

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates Hearing 2013-14
21 November 2013

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Automotive Industry

REFERENCE: Written Question – Senator Carr

QUESTION No.: SI-67

1. What is the Department's assessment of the recent report released by the Federal Chamber of Automotive Industries on the strategic role of the Australian Automotive Manufacturing Industry?
2. What are the spillover benefits from the Australian automotive industry into other parts of the manufacturing sector and wider economy?
3. How many people does the automotive industry employ directly?
4. How many jobs does the automotive industry support indirectly?
5. How many businesses rely on the automotive industry and form part of the supply chain?
6. Has the Department commenced any preliminary, scoping or other work on a transition package for auto workers and businesses should the industry fail?

ANSWER

1. The report adds to the debate about the importance of the industry to the economy and the economic impact should motor vehicle production in Australia cease.
2. Spillover effects are very difficult to quantify. Nevertheless, a study of patent citations by Bart Verspagen for the Bracks Review of Australia's Automotive Industry in 2008, found the industry generated significant technological spill-overs to the machinery and equipment manufacturing sectors.

Further, a qualitative study undertaken by Techstrat Research P/L for the Bracks Review found that the innovative nature of the industry, combined with its strong linkages with other industries, generated a range of common spill-overs including transfer of labour and skills, transfer of high-tech engineering and design capabilities and the uptake of lean management principles.

Both studies were published in the Bracks Review. A copy of the Review can be found at: <http://www.innovation.gov.au/industry/automotive/Documents/ReviewofAustraliasAutomotiveIndustry.pdf>.

3. The Australian Bureau of Statistics Labour Force report for motor vehicle and motor vehicle parts manufacturing states that the industry employed 45,007 persons on average in the year to August 2013. This total includes bus, truck and automotive aftermarket manufacturing. The Department estimates around 30,000 people are directly employed in the passenger motor vehicle manufacturing industry.

4. There are various estimates of the number of indirect jobs supported by automotive manufacturing in Australia. The Allen Consulting Group report identifies a range of estimated multipliers from 2.9 through to four for the industry as a whole.
5. There are currently 141 supply chain companies registered for the Automotive Transformation Scheme.
6. Yes.