



OUR PLAN FOR SUPPLY CHAIN RESILIENCE

Key points

Resilient supply chains underpin Australia's prosperity, resilience and national security.

The ongoing effects of the pandemic, war in Europe, natural disasters and rising geopolitical tensions continue to expose our economy to supply chain risks and vulnerabilities.

The Morrison Government is building Australia's resilience to supply chain disruptions while acting to embed Australia in critical global supply chains. This includes co-investing in a range of sovereign capabilities such as onshore manufacture of mRNA vaccines and other critical products. Our Modern Manufacturing Initiative is geared to scaling up domestic manufacturing capability to become more resilient. And through the Quad and other international forums, Australia is leading work to shore up critical supply chains.

The Government's expanded **Supply Chain Resilience Initiative (SCRI)**, with an investment of **\$324 million**, is working to address vulnerabilities identified in the supply chains of critical products and building domestic manufacturing capability.

Our Plan for Supply Chain Resilience is part of our economic plan to secure Australia's economic recovery and a stronger future in an uncertain global environment.

A re-elected Coalition Government will:

- Back in sovereign manufacturing and supply chain resilience through our Modern Manufacturing Initiative and other investments. An additional \$750 million will be invested in the Modern Manufacturing Initiative which is scaling up domestic manufacturing in six National Manufacturing Priorities.
 - Invest a further \$50 million in the Manufacturing Modernisation Fund to help small and medium businesses to adopt new technologies, enabling them to scale up, grow and compete internationally.
 - Invest a further \$200 million in the SCRI under the Regional Accelerator Program, targeting the capabilities of regional businesses to respond to supply chain vulnerabilities and opportunities.
- Invest \$27 million in 18 innovative semiconductor and water treatment chemical projects under Round 2 of the Supply Chain Resilience Initiative to strengthen Australia's ability to access critical needs and position us to respond to future supply chain disruptions.
 - Better map and monitor critical supply chains and proactively identify vulnerabilities before they arise, by increasing the capacity of the CSIRO, the Office of Supply Chain Resilience and the Department of Industry, Science, Energy and Resources to provide the 'early warning mechanisms' for emerging supply chain issues.
 - Commission the Chief Scientist to work with the private sector and research institutions to develop a Strategic National Plan for Semiconductors to address current and future supply risks.
 - Invest \$53 million to establish the Australian Animal Health and Manufacturing Innovation Hub under the Modern Manufacturing Initiative.

- Build on Australian leadership on supply chain resilience in international forums, including the Quad, G20 and APEC, to shore up vulnerabilities and embed Australia in critical supply chains.
- Continue to invest in the National Medical Stockpile and in essential medical production capacity, including through investments in CSL-Seqiris pandemic influenza and antivenom capacity and in the Moderna mRNA vaccine manufacturing plant.
- Invest \$2.2 billion to support the commercialisation of the next generation of university research, aligned with the National Manufacturing Priorities.
- Support Australia's fuel security with a \$250 million investment through the Refinery Upgrades Program.
- Support Australia to become a critical minerals powerhouse, including through our \$2 billion Critical Minerals Facility, \$400 million Critical Minerals Accelerator Initiative and the Modern Manufacturing Initiative.
- Ensure domestic supply of AdBlue through our \$29 million investment in refined urea production at Gibson Island ammonia plant in Brisbane.
- Reinforce supply chain resilience through our \$120 billion infrastructure pipeline, the National Water Grid and vital telecommunications investments.
- Continue to build supply chain resilience through the National Resilience and Recovery Agency.
- Work to improve the productivity of the nation's ports and maritime logistics in response to the forthcoming Productivity Commission report on Australia's maritime logistics system.
- Help small businesses better manage supply chain risks, including through our \$1 billion Technology Investment Boost to encourage small businesses to go digital.
- Invest a further \$101.7 million to strengthen biosecurity and traceability systems in our primary industries.

