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Who Killed the Australian Automotive Industry: The Employers, Government or Trade Unions?

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Introduction

In all likelihood, the end of Australian automotive manufacturing is imminent. The last remaining producers, Ford, General Motors Holden (GM Holden) and Toyota have announced that they will close their manufacturing operations in Australia in 2016 and 2017. This paper will examine the background to this announcement that will see the cessation of an industry which began in Australia almost 100 years ago. It will analyse the factors involved in the decline of an industry that has played a pivotal role in the development of Australian manufacturing and which became a major source of employment and prosperity.

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During 2013, after Ford's announcement that it would close and when it was becoming increasingly apparent that the days of automotive manufacturing in Australia were numbered, a clear argument gained prominence in the public discourse seeking to apportion blame for the likely confirmation by GM Holden and Toyota that they would close their Australian manufacturing operations. The supposed responsibility of Australia's industrial relations system and, more specifically, the role of unions within it for the industry's demise was a key focus of this argument. For example, soon after GM Holden made its announcement, the Australian Financial Review (2013) published an editorial titled "IR system kills the car industry." This followed the Chief Executive of the Australian Industry Group's claim that the automotive producers were "doing it tough and the unions in particular in some ways are preying on weakness [by] taking advantage of the opportunity to try and gain as much for their members in a very tight time" (Potter 2013). In the lead up to the subsequent announcement of Toyota's closure, Industry Minister Ian Macfarlane implicated unions and the industrial relations system more generally by calling upon "employees on the shop floor to think about their futures and the need for competitive work practices… The unions need to show leadership. The priority should be preservation of jobs, not maintaining archaic conditions in the award" (Massola and Hawthorne 2014).

The objective of this paper is to examine the possible reasons for the automotive companies closing their Australian manufacturing operations including reductions in government assistance to the industry, the volatility in exchange rates, global strategic decisions by the parent companies to shift production to expanding markets in Asia, and the role of trade unions and industrial relations. It will be argued that industrial relations issues have been historically important in the development of the automotive industry. But despite assertions by influential policymakers, business groups and opinion leaders to the contrary, industrial relations played no significant role in the automotive industry's demise. Rather, the decline in the effective rate of protection accompanied by ultimately unsuccessful government assistance packages, the rising value of the Australian dollar, and the difficulties of domestic producers to maintain profitability were the most important factors in the decisions of Ford, GM Holden and Toyota to close their local manufacturing operations.

We examine each of these factors in turn by drawing upon secondary sources and more than seventy-five interviews conducted over several years with key participants in the Australian automotive industry including management personnel, government representatives and union officials. The paper will conclude by considering the possible options for retaining some aspects of local automotive manufacturing in the future.

The Demise of the Australian Automotive Industry

The decisions by Ford, GM Holden and Toyota to close their Australian manufacturing operations followed a marked decline in profit performance dating back to the mid-2000s (see Fig. 10.1). Additionally, a surge in the proportion of the domestic consumer market occupied by imports,

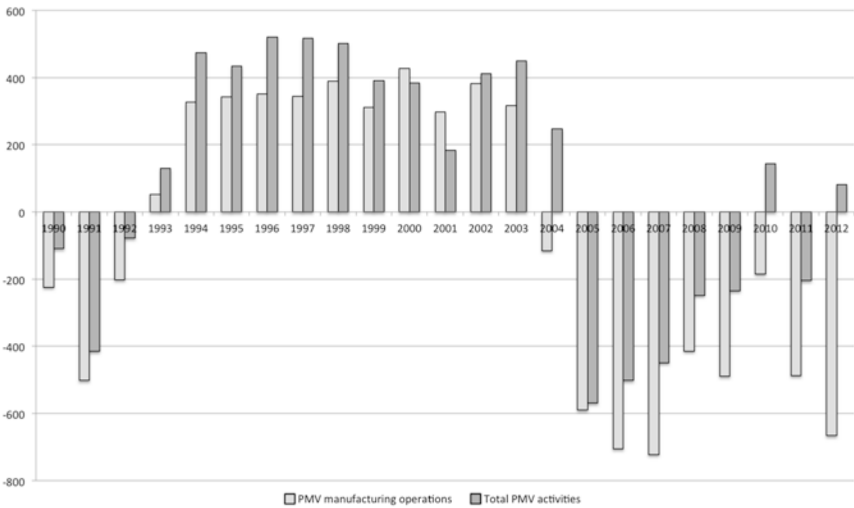

Fig. 10.1 Profit performance of local passenger motor vehicle (PMV) producers, net trading profit (A$M), 1990–2012. Source: Department of Industry (various issues), Key Automotive Statistics, Australian Government: Canberra

