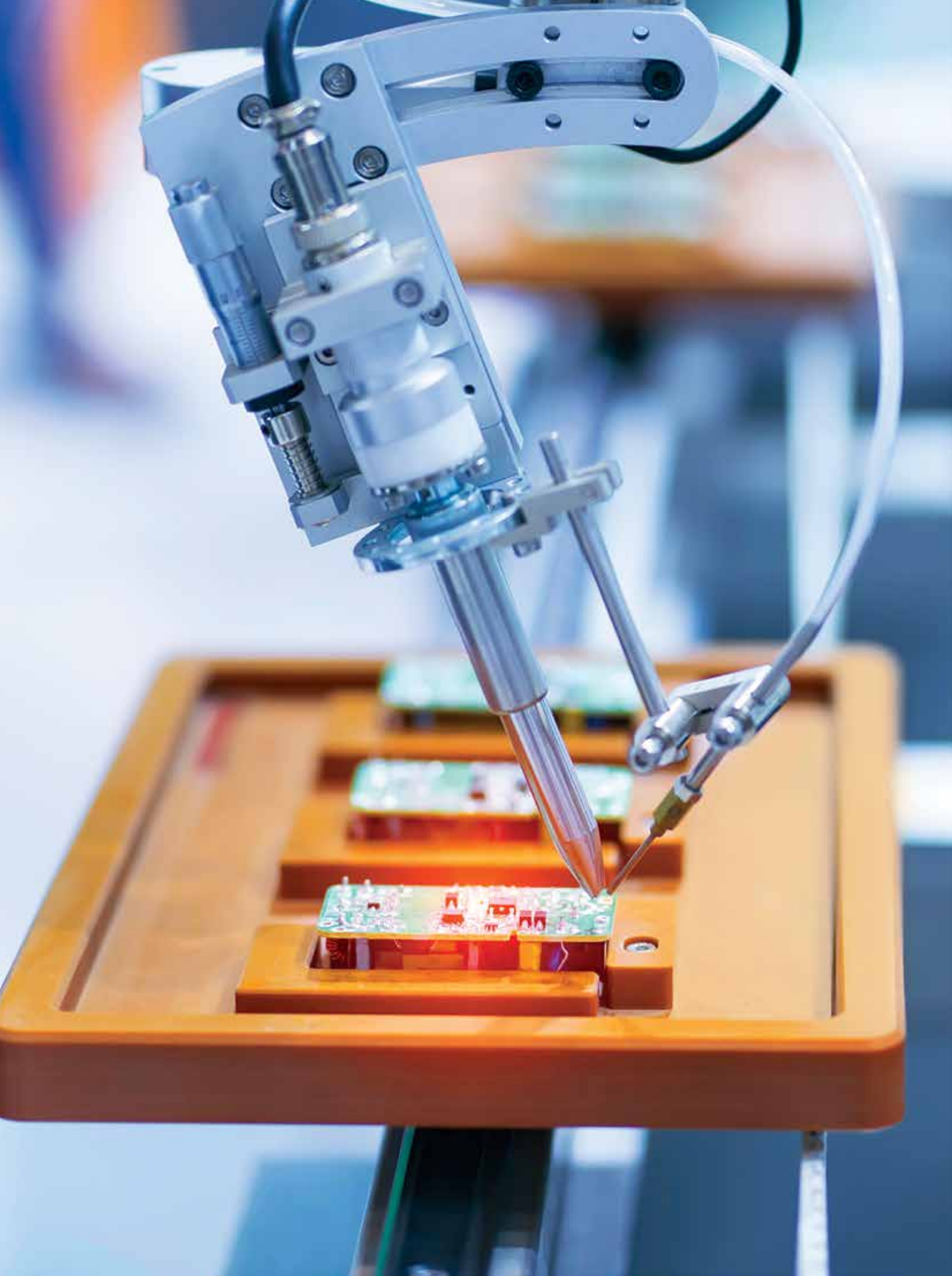


PERCEPTIONS OF AUSTRALIAN MANUFACTURING

SEPTEMBER 2021



AMGC 
ADVANCED MANUFACTURING
GROWTH CENTRE LTD





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PREFACE TO AMGC'S 2021 AUSTRALIAN MANUFACTURING PERCEPTION SURVEY

Australian manufacturers have stood tall during the pandemic, helping to keep Australians working and our economy strong during what has undoubtedly been the most challenging period in our recent history.

They showed they could adapt quickly to new health and safety requirements in order to keep their businesses open, while also pivoting to manufacture critical items such as medical equipment to help prevent shortages and keep Australians safe.

As a result of that flexibility, manufacturing in Australia has emerged even stronger from the pandemic than just about anywhere else in the world, with recent job data showing that more Australians are now working within the industry than prior to 2020.

That is an amazing achievement and a testament to the ingenuity and resilience of manufacturing. It is also pleasing to note that your efforts did not go unnoticed by the wider Australian public.

The *2021 Australian Manufacturing Perception Survey*, which follows one conducted prior to the pandemic in 2019, shows a marked increase in support for Australian manufacturing, as well as a greater understanding of its importance.

Encouragingly, the survey also indicates that most Australians are willing to pay more for quality Australian-made goods.

However, there are obviously many challenges ahead and the Morrison government is committed to a national plan out of lockdowns so manufacturing can have greater continuity of access to its workforce and markets and grow further as we learn to live with Covid.

Our \$1.5 billion Modern Manufacturing Strategy is also a central part of our efforts to help build Australia's reputation as a high quality, high-tech and reliable manufacturing nation.

The bulk of that funding will be rolled out during the second half of this financial year, helping to drive investment in major new projects and creating well-paid jobs for local workers.

I thank the Advanced Manufacturing Growth Centre for its work on this survey. The AMGC plays an important role in delivering the Government's objectives through its support for local industry. That includes the preparation of surveys like this one to gauge public perceptions of manufacturing. It is essential that we have public support for our efforts to strengthen manufacturing.

The survey is essential reading for all involved in Australian manufacturing and a valuable guide for both the industry and government.



Christian Porter
Minister for Industry, Science and Technology



INTRODUCTION

The Australian manufacturing industry makes many complex, value-adding components that feed into national and global supply chains, which enables Australia to compete on the world stage. The industry also engages in a wide range of activities.

As demonstrated in the 'smiley curve' below, manufacturing typically consists of seven steps that spans a range of pre- and post-production activities: research and development, design, logistics, production, distribution, sales and services. When measured against the 'smiley curve' manufacturing employs more than 10 per cent of Australia's workforce – and this share is growing. These manufacturing businesses contribute more than \$100 billion a year to our economy and directly, and indirectly, employ more than 1.27 million people.

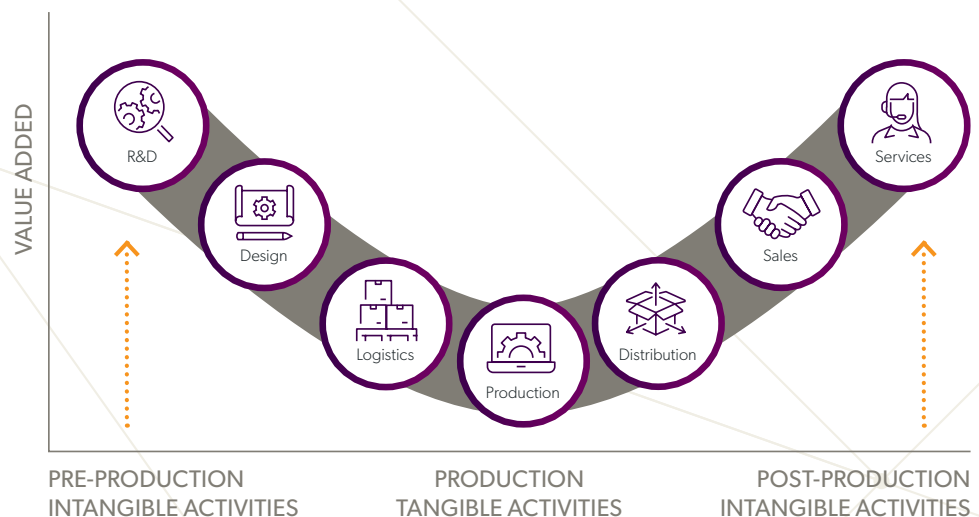
This breadth is not always recognised or accurately measured. Further, AMGC often comes across the perception that Australian manufacturing is falling behind the rest of the world. This can feed into the public debate about the industry and its progress vis-à-vis global markets and competitors. This is significant because it affects everything from people's understanding of our economy to their purchasing decisions and career choices.

