



## PRIME MINISTER

PRESS STATEMENT NO. 369  
14 November

### ASSISTANCE TO THE AUSTRALIAN MOTOR INDUSTRY

A new plan to assist and strengthen the Australian motor industry was announced today by the Prime Minister, Mr. Whitlam. He said that it was the Government's intention that the new policy would operate for ten years and would therefore provide a stable framework within which industry would confidently plan.

Mr. Whitlam said assistance would be based on a company average local content plan of 85%. This would be supported by a tariff of 35% on complete cars when imports were less than or equal to 20% of total passenger motor vehicle registrations and 45% when in excess of 20%. In view of the existing abnormal rate of imports the higher duties would apply immediately. A differential of 10% would apply between imports of cars and unassembled vehicles.

Duties of 25% would generally apply to components not in c.k.d. packs and minimum rates of duty would apply to certain specified components referred to in the Commission's Report.

The Prime Minister explained that the duty of 45% on built up vehicles would remain for a minimum period of 6 months and then would be subject to reduction to previous levels if and when the 12 month moving average of c.b.u. imports to total passenger motor vehicle registrations fell to 20% or below. Any subsequent changes in duty would similarly be on this minimum 6 months basis.

Mr. Whitlam said that commercial motor vehicles reported on by the Commission in its passenger motor vehicle report would be accorded the tariff treatment outlined above passenger motor vehicles.

He said that the existing 85% and 95% local content plans would be phased out over four years and then replaced by the new plan. Under this plan local manufacturers would at the end of the four year period have to achieve 85% local content on a company average basis on all of their vehicles manufactured or assembled in Australia to be eligible for by-law concessions. The actual by-law concessions have yet to be finally determined by the Government. Provision would be made for phasing new manufacturers into the plan subject to approval by the Government. Relevant matters in the consideration of any such applications would include rational use of resources, location and complementation.

Mr Whitlam said that to accord with the new vehicle plan the existing component manufacturing programs involving over 85% local content requirement would be phased down to 85% over a maximum period of 4 years and no new programs would be instituted.

"These proposals will develop a stronger long-term base for the local industry and help safeguard the jobs of Australian workers," Mr Whitlam said.

"At the same time they will allow the industry to adjust more easily to basic structural changes essential for its future growth and viability."

Mr Whitlam said the Government accepted the judgment of the Industries Assistance Commission, expressed in its recent report, that the Australian motor industry should be restructured. It accepted the IAC's judgment that assistance policies of the last decade had contributed significantly to the present unsatisfactory state of the industry.

Mr Whitlam said: "The Government has moved to correct a number of problems associated with past protection policies by reducing the high 95% local content requirements, moving away from a multiplicity of plans to a single plan and changing the plans from a model to a company basis.

"The industry must be able to exploit the advantages of economies of scale. Special action will be taken to encourage common sourcing of components to allow this, with consequent cost savings. In addition, special attention will be paid to complementation schemes with overseas sources and markets.

"The Government believes these changes will lead to greater specialization in the production of components, reduce model proliferation and fragmentation and produce a more viable industry in the long run. They should also considerably simplify the present assistance arrangements for the industry."

The Prime Minister said talks were under way with Japanese motor producers about the possibility of their further manufacturing motor vehicles in Australia. Japanese technical experts would come to Australia soon to carry out feasibility studies.

"While the new tariff arrangement will lead in the short-term to somewhat higher prices for imported motor vehicles it is expected that in the medium-term the new arrangement will result in a better based local industry with consequent advantages to local consumers and the economy generally," Mr Whitlam said.

"The Government wants necessary changes to proceed in a manageable way. The present proposals will enable this."

Mr Whitlam said the industry in South Australia and in other major motor vehicle producing centres would be safeguarded. Firms and employees in the industry adversely affected by this decision will be eligible for consideration for adjustment assistance under the Structural Adjustment Assistance Scheme subject to the criteria provided for in that Scheme. In addition assistance under the Non-Metropolitan Subsidy Scheme would be available.

The Australian Government gives a high priority to its programs designed to create a new growth centre in Albury/Wodonga.

The Government is concerned to ensure that growth centres are based on sound economic industries. The Government is confident that the future operations of Borg-Warner at Albury/Wodonga will provide such a basis.

However, the Government recognises that the existing operations of Borg-Warner could be affected by the introduction of the new motor vehicle policy. Therefore the Government is prepared to assist Borg-Warner in Albury/Wodonga for an interim period if necessary in addition to assistance which may be available through the non-metropolitan subsidy scheme, so that it can carry out any necessary adjustments to its operations to ensure its continued long-term viability.

The Departments of Urban and Regional Development, Manufacturing Industry and Prime Minister and Cabinet are ready to co-operate with the company and with Repco Bearing Company Pty Ltd in Launceston to provide any necessary assistance and to help the companies take full advantage of the economies available under the new policy including the wider markets in the region.

The question is to be investigated of possible Australian Government participation in any new joint enterprise which might eventuate from the new policy.

Further details of the policy will be announced after evaluation of the possibility of greater participation by the Japanese motor industry.

CANBERRA  
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