

A photograph showing a group of diverse people, including children and adults, smiling and looking towards the camera. The image is positioned at the top of the page, above the main title.

POSITIVE POLICY Manufacturing Transition Boost

Labor will establish the *Manufacturing Transition Boost* to support regions to make the transition to new opportunities for advanced manufacturing.

Working in partnership with the Victorian and South Australian Governments, a Shorten Labor Government will boost government assistance in those regions most heavily affected by closures in motor vehicle production. This will provide pathways to new jobs for skilled workers by encouraging business investment in advanced manufacturing.

We want to ensure the regions that have the skills today, have the jobs of tomorrow.

What's the problem?

Our economy is in transition: existing industries need to modernise to stay competitive while new industries develop and grow. As an open, market-based economy, these shifts will continue to shape our businesses and industries.

Through this transition, we need to promote economic diversity to make sure Australia's economy remains resilient in a volatile global economy, and also ensure Australians have the best possible chance to reach their full potential as workers in a broad range of industries.

Economic diversity isn't just important in ensuring resilience and job opportunities, it is a crucial determinant of economic complexity, which itself has been shown to be a key determinant of current incomes and more importantly, future economic growth.^[1]

The evidence is clear, Australia needs to ensure a diverse and broad based economy if we want our future generations to grow up in an advanced and prosperous society.

The Liberals' goading of Australia's last remaining motor vehicle producers to shut down their manufacturing operations has exacerbated the situation – just at the time when governments should have been working to build, rather than hurt, our economic diversity.

Closures in motor vehicle production will have a profound effect on jobs, communities, and Australia's industrial capabilities. Automotive vehicle production is supported by a supply chain of around 160 businesses, involved in component manufacturing, engineering, design and tooling.^[2] These combined industries employ more than 45,000 people.

Labor believes that advanced manufacturing is a vital element of ongoing economic diversity. The imminent closure of automotive manufacturing in Australia will have profound impacts on jobs, affected communities and the broader economy.

We are already seeing firms pull out of Australia, and companies close down. The regional impacts of these closures are acute, the brain drain very real.

It is important that a clear pathway is established for the tens of thousands of skilled workers affected by the broader transition move to new and meaningful jobs. Jobs that put their years of skills to work, and that plug into supply chains and new markets.

Our plan

Labor will work with the Victorian and South Australian Governments to provide credible pathways for new advanced manufacturing jobs in Australia.

Our plan has two elements:

1. Support for existing automotive supply chain businesses to navigate the transition.
2. Promoting investment in regions to create new jobs, especially in advanced manufacturing and related industries.

Labor will commit \$58.6 million to the *Manufacturing Transition Boost*, matching previous investment from the Victorian and South Australian governments. Funding of \$10.5 million will boost existing automotive businesses to develop and implement plans to plug into new supply chains, bring new products to market and improve productivity. A further commitment of \$48.1 million will promote broader advanced manufacturing and related job opportunities and investment.

Rather than duplicate programs at the state and federal level, Labor will leverage the work already done by the states and

supplement existing state programs, both by increasing the resources these programs can draw on and by expanding their scope.

This program will complement our plans in school funding, and backing our TAFEs. Only Labor understands the importance of life-long learning and continually re-skilling our workforce.

Assisting in the transition of automotive supply chain businesses.

Labor will provide \$10.5 million to boost the opportunities for existing automotive manufacturing businesses to connect with international supply chains, develop new products and improve productivity.

As motor vehicle production winds down in Australia, Labor will stand behind the component and parts manufacturers to support them, to continue their businesses, and to grow jobs.

Workers in these sectors are highly skilled, and have proven they can compete globally with the right support.

Labor's Manufacturing Transition Boost will back businesses through:

- Extending the SA Government Business Transformation Voucher Program by two years to 2020 to help South Australian businesses to leverage work on new shipbuilding contracts.

Funding of \$2.5 million over 4 years will support around 50 South Australian companies to:

- Developing new business models.
 - Undertake relevant research and development.
 - Access training for strategic business development.
 - Purchase specific capital equipment for enhancing process efficiency or process capability.
- Boost the Victorian Government's Automotive Supply Chain Transition Program to provide detailed advice to automotive suppliers on how to access new markets, diversify their products and improve productivity.

Funding of \$5.0 million will allow businesses to access greater assistance, including:

- New product development.
 - Business matching.
 - Assistance with management skills.
 - Sales and marketing strategies.
 - Financial management.
 - Market access activities.
- Labor knows that the automotive supply chain extends beyond Victoria and South Australia.

That is why Labor will also commit \$3.0 million to work with the New South Wales and Queensland governments to establish business advisory service programs. These states have a total of almost 16,000 automotive manufacturing jobs.

Labor stands ready to work with New South Wales and Queensland to implement policies similar to the schemes in place in Victoria and South Australia, to ensure automotive suppliers in those states don't miss out on the opportunity to transition and diversify into new business models.