Table 10.1 Sales volume of locally produced and imported vehicles by Segmanet, 1992–2012 (selected years)

	1992	1997	2002	2002	2012
Light/small					
Locally produced	61,392	22,348	0	0	28,690
Imports	76,551	205,830	231,178	360,279	360,612
Medium					
Locally produced	65,342	25,698	20,536	26,336	27,230
Imports	20,678	23,441	18,415	66,243	60,444
Large					
Locally produced	125,664	196,717	185,516	124,240	53,642
Imports	6191	2577	2832	15,437	9454
Other[a]					
Locally produced	8022	8906	11,333	6686	1461
Imports	42,587	54,836	70,430	37,798	34,851
Total					
Locally produced	260,420	253,669	217,385	157,262	111,023
Imports	146,007	286,684	322,855	479,757	465,832

Source: Department of Industry (various issues), Key Automotive Statistics, Australian Government: Canberra

[a]"Other" includes upper large, people movers, sports, prestige and luxury vehicles

which increased from 31 per cent of all vehicles sold in 1992 to 81 per cent in 2012 (see Table 10.1), also made it more difficult for the companies to justify maintaining their Australian plants. As their share of the domestic market dwindled, local manufacturers became more reliant on fleet sales but even here they faced difficulties, with the Australian government switching a key fleet vehicles contract from GM Holden to BMW in December 2013 (Kenny 2013). Three factors can explain the declining performance of the local automotive industry. First, the protectionist policies that governments had used to develop the industry in the period between the early twentieth century and the 1970s were abandoned. Despite some evidence of short-term success, the assistance packages introduced in the post-protectionist era to encourage local producers to compete and to modernise their production strategies ultimately failed to deliver sustained performance improvements. Second, fluctuations in the value of the Australian dollar, particularly its sharp appreciation during the mining boom of the mid-2000s and its further rise following the global financial crisis of 2008–2009, increased the relative cost of vehicles produced in Australia thereby eroding the competitiveness of local manufacturers in both domestic and export markets. And third, the strategic decisions of global parent companies also contributed to the difficulties that local producers faced in establishing a presence in export markets. The role of these factors along with industrial relations issues in contributing to the demise of the automotive industry will now be examined.

Tariff Protection and Industry Assistance

The foundations of Australian automotive manufacturing can be traced to the "protectionist settlement" created in the early 1900s, whereby local manufacturers were protected from international competitors through tariffs. Additionally, the significant role in setting wages and conditions through the arbitration system granted unions the capacity to press for higher wages that manufacturing employers could absorb through increased prices with minimal risk of consumers choosing instead to purchase imported products, which were effectively priced out of the local market by high tariffs (Plowman 1992; Conlon and Perkins 2001).

Critics of industry protection argued that it led to inefficiencies and high costs with local manufacturers lacking the incentive to create high quality products and invest in new technology. According to Conlon and Perkins (2001: 2), from its beginnings in the 1920s and expansion in the late 1940s, Australian automotive manufacturing was a "case study in protectionism." Several influential accounts claim that the interdependent nature of policy arrangements underpinning the protectionist settlement meant that the removal of protectionism for manufacturers would expose them to competitive pressures, which would invariably place unions and industrial relations arrangements under strain (Plowman 1992; Kelly 1994).

The long-standing legacy of protectionist policy arrangements together with the absence of government oversight into the managerial decisions of the automotive companies shielded manufacturers and unions from performance-related concerns, which made the industry uncompetitive (Bell 1993). Struggling to compete against higher quality and cheaper imports from Japan and other economies that were rapidly industrialising, several local manufacturers closed and thousands of jobs were lost (Conlon and Perkins 2001). In the early 1970s, the Whitlam Labor government began the process of unwinding the protectionist legacy by reducing tariffs across the board by 25 per cent. The Hawke Labor government (1983–1991), which inherited an automotive manufacturing industry on the verge of collapse, continued this shift away from protectionism through the Passenger Motor Vehicle (PMV) Plan (known colloquially as the "Button Car Plan" after the then Industry Minister Senator John Button) in 1984. The PMV Plan sought to facilitate the reduction in the number of vehicle producers, increase the efficiency of those which remained, reduce tariff protection and abolish import quotas for the industry. Under the umbrella of "the Accord," a cooperative agreement with the unions to restrain wage and price inflation and facilitate structural economic reform, the Hawke government established broad consensus for these changes between the employers and unions (Wright and Lansbury 2014). While Button saw his main task as weakening the "culture of protectionism" (Leigh 2002: 499), the PMV Plan was able to establish agreement on issues seen as critical to the automotive industry's future viability such as the upgrading of employee skills linked to wages, export facilitation schemes and increased government grants to enhance research and development (R&D). Despite some shortcomings, the PMV Plan was largely successful in meeting a number of its objectives, such as increased industry productivity and efficiency, lower car prices and greater export capacity among local manufacturers (Sohal et al. 2001: 482–483).