With these points in mind, and with public perceptions of manufacturing having a critical impact on its role in the economy and the wellbeing of those who work within it, AMGC decided to find out what Australians think about the industry, if that thinking is shifting and, if so, then in what direction. The results are outlined in this report for the benefit of the industry and policymakers.

AMGC's members represent thousands of small and medium-sized manufacturing businesses that employ hundreds of thousands of people across Australia. It sees these results as a key starting point to influencing government policymaking, decisions about business investments and procurement, consumers' purchasing choices and individuals' career decisions.

Figure 1: The smiley curve

Value in manufacturing is shifting from production to pre- and post-production intangible activities, such as research and development and services. Diagram adapted from: 'Interconnected economies benefiting from global value chains', OECD 2013.

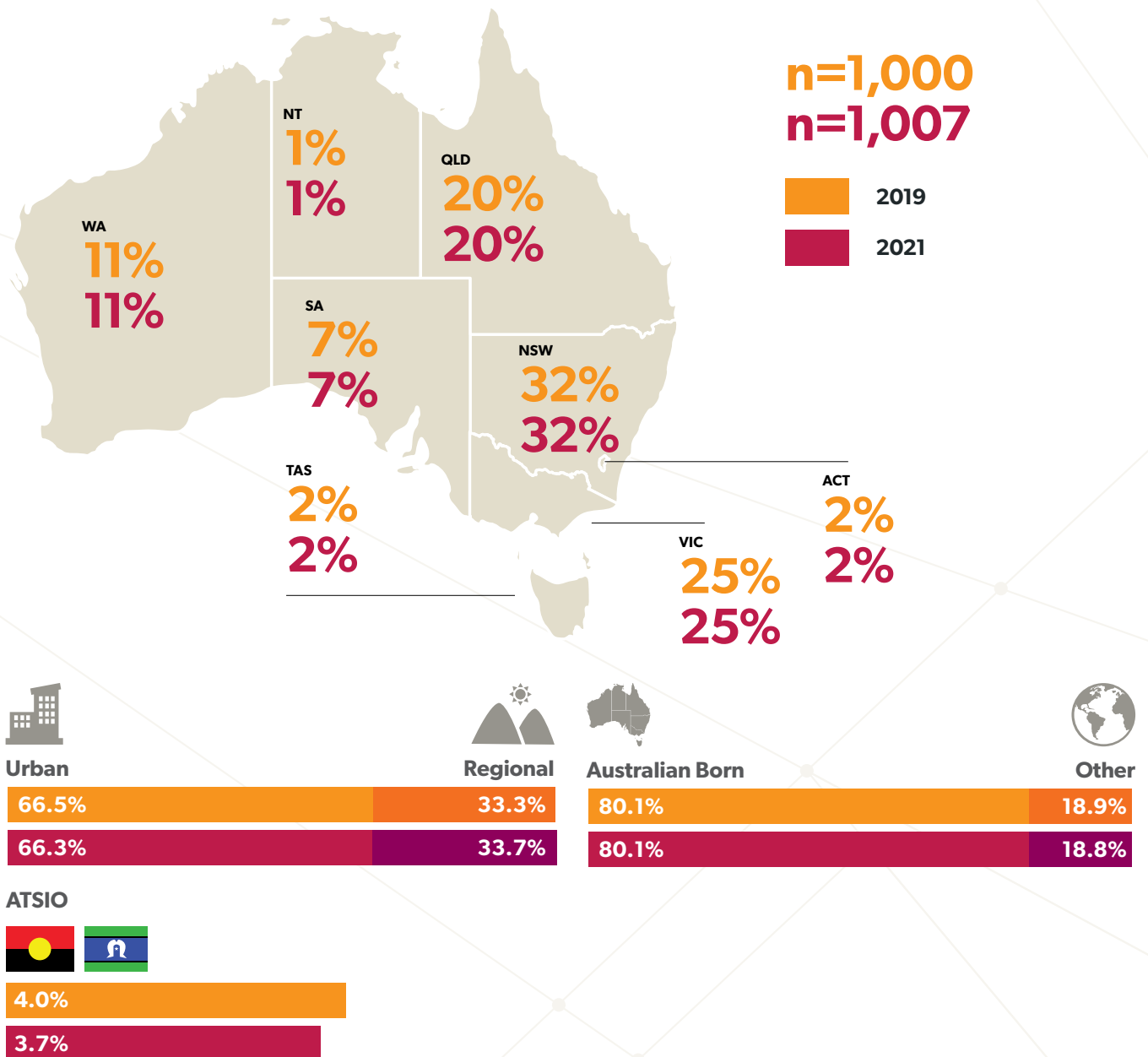


METHODOLOGY

This report presents the findings of the 2021 Australian Manufacturing Perception Survey. The survey was conducted by AMGC in June 2021 and featured responses from 1,007 members of the Australian public. Participants were nationally representative and drawn from a broad cross-section of employment statuses, educational levels and occupations.

The results are compared to the 2019 Australian Manufacturing Perception Survey, to show how Australians' perceptions of manufacturing have changed in the past two years. The 2019 survey results have been published in AMGC's Ten Ways to Succeed in Australian Manufacturing report.¹

Figure 2: Who we spoke to

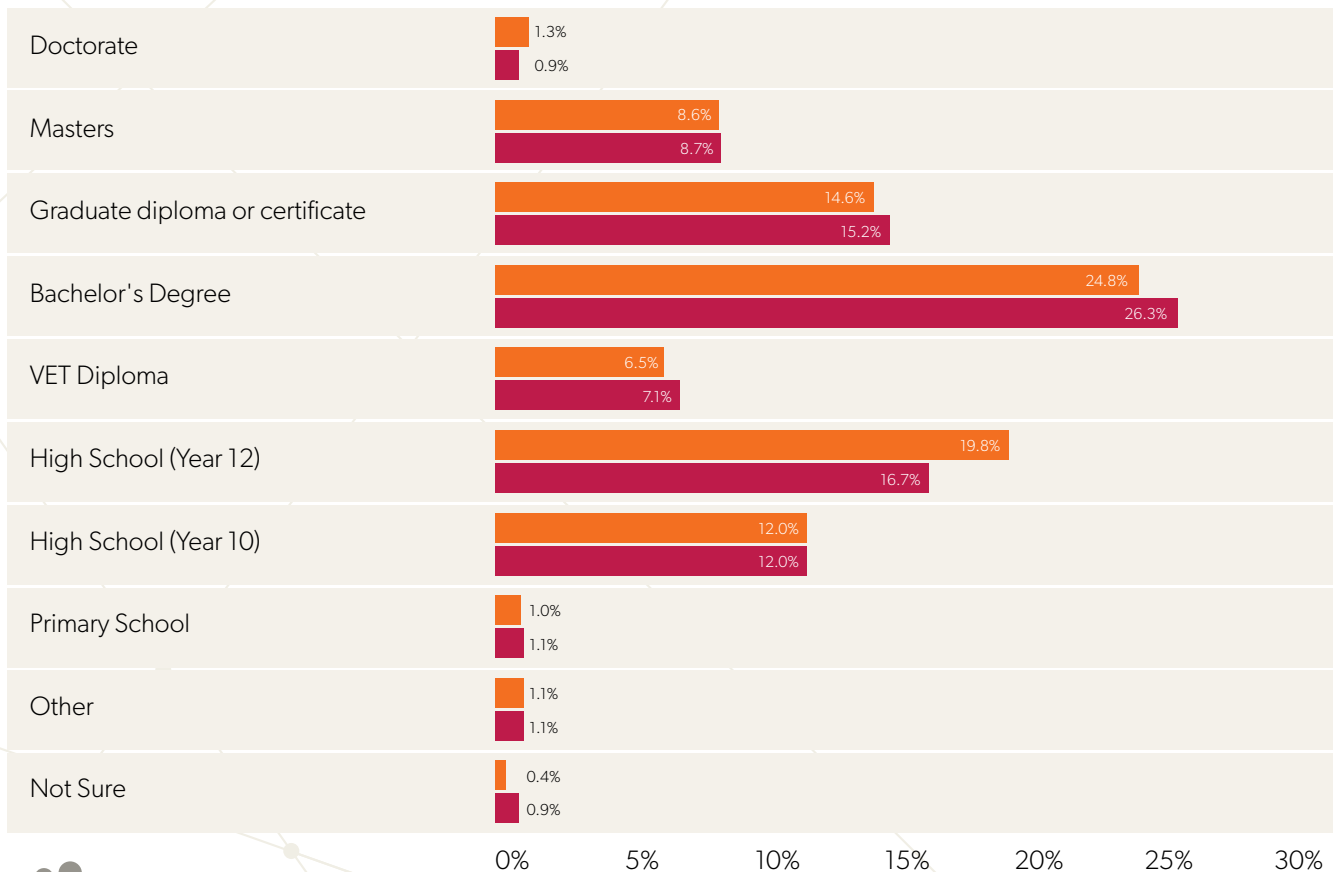


¹ Ten Ways to Succeed in Australian Manufacturing, Advanced Manufacturing Growth Centre, 2020.

