

Making it in the Territory



Message from the Minister

Manufacturing is crucial to the future development of the Northern Territory. We have a unique opportunity to develop the Northern Territory manufacturing industry on a sustainable basis recognising the economic, social and environmental aspirations of Territorians.

The arrival of Timor Sea gas onshore in the Northern Territory will open a new era for manufacturing. Our new transport infrastructure, especially the Adelaide to Darwin Railway and Darwin's new port, also provides unparalleled opportunities to maximise the value and benefits of our manufacturing sector growth.

The Northern Territory Manufacturing Industry Strategy, *Making it in the Territory*, was developed in partnership with unions, industry and the wider community. It outlines the next major steps we need to take together to capitalise on the exciting new manufacturing opportunities and build on those within our existing manufacturing sector.

The manufacturing sector has been a quiet achiever in the Northern Territory economy, with its revenue and contribution to the Territory's Gross State Product similar to those of the tourism sector. Manufacturing sector sales topped \$1.0 billion in 2000-01. The sector makes a vital contribution to our economy and prosperity as a result of its strong links with other sectors through supply and customer relationships.

Making it in the Territory is a key element of the Territory Government's Economic Development Strategy and links with its International Trade Strategy. The completion of this strategy has only been possible through the valued contributions of the Chamber of Commerce Northern Territory's Manufacturers Council and the industry, union and government representatives involved.

I invite you to work in partnership with Government in implementing *Making it in the Territory* and achieve manufacturing sector growth in the Northern Territory.

The Hon Paul Henderson MLA
Minister for Business and Industry

**A unique opportunity to
develop the Northern Territory
manufacturing industry on a
sustainable basis**

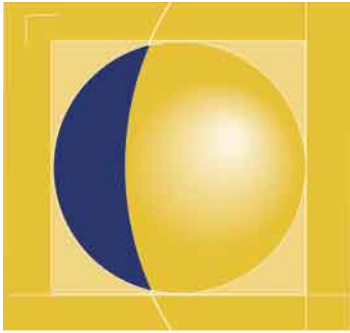


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Executive Summary

The Northern Territory manufacturing industry is capable of developing in a competitive, dynamic, innovative and diverse manner, with strengthened institutional support.

Making it in the Territory provides a strong foundation for the development of the manufacturing sector in the Northern Territory over the next five years. In particular, the strategy is directed at maximising the growth of the manufacturing sector. It also seeks to harness the new opportunities created by the current and upcoming major development projects in the Territory, such as the arrival of Timor Sea gas onshore, the Adelaide to Darwin Railway and Darwin's new port, as well as the Territory's location and links in South East Asia.

The Manufacturing Industry Strategy builds on the Government's current actions to develop the Northern Territory economy, including the Economic Development Strategy and the International Trade Strategy.

Making it in the Territory incorporates a four-part plan as its foundation. These themes address the current sector development issues and position the sector to maximise the benefits from emerging opportunities. The Manufacturing Consultation Group, which will encompass effective partnerships with industry, manufacturers, unions and relevant agencies, will play a pivotal role in the implementation of the strategic directions and actions.

Growing Manufacturing Opportunities and Markets

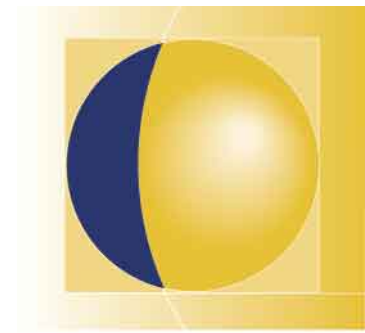
Strategy Action

- Actively identify, analyse and promote new sectoral opportunities for Northern Territory manufacturing business;
- Maximise opportunities through research and development, including through the Desert Knowledge Cooperative Research Centre and Tropical Knowledge initiatives;
- Complete an export action plan and promote relevant manufacturing sub-sectors, such as the food processing and value-adding sub-sector;
- Complete and implement the outcomes of an Indigenous manufacturing opportunities study; and
- Maximise opportunities from linkages with the Northern Territory International Trade Strategy, Trade Support Scheme and the Territory Exporters Network.

Developing Manufacturing Skills

Strategy Action

- Rebalance and extend the technical and supervisory skills training available to manufacturing sector employees, including preparatory and on-the-job training, as elements of the Territory's employment and training initiatives;
- Develop and implement a Territory manufacturing careers promotional program to complement related national initiatives; and
- In partnership with relevant institutions and organisations, identify and develop enhanced business skills development support for the manufacturing sector.



Creating Strategic Partnerships

Strategy Action

- Expand support for the formation of consortia, clusters and joint ventures in the manufacturing sector;
- Develop and implement a targeted promotional program to raise awareness of the sector and its value to the Northern Territory;
- Continue to advocate Territory manufacturing sector interests in the development of policies and programs of relevance to the sector and its growth; and
- Establish a Manufacturing Consultation Group (MCG) to oversee the implementation of *Making it in the Territory* and provide a tripartite forum to discuss and progress issues such as partnerships in the workplace and productive industrial relations environment improvements.

Promoting and Supporting Manufacturing Best Practice

Strategy Action

- Increase awareness of quality certification and accreditation requirements for major project development and facilitate access to quality assurance assistance; and
- Encourage manufacturing best practice through:
 - Environmental sustainability and cleaner production awareness and support;
 - Establishing a Manufacturing Best Practice Linkage Program in partnership with the Manufacturers Council;
 - Exploring the introduction of a manufacturing excellence award; and
 - Ensuring the Government's business development assistance programs for would-be and existing manufacturers are appropriate and effective.

Development Objectives for Strategy Outcomes

The incorporation of quantitative *Development Objectives* into *Making it in the Territory* will assist with the evaluation of progress and outcomes from the implementation of the strategy's directions and actions. The *Development Objectives* take into account the manufacturing sector's current economic characteristics and growth potential and will guide the considerations of the Manufacturing Consultation Group during the implementation of the strategy.

