Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2015-16 Additional Budget Estimates
11 February 2016

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Manufacturing as a percentage of GDP

REFERENCE: Question on Notice (Hansard, Thursday 11 February 2016, page 89)

QUESTION No.: AI-14

Senator XENOPHON: I think the sentiment is a strong and positive one. Perhaps the department could take this on notice, Cabinet Secretary. What is the knowledge of the department of what other countries may do—countries such as Germany, where their manufacturing as a percentage of GDP is 22 per cent, and ours is well under seven per cent at the moment? Has there been that level of conditionality and what is your view of the general proposition of an alternative motor vehicle manufacturer being willing to co-invest in maintaining vehicle production at Elizabeth, in what is now the General Motors Holden plant? Do you agree that such a proposal could be of immense value and is worth serious consideration in terms of both jobs and economic growth?

Senator Sinodinos: We will take that on notice.

ANSWER

1. In 2014, the Productivity Commission (the Commission) examined other countries' support for their automotive industries as part of its Inquiry into Australia's Automotive Manufacturing Industry (the Inquiry). The Commission detailed the assistance that a number of governments provide to their automotive manufacturing industries including: tariff and non-tariff barriers; direct government assistance such as subsidies, co-investment capital grants and tax holidays; regulatory barriers to trade such as excessive safety or fuel efficiency standards; and broad assistance measures such as research and development support. The Commission noted it faced a number of challenges in that evidence on assistance measures often lacks transparency.

2. Serious consideration would be given to any proposal for a viable motor vehicle manufacturing facility at Elizabeth.