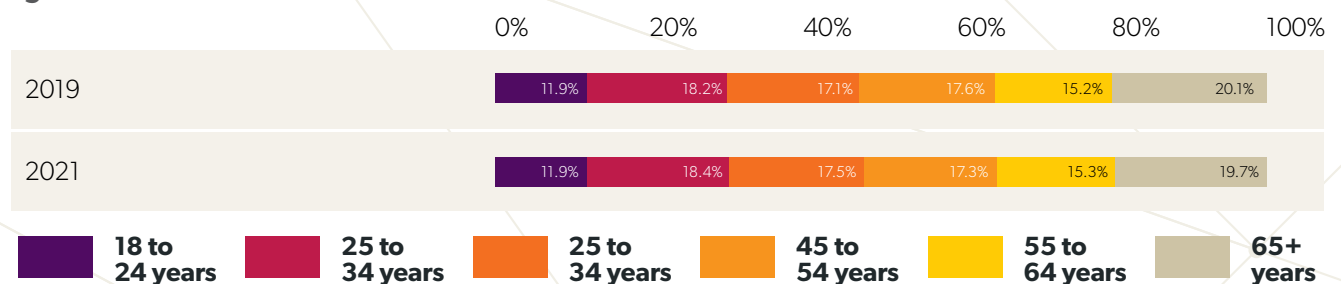


Education

2019
2021



Age







FINDINGS

AMGC’s survey found that most Australians believe local manufacturing is important to the economy and Australia’s standard of living. However, this perception varies across states and age groups, and people have a limited understanding of the manufacturing industry’s outputs, degree of modernisation and global competitiveness. This suggests more needs to be done to educate the Australian public about the current state of the manufacturing industry, its sources of competitiveness and the opportunities it offers.

AUSTRALIANS BELIEVE MANUFACTURING IS IMPORTANT TO THE ECONOMY

Almost three quarters (72%) of Australians believe manufacturing is either ‘important’ or ‘very important’ to the economy (see Figure 3), up from 65% in 2019.

Nearly four out of five Australians (79%) perceive trade and export of manufactured goods as important to the Australian economy.

The survey found that the number of Australians who believe that manufacturing is important to the economy has increased in all states and territories since 2019 (see Figure 4). The greatest increases were in the Northern Territory (up 33% since 2019), the Australian Capital Territory (up 24%), Tasmania (up 18%) and Western Australia (up 13%).

A majority (69%) of Australians also believe the manufacturing industry is important to maintaining the standard living in Australia (see Figure 5). This is up from 63% in 2019.

Figure 3: The importance of manufacturing to the Australian economy

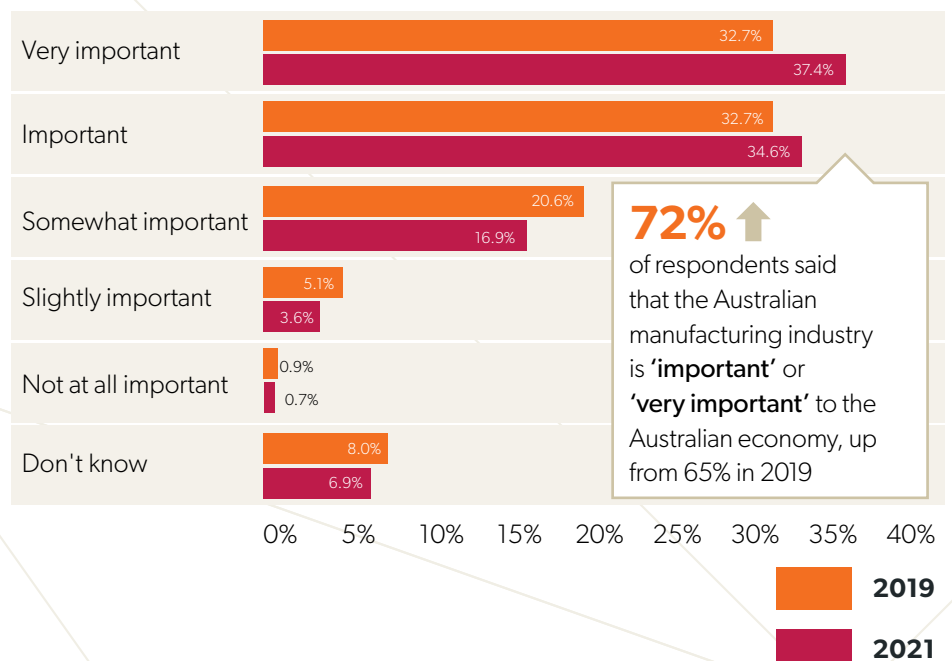
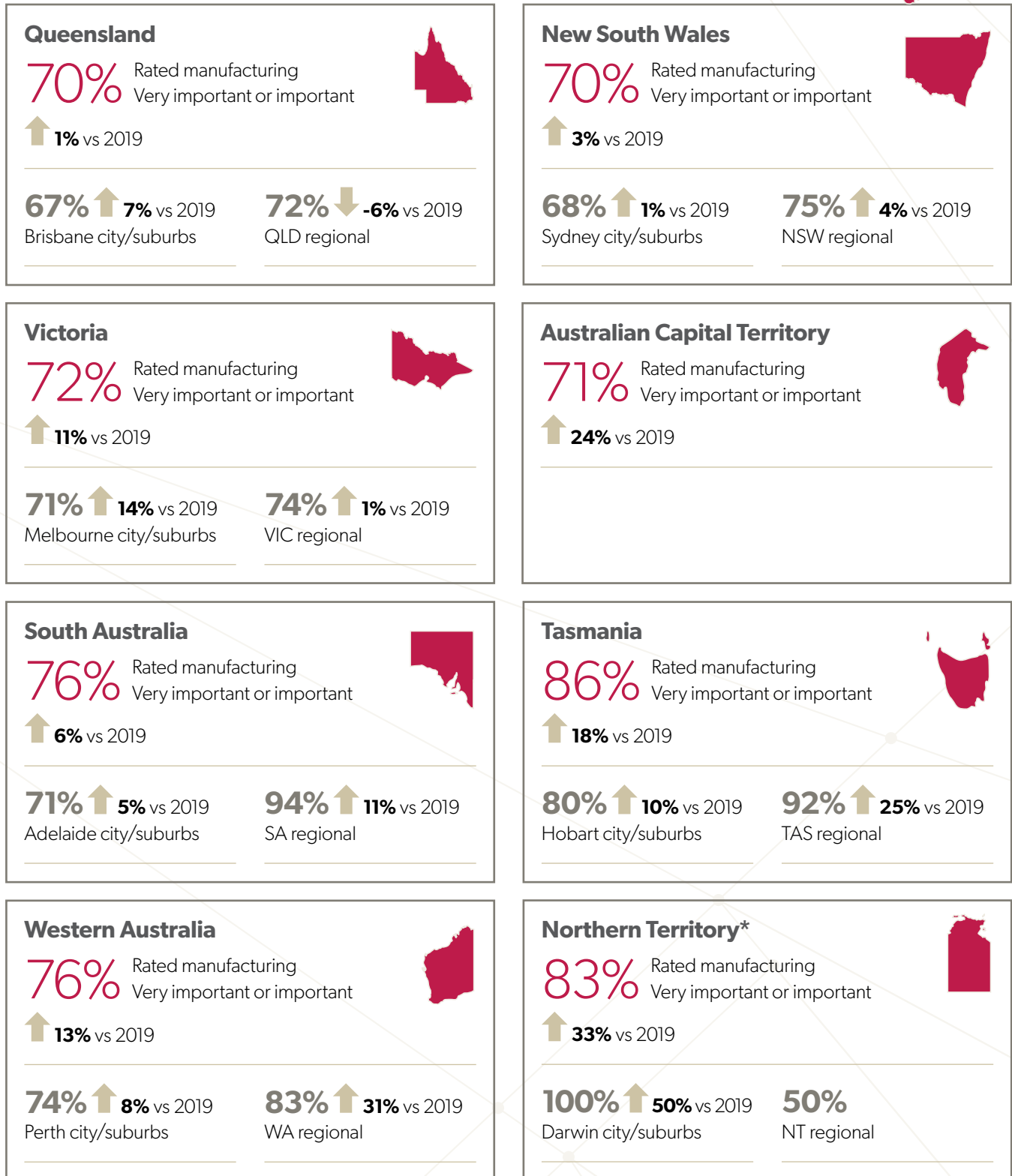


