



Tasmania

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- 8 MAY 2006

Mr Phillip Barresi MP  
Chair  
Standing Committee on Employment, Workplace Relations and Workforce Participation  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr Barresi

Thank you for the opportunity to comment on employment opportunities and challenges in the Australian automotive component manufacturing sector. Due to the holding of the Tasmanian election on March 18 2006 I have been unable to reply until this time.

The automotive component manufacturing sector in Tasmania is a significant part of the Tasmanian machinery and equipment manufacturing sub-sector. More importantly employment in the sector, at around 400, is concentrated in Northern Tasmania and ranks as the second largest manufacturing employer in the region. This brings in to sharp focus the economic impact that any contraction of the sector could bring to northern Tasmania.

The major issues facing the sector, tariff reductions, globalisation and the rapid rise of China as a manufacturer, have been well documented at the December 2005 Manufacturing Summit in Melbourne (communicé attached) and also been confirmed by recent consultation with the Tasmanian component manufacturing industry and other stakeholders.

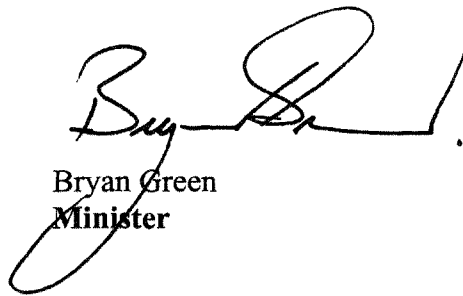
Rather than spend taxpayers money on propping up inefficient industries or adjustment programs, Tasmania believes the sector should be proactively supported with a range of initiatives that boost innovation, design capability and competitiveness. As highlighted by the Productivity Commission's 2002 review of assistance to the sector, this support should go beyond the federal Automotive Competitiveness and Investment Scheme (ACIS) import credits scheme to programs that build an appropriate training infrastructure and assist innovation, research and development in the supply chain.

Specifically Tasmania would welcome a cooperative approach to the following initiatives, which, if implemented, would have regional and sector benefits well beyond the automotive component manufacturing sector:

- An Australian Government funded 'Component Manufacturer Supplier Innovation' program focussing on building the design and innovation capability of component manufacturer's suppliers to support product design and process improvement in the sector. Ideally the program would be similar to the Australian Government TCF small business program and support smaller engineering firms that are not eligible for ACIS with flexible grants, including capital assistance, for innovative projects.

- An Australian Government funded 'Best Practice Design and Production' program including the adoption of lean and six sigma management tools by component manufacturers and their suppliers based on the implementation of the relevant aspects of the Australian National Training Authority Competitive Manufacturing training package through TAFE and other training organisations.
- An Australian Government funded 'Technical Skill Adjustment and Development' program for component manufacturers to foster the upgrading of technical skills of existing technical and production employees.
- Promotion of the benefits to the Australian economy of the purchase of motor vehicles manufactured in Australia by all tiers of government and the private sector consistent with international free trade agreements.

Yours sincerely



Bryan Green  
Minister