The Morrison Government's economic plan recognises the importance of securing supply chains in an uncertain world, with the global economy now facing the biggest commodity price shock since the 1970s.

Labor would weaken our economy, push up inflation and make our supply chains more vulnerable to disruption. Under Labor, higher spending, higher taxes, greater regulation and empowered unions would combine to force up costs and leave Australian households and businesses financially worse off and more at risk to supply chain challenges.

Labor can't say how they'll pay for their promises. And they can't manage money. That means higher deficits and higher taxes.

Mr Albanese would be too weak to stand up to the unions, especially unions such as the CFMMEU and the MUA that can potentially hold a stranglehold over supply chains and key projects.

Labor's team of union officials and political operatives just doesn't get the economy.

Our Plan

1. Backing sovereign manufacturing

Economic shocks and coercive action, workforce disruptions, freight delays, natural disasters, demand surges and unrest in global production centres can disrupt supply of critical goods. At the same time, growing protectionist tendencies from international actors may further impede Australia's ability to access essential goods.

A global energy and commodity price shock in the wake of Russia's invasion of Ukraine has driven up inflationary pressures in the world economy and demonstrates the importance of continuing to address domestic supply chain challenges.

The Morrison Government is on the front foot. The Government moved quickly to respond to supply chain pressures during the pandemic – securing essential PPE and pharmaceuticals, establishing domestic vaccine manufacturing, and sourcing technical grade urea for the production of AdBlue (a diesel exhaust fluid crucial to Australia's trucking fleet).

Our Modern Manufacturing Strategy is geared to scaling up domestic manufacturing capability to become more resilient across our six National Manufacturing Priorities: medical products, defence, food and beverage, resources technology and critical minerals processing, recycling and clean energy, and space.

A re-elected Coalition Government will:

- Back in sovereign manufacturing and supply chain resilience through our Modern Manufacturing Initiative and other investments.
- Invest an additional \$750 million in the Modern Manufacturing Initiative targeting our six National Manufacturing Priorities.
- Invest \$53 million under the Modern Manufacturing Initiative to support Zoetis Australia to design and construct a state of the art animal health vaccine research and manufacturing facility, ensuring supply of vital animal health products on an ongoing basis
- Continue to invest in the National Medical Stockpile and in essential medical production capacity, including through investments in CSL-Seqiris pandemic influenza and antivenom capacity and in the Moderna mRNA manufacturing plant.
- Support Australia's fuel security through the \$250 million Refinery Upgrades Program.
- Support Australia to become a critical minerals powerhouse, including through the \$2 billion Critical Minerals Facility and \$400 million Critical Minerals Accelerator Initiative.
- Ensure domestic supply of AdBlue with a \$29 million investment in urea production at Gibson Island in Brisbane.
- Invest \$2.2 billion to support the commercialisation of the next generation of university research, aligned with the National Manufacturing Priorities.

2. Enhanced Supply Chain Resilience Initiative

The Morrison Government's Supply Chain Resilience Initiative is a foundational pillar of our Modern Manufacturing Strategy. It is helping manufacturers scale-up, translate ideas into commercial successes and integrate into local and international value chains.

This funding provides a proactive vehicle for Government to work with business to help safeguard critical supply chains. The Government has identified seven areas of supply chain vulnerabilities arising from the concentration of imports from overseas suppliers in areas defined as critical to our national interest:

- Personal protective equipment.
- Pharmaceuticals.
- Semiconductors.
- Telecommunications equipment.
- Water treatment chemicals.
- Agricultural production chemicals.
- Plastics.

The Government is working with industry at every level to ensure they are directly part of the solution, including engaging with big business and small business on supply chain risks.

The SCRI provides grant funding to establish or scale a manufacturing capability to address vulnerabilities identified in the supply chains of critical products. Under SCRI Round 1, 27 projects have been funded with the initial focus on biopharmaceuticals and agricultural production chemicals. Round 2 is focused on semiconductors and water treatment chemicals.

