HOLDEN

Submission by

GM Holden Ltd

to the

Productivity Commission

Review of the Australian Automotive Manufacturing Industry

27 November 2013

For media comment on this submission:

Sean Poppitt
Corporate Communications Manager

Contents

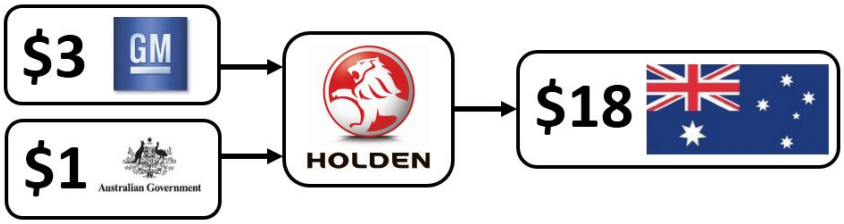
Overview

Automotive is one of the strongest job multipliers; it is heavy manufacturing capability; it drives innovation, learning and skill development; and it generates wealth through its extensive supply and logistics chain. Nineteen of the G20 countries all have automotive manufacturing at their core.

The highly sophisticated production, logistics and efficiency processes, innovation, advanced technology, robotics and skilled jobs utilised by the automotive industry, can be transferred throughout whole economies.

This is why countries compete strongly for automotive manufacturing.

In terms of economic activity generated, on average, for each dollar of government assistance received, Holden has generated 18 times the amount in its economic activity in Australia. Holden would not make this same economic contribution without building cars locally.



From 2001-2012, Holden generated $32.7 billion of economic activity in Australia. During that period, Holden received $1.8 billion in Commonwealth Government assistance, returned $1.4 billion to the Government as PAYG income tax revenue and paid $21 billion to other businesses in Australia for supplies and services.

This widespread economic and spillover activity represents a substantial return on the public assistance provided to automotive manufacturing.

If Holden did not manufacture in Australia, the economic activity derived from the foreign investment by GM, would not go elsewhere in Australia. GM would invest in another country and the economic spinoff would go with it. Holden competes with other GM operations for GM's capital investment and must provide appropriate levels of return for that investment.

Holden's manufacturing future depends on three things: that it builds cars people want; does it cost effectively; and is underpinned by a clear, long term national policy that is globally competitive. Holden has met the first two of these criteria.

Holden is the number 2 automotive brand in Australia by market share this year. Commodore and Cruze are currently the 5th and 6th most popular vehicles in Australia and both are made on the same production line in Adelaide.

VF Commodore is the most advanced car ever created and built in Australia. It is world-class, so it can be exported to America to sell as the top-of-range Chevrolet SS. Cruze is the only small car made in Australia and has been a top 10 selling car since Holden commenced building it here in 2011.

But the fact remains that Australia is an expensive place to manufacture, costing more than most other countries. It costs Holden, on average, $3,750 more to build cars in Australia, compared to some other GM plants.

In response to challenging manufacturing conditions, Holden recently made groundbreaking productivity improvements by addressing every element of its manufacturing cost structure and revising its workforce Enterprise Bargaining Agreement (EBA). There are many leading companies now looking at what Holden did.

An ongoing private-public partnership is needed in Australia for the automotive manufacturing sector to compete globally. Tariffs, subsidies, tax incentives, non-tariff barriers (NTB) and financial grants are common examples of automotive industry assistance. The reality is that countries don't have an automotive industry without some form of government assistance.

Australia is now one of the most open automotive markets, with an effective tariff of around 3%. This compares to EU/UK - 10%, China - 25%, India - 100% and the USA - 25%, on their biggest profit driver, pick-up trucks (USA passenger motor vehicle tariff 2.5%).

Without public assistance, Holden's local manufacturing cannot compete globally. Governments around the world offer carmakers incentives to lure the widespread benefits their operations bring, to both developing and advanced economies.

By way of example, the State of South Carolina, with a declining textile industry, targeted automotive as the best replacement to reshape its economy. With significant tax and financial incentives, BMW opened a plant and a supply base built up around it. Boeing then opened alongside.

When the United Kingdom's services focused economy faltered, Labour and Conservative governments reinvigorated manufacturing, led by automotive because of its well-known employment, innovation and skills spillovers.

Similar spillovers occur in Australia. Boeing Australia draws on automotive skills. Holden is helping Thales, a defence manufacturer, with component procurement advice. Rio Tinto's Chief Executive, Sam Walsh AO, used his automotive knowledge and experience to greatly improve productivity in Rio Tinto's Pilbara iron-ore mines.

It is very true that car making is a sign of an advanced economy and nobody yet has described in detail how the economic shock and significant unemployment will be dealt with in Australia, if automotive manufacturing goes away.

About Holden

3,700 employees (not including dealers and service centres)

- 1,900 in Victoria
- 1,760 in South Australia

255 dealers and service centres nationwide, majority being family owned businesses

Holden manufactured over 82,000 vehicles in 2012:

- Commodore: 50,610
  (includes Caprice, Wagon and Ute)
- Cruze: 31,562
- Exports: 13,778
  - Middle East: 6,045
  - USA: 3,133

GM Holden Ltd (Holden) is a fully owned subsidiary of General Motors Company (GM), Detroit, USA.

Holden is one of the world's oldest transport brands, commencing as a saddlery business in Adelaide in 1856. In 1917, Holden commenced large scale production of car bodies for GM. Holden's 'lion rolling a stone' emblem was designed in 1928, representing the fable of man's invention of the wheel.

Holden has been owned by GM since 1931 and was the first company to mass produce a car in Australia, in 1948. Of around 67 car brands currently in the Australian market, Holden is the only uniquely Australian brand.

Holden has had its headquarters at Fishermans Bend, Victoria, since 1936.

Holden's combined operations in Victoria include a Head Office, a Design and Engineering Centre, Holden Engine Operations, Holden Service Parts Operations and a Proving Ground.

Holden Vehicle Manufacturing Operations are located in Elizabeth, South Australia.

State Sales Offices are located in New South Wales, Queensland and Western Australia.

