



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Automotive Industry

SPEECH

Tuesday, 10 December 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Date Tuesday, 10 December 2013
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Questioner
Speaker Zappia, Tony, MP

Source House
Proof No
Responder
Question No.

Mr ZAPPIA (Makin) (15:34): Internal divisions within the coalition government, ignorance and ideology are destroying Australia's automotive manufacturers. I will respond quickly to a couple of points that the Minister for Industry made. Firstly, in respect of who is politicising the issue, it was politicised by those opposite, by the government, when they ordered a Productivity Commission inquiry that will conveniently report at the end of March, after the South Australian state election. How convenient is that. Members opposite talk about the problems of Ford and Mitsubishi, but neither left this country because of a lack of support from Labor governments. In fact, Mitsubishi, when they left South Australia, had to refund money to the government, which shows that their departure was never because of a lack of support from the government.

Let us look at the reality, some of the facts. In today's *Advertiser* it was reported that, according to an independent study carried out by the National Institute of Economic and Industry Research, Australia stands to lose 90,000 jobs across the country if we lose the automotive sector, and the economy will take an \$8 billion hit as a result of that. By the year 2020, the net economic hit that this country will take will be \$24 billion. The same study concluded that, if Holden alone closes, the hit will be \$4 billion per annum and there will be 65,000 jobs lost—23,800 in Victoria, 11,600 in South Australia, 15,000 in New South Wales and 8,000 in Queensland. Those figures are even worse than the figures previously put out by the AMWU, who carried out their own study of this very issue.

The fact is that, since the election, there has been a relentless campaign by some coalition members and some media commentators, talking down and tearing down Australian car makers and, in turn, the value of the auto manufacturing industry to the Australian economy. I can understand those people who take a stand on ideological grounds but I cannot understand those who simply refuse to look at the economic facts that surround this issue. The real question is not whether we can afford to support an auto manufacturing industry in this country. It is: can we afford not to? The reality is that we cannot afford to not support the auto industry in this country. If GMH goes down, it is very likely that Toyota will follow because their component suppliers will not be able to produce at the competitive rates that they currently do.

So this debate is not about the future of GMH and Toyota. GMH and Toyota will stand or fall on their global operations, not on their operations in Australia. It is about the future of Australian jobs, Australian manufacturing capability, Australian small- and medium-sized businesses and Australian research and development. That is what it is all about. If you want to get more statistics on that, two suppliers were mentioned in a submission to the Productivity Commission today. BlueScope Steel stands to lose \$18 million a year as a result of the need for their product being cut and Toll Holdings and PrixCar will lose about \$47 million a year as a result. Those are only two of hundreds of Australian businesses that will be affected.

As the shadow minister has quite rightly said, for every dollar of government support, the return to Australian taxpayers is about 10 times over. For every dollar of government support provided to GMH the return has been 18 times that. The real question is: what will it cost if we do not continue to support Australian car makers? My understanding is that economic losses will be anything up to \$26 billion. Another submission to the current Productivity Commission inquiry was from Dr Phillip Toner of the Department of Political Economy at the University of Sydney, who said:

Production taxes on value added of around \$12.4bn exceed the value of assistance by a large margin. GST on production alone would amount to around \$1.4bn. If other production related taxes are included such as payroll tax, land tax and stamp duties and income tax for the 50,000 employees, the value of tax paid by the sector is likely to be some orders of magnitude greater than the value of assistance.

It is time coalition members opposite stopped undermining their own minister, who at least understands the industry. They should take advice from one of their own senior members, former Senator Nick Minchin. They

should support Australian car makers and Australian families and stop hiding behind another Productivity Commission inquiry.