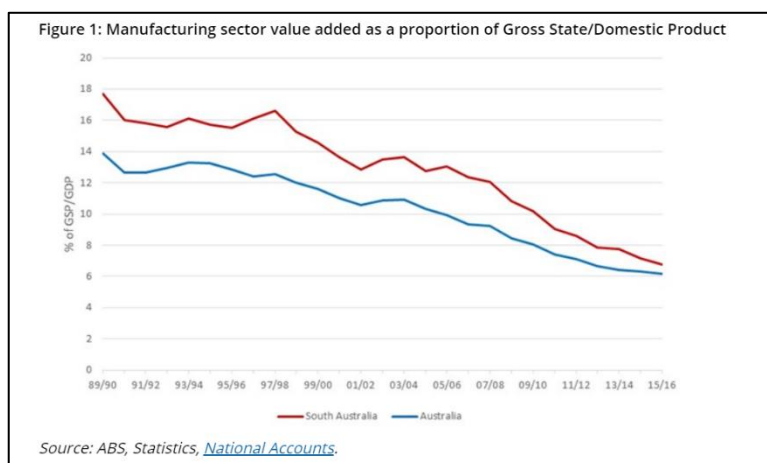
<https://www.weekendnotes.com/islington-railway-workshops/>

The further decline of South Australia's manufacturing history is exemplified in the march of 'progress' to globalisation which requires us to borrow money in order to settle the balance of payments in order to pay for all the excess goods we import which used to be manufactured locally. Periods of high exchange rates; lack of comparative advantages; shifting consumer tastes and high cost and low labour productivity have all contributed to the decline of a once vibrant manufacturing sector in this state. The most obvious casualty was the car manufacturing industry but

'there were relatively large falls for printing (down 572 persons / 26 per cent), basic chemical and chemical product manufacturing (down 331 persons / 15 per cent), furniture and other manufacturing (down 310 persons / 13 per cent), and textile, leather, clothing and footwear manufacturing (down 277 persons / 12 per cent).'

<https://www.adelaide.edu.au/saces/news/list/2019/06/26/recent-trends-in-south-australian-manufacturing>

We can expect continued pressure on those few remaining sectors which remain strong such as mining all through outback SA and smelting in places like Port Augusta as politicians and corporations pander to the 'climate change, let's all demonize industry' narrative. Retailers; banks; corporations; councils and superannuation funds are tripping over themselves to talk up their net zero ambitions and market their social credit image. The graph below illustrates a concerning trend.



Successive state and federal governments continue to off-shore manufacturing work that the local industry is more than equipped to handle. Take, for example, rail industry projects. As recently as 10 years ago, most rail vehicles were designed and manufactured here in Australia. Not anymore.

The \$2.43 billion contract for the new Intercity train fleet was sent off-shore by the New South Wales Government. Sydney's Waratah trains have only 20% local content.^[5] Queensland's new trains were fabricated in India, failed to meet Australian Standards for accessibility, and are now undergoing significant rework. And, while Victoria's Metro Trains are manufactured locally, all the fabrication work is completed in China.

Comment from Geoff Crittenden (CEO, Weld Australia)

The Demise of Australian Manufacturing and the Impact of COVID-19

<https://www.medianet.com.au/releases/185988/>

Of course, brave visionary projects are bound to be met with resistance. Remember Adelaide's ill-fated Multi -Function Polis? Perhaps it was just a bit before its time?

The background to the MFP project describes it as a "city of the future", which all states and territories battled to host. It was to be a centre of biotechnology, computer wizardry, education, health and tourism.

But controversy, secrecy, wasted money and racist fears of an Asian enclave ended the vision. So, Adelaide does not have a 2km-high mountain from which spaceships could be launched, but it does have Technology Park, the only legacy of the MFP.

It was state Liberal Premier John Olsen who eventually announced the dream was over in 1997, saying the MFP would be radically altered to become a more mundane development project. *The Advertiser* headline at the time read: *MFP dies: long live the city*.

<https://www.adelaidenow.com.au/news/south-australia/hawkekeating-government-believed-multi-function-polis-needed-different-name-cabinet-papers-reveal/news-story/da42886bac614e500f022dce3dfac1a>

Terms of Reference C: The strengths of Australia's existing manufacturing industry and opportunities for its development and expansion.

Case Study – Horwood Bagshaw

Literally based in the centre of town of Mannum is the manufacturing site of Horwood Bagshaw. Considered Australia's oldest agricultural manufacturing brand, the company is a tenacious example of survival as it struggled through a painful re-structure in the '90s then saw another expansion in 2018, this time with an emphasis on brand recognition and reliability.