Holden is one of only seven GM operations that can take a car from a clean sheet of paper to the showrooms, with particular expertise in rear-wheel-drive vehicles, powertrain and alternative fuels.

Holden has a highly skilled workforce, with expertise in Engineering, Design, Robotics, Ergonomics, Logistics, Purchasing, Tool Making, Assembly Work and Process Control.

Operations

Head Office, Design and Engineering Centres

Location: Fishermans Bend, Melbourne, Victoria
Established: 1936
Functions: Design, Engineering, Sales and Marketing and support functions

GM Holden's Design and Engineering Centres are centres of expertise in design and engineering for GM globally. GM Holden designers and engineers contribute their expertise to major product programs such as the Holden Commodore, Chevrolet Camaro and Cruze Hatch.

Of GM's nine global Design studios, Holden is one of only two with the capability of taking a car from a blank canvas to a fully functional concept vehicle. The Holden Design studio has been Australia's largest employer of Industrial Designers for decades.

Holden has developed rear and front wheel drive platforms for export markets including the Middle East, USA, South Africa and Brazil. Holden is a major powertrain engineering centre with expertise in R&D and customer programs in V6 and V8 petrol, E85, CNG and LPG applications.

Holden Vehicle Operations (HVO)

Location: Elizabeth, South Australia
Established: 1958
Functions: Press plant and metal assembly operation, body hardware facility, paint shop, plastics operation, electrical shop, body assembly and vehicle assembly operations
Site: 123 hectares (306 acres)

HVO's car manufacturing plant produces Holden's locally built vehicle line-up of 45 models, across six body styles and nine variants, on two platforms. It is one of the few automotive facilities able to produce so many models and variants.

In 2011, HVO began local production of Australia's only locally built small car – the Cruze Series II. A new, small fuel efficient global vehicle, Cruze revived Holden's expertise in small vehicle manufacturing.

Holden's key South Australian suppliers are based in Edinburgh Business Park (Futuris, Hirotec, YAPP, and ZF). The two sites are joined by a dedicated, private road.

Holden Engine Operations (HEO)

Location: Port Melbourne, Victoria
Established: 1940, HFV6 2003
Functions: GM High Feature V6 engineering and engine assembly operations

HEO is a state-of-the-art High Feature V6 engine plant which opened in 2003 at a cost of $400 million. This facility gives Holden flexibility in the range of engines it can produce for local and international customers including 2.8, 3.0, 3.2 and 3.6 litre variants. As well as supplying engines for the Commodore range, Holden has exported V6 engines to China, Korea, Thailand, Germany, Sweden, Mexico, Italy and South Africa for Buick, Cadillac, Chevrolet, Vauxhall, Opel, Saab and Alfa Romeo vehicles.

Proving Ground (PG)

Location: Lang Lang, Victoria
Established: 1957
Functions: Engineering and vehicle testing
Site: 890 hectares (2,200 acres) with over 40 kilometres of test roads and includes specialised onsite laboratories

Approximately 120 people are employed at the PG, many drawn from the local community. Roles include tradespeople, technicians, engineers, test and durability drivers, administrators and schedulers. A wide range of safety, engineering and environmental testing is conducted, such as full vehicle crash and durability testing; vehicle development for ride/handling/ performance/fuel economy/noise reduction; engine/transmission calibration; and subsystem and component testing. Test work develops and validates Holden and GM products for local and export markets. Testing is also done for some external clients.

National Distribution Centre (NDC)

Location: Dandenong, Victoria
Established: 1959
Functions: Distribution and marketing of Holden service parts and accessories for the Holden Dealer Network and international customers

State Sales Offices

Location: New South Wales, Queensland and Western Australia
Functions: Dealer network support

Holden's Australian Manufactured Product

Holden makes cars Australians want to buy:

- Holden is the number 2 vehicle brand in Australia
- Approximately 50% of vehicles sold by Holden are manufactured in Australia
- Holden sells the 5th and 6th most popular vehicles in Australia (at October 2013) out of approximately 330 vehicles in the market
    - No. 5 = Commodore
    - No. 6 = Cruze
- Commodore received the Australian Automobile Association's 2013 Australia's Best Car award for the 'Best Large Car under $60,000'
- Cruze and Commodore are world-class cars, built in Adelaide

Holden currently produces large and small vehicles, the Commodore (short wheel base - SWB), Caprice (long wheel base - LWB) and Cruze, utilising two different GM architectures – Zeta (Commodore, Caprice) and Delta (Cruze) – running on the same assembly line. Zeta includes SWB and LWB, rear-wheel drive sedan, wagon and utility variants, in right and left hand drive. Delta includes both sedan and hatch in right hand, front-wheel drive.

Two platforms: six body styles, nine variants and 45 models

Caprice is exported to the Middle East and USA as a luxury sedan and a fit-for-purpose police vehicle. Commodore is exported to the USA as the top-of-range Chevrolet SS. Commodore and Cruze are exported to New Zealand.

The largest margins Holden can potentially derive from its manufacturing operation are made on the large sized Commodore variants and in turn, the higher specification models.

Cruze, in the high growth small car segment is not a profit driver but without Cruze's volume, the Commodore on its own is not a profitable proposition for the assembly plant, which requires a baseline throughput to operate viably.

As is the case today, Holden has determined that future profitability will depend on volumes of a small vehicle, plus profit margins of a large vehicle, complementing each other on the one production line.

Economic Activity

Holden contributes widely across the Australian economy, providing business opportunities directly and indirectly to other Australian businesses, particularly through extensive research and development (R&D) and in the automotive supply chain.

In 2012, Holden:

- generated $4.0 billion in revenue
- paid over $420 million in taxes and government charges
- spent a total of $2.3 billion on goods and services within Australia
- paid over $1 billion to local suppliers for production components
- spent $197 million on R&D
- paid $410 million in wages
- received $96 million in Australian Government assistance; and
- returned $100 million to the Australian Government as PAYG (income tax) revenue.

From 2001-2012, on average Holden:

- received $153 million per year in Australian Government assistance
- returned $127 million per year to the Government as PAYG (income tax) revenue
- spent $484 million per year on capital, engineering and design investment
- paid $488 million per year on wages; and
- spent $1.75 billion per year on Australian supplier businesses.

