

WRONG TIME FOR POLITICAL GAMES ON AUTO FUNDING

Announcement on restoration of auto funding a political stunt

While some in the industry welcomed the announcement on March 10 by Industry Minister Ian Macfarlane that the Abbott Government would not proceed with its plan to remove \$500 million in funding from the Automotive Transformation Scheme, we believe - having examined the detail of the announcement - it was nothing more than a political stunt designed to try and derail the current Senate Inquiry into the future of automotive manufacturing in Australia.

The Abbott Government knew it had no chance of getting the ATS amendment Bill through the Senate so "announcing" that they were withdrawing the Bill doesn't change a thing.

In addition, the Government is fully aware that new investment in the car manufacturing industry is in "free fall" so by "proceeding with the ATS as legislated" and changing none of the parameters of the program, they know that they will claw back the majority of the funds allocated, as the scheme will be grossly undersubscribed.

The timing of the Minister's announcement, which took place only hours before the first public hearing of the Senate Inquiry, was also interesting.

While the Industry Minister might believe this announcement is good politics, what he has failed to take into account is the political backlash that he and his colleagues will face at the next election if the Abbott Government sits by and does nothing, as a "tsunami" hits our automotive manufacturing sector and our economy over the next two years, with the estimated loss of between 30,000 and 40,000 jobs.

Keeping the ATS funding in place until 2017 may go some way towards ensuring the car industry stays in Australia until their stated end dates, however we all know that a managed exit of the car industry is a mitigation strategy - it is not a vision for the future.

Keeping our passenger motor vehicle producers here until 2017 is critical, but what happens after that?

The opposition and cross bench Senators who initiated the inquiry into the future of the auto industry understand the need for Government to take urgent steps to stimulate the advanced manufacturing sectors that are not dependent on the car building industry.

They also understand the urgent need to assist the supply chain companies to the car companies to diversify into other markets, if they have the capacity to do so.

Australia is really good at making 4WD, high performance and motorsport components. Strong import penetration has forced our manufacturers to move up the value chain - from service parts to high-value specialty products with a technological advantage. These products are purchased on innovation, performance and features rather than on price.

We have many examples of world-class innovative companies all around this country. The good news is our sector has never been subsidised by Government and we will still be here after the car companies leave.

The other good news is that if the full growth potential of the aftermarket manufacturing segment is realised, it can absorb some of the excess capacity, skills and knowledge that become available as the shutdown of the Australian domestic passenger vehicle sector plays out.

There is a great deal of synergy in labour skills between PMV and aftermarket employees and it is quite realistic to assume that a growing and sustainable part of the industry can assist in absorbing some excess labour and stranded assets from the car industry.

Indeed, it has a greater capacity to do so than other industries, such as mining and construction. If we want this to occur we need the aftermarket

to reach full capacity, and it cannot do so without specific Government policy intervention.

Our submission to the Inquiry, which we presented to the Senate Committee on March 10, calls on the Government to consider a number of actions, including widening the eligibility criteria of the ATS to include aftermarket producers and expanding the Export Market Development program to provide a significant and speedy boost to aftermarket manufacturing and export activity.

We have also included a recommendation to commission an external study into the scope and growth opportunities in the non-passenger vehicle manufacturing segments of the Australian auto manufacturing industry, including aftermarket parts and accessories, performance enhancement, performance modification, aftermarket safety components, 4WD components, special purpose vehicles, agriculture, mining vehicles, truck, bus, recreational vehicles and motorised personal vehicles.

In our submission we also describe some innovative ideas. The challenge for all aftermarket producers is to design, manufacture and distribute high-quality components that meet local and international design specifications.



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Bob Pattison
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Compliance with design specification and compatibility with PMV systems requires access to the latest vehicles and test equipment, and represents a significant cost and logistics barrier to small, agile and innovative companies. In our submission, we describe our vision for the creation of an Australian Automotive Aftermarket Lab – a facility similar to that run by SEMA in the USA.

Australia also has a significant record in the design, engineering and manufacture of performance racing and motor sport technologies and components, and yet auto industry policy has not embraced this sector. We need to better understand how to leverage motor sport into motor sport manufacturing.

We have recommended that Government seeks to fully understand the breadth and depth of this segment of the automotive industry, and we have a vision for the creation of an Australian Motorsport Component Cluster – based on the Silverstone model in the UK.

Our full submission can be viewed on the Senate Economics Committee website: www.apf.gov.au/Parliamentary_Business/Committees/Senate/Economics/Automotive_industry_2014/Submissions

Our submission is the beginning of a conversation – it's not intended to be a full and comprehensive plan. What we do know is that the economic effects of the shutdown of the passenger motor vehicle manufacturing sector on individuals, on families, and on communities will be devastating – the end is near and it's going to hurt.

If we want to maintain advanced manufacturing in Australia we need to build on what we do well, and we need to start now.



BOB PATTISON
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EXPO 2015 IS GO!

Get ready for three action packed days at the 2015 Australian Auto Aftermarket Expo

Welcome to the Australian Auto Aftermarket Expo preview edition of this magazine.

In just a few days, the doors will open on the largest and most comprehensive automotive parts Expo ever held in this country, as 13,000 trade visitors experience three action-packed days of innovative new products and services, education activities and industry networking events.

For those planning to visit the Expo, this preview is designed to provide you with background information on what you can expect to see at the event, enabling you to plan your time more effectively.

For those who have not yet registered, the good news is that it is not too late. You can register online at www.aftermarketexpo.com.au right up to and during the Expo, or alternatively see our friendly staff onsite to process your registration at the door.

Entry to the Expo, and all associated onsite activities and seminars, is free of charge.

While the media and other commentators have been quick to write-off the entire auto industry as “dying” – based on exhibitor demand and visitor pre-registration for this event – I can confidently say that the independent aftermarket industry is



a long, long way from dead and buried. In fact we have just put up the “full house” sign for exhibitors, with every inch of the five acres of available floor space now sold to more than 450 exhibitors.

In addition, pre-registrations are more than 50 per cent higher at the same period out from our last Expo in 2013, indicating that we are on track for a record attendance.

Not only is this Expo the largest of its kind in our region, it is one of the largest trade shows in Australia across any industry sector and I have no doubt that the 2015 Expo will make a definitive statement about the underlying strength and resilience of our industry.

It will send a strong message to all the naysayers that our sector is very much alive and well, with a strong future ahead of us.

We strongly urge you all to make the time to come down to the Melbourne Exhibition Centre from April 16-18 and experience all the action and excitement of the Expo – it might be the most valuable investment of your time this year.



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