

# **Additional Comments by Senator Nick Xenophon**

## **There is still petrol in the tank of Australian automotive manufacturing**

1.1 We can't afford to give up on car making in Australia. I endorse the majority report of the committee, and commend the collaborative approach the committee took to this inquiry. I especially wish to thank Senators Carr, Madigan and Muir for their role in this inquiry.

1.2 I still hold hope for an Australian Automotive sector, seeing numerous opportunities amidst current structural changes within the industry.

1.3 I have previously highlighted the innovative work being done by Australian manufacturer Supashock in my state of South Australia and the potential synergy between a domestic automotive manufacturing industry and local shipbuilding.

1.4 More recently, I have met with Australian companies Ethan Automotive and Red Automotive Technologies, and Belgian company Punch Corporation who want to be part of a revival of the auto sector.

1.5 Mr Matthew Newey, the chief operating officer of Ethan Automotive, fully believes cars can be made profitably in Australia stating that the 'success in this market requires an agile low-volume facility and an entirely new manufacturing infrastructure.'

1.6 The Punch Corporation has been successful in reinstating a GM plant in Strasbourg where it now makes high quality transmissions for Audi, BMW and GM.

1.7 I commend the Chair for also maintaining hope, identifying 'opportunities to expand automotive manufacturing in other areas, such as automotive aftermarket and the truck industry if the policy settings are conducive' and additionally recognising 'the motorsport and motoring enthusiast sector are significant contributors to the automotive industry and should be encouraged to expand their activities.'

1.8 GM-Holden themselves, maintains hope for a domestic automotive industry stating they are 'very open' to the prospect of their main automotive plant being used by other companies in a push to revive the car industry.'

1.9 The Abbott Government, however, seemed to hold no hope for the future of a domestic car manufacturing industry with its announcement on 10 March 2015 that it will not make changes to the current Automotive Transformation Scheme (ATS) legislation.

1.10 I am hopeful that the Turnbull Government, with Industry and Innovation Minister Christopher Pyne, will take a radically different approach and be supportive of projects to revive car manufacturing in Australia post 2017.

1.11 It's critical that the government embraces the potential of new car making firms in Australia because that is the best way to ensure the automotive supply chain does not collapse post 2017.

1.12 As Mr Newey points out the British automotive industry, and its 'powerful partnership' with government, is a prime example of the recovery of what was a dying local industry. Why should Australia be any different?

1.13 Thomas A. Edison hit the nail on the head – 'our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.'

1.14 I urge the government not to give up on an industry which, on many fronts, offers huge potential given the right conditions and one of those right conditions is a much more conducive exchange rate, around 70 cents to the US dollar. With real political will and a concerted effort by industry we can create those right conditions to revive car making in Australia. Let's try just one more time.

**Nick Xenophon**

**Independent Senator for South Australia**