

23 March 2022

Inquiry into Australia's productivity performance – Chemistry Australia Submission

Chemistry Australia is pleased to provide this submission to the Commission's inquiry into Australia's productivity performance.

Chemistry Australia (formerly the Plastics and Chemical Industry Association) is the peak national body representing the chemistry industry. Chemistry Australia members include chemicals manufacturers, importers and distributors, logistics and supply chain partners, raw material suppliers, plastics fabricators and compounders, recyclers, service providers to the sector and the chemistry and chemical engineering schools of leading Australian universities. Chemistry Australia's affiliate members include the Australian New Zealand Industrial Gas Association (ANZIGA) and the Australian Paint Manufacturers' Federation (APMF).

The chemistry industry is the fourth largest manufacturing sector in Australia. Our industry directly employs more than 61,500 people (FTE) and supports approximately 212,000 FTE jobs across the economy. In addition, the industry directly contributes \$11 billion to gross domestic product (or \$38 billion including indirect contributions), supplying inputs to 108 of Australia's 114 industries.

Chemistry is an essential part of our everyday lives; ensuring 25 million Australians can access a safe and plentiful supply of fresh food, clean drinking water, world-class healthcare; providing support for energy generation and storage technologies; ensuring the supply of high-quality construction materials for our towns and cities and protecting our critical infrastructure. During the COVID-19 crisis, chemistry has been vital to the response, delivering sanitisers and PPE, supplying the oxygen needed to support those requiring intensive medical care, and producing key inputs to the development, manufacture and distribution of vaccines.

With its wide-ranging impacts across all sectors, chemistry has been central to many of the great drivers of Australian and global productivity. For example, chemistry innovations have transformed agriculture, improving yields, reducing labour and other inputs costs, and enabling the adoption of more environmentally friendly farming practices. Chemistry has also underpinned many significant advances in materials science, technology and manufacturing.

Australia's lagging productivity performance needs to be addressed, particularly as our unemployment rate drops to historic lows.

Chemistry Australia supports the analysis and commentary in the Call for Submissions. Individuals and businesses will ultimately make the decisions affecting Australia's productivity. The government's role is to provide the framework and operating environment that encourage individuals and businesses to make those decisions.

Chemistry Australia members worked together during the latter stages of 2021 to identify our industry's priorities for policy reform. The results of this work titled "*Our Ambition for Australia – Opportunities for a Sustainable and Competitive economy*" advocates for a suite of immediate and medium-term actions focused on the following themes:

- Climate neutrality
- De-risking our economy
- Competitive, low emissions energy
- Circular economy
- Innovation and manufacturing
- Balanced regulation; and
- Skills and education

Many of the actions identified in our paper will improve productivity, support nation resilience and keep Australia on the path to meeting the challenge of climate neutrality. A copy of the document is enclosed.

While it may be difficult to identify the innovations that will deliver future advances in productivity, there is little doubt that advances in chemistry will be a critical driver of many of those innovations. Therefore, a vibrant and sustainable Australian chemistry sector with strong links to a world-class Australian R&D capability is needed to meet the current and future productivity challenges.

If you would like to discuss aspects of this submission, please do not hesitate to contact me on 03 9611 5400.

Yours sincerely

Bernard Lee
Director – Policy and Regulation