Manufacturing Industry Development Objectives

In partnership with manufacturing industry and union stakeholders, the Northern Territory Government aims to achieve the following Development Objectives by 2009:

Value of Manufacturing Production in the Territory Economy

Contribute to stimulating the growth in the value of Northern Territory manufacturing sector turnover by 40%.

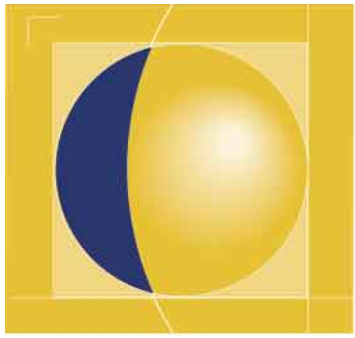
Manufacturing Job Creation

Encourage the creation of jobs, especially skilled jobs, in the Territory manufacturing sector, and the expansion of employment in the sector by 25%.

Manufacturing Export Growth

Assist the expansion of exports of manufactures and help to boost the value of manufacturing industry international exports from the Northern Territory by 40%.





Introduction



Manufacturing underpins mature developed economies and contributes to value adding in the economy and other key productive sectors. Taking steps now to increase the depth and complexity of manufacturing will enhance the Northern Territory's economic development and international competitiveness. It will also help create higher value jobs for Territorians.

The Economic Development Strategy, *Building a Better Territory* and the Northern Territory International Trade Strategy, *Building Stronger Territory Trade*, identified the importance of the manufacturing sector to the Territory economy and commitments were made for sector development planning.

In developing the strategy, the Territory Government recognises the central and leading role of the private sector, which operates in highly competitive domestic and international markets. The Territory Government is aiming to assist the manufacturing sector to capitalise on the Territory's competitive advantages such as abundant natural resources, location, proximity to major international markets, infrastructure capacity, skills, knowledge of specialised small, rural and remote markets, and engagement in Asia. The strategy's approach incorporates the needs of existing manufacturers and their challenges and opportunities as well as those of emerging new manufacturing opportunities. Better utilisation of current national and Territory programs, as well as possible new industry and sectoral initiatives, have also been taken into account.

The Northern Territory Manufacturing Industry Strategy, *Making it in the Territory, 2004-2009*, has been prepared by the Department of Business, Industry and Resource Development. A Steering Group of representatives from industry, unions and government set the overall direction for the strategy and assisted with its completion. Manufacturing companies, unions, industry associations, agencies, academics and interested community members have also contributed to the development of the strategy. In addition, specific sectoral studies were undertaken during the preparation of the strategy.

Manufacturing Sector Classifications

Manufacturing is included in the Australian and New Zealand Standard Industrial Classification (ANZSIC) as Division 2. The manufacturing sub-sectors are subdivisions 21 to 29:

- Food, beverages and tobacco manufacturing (eg. juice/soft drink/ice cream manufacturing, mango wine, abattoirs, seafood processing)
- Textile, clothing, footwear & leather manufacturing (eg. clothing/uniform manufacturing, crocodile leather, indigenous clothing products)
- Wood & paper product manufacturing (eg. didgeridoos, timber products)
- Printing, publishing & recorded media (eg. printing, publishing and video recording/production)
- Petroleum, coal, chemical & associated product manufacturing (eg. LNG, explosives, plastic products)
- Non-metallic mineral product manufacturing (eg. cement, crushed rock, concrete/ceramic products)
- Metal product manufacturing (eg. alumina, metal air-conditioning ducting, iron water tanks)
- Machinery & equipment manufacturing (eg. components for agricultural, mining machinery/equipment, trailers)
- Other manufacturing (eg. prefabricated building, furniture manufacturing)

Northern Territory Manufacturing Sector Profile

Territory Manufacturing Sector Characteristics

The Northern Territory's manufacturing sector is a strong contributor to other Territory industry sectors and to value adding in the economy. It contributes around 3.3% of the Gross State Product (GSP), with a \$1.138 billion turnover in 2000-01. More than half of this is associated with the processing of bauxite to alumina at Gove, by Alcan. Some 3 300 workers are employed in the sector, which supplied around 17% of the estimated total demand for manufactured goods in the Northern Territory of around \$2.8 billion per year. (Figure 1). The level of profitability is similar to that in other jurisdictions, while the average labour costs are slightly lower than other states and territories.

The manufacturing sector's economic multipliers and linkages with the rest of the Northern Territory economy are significant. For every \$1 million increase in the value of the manufacturing sector, another \$463 000 worth of production is generated in the rest of the economy. Similarly, for every 100 new jobs created in the manufacturing sector, another 136 new jobs are created in the rest of the economy. For every \$1 million of manufacturing turnover, more than \$22 000 of tax revenue is generated in the Northern Territory.

An economic description of the Northern Territory's manufacturing industry, *The Manufacturing Sector in the Northern Territory*, was prepared during the development of this strategy and is available through the department's Internet site www.dbird.nt.gov.au. Further information on the Northern Territory economy and the manufacturing sector is also available in *Northern Territory Economy 2003-04* www.nt.gov.au/ntt

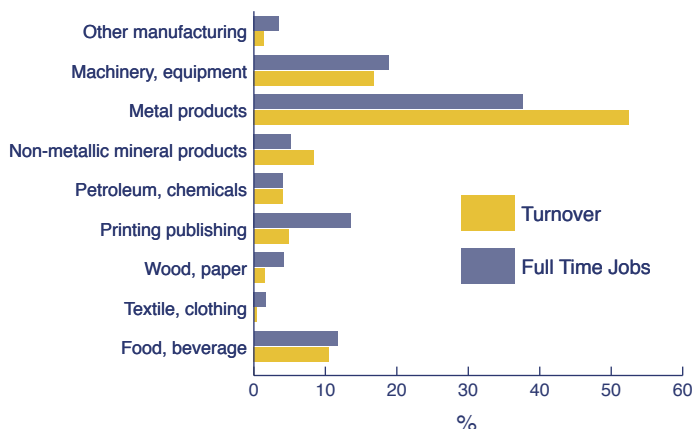
Current Issues for Territory Manufacturing Enterprises

