



**Public Accounts and Estimates Committee
2014/15 Budget Estimates Hearing
Manufacturing Portfolio**

**The Hon David Hodgett MP
Minister for Manufacturing**

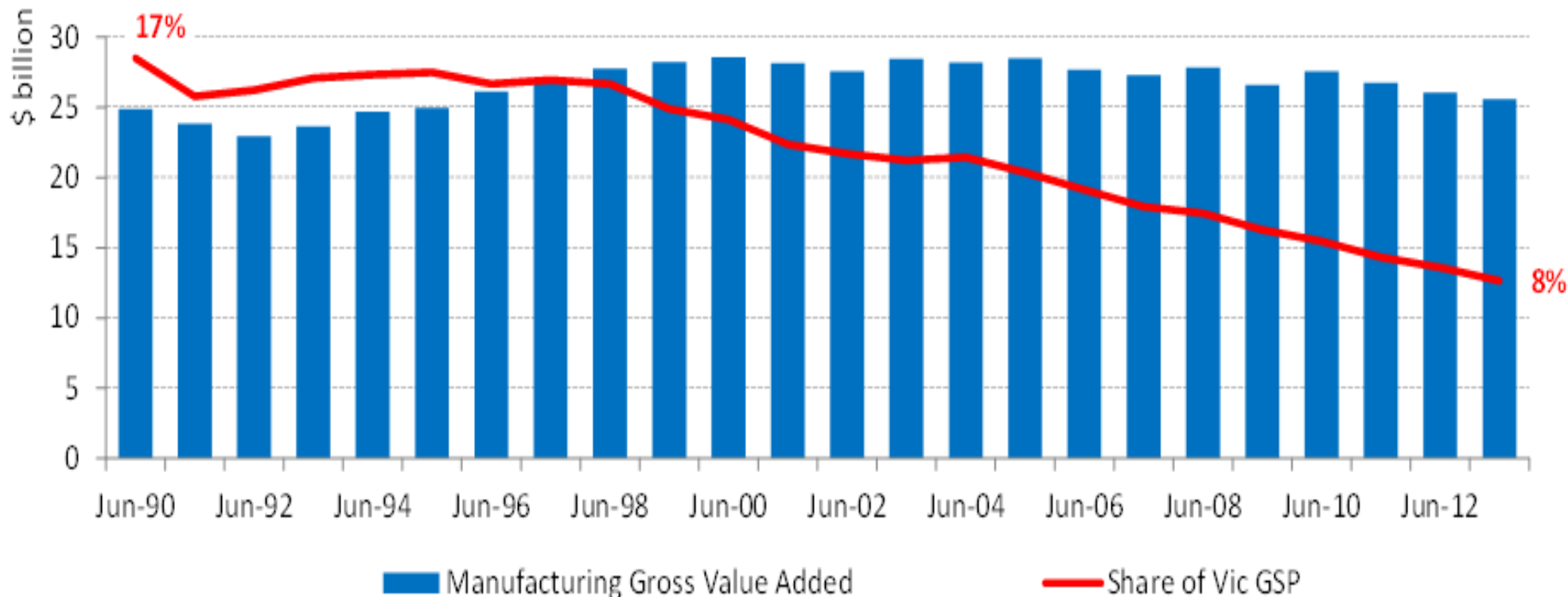
DEPARTMENT OF
STATE DEVELOPMENT
BUSINESS AND
INNOVATION



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Victorian Manufacturing Industry

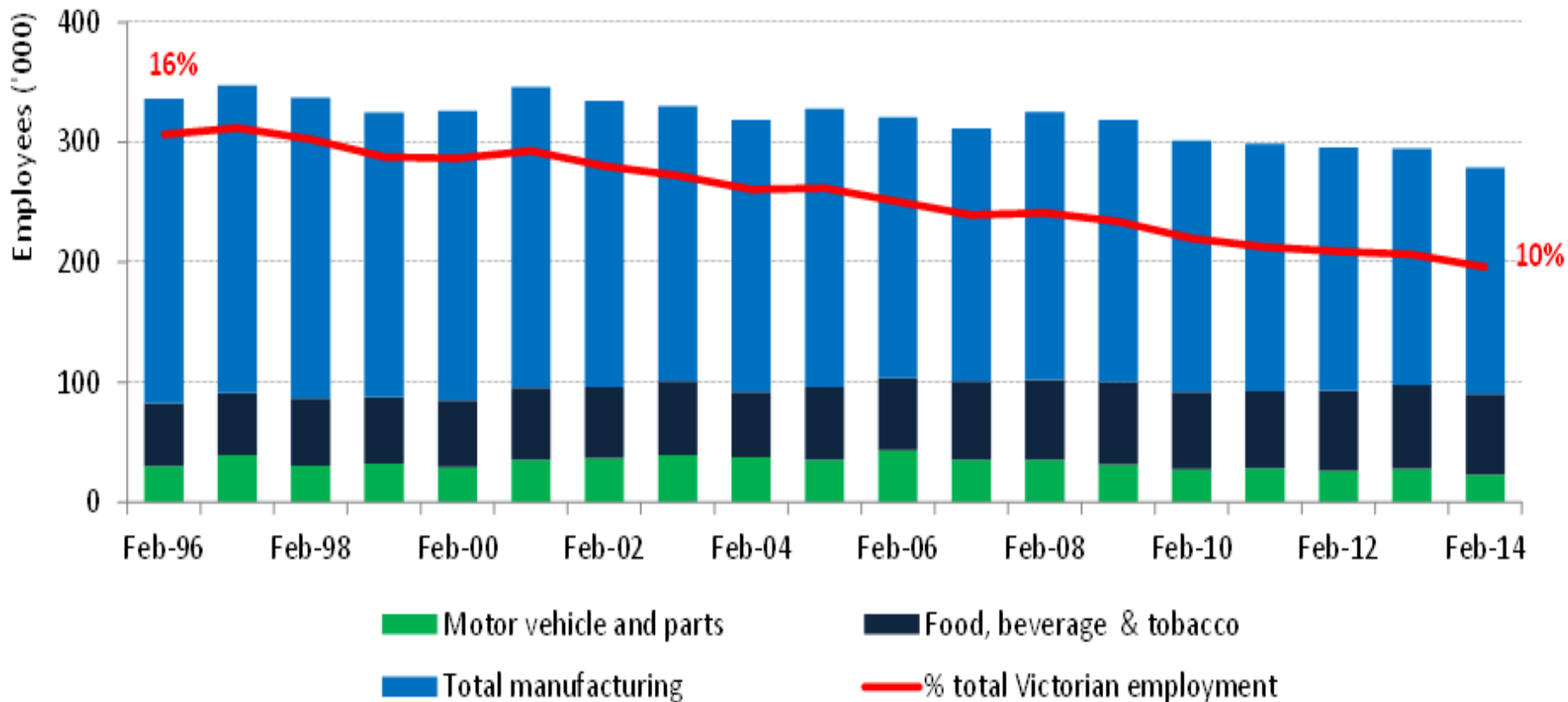
Gross value added and Share of Gross State Product



