



Level 4 133 Parramatta Rd
Granville NSW 2142

10 February, 2025

Mr Warren Mundy
Email: warren@bluestoneconsulting.com.au

Dear Mr Mundy,

Re: AWMU Submission to the Australian Design Rules for Heavy Vehicles Harmonisation Review 2024-25.

The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to respond to the Australian Design Rules Harmonisation Review 2024-25.

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

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

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 in Australia that are built by Australian manufacturing workers, and which reflect the distinct requirements of Australian conditions under the Australian Design Rules for heavy vehicles.

The Federal Government's recently legislated Future Made in Australia (FMIA) strategy has outlined the government's ambition to expand Australia's local manufacturing capabilities and establish a renewable energy driven future for Australian workers and communities. This plan holds the potential to address climate change and create thousands of highly skilled clean energy jobs in a net zero industrial future. It is therefore imperative that the ADR Harmonisation Review consider whether its final recommendations support or detract from achieving the enormous social, environmental and economic potential of FMIA. The AMWU's submission that follows below addresses the Review's terms of reference with respect to our union's and its members' major interests and concerns in these areas.

The AMWU supports harmonisation of Australian Design Rules (ADRs) for heavy vehicles that meets the objective of FMIA, meaning it does not disadvantage or undermine local bus, truck and trailer manufacturers nor the jobs and skills that produce its high-quality products. The AMWU understands that the Treasury and the Productivity Commission view the ADRs in crude terms as a barrier to free trade and cheaper imports, including where the ADRs lead to higher costs, and delays of new stock reaching customers adding larger price tags to vehicles before they reach Australian roads.

The AMWU rejects the obstinate economic orthodoxy of the Treasury's policymaking given how ill-equipped it is to create outcomes that benefit Australia in the 21st century global economy. Global trade has changed. Open-border, free-trade dogma is divorced from a far more complex reality, and failed government policy of blind faith in the efficient market-based allocation of resources has done a disservice to our local industry, workers and the economy more broadly. The new industrial policy "orthodoxy" places workers and domestic industries first, investing in apprenticeships and skills, electrification to meet climate change goals, social licence to achieve community benefits, and other measures to grow the industry and assist government in delivering its broader policy agenda.

At the highest level, Future Made in Australia should result in heavy vehicle manufacturers having the confidence to invest and expand local capacity. This should effectively bolster and secure what capabilities and capacity the industry has. With the inherent certainty it provides, FMIA will mitigate the risks associated with building out supply chains with the Small- and Medium-sized Enterprises (SMEs) in the automotive manufacturing sector that have been struggling since the end of car manufacturing nearly a decade ago.

The nature of FMIA requires that the interpretation of ADRs gives greater weight to Australia's domestic heavy vehicle manufacturers and the skilled workers the industry employs, all of which have a vested interest in the success of this strategy to reindustrialise Australia. The views of importers on ADRs offer little if anything to this reindustrialisation agenda. Their views regarding harmonisation will ultimately contradict what FMIA effectively mandates: the use of existing ADRs to support heavy vehicle manufacturing so that it can build the net zero transport fleets Australia needs, creating thousands of good, skilled jobs in clean energy industries.

Australia is in a race for the jobs of the future, and we cannot afford to sacrifice what capabilities we have. Anti-dumping provisions are already seen internationally as weak and essentially undermined. Therefore, simply rushing through changes to ADRs to increase our alignment with global standards will further reduce our ability to protect local industrial capacity and threaten the skilled jobs that deliver its capabilities. Viewed in this context against the grain of blinkered Treasury "thinking", ADRs are an important technical trade barrier that helps to protect domestic industries, jobs and products from dumping, and worker and environmental exploitation. In many ways, the ADRs are responsive to the specific needs of the industry and its end-users within the unique Australian context.

Overall, it appears that ADRs are relatively well harmonised with international standards whilst being responsive to specific Australian environmental requirements. The Bus Industry Confederation has brought to the AMWU's attention examples of ADRs that, if harmonised, could negatively impact Australian manufacturing, such as ADR 68 (seats) and ADR 58 (building buses) as key differences from the UN/European standards that could have significant repercussions for vehicle manufacturing and supply chains in Australia. We understand that the EU requires all buses to be fitted with seat belts and for all passengers to wear them. The major issue for public transport fleets here is capacity, where low-floor buses permit standing passengers and would create a problem for sufficient public transport fleets and their maximum carrying capacity if harmonised with existing UN/European standards. ADR 68 is thus related in that it would require fitting and retrofitting of buses built in Australia, leading to higher costs.

A blunt-force approach to ADR harmonisation typically results in the delivery of new transport stock – especially that which accelerates the transition to net zero – becomes the default response to time pressures typically linked to government budgets, policy commitments and/or election cycles, producing short-sighted, short-term fixes at the expense of local jobs and industry. Such approaches favour, by necessity, imported products that minimise local build and local supply chain opportunities. Most concerningly, it leads to job loss and – as will be discussed below – the deskilling of qualified Australian manufacturing workers. If there is no local capacity (and no procurement requirements to source heavy vehicle components locally) this will mean more imports of components that destroy local industry, local jobs and further erode Australia’s manufacturing capabilities.

Domestic heavy vehicle manufacturers view creating fairness as an issue dependent on procurement rules at state level. State transport departments are typically required to set minimum local content requirements in bus procurement contracts based on government policies that implement these in various ways. In the absence of national industry coordination, this is occurring far less, meaning bus manufacturers facing uncertainty in contracts respond by cutting manufacturing jobs. The flow-on effect can be even further job losses in the supply chains that depend on the business of bus makers delivering on public transport procurement contracts.

