

# Mitsubishi axes its last Australian car plant

Terry Cook  
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For around seven years workers at Mitsubishi's Tonsley Park car plant in Adelaide, South Australia (SA) have faced escalating job losses and the constant threat of closure hanging over their heads. On Tuesday this week, the company callously announced that it was closing its plant within eight weeks, on March 31, and that all 930 employees would be thrown out of work.

The closure of Tonsley Park ends Mitsubishi's car manufacturing operations in Australia after more than 27 years. It follows the axing of 350 jobs at Tonsley Park in 2005 and the shutdown of its engine manufacturing facility the same year at Lonsdale, Adelaide with the destruction of 650 jobs.

While Tonsley Park has been operating at only about one-third of its capacity since 2005, workers were constantly told that Mitsubishi "had a bright future" after company management promised to maintain operations at least until 2010. This commitment was made after an injection of \$38 million (\$US34 million) by the South Australian state government to assist with production of the company's 380 six-cylinder sedan, its first new model built in Australia for nine years. This promise, however, evaporated into thin air on Tuesday when Robert McEniry, Mitsubishi Australia's chief executive officer, told a mass meeting that the plant was closing.

Mitsubishi management in Australia, with the ongoing assistance of the car unions, has always claimed to have defended the local workforce against the global auto company's head office in Japan. This ploy was used to promote illusions in local management and divert opposition to the constant rounds of company layoffs.

These illusions were shattered this week, when it was revealed that the closure was recommended by local management, who declared that the decision was "commercially responsible".

As CEO McEniry told the media, "We made the recommendation; we came to the conclusion as a management group, and then, through our local board, made a final recommendation to Mitsubishi Motors Corporation which they accepted."

While Mitsubishi has finally brought down the axe, the company has ruthlessly used the threat of closure to wring multi-million dollar subsidies out of the SA and federal governments over the past seven years. In 2002 it extracted a joint state and federal government handout worth \$A84 million, after promising to maintain its presence in Australia.

One year later, it received \$200,000 in Australian federal grants and a \$20 million interest-free loan from the SA government, after again putting a question mark over its Australian operations. It also received funds from Canberra's \$2 billion Automotive Competitive and Investment Scheme and, like other local car

manufacturers, gained from existing tariff protection.

Despite these handouts, the company slashed jobs from 4,200 to 3,500 between 2000 and 2004 and by 2007 had reduced its workforce to just over 1,000. Yet the company continued to be rewarded. In September 2006, the former Howard government's industry minister Ian Macfarlane admitted that Mitsubishi no longer qualified for government subsidies because its production had fallen below the required threshold of 30,000 cars a year. This did not stop Macfarlane from using "special national interest provisions" to waive the requirement and maintain federal government funding.

The Tonsley Park closure will not only directly affect 930 employees, it will flow through into thousands of job losses in car-component supply companies, dealerships, transport and related services. While engines for Mitsubishi Australia have been made in Japan since 2005, about 60 percent of the parts for its 380 sedan are produced by Australian-based suppliers, including seats, dashboards, mufflers, mag wheels and shock absorbers.

This week, in an attempt to play down the wider implications of the company's action, McEniry declared that associated job losses would be no more than around 280 because car-parts suppliers had already been informed of the impending closure and made "adjustments". He also claimed that because Mitsubishi accounted for just a small percentage of Australian car production, the closure would have minimal effect.

These claims were immediately contradicted by the Melbourne-based *Age* newspaper on February 7, which warned of serious job losses in associated industries. Mitsubishi's "10,000 units might only be nudging 3 percent of the 350,000 vehicles being made here each year, but the wafer-thin margins that the parts industry survives on may now prove insufficient for some," the newspaper wrote.

Economist John Spoehr of Adelaide University also explained: "There'll definitely be flow-on impacts. For every job lost, one or two other jobs are lost throughout the economy, but component manufacturers will suffer the worst." Car unions have estimated that the ratio of losses will be closer to seven jobs for every one lost from Tonsley Park—in other words more than 6,500 jobs.

The company's disregard for the fate of its workforce, and that of the wider community, was further highlighted in a discussion between leading company executives in Tokyo and SA Labor premier Mike Rann, just hours before the Tonsley closure was announced.

Rann reported: "I've been told by Mitsubishi management that any decision will be solely a commercial decision, based on the viability of local manufacturing, as part of a global restructure of

the company.” In other words, profits, as always, must take precedence over the needs of ordinary workers and their families.

