



**PRIME MINISTER
MINISTER FOR INDUSTRY
PREMIER OF SOUTH AUSTRALIA**

**NEW FUND TO BOOST INNOVATION AND INVESTMENT
IN SOUTHERN ADELAIDE**

The Australian and South Australian Governments have today announced a \$50 million package to support workers and the region affected by Mitsubishi Motors Corporation's decision today to close the Tonsley Park vehicle assembly plant at the end of March 2008. The package includes:

- up to \$10 million for intensive assistance to workers; and
- a \$40 million South Australian Innovation and Investment Fund to strengthen South Australia's manufacturing base, creating new jobs and boosting new investment in innovation.

Mitsubishi Motor Corporation's decision will result in approximately 930 direct job losses, comprising 600 plant positions and 330 administrative and professional jobs.

Both the Australian and South Australian Governments spoke with the Mitsubishi President Osamu Masuko and the company's Australian CEO Robert McEniry yesterday and were assured that there was nothing the Government could do to affect Mitsubishi Motors Corporation's decision.

Our top priority now is the workers and their families, and both governments are working with Mitsubishi Motors Australia and Mitsubishi Motors Corporation in Japan to ensure that the affected workers are treated fairly and have the assistance they need at this difficult time.

Mitsubishi Motors Corporation has assured us that it will ensure that the affected employees receive their full entitlements, and that redundancy packages will be available in line with those provided to workers made redundant at its Lonsdale engine plant in 2004.

The Australian and South Australian Governments and Mitsubishi Motors Australia will jointly fund a package of initiatives to assist affected workers,

create jobs in southern Adelaide and boost investment in South Australian manufacturing.

Up to \$10 million will be made available to provide intensive assistance to workers made redundant as a result of this closure, with the Australian Government contributing up to \$7.5 million and the South Australian Government \$2.5 million.

The package will include immediate job search support assistance, including a detailed assessment of the worker's capabilities and potential opportunities in the local labour market.

Workers will also be eligible for significant re-training opportunities, to meet skills in demand in growing sectors of the economy.

A new South Australian Innovation and Investment Fund will also be established. The \$40 million fund will run over three years from 2008-09 to 2010-11. This Fund will:

- Support projects that create sustainable, full-time jobs.
- Be directed at projects that diversify and strengthen the capacity of South Australia's manufacturing and industry sector.
- Encourage projects supporting the introduction of new innovations or technology, including investment in emerging and growth sectors such as defence and ICT.
- Focus on the southern suburbs of Adelaide, and the possible use of the Tonsley Park site and facilities (subject to decisions by Mitsubishi Motors Australia on disposal of the site).
- Provide up to \$10 million for strategic infrastructure that improves the competitiveness of the region.

The Australian and South Australian Governments believe that it is critical to invest in the future of the southern Adelaide region.

There are many commercial opportunities in Adelaide, including in sectors such as advanced engineering, renewable energy, resource, defence and information and communications technology.

The Fund will operate over three years from 2008-09 to 2010-11 and be supported by an investment of \$27.5 million from the Commonwealth Government and \$7.5 million from the South Australian Government. Mitsubishi Motors Australia has indicated its willingness to invest \$5 million in the Fund, subject to final internal approval.

We appreciate Mitsubishi Motors Australia's assurances that affected workers will receive the best possible support, and its ongoing desire to work closely with governments and unions on this and other issues.

Similarly, both governments applaud the loyalty that workers and unions have shown to Mitsubishi, as the Corporation has worked hard to respond to global pressures.

The Australian and South Australian Governments remain committed to the Australian automotive industry.

The Australian Government's Automotive Competitiveness and Investment Scheme will provide a total of over \$7 billion from 2001 to 2015 to assist the industry to become more internationally competitive.

Since the scheme commenced in 2001, Mitsubishi Australia has received around \$180 million in ACIS credits.

The Australian Government has also committed to a \$500 million Green Car Innovation Fund from 2011 to encourage the Australian automotive industry to develop and manufacture low emission vehicles.

The Australian Government is currently finalising the terms of reference for a review of the automotive industry to ensure the appropriate policy settings are in place for the ongoing competitiveness of the industry. Details of this review will be announced shortly.

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