Automotive Transformation Scheme

Customer Guideline 1

Introduction

2010
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List of shortened terms

<table>
<thead>
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<th>Term</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>the Scheme</td>
<td>Automotive Transformation Scheme</td>
</tr>
<tr>
<td>ACP</td>
<td>A person registered as a Automotive Component Producer under the Scheme</td>
</tr>
<tr>
<td>AMTP</td>
<td>A person registered as a Automotive Machine Tools or Automotive Tooling Producer under the Scheme</td>
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<tr>
<td>ASP</td>
<td>A person registered as a Automotive Service Provider under the Scheme</td>
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<td>ATS</td>
<td>Automotive Transformation Scheme</td>
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<tr>
<td>MVP</td>
<td>A person registered as a Motor Vehicle Producer under the Scheme</td>
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<tr>
<td>non-MVP</td>
<td>A person registered as a Automotive Component Producer, Automotive Machine Tools or Automotive Tooling Producer, or Automotive Service Provider under the Scheme</td>
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<tr>
<td>P&amp;E</td>
<td>Plant and equipment</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>the Act</td>
<td>The <em>Automotive Transformation Scheme Act 2009</em></td>
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<tr>
<td>the Regulations</td>
<td>The <em>Automotive Transformation Scheme Regulations 2010</em></td>
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<tr>
<td>the Order</td>
<td>The <em>Automotive Transformation Scheme Order 2010</em></td>
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Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td>ATS stage</td>
<td>ATS Stage 1 means the period beginning on 1 January 2011 and ending on 31 December 2015, and the first three months of 2016.</td>
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<td></td>
<td>ATS Stage 2 means the period beginning on 1 January 2016 and ending on 31 December 2020, and the first three months of 2021.</td>
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### Term Description

**ATS year**
A year identified below for which eligible investments or eligible production may be claimed by an ATS participant:

- ATS Year 1: 1 January 2011 – 31 December 2011
- ATS Year 2: 1 January 2012 – 31 December 2012
- ATS Year 3: 1 January 2013 – 31 December 2013
- ATS Year 4: 1 January 2014 – 31 December 2014
- ATS Year 5: 1 January 2015 – 31 December 2015
- ATS Year 7: 1 January 2017 – 31 December 2017
- ATS Year 8: 1 January 2018 – 31 December 2018
- ATS Year 9: 1 January 2019 – 31 December 2019
- ATS Year 10: 1 January 2020 – 31 December 2020

**MVP modulation rate**
The modulation rate for a quarter for MVPs is used to modulate an amount, in relation to an MVP, to ensure that the funding for the relevant ATS year and relevant ATS stage is not exceeded, and is worked out in accordance with division 3.2 of the *Automotive Transformation Scheme Order 2010*.

**non-MVP modulation rate**
The modulation rate for a quarter for ACPs, AMTPs and ASPs is used to modulate an amount, in relation to a non-MVP, to ensure that the funding for the relevant ATS year and ATS stage is not exceeded, and is worked out in accordance with division 3.4 of the *Automotive Transformation Scheme Order 2010*.

**Principal Entity**
For a single applicant, this term has the same meaning as ‘applicant’.

For a group of related bodies corporate applying for permission to seek registration as an ATS participant as if the group were a single person, the principal applicant is that member of the group which will receive the assistance on behalf of the group and is to act as the nominated contact person under subregulation 2.9(2)(e) of the *Automotive Transformation Scheme Regulations 2010*.

**third quarter**
The three month period commencing on 1 July of an ATS year.
1 Introduction

The object of the Automotive Transformation Scheme (the Scheme) is to encourage competitive investment and innovation in the Australian automotive industry and place it on an economically sustainable footing. The object is to be achieved in a way that improves environmental outcomes and promotes the development of workforce skills.

The Scheme will provide assistance in two stages including:

- capped assistance of $1.5 billion from 2011 to 2015 in Stage 1
- capped assistance of $1 billion from 2016 to 2020 in Stage 2
- uncapped assistance of approximately $847 million from 2011 to 2017 for MVPs.

The Scheme rewards eligible production, eligible investment (in allowable plant and equipment (P&E) and allowable research and development (R&D) through quarterly cash payments to registered ATS participants.

Responsibility for the administration of the Scheme rests with AusIndustry, the Australian Government's principal business program delivery division in the Department of Industry, Innovation, Science, Research and Tertiary Education.