From 2001-2012, Holden generated $32.7 billion of economic activity in Australia.

For every $1 Holden receives in government assistance, the Australian economy benefits $18 from Holden's direct economic activity.

If Holden did not manufacture in Australia, the economic activity derived from the foreign investment by GM, would not go elsewhere in Australia. In fact, it would be invested by GM in another country.

The following table provides an overview of Holden-driven economic activity from 2001-2012. Further detail of Holden-driven economic activity and the operating environment is in Appendix A.

Holden-driven Economic Activity 2001-2012

2001-2012	Average/year $	Total $
Total Capital Investment	229m	2.7b
Engineering & Design	255m	3.1b
Australian Supplier Material Spend	1,750m	21.0b
Labour Costs (includes PAYG + Super)	488m	5.9b
Total Economic Activity		$32.7 billion
Production and Capital Assistance Received from Government		
Automotive Competitiveness and Investment Scheme/Automotive Transformation Scheme	137m	$1.63 billion
Australian Government Capital Assistance	16m	$0.19 billion
Income Tax Revenue Returned to Government		
PAYG Federal Revenue	127m	$1.4 billion

Holden would not make this same economic contribution without building cars locally.

Australian Government Assistance 2001-2012

Total value of assistance (provided or announced) to Holden by the Commonwealth Department of Industry (and previous industry Departments) for the period 1 January 2001 to 31 December 2012.

Program/assistance	Value of assistance
2001 to 2010 Automotive Competitive and Investment Scheme (ACIS)	$1,503,038,035
2001 Strategic Investment Incentive for the training of automotive industry employees and the development of industry relevant technology (Engine Plant)	$12,500,000
2006 Safety Enhancement Project	$6,700,000
2011 to 2012 Automotive Transformation Scheme	$150,008,171
2008 to 2012 Green Car Innovation Fund Grants	$188,817,598
2010 to 2011 Automotive Supply Chain Development Program	$3,043,214
Sub-total	*$1,864,107,018*
2012 New Generation Co-Investment Grant	$215,000,000*
Total Automotive Programs Assistance	$2,079,107,018
2001 to 2012 TRADEX	$78,640,619
R&D Tax Concession	N/A
Generic Industry Assistance Programs	$78,640,619
2001 to 2012 Workplace English Language and Literacy (WELL) Program	$155,972
2001 to 2012 Productivity Places Program - Structural Adjustment	$13,087,040
2001 to 2012 Australian Apprenticeships Incentives Program	$3,956,882
Vocational Education Training Program Assistance	$17,199,894
Total for period 1 January 2001 to 31 December 2012	$2,174,947,531

* Re-imbursement grant (paid in instalments); will not be received until Holden's Next Generation manufacturing plan is implemented

During 2001-2012, $1.8 billion in Commonwealth Government assistance helped Holden to generate $32.7 billion of direct activity in the Australian economy.

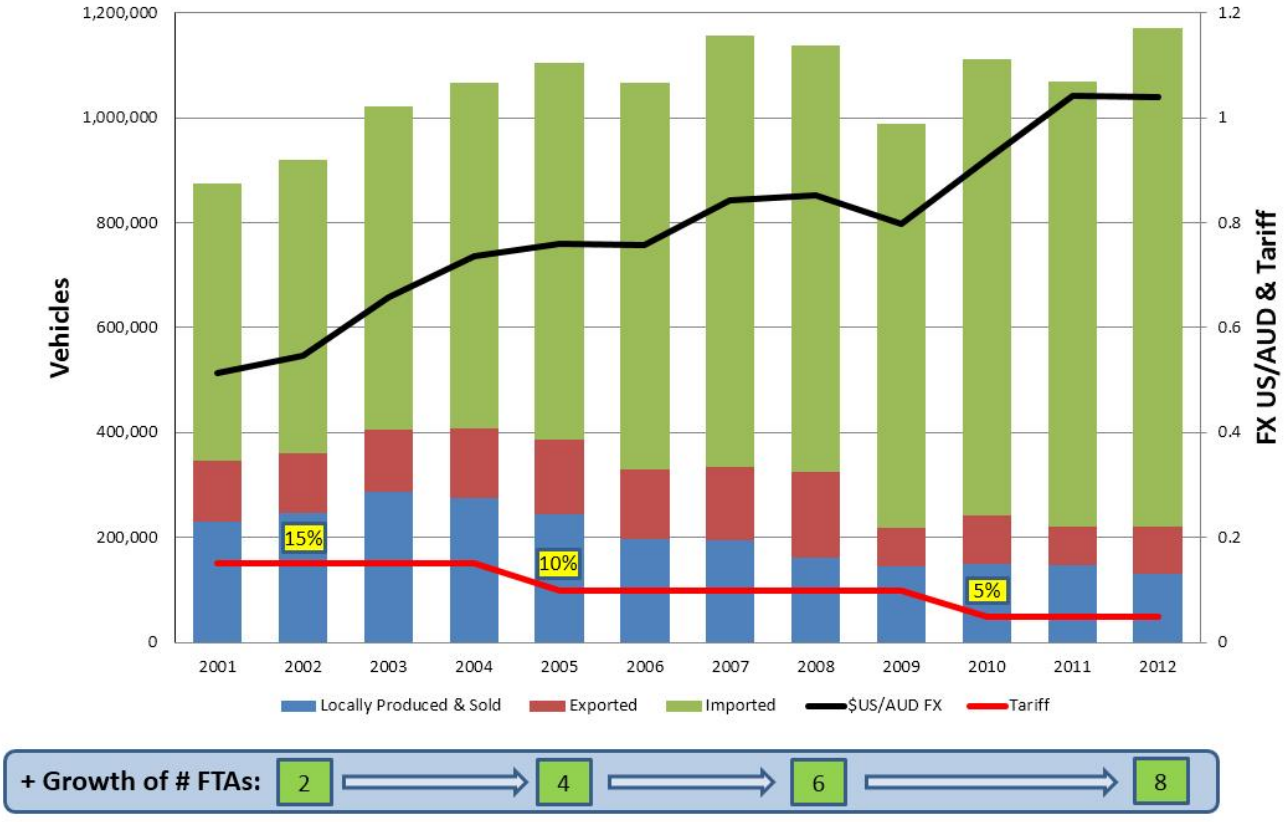
Market Conditions

Holden makes cars Australians want to buy. This is necessary to be successful and competitive in arguably what is now the world's most open car market.

