



The Confederation of Australian Motor Sport Limited (CAMS)

Submission to the Senate Economic References Committee Inquiry into the Future of the Australian Automotive Industry.

CAMS thanks the Committee for the invitation to make a submission to its inquiry into the Australian automotive industry, and addresses in particular the first five of the inquiry's terms of reference:

- retaining automotive engineering and manufacturing skills in Australia
- contributing to a diverse Australian economy
- promoting the role of motor sport as a significant sector of the automotive industry
- the importance of retaining a component and aftermarket industry
- the importance of motor sport in fostering innovation and creativity

Confederation of Australian Motor Sport

The Confederation of Australian Motor Sport Limited (CAMS) is the National Sporting Authority (ASN) for motor sport in Australia. Further information about CAMS is attached at the end of this submission.

Summary of proposals

CAMS believes that the Australian automotive industry has a future, but that Government policy must move beyond the comfortable certainties of the past, the manufacture of motor vehicles by the major global companies, and must build on the intellectual capital and industrial capacity which have been built up over many years. In particular:

- CAMS seeks greater recognition and support for Australian motor sport as both a significant sport, as an important economic driver, and as an integral part of Australia's new automotive industry
- CAMS requests government support for the establishment of a Motor Sport Centre of Excellence for motor sport training and development

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- CAMS proposes broadening the scope of the Centre of Excellence to include automotive innovation, design, and niche manufacturing

The demise of the original vehicle manufacturing industry in Australia is an opportunity, not a crisis. The motor sport industry can contribute to the development of an innovative, creative, and competitive automotive component and aftermarket industry.

The Economic Contribution of the Australian Motor Sport Industry

To substantiate and quantify the size and scope of the Australian motor sport industry, CAMS has commissioned a report on the Economic Contribution of the Australian Motor Sport Industry. CAMS has engaged consultants to undertake an economic analysis of the Australian motor sport industry in order to gain an accurate understanding of the annual contribution of the sport to the Australian economy. The study covers all levels of motor sport including CAMS, CAMS affiliated clubs, licensed competitors and officials, motor sport venues, major motor sport events and motor sport related businesses.

This study, by multinational professional services firm Ernst & Young, highlights the importance of the motor sport industry to Australia, by estimating the economic contribution, value add and employment of the industry in 2013. This study also estimates other key measures, such as the number of participants, clubs and venues across Australia.

CAMS has always known that motor sport is a significant generator of economic activity, of stimulus to the economy, and as an employer and creator of jobs. This report substantiates that view.

The analysis has found that in 2013 Australian motor sport generated \$2.7 billion in direct industry output, \$1.2 billion in direct value add, and 16,181 direct jobs. Motor sport events generated 30% of the motor sport industry's output, namely \$0.8 billion in direct industry output, \$0.4 billion in value added, and 4888 jobs.

Motor sport is deeply embedded in Australian culture, it adds to community cohesion and development, and is the fourth most watched sport in Australia in terms of spectator attendance, behind Australian Rules football, horse racing and rugby league. Major events like the Formula 1 Australian Grand Prix, WRC Rally Australia and the V8 Supercars Championship make this the case.

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This study relies on extensive primary market research (i.e. over 4,300 surveys completed by participants, clubs and category managers), existing primary data sources (e.g. financial statements and database extracts from governing bodies) and consultation with over 40 industry representatives across all elements of the industry.

The full report can be found at

http://docs.cams.com.au/Public%20Documents/CAMS_EYReport_201014_LR.pdf

CAMS contends that this proven economic importance of motor sport deserves greater recognition and support from governments and the corporate sector. As a significant contributor to the Australian economy it provides an opportunity for growth and development of the broader automotive industry as we move beyond the comfortable certainties of domestic car manufacturing by the major global automotive companies. Motor sport is an established platform for innovation, creativity, design and niche manufacturing. It has been proved that Australia cannot compete in global car manufacturing. Where it can compete is in design and innovation, a space already occupied and developed by motor sport.

CAMS has traditionally promoted motor sport as a sport, which it will continue to do. In this regard, it should be noted that motor racing receives only about \$340 000 in annual high performance and development funding from the Australian Sports Commission, well below other elite sports such as swimming and sailing.

