

specialReport

Australian Automotive National Summit 2015

David Newton-Ross was invited to attend the two-day Australian Automotive National Summit in Canberra, held on 19th and 20th August 2015. Here is his report.

I travelled to Canberra along with more than 130 representatives from all sectors of the automotive industry, which included associations and manufacturers who were joined over the two days by senators and federal MPs, to attend the Australian Automotive National Summit arranged by the MTAA. The title of the summit was "The Future of the Australian Automotive Industry".

The Hotel Realm was the venue for the summit and I am always talking about networking opportunities – well, this was networking heaven! As well as networking with the invited guests from the industry, there were various politicians including **Hon Joe Hockey, Kim Carr, Ian Macfarlane, Nick Xenophon** and others to rub shoulders with!

The first day started late in the afternoon with a welcome from **MC Steve Cannane**, ABC journalist, who introduced MTAA President Neville Gibb to officially open the event and he had this to say:

"In opening the Australian Automotive Summit, I wish to highlight that the Australian Automotive Industry will not end with the closure of manufacturing plants in 2017.

"Over 340,000 Australians are expected to remain employed in an industry that contributes \$38 billion to the economy. The sector is changing; there is rapid application of new technologies, consolidation in retail, changes in supply chain, heightened competition, and new materials, convergence of technology and driverless cars and car sharing. The sector must identify appropriate training, skills development and tooling to meet the challenges of a rapidly changing industry.

"The industry must continue to provide constant representation to Government, but cannot do it in isolation. We must



facilitate an opportunity for all of industry.

"We must take the conversation forward and reignite the passion of an industry that has been, and will continue to be, a cornerstone of the Australian community.

"The Australian Automotive Industry Summit is an opportunity to elevate these issues to a national conversation. This work will extend beyond the end of the Summit, next week, next month and indeed, beyond 2017."

An excellent video was then shown, which can be watched on YouTube at www.youtube.com/watch?v=8DrQdaKXCLQ.

This video really explained why the summit was convened and is well worth watching.

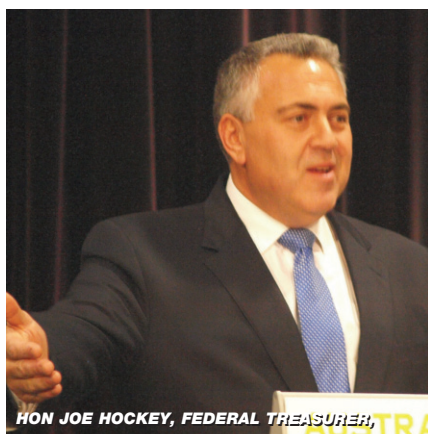
The keynote address from Hon Joe Hockey, Federal Treasurer, followed. This focused on an opportunity for change, the currency of innovation and preparing for the future.

Treasurer Hockey described the

industry "as being in the state of a revolutionary change and while there would be challenges for the sector, so too would there be opportunities. Learning from the past, embracing reform and having a go could meet these opportunities.

"Australia's future currency lies in consumer-driven innovation, the value of which will rise and fall in a willingness to take ideas and make them work. Consumers expect better performing vehicles, more technology and greater customization. What was once unreal 20 years ago is today beginning to look real, and this will only continue."

Treasurer Hockey acknowledged that "the challenge of these changes would not be easy, but such transitions could be facilitated. The City of Geelong illustrates an example of this. Historically, Geelong has been a manufacturing city powered by the car industry. Recent times have seen the city diversify into industries that will provide more opportunities and



HON JOE HOCKEY, FEDERAL TREASURER

employment. Today it is a city of innovation powered by many sources including healthcare, advance manufacturing, tourism and technology. Earlier this month the Prime Minister announced an Advanced Manufacturing Growth Centre in Geelong to help for a stronger future.

"The changes in our society and economy are clearly reflected in the automotive industry. Both technological advances and consumer demand have facilitated these shifts. The winners in this industry, and all others, will be those who respect and learn from the past but do not allow themselves to be held back by it. The winners will be those who look to the future and take risks," Hockey concluded.

