



Amanda Rishworth MP

Member for Kingston

Speech to Federal Parliament

20 August 2009

Automotive Transformation Scheme Bill 2009

Ms Rishworth (Kingston) (9:44 AM) —I rise to speak in support of the [Automotive Transformation Scheme Bill 2009](#), which is a critical part of the implementation of the government's \$6.2 billion A New Car Plan for a Greener Future. As a member from South Australia, I know only too well how important the car industry is for South Australian jobs and the local economy. The car industry in South Australia directly employs up to 9,300 people in the manufacturing of motor vehicles and parts, in over 200 manufacturing businesses. In addition, 37 per cent of the total number of cars manufactured in Australia are manufactured in South Australia, making this industry a critical part of our local economy. This bill delivers on the commitment of the Rudd Labor government to drive productivity and innovation and to help assist the car industry adjust to some of the long-term challenges for the future. This is particularly important as the industry faces intense pressure from the global economic recession. This bill will provide a \$3.4 billion automotive transport scheme to help prepare the automotive industry to transition to a low-carbon economy.

The automotive industry has experienced significant changes over the past 20 years. Australia now operates a predominantly export driven car industry. Due to the Button car industry reforms, along with the raft of economic restructuring through the Hawke and Keating years, Australia has increased its export units from under 2,000 in 1988 to over 159,000 in 2008, resulting in an automotive trade worth \$24 billion to our economy in 2008. Now this government will take those structural reforms further and, as the Prime Minister has said, the industry must become more innovative, more productive, more competitive and more export focused. The industry is undoubtedly the lifeblood of the Australian economy and the lifeblood of many Australian families. The government knows that it has a critical role in ensuring the strength and growth of the car industry, and it takes this responsibility very seriously. The government is determined to govern over a period of growth and innovation for the automotive manufacturing industry, not just sit back and watch it slowly decline.

This bill before the House today sets out the replacement of the existing Automotive Competitiveness and Investment Scheme, otherwise known

as ACIS, with the Automotive Transformation Scheme. The difference between ACIS and the Automotive Transformation Scheme is simple—it is innovation. Whilst ACIS gave support and assistance to the car manufacturing industry, it did not do enough to foster innovation in the industry, and innovation is the key difference between an industry that will grow and expand and an industry that gets left behind. It is the formulation of new ideas, new possibilities and new opportunities that transports and truly supports the industry. Because the Rudd Labor government understands the core value of innovation, it is using the Automotive Transformation Scheme to increase the level of research and development funding available. Under the new scheme, funding for research and development will increase from 45 per cent to 50 per cent of projects. The funding for these projects will go towards research and development processes, plant and equipment costs and the production of motor vehicles. This funding for innovative research and development under the scheme has a built-in green requirement, to further the ambitions of the government for more sustainable and greener outcomes in the car industry. As a condition of eligibility, participants must improve their environmental outcomes. In addition, participants must also demonstrate that they will promote the development of workforce skills and capabilities.

This program will also give certainty to the automotive industry, by providing 10 years of policy certainty. The capped assistance will total \$1.5 billion from 2011 to 2015, and then \$1 billion from 2016 to 2020. In addition, there will be an uncapped element for motor vehicle producers. The ATS, as it has been abbreviated, is, as I have mentioned, a \$3.4 billion package, which is well above the money earmarked for the former scheme, ACIS. It includes a transition package to allow people to transition from the ACIS to the ATS, and that is in the order of \$80 million. The new scheme will provide assistance in grants instead of in duty credits, and this move will assist in the administration of the scheme, making it more effective and simple for business.

As I have mentioned previously, this scheme is part of a broader plan that this government has for greener cars for the future. I would like to commend both the Prime Minister and the Minister for Innovation, Industry, Science and Research—who has really taken a very keen interest in the automotive industry in South Australia and has regularly visited to hear firsthand some of the concerns and issues of the car industry, but also some of the opportunities that the car industry has to offer. The government is committed to seeing and supporting Australia move into the future and to acknowledging the threat of climate change by transforming to a low-carbon economy. Meanwhile, we see the opposition—who remain a party of sceptics and deniers keen to put their heads in the sand on climate change—take no steps to prepare Australia for the future.

In addition to this bill, as I said, we have expanded the Green Car Innovation Fund to help Australian industry move towards a greener future and to encourage manufacturers to produce cleaner, greener cars. The Green Car Innovation Fund has increased to \$1.3 billion and will be available for Australian manufacturers over the next 10 years. Holden in South Australia announced in December that they will produce an efficient Australian small car in Adelaide, and the Commonwealth is contributing to help them with this—\$149 million as part of the Rudd government's fund. This commitment is extremely important to South Australia. Holden has set a great example for the industry, moving forward and engaging in innovation and investment in the automotive industry. This investment will also support up to 1,200 jobs. Although there have been many bad-news stories in the past, such as the close of Mitsubishi near my electorate, in contrast, this announcement is really good news.

Attitudes of Australians have changed about vehicles as they are becoming more conscious of the environment and the cost of fuel. Many of my constituents have contacted me with regard to the cost of running a vehicle, which explains why many consumers are not attracted to the traditional large Australian car—although it does still hold an important place in some people's lives. Attitudes of motorists are changing and the automotive manufacturing industry also needs to change. That is why it is important that the Rudd government, in partnership with automotive manufacturers, make investments to ensure a strong and successful industry into the future.

There are many other areas in the New Car Plan for a Greener Future which are important, in addition to this bill and the green car fund. The plan includes \$116 million to help facilitate and promote structural adjustment in the components sector, including mergers and consolidation. One of the greatest challenges faced by the components sector within Australia is that firms struggle to achieve the economies of scale required to be competitive in the international market. This funding will help ensure that companies within the sector can remain viable exporters throughout the 21st century. Another \$20 million dollars will be invested to assist suppliers to integrate into the national and global supply chains of the large automotive manufacturers. This assistance will have a twofold effect. It will make the systems and processes of suppliers more efficient as well making Australian suppliers more attractive to the large global car manufacturers.

Australian-manufactured cars and components, including those made within and around my electorate of Kingston, are amongst the best in the world. That is why the government has invested \$6.3 million in our new car plan: to enhance the market access program and to assist in the promotion of the Australian car industry overseas.

Car manufacturing is part of the core make-up of my electorate and my state, and many people within my electorate work in the auto industry and in components manufacturing. South Australia has a critical role in the Australian car industry, especially in the areas of components, tooling, design and engineering supply firms that support the large car manufacturing plants. South Australians understand the vital importance of having a clear car plan for the future that is sustainable, green, productive and built for the future. I commend the bill to the House.