CAMS is now submitting that motor sport, an important economic activity in its own right as demonstrated by the EY report, can also contribute to the development of a new and globally competitive Australian automotive industry.

Motor Sport Centre of Excellence

CAMS has proposed the establishment of a Motor Sport Centre of Excellence to develop and train new and emerging driving and engineering talent. It would also include safety and driver education programs, and would ideally be based at one of the major existing permanent race facilities, such as Sydney Motorsport Park.

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Our present plans include high quality training and development, expanding the number of junior participants, and providing a venue for our courses in management of motor sport events, in the training of officials and participants, and in the enhancement of safety measures. We see this as a means of developing Australian talent and as well as an export earner in motor sport training in much the same way as Australian training airports are hosting flying schools which attract large numbers of trainees from overseas, particularly from Asia.

The key elements of the proposed Centre of Excellence would be:

Community & Participation Programs, including:

- Safer Road Users Program
- F1 in Schools Program
- Ricciardo's Racers Program
- CAMS Officials Safety Training Venue
- CAMS Medical Training Centre
- Meeting and training venue for CAMS clubs

The CAMS/AIS High Performance Program, including;

- CAMS Elite Driver Academy
- The FIA CAMS Australian Formula 4 Championship

Economic Development

- An educational facility for motor sport mechanics and engineers linked to tertiary institutions and industry associations
- A hub to provide support and assistance to businesses in the motor sport industry
- A venue to host FIA regional events and training
- International training centre for officials, administrators and drivers

The CAMS Centre of Excellence - the first Motor Sport Centre of Excellence in the Asia Pacific Region and one of only three such FIA recognised facilities in the world – would position Australian motor sport as a world leader in development, education and safety.

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Daniel Ricciardo, the Australian Formula One driver, has agreed to be our ambassador for motor sport, and particularly to promote the concept of a Motor Sport Centre of Excellence.

While our priority remains motor sport training and development, we believe a Centre of Excellence could be further developed to include engineering innovation and design, similar to that being implemented at Silverstone Park in the UK. Silverstone Park, at the famous Silverstone race track, is a cluster of high performance motorsport businesses, providing access to specialist expertise, supply chains, and testing and research facilities.

We are aware that the Australian Automotive Aftermarket Association is putting a proposal to the Senate Inquiry for a broader automotive engineering design and manufacturing centre. CAMS supports that proposal, and believes that a Motorsport Centre of Excellence could well be a key component of it. CAMS would welcome an invitation from the Committee to discuss this proposal further, in conjunction with AAAA.

Motor sport as an incubator and test bed for innovation in the automotive industry

It has been demonstrated that motor sport is an important industry in its own right. CAMS is now proposing that government policy recognise and support its importance by including it in its policy settings for the future of the Australian automotive industry. We believe there are opportunities, that there is a future for the automotive industry in Australia, and that motor sport can make a significant contribution to it.

Australia possesses valuable intellectual capital and skills in automotive design, engineering and manufacturing, built up over many years of manufacturing quality vehicles in this country. These skills have recently been demonstrated against global competition by the presentation of a new Buick concept car at the Detroit motor show, designed at the Holden design studio in Melbourne. While General Motors says it will retain the design capacity in Australia, clearly this will always be determined by business decisions in the USA, and as Australians we need to develop our own industry to ensure that these skills are retained and further developed in Australia.

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While the recent Productivity Commission inquiry into the Australian automotive industry recommended that assistance to the major vehicle manufacturers be discontinued, and that assistance to component manufacturers not be continued beyond that already committed, it found that there are “spillover benefits” to the broader economy flowing from the automotive manufacturing industry. The Commission’s overall assessment was that these benefits did not justify continuing subsidies to the automotive manufacturing industry, but it is our contention, shared by many submitters to the Productivity Commission inquiry, that these benefits are valuable and should not be lost. Governments should take a proactive role in retaining valuable skills and intellectual capital, and not just leave them to the vagaries of the international market, as recommended by the Commission. (See Productivity Commission report “Australia’s Automotive Manufacturing Industry”, March 2014 – Chapter 3 “The Role of Government”, particularly page 85 and following.)