In order to better understand the Northern Territory manufacturing sector enterprises and their strategic issues, a survey was conducted in partnership with the Manufacturers Council in late 2002 during the development of *Making it in the Territory*. The separately published *Report on the 2002 Survey of Northern Territory Manufacturing Enterprises* noted that:

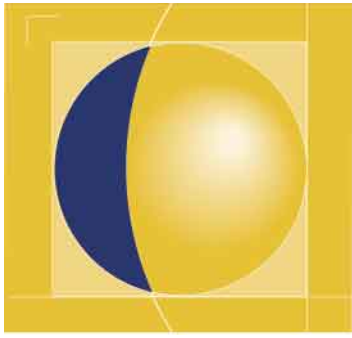
- the top priority issues for businesses were customer relations, insurance costs, freight costs, supplier relationships and production costs.
- the key external factors for businesses were the Territory economic and business climate, local market size, market access, federal taxation and access to government contracts, with respondents also indicating that these issues are likely to remain important over the next five years.
- larger enterprises placed more importance on staff costs, environmental compliance, business systems management, industrial relations, availability of a skilled workforce and occupational health and safety.
- small businesses placed greater emphasis on supplier relationships, and mid-sized businesses emphasised customer relationships.

More details are available on: www.dbird.nt.gov.au

**Figure 1: Territory Manufacturing Sector -
Turnover and Full-time Employment, 2000-01**



Source: ABS 8221.0



Northern Territory Development Context

Major Projects and Opportunities

Large-scale development projects have the potential to create far-reaching impacts on the Northern Territory economy and significant new and expanded manufacturing opportunities for the Territory during project construction and operation. Major projects are the subject of individual development action by the Northern Territory Government's Office of Territory Development. These projects include the AustralAsia Railway construction and associated development activities, Timor Sea gas-based developments and related onshore projects, and the current major Defence initiatives. These major projects are important to the Territory's manufacturing sector and the context for the development of this strategy. More information on these projects is available from the Office of Territory Development website, www.otd.nt.gov.au/dcm/otd

The role of major projects in manufacturing sector development has been well demonstrated in the non-metallic minerals manufacturing sub-sector, with around 2 million sleepers made for the Alice Springs to Darwin Railway during the track construction phase. Additional opportunities for the Territory manufacturing sector are arising from completion of the railway developments and the associated infrastructure, freight and transport facilities. Other manufacturing industry opportunities, making use of the fast, dependable cross-country transport service and the new Port of Darwin facilities, are expected to emerge now that the railway has begun operations.

From a manufacturing industry sector perspective, the Territory is entering a major new phase of development related to onshore Timor Sea gas. ConocoPhillips has begun construction of a liquid natural gas plant at Wickham Point and the production and pipeline facilities needed to deliver the gas to the plant are also underway. In the medium to long term, gas from the Bayu-Undan, Greater Sunrise and related Timor Sea gas reserves could be used as feedstocks for new manufacturing facilities, for example, to produce plastics, fertilisers and various petrochemicals and as a cheaper energy source for other manufacturing enterprises. The smaller Blacktip field may be developed in the short term, with a current proposal for the gas to be piped overland to provide cheaper, clean energy for the expansion of Alcan's alumina manufacturing operation at Nhulunbuy. These developments have the potential to lead to major manufacturing sector growth and a broadening of the Territory's economy. The responsibility within

the Northern Territory Government for facilitating these developments is with the Office of Territory Development. More details are available from www.theterritory.com.au and www.otd.nt.gov.au/dcm/otd/oil_gas.

The Australian Defence Force has grown over the past decade to become a major component of the Northern Territory economy. To date in excess of one billion dollars has been spent on large capital works in the Northern Territory. The growing defence presence and increasing capital and recurrent expenditure has opened up opportunities for Northern Territory businesses to manufacture and supply a range of goods and services. The arrival in 2005 of new Armed Reconnaissance Helicopters and Armidale Class Patrol Boats will provide further opportunities for the manufacture, supply and service of state-of-the-art defence equipment by Northern Territory businesses. The continued defence growth in the Northern Territory has meant a greater dependence on local industry and in response industry has grown and adapted to meet defence needs. The Department of Business, Industry and Resource Development, through the Defence Support Division, is responsible for facilitating the development of the defence support industry. More details are available from <http://notes.nt.gov.au/dbird/majorproj.nsf> and www.aidn.org.au

The significance of the price effects of large-scale projects for the manufacturing industry sector and for the Territory economy generally should not be overlooked. Increased demand for inputs or raw materials, without matching increases in supply, can lead to sharp rises in raw material prices. Resources, including skilled labour for example, are likely to move to those projects and industries which can afford to pay and remain competitive. These effects can impact on the competitiveness of other firms and industries.

The Northern Territory Government clearly recognises that major projects are essential to the further development of the Territory economy. To maximise the opportunities for involvement by Territory businesses in these projects, and to enhance business and industry capability, the Government released *Building Northern Territory Industry Participation* in May 2003. A central component of this policy framework is the commitment to use Industry Participation Plans to assist decision making in relation to government purchasing and investment and to help create new jobs for Territorians.