Holden is the number 2 car brand in Australia, with 51% of its model range manufactured in Australia. Cruze and Commodore are consistently within Australia's top 10 selling vehicles.

Around 330 vehicle models in the market provides extensive consumer choice but puts pressure on local manufacturing. With abundantly more vehicles in the market, volumes per model have decreased. The top selling vehicle today commands approximately half the volume of the top selling vehicle of a decade ago, as a result of market fragmentation.

Australia now has one of the most competitive new vehicle markets as a result of having one of the lowest automotive tariffs and relatively limited barriers to entry by global comparison. Free trade agreements and the strong Australian dollar (AUD) have also provided added favourable conditions for imports.



These changes in the Australian car market have required changes to Cruze pricing since production was localised to Adelaide in 2011. As the small car market has grown and become increasingly competitive, pressure on pricing and production of Cruze has also increased.

Cruze is a price taker in this increasingly competitive small car market, therefore Holden has no alternative but to be responsive with Cruze pricing, regardless of the cost of local manufacture of Cruze.

To remain within the competitive pricing bracket, there are also certain costs of local manufacturing which Holden absorbs. Such costs do not apply to imported vehicles when they arrive in Australia. An example is the carbon tax, which has a cost impact of approximately $45 per locally made Holden vehicle but is not passed on to customers.

Holden also pays duty on imported parts for its locally made cars, which adds a price disadvantage of up to $300 per vehicle against competitor products which are imported duty free from countries such as Thailand with which Australia has a free trade agreement.

Model	2009 RRP	2011 RRP	2012 RRP	2013 RRP
1.8L Cruze CD 4DR Sedan Manual	20,990	20,990	21,490	19,490
1.8L Cruze CDX 4DR Sedan Auto	25,990	26,740	27,040	24,190
Cruze - 1.4L Turbo SRI-V 4DR Sedan Manual	N/A	28,490	29,490	26,490

RRP: Regular Retail Price

As a consequence of new vehicle market fragmentation in Australia, the days of a local plant producing significant volumes of one product for the domestic market to ensure viability, are gone. Holden determined that the profitability of HVO would be dependent on complementary production of both a large and small car on the one assembly line. Without this new combination of Commodore and Cruze, the plant would likely have closed.

Number of Models	2000	2013
Passenger Cars	149	190
SUVs	41	85
Pick Ups	57	57
Total	247	332

Volume	2000	2013
Passenger Cars	74%	52%
SUVs	14%	31%
Pick Ups	12%	17%

Holden recognises the significant decline in the Australian large car segment over the past decade. However, Holden also recognises that even if reduced, there will always be a base demand for large cars in Australia and Holden has consistently met this demand by achieving over 50% market share in the large car segment as a result of its leading product design and

engineering expertise in the segment. Holden is confident it can produce the majority of product to supply the ongoing needs of the large car segment.

Targeting the large car market segment (which still has relatively considerable volume but less competitors) with good products, enables higher volumes and greater price stability to be achieved, rather than chasing after a larger but more crowded market sector, such as SUVs, where the number of models has doubled since 2000. This is evidenced by Commodore sales always exceeding the most popular family SUVs and no SUVs are in the 10 vehicles sold in Australia (January-October 2013 YTD).

It is often suggested that the answer for local manufacturers to increase volume is through large export programs.

However, exporting vehicles has equally significant challenges. The consistently high AUD in recent years has crippled the viability of exports. Other challenges include high tariffs, non-tariff trade barriers and regulations in other countries. Global car makers have also moved to global platforms, resulting in the same vehicles being built in multiple plants around the world, thereby decreasing export opportunities.

Holden's exports to the USA and Middle East are severely hampered by the high AUD. Corporate Average Fuel Economy (CAFE) standards in the US also limit export potential.