In contrast to the consensus-driven approach of the PMV Plan, the Keating Labor government (1991–1996) pursued a "market driven" approach to reform by exposing the automotive industry more directly to international pressures through sharp reductions in tariffs and introducing a system of enterprise-based collective bargaining as the primary method of determining wages and conditions (Capling and Galligan 1992). Shortly after the commencement of this shift in government policy in 1992, Toyota's head office in Japan established a new plant in Altona near Melbourne which incorporated "lean production" techniques and aimed to create a "regional manufacturing centre within Toyota's global manufacturing hub" (Lynch 1996). Fostering cooperative industrial relations with unions was an important part of this strategy. The "partnership" deal entered into with unions led the Australian government to hail Toyota as a model employer (Button 1998; Lansbury et al. 2006). Despite the apparent success of the Altona plant, which contributed to Toyota Australia's relatively strong performance during the 1990s and 2000s, Nissan cited the decline in tariff protection as a key factor for the decision to close its Australian operations in 1992 (Conlon and Perkins 2001: 146).

The Howard Coalition government (1996–2007) continued to reduce tariff protection for the automotive industry but provided some assistance to domestic producers in return for local investment through the Automotive Competitiveness and Investment Scheme (Lansbury et al. 2007: 16). The Howard government also focused on weakening the bargaining power of unions and threatened to withhold industry assistance unless the companies offered more individual statutory employment agreements to their employees. However, when these policies provoked hostility from the manufacturers as well the unions, the government backed down and the automotive industry continued to negotiate wages and conditions through enterprise bargaining (Wright et al. 2011).

The Rudd-Gillard Labor government (2007–2013) also oversaw a lowering of tariff protection on imported vehicles. Consequently by 2010, Australia had the third-lowest tariffs of any major economy with an automotive manufacturing presence (Bracks 2008: 1). Like the Hawke-Keating and Howard governments, the Rudd-Gillard government continued to provide financial support to the automotive industry through a Green Car Innovation Fund established in 2009 which promised A$6.2 billion of assistance to local manufacturers to incorporate environmentally friendly technology and improve fuel efficiency over an eleven-year period, contingent upon complementary investment by the industry. This fund was later reduced due to the government's budgetary difficulties during the global financial crisis and the reallocation of funds to natural disaster relief.

In an attempt to shift the production strategies of local producers from large vehicles towards smaller and more fuel-efficient vehicles in accordance with changing consumer preferences, the government's initiatives prompted commitments from Toyota to produce a hybrid Camry in

Australia, Ford to establish a new engine line, and GM Holden to introduce its Cruze small vehicle. However, these policies appeared to come too late to arrest the declining local market share of the Australian manufacturers. The Rudd-Gillard government presided over the closure of Mitsubishi in 2008, which announced its departure after a long period of poor local sales and export performance, despite financial assistance from Australian governments and its Mitsubishi's parent company in Japan (Wright et al. 2011). Despite increased government assistance, tariff rates during this period declined to their lowest levels in the history of the Australian automotive industry (see Fig. 10.2) and generally were much lower compared to most other countries with large automotive manufacturing industries (see Table 10.2).

After the election of the Liberal-National Coalition in 2013 led by Tony Abbott, who was later replaced as prime minster by Malcolm Turnbull in 2015, the government indicated that there would be no further tariff protection and no increase in direct support for the automotive industry. This was despite the efforts of the Victorian and South Australian state governments to retain vehicle manufacturing and the supplier base. The announcements by Ford, GM Holden and Toyota to close local production directly followed the Abbott government's refusal to commit to continued budgetary assistance, which in 2013–2014 fell to its lowest level in several decades (see Fig. 10.3).

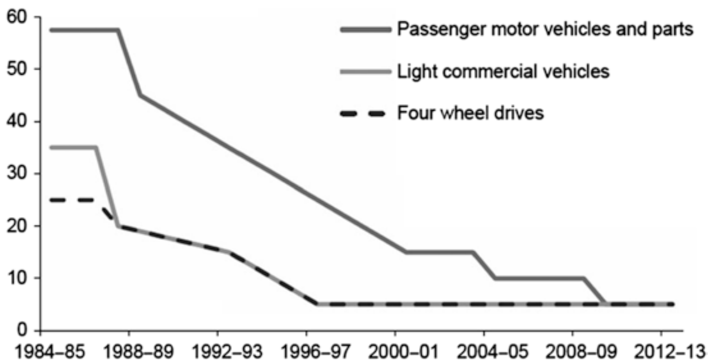

Fig. 10.2 Tariff rates for the Australian automotive industry, 1984–1985 to 2012–2013. Source: Productivity Commission (2014: 108)