Source: ABS 5220.0, real industry GVA (\$2012-13)

Victorian Manufacturing Industry

Victorian Manufacturing employment



Source: ABS 6291.0.55.003, four quarter moving average

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Victorian Manufacturing Exports

- Overall export levels have decreased in nominal dollar terms
- Advanced manufacturing is increasingly important
- Food exports, particularly into Asia, are a key focus
- Trade missions support Victorian companies seeking to export



Marand



Food and beverage trade mission to Asia

Public Accounts and Estimates Committee
 2014/15 Budget Estimates Hearing
 Manufacturing Portfolio

Industry Program Highlights – 2013-14

Victorian Programs

Joint programs

Investing in Manufacturing Technology	Manufacturing Productivity Networks	Businesses in Transition Support Program	Automotive New Markets Program	Geelong Region Innovation & Investment Fund	Melbourne's North Innovation & Investment Fund
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Government assistance in 2013-14 (as at 31 March 2014)

38 projects supported	17 networks supported	85 information sessions	11 Victorian companies assisted	5 projects supported	16 projects supported
\$6.8 million	\$1.7 million	3,319 info packs to workers	\$6.0 million	\$8.4 million	\$20 million

Benefits

\$34.7 million new investment	311 businesses assisted	94 businesses assisted with skills needs	\$21 million new investment	\$48 million new investment	\$180 million new investment
231 jobs				290 jobs	700 jobs

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Victorian Industry Participation Policy (VIPP)

- Three new VIPP strategic projects identified:
 - Monash Children's Hospital (tender awarded)
 - Ravenhall Prison
 - East West Link.
- Further five VIPP strategic projects already underway



Monash Children's Hospital



Regional Rail Link



VCCC

Challenges

- Environment – high Australian dollar, intense import and export competition, high inputs costs, a global economy that has not fully recovered from the global financial crisis
- Rapid technological change
- Closure of car manufacturers and other major manufacturers

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2014/15 Budget Estimates Hearing

Manufacturing Portfolio

What we are doing

- Supporting a new \$155 million Growth Fund
 - Commonwealth
 - Victoria (\$12 million)
 - South Australia, Holden and Toyota
- Premier's Automotive Roundtables and sub-committees
- Advocacy for additional Commonwealth support – skills, infrastructure, defence projects
- Review of Victorian economy
- Productivity Commission submissions
- Promoting and connecting Victoria's defence capabilities
- Underpinned by Business Engagement Model

2014-15 Budget Outcomes

- The \$27 billion investment in infrastructure will provide substantial benefits and opportunities for manufacturing
 - Transform the way goods and services move throughout Victoria (cutting costs for business)
 - Create opportunities for competitive local businesses to supply major projects
 - Generate jobs in manufacturing and construction
- **\$8.7 million** to support the implementation of the Defence Strategy through the Defence Industry Unit
- **\$12 million** new funding for Victoria's contribution to the \$155 million Growth Fund

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Defence

Dedicated support to defence industry:

- \$8.7 million to implement *Securing the Future – Victoria's Defence Industry Strategy* (\$2.1 million in 2014-15)
- Secure high yield investment and market opportunities locally and overseas
- Capitalise on significant opportunities for Victoria's defence industry in the pipeline
- Sustain defence capabilities



The Coalition will Continue to Support Manufacturing in Victoria

- Helping manufacturing firms and workers adjust
- Cutting the cost of business for manufacturers
- Building on Victoria's advantage in infrastructure, energy and industrial land
- Supporting opportunities for manufacturing trade, investment and innovation
- Increasing the quality and skills of the manufacturing workforce