



## AUSTRALIAN MANUFACTURING WORKERS' UNION

### SUBMISSION TO THE GOVERNMENT'S FUEL EFFICIENCY STANDARD CONSULTATION

May 2023

To whom it may concern,

The Australian Manufacturing Workers' Union (AMWU) has organised and represented workers in the Australian manufacturing sector for 170 years. Today, the AMWU represents over 60,000 members in every Australian city and region.

Our representation includes thousands of workers around the country building, maintaining and repairing Australian vehicles like buses, trucks and trailers. Our members are the skilled tradespeople that repair and maintain the vehicles Australians take to work and leisure, the buses that take our children to school, and the trucks that move our goods around the country.

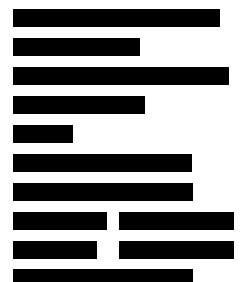
The AMWU has been building, maintaining and repairing these and other vehicles for 159 years, since the formation of The Vehicle Builders Employees' Federation of Australia, which merged with the AMWU in 1993. The AMWU's long and proud tradition as the force behind vehicle building is an integral part of Australian vehicle manufacturing industries.

Australian workers in skilled trades already make high-quality heavy vehicles. Our domestic bus, truck and trailer industries are responsible for approximately 15,000 direct jobs and as many as 34,000 indirect jobs. The AMWU believes that we must leave no one behind in the transition to low and zero emissions vehicles, and that means making heavy vehicles here. Maintaining sovereign industrial capabilities to manufacture vehicles in Australia is an issue of great importance to our nation as we decarbonise the economy. Australia must ensure that in the transition to higher fuel efficiency standards, we maximise the role of the thousands of Australian workers today manufacturing automotive components for both domestic and global automotive industries.

The AMWU welcomes the Government's consultation on a Fuel Efficiency Standard (FES) and our response deals only with issues in its consultation paper that are directly relevant to our members – those that work in heavy vehicle manufacturing industries and whose jobs and livelihoods will therefore be impacted by its implementation.

We must learn from the mistakes of the Coalition government's short-sighted decision to intentionally fail to take measures that would prevent the light passenger vehicle industry from ending its domestic manufacturing operations in 2017.

This means we must maximise Australia's role in designing, building and maintaining emissions reduction technologies to retain heavy vehicle manufacturing capabilities for the decarbonisation of our own fleets. In this way, we can also capture opportunities to integrate our capabilities into global supply chains pushing to achieve similar aims and minimise the effects of climate change.



The AMWU notes that the FES consultation does not relate, nor refer, to heavy vehicles (those classified as weighing 4.5 tonnes and above). The AMWU believes that a dedicated consultation on the emissions reduction regulations needed for heavy vehicles will be essential to understanding the specific needs and capacity of the heavy vehicle industry to retain and grow its domestic manufacturing capabilities.

It is the AMWU's strong belief that emissions reduction can – and in fact must – occur hand in hand with protecting and creating jobs. The proposed FES has a significant role to play in meeting the objective of emissions reduction and job creation, but it cannot do it alone. Crucially, we understand the FES as operating as part of a suite of mechanisms that together will drive emissions reduction, industrial decarbonisation, and job creation in this country. These mechanisms include the National Reconstruction Fund and the National Net Zero Authority. As such, the Union has actively engaged across these and other consultations, and we welcome ongoing consultation across government to ensure strong outcomes for our members and their families and communities.

The heavy vehicle manufacturing industry has already seen the latest Euro IV emissions reduction technologies incorporated into the local building of buses, trucks and innovative new trailer technologies to support lowering emissions for vehicle fleets. Where imported vehicles already meet Euro IV standards at a minimum, domestic Australian industries have already begun to adapt their local content. But challenges remain in coordinating these efforts, and thus the heavy vehicle manufacturing sector requires a dedicated industrial strategy that will not place the same FES demands on sovereign domestic capabilities as those being considered for entirely imported light passenger vehicles.

