

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Additional Estimates 2005-2006, 16 February 2006

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES
TOPIC: STATEMENTS MADE IN THE PRESS ABOUT THE AUTOMOTIVE INDUSTRY
REFERENCE: WRITTEN QUESTIONS

QUESTION No.AI-63

Senator Campbell asked:

Does the Department agree with the following statement as quoted in a 23 January SMH report "Car parts makers face difficult future", where the Victorian Industry Minister stated that:

"Quite clearly, there are going to be some significant changes that affect our parts sector, ...the times when Australia produced niche cars for its niche market are starting to come to a close."

ANSWER

The Department has no opinion on any comments that may have been made by the Victorian Industry Minister.

QUESTION No.AI-64

Senator Campbell asked:

What does the Department foresee as the 'significant changes' noting that 14,000 auto sector job losses in the past three years?

ANSWER

The Department has no opinion on any comments that may have been made by the Victorian Industry Minister. The latest available ABS employment data suggests there have been net 4,700 jobs lost in the automotive sector over the past three years.

QUESTION No.AI-65

Senator Campbell asked:

How does the Department intend to respond to these changes?

ANSWER

The Department's role is to advise the Government on policy options.

QUESTION No.AI-66

Senator Campbell asked:

According to a 3 February AFR report "Flying the flag for beleaguered industries", the Minister stated that GM saw scope for greater participation by Australian manufacturers in its global supply chains, opening up export opportunities for local parts makers:

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"They offered a road-mapping exercise which my department will work on to identify component builders in Australia who are in a position to be globally competitive and who could supply into those chains,"

- (a) What exactly will the road mapping exercise look like?
- (b) Who will be involved?
- (c) What are its objectives?
- (d) How will this be achieved?
- (e) What are the timelines?

ANSWER

The Department understands that it is a process that involves the motor vehicle producers and particular suppliers working strategically together on securing existing and new opportunities by making mutual obligations and commitments. The details of the process are a commercial matter.

The Department is working with GM Holden and Ford in Australia and suppliers to facilitate taking advantage of the road-mapping opportunity.

QUESTION No.AI-67

Senator Campbell asked:

The article also states that,

"Ford also made positive noises about Australian involvement, but Macfarlane's realistic assessment is that the company's focus over the next 12 months will be in bedding down the restructuring of its North American operations."

- (a) Despite this can the Department comment on a 23 January AAP article "Ford, Holden to maintain Aust operations" in which the Minister is quoted as saying,

"We were keen to see the fallout from that not impact on the Australian operations [and] as a result of the meetings we were able to get a clear commitment from both Ford and GM to their Australian operations."

- (b) What exactly did this commitment entail?
- (c) Was there a timeline or was it open-ended?

ANSWER

The discussions were between the Minister and the motor vehicle producers. The Department is not aware of the precise nature of any commitment given.