Table 10.2 Applied tariff rate in selected countries, 2013

Country or region	Tariff rate on passenger vehicles	Tariff rate on commercial vehicles	Tariff rate on automotive components
Australia	5	5	5
Brazil	35	35	0–18
China	25	6–25	3–25
European Union	10	22	3–4.5
India	60–100	10	10
Japan	0	0	0
Mexico	20	20	0–5
Korea	8	10	8
Thailand	80	40	10,30
United States	2.5	0–25	0–2.5

Source: Productivity Commission (2014: 288)

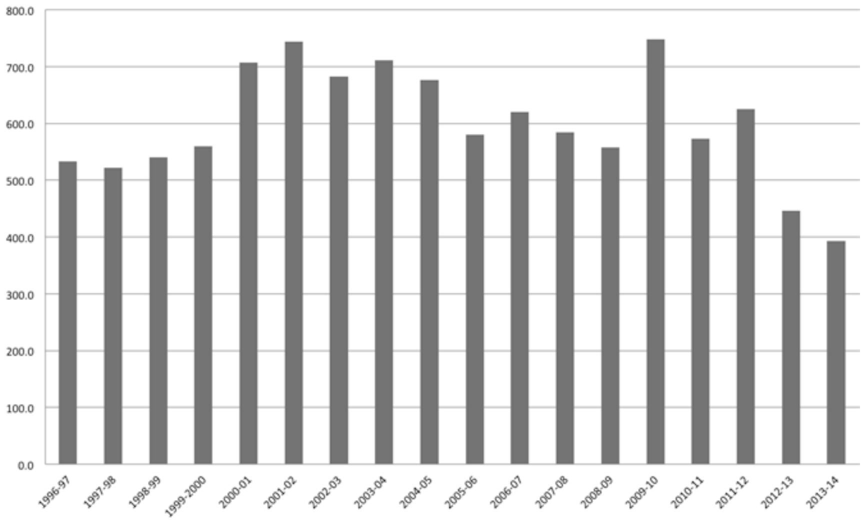

Fig. 10.3 Budgetary assistance to the motor vehicle and parts industry (A$M), 1996–1997 to 2013–2014. Source: Productivity Commission data provided to the authors

In sum, the long legacy of tariff protection produced significant inefficiencies that by the early 1980s had left the Australian automotive industry on the brink of collapse. Subsequent attempts by successive governments to resurrect the industry through a combination of lower tariffs

Table 10.3 Entrants, exits, and new plants established by automotive manufacturers in Australia, 1920–2017

	1920–1947	1948–1963	1964–1974	1975–1983	1984–1998	1999–2017[a]
Entrants	16	18	5	3	2	0
Exits	2	16	9	7	6	4
New plants	16	15	3	0	1	0
Number of plants (end of period)	14	16	12	8	4	0

Source: Fleischmann and Prentice (2001: 354); updated with authors' calculations
[a]Includes the announced exits of Ford, GM Holden and Toyota from Australia automotive manufacturing scheduled for 2016 and 2017

and assistance packages produced short-term improvements in some instances but ultimately failed to improve the long-term viability of the local industry, thereby contributing to its ultimate demise. A telling sign of the failure of government policy is that the number of companies exiting the local industry consistently outstripped the number of new entrants from 1963 onwards, with only one new plant established after 1974 (see Table 10.3). Another indication is the surge in the proportion of the domestic consumer market occupied by imports and the decline or stagnation of local market share among Ford, GM Holden and Toyota in the two decades preceding their announced closures (see Fig. 10.4). However, currency fluctuation is another factor contributing to the decline of the industry that we also need to consider.

Currency Fluctuations

The value of the Australian dollar against the US dollar increased by almost double from A$0.51 to A $0.94 during the mining boom of the mid-2000s. After a short-term plunge in 2008–2009 following the global financial crisis, the dollar increased sharply to a high of $1.09 in 2011—its highest level since the early 1980s when tariffs and other barriers shielded Australian producers from international competition—before