Subsequently, holding heavy vehicle industries to the same FES as imported light passenger vehicles will neither protect, nor create local manufacturing jobs. Through our engagement with heavy vehicle industry stakeholders, the AMWU understands that it is the age of vehicle stock that represents a major obstacle to reducing transport emissions in the freight sector. There has been significant attention placed on fitting vehicles with the latest safety equipment, and the need to review Australian Design Rules for heavy vehicle width to include these technologies. This will likely allow the importation of the latest overseas models to provide the market with the safest vehicles; but as mentioned above – Australia's heavy vehicle industries currently make buses and trucks that feature global standard emissions technologies. This means our domestic vehicle manufacturing industries are well placed to address the transport sector's emissions reduction challenges.

A dedicated strategy for Australia's heavy vehicle industries must also ensure workforce development for the thousands of Australian manufacturing workers critical to the transport sector's transition. Providing these workers with the essential skills, training and qualifications for manufacturing jobs that incorporate emissions reduction technologies requires investment in our Vocational Education and Training (VET) system, particularly the state-based TAFE systems. It is important that skills and qualifications emerge from union-industry partnerships on occupational profiling that anticipates the necessary skills and labour market needs for the development of domestic vehicle manufacturing in step with climate change objectives.

There are interest groups with a stake in both vehicle industries and emissions reduction measures that propose we should be aiming to transition our vehicle fleets to low and/or zero emissions fuels like electric batteries or hydrogen as quickly as possible. Without investment to support local manufacturing industries to transition to the production of higher efficiency and even zero emissions vehicles, the heavy vehicle manufacturing sector risks becoming locked into the manufacture of vehicles with a shrinking market share. This would have a substantial, negative impact on the workers, families and communities whose livelihoods depend on our ability to continue manufacturing vehicles in Australia. These workers and communities not only want to be part of the renewable energy transition but are the very workers that will be critical to its success.

Therefore, the FES cannot be implemented in isolation from impacts on local heavy vehicle industries and their potential to contribute to meeting emissions reduction targets through investment in local manufacturing research, development, skills and innovation. This is why the AMWU recommends that the Government consider targeted support for domestic heavy vehicle manufacturers that are willing to invest in developing sovereign capabilities to design, develop and manufacture emissions reduction technologies, including low and zero emissions fuels, that can place our domestic manufacturing industries at the forefront of transport's clean and renewable energy transition.

The AMWU recommends that the Government's FES strategy consider several specific features of reducing emissions in the heavy vehicle industries:

- the inherent risks to critical sovereign manufacturing capability by measuring heavy vehicle industries with the same standard as imported light passenger vehicles;
- the subsequent importance of a strategic transition plan for heavy vehicle manufacturing industries being developed, and being one that meets Australia's climate adaptation ambitions by creating jobs and local industrial activity;
- the need for a transition plan to recognise the critical sovereign manufacturing capabilities in Australian domestic heavy vehicle (bus, truck & trailer) industries and tailoring it to a package of emissions reduction targets which allows the sector to transition in a way that maximises job creation, local domestic content in vehicles, and increased investment in more complex capabilities (i.e., engineering and chassis building, rather than just assembly of imported completely knocked-down kits), complete with local efforts to develop global-standard emissions reduction technologies);
- the role of government as a major enabler of local manufacturing capability in the building of heavy vehicles being understood more completely, where advanced procurement settings are designed to leverage local supply chain capability development, especially in terms of innovative emission reduction technologies, rather than viewing procurement on just price parameters;
- that if an industrial strategy uses emissions reduction credits to incentivise manufacturers to meet emissions reduction targets, it be targeted carefully at manufacturers that achieve high minimum Australian Made content in their vehicles and that this content relate explicitly to sovereign manufacturing capability development.

The AMWU welcomes further discussion and collaboration to build a renewable industrial future that benefits all Australian workers, and we thank you for the opportunity to make a submission.

If you require any further information, please contact Mark Dean ([mark.dean@amwu.org.au](mailto:mark.dean@amwu.org.au)) in the first instance.



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