Investment Attraction

Research undertaken by the Centre for International Economics during the preparation of *Making it in the Territory* has shown that investment in the manufacturing sector is a key driver for future growth in the Northern Territory. The importance of this issue goes beyond the immediate scope of this strategy, as investment is particularly important to the growth of the Territory as a whole. The Northern Territory Government has adopted a strategic approach to investment attraction through the provision of advice and facilitation of investment activities. Support and in certain circumstances financial support is provided on a case-by-case basis, subject to sound commercial viability and in line with the Territory's priorities. The Department of Business, Industry and Resource Development's Industry Development Division responds to the needs of individual investor requirements. The division has a strategic and targeted industry sector focus on industries, including manufacturing, where unique opportunities exist to build capability and capacity in the Territory.

Territory Competitiveness

The Northern Territory's competitive advantages, such as its proximity to priority Asian markets, are relevant to the manufacturing sector as well as to other sectors. Key Territory competitive advantages are summarised in the box. Creating a more competitive business environment is an important element of the Territory's development context.

Priority business environment issues for the manufacturing sector, identified during the preparation of this strategy, include the cost of power, staff mobility, transport and insurance costs. They impact significantly on the performance and growth prospects of all sectors of the Territory economy including the manufacturing sector. These issues and action to enhance and improve the competitiveness of the Northern Territory's business environment are, however, beyond the immediate scope of *Making it in the Territory*. Government and economy-wide action on individual issues is being explored and is to be pursued progressively. Such actions would help Territory manufacturers through cost reductions and by improving the competitiveness of Territory manufactures locally and in national and international markets. Ongoing contributions from the Manufacturers Council, manufacturers, involved unions and manufacturing suppliers and customers will be important to the targeting and implementation of priority actions to further enhance the competitiveness of the Territory business environment.



Fingers Aluminium – Tailored Maintenance Services and Supplies

Fingers Aluminium are specialists in aluminium and stainless steel fabrication. Says Mark 'Fingers' Taylor: "Our mission is to provide the highest standard of service in the manufacture and supply of specialist aluminium and stainless steel products promptly and efficiently."

Fingers Aluminium has been operating in Darwin for over 15 years, providing personalised service backed by fully qualified tradespeople. "Fingers Aluminium can manufacture and repair anything in light and heavy gauge stainless steel or aluminium at our own premises," Mr Taylor says.

Fingers Aluminium is a member of the Regional and Northern Maintenance Services (RANms) business group, a recent initiative of 10 Darwin companies which are specialists in the provision of tailored maintenance services and supplies to Defence, resources and infrastructure development projects.

For more information: www.fingers.com.au/home.htm

Northern Territory competitive advantages include:

- Location – Australia's Asian gateway and proximity to major international markets
- Development of Australia's second largest LNG hub
- Abundant mineral resources
- Land available for development
- Competitive construction costs
- Infrastructure capacity and skills
- Seasonal niche opportunities in agriculture and tourism
- Unique outdoor lifestyle



Infrastructure and Land

An issue identified during the development of this strategy was access to appropriate land and supporting infrastructure for manufacturing industries. This is an issue that is addressed by the Territory Government in a variety of ways. The Planning Concepts and Land Use Objective process ensures adequate provision for light and general industry areas in subdivision design. The private sector development industry plays a significant role in providing industrial land to the market.

The Territory Government has recently established the Territory Land Development Corporation. This initiative will expand industrial opportunities and oversee the development of specific industrial land estates around the Territory. The Corporation will provide local companies with a more sustainable and balanced platform to take full advantage of emerging projects such as the railway and oil and gas.

Located within the East Arm Development Area is the new 100 hectare Darwin Business Park being developed as a base for regional supply, service and distribution, and value-adding opportunities. The Park presents ideal opportunities for investment in pre-retail preparation facilities, light assembly and manufacturing, pick and pack distribution and food processing and packaging. In addition, land is available on the private market in the Hudson Creek locality. More information is available from the website www.ldc.nt.gov.au

To meet the emerging needs of the Territory, the Territory Planning Scheme includes a Development (DV) Zone. The purpose of the zone is to accommodate industry of strategic importance to the economic development of the Northern Territory. This zoning now applies to the East Arm Development Area and to the proposed industrial estates at Wickham and Glyde Point. The 35 km² Glyde Point Industrial Estate is being designed to accommodate gas-based manufacturing industries such as smelting operations, fertiliser and other chemical production, in association with Timor Sea natural gas supply.

Manufacturing Industry Support Programs

Some Australian jurisdictions have specific support programs and policies targeting the manufacturing industry sector. Others, like the Northern Territory, utilise their respective general business programs as well as relevant Commonwealth programs. A Summary of Manufacturing Sector Development Programs was prepared and published during the preparation of *Making it in the Territory* and is available from www.dbird.nt.gov.au

Northern Territory Programs

The Department of Business, Industry and Resource Development offers support programs and services on starting, managing and developing businesses. These current programs include free and confidential business information services covering many areas of business such as business planning, insurance and marketing. The Business Services Division delivers a suite of business development and business growth programs to Territory businesses across all industry sectors, engaging with the business community through industry associations, common purpose business groups and individual businesses. Activities include support for businesses in regional areas through Territory Business Centres, provision of information and advice by trained Client Managers, events such as October Business Month, training and development opportunities through Business Enterprise Centres and Upskill workshops, and specialised programs such as Youth, eBusiness and Business Growth. For more information, visit www.tbc.nt.gov.au

Commonwealth Programs

Some AusIndustry programs commonly used by manufacturers include Research and Development programs, the Innovation Access Program, National Technology Showcase Programs, COMET and Tradex. Other Commonwealth-funded general programs aimed at investment attraction and firm-specific assistance are available through Invest Australia and the National Office for the Information Economy. Austrade's Export Market Development Grant Scheme complements the Northern Territory Trade Support Scheme by providing assistance to small to medium sized exporters by reimbursing part of their overseas promotional expenses. It should be noted that many other Commonwealth Government responsibilities, such as macroeconomic management, taxation, foreign investment control and labour market regulation, are also important when examining the national policy framework of relevance to the manufacturing sector.

