



## ***Automotive Transformation Scheme (ATS)***

### Fact sheet

On 10 November 2008 the Government announced a *New Car Plan for a Greener Future*. The centrepiece of the plan, the Automotive Transformation Scheme (ATS), aims to encourage competitive investment and innovation in the Australian automotive industry and place it on an economically sustainable footing.

The ATS is established by the *Automotive Transformation Scheme Act 2009*. It replaces Stage 3 of the Automotive Competitiveness and Investment Scheme (ACIS).

#### Overview of the ATS

Applications are open for registration in the ATS from 1 July 2010 from:

- motor vehicle producers (MVPs)
- automotive component producers (ACPs)
- automotive machine tool and automotive tooling producers (AMTPs)
- automotive service providers (ASPs).

The ATS will have two stages and will run from 1 January 2011 to 31 December 2020 and will include:

- capped assistance of \$1.5 billion from 2011 to 2015 (Stage 1)
- capped assistance of \$1 billion from 2016 to 2020 (Stage 2)
- uncapped assistance of approximately \$847 million.

Assistance will be progressively phased down over the period.

Modulation of payments will occur to ensure that assistance does not exceed \$300 million per ATS year in ATS stage 1.

Participants in the ATS will be required to demonstrate progress towards achieving:

- economic sustainability
- improved environmental outcomes
- workforce skills development.

#### What are the benefits?

Participants will be entitled to receive assistance in the form of quarterly cash payments from 1 January 2011. All participants will be able to claim assistance for:

- 50 per cent of the value of eligible investment in R&D
- 15 per cent of the value of eligible investment in P&E.

MVPs will also be able to claim assistance for allowable production of motor vehicles, engines and engine components for local and export markets.

Capped funding will be split 55 per cent to motor vehicle producers and 45 per cent to non-MVPs.

The 20 per cent loading for non-MVPs under ACIS to cover labour and other costs associated with investment in P&E and R&D has been abolished under ATS.

#### Eligibility and business plans

The same eligibility tests apply for the ATS as for ACIS. ACIS Stage 2 participants will be able to apply for registration under ATS using a streamlined process.

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#### Further information

For further information about the Automotive Transformation Scheme, visit the AusIndustry website at [www.ausindustry.gov.au](http://www.ausindustry.gov.au). Alternatively, contact the AusIndustry hotline on 13 28 46 or by email at [hotline@ausindustry.gov.au](mailto:hotline@ausindustry.gov.au)

All applicants for registration under the ATS must also forward a Business Plan to AusIndustry that contains:

1. details of the strategies that will enable the applicant to carry on sustainable operations in the Australian automotive industry for a five year period starting on 1 January of the year of registration
2. operational plans, details of financial commitment and controls, financial projections and assumptions on which forecasts in the application form's business plan are based
3. details about how the applicant will meet the object of the Act to place the industry on an economically sustainable footing in a way that will improve environmental outcomes and promote the development of workforce skills.

### Eligible start-up applicants and national interest applicants

The ATS allows entities that have entered into a financial commitment to carry on business for the first time as a motor vehicle producer or supplier to the Australian automotive industry to apply for registration. Other entities that are unable to satisfy the formal requirements for registration under the legislation may seek the Minister's permission to apply for registration on national interest grounds.

Potential applicants are advised to review the *Registration* and *Registration in the National Interest Customer Guidelines* for further information about the registration form and process.

### Transitional arrangements from ACIS to the ATS

ACIS participants that wish to apply for registration under the ATS must do so **before** 1 January 2011 in order to receive assistance in the first quarter of ATS that takes into account up to eleven quarters of allowable investment previously claimed under ACIS.

Management and recruitment activities are not allowable research and development activities under the ATS and must be removed from the investment history of ACIS participants.

The 20 per cent uplift for administrative overheads of investment is not available for non-MVPs under the ATS and will be removed by AusIndustry from the investment history of ACIS participants.

ACIS Stage 2 participants must submit a completed *ATS Application form for ACIS participants* to register in the ATS and are advised to review the customer guidelines accompanying the form.

### Application deadline

Applicants must apply for registration **before** 1 January 2011 to be considered for registration in 2011. An application received after 1 January 2011 and before 1 January 2012 will be considered for registration in 2012. Once registration is granted, it has effect for the entire scheme unless a participant is deregistered.

### How do I apply?

*ATS Application for Registration*, *ATS Application for Registration in the National Interest*, *ATS Application for ACIS Participants* forms and customer guidelines may be downloaded from the AusIndustry website or requested by email to [ats@innovation.gov.au](mailto:ats@innovation.gov.au).