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Submission

The Enquiry into the Australian Manufacturing Industry of 2021

I wish to lodge a formal submission in relation to this issue. I am strongly in favour and I support the notion of rebuilding manufacturing sector in Australia.

Australia had and still has got great capacity to rebuild manufacturing base in our country.

- We still have many people in Australia with mechanical/electrical engineering background even though manufacturing industry as such faced political extinction by our successive governments. These people such as toolmakers fitters turners injection moulders mechanics boiler makers can be easily retrained and placed back in the industries once they are rebuild and became operational.
- We have resources in Australia such as Iron ore cooper, zinc alumina and we can process them locally for manufacturing.
- We have access to the ocean with big ports in capital cities and small towns which can be easily used for transporting our manufacturing products overseas. Many industrial countries do not have access to the ocean at all. For example; Austria, Hungary, Czech Republic or Afghanistan to name only a few.
- We have access to local energy resources, even though there is global transition towards renewables. Sun and wind are available in very few countries. In Germany and Austria for example the wind is only available close to airports, where it is extracted only from aircraft pollution. In Australia we have wind and sun as a natural resource in abundance and this can be used in the future for manufacturing.

The above points show that we have the capacity. We should go forward with this great project..

The economic advantages of manufacturing in Australia are inevitable:

└ **Rise of employment.** Even in 1980s services sector employed 65% of the workforce, manufacturing 25%, agriculture 3% therefore rebirth of manufacturing will boost employment in skilled and well paid jobs.

└ **Rise of national income.** For example today motor vehicle in Australia had to be imported. As a result the other country derives income from the production of this item. In addition a foreign currency had to be purchased. As a result our currency decreases and so our purchasing power in international trade as a result.

└ **Self-reliance and national security.** Waiting time for items to be shipped from overseas makes it not only unreliable but there is a threat of unavailability. For example if our government escalates further political tensions with powerful countries like China, such countries are very likely to impose further economic sanctions on our country. As a result if we have no manufacturing capacity it could be the issue of survival or death. The Covid 19 is definitely the classic example and should serve as wake up call for Australian Authorities.

└ **Economic expansion of our country.** If we look in the past. motor vehicle manufacturing created supply chain. This means that the components factories were established producing radiators alternators electrical items locally. As a result investment was up and creation of new employment places. This is proven experience from the past and is absolutely applicable at present.

Examples of Success in manufacturing;

In Australia. During the 70s and 80s Australia was a middle development country producing majority of manufacturing products for a domestic market and many for export being high quality products. As a result country was wealthy and prosperous. It was a success. Today it is totally opposite. We are heading further down to become third world.

Overseas. After World War II China was a third world country importing majority of manufacturing items from other countries. Today they manufacture everything for a domestic market and for every country on

the planet, replacing USA as a global power in every other areas. Their success would never be possible without manufacturing production.

Now I will raise the most important issue of how to achieve this goal.

We need finance for manufacturing projects.

Our budget consists of huge liabilities and according to the Treasury Josh Freedenberg surplus is unachievable. As a result there is no money in the budget for this or any other development projects.

For this reason we need to establish two financial entities.

- The National Development Bank**
- The National Postal Bank.**

The combination of two is the only way that will get us there.

As a result Australia Post is to become a people's bank or saving bank. This would act in a similar way to what the Commonwealth Bank was before its privatization. This bank also provided credit for nation building projects such as defence and manufacturing and kept people's deposits.

People can deposit their own money safely in a **Postal Bank** once deposit guarantee by the government is 100%. The government can use people's money through the **National Development Bank** by lending, granting or directly subsidizing national interest projects such as manufacturing defence infrastructure activities.

Such newly created financial model could be used not only in manufacturing which is terms of reference of this enquiry but also in general sense to finance other national infrastructure projects such as two examples below to name only a few;

- **Bradfield Water Projects in Queensland.**

This project is about catchment of fresh water in MacKay region and re-direct water into Murray-Darling Basin using it for agriculture and hydroelectricity, which otherwise flows to the Pacific ocean being unused. The project is similar to Snowy Mountains

- Building a fast railway truck between Sydney and Melbourne. In France TGV train reaches speed of up to 650km/h. The trip between Sydney and Melbourne would take 1.5h by TGV. In Australia Cuntylink train can make it in more than 12h today. It is worth to mention that TGV is electrified train using electricity not diesel fuel which is fuel of the future and it is owned by SNFC (National Railway) even though France is a capitalist economy.

Only national development bank can finance such project and make it achievable because private banks have no interest in long term investment such as a nation building projects.

└ In relation to Postal Bank there is a bill in the parliament issued by the independent senator Bob Katter of Australia Post to become the Bank. It is time to support it in the parliament

└ In relation to National Development Bank there is another bill pending to be issued by Citizens Party that is going to be introduced in the parliament soon. There will be a time to support this too very soon.

In Summary

Australia is capable of becoming manufacturing nation. We have all we need to achieve this goal. There is a huge role of the government to play in relation to this issue.

└ Establish two banks model to raise financial resources for industrialization policy. The need for foreign investment is reduced.

└ Government can enhance the demand for locally manufactured goods. For example the Government departments can buy locally manufactured cars as it was in 1980s. Hospitals can buy locally made diagnostic equipment. Measures as such will enhance and support local production reducing the need for import of goods.

└ Possibility of introducing light tariff/tax as a protection, tax reduction or similar instruments for support of domestic manufacturing sector.

└ The government can enhance the whole production cycle and supply chain to be based in Australia. For example it is vital to re-open steel smelting plants in Pt Kembla, Whyalla and Hastings. The Nickel Refinery in Queensland so that the raw material for the production of engineering components will come from Australia not elsewhere.

└ The Government should not sign any binding agreements such as phase out of fossil fuels because this could have irreversible consequences for the country in the future.

└ The government should be very wary about deals like in Whyalla where suspicious cone man is taking for a ride the governments and after receiving money from the governments walks off and vanishes.

This case from South Australia could support the argument that the key infrastructure projects like steel smelting in Whyalla can only be financed by the **National Development Bank**.

Thank you very much for your attention to this issue

Yours Faithfully