The Coalition will implement an enhanced SCRI to ensure potential vulnerabilities are rigorously identified through a data-led approach, complemented by industry surveys on real-time supply chain pressures. As part of the SCRI, the Morrison Government will develop enhanced analytical capability to map, monitor and model critical supply chains.

A re-elected Coalition Government will:

- Invest \$27.3 million in 18 innovative semiconductor and water treatment chemical projects under SCRI Round 2 to strengthen Australia's ability to access critical needs and position us to respond to future supply chain disruptions.
- Increase the size of grants available under future rounds of the SCRI to support larger, strategically important projects.
- Invest \$4 million to enhance the CSIRO Transport Network Strategic Investment Tool (TraNSIT) to model domestic transport supply chains identified as critical and develop resiliency metrics and a dynamic scenario planning capability with data on domestic supply chain logistics.

- Invest \$10 million to support the work of the Department of Industry, Science, Energy and Resources and the Office of Supply Chain Resilience to map, monitor and model critical supply chains, and expand the existing SCRI to sectors that are critical to the economy.
- Commission the Chief Scientist to work with the private sector and research institutions to develop a Strategic National Plan for Semiconductors to address current and future supply risks.

The TraNSIT capability helps government and industry make informed infrastructure decisions on how to move products across Australia each year. TraNSIT has informed projects such as the \$16 billion Inland Rail initiative and the \$3.5 billion Roads of Strategic Importance program. It has been used in the context of the AdBlue shortage and natural disasters to model freight and supply chain impacts. This additional investment will provide insights into key areas for action, targeting of interventions, and a detailed evidence base from which to engage industry on supply chain resilience.

Semiconductors power the technologies that Australian society relies on. The most powerful ones that process digital data are crucial in our servers, AI, machine learning, electric vehicles and 5G. Bespoke semiconductors are used in defence and medical devices. This plan will inform future investments and guide Australia's international collaboration on semiconductors and associated critical minerals.

3. Building supply chain resilience internationally

Increasing geopolitical tensions mean that Australia is facing a new environment of strategic competition. Growing protectionist tendencies and economic coercion from international actors may further impede Australia's ability to access critical products.

Supply chain resilience is an increasingly prominent issue across international forums. Australia is playing an important leadership role, including in the G20, APEC, and the Quad, building supply chain resilience and sharing information about best practice supply chain management. Australia is also working with bilateral partners on a range of supply chain initiatives.

Australia is driving a Quad initiative to bolster supply chain security for semiconductors and related critical minerals by mapping vulnerabilities and identifying opportunities for further collaboration and co-investment. Australia will host a Clean Energy Supply Chain Summit in 2022 and lead the development of the Quad Clean Energy Supply Chain 10 year plan. Australia is also collaborating with the UK on a joint supply chain capability-building project to improve public sector approaches to managing supply chain risks.

In an environment of heightened geo-political risk and supply chain challenges, there is more to be done to establish greater supply chain resilience based on deeper partnerships with like-minded international partners. Australia is already on the road to becoming one of the most trusted and reliable suppliers of the essential materials for 21st Century technologies.

A re-elected Coalition Government will:

- Continue to lead in international forums, working through the Quad, G20 and APEC, to integrate Australia into global supply chains and create a broader network of trading partners to service our needs.
- Host a Clean Energy Supply Chain Summit in July 2022 and lead the development of the Quad Clean Energy Supply Chain 10 year plan.
- Make it easier and cheaper for Australian businesses to move goods in and out of the country through Simplified Trade System reforms.

4. Greater supply chain resilience in our regions

Australia's regions are the powerhouse of our economy – providing resources, manufactured goods and food to the world.

The Coalition Government has a plan to turbocharge regional Australia through targeted, large-scale investments in infrastructure, low emissions energy production, resources extraction and processing and water infrastructure. This includes the Government's \$7.1 billion Economic Security and Regional Development Plan that will unlock the potential of key next generation energy hubs in the Northern Territory, in North and Central Queensland, in the Pilbara region of Western Australia, and the Hunter region in New South Wales.

