



Australian Automotive National Summit Communiqué



AUSTRALIAN AUTOMOTIVE NATIONAL SUMMIT

Communiqué

Context

A comprehensive gathering of political, policy, regulatory, automotive industry participants, associations, and connected industry representatives participated in the inaugural Australian Automotive National Summit, held over 19 and 20 August in Canberra. The Summit objective of providing an opportunity to identify and address a range of different risks, opportunities, and challenges across the whole of the sector has been achieved.

This Communiqué contains broadly agreed principles, recommendations on critical issues and suggested actions resulting from input and discussion by the participants as a whole. It fulfils the second objective of the Summit. These have been organised across the seven emerging key themes that the industry has determined will play a significant role in determining what the industry looks like in Australia in the future, and how developments will influence productivity, business operations, employment, skills, and other parts of the economy. Implementing the actions arising from the Communiqué fulfils the third objective of the Summit.

1. Whole of Industry Approach

1. Automotive Sector Taskforce:

- ✓ Summit participants strongly agreed that an **Automotive Sector Taskforce** be established immediately.
- ✓ The **Taskforce** is the Sector's response to an identified need, and to a bipartisan political call for a 'united voice' enunciated at the Summit, with a focus on strengthening industry-wide collaboration and unity.
- ✓ The **Taskforce** provides the vehicle for a coordinated national approach in addressing structural adjustment; reform agendas; opportunities for global supply chain participation; and impacts arising from application and convergence of new technologies, identified challenges, and future directions.
- ✓ **Taskforce Members** are representative of the sector as a whole and includes senior leaders from the manufacturing, engineering, design, retail, service, fuel, repair, recycling, aftermarket and other automotive related businesses and industry representative bodies.

Whole of Industry Approach (Continued)

✓ *Taskforce Priorities* include:

- Confirm and prioritise identified matters from the Summit
- Develop and adopt processes and actions to unite and strengthen industry collaboration
- Advocate coordinated national industry policy responses to key economic and industry reform agendas
- Adopt national industry standards to contribute to business sustainability and consumer value.
- Coordinate policy responses to changing industry operations across a range of government portfolios including: Treasury, Infrastructure and Transport; Finance and Deregulation; Education, Employment and Workplace Relations, Industry, Innovation, Environment, Science, Research and Tertiary Education, the Office of Small Business and National Transport Commission.
- Guide government intervention and to support a longer-term policy framework that charts a future road map for a sustainable industry and its contribution to the nation's economic and social wellbeing and our reliance on road transport.

✓ It is proposed that the Taskforce operate for a period of five years. It is recommended the Taskforce should be reviewed after three years. This will provide sufficient time to set a strategic agenda, develop and implement an action plan for the industry, and for Government to develop and implement a Policy Framework (although development of these latter should occur within the first few months).

2. Automotive Transformation Scheme (ATS)

- ✓ The Summit participants strongly agreed the Automotive Transformation Scheme (ATS) represents the best option to mitigate damage caused by closures and other industry structural adjustment
- ✓ The Summit participants were united and adamant the ATS must be retained and extended past its proposed termination in 2017 and continue to 2021
- ✓ The Summit participants require the ATS be amended and broadened to include changes to accessibility and scope including expanding ATS guidelines to allow more use of funds to address issues across the broader sectors and that unspent funds be re-directed, to provide support for:
 - diversification and application of automotive capabilities in all sectors;
 - products or services for non-automotive industry sectors (subject to competitive neutrality rules)

Significant concern was expressed that strategic business investment and decisions had been made based on the scheme's continuance to 2021, given the long lead times involved in new product development and incorporation into vehicle platforms and production schedules, and that the removal of the ATS in 2017 would significantly disrupt and /or create the cessation of some businesses.

The ATS is essential in encouraging new investment and providing greater support for automotive capabilities in all sectors to transform and diversify their operations and continue to deliver products, components and new technologies and initiatives.

2. Automotive Skills and Future Workforce

- ✓ The Summit participants provided strong support for some of future ATS allocations to be directed to the delivery of essential training platforms including:
 - a more sophisticated approach to the determination of future skills requirements
 - innovative models of Apprenticeships
 - new business operator models and transition arrangements for makers in the automotive manufacturing sector into other areas of industry

- ✓ To address the critical issues identified transforming the whole industry, Summit participants agreed that the ATS must be:
 - recast to also include occupation and skills identification, qualification development and ongoing training for the new jobs and skills that are more closely aligned with future automotive and consumer requirements;
 - a central foundation to skill development for structural adjustment and in meeting current and future consumer demands created by current and emerging technology.

- ✓ Summit participants provided strong support for the development of a comprehensive, industry-wide model that will allow for the repositioning and development of best practice skills and workforce development approaches that provide a better understanding of change drivers and their impacts to develop the skills, tools, equipment, processes and standards required to successfully adapt meet and future demand, including:
 - supporting the transition requirements across the VET sector to address the critical issues identified in transforming the full industry into a more efficient and effective contributor to Australian jobs and growth;
 - continued Government support to ensure automotive requirements are met going forward;
 - Industry owned and controlled industry advisory arrangements and training standards to address the connection between education and training and what is required in businesses of the future.

