
The Parliament of the Commonwealth of Australia

Shifting gears

Employment in the automotive components manufacturing industry

House of Representatives
Standing Committee on Employment, Workplace Relations and Workforce
Participation

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Foreword

A strong automotive industry is often cited as the basis of most developed nations' economic prosperity. The employment opportunities, technological advances, skills development, engineering and educational qualifications directly required in the industry give it a prominence that few can emulate. Importantly the automotive supply chain, as well as the aftermarket industries, are all too often dependent on a prosperous local automotive manufacturing base.

Australia has a long history in the manufacture of cars and car parts. The conventional wisdom that we need a thriving local industry is being challenged. Global automotive and automotive component production are undergoing the most significant shifts of their history. The contraction in the number of motor vehicle producers, the growth in wholly imported vehicles and the move to offshore component manufacturing are all cited as some of the challenges to overcome if we are to have a continuing automotive component manufacturing industry.

The pressures on the Australian automotive component manufacturing industry are intense. In response, there is a need to reassess and adjust: the market focus; leadership needs; labour and training programs; innovation and investment incentives; and the forward vision of the industry.

With these challenges in mind, the Committee considered this inquiry was timely for the industry and represented an important opportunity to tackle the range of issues in a holistic manner. Any inquiry into the automotive component sector must as a natural extension also review aspects of the automotive manufacturing sector itself. The two are inextricably linked, both in a policy setting and also in financial viability. While the Committee sought input from vehicle and components manufacturers, to its surprise and disappointment, some key industry peak bodies displayed a lack of interest in contributing to the inquiry and some component manufacturers were reluctant to participate, citing fears of retribution or loss of contracts.

These are internal cultural and leadership issues which the industry itself must address if it is to confront global changes in a unified and coherent manner. While the industry is facing significant challenges, the Committee is firmly of the view that an economically viable and globally competitive future is within its reach. A number of local automotive component manufacturers are successfully meeting these challenges.

This report assists the industry to set its own direction and proposes a number of recommendations that will strengthen Government policy and support to the automotive component industry.

The Committee investigated the training practices and skills needs of the industry. Recommendations are made to address the need for greater industry representation on training issues across the supply chain. The high degree of on the job training taking place within the industry is recognised and options for formal skills recognition are proposed.

Innovative training models aimed at engaging young people with the industry are explored. Recruitment practices suffer because of an unfair public perception that jobs are 'greasy'. Therefore, any initiatives aimed at removing this perception and promoting careers in the industry to students, teachers and parents are valuable.

While some parts of the industry are facing recruitment difficulties, other parts are being challenged by the impact of redundancies. There is a need for innovative strategies that allow the industry to work cohesively to find solutions to these workforce challenges, including the ability to retain these often sought after skills within the industry.

Large scale redundancies have unfortunately been a feature of the automotive industry, locally and internationally, in recent years. Labour adjustment programs are therefore examined and recommendations are included in the report aimed at ensuring that these programs take into account all affected sectors of the industry.

A focus on training, recruitment and labour adjustment programs address the immediate needs of the industry. There is also a need to focus on how to best position the Australian automotive components manufacturing industry to ensure its ongoing competitive viability and success in the global marketplace.


A series of recommendations are made that will focus investment incentives on establishing a clear niche market position of the industry. They focus on enhancing R&D assistance measures to ensure that Australia retains a share of the lucrative innovation and design market.

The Australian automotive components manufacturing industry has a long and vibrant history in Australia. While there are challenges to be met in light of a new

global marketplace, the industry has shown itself to be innovative, dynamic and capable of meeting change.

This report contributes to that future by articulating a path for a renewed vision that establishes respective responsibilities for industry and Government. It is hoped that a joint commitment to this vision will enable the Australian automotive components manufacturing industry to successfully shift gear and establish its competitive niche on the global market.

Mr Phillip Barresi MP
Chair



Membership of the Committee

Chair Mr Phillip Barresi MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr Mark Baker MP

Ms Jill Hall MP

Mr Chris Hayes MP

Mr Stuart Henry MP

Mrs Margaret May MP

Hon Roger Price MP

Mr Don Randall MP

Mr Ross Vasta MP

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Terms of reference

Inquiry into employment in the automotive component manufacturing sector

On 6 December 2005 the Minister for Employment and Workplace Relations requested the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation inquire into and report on employment opportunities and challenges in the Australian automotive component manufacturing sector with a focus on the following issues:

- current and future employment trends in the industry;
- emerging skill shortages and appropriate recruitment and training strategies;
- labour adjustment measures required to assist redeployed and affected workers; and
- measures to support skills development, innovation and investment in the industry.



List of abbreviations

AAAA	Australian Automotive Aftermarket Association
ABS	Australian Bureau of Statistics
ACE	Automotive Centre of Excellence
ACIRRT	Australian Centre for Industrial Relations Research and Training
ACIS	Automotive Competitiveness and Investment Scheme
ACP	Automotive Component Producers
ADCA	Australian Die Casting Association
AISG	Automotive Industry Strategic Group
AMTP	Automotive Machine Tooling Producers
AMWU	Australian Manufacturing Workers Union
APEC	Asia Pacific Economic Cooperation
ASP	Automotive Service Providers
ATA	Automotive Training Australia
BIC	Bus Industry Confederation
CRC	Cooperative Research Centre
DEST	Department of Education, Science and Training