Kevin McCann, Managing Director of Volvo Cars Australia then provided his 'Vision for tomorrow'. Much of this was concerned with autonomous cars. In fact, an autonomous Volvo XC90 happened to be in the hotel foyer – destined for Adelaide later this year for autonomous car testing in that city. One of the panellists at the summit mentioned that by the year 2030 autonomous cars could represent as much as 30 per cent of new vehicle sales – quite a sizeable number on the roads, which no doubt will be slightly different to what we have today.

A panel discussion, 'Automotive Industry – more than just vehicle building' with panellists Senator Ricky Muir, Senator John Madigan, Senator Nick Xenophon, Kate Carnell – CEO Australian Chamber of Commerce and Industry, Eugene Arocca – CEO of Confederation of Australian Motorsport, and Kevin McCann – MD Volvo Cars Australia followed.

The panel was unanimous in agreeing that the Automotive Transition Scheme be reassessed as it does not adequately reflect the Automotive Industry. Senators Muir, Madigan and Xenophon stressed



HON SENATOR KIM CARR – SHADOW MINISTER FOR HIGHER EDUCATION, RESEARCH, INNOVATION AND INDUSTRY, SHADOW MINISTER ASSISTING THE LEADER FOR SCIENCE

that the closure of manufacturing plants, which makes up 20 per cent of the industry, would lead to significant job losses. While it is clear that there is still a feeling that manufacturing is critical to the industry, there is still 80 per cent of the sector that will remain, and this conversation must be continued into the future. Senator Madigan said that the industry must speak to government with a united and single voice to ensure appropriate policy settings to support the industry going forward. Kate Carnell stressed the need for general support for the ATS, but discussion on the scope of the scheme needs to be changed. The ATS applies to an environment that no longer exists and it must change accordingly.

The first day concluded with an evening reception where attendees mixed with many politicians in a very agreeable social environment.

Day Two commenced with a recap of Day One by **MC Cannane**, which was followed by another keynote address, this time from the Hon Senator Kim Carr – Shadow Minister for Higher Education, Research, Innovation and Industry, Shadow Minister Assisting the Leader for Science. Kim Carr opened his keynote address to the AANS attendees by paying tribute to the MTAA Limited for "the hard work in coordinating this event."

Senator Carr went on to say: "Events that have occurred have highlighted that it is not so much what you know but what you don't know. There are new areas of the industry open for discovery and it is important that the breadth of the industry is understood."

Senator Carr is concerned that discussion around the future of the automotive industry has a use-by date at the cessation of the Automotive Transformation Scheme and stressed that "despite manufacturing closures, there will still be an automotive industry in Australia."

"The scale of this industry and its scope will depend on the Government. New



RICHARD DUDLEY

business models, relationships between industry and government, smarter automotive policies (whether by taxation, competition etc.) must develop along with the government's understanding of how they can better assist the industry."

Senator Carr acknowledged that "this is not a stand-alone view: it is indeed a widespread view across the industry."

"We do know that the automotive industry matters to voters. We saw that in last year's Victorian election. Industry-commissioned polling undertaken by Newspoll after that election found that 17 per cent of voters in the crucial sand-belt electorates in Melbourne's south-east had switched from the Coalition because of cuts to the Automotive Transformation Scheme," he said.

Senator Carr ended his address saying: "I have never wavered in my belief that there can be a prosperous future for the automotive industry in this country. I maintain that view and I look forward to working with you on Labor's future automotive policy."

Presentations followed from **Dr Michael Schaper**, Deputy Commissioner of ACCC on 'Regulatory Perspectives' and Dr Warren Mundy, Productivity Commission Commissioner on 'Policy Perspectives'.

The group then split into two workshops for an hour-long discussion. The workshops were entitled 'Improving Competitiveness and Transparency/ Environment and Safety' and 'Taxation and User Charging/ Infrastructure'.

There was a final keynote address by **Hon Ian Macfarlane**, Minister for Industry and Science, followed by two more workshops entitled 'New Business Models and Whole of Industry Approach' and 'Skills and the Future Workforce', both of which became quite heated at times!

After lunch there was a short report on the various workshops followed by **Mr Len Piro**, CEO of the South Australian Automotive Transformation Taskforce, who looked at the current automotive

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THE FIRST PANEL OF THE DAY

landscape and spoke of how his taskforce had been addressing the issues facing the industry in South Australia.

