

Submission to the Productivity Commission by:

Diver Consolidated Industries
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May 9th, 2002

L02/030

Automotive Industry Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Att: Mr. Gary Banks

Dear Mr. Banks,

Re: The Productivity Commission Review of Post 2005 Assistance Arrangements for the Australian Automotive Industry.

Diver Consolidated Industries (DCI) is an Australian owned and operated business that has supplied components, tooling and engineering services to the Australian Automotive Industry since its effective inception with the Holden 48-215 just after World War 2.

Our company has “grown-up” with the industry and remains nearly entirely dedicated to it. Employing almost 150 people in Melbourne’s northern suburbs DCI will, in 2002, reach a turnover of nearly A\$24 million. The encouragement and need to become internationally competitive has recently seen DCI expand its horizons. We are now internationally connected with technology agreements and export business links in place, which have created and will continue to generate significant expansion opportunities.

Having established a fine reputation as a dependable and service orientated supplier, DCI has in recent years substantially increased its level of investment in both capital and people. This growth and the confidence to continue investing cannot be maintained without a well-defined and solid vision for the sector. DCI fully endorses the submission to the Commission made by the Federation of Automotive Products Manufacturers, (FAPM), and wishes to highlight the following specific points:

1. ACIS

It is of the utmost importance to our short-term investment strategies that the current Automotive Competitiveness and Investment Scheme (ACIS) continues unchanged through to its scheduled conclusion at the end of 2005. This scheme has been a major influencing factor in DCI’s capital and R&D investment plans over the past two years. We strongly believe it must be replaced with a similar arrangement post 2005 if our current expansion projections are to eventuate.

2. Market Access

With regard to the Industry’s export objectives, we must not only combat a tyranny of distance, but also a tyranny of scale. Overseas market access for automotive exports on a fair and equitable basis is essential for local manufacturers to attain the production volumes so critical if we are to become and remain internationally competitive. Sadly, many markets effectively remain closed to us. Without free access to export markets on the basis of merit, the falling quantities of domestically purchased Australian made cars will continue to drive our cost base up. Market access, therefore, is key issue for the industry.

3. Education, Training and Research & Development.

There is ample evidence to conclude that today's young people do not perceive the automotive manufacturing industry as a career path of choice. Secondary and tertiary institutions are not sufficiently aligned with the sector to service our needs in the provision of the future's workforce.

Greater focus must be placed on Industry involvement in the promotion of automotive careers and syllabus construction. The training and development of new employees can and should be linked with a drive to partner the Industry with public research and educational institutions. A process whereby the automotive industry is encouraged to partner in R&D investment with teaching institutions at the inception of new technology would be of great mutual benefit for the parties concerned.

4. Industrial Relations

DCI fully supports the present Enterprise Bargaining Process. This has enabled the company to establish and maintain a fine working relationship with our people with effectively no industrial disruption in the last ten years. Any moves to industry wide "pattern bargaining" agreements will be to the detriment of our on-going viability and competitiveness.

We look forward to the publication of the Commission's findings and sincerely hope that our input will assist in the establishment of a plan to ensure an on-going, viable and growing Australian Automotive Industry.

Yours faithfully,

Jim Griffin
General Manager
Diver Consolidated Industries