

Automotive industry in australia report example

[Business](#), [Company](#)



Introduction:

The automotive industry has been one of the largest industries in Australia. Its production has been mainly on passenger Moto vehicle, light Moto vehicles, and heavy trucks. They also produce motor vehicle components. Recently the industry has faced a big challenge. Despite government support, the industries still show negative signs that could lead to an eventual collapse. Numerous reports and analysis by industry leaders such as former Ford boss Jac Nasser indicates that the industry is currently in disarray and may collapse.

The automotive industry is one of Australia's leading industries . It has become played a major role as a source of employment, and in research and development. This industry consists of four major Motor vehicle producers. These are Ford, Holden, Toyota, and Mitsubishi. The main products of the industry are large passenger vehicles, light commercial vehicles and sport utility vehicles. There are several other motor vehicle component producers. This has led to a strong interdependence between carmakers and their suppliers and strong connections to the entire economy. This is mainly due to the local market success that the industry has enjoyed locally.

Domestically produced vehicles account for 99% of Australia's passenger motor vehicle. With 200 automobile component firms and 500 small firms providing tooling services, the Australian Moto vehicle industry has a large capacity in the production and design of components and parts. The components produced include engines, braking systems, panels, suspension systems and exhaust systems. Most component production business is done internationally with exports to South Korea, North America, Japan china and

many other parts of the world.

The automotive industry in Australia employs several people with statistical findings in 2012 indicating slightly over 50000 people. The productivity of employees in the sector has been at about 15 vehicles per employee. The expenditure on research and development has been at about 650 million dollars. The profitability of the industry has however been on the decline.

Companies in the industry:

General Motors Holden and Ford Motor Company of Australia are among the major motor vehicle companies of Australia. Some of the positive aspects of the automotive companies in Australia enjoy is good market. The Australian market has high demand for vehicles. The demand spans across from light trucks, passenger vehicles and light vehicles. The motor vehicle sale in Australia in 2011 was at 1, 008, 437 units. Another positive aspect in the industry that the companies enjoy is a strong supply chain. With the companies being constituents of major multi-national companies, they have an upper hand in the supply of their products in their various markets across the globe.

There are however negative aspects in this industry. These aspects can be evaluated in various ways. First is the trend in the profitability of the companies. Decline in the returns invested indicate some negative aspect in the sector. Another is to do with the workforce. A smooth industry would be expanding its workforce, when the companies end up however trimming the labor; there are obvious indications of some problem in the industry. Finally, the reliance on the companies on the government can be another way to

assess the negative aspect in the business. Heavy dependence on the government e. g. through subsidies implies some negative aspect in the industry.

Challenge and collapse

Recently there have been questions over the prospects of the motor industry in Australia. These follow after the leading car manufacturer mineral motors Holden announced that it was going to cut 500 workers out of its total 4000 workers. Holden's managing director Mike Devereux blamed the decision on falling domestic car sales that were a consequence of cheap imports and high dollar. Holden also announced that it has benefited from over \$2 billion of government assistance over the last 12 years. Toyota and Ford have also been beneficiaries of the government package.

The motor industry in Australia employs 5% of the total manufacturing workforce in Australia, besides the economics activities the industry is involved in. GMH alone has the total activity associated with its operations at \$1. 1 billion. Closure of the motor industry in Australia would therefore lead to devastating economic impact in the state. As such, the state has come to the rescue of the motor industry with the federal government coming up with a new car plan that will give an assistance package to the motor industry of \$5. 4 billion.

In conclusion, critics do not agree that the governments should be providing such support for the motor industry. According to HSBC Australia's chief economist, if something is not profitable on its own, then the public ought not to subsidize it. Saul Elasko the chief economist of the Bank of America in Australia argues that given its small population and local market, Australia

should not be in the competitive car manufacture industry despite its technical proficiency. Most economists asked by Business day if the motor industry should be left to collapse agreed it should. However, even with government support there is however little hope that the industry will survive. The fact that GMH is trimming its workforce even after much government support is a bad sign.

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