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CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

PRIME MINISTER

SPEECH BY THE PRIME MINISTER
OPENING OF FORD'S NEW 4 CYLINDER ENGINE PLANT
GEELONG - 14 OCTOBER 1983

IT GIVES ME GREAT PLEASURE TO OPEN FORD'S NEW FOUR CYLINDER ENGINE PLANT.

THIS, TOGETHER WITH THE RECENTLY COMMISSIONED ROBOT-EQUIPPED SHEET METAL SUB-ASSEMBLY FACILITY AND UPGRADING OF THE STAMPING PLANT, INVOLVES AN INVESTMENT OF NEARLY \$100 MILLION IN ADDITIONAL FACILITIES AT GEELONG.

WITH THIS INVESTMENT FORD WILL RAISE THE TELSTAR'S LOCAL CONTENT BY SOMETHING LIKE 15 PER CENT AND GENERATE 260 NEW JOBS HERE AND ADDITIONAL JOBS IN SUPPLIER COMPANIES.

COMING AT A TIME WHEN OTHER MAJOR AUSTRALIAN MOTOR VEHICLE MANUFACTURERS ARE EXPERIENCING CONSIDERABLE DIFFICULTIES, FORD'S EXAMPLE IS ENCOURAGING.

THE CONSTRUCTION OF THESE FACILITIES, WHICH MR DIX HAS ALREADY EMPHASISED WERE CONCEIVED BY FORD AUSTRALIA ENGINEERS AND LARGELY INSTALLED BY THE COMPANY'S OWN WORKFORCE, REPRESENTS A CLEAR DEMONSTRATION OF FORD'S COMMITMENT TO CONTINUED MOTOR VEHICLE PRODUCTION IN GEELONG.

EQUALLY IMPORTANTLY, THEY HIGHLIGHT THE DIRECTION IN WHICH PRODUCTION - NOT ONLY IN THE MOTOR VEHICLE INDUSTRY BUT ALSO IN OTHER MANUFACTURING INDUSTRIES - WILL NEED TO MOVE IF AUSTRALIA'S INDUSTRY IS TO SURVIVE AND PROSPER IN FUTURE.

IN ESSENCE, THIS INVOLVES THE APPLICATION OF NEW TECHNOLOGY IN A MANNER DESIGNED TO SECURE INCREASED PRODUCTIVITY AND GREATER COMPETITIVENESS IN BOTH DOMESTIC AND EXPORT MARKETS.

IT IS PARTICULARLY SIGNIFICANT THAT THE 2.0 LITRE AND 1.6 LITRE ENGINES BEING PRODUCED AT THIS PLANT ARE DESTINED FOR EXPORT TO NEW ZEALAND AS WELL AS FOR THE DOMESTIC MARKET.

AN EFFECTIVE EXPORT ORIENTATION MUST BE A SIGNIFICANT FEATURE IN THE REQUIRED ADJUSTMENT OF AUSTRALIAN MANUFACTURING INDUSTRY.

AS WELL, THE EFFECTIVENESS WITH WHICH WE APPLY NEW TECHNOLOGY WILL DETERMINE NOT ONLY THE EFFICIENCY OF AUSTRALIAN INDUSTRY, ITS COMPETITIVE PERFORMANCE AND ITS CAPACITY TO GROW, BUT ALSO WHETHER WE CAN ADDRESS EFFECTIVELY THE DISASTROUS EMPLOYMENT PROBLEMS OF RECENT YEARS, AND REVERSE THE LONG DOWNWARD SLIDE IN OUR LIVING STANDARDS RELATIVE TO OTHER INDUSTRIAL COUNTRIES.

WHILE CYCLICAL FACTORS EXPLAIN PART OF OUR CURRENT ECONOMIC DIFFICULTIES, A LARGE COMPONENT IS STRUCTURAL AND REFLECTS THE ENTRENCHMENT OF LOW PRODUCTIVITY AND INAPPROPRIATE PRODUCTION PATTERNS IN MANY PARTS OF OUR ECONOMY.

FOR THIS REASON, THE DEVELOPMENT AND APPLICATION OF NEW TECHNOLOGY MUST BE EMBRACED.

THERE IS, WHETHER WE LIKE IT OR NOT, NO ESCAPING THE FACT THAT INNOVATION IS ESSENTIAL TO OUR NATION'S FUTURE WELL-BEING, NOT ONLY IN INDUSTRIES PRODUCING NEW PRODUCTS, BUT ALSO THROUGHOUT ESTABLISHED INDUSTRIES, SUCH AS THE MOTOR VEHICLE INDUSTRY.

FOR THIS REASON, I APPLAUD FORD'S INITIATIVE IN ESTABLISHING THESE FACILITIES.

I PARTICULARLY APPRECIATED MR DIX'S REFERENCE TO THE COMPANY'S ATTEMPTS TO ENCOURAGE GREATER EMPLOYEE PARTICIPATION IN PROBLEM SOLVING AND DECISION-MAKING WITH A VIEW TO INCREASING JOB SATISFACTION AND IMPROVING COMPETITIVENESS.