Other new investments include:

- \$385 million in additional funding for the Northern Australia Roads Program which improves the reliability, resilience and productivity of key agricultural and commodities supply chains in Northern Australia, and
- \$880 million in additional funding for the Roads of Strategic Importance Initiative, which helps connect regional businesses to local and international markets and better connects regional communities.

A key focus of the Government's plan for future domestic supply chain resilience and sovereign manufacturing capability will be our \$2 billion investment in the Regional Accelerator Program. With around 30 per cent of manufacturing jobs in regional Australia, this will position businesses in regional Australia to play a more important role in responding to Australia's supply chain challenges and opportunities.

A re-elected Coalition Government will:

- Invest a further \$200 million in the SCRI under the Regional Accelerator Program, targeting the capabilities of regional businesses to respond to supply chain vulnerabilities and opportunities.

5. Improving national supply chain efficiency

The Coalition Government's \$120 billion 10-year infrastructure investment pipeline is increasing the efficiency and capacity of the national freight industry, creating jobs and boosting productivity. Since 2013, the Government has committed \$52 billion towards 777 major Infrastructure Investment Program projects in regional Australia as well as a further 82 projects which will benefit regional and urban communities.

The Coalition Government is delivering record investment in the 1,700km Inland Rail and intermodal terminals - vital to securing Australia's freight supply chains, creating new opportunities for businesses, industries and regional communities jobs.

Inland Rail is expected to support more than 21,500 jobs at peak of construction and deliver a boost of over \$18 billion to GDP during construction and the first 50 years of operation.

Intermodal terminals play a significant role in the consolidation, storage and transfer of freight between rail and road at the beginning and end of each rail journey. Intermodal terminals provide connectivity to ports, regional networks and other capital cities and locations. Efficient intermodal terminals also increase flexibility and decrease the overall cost in a supply chain.

The Coalition Government is investing \$3.6 billion in a Melbourne Intermodal Terminal Package that will deliver new intermodal terminals in Melbourne at Beveridge and Truganina.

The two new terminals will increase the efficiency and capacity of the national and Victorian freight industry as well as removing 5,500 truck movements from Melbourne's roads every day. The package will also enable and maximise the benefits of Inland Rail by ensuring that Melbourne's freight infrastructure has the capability to accommodate the Inland Rail service offering of double-stacked 1,800 metre trains.

Reliable telecommunications are also essential to thriving economies and efficient supply chains. The Coalition Government's 2022-23 Budget includes a \$1.3 billion investment for improved telecommunications. The Government has also commissioned the Productivity Commission to review maritime logistics to ensure sea, port and landside supply chains are not compounding any global supply challenges.

A re-elected Coalition Government will:

- Invest a record \$120 billion infrastructure pipeline in nation building projects, including Australia's Inland Rail and critical intermodal terminals in Melbourne and Brisbane.
- Invest a further \$7.4 billion for new and expanded dam projects that increase water security, build drought resilience and promote regional economic development.
- Invest \$480 million to upgrade the NBN Fixed Wireless and Satellite networks.
- Expand mobile coverage to support technology improvements and improve accessibility and resilience to natural disasters through a new \$818 million Connecting Regional Australia Initiative.
- Work to improve the operation of Australia's ports following the Productivity Commission Inquiry into Australia's Maritime Logistics System.

6. Helping small businesses manage supply chain risks

The Morrison Government has a comprehensive plan to help small businesses grow, innovate and create more jobs. We are helping Australian small businesses to go digital with tax relief of \$1 billion under our Technology Investment Boost.

Going digital will provide greater scope for more than 3.6 million small businesses to access technologies and services to manage supply chain pressures and risks. Businesses with an annual turnover of less than \$50 million will be able to claim a bonus 20 per cent deduction for the cost of expenses and depreciating assets, up to \$100,000 of expenditure per year.

