

Australia's Automotive Manufacturing Industry
Productivity Commission
LB2 Collins St East
Melbourne VIC 8003

Re: Public Submission on the Australian Automotive Industry.

This submission is based on my recent experiences with GM-Holden in dealing with the repairs to my new Oct 2012 Colorado and other long standing international developments in secondary industries.

I'm a 67 year old pensioner who grew up with the concept that Holden was an Australian company where the Holden badged vehicles were manufactured and assembled, very nearly completely, in Australia by Australians. This situation is sadly not the case anymore and GM-Holden should no longer deserve our loyalty and support (tax payer's subsidiaries). The problem I had with my Colorado started on my way back from the Birdsville races this year, initially not of GM-H's fault? It seems (guessing) the software that controls the vehicle's computer systems, namely the Electronic Stability Control (ESC) and the Transmission Control Module (TCM) in my vehicle may not be calibrated for the rigors of some of our roads... though the mechanical geometry is within engineering tolerances – tested at Sutherland GM-H and Tully's tyre service. GM-H service people at Emerald QLD, the closest dealer to where I broke down (Windorah to Emerald is 760 Kms) were fantastic in trying to help me with my plight... but they too were being stymied by the personnel in the Melbourne GM-H Corporate Head Office to affect a fast and cheap repair. Initially was told Longreach Motors was the closest (330 Kms) and again service folk there were good enough to have a look at my vehicle and certified it was not drivable to Emerald (430 Kms) for RACQ towing.

After the second time it broke down (one week later at Jericho on my way back to Windorah to pick up my caravan) the service people at Emerald had to break the oil seal of the Transmission Control Unit (TCM) housed in the automatic transmission to fix various components but quickly found that the oil seal (approx. \$2 part) was not available in Australia and NZ as a spare part after searching a hundred possible suppliers, i.e. GM-Holden has been selling a new vehicle without a complete compliment of spare parts. This in Australian consumer law together with other salient aspects could be grounds for an *unconscionable act*. GM-H could not fix my vehicle under their new car warranty contract within a reasonable time frame (3-4 days reasonable for country regions)... nor does it seem they have an effective spare parts auditing system to pick up omissions of this type even after 15 months of sales... signs of neglect in their infra-structure? My first request was for GM-H to replace my vehicle with another one – with a show room demonstration vehicle... no reply! My understanding of consumer law is if it's the company's fault and they can't fix it for whatever reason then they have to replace it!

A week later (3rd week) I asked GM-H representative that was assigned to me (I had to ask for a senior representative) to phone the Thailand's GM manager (vehicle's assembler) to have one of his secretaries to go down to the factory floor and take one out of their stock and FEDEX it to Emerald, the GM's representative said they don't do things that way... this would have only been petty cash exercise with GM-H, but demonstrated their inability "to think outside the box" and come up with a creative (quick/cheap) solution. GM-H's solution to my situation was for me to just wait irrespective of my life's situation with the possibility of running up a huge Motel/ car rental/ living away from home bill (<\$6,000/month) Indicating GM-H didn't want to demonstrate any recognition / sensitivity to the frustration, stress and grief that I was going through for the 4 weeks my vehicle was in Emerald's workshop. I just had to wait until GM-H got around to ordering a whole production batch

from the USA manufacturer of the oil seal. This demonstrated to me the extent of Corporate GM-H's blatant contempt for its customers that are in need of special attention. I would not have been put through this if GM-Holden was a company that manufactured and assembled the entire vehicle here. I got the feeling that I was the "poor guinea pig" who found the deficiency in GM-H inventory/contract system and they didn't want to own up to that prospect or give due recognition to the valuable service/opportunity my dilemma presented to fix a deficiency in their system.

When it looked like my vehicle wouldn't be repaired until late in the 5th or 6th week (I was told I would receive an update on the 15th Oct), I finally asked the service manager at Emerald to ask GM-H head office to authorize taking a gear box (with the intact TCM) out of one of their show room vehicles and install it in mine. The service manager indicated he was passed around several GM-H Head Office Departments and eventually after many hours on the phone extracted the permission.

I submitted my compensation claim to both GM-H and NSW CTTT at the same time 01/11/2013 and was given a date of 11/12/2013 for the CTTT hearing at Hurstville, because as it has turned out GM-H is no different to the other multi-national Corporations I've had to make consumer claims against.

GM-H initial offer was to only pay out of pocket costs and two free services. When I reminded them of the likelihood that they have a Just In Time (JIT) contract with the manufacturer of these oil seals and that GM-H can/is suing that company for an amount many times that is in my claim and will in no way be worse off and as expected I received no response... contract probably contains a confidentiality clause and can't be discussed???

It appears to me that GM-H wants it both ways in repairing my vehicle i.e. for me to wait for it to be fixed with little cost and now before the CTTT hearing they wanted to pay me little and probably extract a huge amount from the USA manufacturer... this is not the Australian way of "A Fair Go Mate"!!!

Another aspect that came across very strongly with my conversation with Longreach Motors, a GM-H authorized service centre until Jun 2013, was GM-H seem to made it difficult for them to stay a GM-H authorized dealer by insisting on unreasonable new car sales quotes rather than seeing the value of maintaining a GM-H presence in this far west QLD town. Anyone contemplating buying a Holden in the country/far west would have to think otherwise because they would have to travel many hundreds of Kms to get their vehicle serviced. The consensus I derive from this and newspaper articles seem to be GM-H is slowly downsizing any manufacturing/assembling to gradually withdraw retail/servicing from the country areas and maybe Australia ... Detroit GM's Board will deliberate early next year, after the Productivity Commission report is released, on GM-H's future in Australia the market (Financial Review 19/10). Requests by Union representatives to have a short meeting with Stefan Jacoby during his recent visit to Australia were ignored – a lack of respect but a clear sign that GM-H's days in Australia as a significant manufacturer are numbered ... even the Aust. GM-H CEO looks like he has jump ship to become an assistant to Mr. Jacoby. It's also doubtful that Toyota could maintain a significant presence in Australia in the long term... maybe the only future contender for any aspect of vehicle manufacture and assembly is China's Great Wall Motors? Maybe they can be induced to take over the plant / production that Ford and GM-H (others?) have abandoned for consideration for developments in agriculture/ energy. We, Australians, value retaining a manufacturing capacity/security, the Chinese, with the loosening of the one child policy, value food and energy security from a stable dependable environment... a Win/Win situation.

The point I am making with this submission is GM-H has become just another global/ multinational company that doesn't owe allegiance to any country but will go to where it can get the best deal to optimize profits and therefore do not deserve our unconditional tax payer support. I fully appreciate Australian concerns over losing an iconic business and employment opportunities but the reality is we have already lost it to cheaper labour countries and besides we don't lament the loss of the likes of Cobb and Co or Ansett and their networks much these days! Similarly Holden vehicles won't disappear from Australia as there will always be a market for the right vehicles... even though the sense of betrayal/desertion may linger. This Commission/ Government should make any decision regarding financial support with their eyes wide open that Australia is globally too expensive to be competitive to manufacture and assemble most vehicles. Let's learn from the USA's experience with what has happened to their manufacturing industries. I would recommend the Commission and the Minister for Industry put their support behind industries that in all good sense can make products that will be competitive/profitable without Gov. subsidies... agriculture/ food security and high value added resource processing.

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26/11/2013