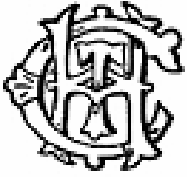


## SUBMISSION 8



### Geelong and Region Trades and Labour Council

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The House of Representatives Standing Committee  
on Economics, Finance and Public Administration.

**RE: - Inquiry into the state of Australia's manufactured export and import competing base  
now and beyond the resources boom**

**Australia's dominance in commodities exports and the impacts of this on the economy  
following the resources boom.**

The Geelong region economy is traditionally based on manufacturing. Apart from undeveloped brown coal deposits and perhaps some oil deposits Geelong does not have a mineral base. It is only recently that nearby gas plants have come on-line providing some jobs in the construction and operational stages. Despite some growth in the tertiary and technology sector Geelong is still mostly reliant on manufacturing base for a substantial part of employment.

Geelong is a region of manufacturing excellence for not only automotive components, but also for metals, chemicals, textiles, food processing and aerospace engineering. In 1999, its manufacturing sector comprised 532 enterprises of which 20 are directly manufacturing automotive products or components.

These 20 businesses employ 3,811 people out of a work force of 95,000 in Geelong, and it has been estimated that the strong linkages with other industries and suppliers generates employment multipliers of 1.54 resulting in up to 5,800 more staff. Payroll for these employees is more than \$210m annually and the turnover of these companies is in the order of \$857m.

Geelong's two tertiary institutions, the Gordon Institute of TAFE and Deakin University, are the main providers of education and training for Geelong's industry and more particularly for the automotive industry. The Gordon's Manufacturing Industry Training Centre is a leader in practical and theoretical tuition for apprentices and trainees in the auto industry. A range of smaller private providers of training course supports these institutions.

In 2001, there were 403 people undertaking an apprenticeship or traineeship in the Automotive, Motor & Transport Sectors in Geelong.

The automotive industry is a key sector in the Geelong manufacturing industry, comprising over 25% of the manufacturing workforce. However, its importance extends beyond this in terms of its influence and impact on the export orientation, quality standards and education and training for other manufacturers in the region. The automotive industry in Geelong, in company with the rest of

the Australian automotive industry, has improved its performance in quality and productivity over recent years to match world standards.

However, of the big three in Geelong, Shell, Alcoa and Ford, it is the perception is, that Ford is at most risk from the Free Trade Agreement with China. Currently China is putting 1000 cars on the road per day at a retail unit cost of less than \$10,000. The rate of production is predicted to increase seven folds by the time the FTA comes into full effect and cars start arriving here from China. This will put enormous pressure on local jobs in an already very tight market.

**The state of the country's manufacturing sector (and the goods and associated services) including opportunities and challenges from the expansion in global trade (in particular by China)**

Geelong is already well situated for changes in the manufacturing area. However, any changes must be planned and deliberately implemented. Leaving change to the chance of the free market could see large sections of the Geelong community unemployed and disadvantaged.

Some areas for opportunities that should be explore include;

- Geelong's close proximity with Alcoa Aluminium is ideally place to develop new value added aluminium based products production,
- development of nearby brown coal by products,
- development and production of high tech textiles and
- the establishment of specialised freight terminals between Avalon airport, Geelong port and rail

**Policies for realising these opportunities.**

The main policy missing from government and business is how to deal with the transition period to FTAs. At the moment it is left to free market forces with little regard to social consequences of individual business decisions. Retraining, redundancy and redeployment are fundamental issues for government.

The Geelong community needs clear policy articulated in such a way that they would have confidence in regardless of whatever changes that may occur in the future. The communities interests need to be secured. By this I mean if a large employer or several small employers were to close or lay off staff then the government needs to show that it has a plan to deal with the social consequences. It would be too late to try and develop such a plan after the changes begin.

Such a policy would need to be flexible but prescriptive enough to instil confidence that it was not just rhetoric. Issues to be addressed should include development of new industry, employment specific education, protection of employee entitlements and transition arrangements between employment.

**Tim Gooden**

**Secretary**