

# Just and Sustainable Manufacturing in Australia

## A Public Declaration

December, 2018

### Preamble

A new culture of manufacturing for the 21st century is currently being shaped by a group of medium-sized firms in Australia. Building on the wisdom of almost 500 years of operations combined, they are showing what the contribution of manufacturing *can be* to a vital, productive, inclusive and ecologically responsible society. These companies are charting a direction for how Australian manufacturing might meet two of the Sustainable Development Goals - Decent Work and Economic Growth (Goal 8), and Responsible Consumption and Production (Goal 12).<sup>i</sup> In their own quiet way, they are getting on with manufacturing a just and sustainable future.

This declaration is based on discussions between researchers and manufacturers about the findings of the Australian Research Council funded Discovery Project [\*Reconfiguring the Enterprise: New Cultures of Manufacturing in Australia\*](#).<sup>ii</sup> The manufacturers who are signatory to this declaration are:

A.H. Beard	mattress manufacturing
Interface	modular carpet manufacturing
Norco	dairy processing
OzGroup	blueberry processing
Soft Landing	mattress recycling
Varley Group	engineering manufacturing
WorkVentures	e-waste repair, reuse and recycling

More information on these manufacturers in Appendix.

These companies provide an image of the manufacturing culture that will be capable of adapting to the challenges of the 21st century. We invite other manufacturers to endorse, and governments to support, this **Public Declaration for Just and Sustainable Manufacturing in Australia**.

### Australian manufacturing at a crossroads

In post-war Australia, the manufacturing sector saw tremendous growth that improved living standards. For vast numbers of returned soldiers and post-war new arrivals manufacturing provided a first job and a way to settle into an increasingly multicultural society. The economic base of manufacturing expanded and industrial know-how deepened. As the economy grew and opened to globalization, manufacturing's share of employment has declined and yet remains significant (and ABS data from September 2018 shows that manufacturing employment over the past 12 months increased by 86,000, the largest increase in employment of any sector)<sup>iii</sup>.

But manufacturing in Australia is at a crossroads. Many citizens have little connection to manufacturing and are willing to be persuaded that it is no longer a vital component of the Australian economy. The distribution and sharing of wealth from the 1950s to 80s has stalled and inequality is growing. At the same time there is increasing awareness of the detrimental environmental effects of industrial growth and a lack of vision for how a manufacturing sector can be part of a global solution.

Australia is among the 193 countries that endorsed the United Nation's 17 Sustainable Development Goals (SDGs),<sup>iv</sup> which means that we have signed up to a vision that demands

change. The SDG targets are conceived in relation to a 15-year timeline—to 2030, or roughly half a generation from now. Reaching them will require a dramatic shift in how the national economy works. From research and discussions with a small group of innovative NSW-based manufacturing firms we are convinced that there is a trajectory of change, already underway, that points the way forward. We call this a new culture of manufacturing that practices, to various degrees and in diverse ways, ‘just sustainability’.

### **What is just and sustainable manufacturing?**

The term ‘just sustainability’ was coined by Julian Agyeman and colleagues in 2003 to refer to forms of development that create “a better quality of life for all, now and into the future in a just and equitable manner whilst living within the limits of supporting ecosystems”.<sup>v</sup> Central to the idea of a just and sustainable manufacturing sector is the proposition that what is manufactured is not just a tangible product for sale, but a series of social, economic and ecological relationships that can make an invaluable contribution to wellbeing now and into the future. Below are some of the ways that these manufacturers are proceeding in a just and sustainable way, and demonstrating how manufacturing can be oriented to make contributions to the achievement of at least two of the SDGs: inclusive forms of growth (Goal 8) and responsible consumption and production (Goal 12).

### **Socially responsible manufacturing**

- Providing safe and well-paid working conditions.
- Providing on-the-job training opportunities to ensure that workers’ skills remain up-to-date in a changing technological environment.
- Supporting workers’ personal job satisfaction, through providing rewarding work environments.
- Providing education and support for workers interested in advancing to positions with greater responsibility.
- Providing employment for workers from multiple generations of the same families.
- Providing employment pathways for those at a distance to the labour market, e.g. unskilled young people, long-term unemployed, Indigenous people, refugees and migrants, previously incarcerated persons and those living with mental health issues.
- Forming partnerships and entering into stable procurement relationships with social enterprises to develop employment pathways for those at a distance to the labour market.
- Demonstrating leadership by acting on commitments to the well-being and vitality of place-based communities, especially in regional areas.