EFFECTIVE CONSULTATIVE ARRANGEMENTS AT THE WORK LEVEL ARE, I BELIEVE, CRUCIAL TO THE SUCCESSFUL IMPLEMENTATION OF NEW TECHNIQUES OF PRODUCTION.

THE MANUFACTURE OF PASSENGER CARS AND COMPONENTS IN AUSTRALIA IS A MAJOR ECONOMIC ACTIVITY.

IT DIRECTLY EMPLOYS ABOUT 60,000 PEOPLE AND ACCOUNTS FOR 6 PER CENT OF TOTAL MANUFACTURING ACTIVITY (11 PER CENT IN THE CASE OF VICTORIA).

THE GROSS VALUE OF PRODUCTION IS ABOUT 1 PER CENT OF OUR GROSS DOMESTIC PRODUCT.

THE TOTAL AUTOMOBILE INDUSTRY, IS BIGGER STILL.

WHEN WE TAKE INTO ACCOUNT THE MANUFACTURE OF COMMERCIAL VEHICLES, IMPORTING, DISTRIBUTION, RETAILING AND SERVICING, WE ARE LOOKING AT ABOUT A QUARTER OF A MILLION EMPLOYEES.

IN VIEW OF THE IMPORTANCE OF THE LOCAL MOTOR VEHICLE MANUFACTURING INDUSTRY, IT IS A MATTER OF CONCERN THAT ITS COMPETITIVE POSITION HAS DETERIORATED SIGNIFICANTLY SINCE THE MID-1970'S.

NOTWITHSTANDING THE PROVISION OF SUBSTANTIAL ASSISTANCE EMPLOYMENT IN THE INDUSTRY HAS NOT BEEN MAINTAINED.

EMPLOYMENT HAS FALLEN DESPITE THE FACT THAT ASSISTANCE HAS DOUBLED OVER THE PERIOD TO 4 TIMES THE AVERAGE OF MANUFACTURING INDUSTRY, AND NOW AMOUNTS TO SOMETHING LIKE \$130 P.A. FOR EVERY MAN, WOMAN AND CHILD IN AUSTRALIA.

AS A CONSEQUENCE OF THE DETERIORATION IN COMPETITIVENESS AND THE RECENT RECESSION, PROFITABILITY IN THE INDUSTRY HAS BEEN SEVERELY DEPRESSED.

GMH'S DECISION LAST WEEK TO CLOSE ITS ACACIA RIDGE PLANT IN QUEENSLAND IS THE MOST RECENT DEMONSTRATION OF THE DEGREE OF DIFFICULTY INVOLVED.

THAT DECISION INVOLVES SIGNIFICANT ADJUSTMENT PROBLEMS IN QUEENSLAND BUT OPPORTUNITIES ALSO FOR AN APPROPRIATE MEASURE OF RATIONALISATION OF INDUSTRY STRUCTURES AND EXPANSION IN AUSTRALIA.

FORD NEVERTHELESS HAS MANAGED TO DEFY THE GENERAL VEHICLE INDUSTRY TREND IN A REMARKABLE FASHION.

FORD'S PRINCIPAL ASSETS HAVE INCLUDED THE QUALITY OF ITS PRODUCT, ESPECIALLY THE XE FALCON WHICH WON AN INDUSTRIAL DESIGN COUNCIL AWARD, AND THE PUBLIC ACCEPTANCE OF ITS LASER/METEOR/TELSTAR RANGE.

THE LOCAL INDUSTRY FACES SIGNIFICANT CHALLENGES.

OVER AND ABOVE THE CURRENT RELATIVELY DEPRESSED DEMAND, DUE IN PART TO THE GENERAL ECONOMIC SITUATION, PRODUCERS HAVE WITNESSED A SIGNIFICANT SWING TO IMPORTED LIGHT COMMERCIAL AND FOUR WHEEL DRIVE VEHICLES - WHICH ARE NOT SUBJECT TO THE SAME QUANTITATIVE RESTRICTIONS AND RATES OF DUTY AS PASSENGER CARS - AND EXPORT FACILITATION HAS ADVERSELY AFFECTED A NUMBER OF COMPONENT SUPPLIERS.

THE GOVERNMENT HAS RECEIVED MANY AND VARIED VIEWS ON THESE MATTERS.

IN THE LIGHT OF THESE, MY COLLEAGUE JOHN BUTTON ANNOUNCED LAST WEEK THAT:

- THE IAC WOULD BE ASKED TO INQUIRE INTO ALLEGATIONS THAT THE MARKET FOR PASSENGER CARS IS BEING SIGNIFICANTLY AFFECTED BY IMPORTS OF CERTAIN LIGHT COMMERCIAL AND FOUR-WHEEL DRIVE VEHICLES; AND THAT
- A CAR INDUSTRY COUNCIL IS TO BE ESTABLISHED TO REPORT ON SUCH IMPORTS AS WELL AS POST-1984 ARRANGEMENTS. THE CAR INDUSTRY COUNCIL IS ALSO BEING ASKED TO CONSIDER HOW JOINT ACTION BY COMPONENT AND VEHICLE PRODUCERS, TRADE UNIONS AND PERHAPS GOVERNMENT MIGHT ACHIEVE INCREASES IN EFFICIENCY OF PRODUCTION.

