

INSTITUTE OF AUTOMOTIVE MECHANICAL ENGINEERS

SUBMISSION TO INQUIRY RELATED TO EMPLOYMENT IN AUTOMOTIVE COMPONENT MANUFACTURING

BACKGROUND

The Institute of Automotive Mechanical Engineers was established in 1933 and has a current membership of 20,000 individuals and businesses in Australia. All of these members are directly involved in the automotive service and repair industry.

We maintain an extensive network of more than 50 regional branch committees through which we disseminate information and receive input on industry issues. Our Organisation is well placed to provide valid comment on items of concern to the automotive industry.

EMPLOYMENT IN AUTOMOTIVE COMPONENT MANUFACTURING

Whilst we respect the position of the four local vehicle manufacturers we believe their objectives should not dominate the recommendations of this inquiry. These companies have shown a willingness to embrace imported components on many occasions and rightly seek outcomes that serve their own best interests. It would be fair to say that these outcomes do not always reflect the best interests of a local component manufacturer.

A substantial number of automotive component manufacturers rely on the automotive service and repair industry for the bulk of their revenue. The supply of product to the four local vehicle manufacturers applies to a very limited range of products and is usually provided under low profit margins arising from a need to compete with overseas suppliers.

The age of the Australian motor vehicle car park at around 10 years clearly indicates the need for a vibrant and efficient "aftermarket" to supply replacement parts to maintain and service this fleet. To achieve this outcome local vehicle component manufacturers should not be unduly inhibited in developing their markets through application of regulations that limit their competitiveness. Examples of such restrictions occur with compliance testing to meet Australian Design Rules in addition to various State / Territory regulations.

IMPORTANCE OF THE AUTOMOTIVE COMPONENT MANUFACTURING INDUSTRY

The automotive service and repair industry has noted an unhealthy situation related to obtaining technical information from vehicle manufacturers that has become increasingly serious in recent years. In addition some components have become difficult (if not impossible) to obtain and in many instances are provided at unrealistically high prices.

These situations are to the detriment of the many motorists in Australia who own motor vehicles that are outside of the vehicle manufacturers warranty period. The local component manufacturing industry provides substantial assistance in addressing these issues.

RECOMMENDATION

We believe that any outcome of the inquiry into Employment in Automotive Component Manufacturing needs to take account of the important role of these organisations as suppliers to the automotive aftermarket. If this industry were to cease to be viable it would have a massive and horrific impact on the overwhelming majority of Australian motorists.

It is our belief that action should be taken to forge closer relationships between the Automotive Component Manufacturing Industry and the Automotive Service and Repair Industry. There are many skills shared by both sectors and training packages should be developed to facilitate transfer of workers between the sectors.

The future of vehicle manufacturing in Australia will be determined in the boardrooms of the overseas companies that control this industry. It is essential that the future of local vehicle component manufacturing companies not be limited to such fickle and unpredictable outcomes.