Motor sport and the automotive aftermarket

Motor sport and the automotive aftermarket can work together to retain skills and jobs in Australia. Australia has a vibrant and profitable aftermarket industry, manufacturing and distributing quality automotive components domestically and for export. Motor sport is an important market for aftermarket components, as well as contributing to the design and production of components specifically for motor sport and for wider application and use. It would be a great loss to Australian productive capacity if we were to lose these valuable skills and productive capacity.

CAMS is collaborating with the Australian Automotive Aftermarket Association (AAAA) as it works to develop policies for the future of motor sport and for the broader automotive industry. AAAA has a special interest group, the Performance, Racing and Tuning Council, which provides advice, understanding and a strategic approach to current and potential performance, racing and tuning market issues from regulators, governments, enthusiasts and community groups. Its goal is to promote professional and responsible activities within the performance racing and tuning sector. CAMS sees strong synergies between the aftermarket industry and motorsport, and is actively working to build relationships and promote policies and activities in their mutual interests. CAMS is aware of AAAA’s submission to this inquiry and supports its recommendations.

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Conclusion

CAMS wishes to be kept informed of the progress of this inquiry, is willing to contribute further to the Committee's deliberations if required, and would wish to participate in any public hearings or discussions that may be convened.

The contact officer for any inquiries is Eugene Arocca, Chief Executive Officer, whose contact details are at the head of this submission.

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Attachment

Confederation of Australian Motor Sport

The Confederation of Australian Motor Sport Limited (CAMS) is the National Sporting Authority (ASN) for motor sport in Australia, and is delegated this responsibility by the Federation Internationale de l'Automobile (FIA)

The FIA aims to ensure that motor sport is conducted in accordance with the highest standards of safety, fairness and social responsibility and CAMS, together with in excess of 120 other ASNs in over 100 nations, is committed to carrying out the mission of the FIA.

CAMS is the recognised National Sporting Organisation for motor sport by the Commonwealth Government via the Australian Sports Commission.

The aims of CAMS are:

To be a regulator and FIA-delegated authority.

- Under the auspices of the Fédération Internationale de l'Automobile (FIA), continue to regulate the sport in a professional, streamlined and customer-focused manner as the delegated National Sporting Authority (ASN). This will be achieved through the National Competition Rules and suite of sporting and technical regulations commensurate with the level and type of event using the principle of simple rules for simple events and adequate rules for other events.
- Continue to promote the principles of safety, fairness and social responsibility in the conduct of motor sport within Australia.

To focus on sport and club development.

- Deliver leadership, innovation, customer focused and responsive services that positively contribute to increased participation, interest, high performance and to contribute to the social capital of Australian communities.
- Implementation of proactive sport, club, community and member development programs that provide an environment for our members that helps them experience motoring in a positive, enjoyable and effortless manner.

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- Focus on increasing equity and diversity within the sport and organisation through the delivery of proactive inclusion and integration programs that transcend race, religion, gender, age and creed, including but not limited to youth, women, disabled, indigenous and culturally diverse groups.
- Nurture an organisational culture and ethos that builds on club-level activity and promotes volunteerism and CAMS as an organisation of choice.

To foster and develop partnerships with other motoring bodies and stakeholders.

- Provide an operating environment that engages with and responds to the needs of our members, customers, stakeholders and communities. Foster and develop strategic partnerships locally, nationally and internationally that contribute to an integrated approach to achieving the objectives of CAMS and our partners.

To be a peak body for “motoring enthusiasts”.

- Proactively engage and encourage motor enthusiast bodies and individuals within CAMS using appropriate affiliation packages, programs and initiatives.

Within these broad goals, CAMS increasingly sees itself as a significant participant in and contributor to the Australian automotive industry and beyond that as a significant contributor to the Australian economy. CAMS has developed valuable intellectual property in management of motor sport events, in the training of officials and participants, and in the enhancement of safety measures, which it is increasingly working to market in Australia and overseas.

Submitted by:

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