Promoting investment to create new jobs

Labor will provide \$48.1 million to support new investment and new job creation in a broader range of industries, especially in regions affected by automotive closures. This will support firms to diversify into new products and markets and employ automotive workers who have lost their jobs.

There are tens of thousands of skilled workers that Labor wants to see remain in work. In regions where automotive closures are having the most concentrated impact, Labor will act to provide real pathways to new job opportunities.

Labor will do this in partnership with the Victorian and South Australian State Governments, leveraging existing schemes to boost the opportunities for skilled workers.

Supporting workers to transition in South Australia

Part of the *Manufacturing Transition Boost* will see Labor expand the existing South Australian Government Automotive Supplier Diversification Program (ASDP) through a \$15.0 million investment.

Extending the program to 2020, Federal Labor's investment will expand the program to non-automotive manufacturing businesses in South Australia.

Broadening access to all manufacturers means that all sectors will be able to tap into support to grow their businesses and create more jobs. Labor will specifically work with the South Australian Government to prepare manufacturers to access the huge benefits of planned shipbuilding projects in the state as well as to improve their productivity and expand their businesses and jobs, whether they are in defence, med tech, food and beverage, construction or other growth industries.

Supporting workers to transition in Victoria

Labor’s *Manufacturing Transition Boost* will expand the Victorian Government’s successful Local Industry Fund for Transition (LIFT) program. With location targeted assistance in North Melbourne, South East Melbourne, West Melbourne and Geelong, this boost will back Victorian workers as they transition to new jobs.

Labor’s commitment of \$33.1 million will support manufacturing and other businesses in areas of Victoria where the strongest impacts from automotive manufacturing closures are expected. This will support the continued diversification of Victoria’s manufacturing base and, crucially, create new jobs for displaced automotive workers.

Support of up to \$2 million will be available to businesses that have planned investment projects that will boost jobs, productivity and industry capability but are having difficulty accessing finance.

Labor’s *Manufacturing Transition Boost* will allocate funds to the following regions:

Area	
North Melbourne	
Funding	\$10.6 million
South East Melbourne	
Funding	\$10.0 million
West Melbourne	
Funding	\$5.0 million
Geelong	
Funding	\$7.5 million
Total	
Funding	\$33.1 million

Labor’s record

In 2011, Labor commissioned the Prime Minister’s Manufacturing Taskforce, which brought together industry, unions and government to develop a plan to address the hollowing out of Australia’s manufacturing industry and its impacts on the diversity of the Australian economy.

The non-government members of the taskforce presented their final report to government in 2012,^[3] which included 41 recommendations to boost Australian manufacturing. In response, the then Labor Government released its \$1 billion *Plan for Australian Jobs*, which included initiatives to boost industry and research collaboration, support industry investment and provide a fairer international playing field for Australian business.

The Abbott-Turnbull government either abolished or severely cut every single measure in the *Plan for Australian Jobs*, and we have seen the continued losses as a result, with over 50,000 manufacturing jobs lost since the Abbott-Turnbull Government came to power in 2013.

Labor has always been a strong supporter of the Australian automotive industry, its advanced manufacturing capabilities and the direct and indirect jobs it supports. This was reflected in policies like our New Car Plan for a Greener Future and the Automotive Transformation Scheme.

Until the Abbott-Turnbull government came to power, supporting Australia’s car manufacturing industry was a bipartisan position, just like it is in the USA, the UK, throughout European car producing countries and in Asia. The Abbott-Turnbull government’s withdrawal of bipartisan support has led to the current situation with motor vehicle manufacturing moving

offshore.

The Liberal alternative

The Abbott-Turnbull Liberals have either entirely abolished Australian industry policies, such as Commercialisation Australia, Enterprise Connect and the National Workforce Development Fund, or they have taken an axe to program funding, as with the Australian Industry Participation Authority.

They refused to provide automotive manufacturers with any certainty of support, goading them to announce closure, which they did in late 2013 and early 2014.

While providing lip service to the importance of manufacturing and a diverse economy, the Abbott-Turnbull Liberals have presided over the loss of over 50,000 manufacturing jobs.

Malcolm Turnbull and his party believe that government doesn't have a role to play in ensuring a strong and diverse economic base for Australia, preferring an approach of government "getting out of the way", with little regard for the costs on workers, business, regions or our future economic prosperity.

Financial Implications

Net Impact		
	2016-17	-24.9
	2017-18	-24.9
	2018-19	-4.4
	2019-20	-4.4
	Total ^[4]	-58.6

[1] For example, see the Atlas of Economic Complexity: <http://atlas.cid.harvard.edu/>

[2] Senate Economics References Committee, *Future of Australia's automotive industry interim report*, 2015

[3] [A report of the non-Government members of the Prime Minister's Taskforce on Manufacturing, with support from the Department of Industry, Innovation, Science, Research and Tertiary Education \(DIISRTE\)](#)

[4] Totals may not sum due to rounding



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These policies (including where relevant their costings from the independent Parliamentary Budget Office) were accurate at the time they were announced. Labor will publish the updated final cost of all policies and their combined impact on the Budget prior to election day.

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