

## **SEMMA Presidents Report 2021**

**A**ny logical person would expect that having experienced the intense challenges of 2020, that lessons would have been learned and knowledge applied yet we find ourselves in a situation where the level of uncertainty is greater in 2021 and if there is one thing that we all need, it is certainty.

Fortunately, the impact on **Manufacturing** has been less severe than others such as retail and hospitality and far too many people are doing it tough in those and other sectors and we look to policy makers at all levels to start working together to develop the long-term solutions that are desperately needed.

The past year has been a 'bag of mixed lollies' for our members, some have experienced rapid growth, some have remained steady whilst others have regressed, and we have been assisting our members on a myriad of issues including:

- Skills shortages
- Raw material shortages
- Raw material price increases (e.g. steel up 47% since November 2020!)
- Increased sea shipping costs
- Unrealistic project deadlines
- Major Project delays and cost blowouts putting pressure on margins

SEMMA are leading the way with addressing these members' issues through our advocacy to all levels of Government. This strategy is two parts, firstly, addressing the issues of today, ensuring the survival in these uncertain times and secondly, helping members explore new business opportunities through collaboration, opening the doors to major project supply chains, assisting with skills development and cost reduction through buying groups to name a few.

Our primary aim is to be the leading representative body for Manufacturing across the Southeast region and our reputation for influence and collaboration continues to build. With members from just south of the Yarra to the southernmost tip of the Mornington Peninsula, our impact is far and wide.

SEMMA enjoys strong alliances with like-minded groups such as the ICN, Australia Made, AMTIL among others. Local Government is a strong focus and SEMMA continues to work closely with their respective economic development units. Our strong connections to policy makers at State & Federal Government level provide a pathway for our members to have their voices heard and provide input to policy development from those of us at the 'coal face'!

### **So, what does the future of our economy look like?**

It will be an economy dominated by online shopping, less overseas travel/more Australian holidays, home based work. The result of these changes is that many careers in those sectors are severely diminished if not lost forever. The future of our economy will be different going forward and you might ask where will you find the long-term career opportunities?

### **They will be found in Manufacturing.**

We reiterate our long-term goal of increasing manufacturing's share of GDP from the current rate of 6.9% to 10% by 2025 and a further increase to 15% by 2035. The latest GDP figures suggest that the trend is going the right way, strongly supported by the AIG manufacturing index, averaging 53.4 since July 2020 in which anything above 50 indicates growth.

To achieve this Governments at all levels must support Australian Owned & Operated Manufacturers *before* looking for the cheap and often sub-standard offshore option. Australia has arguably the highest standard of living in the world: High minimum wages, Superannuation, Social safety nets, Highest levels of Workplace safety, Product Standards, Strong Environmental Protections, Social Procurement Programs to help the disadvantaged etc. This standard of living does not come for free and there is a mutual obligation to support Australian Manufacturers. You can't put these things in place then run off overseas for a cheap price and put sovereign capability at risk. We saw what happens with cheap building products slip through the cracks with the high-rise building fires a few years ago, an avoidable, lack of compliance issue that continues to be a burden on taxpayers.

You cannot ignore a growing sector that employs 914,000 people and as many people are facing uncertain futures, there is a pathway to a long term, sustainable career in manufacturing

Yes, we've set the bar high and whilst we are confident that a return to 15% is possible, it won't happen unless we all work together and that starts with supply chains across the spectrum considering Australian Manufacturers before looking offshore and amidst the uncertainty there is great opportunity for Australian Manufacturing, and I offer two examples to consider.

- Currently, Australia mines lithium and sells it offshore sold for about USD100 million and we eventually buy it back in the form of finished batteries, however if it was processed onshore in Australia, the value would have been more like USD 1.7 billion, a multiplier of 17.
- Semiconductor supply is another sector that is at risk in offshore markets for a variety of reasons and there is a unique opportunity to create a long-term local industry and to become a world leader. Similar to the Lithium example above, we mine the various rare earths and ship it offshore at minimal cost then buy it back at many times the price rather than do the value add locally

Give us the support and we will invest; we will provide the career opportunities for Australians from all walks of life. We say to policy makers: 'Ask not what Manufacturing can do for you, but what can you do for Australian Manufacturing'? A play on famous words from another generation, yes, however the same sentiment rings true today. By opening supply chains to Australian Manufacturers you will provide the roadmap to a more sustainable future.

An organisation is only as good as its people and to Vonda, our indefatigable CEO, it's been a productive and challenging 12 months and your contribution under difficult circumstances is always appreciated. As a people person it must be frustrating having to carry out your role looking into a computer screen all day, yet you still managed to take the organisation to another level, and I look forward to the next chapter. Justine and Beverly continue their excellent work, they are the engine room of SEMMA, getting the job done with a minimum of fuss and keeping the wheels turning, thank you!

Thank you to our many sponsors and a special mention to McPherson & Kelley and Hilton Manufacturing for their ongoing contributions.

Thank you to all our members and the board for the support you have given me, I am honoured to serve as your President.

Best Regards,



Peter Angelico - President  
September 8<sup>th</sup> 2021