



18 April 2006

The Secretary  
Inquiry into Employment in Automotive Component Manufacturing  
Standing Committee on Employment, Workplace  
Relations and Workforce Participation  
House of Representatives  
Parliament House  
Canberra ACT 2600

By email to: [ewrwp.reps@aph.gov.au](mailto:ewrwp.reps@aph.gov.au)

Dear Siobhan

**Re: Adelaide hearings - Inquiry into Employment in Automotive Component Manufacturing**

This letter forms the submission of the South Australian Branch of the Australian Manufacturing Workers Union to the Committee's inquiry into employment in automotive component manufacturing.

The South Australian Branch of the AMWU represents around 10,000 employees in a broad range of occupations across the South Australian Motor Vehicle and Parts manufacturing industry and in the Vehicle Repair Service and Retail (RS&R) Industry.

The South Australian Branch of the AMWU supports and endorses the submission of the AMWU nationally.

All information and opinion provided in this submission is to be regarded as supplementary and complementary material providing a South Australian perspective to the Inquiry.

The job crisis in Australia's Motor Vehicle & Parts Manufacturing industry

Ten thousand South Australian manufacturing workers have lost their jobs in the last two years.

Many of these job losses have been in Motor Vehicle and Parts manufacturing, with high petrol prices and a strong A\$ combining to intensify pressure on local manufacturing.

Last year Australians bought more than 980,000 new motor vehicles but more than 75% of those vehicles were made overseas. Just 10 years ago locally made vehicles made up 45% of all local sales, but that number is now below 25%.

Maintaining a viable Motor Vehicle and Parts manufacturing industry in the face of changing consumer pressures and mounting global competition from China requires a thorough review of Australia's support for Manufacturing.

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In this regard the AMWU proposes that:

- " The 50% cut in Australia's remaining tariff barriers planned for 2010 should be urgently reviewed, with tariffs frozen at their current levels, and
- " A new car plan be developed to respond to higher petrol prices by putting funds into the research and development of ethanol and hybrid motors

Labour adjustment assistance

The AMWU notes the comments by the Victorian Automobile Chamber of Commerce (VACC) in their submission to the Inquiry that:

"The experiences in South Australia to redeploy Mitsubishi redundant employees into the repair, services and retail sector in 2005, was unsuccessful due to:

- The lack of co-ordination with job network agencies
- The lack of understanding which skills were transferable to another sector of the vehicle industry
- Poor matching of candidates with vacancies
- Lack of support to supplement skills to allow transition into a related occupation
- Lack of interest amongst highly paid redundant employees into lower paid jobs."

A yet to be released study by the Flinders University indicates a high level of unemployment and under-employment among former employees of Mitsubishi.

The AMWU believes that those employees who have found alternative employment did so largely through other avenues than the current job network of individual private businesses.

The AMWU proposes that the job network created as a result of the privatisation of the former Commonwealth Employment Service (CES) needs to be thoroughly overhauled to re-establish a more coordinated employment agency.

The AMWU believes that only the public sector can provide such a service.

Industrial Relations Legislation and Skill Development

The AMWU is concerned that the Award rationalisation process imposed on the parties to Awards by the Workplace Relations Amendment (Work Choices) Act 2005 will have a negative impact on our members, and on the viability of the industries in which they work.

Under the Workplace Relations Amendment (Work Choices) Act the Award Review Taskforce is required to recommend to the Australian Fair Pay Commission (AFPC) a process of "rationalising" the current structure of Awards.

This rationalisation process is likely to have the effect of undermining the skill-based Award classification structure and related training competencies that have been painstakingly created by industry participants to best suit the circumstances of employers and employees in their industries.

The AMWU emphasises that if Australian manufacturing is to survive in an increasingly competitive global economy there is a need to encourage and reward the acquisition of the skills that are fundamental to the survival of industry as a whole.

The National Manufacturing Summit held in Melbourne late last year declared that improving skills had to be a key part of any strategy to maintain Australian manufacturing in the face of ongoing globalisation and technological development.

The "Skills for the Future" Summit Workshop found that, in the future, manufacturing will need:

- \* higher level technical skills - manufacturing will increasingly have to adopt more complex technology, and produce to higher technical standards
- \* higher level 'soft' skills - communication, teamwork, ability and willingness to learn - more of the workforce in manufacturing will deal with customers, engage and manage partners and work in project teams to solve problems
- \* higher level strategic and management skills - companies need to plan for the future better, including how to meet their skill needs, and more actively develop strategies for becoming world competitive
- \* new skills - logistics, financial management, cultural understanding etc - as firms seek to respond faster and more fully to customers needs, they need to operate in new areas, or have the skills in house to manage partners
- \* more frequent updating of skills - the pace of technological change and shifts in customer demands means that skills will need to be updated much more frequently.

Given that the Motor Vehicle and Parts Industry is the most globalised of all manufacturing industries these findings are of extra significance for this industry.

Additional oral evidence will be provided to the Committee hearing in Adelaide on 1 May 2006.

Yours sincerely,



John Camillo  
State Secretary