2 Legislation

The Scheme is established by the Automotive Transformation Scheme Act 2009 (the Act). The Automotive Transformation Scheme Regulations 2010 (the Regulations) and the Automotive Transformation Scheme Order 2010 (the Order) are legislative instruments that contain the administrative detail of the Scheme. All these documents are available on the ATS website. In this document, a reference to a specific regulation or subregulation specifically refers to the Automotive Transformation Scheme Regulations 2010.

The website also contains the supporting customer guidelines.

It is possible that legislation and administrative arrangements associated with the Scheme could be amended at some stage over the life of the Scheme. It is recommended that ATS participants periodically review the website for advice on such amendments.

Other Acts relevant to the Scheme (e.g. Administrative Appeals Tribunal Act 1975 and the Corporations Act 2001) are available on the Attorney General’s website.
3 Who is eligible to apply for registration?

3.1 Motor Vehicle Producers (MVPs)
Australian producers of at least 30,000 motor vehicles or 30,000 engines annually.

3.2 Automotive Component Producers (ACPs)
Australian producers of at least one kind of automotive component annually for use as original equipment in at least 30,000 motor vehicles or 30,000 engines and the production value of the component was at least $500,000 in the previous 12 months;
OR
Australian producers of original equipment components with a production value of at least $500,000 annually, comprising at least 50 per cent of the production value of all automotive components produced.

3.3 Automotive Machine Tool or Automotive Tooling Producers (AMTPs)
Australian producers of automotive machine tools or automotive tooling with a production value of at least $500,000 annually, where at least 50 per cent of that value was for automotive machine tools and automotive tooling used to produce original equipment.

3.4 Automotive Service Providers (ASPs)
Australian providers of automotive services with a production value of at least $500,000 annually, where at least 50 per cent of the production value was for services related to the production of motor vehicles or original equipment.

4 What are the benefits?
Assistance under the Scheme will be provided in cash payments to ATS participants on a quarterly basis.

MVPs will be able to claim assistance for:
- production of motor vehicles, engines and engine components for local and export markets;
- 15 per cent of the value of new investment in P&E; and
- 50 per cent of the value of investment in R&D.

ACPs, AMTPs and ASPs will be able to claim assistance equal to:
• 15 per cent of the value of new investment in P&E; and
• 50 per cent of the value of investment in R&D.

Please note that a process of modulation will apply to ensure that the ATS year cap for capped assistance is not exceeded. No ATS participant will be permitted to receive assistance exceeding 5 per cent of the sales value of the ATS participant's goods and services for the previous year or, if the ATS participant is in an eligible start-up period, no more than 15 per cent of its eligible start-up investment.

5 What are the limits on assistance?

The total capped assistance under the Scheme will be limited to $2.5 billion over ten years. The cap for each ATS year is listed below. Fifty-five per cent of each ATS year cap is available for MVPs and forty-five per cent of each ATS year cap is available for non-MVPs.

<table>
<thead>
<tr>
<th>ATS year</th>
<th>ATS year cap ($)</th>
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<tbody>
<tr>
<td>1</td>
<td>300,000,000</td>
</tr>
<tr>
<td>2</td>
<td>300,000,000</td>
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<tr>
<td>3</td>
<td>300,000,000</td>
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<td>300,000,000</td>
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<td>5</td>
<td>300,000,000</td>
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<td>6</td>
<td>300,000,000</td>
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<tr>
<td>7</td>
<td>300,000,000</td>
</tr>
<tr>
<td>8</td>
<td>216,700,000</td>
</tr>
<tr>
<td>9</td>
<td>133,300,000</td>
</tr>
<tr>
<td>10</td>
<td>50,000,000</td>
</tr>
</tbody>
</table>

6 How to register

Customers wishing to access the Scheme must first make an application for registration as a MVP, ACP, AMTP or ASP to AusIndustry. Applicants must apply for registration before 1 January of the ATS year for which the registration is sought.

The ATS Application for Registration form, together with information on how to complete the form is available on the ATS website.

