



629/1031.

**Minister for Climate Change and Energy Efficiency
Minister for Industry and Innovation**



C12/558

The Hon John Murphy MP
Chair, Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600

16 APR 2012

Dear Mr Murphy

Thank you for your correspondence of 16 February 2012 to the then Minister for Manufacturing, Senator the Hon Kim Carr, concerning a petition submitted to the Standing Committee on Petitions (the Committee) regarding assistance for the Australian automotive manufacturing industry. Your letter has been forwarded to me for reply as I have portfolio responsibility for this matter.

I find it encouraging that Mr Darren Cheeseman MP, Member for Corangamite, has presented a petition to the Committee demonstrating widespread support for the Australian automotive industry.

The automotive industry is a major employer in Australia, with around 55,500 people working in the sector. By some estimates, a further 200,000 jobs directly depend on the automotive industry in industries such as steel, glass, plastics and services. Importantly, the automotive industry is a major driver of research and development in the economy, spending \$668 million in 2009-10 on R&D and employing around 3,200 staff. This R&D benefits the entire economy, through the automotive industry's extensive linkages with other sectors, particularly the heavy engineering sector.

For these reasons, the Government is committed to securing the future of the automotive industry in Australia. This is why the Government introduced its automotive policy – *A New Car Plan for a Greener Future* (the Plan). Under the Plan, the Government is assisting the automotive industry to prepare for a low carbon future and to improve linkages with global markets and supply chains. The Plan gives the automotive industry the certainty it needs to invest in the vehicle technologies of tomorrow. It rewards research and development, innovation and productivity.

The Plan consists of:

- a new, better targeted, greener assistance program, the Automotive Transformation Scheme (ATS), running from 2011 to 2020–21 and providing in excess of \$3 billion to the industry;
- changes to the Automotive Competitiveness and Investment Scheme in 2010 to smooth the transition to the ATS (\$79.6 million);
- \$116.3 million to promote structural adjustment through mergers and consolidation in the components sector and facilitate labour market adjustment;

- \$20 million from 2009–10 to help suppliers improve their capabilities and their integration in complex national and global supply chains;
- \$6.3 million from 2009–10 for an enhanced market access program;
- an Automotive Industry Innovation Council, bringing key decision makers together to drive innovation and reform; and
- a \$10.5 million expansion of the LPG vehicle scheme that doubles payments to purchasers of new private use vehicles that are factory fitted with LPG technology.

In addition, the Green Car Innovation Fund made around \$500 million available to the industry and has leveraged major investments by the industry. For example, Toyota commenced production of the hybrid Camry in December 2009, Holden commenced production of the Cruze in 2010 and Ford will apply a fuel-efficient EcoBoost, four cylinder, turbo-charged engine to the Ford Falcon in 2012.

The Plan has contributed to successful trade missions to our traditional export markets and identified opportunities elsewhere in India and China. Last financial year, over \$500 million in commercial business was facilitated through the Automotive Market Access Program.

More than 70 automotive product manufacturers are boosting productivity and competitiveness through the Automotive Supply Chain Development Program and the Automotive Industry Structural Adjustment Program.

The Government believes that the automotive industry needs consistency, clarity and certainty about its future and that is what the Plan provides until 2020.

With the ongoing support and encouragement of the Government under our blueprint for the automotive industry, I am confident that the local automotive manufacturing industry will remain one of that select group of 13 countries that has the capacity to design, build and sell cars.

Thank you for the opportunity to respond to the petition.

Yours sincerely

GREG COMBET