- ✓ With the potential loss of employment opportunities for skilled workers once local auto-manufacturing finishes in 2017, there was general agreement on the need to put in place mechanisms for these skills from the automotive industry to be used as a strategic asset for the future for the benefit of Australia.

- ✓ Summit participants agreed that there was an urgent need to address the role and costs of apprenticeships; examine appropriate cost benefit models and alternative support options for governments and industry; the need to promote and encourage careers into the automotive industry

3. Business Models

- ✓ The Summit participants recognised businesses seeking to remain in the industry beyond 2017 and ensure long term sustainability, need to have innovation at the core of their business models, along with modern workshop facilities, ongoing investment in staff training and capital equipment, and a keen customer focus and service outlook.
- ✓ Within this context there was strong support for additional assistance to the sale, service, repair and recycling of the national motor vehicle fleet in considering their future options and in guiding companies within these sectors to the most suitable advice and support to ensure smooth transition of the industry. This should include supporting them to develop the new required capabilities and the provision of tools and processes to assist them to adapt to changing business requirement i.e. - to diversify into new or emerging market; adopt new or emerging technologies and/or; repositioning because of market driven structural adjustment.
- ✓ Summit participants recognised need to further address the lack of access to technical, repair and service information for many independent repairers from original equipment manufacturers and their affiliated dealerships. This includes clarity on who owns the information being generated by today's contemporary motor vehicles and how that information can be reliably accessed and at what cost.
- ✓ Summit participants suggested that the existing agreement be allowed to work, but that if the future servicing and repair of the national fleet were shown to be suffering because of access to repair information at fair and reasonable price then further regulatory or legislative action would be sought.

4. Infrastructure

- ✓ Summit participants provided strong support for an infrastructure planning framework that takes into account the application of current and emerging technologies, data implications, autonomous vehicles, car and ride sharing, different propulsion systems, data, and continuing reliance on road transport.
- ✓ Summit participants provided general agreement on the need for a realistic examination of a sustainable investment strategy for roads in Australia. This includes:
 - better institutional arrangements around the provision and delivery of road infrastructure
 - rigour and transparency around the prioritisation of infrastructure.
- ✓ Summit participants also called for a more comprehensive examination of the broader application of user charging needs to transform the way Australia funds its future road infrastructure that is levied at a level and volume of user activity that is fair and equitable.

5. Taxation and User Charging

- ✓ Given the impact on small business of the Commonwealth Tax System and State/Territory tax regimes, and the imposition and inconsistency of these regimes, Summit participants generally agreed on the need for a critical examination of tax compliance requirements to be undertaken in the context of the resource constraints of small business to manage multiple jurisdiction systems.
- ✓ Summit participants provided strong support for a simplified, sustainable, efficient, and effective taxation and/or user charging system for the Australian automotive industry for small business participants and the motoring public, including the removal of unnecessary taxes such as the Luxury Car Tax.
- ✓ Summit participants provided general agreement on the need to investigate the use of some form user charging as a potential replacement to (not in addition to) existing tax regimes and as an alternative to simplistic solutions such as a congestion tax. Such an investigation should be comprehensive and recognise potential impacts on social welfare, regional and remote communities and specific sectors such as heavy transport. It should also investigate implementation implications, reporting requirements, and how revenues from such a scheme are directed back to building roads infrastructure and maintenance.

6. Improving Competitiveness and Transparency

- ✓ There was general agreement on the need to examine:
 - the options for anti-competitive behavior within the Australian automobile industry and options for addressing employer and industry concerns, particularly for small business;
 - the negative impacts of new business models that lead to the opening up of the Australian market further through the importation of parallel imported vehicles and the degree to which they damage local business and consumer confidence in automotive enterprises.
- ✓ Summit participants generally recognised the lack of effective transparent policy planning policy has led to ad-hoc policy outcomes with unintended consequences. e.g., the decision to relax restrictions on used vehicle imports and new vehicle imports by individuals has led to some public debate on loosening the provisions of the Motor Vehicle Standards Act with a view to introducing motor vehicle parallel imports. Parallel importation of Motor Vehicles was roundly opposed.
- ✓ Summit participants generally agreed on the need for a policy framework for the automotive industry which is:
 - future orientated
 - anticipates potential changing consumer behaviors, and
 - recognises the interdependencies and interrelationships of the automotive industry so that the potential benefits and consequences of any decisions may be better understood before they are committed to
- ✓ Summit participants provided concerns over the lack of a coordinated government bureaucracy and lack of government resources by successive governments to the entire automotive sector. E.g., it was considered an indictment and example of poor policy participation that only one position remains in the entire Industry Department dedicated to the automotive industry and there is no apparent communication and coordination between Commonwealth Departments with accountabilities for the sector or influencing the sectors operations.
- ✓ To address these concerns a policy framework is needed to assist in facilitating an effective and sustainable automotive industry that maximizes benefits to the Australian economy, meets the changing needs of Australian consumers, and delivers a clear, fair and equitable environment for industry participants.

- End -