Subregulation 2.12(3) of the Automotive Transformation Scheme Regulations 2010 requires all applicants for registration under the Scheme to provide a Business Plan that must include:
• details of the strategies that will enable the applicant to carry on sustainable operations in the Australian automotive industry for a five year period starting on 1 January of the year of registration;

• operational plans, details of financial commitment and controls, financial projections and assumptions on which forecasts are based;

• details about how the applicant will meet the object of the **Automotive Transformation Scheme Act 2009**, particularly economic sustainability, in a way that will improve environmental outcomes and promote the development of workforce skills; and

• such other particulars as are required by the form in respect of the period or periods specified in the form.

Other particulars required by the relevant forms include:

• five year forecasts of sales, production, plant and equipment (P&E) investment, and research and development (R&D) investment.

New applicants for registration under the Scheme must also provide:

• details of sales, production, P&E investment, and R&D investment for the previous two years.

Once registered for the Scheme, participants have an obligation to provide Quarterly Returns to claim assistance and an annual business plan update. ATS participants must also maintain records that substantiate claims made.

All information provided by ATS participants will be treated as Commercial-In-Confidence.

### 7 When to apply

Applications for registration will be open from 1 July 2010. Applicants need to apply for registration before 1 January of the ATS year for which registration is sought. Once the **ATS Application for Registration** form, including the business plan, is completed, it can be lodged at any **AusIndustry office** during business hours. It is preferred that the application is lodged at the **Victorian State Office**. It can be sent by email, facsimile or delivered or posted to AusIndustry at:

Automotive Section  
AusIndustry  
GPO Box 85  
Melbourne VIC 3000.
8 Where to get the registration form

The *ATS Application for Registration* form, together with the customer guidelines to completing your registration, can be downloaded from the [ATS website](#).

A hard copy of the *ATS Application for Registration* form can be obtained on request from the AusIndustry Hotline (13 28 46).

9 When will a decision be given on the application?

An application for registration will be processed within sixty days of receipt by AusIndustry unless further information to process the application is required.

If the application is approved, AusIndustry will write confirming the registration and provide details of your ATS Registration Number.

Should an application be unsuccessful, AusIndustry will advise you accordingly in writing and include reasons as to why your application was unsuccessful.

If you are unsatisfied with the registration process you may write to AusIndustry seeking a reconsideration of the decision or you may pursue your appeal right through the Administrative Appeals Tribunal.

10 Group registration

A group of related bodies corporate, as defined in sections 9 and 50 of the *Corporations Act 2001*, may apply to AusIndustry for permission to seek registration as a single entity.

To apply for permission you must complete the relevant parts of the *ATS Application for Registration* form.
11 Ministerial permission to apply for registration in the national interest

Where customers do not meet the normal eligibility criteria, the Regulations allow customers to seek Ministerial permission to apply for registration under the Scheme on the basis that the registration would be in the national interest. Under the Regulations, the Minister must have regard for:

- whether the applicant would have been able to comply with the normal threshold eligibility requirements but for circumstances beyond the applicant’s control such as a natural disaster, an industrial accident or an industrial dispute;
- whether the registration of the applicant would significantly enhance the competitiveness of the Australian automotive industry;
- whether the registration of the applicant would provide significant benefits either to the Australian automotive industry or to the Australian economy;
- whether the registration of the applicant would introduce significant innovations in the Australian automotive industry;
- whether the registration of the applicant would generate significant employment or investment opportunities in the Australian automotive industry;
- whether the registration of the applicant would have significant strategic, regional or environmental impacts;
- whether the registration of the applicant would significantly improve environmental outcomes; and
- whether the registration of the applicant would significantly promote the development of workforce skills.

To apply for permission a completed ATS Registration in the National Interest form must be forwarded to AusIndustry.

12 What is a Quarterly Return?

Once registered under the Scheme, participants are required to lodge a Quarterly Return within 45 days after the end of each quarter. The Quarterly Return will allow AusIndustry to determine the amount of assistance that is payable. The amount of assistance payable will be calculated by AusIndustry in accordance with the Act, the Regulations and the Order.

The following is a summary of the information that is required:

- the sales value of ATS goods and services;
- particulars of all MVP production achieved (motor vehicles, engines and engine components) and the production value of that production (MVPs only);
- the production value of production of automotive components, tools or tooling or a service (ACPs, AMTPs and ASPs);
- particulars of expenditure on eligible investments, including:
  - allowable plant and equipment; and
  - allowable research and development
- any other Commonwealth assistance paid on the basis of those activities; and
- details of any sale of plant and equipment or research and development relating to prior investment claims.

