



**THE HON IAN MACFARLANE MP**  
**MINISTER FOR INDUSTRY AND SCIENCE**

PO BOX 6022  
PARLIAMENT HOUSE  
CANBERRA ACT 2600

13 AUG 2015

Senator Nick Xenophon  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

MC15-003374

Dear Senator *Nick*

Thank you for your letter of 3 August 2015 on behalf of Mr Oscar Fiorinotto, Managing Director of Supashock Pty Ltd, concerning the company's eligibility for funding through the Automotive Transformation Scheme (ATS).

I am always encouraged to hear about innovative manufacturing Australian companies who are diversifying across sectors and growing their businesses. I am aware of Supashock as they have previously accessed Australian Government incentive programmes. You can assure Mr Fiorinotto that the Government is committed to ensuring our manufacturing industry is competitive and a source of investment and jobs growth. We recognise our manufacturers face significant challenges, due to a small domestic market, decentralised production via global supply chains, import competition and changing consumer preferences.

As you know, the ATS encourages competitive investment and innovation in the Australian automotive industry. It will remain in place and come to a natural conclusion at the end of 2017 when Holden and Toyota end their Australian manufacturing operations. As I have stated on a number of occasions, the Government will maintain the ATS in its original form as legislated. This decision provides certainty to the automotive industry in respect of the level of ATS assistance available over the next three years, as it makes the transition from domestic car manufacturing.

As you are aware, we developed the \$155 million Growth Fund as a targeted and strategic response to the closure of the automotive industry. The Growth Fund will support employees, businesses and regions affected by these changes. On 3 August 2015, I joined the Hon Kyam Maher MLC, the South Australian Minister for Manufacturing and Innovation and Autotransformation, in announcing the 15 firms in South Australia that will receive grants under the \$60 million Next Generation Manufacturing Investment Programme, an element of the Growth Fund. These grants total over \$28 million worth of assistance to South Australian firms.

I have also announced the successful applicants of Round Two of the \$20 million Automotive Diversification Programme (ADP), another element of the Growth Fund. The ADP supports Australian automotive supply chain companies by helping them diversify into new markets. The ADP is providing over \$6 million worth of assistance to South Australian companies. Applications for the third round of the ADP are open until 17 September 2015.

The Government has a range of policies and programmes in place to boost Australia's productivity and competitiveness and help the transition towards the smart, high value and export oriented industries of the future. These programmes include the Industry Growth Centres initiative which will focus on improving aspects of our economy such as collaboration and commercialisation; management and workforce skills; access to global supply chains; and regulatory burden. Centres are currently being established in five key sectors of the Australian economy: food and agribusiness; mining equipment, technology and services; medical technologies and pharmaceuticals; advanced manufacturing; and oil, gas and energy resources. I would encourage Mr Fiorinotto to engage with Mr Andrew Stevens, Chair of the Advanced Manufacturing Growth Centre, who can be contacted

I have also requested that an officer from my department, Mr Deepak Joshi, Assistant State Manager South Australia and Northern Territory, AusIndustry - Business Services, contact Mr Fiorinotto to discuss the range of programmes we have available that may be of further assistance to Supashock.

Yours sincerely

Ian Macfarlane