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Automotive suppliers urge Senate to reject automotive bill

Australian automotive component manufacturers remain steadfastly opposed to the federal government's intention to cut \$500 million of funding from the Automotive Transformation Scheme over the next three years and the proposed early closure of the scheme.

The government today introduced the ATS Amendment Bill 2014 into the House of Representatives. The bill, if passed, will close the ATS scheme early and remove \$500 million from the scheme over the three calendar years 2015, 2016 and 2016.

"Reducing funding of the Automotive Transformation Scheme (ATS) by 66% in 2015 and by a further \$150 million each year in 2016 and 2017 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 and continues to be 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 proposed early closure of the ATS upon departure of the vehicle manufacturers ignores the reality that many dozens of component manufacturing companies employing many thousands of workers will still exist post 2017.

The government continues to press on with the amendment bill knowing that a reduction in ATS funding will put in jeopardy up to 30,000 jobs in the component industry, not to mention the potential impact on jobs in the vehicle manufacturing side of the sector, Mr Reilly said.

"We urge the Senate to reject this amendment and enable component suppliers the best chance to transition into new markets and new industries over the next three years", he said.

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