Once a Quarterly Return is lodged, AusIndustry will process the return and payment will be made directly into the ATS participant’s bank account.

13 Where to get the Quarterly Return form

Quarterly Return forms can be downloaded from the ATS website. If a customer has on-line access they will be able to complete and submit their Quarterly Returns online.

14 When to lodge Quarterly Returns

Quarterly Returns must be lodged with AusIndustry within 45 days after the end of each quarter.

An extension of time for lodging a Quarterly Return can be sought only in exceptional circumstances, and must be sought prior to the end of the 45 day period.

15 Third Quarter Business Plan Update

As part of the quarter three return each year it is necessary to provide AusIndustry with an updated business plan. This should include:

- details about how the ATS participant is meeting the object of the Act;
- information concerning any activities of the ATS participant directed to improving environmental outcomes and promoting the development of workforce skills; and
- an update of estimates of sales, production and investment figures for the following five year period.

If this information is not provided, the ATS participant may be deregistered. ATS participants must complete and submit a Third Quarter Business Plan Update form which is available on the ATS website. If an ATS participant has on-line access they will be able to complete and submit their Third Quarter Business Plan Update forms online.
16 Working out payments of assistance for ATS participants

The Regulations provides that the Minister must make an Order setting out the following:

- the modulation process for capped assistance including:
  - how amounts of capped assistance are modulated;
  - how the amount of capped assistance is worked out;
  - setting out how the ATS year caps are to be split 55:45 between MVPs and non-MVPs; and
  - setting out how the payment of assistance is adjusted to ensure that the 5 per cent of sales cap on individual ATS participants is not exceeded

- how uncapped assistance for production by MVPs is calculated;
- what assistance is to be treated as Commonwealth assistance; and
- the quarter in which investment made under ACIS will be treated as eligible investment for the purpose of working out a quarterly payment under the Scheme.

The modulation rate will be worked out in accordance with the Order. The modulation rate is based on five year estimates provided with the business plan. As such, it is important to ensure that the data provided is as accurate as possible.

The Automotive Transformation Scheme Order 2010 can be viewed on the ATS website.

17 Record keeping and document retention

ATS participants are required under regulation 2.26 of the Automotive Transformation Scheme Regulations 2010 to maintain, or create and maintain, documents that evidence all the particulars contained in each Quarterly Return provided by the ATS participant. These documents must be retained by the ATS participant for five years after lodgement of the return concerned. The ATS Customer Guidelines describe types of information customers need to record and retain in order to meet the legislated ATS requirements.

ATS participants may be subject to an audit by, or on behalf of, AusIndustry at any stage after the Scheme commences.

18 AusIndustry online

An ATS participant with online access can use AusIndustry Online to view contact details and their five year forecasts provided with the business plan. ATS participants can also submit Quarterly Returns and Third Quarter Business Plan Updates online. ATS participants can apply for access to AusIndustry Online by completing a Request for AusIndustry Online Access form and forwarding it to their Customer Service Manager.
19 Scheme debt

A scheme debt is all or part of an amount of a quarterly payment of capped or uncapped assistance to an ATS participant that exceeds the amount to which the ATS participant is entitled and is recoverable by the Commonwealth as a debt due to the Commonwealth.

An ATS participant is not entitled to assistance that it has received for the following reasons:

- an error has been made in calculating the amount of the payment (including during the modulation process) or a mistake of fact;
- information given to AusIndustry was inaccurate or incomplete;
- a clerical error or mistake;
- the payment was for a transaction which was not at arm’s length and is referrable to a production value, sales value or investment to which the transaction relates that has not been determined as if the parties were arm’s length;
- if payment was made for an investment or production that was not eligible investment or eligible production;
- if an authorised officer has asked questions relating to assistance or asked to produce a document relating to assistance that has already been paid and the ATS participant does not answer the questions or produce the documents.

If an ATS participant is liable to pay a scheme debt it can choose to:

- offset the scheme debt from future payments;
- pay the scheme debt; or
- appeal the decision.

AusIndustry will provide ATS participants with detailed information of the circumstances where a scheme debt has been determined.