The Strategy

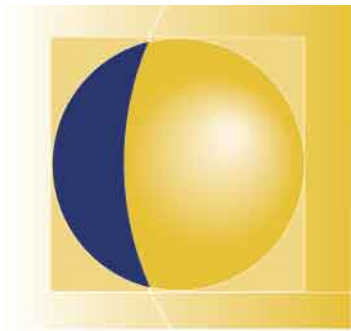
Strategic Approach

Making it in the Territory targets accelerated growth of the Territory's current manufacturing sector and the development of new manufacturing opportunities and capacity. Capitalising on the exciting opportunities arising from the development of Timor Sea gas and oil, the new transport infrastructure and other key major projects are a specific objective of the strategy. The strategy also builds on the Territory's International Trade Strategy, the Economic Development Strategy and extensive international links and relationships.

In developing the Manufacturing Industry Strategy, the key issues and priorities identified by a survey of Territory manufacturers, the study of the economics of the sector and the examination of programs aimed to support sector growth, have been fully considered. The outcomes from the policy workshops, consultation sessions and comments on the *Discussion Paper on a Northern Territory Manufacturing Industry Strategy*, have also been incorporated.

A wide view of policy options for growth of the current manufacturing sector and emerging opportunities has been taken. An independent economic outcomes study, undertaken by the Centre for International Economics (CIE), has been influential in exploring possible policy options and in determining those options which are most valuable to Northern Territory economic development and sector growth. To understand the 'payoffs' and 'pathways' for potential policy options to achieve sector growth, this study analysed the impacts of a range of 'generic' shifts in the operating environment for manufacturing. The conclusions and outcomes from the CIE study have provided valuable general guidance on areas likely to provide the best payoffs during the finalisation of the strategic elements of *Making it in the Territory*. More information and details on the outcomes of the study can be found in the *Strategic Outcomes Study* and available from www.dbird.nt.gov.au





Strategic Directions and Actions

The Manufacturing Industry Strategy focuses on what the Northern Territory Government is able to achieve through productive partnerships with industry, unions and other stakeholders of importance to the manufacturing sector. The strategy seeks to build on the strengths and diversity of the existing manufacturing sector and to help create a more internationally competitive business environment to allow the sector to flourish.

Making it in the Territory is a practical four-part plan to accelerate the growth of Territory manufacturing, create new jobs in the sector and maximise the sector's contribution to Northern Territory economic development through:

1. **Growing Manufacturing Opportunities and Markets**
2. **Developing Manufacturing Skills**
3. **Creating Strategic Partnerships**
4. **Promoting and Supporting Manufacturing Best Practice**

Growing Manufacturing Opportunities and Markets

Expanding market demand and extending the take-up of Northern Territory manufacturing in our own market are demonstrated potent ways to strengthen the Territory manufacturing sector. The leveraged involvement in key Territory development projects as they proceed, and the successful implementation of manufacturing sub-sectoral action plans, are priority avenues to expand markets and demand. Such action needs to recognise the competitive positioning of the sector. Expert trade input from organisations such as Austrade, the Department of Business, Industry and Resource Development and the NT Industry Capability Network (formerly the NTISO) will be crucial to the assessment of domestic and export opportunities. The Trade Support Scheme provides valuable export market development assistance to manufacturing firms looking to take up or expand their international trade capability. Adding value to imports may also be of particular value in developing the Territory's manufacturing sector.

Current research initiatives related to tropical, desert, remote and a range of scientific areas are likely to generate new opportunities for the Territory's manufacturing sector. The Territory Government is determined to assist industry, and manufacturers in particular, to capitalise on these new opportunities locally and in export markets.

The Government, as an element of its fresh approach to making substantial gains in Indigenous economic

development, is equally determined to foster Indigenous manufacturing opportunities. The development of Indigenous manufacturing enterprises is also an important component of strengthening and building Indigenous and regional economic development. Examples of these activities include art and artefacts, and products such as bush tucker and wildlife that have been value added. While a number of opportunities have been identified during the development of the discussion paper, Indigenous industry development and participation prospects require more complete assessment and development. The preparation of a manufacturing opportunities development study matching Indigenous aspirations, combined with an evaluation of sustainable avenues to successfully implement the plan, will be undertaken. Matching community needs, interests and resources would be important considerations.

Implementation of the Territory's International Trade Strategy is now well underway, including the introduction of the new Trade Support Scheme and other initiatives such as the Territory Exporters Network. This action will result in the identification of both new and extended trade markets of relevance to Territory manufacturers as well as new manufacturing opportunities. The Manufacturing Industry Strategy implementation action will be directly linked to and integrated with the trade development action to ensure that these opportunities are accessible and capitalised on by relevant Territory manufacturers.

Growing Manufacturing Opportunities and Markets

Strategy Action

- Actively identify, analyse and promote new sectoral opportunities for Northern Territory manufacturing business;
- Maximise opportunities through research and development, including through the Desert Knowledge Cooperative Research Centre and Tropical Knowledge initiative;
- Complete an export action plan and promote relevant manufacturing sub-sectors, such as in the food processing and value-adding sub-sector;
- Complete and implement the outcomes of an Indigenous manufacturing opportunities study; and
- Maximise opportunities from linkages to the Northern Territory International Trade Strategy, Trade Support Scheme and Territory Exporters Network.



Developing Manufacturing Skills

Developing the technical and supervisory skills of those working in the manufacturing sector was a requirement identified early in the development of this strategy. Skills development was a consistent and recurring need raised during the collaboration and consultation sessions. This need has been clearly identified in the development of the complementary Jobs Plan: *Building the Northern Territory Workforce* by the Department of Employment, Education and Training.

