

SUBMISSION TO THE PRODUCTIVITY COMMISSION REVIEW OF THE POST 2005 ASSISTANCE ARRANGEMENTS FOR THE AUSTRALIAN AUTOMOTIVE INDUSTRY

Contact – John P. Moulding
e-mail – jpm@hotlinks.net.au

A. INTRODUCTION

This presentation is made by Teson Trims privately owned family Company who have supplied automotive components for sixty (60) years and who have manufacturing plants in Melbourne and Euroa.

Teson manufacture metal, fibreboard, leather and polymer based interior trim components for direct supply to automotive assemblers and to other component manufactures. These products include armrests, console lids, seat backs, pockets, various plastic extrusions, and carpets.

The products produced by Teson are not currently exported but all exported vehicles contain these products.

B. PRESENTATION

In this presentation Teson wishes to make comments on three areas of relevance to the Company.

1. As a member of the Federation of Automotive Products Manufactures (FAPM) Teson strongly supports the submission made by the Federation to this Inquiry. As a small Company like Teson does not have the resources to answer all the questions raised by the Inquiry we will only deal with two matters which cannot be fully covered by FAPM.
2. ACIS and Its Impact Prior to the implementation of the scheme Teson spent approximately \$150,000 per annum on in-house development and little on research. Teson missed the first quarter of ACIS but in the following four quarters the Company has benefited from ACIS payments. This money along with considerable investments by the Company has resulted in in-house production developments and improvements, modifications and improvements done on existing equipment, the installation and modifying of new equipment all of which have permitted the Company to replace imports, particularly in the area of automotive safety related components.

Without ACIS, the Company capital spent to make these improvements would not have occurred in the time frame necessary to obtain new contracts. The

management now acknowledges the importance of substantial Research and Development to ensure the long term viability of the Company, which in the past has gone through some very difficult times due mainly to lack of sufficient capital and the never ending costdown pressures exerted by its customers.

3. Decentralisation Decentralisation is a very important factor in the Teson operations.

Teson is the largest employer in Euroa which has a total population of 3,000 people, of which 25% are aged over 60 years and another 25% are aged 16 years and under. This means that Teson are directly employing 10% of the towns employable population which incurs a wages bill of approximately \$90,000 per week, which equates to \$30.00 per person per week in Euroa or nearly \$1,600.00 per person per annum.

The skill base developed over the past thirty years at Euroa is important to Australia because skill is not as mobile as capital investment and therefore encouragement to further develop and maintain these skills is logical and complementary to the main thrust of maintaining a viable Australian industry.