### **Environmentally responsible manufacturing**

- Designing products to be durable.
- Minimising waste in the production process.
- Using renewable energy sources.
- Building-in end-of-life reuse and recycling.
- Using procurement relationships up and down the supply chain to spread practices of reduction, reuse and recycling.
- Investing in technologies and skilling people for closed-loop and circular economy production systems.
- Educating clients and customers of the value of responsible production and products.

In the context of current social and ecological challenges, manufacturing is at the centre of the 'critical zone' where futures for humanity, other species and ecologies are being forged. Decisions today to manufacture in socially and environmentally responsible ways will help to build a new culture of manufacturing that will reverberate down the generations.

### **What is enabling just and sustainable manufacturing in Australia?**

The research findings identify a number of key factors that have enabled companies to develop just and sustainable development pathways. They include:

**A clear business purpose**, beyond the manufacture of a tangible product, that incorporates a social and environmental mission and results in the types of responsible manufacturing practices outlined above. This purpose guides business decisions and investment strategies and provides a compass for when the inevitable and constant challenges of business-life arise.

**A long-term perspective** which acknowledges and honours the role and contributions of earlier generations while also keeping the prospects for future generations firmly in view. This perspective mitigates against rash and short-term decision-making while provoking a willingness to anticipate and even lead long-term investment and innovation.

**Strategic capitalisation** that allows for an arms-length relationship to the rent-seeking actions of corporate financiers, asset strippers and unengaged shareholders. Depending on the company structure, this is achieved by private family-based ownership and investment (e.g. A.H. Beard, Varley Group), cooperative ownership and governance (e.g. Norco), philanthropic investment (Soft Landing), reinvesting earned income in the social enterprise (WorkVentures), or engaging shareholders in ethical leadership (Interface).

**Building up an "ecosystem" of mutual benefit** that allows these manufacturers to have influence up and down their supply chains, including working in cooperation with others who might usually be their competitors and prioritising customer communication and education.

**Strategic application of smart manufacturing approaches and technologies** that allow this group of manufacturers to remain viable - including lean principles, niche production, and a strong customer focus.<sup>vi</sup>

### **What's needed to promote just sustainability in manufacturing?**

The signatories to this document are demonstrating leadership in how manufacturing can be fashioned to meet SDGs 8 and 12. Their experiences will help establish the framework for a new culture of manufacturing in Australia that will achieve greater progress towards these goals. This Public Declaration is the first step towards articulating a vision for **other manufacturers** to follow, for **policy-makers** to support, and for **clients and customers** to endorse. A just and sustainable manufacturing future for Australia will be achieved by commitment to the following **issues** and *contributing elements*:

#### **Issue 1: A clearly stated just and sustainable business purpose**

- *Metrics that demonstrate the expanded understanding of what the manufacturing product is, i.e. all the values (beyond financial returns) that manufacturing creates.*
- *Regular tracking of the social impacts, community benefits, regional cohesion and environmental care produced by manufacturers.*
- *Promotion of a just and sustainable business purpose through the education sector, including secondary schools and business schools.*

## **Issue 2: A long-term perspective**

- *Industry policy and a general business environment that looks to the 2030 time-frame of the SDGs and beyond.*
- *A thirty-, sixty-, and ninety-year vision of what manufacturing might be - which both sets a direction while allowing for the unexpected and disruptive.*
- *Procurement practices that support a future for high quality, durable, resource responsible Australian manufacturing.*

## **Issue 3: A valued and educated manufacturing workforce**

- *Inclusive employment policies.*
- *Creating career pathways for staff.*
- *Balancing the cyclical need for casual workers with commitment to full time employment opportunities.*
- *Enrolling the workforce in making long term plans and achieving visions.*
- *Commitment to supporting TAFE and on-the-job training opportunities.*

## **Issue 4: Strategic application of technological advancements**

- *Development and adoption of technological advancements in service of the full breadth of the business purpose, including its social and environmental goals.*

## **Issue 5: Strategic capitalisation**

- *Access to patient capital and ethical investment, including the forms of long term research and development investment that government can provide.*
- *Removing disincentives that block superannuation funds investing in responsibly innovative manufacturing.*
- *Diverse ownership structures that allow for diversification of capital sources.*

## **Issue 6: Circular economy principles**

- *Materials reduction at all stages of production.*
- *Voluntary product stewardship agreements led by independent social enterprise intermediaries.*
- *A regulatory and accounting environment that recognises the true costs of waste and dumping.*