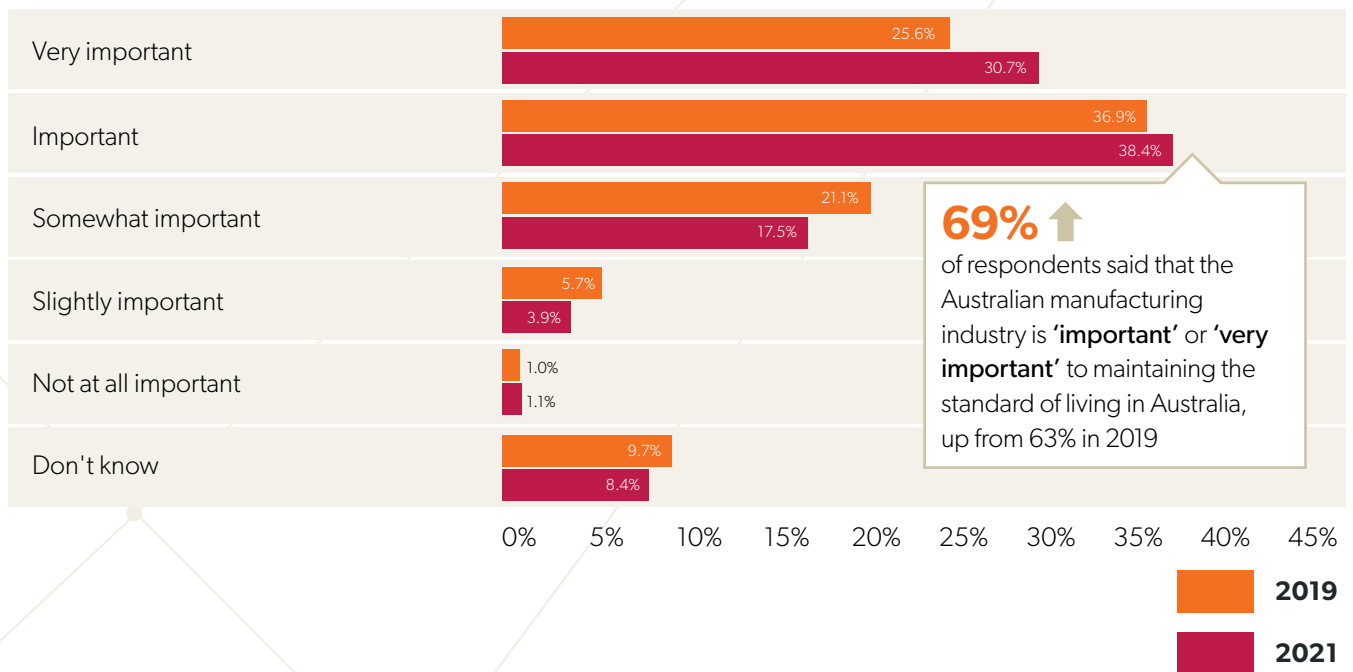


Figure 4: The importance of manufacturing to the economy by state and territory



* Caution, small sample size in Northern Territory

Figure 5: Importance of manufacturing to standards of living



AUSTRALIANS RANK MANUFACTURING MORE HIGHLY NOW THAN IN 2019

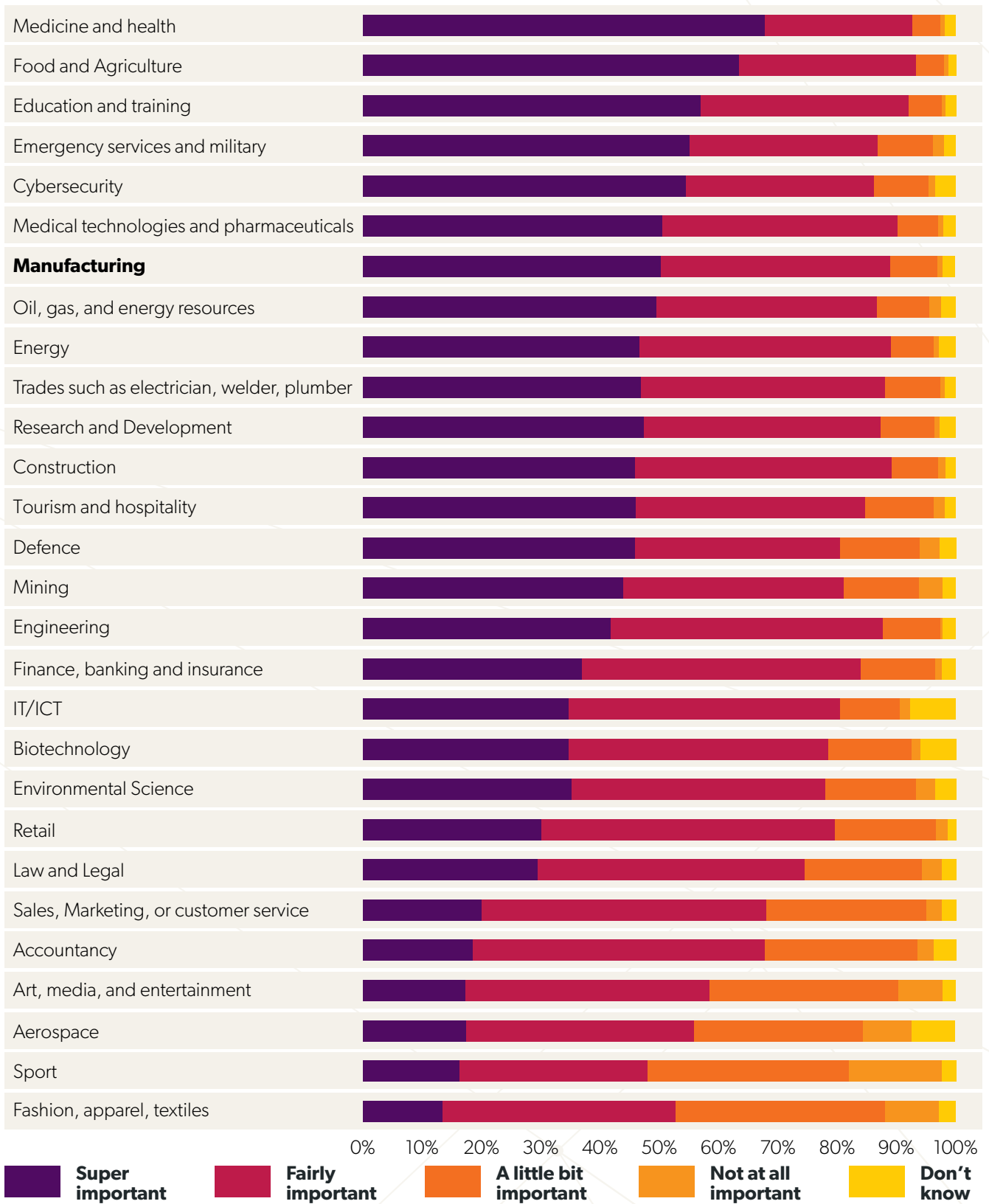
When asked to consider manufacturing's importance to the Australian economy relative to other industries, respondents ranked it as being the seventh most important (see Figure 6).

This was an increase from 11th place in 2019 and places manufacturing in the top quartile in terms of its overall importance to the economy. However, it should be noted that many of the industries that are displayed in Figure 6 – are also major manufacturers.

For example, one of Australia's leading medical companies is Cochlear, which is the global leader in developing and manufacturing hearing implants. Companies such as Goodman Fielder are major manufacturers of food products, and groups such as Ampol manufacture oil through processing within the oil, gas and energy resources sector.