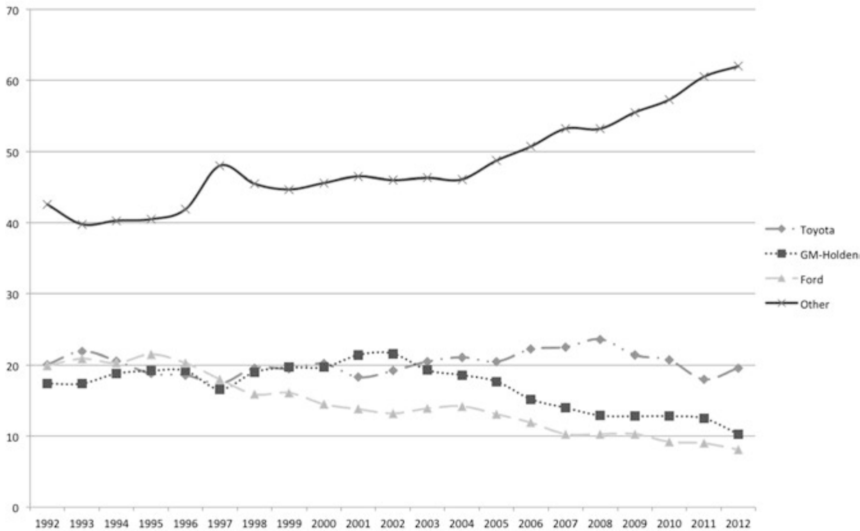

Fig. 10.4 Total Australian market share by manufacturer (per cent), 1992–2012. Source: Department of Industry (various issues), Key Automotive Statistics (Canberra: Australian Government)

steadily declining (see Fig. 10.5). These fluctuations were another factor contributing to falling sales of locally manufactured vehicles. Despite the automotive industry experiencing a decade of profitability from 1993 to 2003 (see Fig. 10.1), the rising Australian dollar from the early 2000s onwards along with increased fuel costs were important factors undermining the international competitiveness of locally produced cars (Bracks 2008: 10), as indicated by declining local and export sales (see Fig. 10.6). Faced with these challenges, the profit performance of the local producers markedly worsened. While the value of the Australian currency declined from 2013 in ways that could be expected to benefit the competitive standing of the local manufacturers, they struggled to overcome the impact of the earlier shocks precipitated by the high dollar. According to an Industry Minister in the Rudd Labor government, the spiralling price of the Australian dollar following the global financial crisis made it very difficult to fulfil policy objectives for assisting local manufacturers to improve "export capacity and global supply chain integration through innovation" (Interview with Industry Minister Kim Carr 2012).

