

Submission to the Australian Productivity Commission

TI Automotive Australia is the local subsidiary of a multinational company with 119 facilities in 29 countries.

We have been servicing the Australian automotive industry for almost 60 years, having first established operations in South Australia in 1954. Historically we played a major role in driving development into and providing the ranks of senior management for the Asia Pacific region, as the automotive industry expanded rapidly in the emerging markets of our northern neighbours. TI Automotive's Fluid Carrying Systems Division today maintains some 30 operations in 7 countries in the Asian region including China, Korea, India and Thailand.

While other nations have valued and nurtured their automotive industries, the Australian operations have downsized and contracted in line with the declining volume of vehicles assembled here. TI Automotive Australia today employs approximately 100 people, at two sites, supplying parts into every car made in Australia.

The Australian subsidiary is entirely dependent upon local assembly of passenger cars. Just as the auto manufacturers themselves will make decisions to stay or go depending on their viability (strongly influenced by the Federal Government's policy framework), multinational suppliers such as ourselves will also stay or go depending upon whether there is a sustainable customer base for our businesses to survive in Australia. The question of appropriate policy settings affects not only three car makers – soon to be two – but the long chain of suppliers with local operations that feed into them.

As automotive volumes plummeted from 322,500 vehicles in 2008 to a projected 210,000 this year, TI Automotive Australia has been remarkably resilient in identifying new product opportunities and increasing the content we supply into each car. Our sales have increased every year since the GFC. We have managed to largely avoid laying off a dedicated and loyal employee base.

An average employee at TI Automotive Australia has been with us for 19 years. Some have been here for 40.

I commend to you the submission by the Federation of Automotive Products Manufacturers (FAPM). The automotive industry plays a vital part in the Australian economy and it is in the national interest to discuss how to grow local volumes, rather than to consider the demise of vehicle assembly as something inevitable.

We are mindful that government co-investment is contingent upon reciprocal investment from the private sector. GM Holden is on record (Holden Business Report 2012) as stating that "for every dollar Holden has received from the Australian Government in the past 12 years, 18 times that amount has been generated into the Australian economy by Holden's local manufacturing activities".

The industry is too important, too strategic, and too valuable to lose. We can choose to keep it through trade settings that provide a genuinely level playing field, through "buy Australian" policies across all levels of Government, and a range of other measures as outlined in the Futuris and FAPM submissions.

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