

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates 2014-15
23 October 2014

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Automotive Transformation Scheme

REFERENCE: Written Question – Senator Xenophon

QUESTION No.: SI-77

1. What surveys, what modelling has the Department undertaken on the impact of the proposed cuts to the ATS, in terms of the supply chain and Original Equipment Manufacturers (Ford, Holden and Toyota)? Has an assessment been carried out as to whether and how many supply chain firms will be affected by a closure?
2. What contingency measures do you have in place should one or all of the automotive manufacturers cease production earlier than announced?
3. What undertakings do you have from Ford, Holden, and Toyota, that they will commit to their announced end dates of 2016 and 2017 respectively?
4. Are you aware of any examples in the automotive components sector that have recently undertaken successful diversification?
5. Whilst the PC Report dismissed the impact of a multiplier effect in terms of job losses, has the Department performed any modelling on the predicted number of job losses in the automotive industry, and the wider economy?
6. Can you please provide the figure of predicted direct job losses, as well as your predicted multiplier effect on jobs?
7. What new initiatives is the Department planning in respect of ensuring the viability and diversification of the existing supply chain? What level of funding is there for new initiatives to ensure the viability of the supply chain?
8. If a genuine contender for a new car-maker approached the Department tomorrow, what funding and support does the Department have on hand to assist?
9. Is there any specific assistance from the Department for potential new car-makers and has the Department been approached by potential new car-makers? Is the Department considering funding for the business plan for these new car-makers so that it can be further assessed?
10. In the PC Report, there is an admission that the magnitude of job losses will very much depend on the extent to which component manufacturers are able to diversify into export or other markets. Do you concede that there is a direct link between job losses and available funding through the ATS? Further, has any modelling been undertaken, or any surveys in respect of this?
11. Has the Department and/or the Government considered varying the eligibility criteria for the ATS given the impending departure of the three OEMs in Australia by the end of 2017?
12. The South Australian Government's \$11.65 million Automotive Supplier Diversification Program has been welcomed by local industry in Australia. How does the ATS work in conjunction with that and can there be a synergy between the ATS and the South Australian Government scheme?
13. What support has been given for the transition of workers in the sector? Is this concentrated on the OEMs – to what extent is the supply chain impacted or assisted?
14. Adelaide is set to have a high degree of job losses in Northern Adelaide in the fall-out from the subs and automotive industries. Regions in Victoria will experience the same. Has the Department performed any modelling in regard to re-training and re-skilling these workers?
15. Where does the Department envisage that these workers will be re-employed within the manufacturing industry when so many jobs are to be lost in the next 18 months?

ANSWER

1. The Department has undertaken an assessment on the impact of the proposed cuts to the ATS on the supply chain and the Original Equipment Manufacturers (OEMs). The Department has assessed the number of supply chain firms that may be affected by the closure of the automotive manufacturing in Australia.
2. The OEMs have advised the Department and stated publically they intend to manufacture until their announced closure dates. The Growth Fund is assisting firms and workers with the transition from automotive manufacturing.
3. Ford, Holden, and Toyota have made numerous public statements to this effect.
4. There are numerous examples of firms participating in the Automotive New Markets Program who have implemented projects that have successfully diversified their businesses.
5. The Department has undertaken modelling on the number of predicted direct automotive job losses through the economic reviews of South Australia and Victoria. The Department has not undertaken modelling on job losses in the wider economy.
6. The estimated number of direct automotive job losses is up to 27,500 Australia wide. The Department does not use a predicted jobs multiplier.
7. The \$20 million Automotive Diversification Programme (ADP), an element of the \$155 million Growth Fund, will provide \$17 million in grant assistance to help Australian automotive supply chain companies diversify out of the domestic motor vehicle manufacturing sector through investment in capital equipment.
8. The Automotive Transformation Scheme (ATS) could provide some assistance, subject to a genuine contender satisfying its legislated requirements.
9. There is no specific assistance for potential new motor vehicle producers. The Department has been approached by firms interested in becoming new motor vehicle producers in Australia. The Department has not received any requests for funding for their business plans.
10. The Department does not consider that there is a link between automotive job losses and available ATS funding, and the Department has not undertaken any modelling in respect of this.
11. No.
12. The ATS will underpin automotive investment made by the supply chain until the closure of the domestic motor vehicle manufacturing. The South Australian Government's Automotive Supplier Diversification Programme has synergies with the Australian Government's Automotive Diversification Programme.
13. The Growth Fund's Skills and Training Initiative, funded jointly by Holden and Toyota with \$15 million each, will help Holden and Toyota workers transition to new jobs when the companies close their domestic manufacturing operations at the end of 2017. Workers in the supply chain are being assisted through support provided by the Victorian and South Australian state governments with their respective Workers in Transition Programmes. This support is part of the redeployment strategy agreed to by the three governments, as well as

Holden and Toyota, to provide impacted automotive workers with the information, knowledge, skills and support they need to successfully transition to new jobs.

14. The Department has not performed any modelling in regard to re-training and re-skilling automotive workers in Adelaide.
15. The three governments, in partnership through the Growth Fund and associated initiatives, are working together on a redeployment strategy to assist displaced automotive workers build on their existing skills and acquire new skills transferrable to other growth sectors, including: food and agriculture; oil and gas; mining equipment, technology and services; advanced manufacturing; health and community care and services; and biomedical products.