

10 March 2015

Relief for automotive supply chain with reinstatement of ATS funds

FAPM welcomes confirmation today from the Federal Government that its proposed Automotive Transformation Scheme Amendment Bill will not proceed, effectively sparing the automotive industry from \$900 million in cuts.

“The automotive supply chain industry has expressed a collective ‘sigh of relief’ with the announcement that the Federal Government will maintain the Automotive Transformation Scheme (ATS) in its original form,” said FAPM Chief Executive, Richard Reilly.

“This is a victory for the industry and ensures companies have some clarity on their business models. It was poor policy from the outset and we are very pleased that it has been reversed”.

The FAPM has been leading the industry campaign to ensure funding was not removed as intended by then Shadow Minister Sophie Mirabella before the Federal Election in 2013. Since that time, both GM Holden and Toyota announced they would be winding-up vehicle manufacturing in Australia further exposing the automotive component manufacturers.

The Australian automotive supply chain employs 33,000 people directly across approximately 140 Tier 1 suppliers and is indirectly responsible for up to 100,000 jobs. The ATS rewards those suppliers investing in capital equipment and R&D in Australia.

“The previously proposed removal of \$500 million from the fund before 2017 would have resulted in a potential industry disaster,” said FAPM National President, Jim Griffin.

“The ATS continues to be an integral part of the business planning process. To remove funding now would have resulted in a ‘valley of death’ for some suppliers who rely on ATS to be competitive in Australia against global importation of components.”

Minister for Industry and Science the Hon Ian Macfarlane announced the government’s intention to support the ATS in its original form at FAPM Member and Adelaide based component supplier Monroe Australia Pty Ltd who alongside eleven other companies received an investment grant from the Federal Growth Fund’s Automotive Diversification Program (ADP).

“Minister Macfarlane is a supporter of the industry. The ADP grants are an example of that,” said Mr Reilly.

“We look forward to continuing to work with the government on initiatives that support the transition of the industry. The intention of ATS is to make the Australian industry competitive globally. There is significant opportunity in adjusting the scheme to further support the sustainability of the supply chain.”

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