

**13 May 2014**

### **END OF ATS RESULTS IN EARLY CLOSURE FOR INDUSTRY**

The Federal Budget announced today the closure of the Automotive Transformation Scheme (ATS) on 31 December 2017, three years ahead of its original closure date.

“The automotive industry is not just the carmakers,” said Chief Executive Richard Reilly.

“The supply chain relies on ATS to make it globally competitive. Closing the scheme when the car makers cease manufacturing provides little confidence the industry can survive in the longer term.”

The ATS provides car makers and supply chain companies with co-investment funds for products manufactured and R&D undertaken in Australia and commenced on 1 January 2011 replacing ACIS Stage 3 and was originally intended to last until 2020.

“The most important thing for supply chain companies is stability in our business plans in order to transition and diversify. This announcement reduces our competitiveness to manufacture in Australia after 2017,” said National President Jim Griffin.

“We are not on a level playing field with the rest of the world.”

Budget papers suggest a saving of \$618.5 million over years from the ATS however this does not include previously announced measures and the FAPM estimates the total reduction in funding to be closer to \$900 million.

The FAPM had been working with its members, vehicle manufacturers, all levels of government and other stakeholders on new opportunities for the industry and a long-term sustainable manufacturing sector and sees this announcement as a major set-back. FAPM estimates that up to 33,000 workers are directly employed by the automotive supply chain.

The FAPM calls on the Parliament of Australia to oppose this budget measure.

“Failure to do so will result in a lot of our businesses giving up on Australia and manufacturing in general; businesses, knowledge and of course most of the jobs will be lost,” said Mr Reilly.

The FAPM believes that radical new ways of approaching manufacturing in Australia are needed which requires substantial, well targeted government support and stakeholder buy-in.

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**Richard Reilly is available for interview on (03) 9863 2400 / 0414 292 470**