In December 1987, Horwood Bagshaw, Australia's oldest farm machinery manufacturer, based at Mannum on the Murray River in South Australia, was placed in receivership. At the time, it was described as insolvent and with no prospect of survival. Today, the company is on the way back, focused and scaled down. It is now the sole surviving Australian manufacturer of harvesting machinery, and a "unique business turnaround case study", according to its former receiver-manager, Stephen Young of Arthur Andersen.

Early results under receivership suggested that the company was headed in the right direction. In January 1988, the company's first month in receivership, sales were 30% higher than expected, and by February 1988, with its new marketing strategies in place, they reached \$2 million. The following month, Arthur Andersen announced that there was now confidence that the company could trade out of trouble. In the next two years, sales increased by 166% and more than \$15 million was repaid to FAI, following a program of staff cuts, dealer encouragement and stock reduction.

Arthur Andersen also allowed money to be spent to continue research and development. "We took that unusual step in receivership because there was faith in the R & D already in the pipeline -- development that would make Horwood be noticed as an innovative company once again," Young says.

It was faith that was justified by the results it produced. Horwood increased its product range which produced an extra \$1.5 million in sales last financial year. At the same time, general engineering contracts were sought and won for the under-utilised factory, which can accommodate up to 500 workers.

<https://www.afr.com/companies/horwood-bagshaw-turns-the-corner-19920918-kapip>

AGRICULTURAL manufacturer, Horwood Bagshaw has been given a new lease on life, with the announcement of its acquisition by machinery giant CNH Industrial.

After being on the market since 2014, Horwood Bagshaw was purchased by CNH Industrial in 2018.

CNH Industrial, Flexicoil brand leader, Steve Mulder said ... integrating Horwood Bagshaw into the Flexicoil segment of CNH Industrial –



<https://www.farmweekly.com.au/story/6481930/three-brands-one-focus-for-cnh-industrial/>

"It gives us a very strong Australian brand in the agricultural equipment business," he said...

"In terms of fit with Flexicoil, it gives us a full product range now" "The initial plan is to grow the brand as it is... Mr Mulder said the purchase was a win for both brands.

"The purchase gives us the opportunity to build both the Horwood Bagshaw and Flexicoil brands.

"Also, with the backing of CNH Industrial we can grow the Horwood Bagshaw brand and business."

Mr Mulder said the company intended to maintain the Horwood Bagshaw brand.

"It is known for its reliability and it is an Australian made product, so it suits Australian conditions," he said.

<https://www.farmonline.com.au/story/5433223/heritage-farm-brand-saved-from-retirement/>

In an age where brand is everything and the meme value of many global companies far outweighs their genuine productive worth, the Horwood Bagshaw company still maintains a reputation built on the reliability of the product and the back up and confidence in a generous warranty. The loss to the town the size of Mannum if this company was to relocate or shut down is incalculable.

The moral of the story is to identify *existing* manufacturing industries and see if they can be supported.

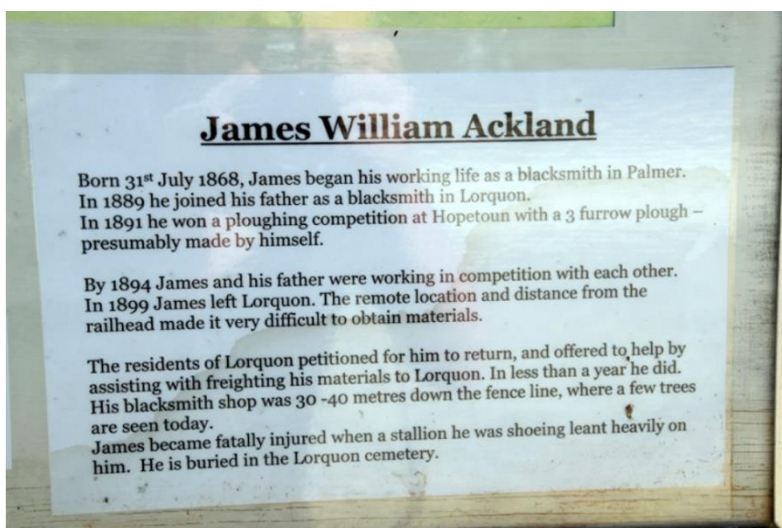
Case Study – Ackland Farm Machinery

My own family history involves a strong connection to the pioneering spirit of rural Australia. In 1838 two brothers, James and Thomas Ackland, young married men, came with their wives as assisted migrants to South Australia. The Ackland family were selected, skilled, migrants with government work guaranteed upon arrival. Free passage was provided by the South Australian government to migrants between 15 and 30 years. The Ackland brothers hailed from Barnstaple in North Devon and made their livelihoods in the blacksmithing and manufacturing trade.