The challenge for the manufacturing industry is to better communicate how widely its activities are intertwined with other industries, as a horizontal capability that cuts across the majority of industry verticals.

Figure 6: Perceived importance of manufacturing to maintaining a strong Australian economy, compared to other industries

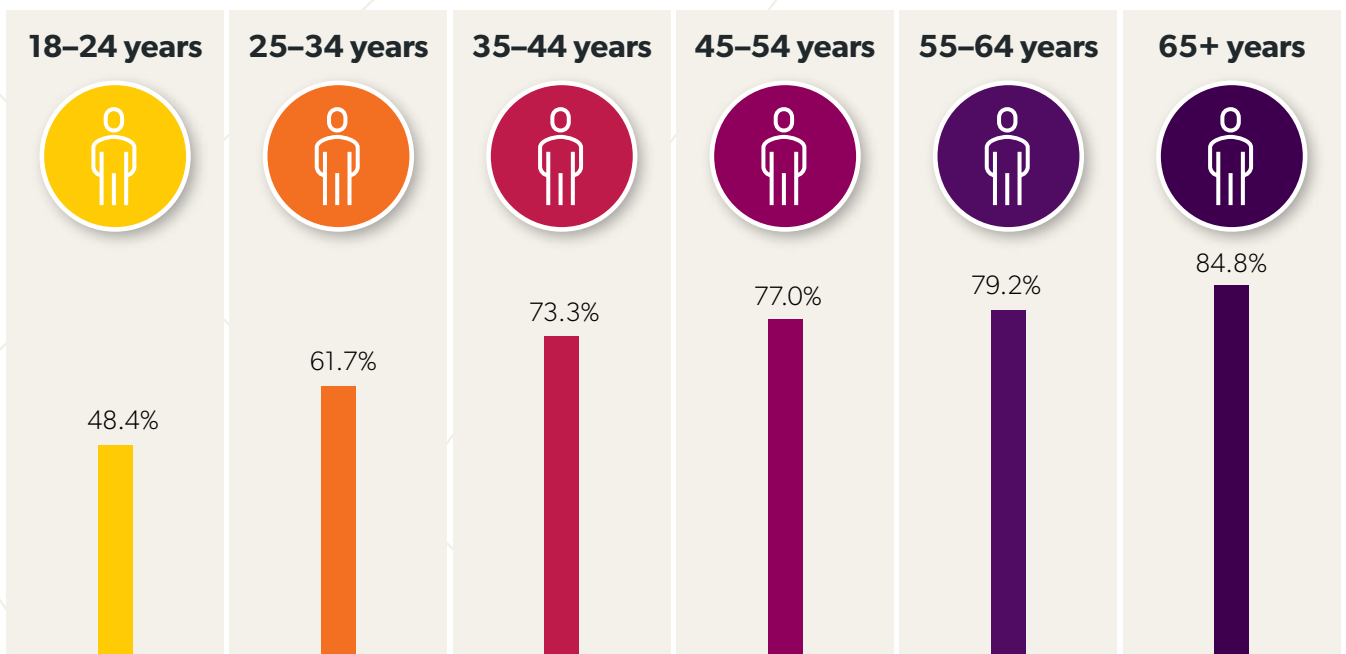


OLDER AUSTRALIANS ARE MORE LIKELY TO VIEW MANUFACTURING AS IMPORTANT

The survey found that older people are more likely to perceive manufacturing as important than younger Australians (see Figure 7). For example, around 85% of those aged 65 and older believe manufacturing is important to maintaining a strong Australian economy. Whereas, just under half (48%) of 18–24-year-olds feel the same way.

This suggests the industry needs to do more to boost the perception of manufacturing among younger people, in order to influence their career choices and opportunities on offer.

Figure 7: The importance of manufacturing by age group



AUSTRALIANS' FAMILIARITY WITH MANUFACTURING VARIES AND IS EVOLVING

Almost three out of four Australians (72%) claim to have some familiarity with Australian manufacturing (see Figure 8). This is a 4% decrease from 2019.

The survey found that most people still associate the manufacturing industry with the production of items like cars, traditional factories and manual labour (see Figure 9).

However, respondents did associate manufacturing with growing areas of production such as furniture, retail goods and mining. Associations with 'higher skilled' work and expressions that there should be 'more manufacturing in Australia' were mentioned for the first time in this year's survey.

Figure 8: Familiarity with the Australian manufacturing industry

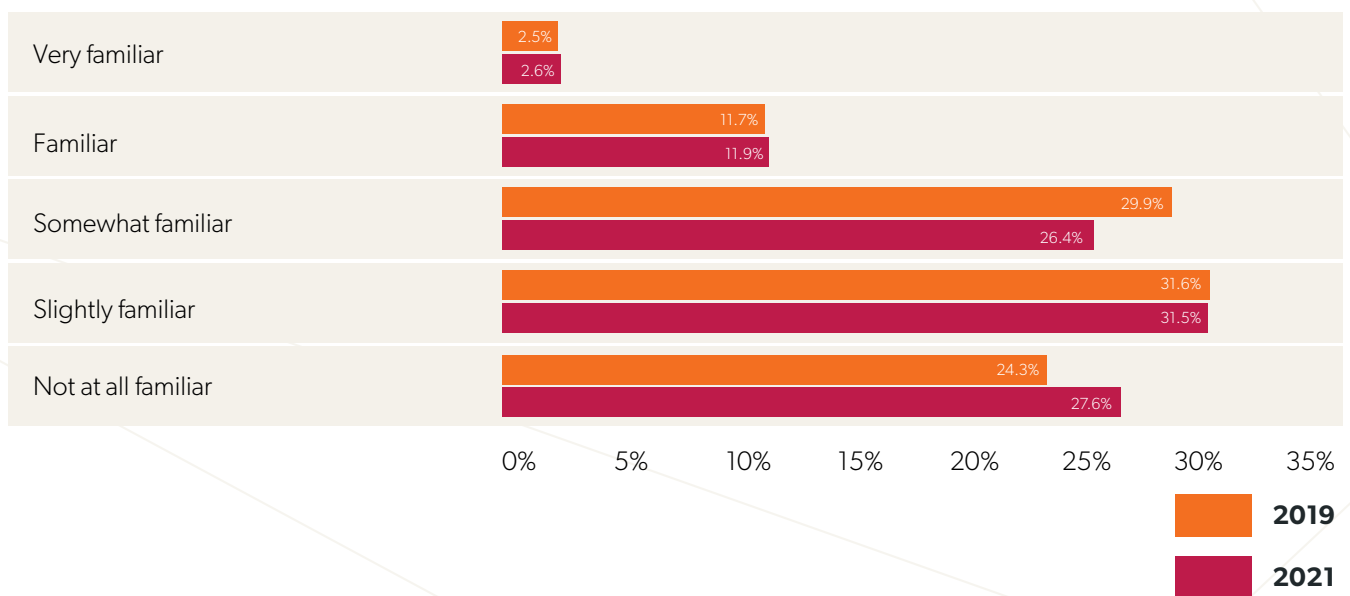
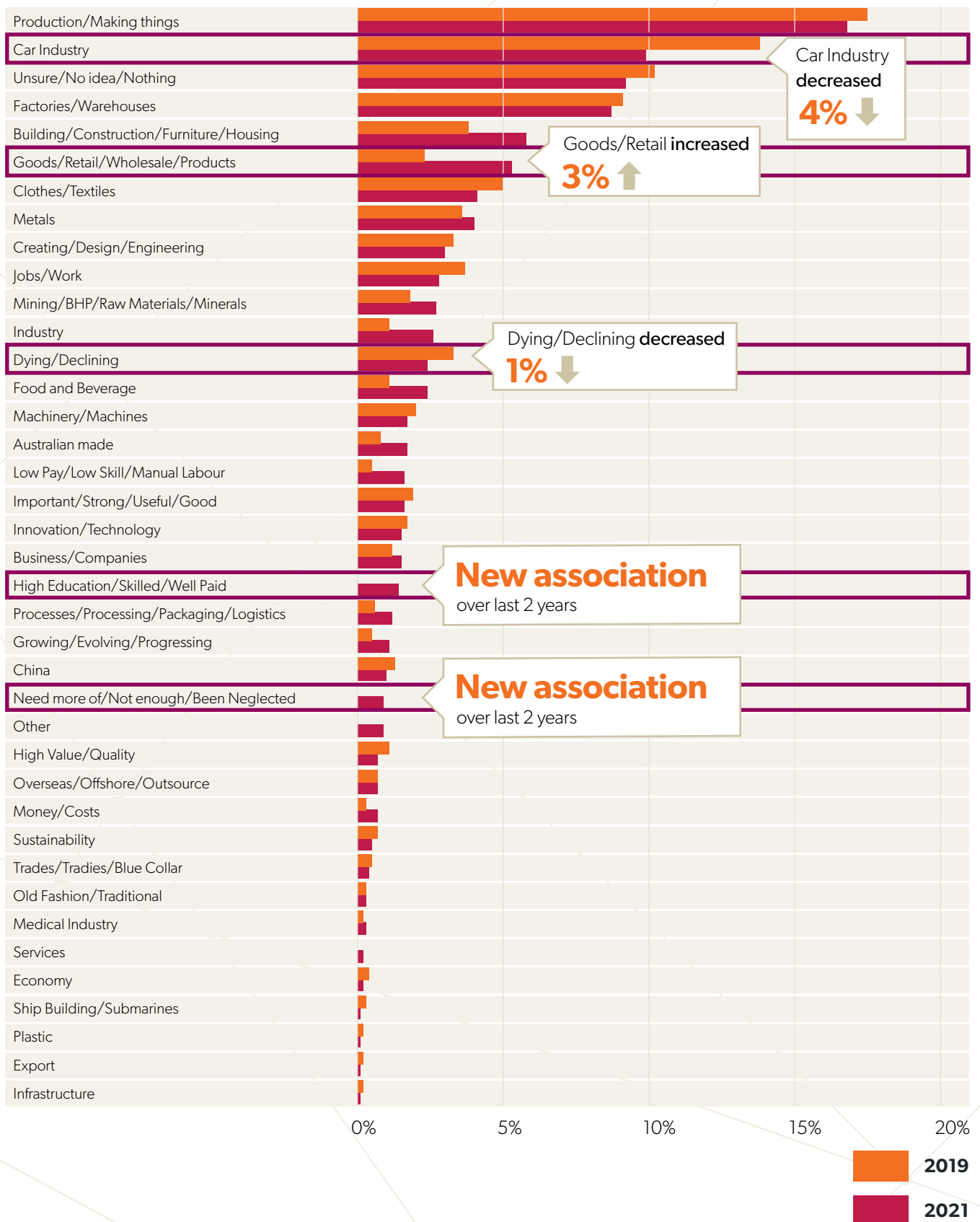