A key priority in the implementation of *Making it in the Territory* will be, in partnership with industry, unions, training providers and training funders, to rebalance the provision of manufacturing sector training to fully match current and emerging manufacturing sector company needs. This will apply to prospective manufacturing employee training and on-the-job skills development.

During the development of *Making it in the Territory*, it became clear that the manufacturing sector has a surprisingly low profile. Its scope, scale and economic value are not recognised. This lack of profile impacts on the sector's ability to attract, train and retain the employees needed to sustain accelerated manufacturing growth. A targeted careers promotional program, building on relevant national initiatives, will be an important step in the implementation of the strategy and in facilitating sector growth.

The Territory Government, along with education and training institutions, AusIndustry and professional

business organisations, currently provides general business skills development programs. The assessments undertaken during the development of this strategy indicated that there might be scope for these business skills development services to be tailored to meet current and emerging needs in the manufacturing sector. Through the implementation of the strategy, the Territory Government, in partnership with involved institutions and organisations, will identify and develop additional skills development services and support needed for sector development and growth.

Developing Manufacturing Skills

Strategy Action

- Rebalance and extend the technical, supervisory skills training available to manufacturing sector employees, including preparatory and on-the-job training, as elements of the Territory's employment and training initiatives;
- Develop and implement a Territory manufacturing careers promotional program to complement related national initiatives; and
- In partnership with relevant institutions and organisations, identify and develop enhanced business skills development support for the manufacturing sector.



Traditional Manufacturing Meets Bottom Line

THE BUKU LARRNGGAY MULKAARTS CENTRE is a non-profit community enterprise where sales literally feed and clothe the community. The centre's artists produce products such as bark paintings, prints, memorial poles, carvings, jewellery and *yidaki* (didgeridoo). All products are hand crafted using traditional techniques that have been passed down through generations.

The *yidaki*, one of the world's most distinguished traditionally hand-made wind musical instruments, is manufactured by the Yolngu people of North East Arnhem Land. Most people would recognise a *yidaki* as a type of didgeridoo, but increasingly, the market is recognising that not all didgeridoos are *yidaki*.

Yidaki is a role model of "Sustainable Manufacturing", meeting the triple bottom line of economic, environmental and social interests of the Yolngu people.

Many of the artists have won national awards for their work and in 2002 and 2003 the Buku Larrnggay Mulka Arts Centre won the Northern Territory Export Award in the Arts and Entertainment category, by increasing sixfold the *yidaki* exports in just 24 months. Japan and Europe are major markets, with the North American market developing rapidly.

For more information: www.yirrkala/arts.com



Creating Strategic Partnerships

Many firms in the manufacturing sector in the Northern Territory, while growing, are small or medium enterprises (SMEs). Firms of this size often face significant challenges to grow, expand and compete with large firms in domestic and international markets. The success of Territory SME manufacturers in some cases is dependent on reaching the scale and capacity needed to match market opportunities. The formation of clusters, consortia and joint ventures in the manufacturing sector and across sectors of the Territory economy helps achieve synergies and market volume and enables Territory manufacturing firms to compete for development opportunities which may otherwise be out of reach.

The Northern Territory Government is determined to help the manufacturing sector to create greater critical mass, improve market presence and extend capacity and product offerings. To do so, it will extend current business development programs to incorporate specific support for the formation of manufacturing consortia, clusters and joint ventures aimed at accelerating sector growth. This support will complement related AusIndustry and other existing programs. The new programs will be developed and implemented in partnership with manufacturing sector organisations. The particular aim is to meet the special needs of small and medium manufacturers and those in regional and remote areas.

As discussed elsewhere in *Making it in the Territory*, the profile of the manufacturing sector is such that its scope, scale and economic value to the Territory are not recognised to the same extent as other similar sized sectors of our economy. Greater recognition of the sector's value and prospects will assist sector growth and investment attraction, as well as improving the recruitment and retention of manufacturing employees. A targeted, collaborative promotional program will be implemented as an element of the strategy to raise awareness of the sector and its value to the Northern Territory, and to ensure that the sector and its products are fully recognised in promotional missions, investment attraction activities and the development of major projects.

National and Territory policies with relevance to manufacturing or impacting on the sector continue to evolve. To ensure that the manufacturing sector's development interests and needs are fully considered in the development and implementation of such policies and programs, the Territory Government will strengthen its advocacy role for the sector.

Partnerships and collaboration with industry, unions, business organisations, government agencies and

education institutions have been a feature during the development of *Making it in the Territory*. A Steering Group of industry, union and government leaders set the overall direction for the finalisation of the strategy. This group has been the only tripartite forum available to discuss and explore strategic issues affecting the manufacturing sector, including workplace partnerships and productive industrial relations and environment strengthening opportunities. In order to allow these discussions to continue, and to oversee the implementation and evaluation of the strategy, the Territory Government will establish a Manufacturing Consultation Group (MCG). The group will include industry, union and government representatives.



HPA Incorporated - Pride in the Quality of our Work

HPA Incorporated is a non-government organisation that provides services to people with disabilities. The organisation is also a manufacturer of a broad range of quality products. HPA exports interstate to the ACT, Western Australia, Queensland and internationally to East Timor. HPA holds licence agreements that allow the manufacture of products incorporating Aboriginal proprietary designs. HPA Incorporated has five manufacturing business units:

- Kokoda Industries
- Shadow Prints
- Calico Connection
- Palmerston Business Service
- Supertube Outdoor Furniture

Paul Goggin, Executive Director, says: "Sales have tripled in the last ten years. Our success is founded on the special pride our people take in the quality of their work."

For more information: www.hpaincorporated.com



Creating Strategic Partnerships

Strategy Action

- Expand support for the formation of consortia, clusters and joint ventures in the manufacturing sector;
- Develop and implement a targeted promotional program to raise awareness of the sector and its value to the Northern Territory;
- Continue to advocate Territory manufacturing sector interests in the development of policies and programs of relevance to the sector and its growth; and
- Establish a Manufacturing Consultation Group (MCG) to oversee the implementation of *Making it in the Territory* and provide a tripartite forum to discuss and progress issues such as partnerships in the workplace and productive industrial relations environment improvements.

