

Media Release

ADVANCED MANUFACTURING GROWTH CENTRE STEERS COURSE FOR AUSTRALIAN MANUFACTURING.

The Advanced Manufacturing Growth Centre (AMGC) has released its first Sector Competitiveness Plan detailing how the Australian manufacturing sector along with its supported industries can add up to \$36 billion to the national economy over the next ten years.

The AMGC's Sector Competitiveness Plan (SCP) provides extensive new analysis of Australia's manufacturing landscape and where opportunities lie to boost companies' global competitiveness. It includes specific actions for industry and government, and identifies knowledge priorities that help inform companies and the research community on business improvement and R&D efforts.

Findings from the SCP reveal that the biggest opportunity for Australian manufacturing companies to increase their competitiveness is to compete on value, not on cost. When Australian manufacturing firms succeed in global markets it is usually not because they are the lowest cost, but rather because they offer innovative products or value-adding services. A greater composition of high-skill manufacturing workers is required to meet market expectations of high value products and services.

Supporting this analysis, the SCP demonstrates that by employing more high-skill labour delivers Australia a wage cost advantage over most developed manufacturing nations. The AMGC's research shows that in the medical devices and in the aerospace industries, management and professional wages are between 38 per cent and 40 per cent lower in Australia than in the United States.

Dr Jens Goennemann, AMGC's Managing Director, points out that, 'The days of competing solely on cost are long gone. We cannot compete against low-cost production nations and expect a sustainable manufacturing industry. Furthermore, we need to take note that manufacturing is more than production. Manufacturing includes the full spectrum of making things starting from the ideas stage all the way through to the final good or service. Hiring more highly skilled labour will help us to innovate faster and to offer the technical and service edge global customers demand.'

Additional competitive advantages lie in Australia's potential to collaborate. The SCP shows that Australia has a market dominated by small companies relative to the United States particularly in the two sub-sectors the Centre investigated. To overcome economies of scale challenges, the AMGC stresses the importance of manufacturing companies and research institutions to forge partnerships amongst each other and with commercial outcomes in mind.

A key recommendation for the government outlined in the SCP, is to change the way manufacturing is measured in the economy, and to recognise that manufacturing triggers additional jobs in associated

industries that rely on manufacturing. New metrics are needed to measure the impact of indirect employment beyond manufacturing.

Other specific actions for governments include smarter procurement programs to aid in technology capability transfer within and between industries, and to better direct current R&D tax incentive programs to support higher-risk and longer-term R&D investments.

The AMGC insists that while lifting Australia's manufacturing competitiveness requires a synchronised effort from all stakeholders, it is manufacturing companies that must lead the charge.

'The SCP is the catalyst to change the conversation about Australian manufacturing. It sets AMGC's direction for the course of Australian manufacturing and reveals how to translate insights from our SCP into action. We will do this by working closely with our stakeholders, and investing in growth projects and collaboration hubs that will connect more Australian manufacturers with each other, with researchers and into global supply chains,' said Jens.

Dr. Alan Finkel, Australia's Chief Scientist has supported the AMGC's efforts by adding, 'The Advanced Manufacturing Growth Centre's Sector Competitiveness Plan is an insightful report that will help boost capability, whilst developing global opportunities for Australia's manufacturing industry.'

To download a copy of the 2017 Sector Competitiveness Plan, please visit the Advanced Manufacturing Growth Centre website – www.amgc.org.au

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Notes to editors

About Advanced Manufacturing Growth Centre (AMGC)

The Advanced Manufacturing Growth Centre is a not-for-profit company established through the Australian Government's Industry Growth Centres initiative. The vision for the Advanced Manufacturing Growth Centre is to develop an internationally competitive, dynamic and thriving Australian advanced manufacturing sector that is critical to the long-term health of the economy and the nation.

<http://www.amgc.org.au>

Advanced Manufacturing Growth Centre Collaboration Hubs

- The National Additive Manufacturing Collaboration Hub in Clayton, Victoria, created in conjunction with the CSIRO's Lab 22 and Monash University
- The National Carbon Fibre and Composite Manufacturing Collaboration Hub in Geelong, Victoria, created in conjunction with Deakin University and the CSIRO Fibres of the Future Laboratory
- Manufacturing Futures Research Institute at Swinburne University of Technology

Advanced Manufacturing Growth Centre Membership

Membership with the AMGC unlocks mutually beneficial opportunities for its members, linking the ingenuity of Australian SMEs and research institutions into global supply chains while connecting larger multinational manufacturers with local agile and innovative partners. Likeminded entities interested in the Centre's activities are invited to contact the AMGC.

Members of the AMGC include: Thales, Boeing, Dow, Siemens, Laing O'Rourke, Quickstep, Swisse, L&A Welding, HiFraser, Spee3D, WTIA, CSIRO, University of New South Wales, University of Technology Sydney and RMIT.

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