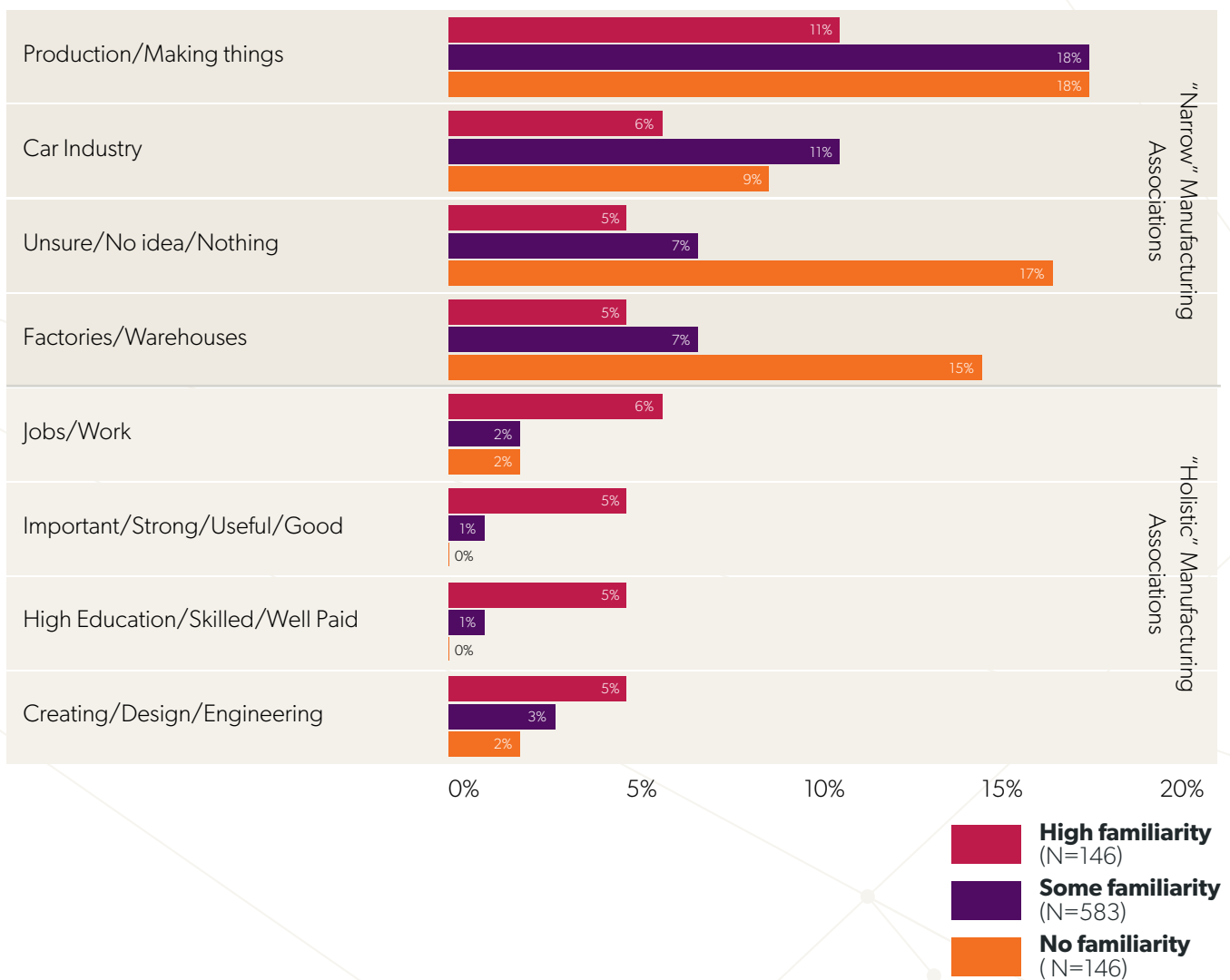
Figure 9: Associations with manufacturing



Respondents with a higher familiarity with manufacturing are more likely to recognise that Australian manufacturing is strong and that manufacturing jobs are more highly skilled than they were historically (see Figure 10).

For example, while Australians who say they have a high familiarity with manufacturing still associate it predominantly with production (the process of putting something together), they are more likely to recognise that manufacturing is important, involves design and engineering, and is connected to well-paid and highly skilled jobs.

Figure 10: Associations with manufacturing for Australians with varying levels of familiarity with manufacturing