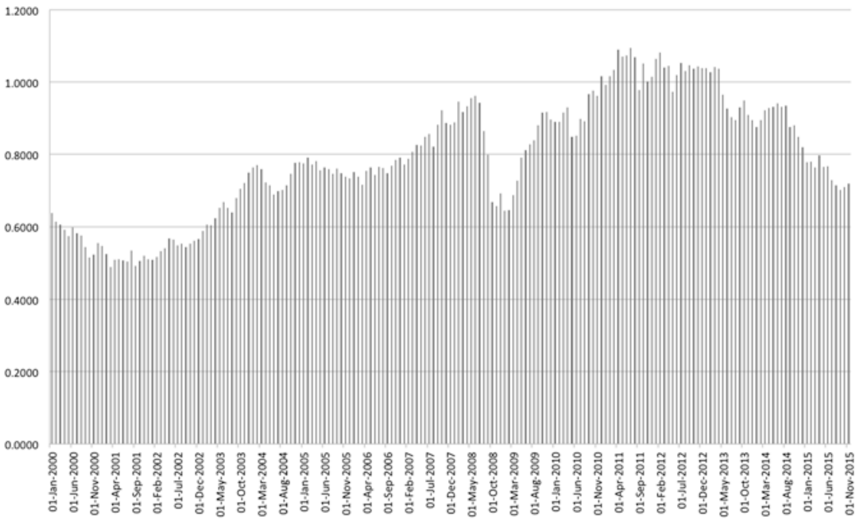

Fig. 10.5 Value of Australian dollar relative to US dollar, 2000–2015

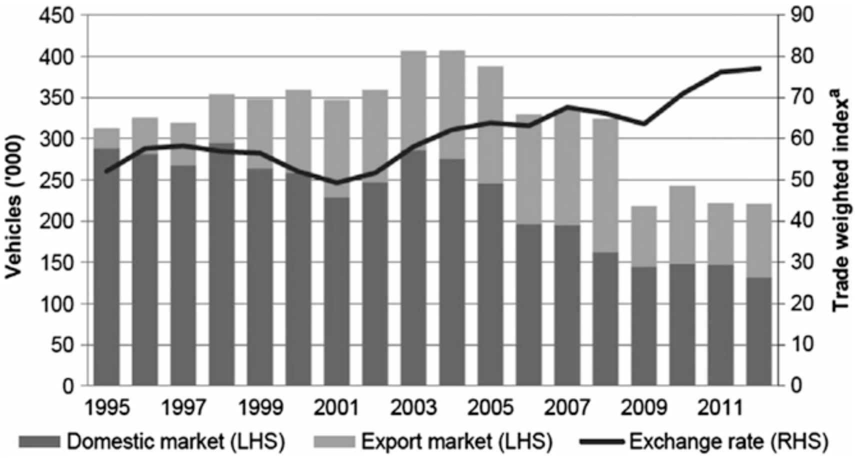

Fig. 10.6 Motor vehicles produced in Australia and the trade weighted exchange rate, 1995–2012. Note: [a]Based on the Reserve Bank of Australia's trade weighted index, May 1970 = 100. Source: Productivity Commission (2014: 66)

Global Strategic Decisions by Parent Companies

The position of local automotive manufacturers has always been dependent on support from their parent companies. But declining tariff protection and budgetary assistance from the Australian government as well as the growing global standardisation within companies of their production systems and "product architecture" strengthened the influence of head offices. Behind tariff barriers and healthy domestic sales, GM Holden and Ford enjoyed a considerable degree of autonomy from their overseas headquarters. For many years, this relative independence and strong local product market allowed both companies to rely heavily on manufacturing vehicles not made elsewhere in the world, the Falcon and the Commodore. In the 1990s, globally consistent production systems were introduced to the Australian companies by their headquarters in the US and Japan. This allowed headquarters to monitor manufacturing performance and to compare facilities around the world on a price per vehicle basis more easily. The Australian subsidiaries pursued different production strategies with varying degrees of independence from their headquarters, with Toyota adopting a strong focus on exports of large vehicles particularly to the Middle East and Ford oriented more towards an import substitution strategy. More recently, the companies sought to gain efficiencies by reducing the number of different models of vehicles produced and coordinating product strategy and design from headquarters. This global product architecture permitted not only savings on duplication of design, production and marketing but also increased emphasis on internal cost comparisons between manufacturing locations. The Australian subsidiaries were acutely aware that their fate was in the hands of managers in headquarters overseas making cost comparisons between production facilities around the world. As one Holden production manager observed: "The guy sitting in [headquarters] looks at the company's cost and … Australia's part of that cost, Thailand's part of that cost. All of these organisations are part of that cost. When you look at getting new product … you want to put the new product where you can make it for the least amount and still make a profit" (Interview with Holden Plant Area Manager 2009). The implications of the global product architecture for the local manufacturers have been a critical issue for the Australian government in recent years. A senior advisor to the Rudd Labor government Industry Minister described the government's concern: "the most pointed question about that for usat the moment is can we attract … investment [from headquarters] … The challenge for the Australian industry is we're essentially dealing with branch plants. They've got to be part of the global picture" (Interview with Senior Advisor to Federal Minister for Industry 2010). While government policy since the 1980s had sought to make the local industry more exportoriented, this was centred primarily—although not exclusively—on improving the performance of manufacturers rather than suppliers. According to an Industry Minister in the Gillard Labor government, this focus undermined the international competitiveness of the Australian industry and was something the local manufacturers should have addressed. "A components manufacturer in Australia is never going to produce sufficient volume in an Australian marketplace to be competitive… [The manufacturers] have got to get their suppliers into the global supply chain" (Interview with Industry Minister Greg Combet 2012). In the context of other factors such as a high Australian dollar that made it more expensive to produce cars locally, geographical fragmentation and low economies of scale, Australia became a less attractive place for the parent companies to make cars, especially with consumer preferences moving away from traditionally favoured large models such as the Falcon and Commodore. The Chairman and Managing Director of GM Holden Mike Devereaux articulated the influence of the global parent companies when announcing the decision to abandon local manufacturing: "GM has made this decision, it is irreversible … It would seem to global leadership at General Motors that it doesn't make long-term business sense for us to continue to assemble vehicles in Australia" (Swan 2013). A detailed examination of GM Holden and Toyota provides evidence of differences between parent company strategies in the industry, particularly with respect to industrial relations arrangements.

