

Automotive Industry Inquiry
Productivity Commission
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**Schefenacker Lighting Systems
Australia Pty Ltd**
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Australia

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**Subject: Submission to the Productivity Commission on Post 2005 Assistance
Arrangements for the Automotive Manufacturing Sector**

Schefenacker Lighting Systems Australia (SLSA) is a specialist component manufacturer located at Taree on the mid-north coast of New South Wales, producing complex high quality products for the automotive industry. The company's product range comprises exterior signal lamps, interior lighting, switches and printed circuit board assemblies, for Original Equipment applications supplied to some of the world's leading automobile producers here in Australia and overseas.

The company is forecasting sales of some \$32.7 million in 2002, of which 36% will be either directly exported by us or supplied to Australian customers for inclusion in exported products. By 2004, this direct and indirect export component will rise to 50% of total sales of \$43.3 million.

SLSA operates from a modern factory and head office in Taree, with state of the art plastic injection moulding, PCB manufacturing, and assembly facilities, plus a marketing and engineering liaison office in Melbourne. With around 320 employees at the Taree site, Schefenacker Lighting Systems Australia is the largest private employer on the NSW mid-north coast, and an important and active part of this regional community's economy.

The company is a member of the Federation of Automotive Products Manufacturers (FAPM), and I write to register SLSA's formal support for the FAPM's submission and recommendations to the Productivity Commission.

Schefenacker places great value on continuing support for research and development and investment in new technology. Funding from the Automotive Investment and Competitiveness Scheme (ACIS) has enabled the company to continue its research into innovative applications for new automotive lighting and switching technologies. In the process, we are creating competitive advantage not only for SLSA but also for the Australian automotive industry.

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The viability of our business is largely dependent upon a high proportion of export sales which are both cost competitive and innovative in the world market. We are grateful for the assistance that derives from ACIS, and would urge for a continuation of this Scheme which provides the basis for a long term commitment to investment and R&D.

The Government is to be commended for its commitment to improving export market access and development. Export represents an increasingly important element of SLSA's operations, yet many export markets remain effectively closed to us as a consequence of high entry barriers, both visible (for example tariffs) and invisible (for example the "keretsu" structure of vehicle manufacturers' ownership of and/or support for component suppliers in those export markets).

Schefenacker is competing with overseas component suppliers in the Australian marketplace. We welcome the competition but believe it is vital that caution be exercised in future reductions in Australian import tariffs until such time as overseas markets are made equal in terms of access.

Yours sincerely,

Paul Tolcher
Managing Director

cc The Hon. Mark Vaile MP
 Mr John Turner MP