While sales of the 380 sedan have been extremely low—last year just 11,000 and a record low for January this year of only 700 units, far below a projected sales figure of 2,500 a month—Mitsubishi Motors global operations continue to chalk up huge profits.

According to an article on the Bloomberg web site on February 5, Mitsubishi Motors remained on target to meet its international profit goal of 20 billion yen (\$US188 million) for the year ending March 31. A percentage of these profits was generated by sales of imported Mitsubishi vehicles into the Australian market, which rose 21 percent to about 65,400 units.

While Mitsubishi is shutting its Australian operations, the company plans to expand production in China and Russia to take advantage of cheaper labour, local subsidies and to cash in on growing demand for its sedans and its sport-utility vehicles. Not surprisingly, the Tonsley Park plant closure announcement met with the approval of the Tokyo market, which drove up Mitsubishi Motors’ share values by 2.8 percent to 182 yen.

The response of Australia’s car unions and the state and federal Labor governments to the bombshell announcement was all too predictable. Having bent over backwards for years to ensure that Mitsubishi received a steady flow of tax-payer funded “bailouts” and that workers would accept downsizing and cuts to working conditions to boost productivity, Labor and the unions are now joining with the company to assist in an “orderly closure”.

Ruling out any campaign to defend jobs, Australian Manufacturing Workers Union SA secretary John Camillo declared this week that the union would not oppose the closure but work to “ensure” that Mitsubishi workers received their full entitlements. Prime Minister Kevin Rudd lamely declared that Mitsubishi “has a responsibility to act appropriately”—that is, pay entitlements legally due to workers—while state premier Rann urged the company to join “with us in making it a priority to find work for its highly-skilled workforce”.

All the promises of “a continued presence”, which were used to head off opposition to previous job cuts and productivity speedups, are now being seamlessly supplanted by assurances that entitlements will be paid, along with empty pledges of “retraining” and other forms of so-called “assistance”. The overriding aim is to ease workers quietly out of the factory.

Within hours of the closure announcement, Rann and Labor’s federal workplace relations minister Julia Gillard unveiled a \$50 million assistance grant. The package is made up of \$35 million from the federal government and \$10 million from the SA state government, with Mitsubishi providing just \$5 million.

However, only \$10 million of this money will be spent on providing what is amorously termed “intensive assistance” for the 930 workers. The other \$40 million will be spent on various, as yet undefined, schemes for “creating jobs and strengthening SA’s manufacturing base”.

The promise of “retraining” is yet another gross deception. Camillo, who supported a similar scheme during the 2005 Lonsdale closure, admitted this week that previous training schemes were “shocking”. He reported that companies took on

displaced workers, provided minimal retraining “for just a few weeks and then laid them off again after the money (for retraining) was absorbed”.

Also fraudulent are claims by Mitsubishi and the state government that there is a large pool of alternate decent jobs in the state. Unemployment in SA is over 5 percent, higher than the national average, and while some car workers may be offered employment in industries associated with the commodity boom, this would require that they transfer to remote parts of the state or move interstate.

As for the prospects of decent local employment, Employment Drake International’s regional manager Rohan Debba said this week that workers, particularly those with trade skills, would get “snapped up”, but only if they were prepared to “accept some changes” and that “many may not get the same pay levels and benefits they’re used to, working for a large major manufacturer”.

Mitsubishi’s Tonsley Park shutdown is a serious assault on the working class and part of an ongoing process of job destruction across the automotive industry in Australia and internationally. An estimated 8,000 auto jobs have been axed over the past five years in Australia, including 800 at Holden and over 600 at Ford in Melbourne. Last year Ford announced that it will close its Geelong engine plant in 2010 with the loss of another 600 jobs. Thousands more jobs have been wiped out by car parts manufacturing companies.

As with the axing of Tonsley Park, these layoffs have been imposed with the full collaboration of the unions, who constantly repeat employers’ arguments that if profits or sales fall then workers have no choice but to bear the brunt.

Workers at Mitsubishi and throughout the car industry cannot allow these closures to go unopposed. The end result will be the destruction of thousands more full-time jobs, thereby condemning workers and youth to dead-end low paid employment or chronic joblessness.

As a first step to reversing this downward cycle, Mitsubishi workers must reject the Tonsley Park shutdown and organise mass meetings to map out a powerful political and industrial campaign which reaches out to workers across the automotive industry, in Australia and internationally. The fight to defend jobs and hard-won conditions can only be advanced independently of the Labor and union apparatus, and on the basis of a socialist perspective that challenges the very framework of the private profit system itself.



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