Industrial Relations Arrangements

The automotive industry has been highly unionised since its inception. The Vehicle Division of Australian Manufacturing Workers Union (AMWU) has almost full coverage of non-managerial workers among the manufacturers as well as covering most of the large first tier component suppliers. Consequently, the AMWU has exerted considerable bargaining power in the industry, particularly during the era when tariff protection was high and most vehicles sold domestically were manufactured in Australia, but also in the post-protectionist era. In the context of declining union membership in most other parts of the economy, these industrial relations arrangements have been criticised for increasing costs and producing inefficiencies. For instance, in 2002 the Howard government's Industry Minister accused the automotive unions of being "the single greatest threat to the future of this manufacturing sector" (MacFarlane 2002). However, these sentiments stand in contrast with the reality of industrial relations arrangements in the automotive industry, which became increasingly constructive in the two decades prior to its closure. Days lost due to industrial disputation in the industry fell in recent years, especially as tariffs were reduced and the proportion of locally manufactured vehicles accounting for domestic sales declined. While industrial action persisted among some component suppliers in the early 2000s (Federal Chamber of Automotive Industries (FCAI) 2002), the leadership of the Vehicle Division of the AMWU became more cautious about taking industrial action and sought greater cooperation with the employers to ensure that jobs were maintained for their members. As stated by the then Federal Secretary of the union during the global financial crisis: "When you see that the companies are suffering you can't ignore reality… We would be foolish to think that [the union] could continue to make quite substantial demands… When they are shutting down plants around the world you have got to demonstrate that at the end of the day you are part of the solution, not part of the problem" (Interview with Ian Jones, Federal Secretary of the AMWU Vehicle Division 2009). Despite the general improvements in industrial relations, the degree of cooperation between the union and the major automotive manufacturers, as well as the major component suppliers, has varied during recent years. For example, the cases of GM Holden and the Toyota demonstrate that vehicle manufacturers took distinctly different approaches to industrial relations. GM Holden collaborated with the AMWU and the government in order to adjust to declining sales, particularly in the aftermath of the global financial crisis, and sought to minimise the impact of reduced production on the workforce. However, this was not sufficient to prevent the eventual closure of all of its manufacturing operations in Australia. In the years leading to the closure announcement, GM Holden's management and its workers, largely represented by the AMWU, acted cooperatively throughout this time of crisis. The parties entered a number of labour and cost saving initiatives. Notable among these initiatives was a system of rolling shifts for production workers with many working alternate weeks. This arrangement was agreed with the AMWU despite there being no formal mechanism to do so under the collective agreement (Clibborn 2012). The Australian government's role was key in funding training for workers during downtimes. However, cooperative industrial relations were insufficient to convince GM to maintain a place for GM Holden in its global production network. GM's Chairman and General Manager, Dan Akerson said that the decision to close GM Holden's manufacturing operations "reflects the perfect storm of negative influences the automotive industry faces in the country, including the sustained strength of the Australian dollar, high cost of production, small domestic market and arguably the most competitive and fragmented auto market in the world" (Swan 2013). While GM Holden had often struggled in recent times, Toyota was regarded as the most likely company to survive due to a strong focus on exporting locally manufactured vehicles to the Middle East and its long-standing status as leader in domestic sales. Despite its tradition of cooperative industrial relations that was central to the earlier success of its Altona plant, Toyota Australia's eventual closure followed a bitter dispute with the AMWU due to the company's policy of selective redundancies which appeared to target elected union officers within the plant. The announcement by Toyota on 10 February 2014 that it would cease manufacturing at the end of 2017 came after a difficult period of negotiations with the unions over renewal of its enterprise bargaining agreement. Rather than being a cause of Toyota Australia's departure, the tense industrial relations climate was more of a manifestation of challenges facing the company's competitive position. Production at the Altona plant had fallen as exports to the Middle East deteriorated and domestic sales declined causing production lines to be slowed. A senior manager at Toyota admitted that the company had failed to convince the workforce about the crisis that was engulfing it: "We did not truly engage [the workforce] in our business strategy… We never won their hearts and minds. The only time they believed us was at crisis time when we announced the redundancies" (Interview with Toyota industrial relations manager 2013). In comments similar to those of GM's Chairman and General Manager quoted above, Toyota's CEO in Australia, Max Yasuda, stated that "the decision was not based on any single factor. The market and economic factors contributing to the decision include the unfavourable Australian dollar that makes exports unviable, high costs of manufacturing and low economies of scale for our vehicle production and local supplier base" (Workplace Express 2014). It can therefore be seen that despite the contrast in business strategy and industrial relations arrangements at GM Holden and Toyota, neither a cooperative nor an adversarial relationship with unions and employees had any notable bearing upon the ability of local manufactures to withstand the competitive pressures that ultimately led to the decision to abandon local operations.

