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Government Announces Co-investment into GM Holden

March 2012

On 22 March 2012, Prime Minister Julia Gillard, together with Premier Jay Weatherill of South Australia and Premier Ted Baillieu of Victoria announced a \$275 million co-investment in the future of GM Holden's car making operations in Australia. GM Holden announced that in return, it would invest \$1 billion into car manufacturing in Australia. Specifically, GM Holden announced that it would commit to producing two "next generation" vehicles in Australia over the next ten years. The Federal Government's contribution to this investment is a part of its existing \$5.4 billion *New Car Plan for a Greener Future*. The Prime Minister's press release is available [here](#).

Co-Investment into GM Holden

The \$275 million co-investment package announced on the 22 March 2012 has confirmed that GM Holden will continue to manufacture cars in Australia until at least 2022. In announcing the funding package, SA Premier Weatherill, whose government will provide \$50 million worth of funding, noted that prior to the this funding agreement the likelihood of GM Holden ceasing all manufacturing operations in Australia was increasing. Premier Weatherill's press release is available [here](#).

The Federal Government contribution to the investment is \$215 million, funded under the existing *New Car Plan for a Greener Future* package.

In response to the announcement, SA Unions State Secretary Janet Giles says the investment is a vote of confidence in the State's manufacturing sector and will give thousands of workers certainty about their future in the manufacturing industry. SA Union's press release is available [here](#).

GM Holden in Australia

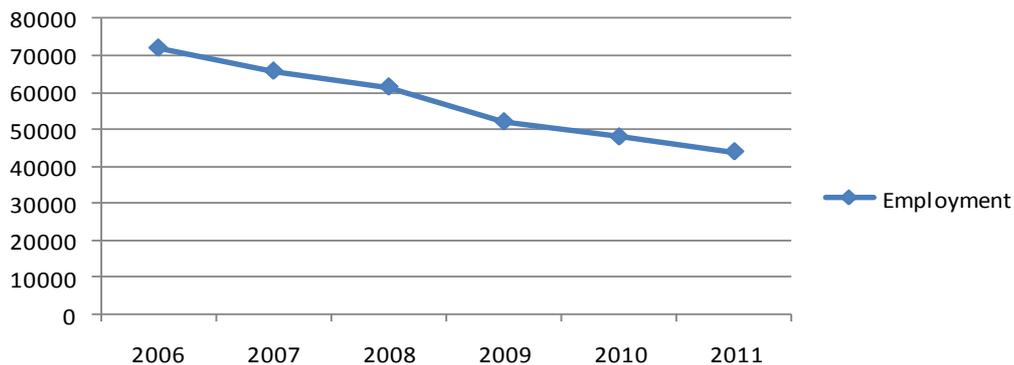
Today GM Holden is one of only seven fully-integrated global General Motors operations, in that it is responsible for the design, building and selling stages of vehicle production. GM Holden's headquarters are in Port Melbourne, while its primary manufacturing plant is in the Adelaide suburb of Elizabeth. The GM Holden Dealer Network consists of over 200 authorised stores and 12 authorised service centres across the country, employing more than 13,500 people.

The Australian Automotive Manufacturing Industry

The Australian automotive manufacturing industry consists of three car manufacturers, Holden, Toyota and Ford; and approximately 160 component, tooling, design and engineering firms. The industry is based primarily in South Australia and Victoria, with a smaller presence in New South Wales. In 2011, the industry employed over 43,000 people.

Employment in the Australian Automotive Manufacturing Industry

Source: Australian Bureau of Statistics 6291.0.55.003



The Australian automotive manufacturing industry was strong throughout the twentieth century, with Australia Motor Industries, British Leyland, Chrysler Australia, Mitsubishi Motors Australia, Nissan Australia and Rootes Australia all manufacturing in Australia in that time.

Recently, the industry has come under significant pressure, particularly in the wake of the global financial crisis and the rising Australian dollar. This pressure has resulted in a shrinking of the industry, evident in a decline in the number of employees in the industry, the export value of the industry, and the total domestic production.

