



24 October 2016

Office and the Clerk Assistant (Committees)
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Via email: jsct@aph.gov.au

To the Secretary,

In the hearing of this Committee on 17 October 2016, I took on notice to provide the Committee with additional information about the closure of the MG-Rover Factory in the UK.

To that end, please find attached the reported titled *Success and failure in the UK car manufacturing industry* from the Trade and Industry Committee of the House of Commons. This report, particularly Section 4, highlights the program that was rolled out by the government to support the workers, businesses and communities that relied on this plant.

Of particular interest is the statement in the report that: “the success of earlier efforts to help the local economy diversify and in part to the fact that Rover’s troubles in 2000 had alerted suppliers to the risk of too-heavy a dependence on the company, leading them to diversify customers and products.”

This highlights the need to intervene as early as possible in order to assist businesses to diversify in areas where there is an identified risk to future economic growth.

The benefits of this approach can be seen in the following employment figures from the regions around the closed MG-Rover plant¹:

¹ <http://www.bbc.com/news/uk-england-32133364>

Unemployment	Longbridge	Northfield	Birmingham
April 2005 (pre closure)	628 (3.9%)	2,579 (4.1%)	31,690 (4.9%)
May 2005 (immediately post closure)	1,009 (6.2%)	3,632 (5.8%)	34,136 (5.3%)
March 2010 (height of recession)	1,322 (8.1%)	4,887 (7.7%)	50,946 (7.5%)
January 2015	606 (3.7%)	2,498 (3.9%)	31,600 (4.5%)

We can see here that the unemployment rates in the areas around the MG-Rover have returned to their pre-closure levels, something which I highlighted has not happened in the areas surrounding the Mitsubishi plant in South Australia.

As highlighted in the hearing, there were other flaws in the MG-Rover model, including the large number of former employees on lower rates of pay and in jobs that did not fully utilise their skills.

So, while there is certainly plenty of scope to improve on the MG-Rover, I believe that its focus on early intervention with at-risk industries and their supply chains is an important lessons that the Committee should draw upon. Developing new industries and assisting existing businesses to adapt to structural change is a vital aspect of a just transition.

Yours sincerely,

Warren Tegg
National Research Officer
Australian Manufacturing Workers' Union