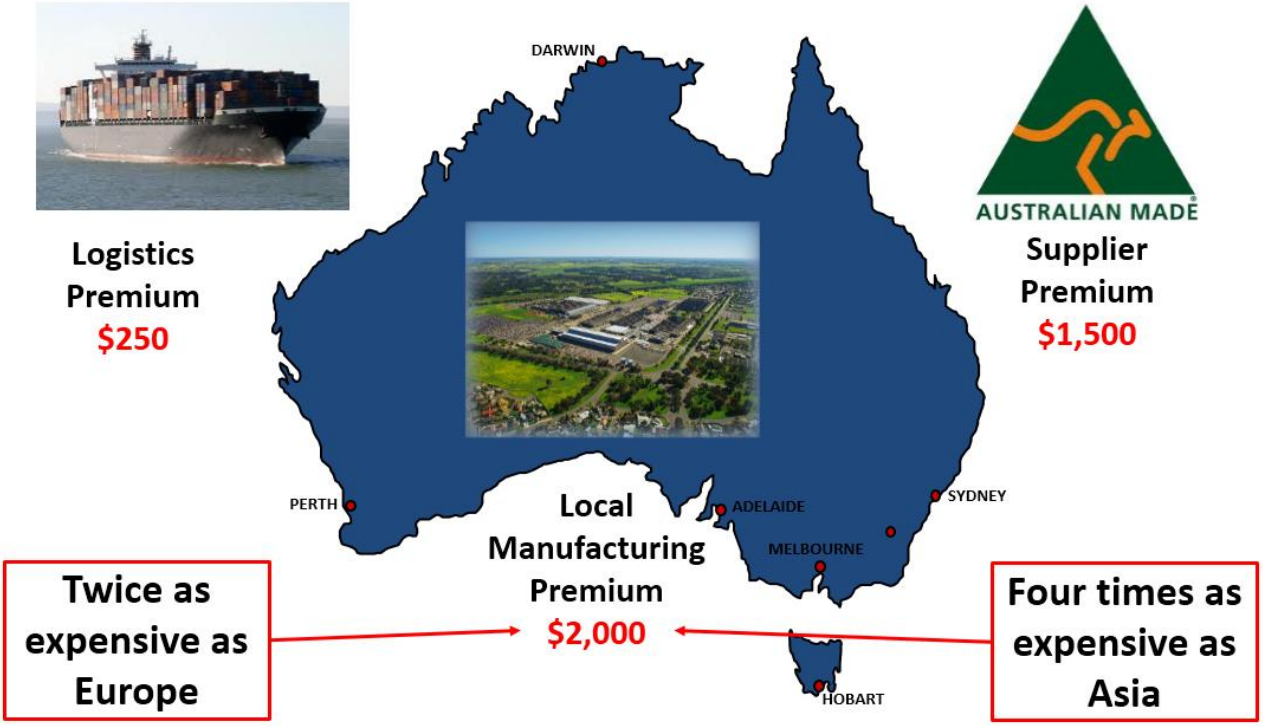
Australian Manufacturing Premium

Holden/GM pays a significant premium to manufacture in Australia, which is among the most expensive places in the world to build cars. It is approximately twice as expensive as Europe and four times as expensive as Asia.

Geographic isolation, higher cost of sourcing local components and high labour rates mean Holden is at a cost disadvantage when it manufactures, rather than imports cars. The quantum of the premium is as follows:

- $250 per car in logistical premiums
- $1,500 premium to buy parts from local suppliers
- $2,000 premium in manufacturing costs, predominantly labour costs

As such, it costs Holden, on average, $3,750 more to build cars in Australia, compared to some other GM plants.



Productivity Measures

Holden Vehicle Operations

Holden's vehicle assembly plant at Elizabeth is one of the most flexible assembly lines in GM, making 45 different models from the two platforms and six different body styles.

Over the past 20 years, continuous improvement in processes, equipment, technology, engineering and employee training has resulted in a 37 percent reduction in physical hours spent to build each vehicle. Holden is globally competitive at the current build rate of approximately 8.8 direct hours per vehicle.

Plant Re-Rate

To improve productivity, efficiency and help manage the ongoing impact of the high Australian dollar, Holden introduced a new production pattern into its General Assembly facility in 2012 and again in 2013.

The move to a single shift and increasing the production line speed of General Assembly reduces cost and production time per vehicle, while improving both productivity and quality. The new production schedule also assists the line operators to better manage complexity and helps to improve build quality.

Operationally, the new production pattern is one of the most significant changes Holden has ever made in the plant, with the speed of the production line in General Assembly being increased by 75 percent since 2012.

Holden received global recognition from GM for its innovation and productivity around this change.

Operator Loading

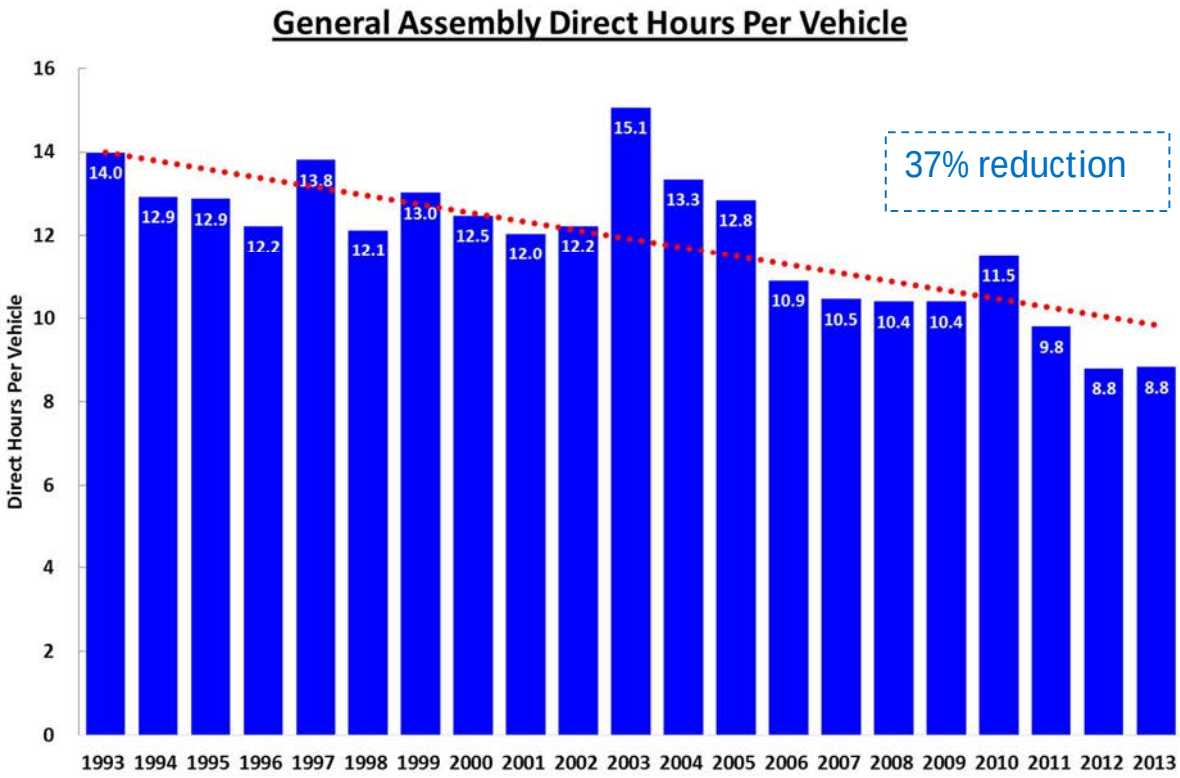
As a result of the re-rate, 'operator loading' is at world-class levels. Operator loading is a key productivity and efficiency metric and measures how much work a line operator performs during each work station cycle. Holden's line operators are among the most productive automotive workers anywhere in the world, utilizing 56 seconds of the 60 second takt time, which is the speed at which the General Assembly production line moves past each station.

Quality

For GM global quality metrics, Holden consistently ranks among the top three performing GM plants for build quality on the Cruze small car.