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## **Signatories**

Garry Beard, Chairman, **A.H. Beard**

Michael Gabadou, Managing Director, **Interface**

Mark Myers, Co-operative Secretary, **Norco**

Brett Kelly, CEO, **OzGroup**

Janelle Wallace, Manager, **Soft Landing Product Stewardship Scheme**

Jeff Phillips, Managing Director, **Varley Group**

Scott Dibb, Client Relationship Manager, **WorkVentures**

Professor **Katherine Gibson**, Dr **Stephen Healy**, Dr **Joanne McNeill** – University of Western Sydney; Associate Professor **Jenny Cameron** – University of Newcastle

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## Appendix

- **A.H. Beard**, established in 1899 and one of Australia's leading mattress manufacturers with operations in Australia and New Zealand. It is mover and shaker in establishing the Soft Landing Product Stewardship Scheme that is tackling waste reduction through voluntary regulation.
- **Interface**, the world's largest manufacturer of modular carpet that has been on a visionary environmental journey since 1994 to have zero negative environmental impact by 2020. With this Mission Zero® goal soon to be achieved, Interface has launched an even more ambitious Climate Take Back™ campaign.
- **Norco**, established in 1895, is a dairy cooperative owned by more than 200 farmers that employs a workforce of nearly 800 across processing plants in Northern New South Wales and South East Queensland. Norco has used their commitment to cooperative principals to thrive in a global industry while developing a deep connection to communities in regional Australia.
- **OzGroup**, is a producer cooperative, based in Coffs Harbour, that processes blueberries (and other berries). It is Australia's biggest blueberry supplier producing 37 million punnets of blueberries in the 2017/2018 financial year. OzGroup contributes to the vitality of a regional community by supporting its more than 150 grower-members and employing a diverse permanent and seasonal workforce.
- **Soft Landing** is a "de-manufacturing" social enterprise operating throughout Australia that recovers valuable materials from the more than 1.6 million mattresses discarded each year nationally. It applies a waste to wages model that generates employment opportunities for people at a distance to the labour market. It is the principle recycling partner and was a key driver for the establishment of the Soft Landing Mattress Product Stewardship Scheme. The scheme is administered by Soft Landing's parent organisation Community Resources.
- **Varley**, established in 1886, is a privately-owned engineering firm based in the Hunter Valley that operates in Australia and internationally across six divisions. Its activities include building high quality bespoke vehicles critical to Australia's emergency preparedness. Varley connects with learning institutions understanding that long term viability is bound to intergenerational learning.
- **Work Ventures** is a social enterprise of 30 years standing involved in the repair and refurbishment of electronics and data-secure approaches to decommissioning and recycling. Work Ventures is a key supplier of these de- and re-manufacturing services to businesses operating in the financial and telecom sector. It has developed extensive training and apprenticeship programs and encourages intergenerational learning around complex problem solving.

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<sup>i</sup> See <https://www.un.org/sustainabledevelopment/>; <https://dfat.gov.au/aid/topics/development-issues/2030-agenda/Pages/sustainable-development-goals.aspx>.

<sup>ii</sup> [https://www.westernsydney.edu.au/ics/research/projects/reconfiguring\\_the\\_enterprise\\_shifting\\_manufacturing\\_culture\\_in\\_australia](https://www.westernsydney.edu.au/ics/research/projects/reconfiguring_the_enterprise_shifting_manufacturing_culture_in_australia) Australian Research Council Discovery Program #160101674. This declaration will be followed by a full research report in the first half of 2019.

<sup>iii</sup> See <https://www.businessinsider.com.au/australia-unemployment-manufacturing-jobs-growth-2018-9>.

<sup>iv</sup> See <https://www.un.org/sustainabledevelopment/blog/2015/09/historic-new-sustainable-development-agenda-unanimously-adopted-by-193-un-members/>

<sup>v</sup> Agyeman, J., Bullard, R., and Evans, B., eds. 2003. *Just sustainability: Development in an Unequal World*. Cambridge, MA: MIT Press.

<sup>vi</sup> These types of strategies are recognised in recent reports on manufacturing in Australia, for example: CSIRO. 2016. *Advanced manufacturing: A roadmap for unlocking future growth opportunities for Australia*. Sydney, Australia: Advanced Manufacturing Growth Centre Ltd.; 2016. Advanced Manufacturing Growth Centre Ltd.