Promoting and Supporting Manufacturing Best Practice

Effective steps towards the achievement of best practice in the manufacturing sector will assist firms in the sector to be more competitive and have access to wider markets and opportunities. Best practice varies from firm to firm and the types of manufacturing operations involved.

One avenue to approach best practice is meeting quality assurance and certification requirements. Quality and related accreditation has been consistently identified as a major requirement to allow Territory manufacturers to bid for certain contracts or supply particular customers. In implementing *Making it in the Territory*, the Territory Government aims to raise awareness of quality assurance and its value in the development of the sector. Where possible, the Government will also facilitate access to quality assurance advice and services.

The Government also aims to encourage the adoption of best practice in relation to environmental sustainability and cleaner production. The benefits and requirements for sustainable environmental performance in the sector were noted during the development of the strategy. Complying with emerging Territory, national and, in some cases, international environmental obligations may be a challenge for some manufacturers. Moves to environmental and cleaner production best practice now will better position current manufacturers to meet these challenges. A specific support package to assist manufacturers will be explored and, if feasible, implemented to match sectoral needs and environmental obligations.

The sharing of knowledge and experience between firms in the manufacturing sector is a potent means of raising awareness and encouraging the adoption of best practice. In partnership with the Manufacturers Council of the Chamber of Commerce Northern Territory, the Territory Government will establish a Manufacturing Best Practice Linkages program. This program is to include industry visits, conference and seminar initiatives and may involve specialist visitors and speakers. Industry visits to view and discuss best practice operations would focus on Territory firms but may involve visits to manufacturers outside the Northern Territory.



Expert Engineering – Precision Making a Difference

Mario Skapin of Expert Engineering Systems Pty Ltd, outlines how precision makes a difference for his company.

“As a precision engineering company with experience in tool making and high precision engineering we boast that there is hardly any tool that we are not able to make. We have customers ranging from domestic situations, mines, oil companies, aircraft service companies, and marine work. We have in the past manufactured items that were considered too difficult by many companies Australia wide.

For example, we saved Customs the cost of removing an aircraft engine, transporting it to Canada and flying a replacement back to Darwin, an estimated saving of over \$200 000. Recently, we are very proud to have been invited by Eurocopter to tender for manufacture and supply of maintenance tooling for the 30mm calibre guns on the Tiger Reconnaissance Helicopters. Our recent acquisition of CNC manufacturing equipment is another demonstration of Expert Engineering’s determination to manufacture items of high precision as cost effectively as any manufacturing company in Australia.”

For more information contact: (08) 8931 0899



In order to publicly recognise the achievements of best practice in the sector and to contribute to raising the sector's profile, a manufacturing excellence award is to be introduced. The advice and direction of the Manufacturers Council and other involved organisations will guide the development of the award.

The business development assistance programs and services provided by the Territory Government, AusIndustry and business and professional organisations play an important role in helping firms achieve best practice. These programs are generally applicable to manufacturing. Some scope to improve the applicability and value of these programs to help manufacturing sector firms achieve best practice was noted during the development of *Making it in the Territory*. Through the implementation of the strategy, the Territory Government will ensure that a coherent suite of development support services is available to current and new manufacturers. If needed to help the achievement of manufacturing best practice, additional support services will be introduced to match sector growth requirements. Introduction of additional services and support requiring funding would be subject to consideration in the development of the Northern Territory Budget.

Promoting and Supporting Manufacturing Best Practice

Strategy Action

- Increase awareness of quality certification and accreditation requirements for major project development and facilitate access to quality assurance assistance; and
- Encourage manufacturing best practice through:
 - Environmental sustainability and cleaner production awareness and support;
 - Establishing a Manufacturing Best Practice Linkage Program in partnership with the Manufacturers Council;
 - Exploring the introduction of a manufacturing excellence award; and
 - Ensuring the Government's business development assistance programs for would-be and existing manufacturers are appropriate and effective.



Research and Development – Becoming a World Player in the Field of Manufacturing

Alan Langworthy, founder and Managing Director of POWERCORP, tells how the firm has become a world player in its field of manufacturing.

POWERCORP specialises in the control and automation of medium sized power stations. Such power stations represent the next generation of electricity supply and come under the heading of Distributed Generation Technology (DGT). As the world moves away from large central coal or oil fired power stations, the emergence of gas-fired generation close to the load will ensure future grid stability and reliability. These power stations are often unmanned and fully automatic. POWERCORP has positioned itself to be the technology of choice for the required control and power quality solutions. POWERCORP works with a variety of partners and through joint ventures in the Asia-Pacific region.

"Inside POWERCORP we have developed a large R&D component of our manufacturing. By maintaining R&D at a high level we have stayed well ahead of the race. Up to 80% of our manufacturing is dedicated to the R&D phase of the manufacturing cycle, a much higher percentage than most manufacturers. We manufacture both soft and hardware components. We produce 100% of the software running the box here in Darwin, as well as the physical components of our products. We are the world leader in production of wind/diesel power generation systems, with POWERCORP systems operating as far afield as Antarctica, throughout Australia and soon to be installed in Alaska. The wind diesel system at Esperance in WA is the largest in the world."

For more information: www.pcorp.com.au



Seafood and Maritime Industries Training (SMIT) - Training to Standards

SMIT assists the seafood industry to get products ready for export. Captain Richard Teo explains how the 'software', or the knowledge aspect, is just as important in the seafood manufacturing industry as actually landing the fish.

"SMIT is equipped to assist the industry with development of seafood manufacturing skills through Vocational Education and Training. This includes certification and licensing assessments on behalf of the Northern Territory Government. We service commercial clients and organisations that wish to have food products export ready. Of particular importance here is the operation of food standards and regulations, especially for international export.

