

Introduction

- 1.1 Automotive manufacturing in Australia is in a period of transition. The opening of global markets, coupled with advances in manufacturing practices and technological innovation have transformed the automotive manufacturing environment.
- 1.2 The automotive component manufacturing industry is an integral part of the Australian automotive landscape. It not only is a major contributor to the economy, but also contributes to innovation, training and employment.
- 1.3 There is considerable pessimism surrounding the future of the automotive components manufacturing industry, both from the industry itself and commentators in the public arena.
- 1.4 While there are areas of concern, namely competition from the widening global industry, the Australian industry is a competitive force. It is ideally situated within the Asia-Pacific region, and has established key export markets in the Middle East.
- 1.5 However, global competition coupled with reducing Government protections such as import tariffs means that the industry will need to reorient itself in order to remain competitive.
- 1.6 Evidence to this inquiry pointed to the innovative nature of the industry and its capacity to meet the challenges that have been faced at a global level throughout its history.
- 1.7 This inquiry looked at these global challenges as well as training initiatives and skills shortages and their impact on local employment. It also looked at the need for labour adjustment measures to support the

industry, individuals and the community manage the effects of changing models of automotive production.

- 1.8 While the Committee has been disappointed at the lack of involvement from the industry in the inquiry it has found that the industry has great capacity to continue to be a strong contributor to Australia's economy.

Background to the inquiry

- 1.9 On 6 December 2005, the Committee agreed to conduct an inquiry into employment in the automotive components manufacturing industry. The inquiry was referred by the Minister for Employment and Workplace Relations.
- 1.10 The terms of reference called for the Committee to inquire into and report on:
- current and future employment trends in the industry;
 - emerging skill shortages and appropriate recruitment and training strategies;
 - labour adjustment measures required to assist redeployed and affected workers; and
 - measures to support skills development, innovation and investment in the industry.
- 1.11 The inquiry was advertised in *The Australian* and the *Australian Financial Review* on 9 December 2005, the *Adelaide Advertiser* and *The Age* on 28 January 2006.
- 1.12 The Committee sought submissions from relevant Australian Government ministers and from state and territory governments. In addition, the Committee sought submissions from component and vehicle manufacturers, business organisations, including professional associations, major industry groups, academics and unions.
- 1.13 The Committee received 32 submissions, including eight supplementary submissions. These submissions are listed at Appendix A.
- 1.14 The Committee received three exhibits to the inquiry, which were provided in addition to written submissions, during public hearings. These are listed at Appendix B.
- 1.15 The Committee held nine public hearings and one in camera hearing across Australia in Canberra, Melbourne and Adelaide, including a

roundtable held in Adelaide on labour adjustment measures. The Committee heard from 55 witnesses at public hearings and three witnesses in camera. These witnesses are listed at Appendix C.

- 1.16 In Melbourne, the Committee visited the operations of Robert Bosch Australia Pty Ltd and Futuris Australia. In Adelaide, the Committee visited the Edinburgh Parks Automotive Precinct and spoke to representatives from the South Australian Government and component manufacturers operating in the Precinct. The Committee offers its sincere thanks to those companies that hosted it as these visits were invaluable to the inquiry.

Structure of the report

- 1.17 The inquiry covered a range of issues including the structure of the industry, challenges facing manufacturing and employment, skills shortages and training, innovation and investment in the future of the industry in Australia.
- 1.18 A global overview to the automotive industry is set out in Chapter 2. This chapter outlines the historical development of the industry and the global challenges facing the automotive industry as a whole. Although the Australian automotive components industry is small in global terms, the impacts of these global changes are also examined.
- 1.19 Chapter 3 focuses on the development of the Australian automotive components industry. It examines the current state of the automotive components industry contribution to the economy through manufacturing, exports and employment.
- 1.20 This chapter also discusses the issues around ensuring that the workforce is appropriately trained. It examines the component industry's training practices alongside the formal education and training system supported by the Australian and state governments.
- 1.21 Chapter 4 discusses skills shortages and the challenges of recruitment. In addition, there is discussion of strategies to support the industry workforce through periods of industry downturn and labour redundancy.
- 1.22 Chapter 5 considers the investment framework that will be supporting the industry into the future. The chapter then sets out the necessity for the industry to focus on innovation and discusses a possible model for the future of a vibrant automotive components industry engaged in the global market.