BOTH ENQUIRIES ARE TO REPORT BY 14 DECEMBER.

AS JOHN BUTTON POINTED OUT, THE PROPOSED COUNCIL'S TERMS OF REFERENCE MAKE CLEAR THE GOVERNMENT'S CONVICTION THAT EXPOSURE TO THE DISCIPLINE OF IMPORT COMPETITION IS NECESSARY FOR THE HEALTHY DEVELOPMENT OF THE INDUSTRY.

THE AIM OF THE EXERCISE IS TO REACH DECISIONS WHICH, WHILE AT LEAST MAINTAINING THE INDUSTRY'S OVERALL EXPOSURE TO IMPORT COMPETITION, WOULD IMPROVE ITS EFFICIENCY AND LONG-TERM VIABILITY.

RATHER THAN INTRODUCING UNCERTAINTY AND DISRUPTING THE INDUSTRY AS MR PEACOCK HAS SUGGESTED, THE APPROACH WE ARE PURSUING SHOULD SEE THIS INDUSTRY SECURELY ESTABLISHED ON A SOUND LONG-TERM FOOTING.

I SUPPORT JOHN BUTTON'S STATEMENT THAT WE SHOULD NOT BE LOCKING TO INCREASES IN THE DEGREE TO WHICH CAR AND COMPONENT PRODUCERS ARE INSULATED FROM WORLD COMPETITION AS A SOLUTION TO THE INDUSTRY'S PROBLEM.

WHILE MY GOVERNMENT IS COMMITTED IN CURRENT ECONOMIC CIRCUMSTANCES TO MAINTENANCE OF EXISTING PROTECTION ARRANGEMENTS, IT DOES NOT SEE ANY ROLE FOR INCREASES IN PROTECTION FOR THE MOTOR VEHICLE INDUSTRY.

INDEED, THE FACT THAT THE CURRENT COST OF SUCH PROTECTION TO CONSUMERS IS APPROXIMATELY \$2 BILLION P.A., COUPLED WITH THE MANIFEST INABILITY OF THIS PROTECTION TO MAINTAIN EMPLOYMENT, SUGGESTS THAT IT WOULD BE EXTREMELY DIFFICULT TO JUSTIFY FURTHER INCREASES AT THIS POINT OF TIME.

EMPLOYERS AND EMPLOYEES IN ALL SECTORS OF THE INDUSTRY NEED TO REALISE THAT THE LONG-TERM VIABILITY OF FIRMS AND JOBS CANNOT BE ACHIEVED IN THAT WAY; DISPARITIES BETWEEN PROTECTION LEVELS FOR THIS INDUSTRY AND OTHER MANUFACTURING NEED TO BE LESSENER RATHER THAN WIDENED.

VIABILITY AND JOB OPPORTUNITIES REQUIRE INSTEAD THAT ALL SECTORS OF THE INDUSTRY WORK TOGETHER TOWARDS A COMMON GOAL.

WITH JOHN BUTTON I BELIEVE THAT OVER THE NEXT FEW YEARS WE NEED TO TACKLE BY JOINT ACTION SUCH MATTERS AS:

- IMPROVING PRODUCTIVITY AND INDUSTRIAL RELATIONS
- SOURCING OF COMPONENTRY
- THE IMPACT OF NEW TECHNOLOGY
- THE RESPONSIVENESS OF THE INDUSTRY TO CHANGES IN CONSUMER PREFERENCES AS THEY EMERGE, AND
- THE RETENTION OF DESIGNER SKILLS IN AUSTRALIA

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THERE IS NO DOUBT THAT THE MOTOR VEHICLE INDUSTRY, LIKE MANY OTHER OF OUR MANUFACTURING INDUSTRIES, IS STANDING AT THE CROSSROADS. IF THE INDUSTRY IS TO SURVIVE, IT MUST APPLY NEW TECHNOLOGIES IN A MANNER DESIGNED TO ENHANCE COMPETITIVENESS AND, THEREFORE, PROFITABILITY AND EMPLOYMENT.

MY GOVERNMENT AIMS TO DO WHAT IT CAN TO PROMOTE SUCH A POSITIVE APPROACH. IT IS ENCOURAGED BY THE EXAMPLE FORD NOW OFFERS THE INDUSTRY.

MR DIX'S PARTICIPATION IN THE CAR INDUSTRY COUNCIL GIVES ME ADDED CONFIDENCE.

AUSTRALIA WOULD BE SERVED WELL IF FORD'S EXAMPLE OF AN APPROPRIATELY INNOVATIVE APPROACH AS EMBODIED IN THIS MAJOR INVESTMENT WERE EXTENDED AND CARRIED FURTHER BY FORD AND OTHERS IN THE INDUSTRY.