During the past three years more than 1100 people have been formally trained in the Northern Territory to obtain qualifications that are used in the professional seafood industry. SMIT can put a client's entire seafood product business plan into a preparatory state, from business startup through to training certification, to required standards for exports. The food safety aspect in any food manufacturing is important and the customs and quarantine requirements."

For more information: www.smit.com.au

Measuring Our Progress

The incorporation of quantitative Development Objectives into *Making it in the Territory* will assist with the evaluation of progress and outcomes from the implementation of the strategy. In particular, such objectives will assist with targeting the implementation of the strategic directions and actions.

The Development Objectives have been drawn up after considering the manufacturing sector's economic characteristics and status. The data prepared on the sector and its performance will be used as the basis for assessing the sector's growth and diversification planned as a result of the successful implementation of *Making it in the Territory*.

Manufacturing Industry Development Objectives

In partnership with manufacturing industry and union stakeholders, the Northern Territory Government aims to achieve the following Development Objectives by 2009:

Value of Manufacturing Production in the Territory Economy

Contribute to stimulating the growth in the value of Northern Territory manufacturing sector turnover by 40%.

Manufacturing Job Creation

Encourage the creation of jobs, especially skilled jobs, in the Territory manufacturing sector, and the expansion of employment in the sector by 25%.

Manufacturing Export Growth

Assist the expansion of exports of manufactures and help to boost the value of manufacturing industry international exports from the Northern Territory by 40%.



Making It Happen

A collaborative approach underpins the action to implement *Making it in the Territory*. A key element of this partnership approach is the establishment of the Manufacturing Consultation Group (MCG). The membership of this group is to encompass representatives from industry associations, the peak union body, manufacturers, sector unions, support agencies, government and other interested organisations. The MCG will advise and monitor the implementation of the strategy and report on implementation to the Minister for Business and Industry who has overall responsibility within Government for the implementation and review of the strategy.

Implementation of *Making it in the Territory* will build on and, where relevant, extend the existing manufacturing sector support and development programs provided by the Northern Territory and Commonwealth governments. Both regional and Indigenous manufacturing developments are core themes within the strategy.

Regional Development Boards and actions flowing from *Building Stronger Regions – Stronger Futures Strategy* (www.dcdsca.nt.gov.au/dcdsca/intranet.nsf/pages/BuildingStrongerRegions) will play an important role in achieving manufacturing expansion and growth. The development of Indigenous manufacturing opportunities and the skills necessary to ensure greater Indigenous employment in the sector will be a focus during the implementation of this strategy. New and enhanced support programs and services will be considered and developed in accordance with the strategy actions outlined. These programs will build on existing and related support arrangements. All new and extended programs requiring additional funding are to be developed through the Territory's budget cycle.

Sub-sector development planning will be an early focus and is to be undertaken collaboratively by the Department of Business, Industry and Resource Development, other involved Territory Government agencies, and key sub-sector organisations and enterprises. This is to aim at business development and export action planning for relevant individual manufacturing sub-sectors.



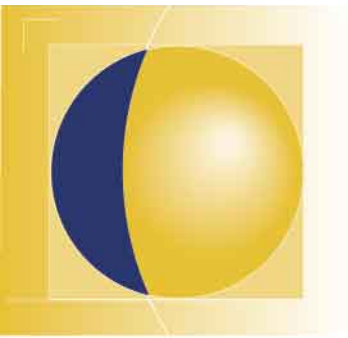
NT Acrylic and Plastics – one-stop-shop for Territorians

Anna Commons, a proud second generation Territorian, started NT Acrylic and Plastics 15 years ago.

“Our aim is to provide Territorians with a one-stop-shop in plastics, supplying a comprehensive range of colour sheets, rods and tubes suitable for the graphic, hospitality, aquaculture, marine, aviation, building, glazing, plumbing and electrical industries. We supply and install liners and polyethylene pipework across the Territory, meeting all the geographic challenges as only locally experienced companies can. We have supplied and installed liners for environmental protection to landfills, dams, aquaculture ponds (both commercial and domestic) and leaching pads for the industry in the NT, WA and East Timor.

We have knowledge and skill in every thermoforming and thermo-set plastic available on the market. We work with industry to resolve their problems as well as offer solutions that will supersede (wherever possible) alternatives such as metal and wood, and with our hands-on experience, we are able to offer the right material for the job.”

For more information contact: (08) 8984 4585



References

More information on the strategy and the research and analyses undertaken during its preparation may be obtained from the following on-line publications:

- i. ***Building a Better Territory, The Economic Development Strategy for the Northern Territory***, June 2002, www.dcm.nt.gov.au
- ii. ***Building Stronger Territory Trade, Northern Territory International Trade Strategy, 2002 – 2007***, www.dbird.nt.gov.au
- iii. **Trade Support Scheme**, www.dbird.nt.gov.au
- iv. ***Building Northern Territory Industry Participation, Industry Participation Plans***, www.dbird.nt.gov.au
- v. ***Making it in the Territory, Manufacturing Industry Strategy Discussion Paper***, May 2003 www.dbird.nt.gov.au
- vi. **An Enterprise Survey of Northern Territory Manufacturers – Report on Results**, April 2003, www.dbird.nt.gov.au
- vii. **Manufacturing Industry Development and Support – A Summary of Territory, State and Commonwealth Programs**, April 2003 www.dbird.nt.gov.au
- viii. **The Manufacturing Sector in the Northern Territory – An Economic Description**, April 2003 www.dbird.nt.gov.au

Glossary

Glossary of Acronyms

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
CIE	Centre for International Economics
DV	Development Zone
GDP	Gross Domestic Product
GSP	Gross State or Territory Product
MCG	Manufacturing Consultation Group