Local Plant Investment

Holden has invested $554 million in capital expenditure upgrades to its Elizabeth facility since 2003. This level of investment means Holden has a state-of-the-art plant including advanced robotics, integrated automation, programmable logic control and process control.



EBA Variation 2013

In April 2013, Holden advised its Elizabeth manufacturing workforce that in order to be considered for future product investment it would need to reduce manufacturing cost and increase workplace flexibility.

A working group of Holden management and local union leadership reviewed the terms of the Holden Enterprise Agreement 2011. This six week process resulted in a variation to the current Agreement, which was approved by a large majority of employees in August 2013 and approved by the Fair Work Commission in September 2013.

Terms of the variation apply to all employees covered by the Holden Enterprise Agreement 2011 employed in South Australia.

No options were off the table in these discussions and Holden worked closely with its unions and employees to develop a fair and reasonable proposal.

Holden undertook a thorough benchmarking program against a range of local manufacturers in South Australia, across all industries, to work towards a fair and reasonable agreement in line with these industry averages.

Key Outcomes

- Wage
  - 3% removed from November 2013 and no increase until November 2016 (3 years of wage freeze)
  - Up to 3% Manufacturing Productivity Bonus based on Manufacturing Metrics (versus current 2% based on non-manufacturing specific measures)
- Productivity
  - Additional 16 minutes per day of productive time
- Flexibility
  - Planned Shutdown flexibility to meet customer demand
  - Overtime capability enabled
  - No restrictions on temporary (casual) or short term contract (fixed term) labour and utilisation of new team member entry rate of pay.
  - Ability to reduce workforce as a result of Continuous Improvement
- Benefits
  - Income protection insurance reimbursement eliminated
  - Sunday overtime premium rate reduced from 2.5 to 2
  - Market response down day payment reduced from 60% of wage to 50% for all days
- Future
  - New team member entry rate set below market. Time to achieve full rate extended to minimum 51 months. New full rate is at market median. Current top rate eliminated
  - New employee Voluntary Separation Package capped at 52 weeks
  - Best Practice Drug and Alcohol Policy enabled (by December 2013)

Details of the changes Holden discussed with its unions and put to a vote of the workforce in 2013 are in Appendix C.

Supply Base

Holden had 121 direct suppliers in Australia for 2012, making a range of car componentry such as seats, body panels, axles and car badges. Holden's aggregate spend on these direct supplier businesses was $583.9 million:

- SA $408.8 million
- VIC $170.3 million
- NSW $4.8 million

Holden had 1,046 indirect suppliers in Australia for 2012, covering services such as servicing equipment and providing office supplies.

The aggregate spend on these businesses was $331.6 million:

- VIC $164.5 million
- NSW $114 million
- SA $40.6 million
- QLD $6.5 million

Half a million parts are delivered to Holden's Elizabeth plant every day. Holden's South Australian vehicle assembly operations use inbound and outbound logistics companies. Costs incurred in 2012 for importing, transporting and warehousing components for the manufacture of vehicles included:

- Local import charges in Adelaide (includes port handling and fees) and Melbourne: $5.5 million (Adelaide $2 million)
- Customs Duties paid: $73.9 million
- Logistics spend: $65.8 million

Steel procurement in 2012:

- BlueScope steel: $18 million
- $1.7 million spent on transportation and warehousing of steel

Distribution of Holden's supplier spend is shown on maps in Appendix B.

The three OEMs (Holden, Toyota and Ford) combined, spent $3.12 billion in 2012 on their direct, Australian suppliers:

- VIC $2.3 billion
- SA $629.8 million
- NSW $158.8 million
- QLD $33.9 million

Supply Base Investment

Holden, Toyota and Ford's 2012 spend on Australian suppliers was over $3 billion. This does not include the amount of capital investment which was spent on re-tooling of the supply base.

Holden funds 100 percent of its suppliers' tooling. This is to ensure quality, correct procedures and also to ensure that if the supplier cannot meet demand for any particular reason, Holden can change suppliers and minimise the potential downtime and disruption to its regular business.

In the development process for the new VF Commodore, Holden spent $120 million on re-tooling its suppliers.

Holden spent $2.7 billion in capital expenditure from 2001-2012, which averages $220 million a year.

Without investment in Australia from Holden, these suppliers would not only significantly downsize or cease to exist, but the opportunities to diversify, grow a business and create a global presence would also leave the country.

The following case studies outline what some of these opportunities can be.

Case Study: Mett Pty Ltd

With substantial investment from Holden, Mett Pty Ltd (Mett) advanced tooling has been a key advantage in the globalisation of its business.

Mett, based in Noble Park Victoria, has a state-of-the-art high pressure aluminium die-casting facility that manufactures intricate diecast components. Using its advanced tooling, Mett has worked in conjunction with Hilton Tooling to provide precision tooling and supplies to prestigious markets around the globe. Mett can support customer projects from tool design, 3D modelling and prototyping.

Mett has won a 'GM Supplier of the Year' award 8 times. The event, based in Detroit, USA, recognises the organisation's best automotive suppliers worldwide. There are more than 10,000 suppliers throughout GM's global operations so it is a significant achievement to be selected as one of 82 suppliers who meet the judging standard. To be eligible, suppliers need an international presence, providing goods and services to more than one GM business.

Mett supplies engine covers to HEO and to another GM plant in Oshawa, Canada, which is twice the size of HEO. Mett also provides other components to GM Powertrain in North America. Mett has grown its business based on a primary investment by Holden.

Case Study: Diver Consolidated Industries

The investment by Holden into Diver Consolidated Industries' (DCI) operations, based in Reservoir and Thomastown, Victoria, has allowed DCI to diversify its offerings and markets, and advance its products.

DCI has diversified as its capabilities increased over time. In 2012, Holden and DCI worked in collaboration to redesign and develop an Instrument Panel Cross Car Beam (IP Beam) for the new VF Commodore.

The objective was to develop an IP Beam out of aluminium, replacing the traditional steel beam, in order to reduce weight in the car and minimise fuel consumption. This was only the second aluminium IP Beam sourced by GM anywhere in the world. The joint development has seen the new IP Beam's all aluminium construction achieve weight savings in the order of 40% over the current VE steel part.

