



BOSCH

Senate Standing Committees on Economics
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9th October 2014

Proposed ATS Phasing Reduction

Dear Secretariat,

I am writing to you regarding the proposed cut to the Automotive Transformation Scheme (ATS). The estimated \$900 million in funds taken from the scheme will effectively leave the supply chain with very little access to government assistance to transition into global supply chains and for automotive design, application & manufacturing.

The ATS program is now more important than ever in assisting us in an environment without local vehicle manufacturing. There will be a significant impact on our current business operations and material uncertainty should the proposed changes be adopted.

There is no doubt that the scheme has developed valuable technical skills for this country which are now under threat.

Bosch Australia employs excellence in engineering for automotive electronics (128 engineers), vehicle safety systems (62 engineers) for domestic & export customers (20:80) and diode production (sales of \$43 million p.a., 100% export, 112 employees). We continue to design & develop hardware & software and successfully license the IP worldwide with the assistance of the ATS.



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ATS amendments must instead;

1. Focus on maintaining the committed level of funding for component sector research & development to support orderly transition and employment to new business areas.
2. Be decoupled from a sales cap related to local manufacturing given the OEM closures. Engineering and the resultant IP is valuable in its own right, independent of manufacturing.
3. Amend the eligibility criteria to encourage further investment in research & development to continue to secure complex design and engineering work in Australia.
4. Strengthen support for R&D innovations for the automotive aftermarket.

With an Australian presence dating back to 1907, Bosch's Automotive Division realised sales in 2013 of \$223 million and generated valuable exports of \$87 million. We can continue with your support.

I urge you to reject the proposed phasing of the ATS reductions.

Yours sincerely

Gavin Smith
President
Robert Bosch (Australia) Pty. Ltd