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Government releases final PC report on automotive industry

The Productivity Commission's final report into *Australia's Automotive Manufacturing Industry* neglects the profound effect the implementation of the Government's budgetary measures will have on the automotive component sector.

"Reducing funding of the Automotive Transformation Scheme (ATS) by 66% in 2015 will have serious implications for the continued operations of many firms within the automotive supply chain", said FAPM chief executive, Richard Reilly.

"The ATS has been an integral part of the business planning processes and quoting mechanisms of companies for many years. To reduce the funds available mid-stream leaves companies in the supply chain vulnerable to more competitive international pressures", Mr Reilly said.

The Productivity Commission indicates "that any adjustment costs associated with implementing the MYEFO (Mid-Year Economic and Fiscal Outlook) funding schedule are likely to be limited".

Mr Reilly said the Productivity Commission was neglecting the realities of manufacturing life and to the impact of policy change during this critical period of transition. MYEFO proposes to remove \$500M from the ATS in calendar years 2015, 2016 and 2017, leaving less than 50% of legislated funding for the industry.

Mr Reilly said that his members are extremely concerned that their competitiveness is being undermined.

Mr Reilly notes the potential loss of 40,000 jobs in the Productivity Commission report and stressed that restoring pre-budget measures will reduce the number of redundancies giving firms a better chance of transitioning their workforce into new skills or industries.

"Pre-MYEFO funding needs to be restored to enable an already distressed industry to support existing operations and to diversify into new industries, products and markets" said Mr Reilly.

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