

Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senators

The following is my submission into – “The Senate Economics References Committee Inquiry into Australia’s Manufacturing Industry”

October 20th, 2017 was a black day for Australia. Holden had just closed its doors forever in Australia. In the final analysis we lost, Ford, Toyota, Mitsubishi and Chrysler earlier on.

This was short term gain for long term loss in Australia. The fact is that Australia needs its own manufacturing base for many good reasons.

15,000 jobs were directly lost from car manufacturing here and the total loss of jobs just from car manufacturing counting the support industries was around 250,000!! A shocking indictment of governments of all persuasions leading up to it and at the time.

May I point out Senators that unemployed people don’t and can’t pay taxes. In fact they become dependent on the public purse to survive and cost tax payers and the government dearly. This could have been avoided.

At the time when Holden ceased manufacturing here in Australia, they had orders for the SSV model which had buyers waiting twelve months for delivery, yet, the government saw fit to allow this huge loss to Australia. The Australian product was always of good quality and designed for Australian conditions. An example of this was the GMH Holden Special Vehicles arm and Ford’s Tickford vehicles. At the finish of its production, Holden’s HSV Grange vehicle was of similar and even better quality than imported products which came from the likes of Mercedes Benz and BMW, yet it was half the price.

These job losses, the loss of tax revenue and the loss of export dollars were and are a huge loss to Australia and its welfare as a country.

There is another loss incurred when we fail our own manufacturing base. We lose our machine tool capacity and we lose our skilled workforce to operate them. These losses had implications for our national security and are potentially disastrous. This is amply demonstrated by noting what happened in the Second World War. Car and machinery plants were successfully used to manufacture required machines, parts and armaments for the war effort. Our manufacturing base is so depleted now that we couldn’t successfully do this anymore.

We had a skilled workforce in these areas of manufacturing yet a lot of them became unemployed. As a country we need to train skilled engineers as a matter of urgency and encourage the industries that we lack to again start up and produce.

I will long remember Jeremy Clarkson of the British TV show “Top Gear” making fun of Australian engineering asking jokingly, “What does Australia produce?” “I guess they do make the Hills Hoist!” Unfortunately, even it is gone now. I am incensed that anyone could make fun of Australia in this way.

We also have Australians who have shown innovation and inventiveness in the realm of IT, computing, computer programming and computer controlled machines of all sorts. Sadly, so often, these clever people have had to take their inventions off shore to have them accepted and developed when our own government could have and should have given them encouragement and financial support. In many instances these inventions would have meant employment and income for many others and another source of revenue for our economy. We could easily be a global leader in this area.

The need is obvious. Australia’s manufacturing base must be returned for the good of all Australian citizens. Our steel production must be encouraged and strengthened so that we are not reliant on imported steel which has proven to be of much inferior quality to what we produce ourselves.

To have an effective and reliable manufacturing industry we need to have effective and reliable base load power to drive it.

Even though coal fired power stations offer the best and cheapest form of power for us when we are sitting on huge reserves, it appears that our governments wish to head towards so called clean energy options. Other countries are clamouring for our iron ore and coal. They must laugh at us when we don’t have the common sense to use the great resources that we are literally sitting on in our own back yard.

Wind, that only works when the wind is blowing, and solar which only works when it is sunny and thus far, there is no battery that has any hope of running industry in conjunction with it or when the sun doesn’t shine just cannot be relied on.

Wind turbines have very limited power outputs and have great cost compared to established power sources. There are more so called greenhouse gases produced in the production of wind turbines than what they save when operating. The plastics alone would cause any informed person to think again.

For example, to replace the hydro electric power in Tasmania with wind turbines, you would need well over 33,000 of them, and then they only work when the wind is blowing!

If our government wants to focus on clean energy, they should look no further than China. They are at present building a molten salt nuclear reactor that will be totally safe and be much smaller and reliable. It does not use uranium.

Nuclear fusion is another much better option with much less waste. Solar and wind may have their place in addition to normal base load electric power but their contribution is laughable compared to what we now have and what we could have if we introduced these new methods of producing electric power.

The USA has ships which can theoretically stay at sea for 25 years without refuelling. This is because they are nuclear powered. I cannot believe that we have chosen to build submarines that are diesel electric powered. Where will they source fuel in enemy territory?

One of the real barriers to Australian manufacturing industry has been the advent of so called "free trade." This was a system that was designed to fail our industries and people. The fact that Australia has had a high standard of living has meant that pay and conditions here are also higher than many other less wealthy countries that we buy from. To subject our manufactures and primary producers to free trade has meant that our products cannot compete, our industries go bankrupt and our people lose their jobs. This system is a scourge on our country. Yes, we do want to trade with other countries, but not at the expense of our own.

Now we are very dependent on overseas imports when we should be supporting our own industries. Nowhere is this more noticeable at the moment than in our fuel supplies. We have huge oil and gas reserves in and around Australia, yet we continue to import oil at parity prices which make the price unrealistically high. We now only have one oil refinery in our country which in my opinion is a disgrace. Not only should we be using our own oil and gas reserves but we should have more refineries.

One of the real national security issues in this is that we only have 2.5 weeks supply of oil at any time; a ridiculous and very foolish situation. Whilst we sell gas to China, for example, at 6 cents a litre, we charge our own motorists 90 cents per litre or more! This has to stop so that our country's best interests are served.

We have more than enough training centres to train our people universities, TAFE Colleges and independent training centres also. What we lack is the manufacturers to provide the jobs needed.

All the deficiencies I have noted above in this submission are ones that our very capable people can turn around, given the right incentives and encouragement. We have always been capable of such things. It is proven by what we have achieved in the past. Our government has to change its mind set and support the research and development of its own citizens.

Overseas investment is helpful provided that we don't sell out our own skills and inventiveness to other countries to the detriment of our own. Corporate farming is a glaring example where other countries have literally bought a "slab" of Australia. Would those same countries allow us to buy huge areas of their land? I think not. Many of our cash strapped farmers have sold to such companies as they had no choice other than to sell and the corporate overseas companies always have more money to spend than our local farmers who might have invested in these farms if the price hadn't gone so high.

Our government has a responsibility to advance the welfare of its own citizens as a priority. This can be done with incentives of finance and practical help. Infrastructure projects that benefit our people along with independent financing such as an independent government backed bank to service these projects. The "big four" banks and Macquarie have for too long been predators of our people and our country and it is time they had some real competition.

An independent bank such as the “Bank @ Post” which has recently been proposed with Australia Post would be a great asset for our Australian citizens. It would be much like the original Commonwealth Bank which was wholly owned by Australia and was there for the benefit of all Australians. This is the common sense way to finance manufacturing in our country where everyone benefits. Not predators who are only interested in profits at the expense of their customers where the profits go off shore.

I encourage the senators on this panel to see the mistakes of the past, illustrated by all the businesses and manufacturing that we have lost and the real possibilities of creating an industrial base that will be an asset to the Australian community and owned by its people. People with jobs will always be happier and will contribute to our economy as a result.

Winston Churchill once said that “A country that forgets its past, has no future.”

Max Goulter

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