

# **Securing the Future of Australian Manufacturing**

**Annual Industry Leaders' Dinner  
Geelong Manufacturing Council  
and Australian Industry Group**

**Senator Kim Carr  
Minister for Innovation, Industry,  
Science and Research**

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[Check Against Delivery]

Let me start by laying my cards on the table.

Do I support manufacturing? You bet I do.

Do I think it's vital to the Australian economy and Australia society? Absolutely.

Do I think governments should create an environment in which manufacturing can flourish?  
No question.

When Kevin Rudd said he wanted Australia to remain "a country that actually makes things", I cheered.

This is a sector that employs over a million Australians, generates over \$40 billion worth of exports a year, and accounts for two-fifths of all business expenditure on R&D.

It is also a sector that underpins everything else we do, whether it's in resources, agriculture or services.

You can't have a balanced economy without manufacturing.

You can't have a just and inclusive society without manufacturing either. Anyone who doubts that should go and talk to those million workers, their families, and the communities that depend on them.

For all these reasons, we remain firmly and unapologetically committed to securing the future of manufacturing in this country.

That's the good news.

The slightly more challenging news is that the government can't support manufacturing at any cost or on any terms. No government in the world can do that.

The quid pro quo for our support is that manufacturers must be ready to innovate and export.

They must be efficient and outward-looking. They must be prepared to invest in local know-how to create their own competitive advantage.

It's easy for politicians to make these exhortations, but this government is backing its words with actions.

## **Reviews**

My first action on industry has been to launch four major reviews.

There are two reasons for undertaking these reviews.

The first is to re-engage people in the democratic process by giving them the chance to speak and taking the time to listen.

The second to is to create a reliable evidence base for future policy development.

People who criticise the government's commitment to consultation simply reveal how much they have lost touch and got stuck in old ways.

The four investigations launched in the last two months are:

- a review of the national innovation system chaired by Dr Terry Cutler
- a review of the Cooperative Research Centres program chaired by Professor Mary O'Kane, which is part of the innovation review
- a review of the automotive industry conducted by Steve Bracks
- and a review of the textiles, clothing and footwear industries conducted by Professor Roy Green.

Everyone here has a stake in the first, and many will have a stake in the others.

The Cutler review will help us understand the connections between the different elements that make up Australia's national innovation system.

More importantly, it will suggest ways to increase and strengthen those connections.

It's especially important that we bring Australian industry into the picture – not just as a consumer, but as a producer of new ideas.

That's why I wanted to run our four major reviews together.

The automotive and TCF reviews will show what innovation can do for industry. The NIS and CRC reviews will show what industry can do for innovation.

The imperatives are clear.

We need to connect sectors, institutions and individuals to promote collaboration and knowledge transfer.

We need to boost private investment in R&D and get the best possible return on public research spending.

We need to concentrate resources for maximum synergy and efficiency.

These reviews will show us how.

The national innovation system review panel has called for submissions, including submissions on the CRC program. The deadline is the 30th of April.

Steve Bracks will release an issues paper next week, with submissions due on the 14th of May.

Professor Green is still finalising the timetable for the TCF review.

You can find out more at the [innovation.gov.au](http://innovation.gov.au) website.

I'm spelling all this out because I really do want you to contribute.

## **Enterprise Connect**

Then there's Enterprise Connect.

This is a \$200 million initiative to give small and medium-sized businesses better access to new ideas, know-how and technologies – which the businesses can use to become more innovative, efficient and competitive.

Our aim is to lift productivity across Australian industry by encouraging people to work smarter, not just harder.

With productivity growth struggling along at below-average levels for the last five years and slumping to zero in 2007, the need for action on this front is more urgent than ever.

Enterprise Connect will create a network of knowledge-creation and knowledge-transfer sites around the country.

There will be five new manufacturing centres in Sydney, Melbourne, Adelaide, Perth and Burnie, which will be joined by Queensland's QMI Solutions.

There will also be five dedicated innovation centres – a Creative Industries Innovation Centre, a Clean Energy Centre, a Remote Enterprise Centre in Alice

Springs, a Mining Technology Innovation Centre in Mackay, and an Innovative Regions Centre here in Geelong.

