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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

ADJOURNMENT

Mitsubishi Motors Australia

SPEECH

Wednesday, 12 April 2000

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Cox, David, MP

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Mr COX (Kingston) (7.38 pm)—This year workers at Mitsubishi's Adelaide plants have had two pieces of good news. The first was the announcement in January that the company would produce a successor to the current Magna and Verada models after 2004. That decision ended more than a year of negative speculation about the future of the operation. It was welcomed by workers, even though it required further restructuring which could include significant job losses. The official Mitsubishi Motors Australia announcement included the words 'subject to further restructuring of the Australian operations to achieve international competitiveness'. The current Magna will undergo two upgrades in the interim. Details of the specifications of the new model are to be determined in the context of a worldwide rationalisation of the number of Mitsubishi car platforms. Mitsubishi's decision was made much more difficult by the effect of the GST car buyers strike, which had a devastating effect on domestic sales.

The Howard-Costello Liberal government has been totally uncaring about the lack of appropriate transitional arrangements for the car industry. A reduced level of production during this time has been sustained by exports to the USA and some expensive marketing programs in Australia. Those marketing programs, which have been duplicated by all the Australian car makers, have meant the pre-GST period has probably turned out to be a very good time to buy a car. The government's own GST expert, David Vos, was reported last week as criticising the government's estimate of the price reducing effect of the GST on cars. He in fact said that, come GST day, there would be only one direction in which car prices could go, and that is up. I am fearful that if there is not the surge in demand after 1 July that the government has been predicting there could be serious long-term implications for the scale of the local car industry, given that the long-term trend has been a loss of market share to small imports. It needs to be recognised that one option for Mitsubishi is a smaller scale, break-even operation focused on the local market, with the profit coming from the sale of imported vehicles. Mitsubishi's global rationalisation could well see our current export markets supplied from alternative sources, in particular from the USA.

The second development is the merger of Mitsubishi with Daimler Chrysler. For a company like Mitsubishi, which has suffered significant losses in recent years and is therefore carrying high levels of debt, there are significant advantages, short and long term, in being taken over by a world-class car maker like Daimler Chrysler. That said, however, it is early days in the new entity's contemplation of what its operations may be around the world. There has therefore been a failure to provide specific guarantees in relation to particular operations or specific plans for those operations. This has resulted in some headlines which again suggested that Adelaide's Mitsubishi operations were under threat. But in all of that reporting in the newspapers there was an absence of recognition of some comments that were made by the Chief Executive of Daimler Chrysler at his Tokyo press conference, which was reported by Peter Martin on the *PM* program on Tuesday, 28 March. Martin asked him:

Mitsubishi has two plants in Adelaide in Australia in the Asia-Pacific region. There's a lot of interest as to whether you're going to increase the utilisation of those plants, or rationalise them. What can you say to people concerned about that in the city of Adelaide?

Jurgen E. Shremp's response was:

In general terms what we are going to do is we get our production people together, our product people, Mitsubishi executives will in future sit on Committees we have. We are looking at the various production capacities facilities in the world and we will see what an addition we can use, because we ourselves have basically, on the Chrysler side, no capacity and it could very well be that as a result of our studies, depending on the outcome, that one or the other vehicles could be produced in certain parts of the world and that includes the one you have mentioned. But it's too premature, or I would not be able to answer your question specifically. But we are looking at opportunities like that.

I very much hope that that is the case. If that is the case, I hope that the Mitsubishi operation in Adelaide has a much larger future than it might otherwise.