

## **MINISTER FOR INNOVATION, INDUSTRY, SCIENCE AND RESEARCH**

**ADDRESS TO AUSTRALIAN INDUSTRY GROUP  
SUSTAINABLE BUSINESS BREAKFAST  
MELBOURNE  
29 JULY 2010**

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**CHECK AGAINST DELIVERY**

Australian manufacturing has proven itself to be incredibly resilient, incredibly adaptable, and incredibly creative.

In the decade to 2008 it grew steadily, extended its skills, deepened its capital, lifted its performance in R&D and design, controlled its costs, and increased its integration in global markets and supply chains.

Then the global recession came along.

It presented our manufacturers with huge challenges.

Orders fell away – especially export orders – and finance was hard to come by.

The industry came through the crisis with its skills and production capacity largely intact.

Labor's stimulus strategy played an important part in this, maintaining demand and keeping the wheels of industry turning.

Most of the credit, however, must go to the industry itself – including the many partners represented here today.

It is a tribute to how well managers and workers understood the issues, understood

what had to be done, and accepted the need for sacrifice.

The worst of the global recession may now be behind us, but Australian manufacturing continues to face challenges – the rise of China, India and other new competitors; a high and volatile dollar; and, of course, climate change.

Global warming presents us with what is undoubtedly the great innovation challenge of our time – not just for manufacturing, but for the entire economy and Australian society as a whole.

How do we build high-tech prosperity in a low-carbon world?

Business as usual won't do it.

It is essential that we embrace change, build skills, and unlock creativity wherever we can.

That's why Labor has increased spending on research and innovation by 34 per cent since 2007.

That's why we prepared Powering Ideas, our innovation agenda for the next decade, and backed it with \$3.1 billion in new investment over the first four years.

That's why we established Retooling for Climate Change – as promised at the last election, and as delivered in our first year of government.

It helps manufacturers increase the energy and water efficiency of their production processes.

That's why we established Commercialisation Australia – as promised in Powering Ideas, and as delivered at the beginning of this year.

It helps researchers, entrepreneurs and innovative companies get new ideas to market.

That's why we established Enterprise Connect – another promise from the last election delivered in our first year.

It has already helped around 3,000 firms identify and access the skills, tools and knowledge they need to compete effectively in the modern world.

The Ai Group is arguably our most important Enterprise Connect partner organisation, hosting fifteen business advisers around the country – in Perth, Adelaide, Ballarat, Melbourne, Albury, Sydney, Brisbane, Townsville, and Cairns.

These initiatives and others are all designed to renew Australian manufacturing by putting it on a more environmentally sustainable footing.

This is the key to our future manufacturing success – not just because it will reduce our carbon footprint, but because it will reduce our costs.

The rise of low-wage producers and the appreciation of the Australian dollar have put enormous pressure on our manufacturing industries.

To remain competitive, we must be able to do more with less.

Our opponents want to achieve that by robbing workers of their rights and reducing living standards.

Labor will do it by driving innovation – by helping industry to:

- cut our consumption of power, water, and other resources
- increase the use of alternative energy
- apply smart design, materials and processes to make smart products
- harness biotechnology and nanotechnology to transform production processes and reduce greenhouse emissions
- improve the way work is organised
- and lift the skills of managers and workers.

We have already done an enormous amount to further these objectives, and today it is my pleasure to announce the next steps.

Clean 21 is Labor's strategy to reduce pollution and fight climate change in manufacturing.

It will make Australian manufacturing stronger by reducing costs, increasing innovation, and supporting quality jobs.

It is about improving what we make and how we make it.

Clean 21 will build on existing efforts with five initiatives.

First, Labor will introduce an industrial PhD scheme to embed 200 of our brightest research students in industry settings.

The Linkage Industry Research Training Awards Scheme will focus on emerging green industries and on projects that help existing industries reduce their environmental impact.

The scheme will give postgraduates valuable hands-on experience doing -user-focused research in industries that are vital to Australia's green future.