This program was funded by Holden, along with the DCI's new tooling needed to build the finished product.

Case Study: L&L Products

L&L Products Australia (L&L) uses a process called 'vertical lapping', developed and manufactured using tooling which Holden owns.

Based in Dandenong South, Victoria, L&L specialised in acoustic solutions for interiors and trim shop applications. Its products are based on non-woven vertically lapped mats made with polyester fibres. Typical applications can be door trim insulations, wheelhouse liners and dash inner insulations.

This technological innovation has led to a dramatic increase in recycling in L&L's production, and subsequently a reduction in waste.

Logistics

Logistics is key to Holden's just-in-time manufacturing. Of all industries, automotive has developed what is widely regarded as the most sophisticated and complex of global supply chains. The efficiency required by automotive's just-in-time processes has enabled its logistics and transport suppliers to develop equivalent efficiencies, from which other customers also derive benefits.

Automotive is a staple, consistent core business of many transport and logistics companies, which enables them to be more competitive for other customers.

Half a million parts come into the Elizabeth plant each day, requiring processes to be consistent and reliable.

In 2012, Holden spent $65.8 million on day-to-day logistics. This spend includes:

- Wharfage and transfer of imported components
- Daily multiple milk runs of local components from across Melbourne
- Trucking to Adelaide via our Altona Consolidation Centre
- Railing steel from New South Wales
- Warehousing and sequencing for just-in-time production process
- Distribution of domestic market and export vehicles

Inbound

Transport of local and imported components and all associated costs with warehousing. Logistics partners include:

- CEVA - Interstate transport
- Allied Express - Local (milk-run) transport
- Toll - Warehousing and sequencing for just-in-time production process
- K&S - Includes steel coil warehousing and transport

Outbound

Post-production handling of cars, whether it be for interstate movement of vehicles or exporting. Logistics partners include:

- PrixCar - Domestic car transport, inland transport for export cars
- AAT - Port handling service for export cars

Logistics Case Studies

Inbound

These services cover the transport of local and imported components and all associated costs with warehousing.

Case Study: Allied Express

Revenue from Holden in 2012: $4.8m

Allied Express provides Holden with its local 'milk-run' services. These are a purpose designed round trip, involving both a drop-off and pick-up sequence. From origin to destination, these routes may include more than one stop and also includes return deliveries.

Case Study: Toll

Revenue from Holden in 2012: $12.7m

Toll provides warehousing and sequencing for just-in-time production process for Holden.

Outbound

These services cover the post-production handling of cars, whether it be for interstate movement of vehicles or exporting.

Holden is the major customer for PrixCar and Australian Amalgamated Terminals (AAT). The loss of Holden business would significantly impact the revenues of PrixCar and AAT.

Case Study: PrixCar

Revenue from Holden in 2012: $35.5m (18% of total revenue)

PrixCar provide services for Holden post-production. They provide domestic car transport, inland transport for export cars and warehousing.

PrixCar provides services to Australia's automotive manufacturers, importers, distributors and various government and private organisations which include vehicle transport, storage and processing.

PrixCar has stated that its services to the Australian automotive manufacturing industry has allowed it to increase and improve the number of services it offers customers. Its current routes in major Australian cities are more direct as a result and have given PrixCar the ability to take on more clients over time.

Case Study: AAT

Revenue from GM Holden export activity in 2012: $0.8m

AAT provides post-production port handling services for Holden's export cars. (AAT also derives revenue from Holden's imported components activity.)

AAT is operated as a multi user facility provider to the stevedoring industry in Australia, working cooperatively with other logistics companies, such as Qube (also used by Holden).

Case Study: CEVA Logistics

Revenue from GM Holden in 2012: $10.34m

CEVA provides logistics services to Holden and other automotive businesses, along with the technology, consumer and retail, industrial, energy, aerospace and healthcare industries.

In Australia and New Zealand CEVA's integrated service offering spans the entire supply chain.

CEVA has developed a number of best practice logistics solutions to suit the automotive industry, including: JIT fulfilment to line side, aftermarket parts warehousing and timed delivery transport, end-to-end supply chain management, packaging and MHU services. CEVA is a leader in the logistics industry in the development of lean logistics processes, including the use of kaizens.

Holden Consolidation Centre

Location: Altona, Victoria

Before Victorian-sourced components are used on the production line in Adelaide, they are processed and consolidated onto B-Double trucks in Altona, in Melbourne's West.

Components picked up from Holden's Victorian suppliers

Components taken to Holden's Consolidation Centre located in Altona, Victoria

Components unloaded from trucks and grouped/consolidated into specific clusters

Components loaded onto B-Double trucks, preparing for interstate trip (Victoria to South Australia)

B-Double trucks deliver components to Holden's Elizabeth plant

Steel Procurement

Australian Steel

Holden purchased its Australian steel from BlueScope, totalling $18m, in 2012. This was approximately 14,000 tonnes. Holden forecasts to purchase the same amount, or more, by end of 2013.

Holden sources a significant proportion of its steel requirements from BlueScope, however, due to manufacturing limitations (size and strength of steel), Holden imports its remaining steel requirements from Asia.

BlueScope uses direct rail from Port Kembla, New South Wales to Adelaide. Once in Adelaide, the steel is warehoused until ready to use.

Holden's suppliers, such as Precision, AIA and Carr, purchase 90% of their steel from BlueScope. These three suppliers spent $15m on steel in 2012.

Imported Steel

Imported steel, much of which is high strength steel which cannot be sourced locally, is sourced from Korea, Japan and China.

After clearing Australian Customs, the cost of moving this steel (trucking) in 2012 was approximately $900k. Warehousing fees were approximately $800k.

K&S, an Australian business, transports and warehouses Holden's steel.

Imported steel often needs to be taken to local slitters – companies that specialise in cutting steel – due to the sheer size of the steel coils.

Holden Supplier - Hirotec

Holden also handles steel for one of its biggest suppliers, Hirotec. Holden purchases the steel coil, has it cut, then delivers it to Hirotec, adjacent to the Elizabeth plant, for stamping.