The signs below show the legacy and value their contributions made to the Wimmera region of Victoria. The skills of these tradesman and the specialist machinery built and designed *by* locals *for* local conditions were crucial to the future success of the valuable grain industry that was established in these areas.



<https://www.facebook.com/Rupanyup.History/photos/a.751072624945084/2652524128133248>



http://molesworth.id.au/?page_id=320

Terms of Reference G: The role that government can play in assisting our domestic manufacturing industry, with specific regard to: research and development; attracting investment; supply chain support; government procurement; trade policy; skills and training.

The need for scale and market penetration as well as threats from predatory finance makes it very difficult to gain a foothold in many sectors today so Government assistance is probably required. But as demonstrated above, finance and genuine support is one thing - tokenistic, transitory and fleckless vote grabbing publicity is quite another. I think of the miracle of China over the last 20 years that came from a planned and targeted vision. If the Australian government would like to support and encourage local manufacturing the investment required needs to be long term; sufficient and bi-partisan, otherwise we simply repeat the folly of the past. **The sector needs long term, considered planning**, not one-off grants in marginal seats a few weeks out from an election and not support for projects that will simply be disbanded on a change of government.

Why not take the example of the Chinese and adopt some of their strategy instead of demonizing and lampooning what they do? It's incredible to think that this government has spurned and squandered a valuable trading partner and chooses to align themselves with the US, whose country appears to be hell bent on self-destruction; who's own industries are in terminal decline thanks to the same forces I've discussed earlier and who's colonialist, military interference has bought untold misery throughout vast areas of the globe.

Trump's statement that "The future does not belong to the globalists. The future belongs to patriots", despite what the so-called intellectual elites might have to say, has a ring of truth about it. National sovereignty does not necessitate isolation, we have everything the rest of the world wants. So why sell it off to foreign interests?

I would suggest that a requirement of foreign ownership should entail a proportionate investment back into the industry. If Canadian Pension Funds want to buy up all our farm land, then why not require them to meet benchmarks against those measures of procurement, employment and skills training? This could also involve opportunities for cultural exchange, why not give our rural youth exchange programs to learn from Canadian farmers. Look at the contribution their knowledge made when the Chaffey Brothers established the areas of SA's Riverland, Vic's Sunraysia and NSW's Riverina. A valuable and enduring legacy still driving prosperity 150 years later.

The Mildura example of College-Lease-Land, is an intriguing concept that could be the solution for everything from attracting capital and investment to solving the housing affordability crisis. The government contributes land, collects and diverts the rents to worthy avenues and does not incur the ongoing maintenance costs. Help provide the capital and then get out of the way.

One of the biggest barriers to any kind of industry in this country is regulation. The multiple layers of red and green tape, cultural heritage and inclusion requirements have become an absolute racket. **Your ideologies do not belong on businesses' balance sheets.** Millions of tax-payers dollars spent on 'feasibility studies', external consultants and the like is hampering and stifling investment and the more, noisy, minority pandering the government does the less genuine industry this country will have. The money spent on consultants could be better spent on support offices based in local councils who's job it is to assist navigate and fast track these obstacles.

No discussion about manufacturing in this country can take place without considering the influence of unions and nowadays activists. The influence and corruption of union power over government in order to get anything done was never more dramatically illustrated than what became the Victorian hotel quarantine program debacle. The increased rhetoric from unions about big business profits and the need for wage growth has meant their destabilizing influence has been on the rise.

It's a shame that they can't recognise that workers and employers need creativity and cooperation in order to survive in today's economic landscape. The one-trick pony approach of demanding ever increasing wages in return for ever *decreasing* productivity is a sure way to destroy employment growth. The cost of living and particularly, housing, is not the fault of employers. Does anyone imagine that their costs have not increased? *Every* input cost has increased - dramatically!

