

Terms of Reference

Inquiry into Queensland Manufacturing

In accordance with section 23 of the *Queensland Productivity Commission Act 2015*, I hereby direct the Commission to undertake an Inquiry into Queensland Manufacturing, including a review of international reshoring initiatives.

Background

Queensland's manufacturing sector is a significant contributor to employment, as well as regional and economic growth within the State. In 2014-15, the industry contributed over \$20 billion to the Queensland economy. Despite this significant contribution, manufacturing's share of State output declined from around 12 per cent in 1989-90 to around 7 per cent in 2014-15.

While there are significant emerging opportunities, the manufacturing sector is also facing a number of challenges including business costs and regulation, skills shortages and strong emerging international competition. To remain competitive, the manufacturing sector will need to adapt and reposition itself to address these challenges and take advantage of emerging opportunities. This will include building the management and workforce skills and knowledge required to drive productivity and innovation.

Opportunities exist for the manufacturing sector to build on existing competitive advantages and advanced manufacturing niches, gain access to new domestic and international supply chains and other value-adding market opportunities, capitalise on export opportunities, apply advanced technologies, and foster a highly skilled manufacturing workforce. A reinvigorated manufacturing sector, using advanced manufacturing techniques in particular, has the potential to bring significant productivity gains and employment growth.

To achieve this, it is essential that the State's manufacturing businesses operate within a supportive business environment that encourages innovation, investment and growth.

Scope

The objective of the Inquiry is to develop policy options to improve the productivity and competitiveness of the manufacturing sector in Queensland. In this regard, the Inquiry should focus on opportunities to maximise existing advantages, improve weaknesses and take advantage of emerging domestic and international opportunities.

In undertaking the Inquiry, the Commission should investigate and report on:

1. the role of the manufacturing sector in advancing economic growth and productivity in Queensland;
2. the changing nature of Queensland manufacturing, including its composition, location, employment size and structure, and linkages with service industries and international supply chains;
3. the manufacturing sector's performance and potential, including a focus on employment and exports;
4. the characteristics of a productive and competitive manufacturing sector (noting the diverse nature of manufacturing in Queensland), including a focus on innovation and skills utilisation to promote longer term productivity improvements;
5. opportunities to improve the performance, productivity and competitiveness of the Queensland manufacturing sector;
6. experience from other jurisdictions, including in respect of reshoring initiatives (for example, the reshoring initiative in the United Kingdom);

7. the regulatory framework for manufacturing in Queensland, including changes that would reduce the regulatory burden on the manufacturing sector; and
8. the effectiveness of current policy settings for the manufacturing sector, and changes that would facilitate improved performance, productivity and competitiveness.

Public consultation

In accordance with section 25 of the *Queensland Productivity Commission Act 2015*, the Commission must undertake public consultation in relation to the Inquiry. This should include consultation with a diverse range of stakeholder groups including large and small manufacturers, key interest groups and affected parties, the Industry and Manufacturing Advisory Group, regulatory bodies, employee associations, government agencies, councils and research bodies.

Reporting

The Commission is required to publish a Draft Report for consultation by 31 May 2017.

The Final Report must be provided to Government by 31 August 2017.