It will ensure that the people responsible for creating the knowledge needed to underpin Australia's emerging green manufacturing sector understand the practical issues confronting industry, based on their own applied research training experience.

These flexible scholarships will make it easier for industry to draw on university sector resources by reducing lead-time and red tape.

The scheme will encourage firms to participate in research training and later employ people with doctoral qualifications.

This is essential if we are to deepen the green skills of Australian industry.

Labor will offer up to 100 awards in 2012 and up to 100 in 2014.

Second, we will create an Enterprise Connect National Clean Technology Innovation Network to link small and medium-sized firms with the latest clean-tech research and techniques.

The network will bring Enterprise Connect business advisers with specialist knowledge of clean technology together with companies, unions, and researchers active in the field.

It will support collaboration and knowledge transfer between participants, and between the network and other bodies, including my department, the Industry Capability Network, Industry Innovation Councils, and Austrade.

It will work with individual firms on ways to cut energy, water and material use; plan for change; and adopt new technologies that will reduce their environmental impact.

It will also support the development of new products, processes and skills, and build relationships with research, education and training providers.

Third, Labor will nominate clean manufacturing as a priority for Round 14 of the Cooperative Research Centres Program, to be conducted in 2011.

The aim of nominating priorities is to attract more applications in particular fields, which increases the likelihood that proposals in these fields will be successful.

This will encourage consortia to come forward with new approaches to greening industrial processes.

Labor will elicit even stronger efforts from manufacturers and researchers by sharing the risk of genuinely innovative applied research.

Fourth, Labor will introduce a new Enterprise Connect program called Making Better Managers.

The ability of Australian firms to provide green jobs depends very much on the quality and agility of their managers.

Making Better Managers will lift management skills by providing tailored advice and services to firms with the potential to grow strongly, achieve significant productivity gains, and become internationally competitive.

The Management Matters in Australia study completed for the Government last year found that small improvements in management skills can have as much impact on output as large increases in the labour force and invested capital.

It also confirmed that Australia's managers lag behind the world's best.

Making Better Managers will help participants develop better management practices, with the focus on clean technology and green management skills.

It will establish long-term relationships to achieve deep-rooted and enduring change.

It will also have a powerful demonstration effect, as participating companies begin to collaborate more effectively with their suppliers and customers, and compete more effectively with their rivals.

Improving green management skills is the key to increasing productivity and innovation capacity in a carbon-constrained world.

It is the key to capturing new markets and creating new jobs in clean manufacturing and beyond.

The new program will:

- conduct workshops and provide industry intelligence
- add clean technology and environmental management to the Enterprise Connect business review process
- and provide expert learning and mentoring support.

Fifth, Labor will appoint a Built Environment Supplier Advocate.

The advocate will identify opportunities for local built environment companies, build alliances and critical mass, and champion their interests in major projects and procurements.

He or she will work closely with Enterprise Connect, the Industry Capability Network, the Industry Innovation Councils, and Austrade.

The \$8.2 million Supplier Advocates Program forms part of the \$19.1 million Australian Industry Participation Package I announced in July last year.

So far I have appointed advocates for steel, information technology, rail, water, and clean technologies.

There are all areas in which future investment will focus on sustainability.

We have made a priority of appointing Supplier Advocates in these sectors because the markets in which they operate are changing – with an increasing emphasis on meeting green demand.

We want to be sure that Australian firms capture the opportunities that will come from these changes.

The Supplier Advocates Program is very much part of our wider sustainability agenda.

This morning we will be hearing from two of them:

- Water Supplier Advocate Bob Herbert
- and Clean Technologies Supplier Advocate Dr Andrew Parratt.

Clean 21 will marshal the capabilities of Australia's manufacturing sector and apply them to new challenges.

Labor will continue to support the industry's efforts to become greener and more innovative through Enterprise Connect, the Green Building Fund, Retooling for Climate Change, and the Green Car Innovation Fund – all of which our opponents have said they will cut or abolish.

Our aim is to get more of our manufacturers working on low-pollution products and technologies we can use locally and sell globally.

This is the future of Australian manufacturing.

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