



Australian Furniture Association (AFA) submission to the Economic References Committee for the inquiry into Australia's Innovation System

It is understood that the Federal Department of Industry is keen to understand what specific regulations and regulatory compliance issues impact manufacturing, particularly in advanced manufacturing techniques.

This matter was referred to the Economics References Committee for inquiry and report by the first sitting day of July 2015.

The Australian Furniture Association (AFA), a peak Australian industry association representing the interests of the furniture sector from raw material supply through to the end user. Collectively the industry supply chain employs more than 200,000 people nationally.

The AFA is committed to helping Australian businesses by focusing on building competitive and sustainable business models, promoting profitable growth, competitiveness, innovation, and export readiness of its members.

The AFA agrees that the challenges to Australian industries and jobs posed by increasing global competition in innovation, science, engineering, research and education is key to the current standing of the Australian Manufacturing Sector.

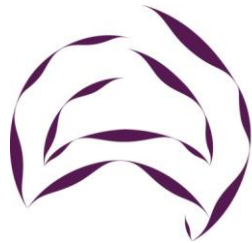
For the Furniture and Furnishing sector in particular the challenges directly correlate to:

- (a) The need to attract new investment in innovation to secure high skill, high wage jobs and industries in Australia, as well as the role of public policy in nurturing a culture of innovation and a healthy innovation ecosystem;
- (b) The relationship between advanced manufacturing and a dynamic innovation culture;
- (c) Current policies, funding and procedures of Australia's publicly-funded research agencies, universities, and other actors in the innovation system;
- (d) The effectiveness of mechanisms within Australian universities and industry for developing research pathways, particularly in regards to early and mid-career researchers;
- (e) Policy actions to attract, train and retain a healthy research and innovation workforce;
- (f) Policy options to create a seamless innovation pipeline, including support for emerging industries, with a view to identifying key areas of future competitive advantage.

The AFA spoke directly to its members about how industry-specific regulations impacted their businesses and the sector in which they operate.

On the whole, these companies identified that in researching the adoption of advanced manufacturing for their businesses, the following challenges included:

- The cost of equipment and the lack of awareness of what is available to manufacturers wanting to adopt new technologies. Suppliers of this type of equipment are invariably based internationally so education and access is limited.



- The availability and the cost of skilled labour in using new technologies and equipment is limited by the education programs delivered by registered training organisations in relation to new technologies.
- The new technologies require appropriate research and testing before full implementation can be undertaken. New technologies will have 'glitches' which must be resolved before any substantial investment is made by Australian companies.
- The development of understanding new technologies and the applicability in the furniture sector requires further education and attention.

The AFA is recognised as the voice of the Furnishing Industry by government, media and the general public. AFA membership includes emerging designers, suppliers, manufacturers of both residential and commercial furniture, suppliers to the industry, retailers, allied associations and key stakeholders, such as testing and training organisations.

The companies interviewed indicated that the following areas of support would help improve the furniture manufacturing sector:

- Identify, modify or remove regulatory barriers that would affect their company's ability to reach its full potential.
- Identify, modify or remove Regulations that limited their company's ability to implement and/or develop new processes, capabilities, technologies, or products.
- Identify, modify or remove any specific government compliance issues and processes (local, state or federal) that impacted on the productivity of their business.

These outcomes would be achieved simply by improving the Australian Government's approach to innovation, especially with respect to the funding of education and research, the allocation of investment in industries, and the maintenance of capabilities across the economy.

The AFA has strong views on the issues of manufacturing more generally and believes that this level of support from government would assist other manufacturing sectors equally and is calling for government consultation in relation to relevant and meaningful changes to be made.

We encourage an awareness raising campaign with government officers and departments which highlights the full capabilities of Australian manufacturers and would willingly work cooperatively with government agencies to develop the necessary information campaigns in relation to potential 'Regulatory Barriers' to ensure that any necessary regulations are understood and implemented.