The final element is the \$10 million Researchers in Business scheme to support the placement of university and public research agency researchers in businesses with new ideas that will benefit from expert input.

The primary aim of the scheme is to speed the dissemination of expertise, increase competitiveness, and create jobs.

However, one important side-effect of a similar scheme in the UK is that four out of five researchers taking part were offered a job by the host company on completing their project, giving an ongoing boost to their new employer's internal innovation capacity.

### **Innovative Regions Centre**

The Innovative Regions Centre in Geelong will be a cornerstone of Enterprise Connect, with \$20 million in funding over four years.

The centre will support projects in up to five Australian regions, including Geelong, and provide seed-funding for region-specific strategies throughout the country.

It will help SMEs with benchmarking, technical assistance, process improvements and sourcing new technology.

An advisory board will ensure that projects and services are tailored to real-world needs and targeted to the most appropriate markets.

The Innovative Regions Centre will serve the whole country, giving people in Geelong with good ideas and special expertise the chance to hook into the national network of Enterprise Connect sites – and, more importantly, a national network of SMEs.

## **Innovation in Geelong**

It's my pleasure to confirm tonight that the Innovative Regions Centre will be located at Deakin University – a critical component of what is already a strong regional innovation system.

The National Institute of Economic and Industrial Research ranks the Geelong region third in Australia for the supply of research and development services.

The Geelong Technology Precinct conducts high-tech research in advanced materials, intelligent systems, medical advancement and other fields.

It is also a model of the kind of networked research I am trying to encourage, with partners including Deakin University, Ford, General Motors-Holden, CSIRO and Barwon Health.

The region is home to about 15,000 people working in the acquisition and dissemination of knowledge,

and it has Victoria's largest biotechnology capability outside of Melbourne, with 300 researchers.

The government is working on reforms that will give Deakin, along with all our other universities, a clearer focus on community engagement and innovation activities.

Our aim is to create a more flexible, less centralised higher education system, in which universities can respond to the social and economic needs of the community that sustains them.

### **Challenges and opportunities**

These are important strengths, and they will underpin Geelong's prosperity in the years to come.

Of course there will be challenges – Ford's decision to close its Geelong engine plant in 2010 was a vivid reminder of that.

But there will also be opportunities.

The Geelong Investment and Innovation Fund is designed to identify and capture some of those opportunities for the region.

With \$15 million from the Australian government, \$6 million from the Victorian government, and \$3 million from Ford, the fund will be used to generate sustainable high-skill, high-wage jobs, with the accent on new industries and technologies.

The first funding round closed last October, and the advisory panel met to consider applications earlier this month.

The panel will make its recommendations shortly, with the final decision to be made by the Victorian Minister for Regional and Rural Development, a Ford representative, and myself.

The fund was an important and necessary response to the engine plant closure, but it isn't as important as the opening of Ford's new \$27 million R&D centre in Geelong last year.

It isn't as important as the establishment of a \$50 million bio-diesel refinery by Axiom Energy.

And it isn't as important as Ford's decision to manufacture the four-cylinder Focus in Australia from 2011, with a significant number of the panels to be made at the Geelong stamping plant.

All three initiatives are responses to the greatest challenge facing the global car industry, namely climate change.

They promise to meet that challenge in ways that boost production, skills, jobs and exports rather than strangle them.

That's the key to securing the future of manufacturing in this country.

What the car industry can do, any industry can do.

It's about investing in R&D and embracing new technologies.

It's about making ourselves indispensable to global markets and supply chains by leading the way in quality, design and innovation.

Which brings us back to the quid pro quo I mentioned at the beginning.

It's the government's job to create the right policy environment – to tame inflation, boost productivity, strengthen the national innovation system, unlock the knowledge created and preserved within our universities, provide infrastructure, increase skills, and develop strategies for specific industries like automotive and TCF.

It's industry's job to take the initiative. It's no good waiting for opportunities to emerge. We have to go out and create our own opportunities.

None of us can secure Australian manufacturing against the future. There is no running away from globalisation, the rise of China and India, or the emergence of new technologies and new consumer demands.

What we can do – government and industry together – is make sure Australian manufacturing is part of the future, whatever form it takes.

That will require fresh thinking, quick thinking and a willingness to take risks. I'm ready for the challenge, and I hope you are too.

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