A re-elected Coalition Government will:

- Provide targeted tax incentives for small businesses to go digital and access tools for better managing supply chain risks.

Our Record

The Morrison Government has a comprehensive plan to build our sovereign manufacturing capability and make our supply chains more resilient. In the context of the pandemic, natural disasters and geopolitical tensions, it has acted promptly to ensure Australians and Australian businesses have access to critical products and markets.

Supply Chain Resilience Initiative

- Developed Sovereign Manufacturing Capability Plans to understand which materials, equipment and services are critical and where supply chains are vulnerable.
- Invested in Supply Chain Resilience Initiative to support manufacturers to invest in capabilities to address these vulnerabilities.
- Delivered 27 grants under round one of the SCRI focused on biopharmaceuticals and agricultural production chemicals.

Broad-based national resilience measures

- National Freight and Supply Chain Strategy (2019) - coordinated government and industry actions across all freight modes.
- National Freight Hub to track freight movements and increase visibility over the distribution of key goods.
- Simplified Trade System to minimise barriers to cross-border trade and ensure Australia can easily access overseas products.
- Trusted Information Sharing Network to support collaboration between government and industry on critical infrastructure resilience.
- Developed Australia's initial List of Critical Technologies in the National Interest, including advanced materials and manufacturing technologies.
- Cyber Security Strategy (2020) - \$1.67 billion over 10 years to achieve a more secure online world.
- \$1.3 billion invested since 2021-22 Budget to implement recommendations of the Royal Commission into National Natural Disaster Arrangements.
- \$2 billion invested in the Northern Australia Infrastructure Facility.

Whole-of-government supply chain coordination

- Established the Office of Supply Chain Resilience in 2021 to coordinate whole-of-government advice on supply chain vulnerabilities.
- National Coordination Mechanism coordinates emergency responses, including in response to supply chain shortages.

International partnerships

- Australia is driving a Quad initiative to bolster supply chain security for semiconductors and related critical minerals by mapping vulnerabilities and identifying opportunities.
- Working with the UK on a joint supply chain capability-building project to improve public sector approaches to managing supply chain risks.
- Finalised 11 export agreements since 2013 and lifted the share of trade covered by agreements from 27 per cent under Labor in 2013 to around 78 per cent, with the entry into force of the UK and India export deals.

Greater sovereign capability

Manufacturing

- \$2.5 billion Modern Manufacturing Strategy to scale up domestic manufacturing.
- \$29.4 million to support Incitec Pivot to increase supplies of technical grade urea for the production of Adblue.
- Secured the future of Portland Aluminium Smelter with a \$76.8 million investment.

Medicines

- Commitment to manufacture mRNA vaccines and other essential medical products onshore.
- Investing in domestic pharmaceutical production capability through companies such as CSL and Viatris.
- Investing in domestic PPE production through companies such as Detmold and Softmed.
- \$30 million to secure domestic supply of nuclear medicines through ANSTO.

Defence

- \$1 billion to develop a sovereign guided weapons manufacturing capability.
- National Naval Shipbuilding Enterprise to establish a domestic naval shipbuilding and sustainment capability.
- Sovereign Industrial Capability Priorities to support a resilient and competitive domestic defence industry.
- Opened the Office of Defence Industry Support as the one-stop shop for defence industry support and guidance.

Critical Minerals

- \$2 billion Critical Minerals Facility to support Australia's contributions to international supply chains.
- \$400 million Critical Minerals Accelerator Initiative to stimulate the development of the sector by investing in early and mid-stage projects.

Space

- Invested over \$2 billion to grow Australia's space industry, including for the first phase of the National Space Mission for Earth Observation. This will see Australia design, build, and operate four new satellites.

Energy

- \$10 billion Clean Energy Finance Corporation to invest in sovereign clean energy generation and storage.
- Finalised the first National Gas Infrastructure Plan which looks to secure gas market needs out to 2040.
- Australian Domestic Gas Security Mechanism to ensure domestic natural gas supply.
- Underwriting New Generation Investments Program to lower prices and increase domestic energy reliability.
- Australia's Fuel Security Package to increase our domestic storage and hold a sovereign refining capability.