DEWR	Department of Employment and Workplace Relations
DITR	Department of Industry, Tourism and Resources
EBA	Enterprise Bargaining Agreement
ETM	Extensively/ Elaborately Transformed Manufactures
FAPM	Federation of Automotive Product Manufacturers
FCAI	Federal Chamber of Automotive Industries
FTA	Free Trade Agreement
GSM	General Skilled Migration
LAP	Labour Adjustment Programme
MMAL	Mitsubishi Motors Australia Ltd
MODL	Migration Occupations on Demand List
MTA	Motor Trades Association
MVP	Motor Vehicle Producer
NAMIG	Northern Advanced Manufacturing Industry Group
NEIS	New Enterprise Incentive Scheme
NSSS	National Skills Shortages Strategy
OEM	Original Equipment Manufacturer
R&D	Research and Development
RS&R	Retail, Service and Repair
RSMS	Regional Sponsored Migration Scheme
SAFSA	Structural Adjustment Fund for South Australia
UK	United Kingdom
VACC	Victorian Automobile Chamber of Commerce
WTO	World Trade Organisation



List of recommendations

3 The Australian automotive components industry

Recommendation 1

The Committee recommends that the Australian Bureau of Statistics publish disaggregated data on the automotive industry to the level of the automotive component manufacturing sector.

Recommendation 2

The Committee recommends that, as a matter of priority, the Department of Education, Science and Training clarify the position of Automotive Training Australia and Manufacturing Skills Australia in representing the needs of the automotive components industry.

The Committee further recommends that the Department of Education, Science and Training review the status of Automotive Training Australia giving consideration to:

- its position with or as an industry skills council;
- its capacity to adequately represent the training needs of the sector; and
- measures to ensure that there is equitable involvement and representation of industries across the automotive supply chain.

Recommendation 3

The Committee recommends that the Australian Government Minister for Vocational and Technical Education, raise as a matter of priority at the next Ministerial Council on Vocational and Technical Education the issue of skills and training within the automotive components manufacturing industry in order to establish a unified and coordinated approach across all levels of government to the skills and training needs of the industry.

Recommendation 4

The Committee recommends that the Department of Education, Science and Training ensures that the automotive industry manufacturing training packages review take into account:

- processes for recognition of on-the-job training;
- access to these and other such arrangements for any future displaced workers;
- current skills needs and strategies to address future skills shortages within the industry; and
- integrated training across the supply chain to facilitate transferability across industry sectors.

Recommendation 5

The Committee recommends that the Australian Government pilot the 'Concept 2 Creation' Program as developed by the Northern Advanced Manufacturing Industry Group in other areas of concentrated manufacturing employment and consider mechanisms to ensure access to ongoing funding for these programs.

Recommendation 6

The Committee recommends that the Australian Government support the consolidation of existing training resources to enable the establishment of a centralised teaching foundry to service the casting industries.

4 Skills needs and labour adjustment measures

Recommendation 7

The Committee recommends that the Australian Government include automotive engineering as a national priority area for higher education fee concession schemes.

Recommendation 8

The Committee recommends that the Australian Government investigate options to encourage the retention of local and foreign-born engineering graduates within Australia, including measures to facilitate entry into the workforce in areas of skills shortages.

Recommendation 9

The Committee recommends that the Australian Government support the establishment of an automotive component manufacturing leaders forum to develop strategies aimed at improving recruitment and overcoming stereotypes surrounding the image of the industry.

Recommendation 10

The Committee recommends that the Australian Government commission a national study on the post-redundancy outcomes for workers in the automotive industry which takes into account:

- employment, educational and social outcomes for those individuals accessing a formal labour adjustment program; and
- employment, educational and social outcomes for those individuals made redundant in the automotive component manufacturing sector not covered by a labour adjustment program.

Recommendation 11

The Committee recommends that the Australian Government develop a general labour adjustment program for the automotive component industry that focuses on:

- provision of training and employment support strategies to assist employees while they are still employed;
- targeted training to up skill displaced workers into areas of skills needs;
- addressing the concerns of the wider community about the impact on regions where the automotive components industry is a major employer; and
- provision of support to companies along the supply chain to promote sustainability in the industry.

5 Driving the industry's future**Recommendation 12**

The Committee recommends that the Australian Government review R&D assistance available to automotive component manufacturers to assess whether it is commensurate with incentives offered internationally.

Recommendation 13

The Committee recommends that the Australian Government extend R&D assistance to work undertaken by Australian based automotive component manufacturing subsidiaries of multinational companies where it can be demonstrated that the work is to be undertaken in Australia to benefit Australian products.

Recommendation 14

The Committee recommends that the Australian Government commit to progressing, in partnership with industry, the stage two development of the Automotive Centre of Excellence in Melbourne. This may necessitate some Government start-up funding and addition to coordination support.

Recommendation 15

The Committee recommends that the Australian Government support the development of automotive component industry specific trade facilitation to ensure that Australian component manufacturers are able to access foreign markets.

Recommendation 16

The Committee recommends that the Australian Government, in partnership with industry, renew and communicate its vision for the automotive component industry that sets out the priority issues and measures to establish Australia as a niche market for innovation and investment.

Recommendation 17

The Committee recommends that the Australian Government reintroduce reporting on the level of local components in locally manufactured vehicles, consistent with World Trade Organisation obligations.

Recommendation 18

The Committee recommends that the Australian Government review of Automotive Competitiveness and Investment Scheme in 2008 consider:

- current eligibility categories and priorities; and
- the effectiveness of the scheme in assisting the Australian industry to best position itself to be globally competitive and self-sustaining in the long-term.