The changes in the Australian automotive industry are also a reflection of larger shifts in the global automotive manufacturing industry, where there has been a shift away from the traditional automotive manufacturing hubs of the US, Europe and Japan, towards growing markets of China and India.



Australian Vehicle Production, Domestic Sales and Export Sales

	2005	2006	2007	2008	2009	2010
Domestic sales	248,912	201,623	200,485	171,432	147,680	146,341
Export sales	142,022	132,742	140,233	161,956	72,915	94,095
Total sales	390,934	334,365	340,718	333,388	220,595	240,436
Total domestic production	387,821	329,428	335,625	324,684	218,258	242,941

Source: VFACTS; KAS

Government Measures to Support the Car Industry - A New Car Plan for a Greener Future

Launched in 2008, *a New Car Plan for a Greener Future* is the Government's strategy to reshape the Australian automotive manufacturing industry to ensure its future viability. The strategy focuses on assisting the industry to adjust to a more open trade environment and shift to producing vehicles and components with lower fuel consumption and greenhouse gas emissions.

Initiatives under the New Car Plan for a Greener Future include:

- **The Automotive Transformation Scheme (ATS)**, which will replace the previous Automotive Competitiveness and Investment Scheme (ACIS). The ATS will provide \$3.4 billion from 2011 to 2020 to motor vehicle producers; automotive component producers; automotive machine tool and automotive tooling producers; and automotive service providers who can demonstrate outcomes in improved economic sustainability, improved environmental outcomes and workforce skills development.
- A \$1.3 billion expansion of the **Green Car Innovation Fund** over ten years to provide assistance to Australian companies for projects that enhance the research and development and commercialisation of Australian technologies that significantly reduce fuel consumption and/or greenhouse gas emissions of passenger motor vehicles. *(On 27 January 2011, the Prime Minister announced the closure of the Green Car Innovation Fund as part of the Government's saving measures to support the rebuilding of infrastructure damaged by the floods over large areas of eastern Australia. The Prime Minister's press release is available [here](#).)*
- **The Automotive Supply Chain Development Program (ASCDP)**, which provides \$20 million over four years to strengthen capabilities in the automotive components sector, and the capacity of component manufacturers to integrate into complex national and global supply chains.

- **The Automotive Market Access Program (AMAP)**, which provides \$6.3 million to assist in increasing automotive component suppliers' access to global supply chains. Two Automotive Envoys, Mr John Conomos AO and the Hon Steve Bracks AC, have been appointed to promote the Australian industry globally. The Envoys' role is to identify and facilitate linkages for Australian automotive suppliers in global supply chains. So far they have led delegations to:
 - Thailand in November 2009, with the *AutoLink* cluster group;
 - India and Malaysia in February 2010, with the *AutoLink* cluster group;
 - China, May 2010, in coordination with the Victorian Government;
 - China, October 2010 to participate in the *China Australia Alliance for New Energy Vehicle Innovation Summit* ;
 - Thailand and Malaysia in November 2010, as head of an industry delegation;
 - Japan and Korea in December 2010 to meet with vehicle manufacturers to assess supply chain opportunities;
 - an industry trade delegation to USA in October 2009; and
 - met with a number of technology component and motor vehicle producers in Germany and the Czech Republic in July 2010.

- **The Automotive Industry Innovation Council (AIIC)**, made up of key decision makers in the automotive industry. The AIIC is an advisory body to the Minister, and an advocate for innovation in the industry.

- **The Liquefied Petroleum Gas (LPG) Vehicle Scheme Enhancement**, which is a \$10.5 million expansion of the existing LPG vehicle scheme. This initiative aims to make LPG vehicles more affordable by providing grants for the LPG conversion of a registered motor vehicle or the purchase of a new vehicle fitted with LPG prior to first registration.

- \$116.3 million in funding under the **Automotive Industry Structural Adjustment Program** to facilitate labour market adjustment and to provide training and employment services for workers leaving the auto sector.

Bibliography

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Factsheets <http://www.innovation.gov.au/AboutUs/KeyPublications/Documents/InnovationPortfolioFactSheets.pdf>

GM Holden "About Holden" <http://www.holden.com.au/corporate/about-holden>