

## Competitive Advanced Manufacturing - Quite within Reach for Australia

**Melbourne, 28 July 2015** - Securing a globally competitive locally-based advanced manufacturing sector is quite within reach for Australia, according to CSL Limited, Australia's largest biotechnology company. The key is to make a serious, strategic effort to attract footloose global investment, especially targeting innovations and ideas developed in Australia.

This would see Australia close the gap between its research and commercial worlds, finally leveraging the strengths of its universities and scientific research institutions to create globally competitive industries and high quality jobs.

Speaking today at CEDA in Melbourne, CSL's Chief Financial Officer, Mr Gordon Naylor, said that in CSL's own medical research sector securing advanced manufacturing investment is tantalisingly within reach if Australia made a genuinely strategic effort.

"Australia has the essential building blocks for an advanced manufacturing sector capable of converting Australia's R&D efforts into high value products for global markets and in turn building strong enterprises, high quality jobs and a virtuous circle supporting the foundation R&D infrastructure.

"The problem is, we are not strategic, when other countries are, in seeking to make Australia a commercially attractive location for investment in advanced manufacturing. So other countries secure the investment and Australia does not.

"The final pillar of a successful national strategy - the one that would produce the full benefits of all the effort we make already is the adoption of a competitive corporate taxation regime for advanced manufacturing investment exploiting intellectual property developed here in Australia."

Mr Naylor referred to CSL's own experience last year in locating a state-of-the-art specialty blood products plant in Switzerland rather than Australia last year, despite the company undertaking a major part of the foundation R&D in Australia.

"For footloose advanced manufacturing, which is not tied to Australia's natural endowments, Australia's investment competitiveness is fundamental.

"One of the most significant impediments to Australia's competitiveness, at least as a location for advanced manufacturing for export markets, is its high corporate tax rate, fully three times that of some other jurisdictions."

Australia's competition is not low-wage, low cost countries; but places like Switzerland, the UK, Singapore and Ireland, all of them highly educated countries with strong research institutions and highly skilled employees.

“With these characteristics, affluent developed countries are our natural competitors; competing with them is a race to the top to secure high wage, highly skilled employment.”

Mr Naylor suggested that if Australia is to see more investment in advanced manufacturing then governments must appreciate that capturing footloose investment would bring new sources of taxable revenue.

They must focus on the factors that most affect the boardroom decisions of global enterprises, and make a strategic decision to compete. At present Australia struggles to retain the manufacturing of even Australian-developed products, let alone the international investments which are actively being placed around the world.

Mr Naylor detailed the national benefits if Australia were to actively and unapologetically compete for advanced manufacturing,

“As with mining in Australia and dairy in New Zealand, Australia has the potential to develop clusters of highly capable firms with highly paid and skilful employees making advanced manufacturing products originating from risks taken here and innovations developed here.”

CSL has suggested that Australia should adopt a highly targeted and strategic differential tax rate of 10% for advanced manufacturing. This could be implemented with no need for government funding and in a way that would not cannibalise existing tax revenues because it targets economic activity that would not otherwise be undertaken in Australia.

“If we in Australia were serious about advanced manufacturing then more of what CSL does would happen here and there would be many outward-looking, globally competitive Australian enterprises flanking us – with great benefits for the nation,” he said.

The full version of Mr Naylor’s speech is available [here](#).

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