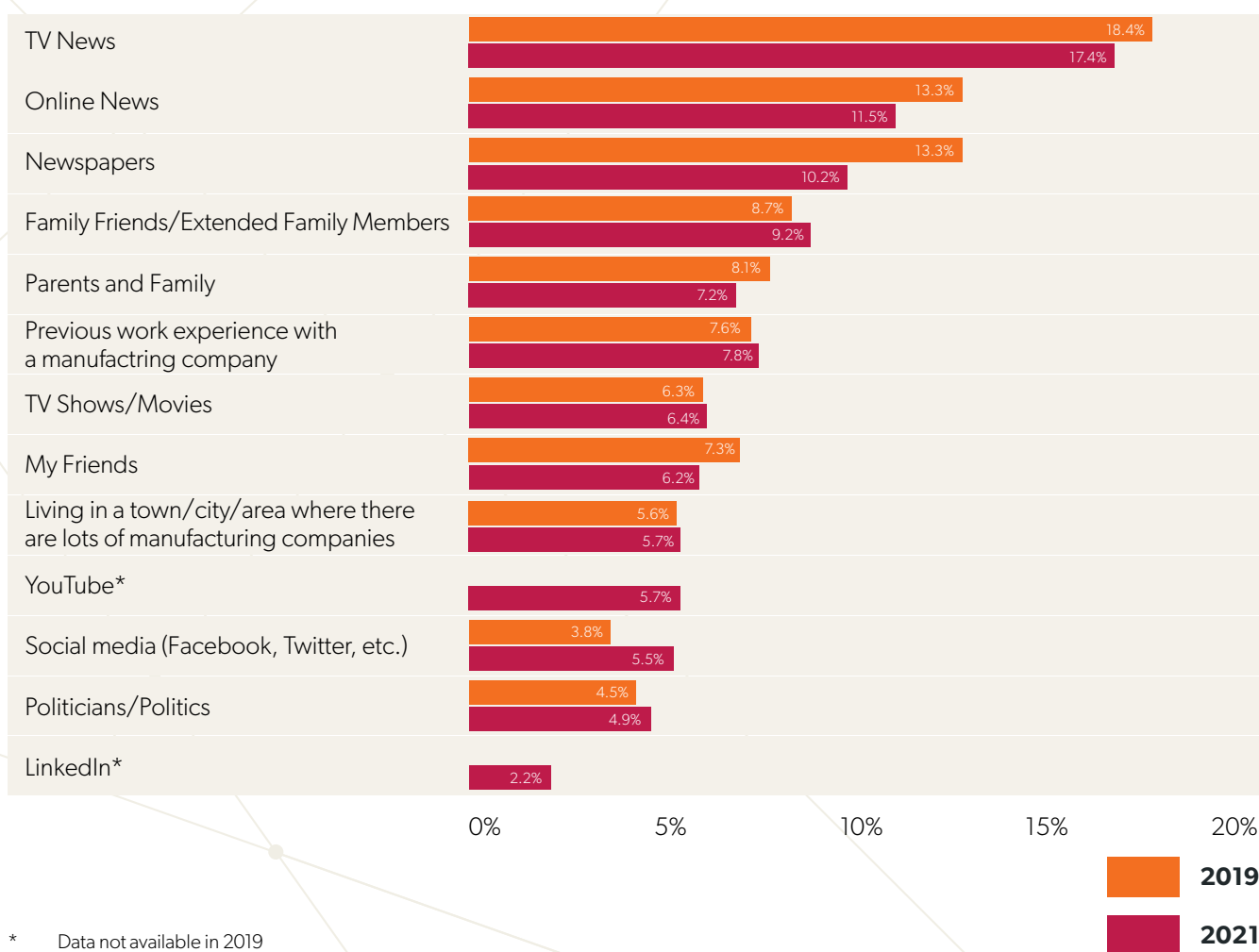


For Australians with some level of familiarity with the manufacturing industry, the survey found that the top sources of manufacturing knowledge are news platforms (see Figure 11). These include the television news (17%), online news (12%) and newspapers (10%).

Interestingly, the second most significant source of information comes from personal connections. These connections are likely to be with people who work in manufacturing or who also gain their understanding of the industry through media and social media sources.

This makes it critical to give traditional media and social media accurate information about the manufacturing industry and to those who work in the manufacturing community who actively communicate about the industry. These steps would ensure the public is better informed and can change misperceptions about the Australian manufacturing industry.

Figure 11: Sources of knowledge about manufacturing



AUSTRALIAN MANUFACTURED PRODUCTS ARE REGARDED AS HIGH QUALITY

Most Australians (80%) think it is important to buy products that are Australian made, where possible. Almost two-thirds (63%) of those surveyed also believe Australian-made products are of higher quality than imported products (see Figure 12).

This aligns with the finding that 58% of Australians are happy to pay more for products made in Australia, because they believe they will be high quality (see Figure 13).

Figure 12: Proportion of Australians who believe Australian-made products are higher quality than imported products

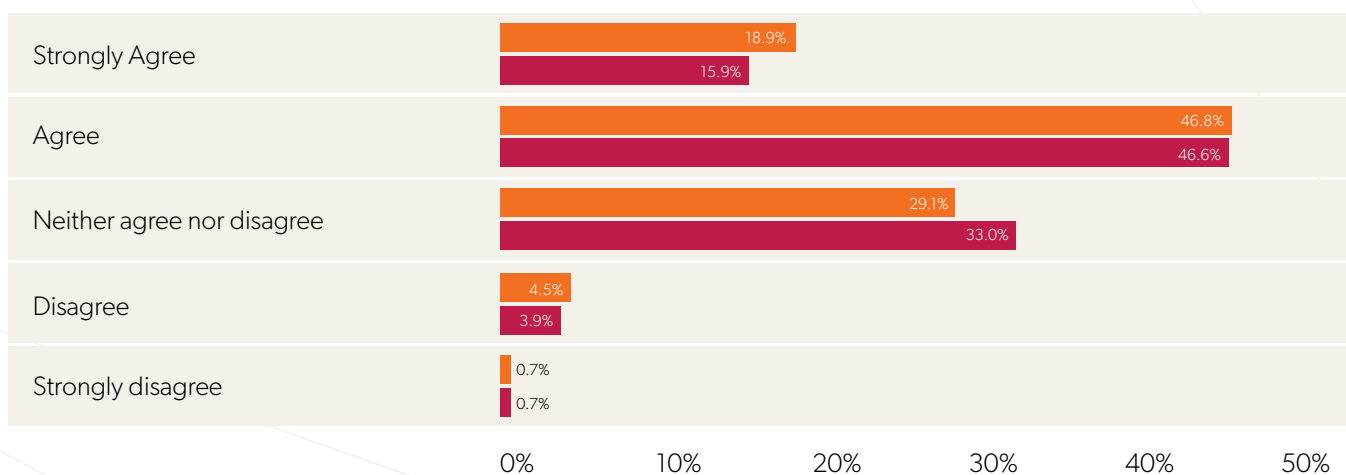
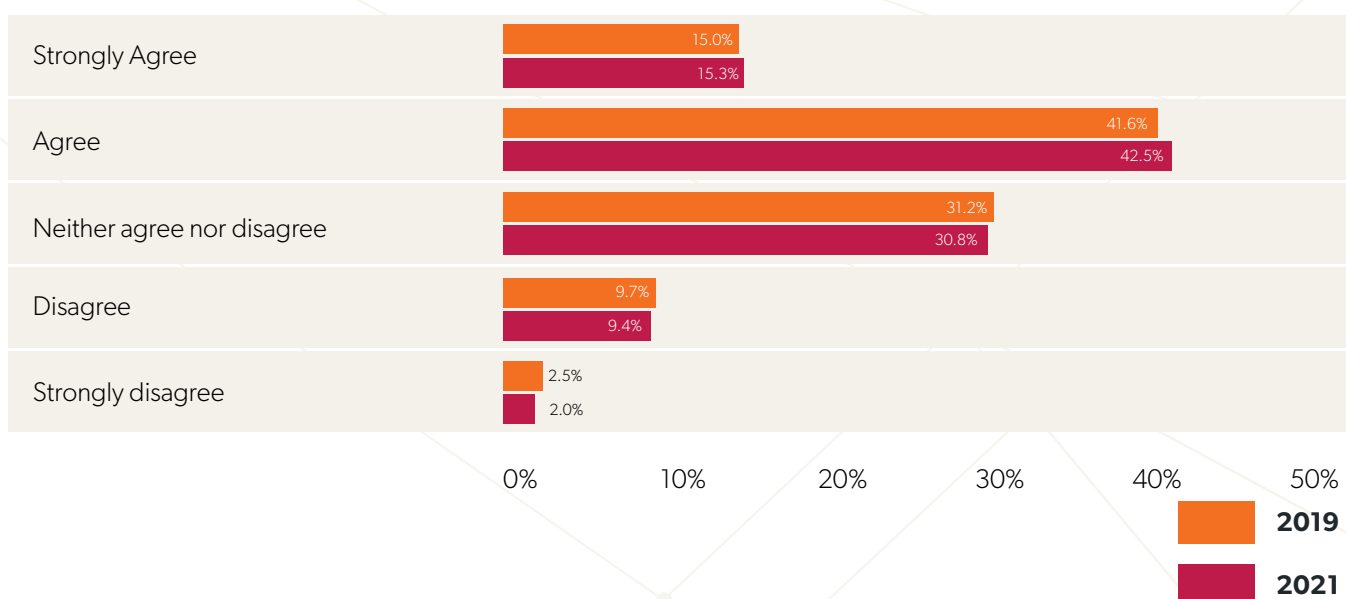


Figure 13: Proportion of Australians happy to pay more for Australian-made products because they believe they will be higher-quality



MORE AUSTRALIANS SEE LOCAL MANUFACTURING AS COMPETITIVE AND HIGH-TECH

Slightly less than half (48%) of respondents say Australia’s manufacturing industry is globally competitive (see Figure 14). This is up from 46% in 2019.

A similar proportion (50%) said the Australian manufacturing industry is high-tech (see Figure 15). This is up from 49% in 2019.

