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Andrew Stevens: 'More than green shoots' in manufacturing

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Andrew Stevens rejects gloomy talk about Australian manufacturing

Former IBM Australia chief executive Andrew Stevens has hit back at fears that the manufacturing sector has reached a point of no return amid warnings that Australia is under siege from overseas rivals.

As the issue of stemming manufacturing job losses flared during the second week of the election campaign, Mr Stevens — who chairs the Advanced Manufacturing Growth Centre, established as part of the Turnbull government's innovation push — said the sector was filing more patents and investing more in research and development than any other sector in the economy.

He also pointed to the 10 consecutive months of expansion in the manufacturing sector despite a resurgent dollar.

“This is more than green shoots,” Mr Stevens said.

“This is confidence in the sector's outlook”.

The comments came as a lobby group of manufacturing CEOs warned that Australia was under siege and in continual danger of losing its intellectual property to rival countries overseas.

John Pollaers, the former chief executive of Foster's Group and Pacific Brands and who now chairs the Australian Advanced Manufacturing Council, said the group was concerned about the sharp divisions between the major parties over key issues such as corporate tax reform.

"We are definitely worried about partisan debate around issues this fundamental," Mr Pollaers said.

Bill Shorten and Malcolm Turnbull continued their tussle over the economy this week.

The Opposition Leader has promised that Labor would spend \$59 million to ensure jobs as Ford, Holden and Toyota exit manufacturing in Australia. Labor's plan includes helping automotive businesses tap into new supply chains.

The Prime Minister campaigned earlier in the week at the Austal shipyard, which had been commissioned to build Australian patrol boats, declaring that trade export deals, enterprise tax cuts and innovation policy were helping support advanced manufacturing. This sparked criticism that the focus should be on services over manufacturing.

But Mr Stevens hit out at this, declaring "the numbers would say otherwise".

He pointed to the Australian Industry Group's performance of manufacturing index, which had been expanding for the past 10 months — the longest unbroken period of growth since September 2006.

Depreciation of the dollar from its mid-2013 peak underpinned the rebound.

"There is quite a re-equipping going on, an expansion and also a deleveraging going on, basically making our manufacturing businesses more robust," he said.

"It's a bit different to what most people think. Now is the time to really get behind the momentum, because the disruption is causing the old-world manufacturers to struggle and the new-world manufacturers to succeed."

The growth centre is expected to release a competitiveness plan detailing a long-term strategy for the sector in late July.

Mr Pollaers' group is pushing for an "innovation tax incentive", or preferential tax treatment for commercialising intellectual property, though it backs the government's plan for corporate tax cuts and lifting the small business threshold to \$10m.