Conclusion

There are many interrelated factors which led to the demise of the automotive manufacturing industry in Australia, at least in relation to closures by the last three major producers. The situation in Australia cannot be isolated from the global context in which there was an over-supply of vehicles for sale and many multinational companies were relocating their production hubs from higher to lower cost economies. Companies were also shifting their operations to the fast growing markets in China, India and other regions of the world with rising demand for automotive products and components. The multinational automotive companies were historically influenced more by their global strategies than government offers of assistance and this has been more pronounced during periods of economic downturn, when head offices have tended to recentralise decision-making. The global financial crisis also had a major impact on both the global and domestic automotive industry, with most of the Australian based manufacturers experiencing declining export and local demand for their products. A strategy of relying on a shrinking domestic market was not viable for the future of the industry in Australia. With the end of tariff protection, the Australian product market became one of the most competitive in the world with over forty automotive companies offering over sixty models. The dominant view within the Coalition government was against further support for the local manufacturers. While the past few decades have witnessed a general improvement in industrial relations and increased cooperation between unions and employers in the automotive industry, as well as improved work practices and more high quality products, these factors alone were not sufficient to convince the multinational automotive companies to continue their Australian operations. The case of GM Holden demonstrates that the company collaborated closely with unions and the then Labor government in order to maintain employment during the global financial crisis, by means of combining shorter working hours with increased training for workers. Relations between Toyota and the unions were less favourable and the company appeared to provoke the unions by opting for forced redundancies rather than using the accepted method of voluntary redundancies when there was a decline in production. Yet Toyota management admitted that it was external factors, including the loss of export markets, low economies of scale and the unfavourable Australian dollar, rather than industrial relations issues, which led to the decision to close manufacturing operations in Australia. Regardless of the industrial relations strategies adopted by the manufacturers, neither a cooperative (in the case of GM Holden) nor an adversarial relationship with unions (in the case of Toyota) was able to save the automotive manufacturers from their ultimate fate. It is therefore difficult to accept the argument prominent in public discourse that industrial relations arrangements were the main factor contributing to the demise of the automotive industry, given that the nature of union-management relations made no identifiable difference to the final decisions of the parent companies in Tokyo and Detroit to cease production in Australia. While industrial relations were not a cause or at least not a leading cause, the reasons for the demise of automotive manufacturing in Australia are complex and intertwined. The contributing factors include the failure of tariff protection and the ineffectiveness of economic assistance packages to resurrect the standing of local producers, volatility in the exchange rates which resulted in a more highly valued Australian dollar during the period of the mining boom and in the aftermath of the global financial crisis, and changing global strategies by the multinational automotive companies, which resulted in shifting production and other activities away from Australia to expanding markets in Asia. In sum, a confluence of factors killed the Australian car industry: no single issue or actor can be blamed for this outcome. Looking forward, it is possible that there is still time for a more positive approach by government to succeed, for instance by retaining more aspects of the local automotive industry such as R&D which has been scaled back but has not completely disappeared. While the three manufacturers are due to cease operations in Australia in 2016–2017, the question remains as to whether the industry might yet be saved or revived on a smaller scale than previously. New entrants to the global automotive industry might be attracted to Australia as a "test bed" for manufacturing in a new market, as once was the case with Japanese producers. In recent times, the Chinese company Geely purchased Volvo passenger cars and the Indian company Tata purchased Jaguar, both from Ford. In early 2016, a Belgian-based automotive company Punch International made a bid to acquire GM Holden's South Australian plant but the outcome was not resolved at the time of publication. Alternatively, a more established company might be willing to enter into a joint venture as GM Holden did with Toyota in Australia in the 1980s. This would require the Australian government to play a role as facilitator and possible co-investor, perhaps in partnership with one of the state governments and with the support of the unions in order to offer more innovative employment arrangements. New products such as battery driven vehicles and hybrids might be more attractive investments for both the governments and manufacturers. Given that each automotive manufacturing job has a multiplier effect of seven to nine additional jobs in the supply and service sectors, a new initiative to restart niche local manufacturing could be attractive to a range of stakeholders, including Australian consumers. In fact, the leadership of the Vehicle Division of the AMWU have been pragmatic in their negotiations with the employers and the governments, demonstrating a willingness to consider workplace reforms which would keep the vehicle manufacturers and component suppliers operating in Australia. An interim report on the future of Australia's automotive industry by the Senate Economics References Committee in August 2015 urged the Coalition government to work with stakeholders in order to develop policies that would sustain an internationally competitive automotive industry in Australia (The Senate of Australia 2015). It recommended that the object of the Automotive Transformation Scheme (ATS) Act 2009 be amended to encourage new investment and provide greater support for automotive component manufacturers. The Senate Report also recommended broadening the ATS to allow it to support manufacturing of components and materials, the commercialisation of new automotive technologies, and engineering and design for both domestic and offshore automotive customers. It called for the current level of ATS funding to be maintained through to 2021 as provided in the ATS Act. If bipartisan support could be achieved for such initiatives, there may yet be prospects for revitalising the Australian automotive industry before it is killed off for good.

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