These findings present an opportunity to further change perceptions about Australian manufacturing and to build on the slight improvements seen since 2019.

Figure 14: Australian manufacturing competes globally

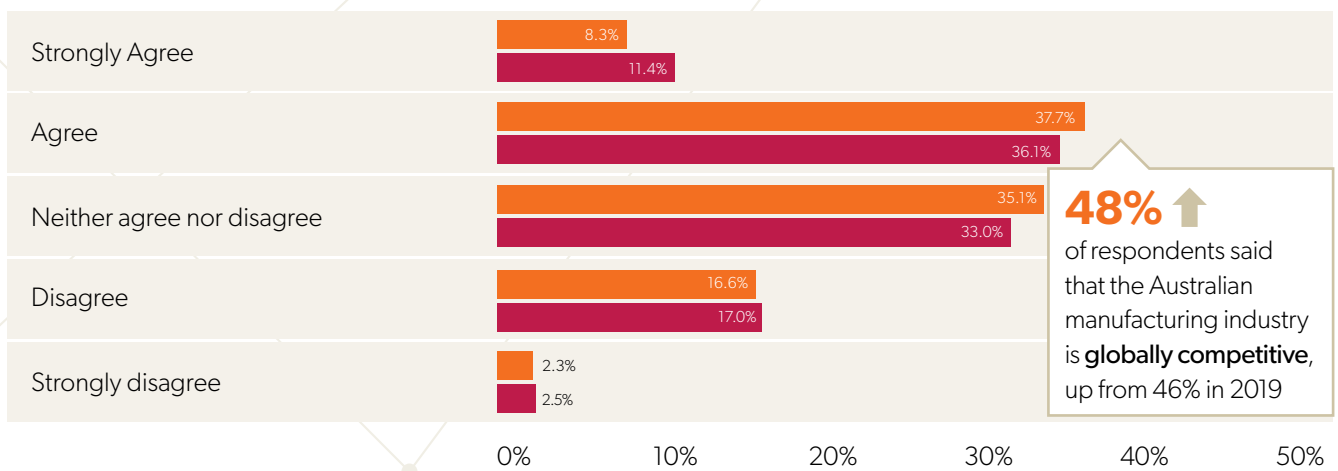
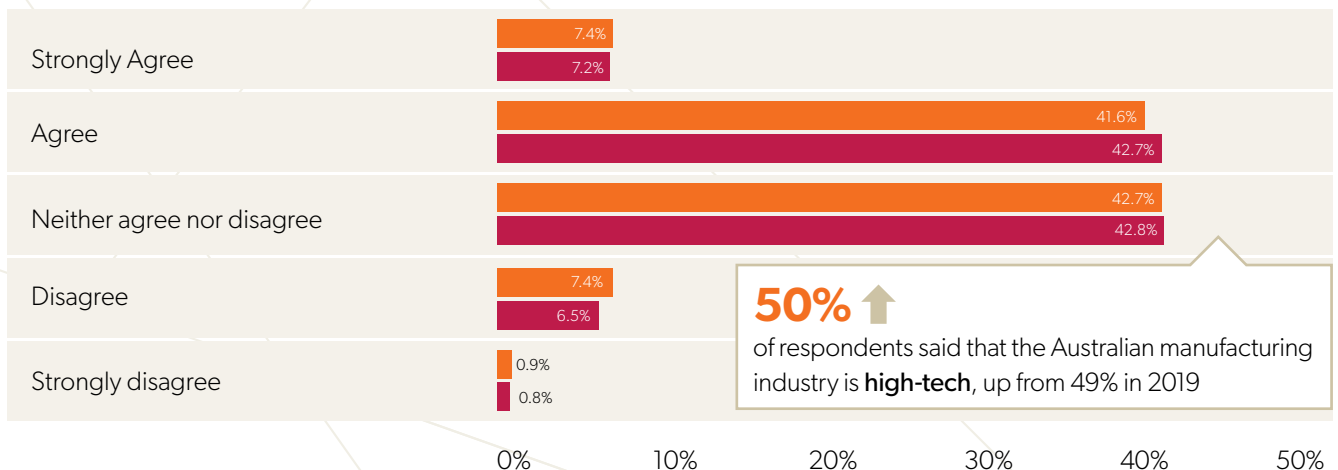


Figure 15: Australian manufacturing is high-tech



2019
2021

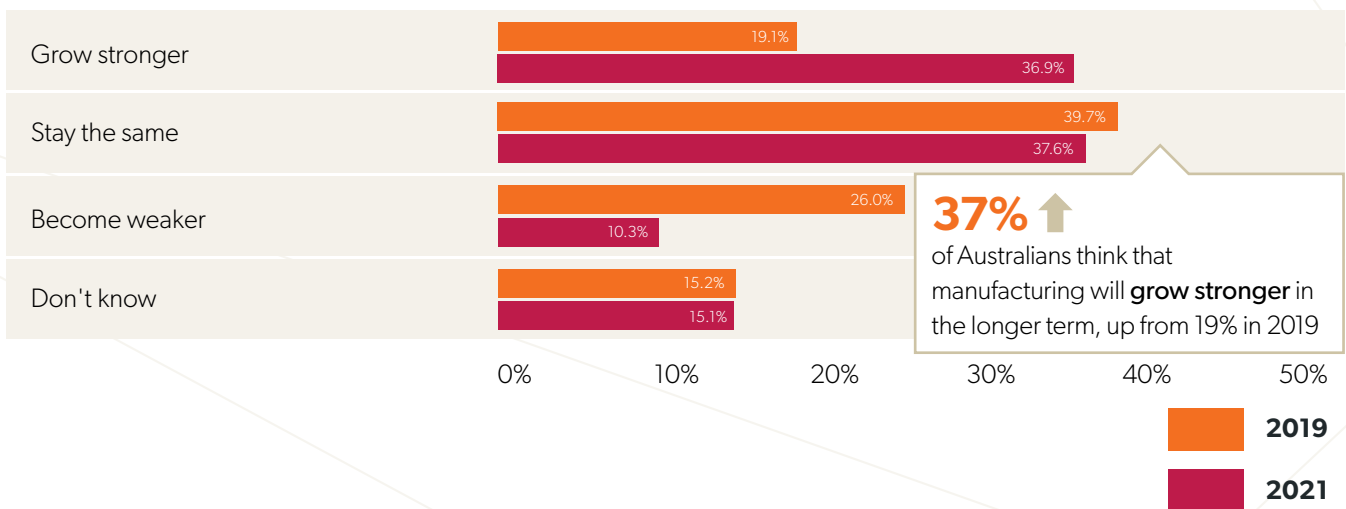
PEOPLE ARE MORE OPTIMISTIC ABOUT THE FUTURE OF AUSTRALIAN MANUFACTURING

Overall, the survey shows that more people are feeling positive about the future of Australian manufacturing. Confidence in Australian manufacturing's ability to grow stronger has nearly doubled from 19% in 2019 to 37% (see Figure 16).

This may reflect Australians' increased interest in manufacturing and global supply chains because of the challenges that have arisen during the COVID-19 pandemic. It may also reflect the evolution of an industry that is becoming more high-value, high-skilled and pervasive within the economy or a combination of these.

AMGC believes that this growing confidence and the other positive findings in the report provide an encouraging base for industry and policymakers to build upon in the years to come, and increase Australia's ranking in the Economic Complexity Index (ECI).

Figure 16: How Australian manufacturing is expected to change in the longer term (more than 12 months)



FURTHER INFORMATION



Sector Competitiveness Plan 2020



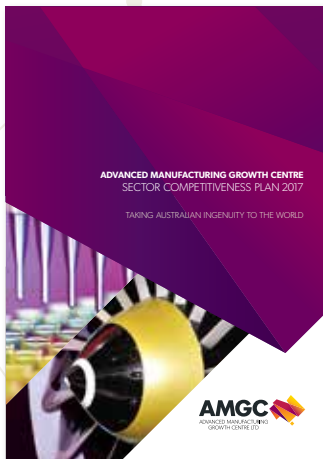
Ten Ways To Succeed In Australian Manufacturing



Building Resilience in Australian Manufacturing 2018



A New Definition for a New Era – Defining Advanced Manufacturing Report



Sector Competitiveness Plan 2017



Industry Knowledge Priorities



Projects Report 2020



Impact Report 2015 - 2020



Projects Report 2019



Prefab Innovation Hub: Feasibility Study



Submission to the Department of Industry, Innovation and Science 2017



Innovation and Science Australia Submission 2017



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