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Media Release

NEW AMGC REPORT DEFINES ADVANCED MANUFACTURING IN AUSTRALIA

- *Manufacturing sector grows from 905,000 to 1.3 million under updated analysis, equating to 10 percent of Australian workforce*
- *Just five percent of manufacturers drive 99 percent of the industry's export value*

A report commissioned by the Advanced Manufacturing Growth Centre (AMGC) has found that the Australian manufacturing industry is larger and more dynamic than currently estimated. *Advanced Manufacturing: A New Definition for a New Era*, analyses more than 3,000 global manufacturers to provide substantiated clarity to an industry undergoing unprecedented change, while also outlining key opportunities for local manufacturers.

The AMGC report also reveals that only five percent of firms drive 99 percent of total manufacturing exports, 94 percent of capital spending and 54 percent of the sector's entire research and development. Meanwhile, 80 percent of Australian manufacturers could become more advanced by collaborating with researchers, increasing their information and communication technology (ICT) spend, introducing a new product-related service or by using patents to protect their ideas.

"Manufacturing is transforming, so we need a new definition to accurately measure who we are and where we need to go. Our research presents a real opportunity for Australian manufacturers. It shows that we have huge growth potential if we can emulate and adopt the advanced manufacturing characteristics unveiled in this report," said Dr Jens Goennemann, Managing Director, AMGC.

"Australia's manufacturing exports generate close to \$9 billion every month so just imagine what the possibilities could be if we increased the number of firms contributing to economic output by even five or 10 percent," said Dr Goennemann.

The report calls for a new definition of advanced manufacturing which would focus less on production and more on the entire manufacturing value chain including higher value pre-production and post-production. In May 2017, the Australian Bureau of Statistics recorded 905,000 direct jobs in Australia's manufacturing sector. Under the new definition this would rise to almost 1.3 million if indirect workers that supply inputs and services to manufacturing are included, for example, workers exclusively delivering research and development, design, logistics or services to manufacturers.

"Our research shows that almost half of all manufacturing jobs are in non-production based roles. Being a successful advanced manufacturer is no longer just about what you make but how you make it and the way you run your business," Dr Goennemann continued.

The report contains specific recommendations for government including policy, regulatory and funding. It also outlines three key characteristics of advanced manufacturers, as a blueprint for local organisations in the industry to emulate:

- **Advanced knowledge:** *Innovation leaders* that score highly on measures such as R&D spending, ICT use and number of patents.
- **Advanced processes:** *Process winners* that make smarter use of technology, scoring highly on capital intensity, use of automation, energy and water efficiency, and new equipment.
- **Advanced business models:** Act as *niche market players*, scoring highly on measures such as trade intensity, linkages with other firms and greater share of services in total revenue.

The AMGC is now calling on the government to apply new statistics to track whether Australian manufacturers are advancing and to change how manufacturing output and jobs growth are measured in Australia. The full report can be downloaded from the AMGC website: <http://www.amgc.org.au/advanced-manufacturing-new-definition>

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Notes to editors

About Advanced Manufacturing Growth Centre (AMGC)

The Advanced Manufacturing Growth Centre is an industry-led organisation 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>

Industry Growth Centres

The Industry Growth Centres Initiative is an industry-led approach driving innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority. This will help Australia transition into smart, high value and export focused industries.

The Initiative enables national action on key issues such as collaboration, commercialisation, international engagement, skills and regulation reform. It drives excellence, not dependence, and will create an economy that ensures Australia's ongoing prosperity. For more information: www.industry.gov.au/industrygrowthcentres

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