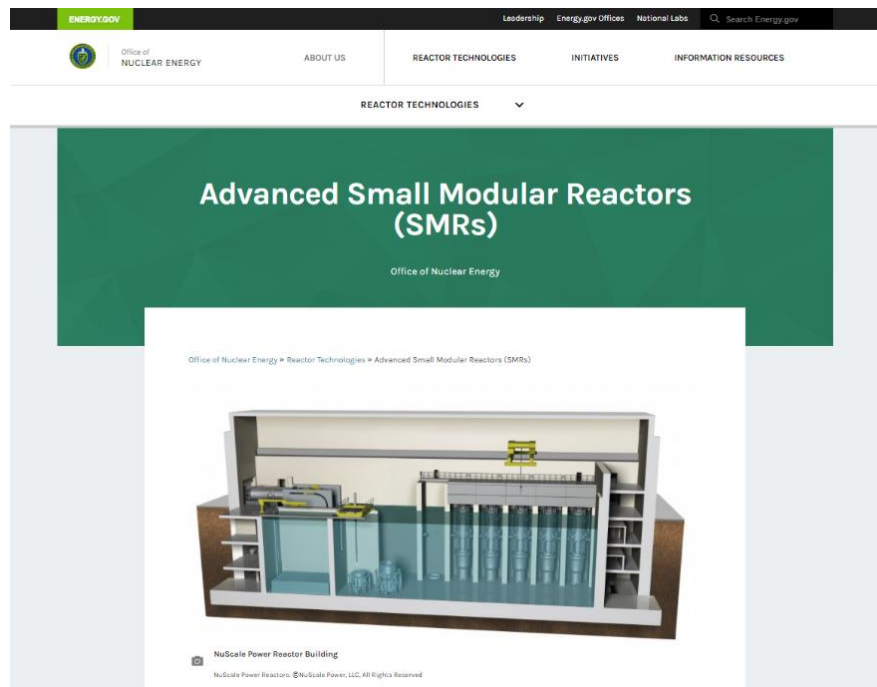
The cost of housing is another argument to pose for developing manufacturing in regional centres where families might have some hope of survival.

Terms of Reference 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.

Of all the most obvious examples for Australia to revolutionise the direction of this nation the adoption of new technologies in the realm of solar but more importantly nuclear energy is critical. It is easy to imagine every household in Australia serviced by solar for domestic use but imagine the possibilities *for all* industry in this nation with access to cheap power through our competitive advantage of a nuclear option. Australia has been held back for too long by activists on this issue. Small scale modular generators located remotely could make the grid far more resilient and protect it from catastrophic interruption by extreme weather or sabotage. This technology should be Australian owned and exported to the world – not sold off to foreign influence in the same way our gas has been.

As with everything now, it seems that the narrative drives all decisions so now is the time to start. This is why the decisions need to be long term. Decide as leaders what you want this country to look like instead of the bread and circus approach we've seen for so long. Ask if you want to be remembered as the leaders who took us to a new future or if you want to be consigned to irrelevance and ignominy as those who sat on their hands.

<https://www.energy.gov/ne/advanced-small-modular-reactors-smrs>



These advanced reactors, envisioned to vary in size from tens of megawatts up to hundreds of megawatts, can be used for power generation, process heat, desalination, or other industrial uses.

The Truth About Tourism



<https://visitmannum.com.au/about-mannum/>

In spite of what Malcolm Turnbull might say about horse breeding and vineyards being a longer-term proposition than coal mining, the fact remains that niche industries do not replace genuine production. Tourism is often touted as the solution, let's take Mannum as an example. With a permanent population of around 3,000 - and as a popular tourist town lined with river shacks and rentals, according to its local magazine Mannum hosts around 450,000 tourists per year.

And yet it can't sustain a butcher's shop.

SA Tourism Town

Mannum has been named a finalist in the search for SA's Top Tourism Town.

Our riverfront town is one of 32 finalists in the Tourism Industry Council of SA (TiCSA) Top Tourism Town program, which aims to recognise SA's favourite holiday spots.

Mid Murray Mayor Dave Burgess said Mannum's finalist listing was a win for the region and recognised the town's long-standing popularity with holiday makers.

"Having Mannum recognised as one of the short-listed towns is fantastic for our region – it's acknowledgement of the unique tourism experiences and visitor attractions in our area", Mayor Burgess said.

"This level of recognition will also help put Mannum and our region on the map for potential new visitors, strengthening awareness of our area, especially among domestic tourists who are looking for new places to discover and explore while travel further abroad is still restricted."

A sample of Mannum's attractions is showcased in its award video entry on the TiCSA website.

An estimated 450,000 people visit Mannum each year. As the birthplace of Australia's river paddle steamers, Mannum has a wealth of historical attractions including cruising on some of the few remaining river boats.

One of its tourism strengths is its uniquely diverse range of attractions, from the natural wonders of the Murray River environment and laid-back luxury riverside

<https://drive.google.com/file/d/1GhXLYTSzrbvJVFZAsQPry1BhVB7SNitn/view>