Agriculture

- Ag2030 Strategy to grow and strengthen the domestic agriculture industry.
- Regional Investment Corporation loans to support domestic agricultural production and resilience.
- Enhanced biosecurity capability and traceability systems in our primary industries.

Backing our workforce

- More than 220,000 trade apprentices in training, the highest level since records began in 1963.
- Record \$7.8 billion this financial year to deliver skilling across the nation.
- Committed \$2.1 billion in JobTrainer funding and up to \$12 billion over five years to support a new National Skills Agreement.

Aligning research with manufacturing priorities

- \$1.6 billion for Australia's Economic Accelerator – a stage-gated competitive funding program to help university projects commercialise research and science.
- \$362 million for the Trailblazer Universities program to boost prioritised R&D and drive commercialisation outcomes with industry partners.

Infrastructure

- 10 year \$120 billion infrastructure pipeline.
- \$8.9 billion National Water Grid Fund.

The Risk of Labor

This election provides a clear choice, with real consequences for Australia.

A choice between the Coalition with an economic plan that is working and Labor that has no economic plan.

The pandemic has been very tough for our country.

However, on almost every measure – economic growth, jobs growth, debt levels, fatality rates or vaccine rates – Australia's recovery is leading the world.

The recent Budget included the biggest turnaround in our finances in over 70 years. Australia is one of a small number of countries to maintain a AAA credit rating from all three major ratings agencies.

Over the last 30 years, Labor governments have, on average, delivered higher unemployment, higher interest rates, and higher electricity prices.

Labor would be a risk to Australia's manufacturing industry and they have no plan for supply chain resilience.

Labor's team of union officials and political operatives just doesn't get the economy.

Mr Albanese has never held a financial portfolio. He's never held a national security portfolio. He's never delivered a budget.

Australian manufacturing businesses will face higher costs under Labor.

Labor has no plan for affordable, reliable energy. Labor's plan to hit Australia's 212 largest energy-using businesses with a sneaky carbon tax will drive up energy costs and destroy investment and jobs.

Labor has no plan to build Australia's network of partnerships on critical supply chain issues. Labor let the Quad languish when it was last in office.

The Coalition has worked to revitalise the Quad and Australia is now working with the United States, Japan and India to address common supply chain challenges.

Nor does Labor have a plan to diversify our trade through new trade agreements.

COALITION	LABOR
Power prices Nationally, power prices have fallen more than 10 per cent since December 2018. Electricity prices are 8 per cent lower for households and up to 12 per cent lower for businesses than two years ago.	Power prices Electricity prices doubled under Labor.
Manufacturing businesses 3,300 more manufacturing businesses since the last election.	Manufacturing businesses 6,800 manufacturing businesses shut in Labor's last term. Labor's National Reconstruction Fund could force employers to meet union wishlists to be eligible for funding.
Supply Chains Comprehensive Supply Chain Resilience Initiative, backed by a \$324 million investment.	Supply Chains No plan. No funding.
Apprentices Record trade apprentices in training and record investment in skills and training.	Apprentices Labor's failed VET FEE-HELP scheme opened the sector to rorting by dodgy and unscrupulous providers. Labor's mess has seen student debt re-credits of \$3.3 billion so far, while the final bill could reach as high as \$4.6 billion.
Supporting small business Cut the SME Company Tax Rate to 25 per cent. Introduced the Small Business Income Tax Offset. Expanded Tax Concessions for SMEs.	Supporting small business Stood against tax cuts for small and medium businesses. Abolished the Entrepreneurs Tax Offset.

Cost

Funding for the policies in Our Plan for Supply Chain Resilience is already provided for within Budget estimates.



For further details of the CLP's Plan go to: **www.clp.org.au**