Interest is payable on scheme debts. The amount of interest payable on the scheme debt is the ninety day bank accepted bill rate less ten basis points worked out from the day. If any part of the scheme debt or interest payable is not paid within thirty days, further interest of 20 per cent per year on any part of the Scheme debt and interest that is outstanding is also payable.

Scheme debts may be paid in cash or they may be deducted from one or more quarterly payments of assistance to which the ATS participant is entitled under the Scheme. Interest on scheme debt in relation to capped assistance must be paid in cash. Interest on scheme debt in relation to uncapped assistance may be paid in cash or be offset against one or more quarterly payments of assistance.

Interest is not payable if the scheme debt was the result of departmental error or if a participant can demonstrate that charging interest would cause financial hardship.
An extension of time to repay scheme debt or interest can be applied for in writing setting out the reasons that an extension is being sought.

ATS participants who are not satisfied with the decision by AusIndustry on the scheme debt may write to AusIndustry seeking a reconsideration of the decision or pursue their appeal right through the Administrative Appeals Tribunal.

20 Review processes
AusIndustry will provide a notice to any person affected by an adverse decision setting out the reasons for the decision.

The Regulations provide details on the process of reconsideration by AusIndustry of decisions and reviews by the Administrative Appeals Tribunal of decisions made by AusIndustry in relation to the Scheme. Information on review processes conducted by the Administrative Appeals Tribunal can be found at the website: http://www.aat.gov.au.

21 Deregistration
The Regulations provide the circumstances whereby AusIndustry must deregister an ATS participant from the Scheme. Deregistration must occur if the ATS participant:

- is not likely, or has failed, to comply with a condition of registration in Division 2.5 of the Automotive Transformation Scheme Regulations 2010;
- was applying for registration at a time the ATS participant would not have been deemed a fit or proper person within the meaning of regulation 2.16 of the Automotive Transformation Scheme Regulations 2010;
- asks to be deregistered;
- fails to comply with document retention obligations;
- fails to submit an updated business plan;
- the object of the Act is not furthered by maintaining that registration.

If an ATS participant is not likely, or has failed to meet the conditions of registration set out in the Regulations, AusIndustry will contact the ATS participant to advise that deregistration is under consideration.

ATS participants not satisfied with the decision have the right to apply to AusIndustry for reconsideration of the decision or to the Administrative Appeals Tribunal for review.

22 Failure to comply with legislation
Failure to comply with the legislation or directions from AusIndustry may affect the continuity of benefits under the Scheme or initiate deregistration procedures.
23 AusIndustry contact details

All documents, forms and other information regarding the Scheme are available on the AusIndustry website.

If you encounter any difficulties in relation to the Scheme, or would like to talk through an issue, please contact the AusIndustry Hotline on 13 28 46. The Hotline may refer you to an AusIndustry Customer Service Manager for further assistance. If you would like to e-mail an AusIndustry Customer Service Manager regarding the Scheme, the address is: ATS@innovation.gov.au.

24 Privacy and confidentiality

The confidentiality of information provided to AusIndustry, a division of the Department of Industry, Innovation, Science, Research and Tertiary Education (the Department), by applicants for the Scheme is protected by the relevant provisions and penalties of the Automotive Transformation Scheme Act 2009, the Automotive Transformation Scheme Regulations 2010, the Public Service Act 1999, the Public Service Regulations, the Privacy Act 1988, the Crimes Act 1914, the Criminal Code and general law.

Subregulation 6.5(1) of the Automotive Transformation Scheme Regulations 2010 allows the Minister to publish the following information about an ATS participant or a person who was an ATS participant:

   (a) that the person is, or was, an ATS participant and the period of the person’s participation in the Scheme;

   (b) the amount of assistance paid to the person in an ATS year.

Subregulation 6.5(2) of the Automotive Transformation Scheme Regulations 2010 requires the Minister to publish a notice that the Minister has given a person named in the notice permission to:

   (a) apply for registration as an ATS participant; or

   (b) continue registration as an ATS participant;

on the basis that the registration would be in the national interest.

Detailed confidential information contained in applications may be disclosed for audit purposes to contractors engaged by the Department and to other Commonwealth agencies for audit, reporting and law enforcement purposes. Further, the Department may release confidential information if it obtains the applicant’s consent or is required or permitted by law to do so. This could happen, for example, if the Department is required to respond to a resolution of the Parliament, or the order of a court.