

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Supplementary Budget Estimates 2005-2006, 2 November 2005

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES
OUTCOME/OUTPUT: Outcome 1, Output 1.2
TOPIC: MINISTER MACFARLANE'S COMMENTS TO THE FEDERATION OF AUTOMOTIVE PARTS MANUFACTURER'S
REFERENCE: WRITTEN QUESTION

QUESTION No.SBI-65

Senator Campbell asked:

I refer to a 25 July article in the *Australian Financial Review* entitled 'Drive to keep local car jobs' which states that:

'Rather than international competition, [the Minister] blamed [auto component company] closures on recent enterprise deals with unions...and increased flow-on cost pressure on component makers.'

- (a) Is the Department aware of this?
- (b) Did the Department advise the Minister in relation to this?
- (c) How does the department rate the general influence of international competition in this sector (eg the rise of China etc)?
- (d) Is this more or less a factor than enterprise bargaining arrangements at individual companies?
- (e) Has the Department conducted any studies or done any economic modelling to underpin this reasoning?

ANSWER

- (a) Yes, the Department is aware of the article.
- (b) The Department cannot comment on particular policy advice which may or may not have been given to the Minister, other than to say it provides a wide range of policy advice.
- (c) The automotive industry is a global industry and subject to a range of global and local pressures. International competition in the sector, including increasingly from China, is a significant factor in shaping the industry.
- (d) The Department is not in a position to comment on the impact of enterprise bargaining arrangements on individual companies, other than to note that such arrangements can vary considerably.
- (e) No.