"The task force is training workers by helping them to up-skill, re-skill and diversify. The government's Industry Growth Fund has been utilised to help with these transitions."

Piro said that, while manufacturing certainly had the highest level of exposure, it only represents about a 20 per cent share of the industry.

The taskforce found that 700 companies had been directly impacted by the closure of just one manufacturing plant.

Piro stated that the Summit was a good forum to open up discussion and address these issues and highlighted the need for the industry to come to government with a consolidated voice. "Lessons had to be learned from the past and there needs to be collaboration across all spectrums of the industry," he said.

Futurist Mark Pesce gave a very animated and informative presentation. He stressed that misfortune shaped opportunities. "While we are seeing the end of automobile manufacturing in Australia, the country still has an incredibly dynamic motor vehicle market. As manufacturers depart, they leave a vacuum of both market and policy. It is becoming clear that there has never been anything like a holistic approach to the sector. There needs to be a transition strategy that guides the industry into the next phase of growth. The industry is not dying, it is transforming. The entire value chain for both transportation and ownership of motor vehicles is becoming comprehensively amplified, and those in the industry need to understand what this means," he continued.

"For the consumer it's a question of convenience. It has never been as easy to arrange transportation. But for the motor

transport industry, amplification represents the biggest transformation in business-as-usual since the introduction of the automobile. "Let's hope we've learned enough from recent history to embrace this once-in-a-lifetime opportunity to reinvent the motor vehicle industry. It's all services, all the way down the road ahead," he said.

The final panel session – 'The Future of the Australian Automotive Industry – What will the industry look like in 2030?' comprised Ian Christensen, Chief Executive Officer, AutoCRC; Gavin Smith, President, Robert Bosch Australia; Len Piro, CEO South Australian Automotive Transformation Taskforce; Susan Harris, Chief Executive Officer, Intelligent Transport Systems Australia; and Mark Pesce, Futurist.

The panel focused primarily on what the automotive industry might look like in 2030 and how new technology and advances in manufacturing and engineering were shaping the future of the automotive industry. With a more technology-focused supply chain, repair and services skills would have to be reassessed to accommodate these changes.

Ian Christensen said: "AutoCRC would continue to support the evolution of vehicle innovation and functionality. New technology, such as autonomous cars, will create a huge pool of benefits for the community. There will be highly advanced vehicles which will create changes in traffic management as well as the way we look at and conduct manufacturing."

Susan Harris said that, "just because there is no manufacturing does not mean we do not have an industry." She stressed the need for government support for trials and also the need to establish regulatory frameworks.

Gavin Smith from Bosch stressed that "when manufacturing closed down,

companies like Bosch would still continue." He also highlighted that business owners had made business decisions based upon the Automotive Transformation Scheme (ATS) through until 2021, not 2017 and that the ATS should not be taken away. Businesses would have to diversify, but there would also need to be competitive policy settings. Technology will only continue to evolve and there needs to be regulation and infrastructure to cope with this.

The panel agreed that Australia has to move, and start moving quickly.

Richard Dudley thanked the speakers, panellists and audience for their participation across the Summit. "The Summit has achieved its objective of bringing the sector together and to identify that there is a universal agreement across the sector for urgent work to be done," he said.

"There is universal agreement for the establishment of an Automotive Sector Taskforce to further develop the positions where general agreement had been reached and to capture and prioritise what has been discussed across the past 10 hours and identify potential solutions." He said there is now an expectation from our political leaders that we approach them with these solutions and we will do so with a united voice. This Taskforce must be representative of the entire automotive sector.

Dudley said a communiqué would be issued once the contents of the Summit had been analysed and an invitation issued for the formation of the Taskforce, with the first preparatory meeting to be held in late September or October and a Taskforce roundtable with Government by November 2015.

He then closed what had been, as far as I was concerned, a very successful event and one that will no doubt lead to a much better dialogue with our politicians on the future of our respective industries. **NGR**

Editor: Congratulations must go to Richard Dudley of MTAA and his team for putting together this very successful Australian Automotive National Summit.

For more information and to take a look at some of the presentations, go to the MTAA website:

<http://mtaa.com.au/summit>

We will provide updates on the progress of the Taskforce in future issues.