With local bus OEMs already building to existing ADR requirements, further harmonisation to align ADRs that benefit importers would create even more uncertainty for the industry and risk thousands of jobs. In these and potentially many other cases, harmonisation appears to be rationalised as essential to removing friction for end-users defined only as heavy vehicle importers, which is clearly in the interests of the Treasury which fails to grasp the importance of sovereign manufacturing industries, the skilled jobs they provide, and the self-sufficiency entailed by being able to make the things that we will depend on to transition our economy to a renewable future. From a worker perspective, it becomes evident that the Treasury favours efficiency above all. In their would rather allow global market dynamics to determine Australia’s industrial capabilities and favour one-sided free trade agreements that destroy whole domestic industries and jobs for Australians.

In the case of trucks, the AMWU has previously engaged the industry and government regarding a perceived need amongst manufacturers for ADR changes that now permit 2.55m maximum width limits on trucks, allowing the importation of cabins that can accommodate the latest European emissions and safety technologies. There is obvious customer demand for Euro VI trucks to reduce Scope 1 emissions, and pressure on government to steer the transport sector towards Scope 3 requirements and emissions targets. Minister King signed off on harmonising the relative ADRs that would permit this change in 2024. This has amounted to a *fait accompli*, without taking on any of the important recommendations from the AMWU about the opportunities this issue presented to broader thinking and action on a strategy that could develop Australian heavy vehicle capabilities.

The AMWU’s major concern is that subsequently, the easier importation of vehicles that meet ADRs has lowered the amount of local content, instead of companies retooling to build cabins to new specs in Australian shops. The increased share of imported parts in building processes will likely lead to an increased amount of assembly work carried out in Australia, as opposed to trades-based manufacturing work and the higher-skilled, higher-paying jobs this entails. Ultimately, increasing imports of componentry comes at the expense of Australian trades, and presents a clear case of where harmonising ADRs can lead to deskilling heavy vehicle manufacturing workforces. We cannot afford for further attacks on our local industry to be made by this government, through bending to the will of importers.

At the highest level, the AMWU's ideal approach to "harmonisation" means utilising the ADRs as an advantage to growing the scale and capability of our existing industry, developing the skilled jobs that carry out high-quality work in an increasingly competitive heavy vehicle industry that serves the specific needs of Australia's transport sector. This approach would not just utilise ADRs as a positive technical trade barrier; it could also deploy them for successful manufacturing and industrial development through a critical industrial policy initiative that the AMWU has been pursuing in a range of industries: common user facilities.

Common user facilities, typically strategically developed manufacturing precincts, are essential to reindustrialising Australia particularly in the wake of the decline of heavy engineering industries like the automotive manufacturing sector. Common user facilities entail government-owned provision of land and infrastructure with space leased out to manufacturing firms – mostly SMEs – so that they can build scale sustainably through access to shared infrastructure and technology. The precinct becomes a site of manufacturing jobs growth, with highly skilled trades workers employed at a range of manufacturing firms, and apprentices trained at a co-located skills institute sustaining future precinct and industry growth. The outcome, as with most other strategically developed and government-backed industrial precincts, is the growth of a 'knowledge ecosystem' of firms co-located to cooperate, create positive externalities, innovate products and processes, and build export competitiveness; all built upon a sustainable net zero industry that creates new energy industry jobs.

A strategic sectoral proposal to invigorate the heavy vehicle industries while using our current ADR settings – and which is supported broadly across the industry – is the notion of developing a common user facility aimed at heavy vehicle safety testing that drives growth in heavy vehicle component manufacturing jobs and procurement contracts for locally made buses that sustain these jobs over the long-term, augmenting our existing bus, truck and trailer manufacturing industries. Australia lacks a facility to test new safety technologies, and the creation of a dedicated facility would help to support the ongoing need for safety ADRs that speak to Australian standards and environmental requirements.

A common-user precinct that brings together safety technology testing with existing manufacturing capabilities would co-locate major OEMs, supply chain SMEs and a testing facility, creating a diverse range of skilled trade jobs, and sustaining the growth of a highly skilled workforce by establishing a sector-focused skills institute (i.e., TAFE) onsite. A major key to making such a precinct successful is buy-in from government in the form of public procurement. This would secure the future of the bus industry through opportunities for jobs, apprenticeships and business certainty that makes the industry a focal point for skilling up the workers required for Australia's renewable energy future.

Short of government support for a dedicated heavy vehicle precinct, government policy that encourages international companies to invest in the establishment of local facilities (and invest more in already established facilities) would do much to assist Australian heavy vehicle industrial capability. Such dedicated investment would lift safety and environmental standards for the transportation industry more broadly.

The instruments to make such industrial opportunities a reality already exists in the form of the Federal Government's Special Investment Vehicles (SIVs), like the National Reconstruction Fund and the Clean Energy Finance Corporation. Beyond this, the newly legislated Future Made in Australia is explicitly dedicated to funding support for renewables industries that cross a whole range of critical sovereign capabilities including vehicles that assist with Australia's urgent transport decarbonisation. Such investment from government – and crowding in of the private sector in the form of infrastructure provision – would support the retooling of firms across the industry to produce

to ADR specifications while remaining competitive with overseas imports, protecting jobs and securing the essential trades that will be a key to Australia's net zero transition.

The AMWU welcomes further discussion and collaboration on this important issue, 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 or 0402 669 242) in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Murphy', with a large, stylized flourish at the end.

STEVE MURPHY
NATIONAL SECRETARY