



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

Federation Chamber

BILLS

**Appropriation Bill (No. 1) 2016-2017,
Appropriation Bill (No. 2) 2016-2017,
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Departments) Bill (No. 1) 2016-2017**

Second Reading

SPEECH

Thursday, 13 October 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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| Speaker Sharkie, Rebekha, MP | Question No. |

Ms SHARKIE (Mayo) (11:36): The automotive manufacturing industry in Australia is dying, and I think it is a needless death. With the closure of Mitsubishi in South Australia in 2008 and the closure of Ford in Victoria last Friday, we are no longer making Territories. Holden is now the last major player still operating. In 2017—in just one year—it, too, will shut its doors. While the Holden plant is not in my electorate, my electorate will sharply feel the pain of its closure. We are witnessing not just the death of the iconic Australian-made car but the end of thousands of Australian jobs. Thousands of families have been, and will be, affected. Many have suffered, and will continue to suffer. Many of these families come from the more disadvantaged communities in Australia. The tragedy of Ford's closure in Geelong is immense. While the carbon fibre research facility at Deakin University promises to be a job creator in that region, it will be too little, too late.

After the death of the Falcon comes the death of the Commodore—both icons of Australia. This tsunami of job losses is coming for South Australia next. It is going to devastate the entire northern suburbs of Adelaide and its effects are going to reverberate throughout the whole of the state of South Australia. This is not just a tragedy for the Australian manufacturing sector; it is a tragedy with a human face. Whilst more than 1,400 workers at Holden will lose their jobs when the factory closes, Professor Spoehr from the University of Adelaide estimates that the total loss will be approximately 12,000 jobs across 500 automotive components suppliers and the other businesses in the community that depend on their prosperity to survive.

My heart reaches out to the families that will suffer and struggle when the jobs are gone. My heart goes out to the people who have worked at Holden for a generation and will be forced to go back to the drawing board—who will be forced to start again. My heart goes out to the shops and the corner delis that rely on the economic affluence of their community in order to keep their doors open. And my heart goes out to the families who will end up struggling to pay for their kids' Christmas presents next year and will struggle to pay for ordinary bills—their rates and their electricity bills.

Perhaps globalisation and international competition have made this whole process inevitable. Some say Holden could never have been saved. But this is not progress. Whilst it may be too late for the Holden factory itself, it is not too late for the businesses, the workers and the families who have been depending on that factory for their livelihoods. I repeat, it is not too late, and we cannot give up on them. When a change of government policy leads to adjustment costs that create great social suffering, the government needs to step in and make the transition for those who are affected as easy as possible.

Free trade may be well and good, but we must always remember that behind every economic transaction there is a human story. The removal of protection for the car industry might have been a long time coming, but it is no less painful for those who are affected. Not everyone has capacity; not everyone is as agile as they might like to be. So many families will be focusing week to week—and have been for years—on paying their mortgage, on paying rent, on making sure their children get to school. Finding a new career in, possibly, a new industry is a very high bridge to cross.

I am calling on the government to step up and do more to help those who are affected by the closure of the automotive industry. I am not seeking to blame anyone; I am seeking solutions—and that is the job of every person in this place. Automotive producers and service providers can apply to access the Automotive Transformation Scheme. This scheme has \$2.5 billion of funding, and just under half of the scheme—a whopping \$1.24 billion—remains underspent. The scheme is an excellent idea in principle, but there are so many automotive industry businesses that cannot access those funds, simply because the eligibility criteria are too strict. Currently this scheme only allows a successful applying business to spend money on capital and research related to the automotive sector. However, the closure of Mitsubishi, Ford and Holden means that many automotive businesses will not be able to remain in the industry.

The eligibility criteria also require businesses to meet strict production quotas in order to access the scheme. This sounds good in principle but stops producers of small-volume but high-quality products from accessing the scheme. For example, Supashock is a small business in Magill, just outside of my electorate, that currently employs 25 staff. Supashock produces high-quality, specialised shock absorbers. Since launching their product in 2012 they have grown by over 150 per cent per year. They have outgrown their current facilities and need to expand. They estimate that they are currently able to support around 100 Australian jobs just through their supply chains. After supplying to the V8 supercars, Supashock now supplies to all of the top-rated racing cars in Australia, and they are even starting to branch out into commercial vehicles as well. Supashock has signed contracts with both Defence and mining, where their technology will be used to prevent rollovers and to save the lives of both soldiers and miners. With these added contracts, Supashock will have the scope to expand to at least 120 full-time jobs. They also have an undergraduate job experience program with Flinders University, and the best students are then employed into the business.

However, despite all of their innovation and agility—'agility', the word of 2015-16 in this parliament—Supashock cannot access the Automotive Transformation Scheme. This is because they do not produce enough of their high-quality components to meet the eligibility criteria. The threshold is 30,000. Supashock is ready to be turbocharged. They could take on some of the automotive workers about to lose their jobs with the closure of Holden, saving some of them from the tsunami and devastation to come. Supashock could be a small but important part of the solution, and yet, because the eligibility criteria are too strict, Supashock and other businesses like them cannot access this capital and, therefore, they cannot even expand as they would like to and quickly take on more staff.

The multiplier effects are stronger in manufacturing than in other sectors because they have more developed and elongated supply chains. According to work done by the Australia Institute, the job multipliers in specialised high-technology manufacturing operations can be as high as 10 to 1. Even if this number were overstated, it demonstrates that for every job we can save or create when Holden closes we can save more jobs in other shops, trades and businesses across South Australia. Many of the current automotive product and aftermarket product providers still have time to diversify and adapt, if only we can provide them with access to assistance from the Automotive Transformation Scheme. If these businesses can survive and grow we can build at least some of the levees against that tsunami.

We can also rescue some of those who have already been hit. Not all businesses will be able to continue in the automotive industry but many may be able to transform themselves into new businesses, such as exporters of design, engineering services, engineering products and even high-quality food production, which is a big part of my electorate. Other existing automotive businesses could become other advanced manufacturers. Beverage manufacturing is the largest manufacturing sector in Australia, and in South Australia we grow the best food in the world and we make some of the best beverages, much of it in my own electorate of Mayo.

I am thus proposing two changes to the eligibility criteria for the Automotive Transformation Scheme: firstly, that the required thresholds for both quantity and value of the scheme are reduced significantly and, secondly, that funds from the scheme can be used by current automotive industry businesses to diversify, retool and transform into other industries. Imagine: if we could turbocharge these industries, we could provide jobs so that many of those who will be losing their jobs when Holden closes will have a new life. Enhancing access to the Automotive Transformation Scheme by broadening the eligibility criteria will help the South Australian economy make the transition with as little pain as possible.

Again, while it might be too late for Ford and Holden, it is not too late for the businesses, the workers and the families who have been depending on the factories for their livelihoods—we must not give up on them. I thus appeal to the government to make it even more accessible for businesses and use the remaining \$1.24 billion in the Automotive Transformation Scheme so that we can turbocharge them through this difficult transition. The livelihoods of so many Australians are depending on us.