Costs associated with moving steel from Holden's Vehicle Operations to Hirotec is included in Holden's logistics budget, therefore Holden incurs the costs and reduces costs it incurs in purchasing finished parts from Hirotec.

Wharf to Manufacturing Line – Imported Components

Containers arrive at Wharf	Wharf Handling	Cartage	Holding Yards	Warehousing	Trucking	Manufacturing Line
Containers arrive at either Melbourne or Adelaide wharf Customs Duties are charged on arrival to Australia From Melbourne, containers shipped or railed to Adelaide ***In 2012, Holden paid a total of $73.9m in Customs duties***	Wharf handling fees are charged at each port which the containers enter These fees can be anywhere from $420-$530 per container, depending on size ***2012 port fees:*** - ***Adelaide $2m*** - ***Melbourne $3.5m***	Local trucking companies transport containers to either Holden's Elizabeth plant or temporary Holding Yards ***In 2012, Holden spent $15.1m on local trucking***	Facilities that temporarily hold containers Held until Holden are ready to collect them or transport to warehouses	Temporary, secure storing of containers until needed by Holden These include facilities such as those at Edinburgh Park	Transports components from temporary storage to Holden Vehicle Operations (HVO) Picked up from warehouse and taken to Elizabeth Plant in Adelaide	Majority of components involved in the manufacturing process at Holden's Vehicle Operations using a just-in-time production strategy Just-in-time production involves precise, to-the-minute planning and execution

Australian Automotive Manufacturing Industry

The automotive manufacturing industry provides direct employment for approximately 45,000 people and is estimated to employ another 3-6 people in supporting industries for every one direct automotive job.

Over $3 billion was spent on Australian automotive supplier businesses in 2012, including Holden's more than 120 direct suppliers.

Spill over benefits of automotive, particularly skills, processes and services, cross to other industries such as defence, aerospace, mining and construction.

Holden's indirect suppliers, such as logistics companies, benefit greatly from Holden's manufacturing presence, both financially and also in terms of their increased capabilities.

Automotive manufacturers and their supply chain are the largest research and development (R&D) contributor in the Australian manufacturing sector, with Holden alone investing $197 million in 2012 on R&D.

Automotive manufacturing is a key driver for deploying new technologies and raising innovation, which are both essential for success in a globalised economy.

Manufacturing capability development and external linkages interact positively; skills and capabilities develop faster and better if they can draw upon the knowledge, technologies and quality standards provided by export markets and if they are exposed to global competition.

Spill overs:

- R&D – Innovation
- Learning
- Skills
- Strong jobs multiplier of 3 to 6
- Efficiency/productivity processes

Capabilities:

- Advanced technology and robotics
- Heavy manufacturing – considered an element of national security
- Sophisticated production and logistics processes

Automotive offers large scale manufacturing and trades based training. These skills are utilised in many other sectors such as resources, defence and aerospace. Importantly, automotive is an urban based industry, enabling skills to be learned and developed in cities in close collaboration with universities and technical institutes, with those skills at a later stage re-deployed to regional and remote areas.

Through the requirement for Holden to be at the forefront of safety and product technology, Holden must be constantly improving and setting the standard for efficiency.

The large revenues of automotive enable significant R&D budgets.

These measures lead to benefits for not only the automotive industry but also other industries and the economy as a whole.

Spill over benefits of the automotive industry include:

- New tooling and robotics
- Advanced manufacturing skills
- Productivity measures
- Jobs multiplier effect
- Innovative robotics
- University/technical education collaboration

Holden employs around 60 apprentices.

Holden also has nearly 120 employees in its university Co-op program; students in their penultimate tertiary year at universities including Melbourne, Monash, Deakin, RMIT and Swinburne, are employed for 12 months in all disciplines throughout Holden's business, including engineering, design, sales and marketing, public relations, IT, HR, legal and finance.

The program enables students to learn invaluable workplace skills and knowledge, which can be diffused amongst their peers in the final year of studies. Many Co-op students return to Holden and can go on to have long and varied careers throughout GM.

"Many people initially trained in manufacturing move to other industries. Where will the engineers, technicians, welders, maintenance fitters and machinists come from to install and maintain our telecommunications, power stations, water plants, transport and defence systems?"

Professor Roy Green, Dean of the UTS Business School, University of Technology Sydney

Spillovers

Holden's productivity measures flow on to its supply chain.

It is not sufficient for Holden to focus just on its own operations, as it directly bears the costs of supplier waste, inefficiency, delays and defects.

Holden continuously works hand-in-hand with its suppliers to reduce costs and to improve product quality and on-time delivery.

This effort has involved Holden's Supplier Development Program.

The Supplier Development Program team works directly with suppliers to achieve productivity improvements and to assist with additional process fine-tuning.

The automotive industry's productivity measures are also used by other sectors in order to eliminate waste and achieve higher output.

Going back decades in time, the automotive industry has been at the forefront of technology and productivity measures.

In 1962 the first industrial robot was used in a GM factory in New Jersey. It performed spot welding and extracted die castings and is one of many examples of spillovers into other industries.

"The Australian car industry's productivity is substantially above average. ABS data shows that productivity in the Australian car industry sits at something over $100,000 per worker, compared to around $85,000 across the economy."

Professor Phillip Toner, Senior Research Fellow in the Department of Political Economy at the University of Sydney

Mining

The mining sector has experienced the benefits of the automotive industry's productivity spill overs.

By drawing inspiration from and/or imitating automotive's assembly line efficiency processes, mining companies such as Rio Tinto have improved efficiency and minimised waste across their operations.

Sam Walsh AO, Chief Executive of Rio Tinto, had twenty years of experience in the automotive industry at Holden and Nissan before moving to Rio Tinto in 2004. Mr Walsh has often described how he has transferred the lean manufacturing processes knowledge he gained in the automotive industry to mining.

Rio's use of efficiency and waste reduction techniques in mineral extraction and export processes have been replicated straight from the car assembly line.

"If I had to name one thing I have transitioned from what the automotive industry taught me across to what Rio's mining operations are doing today, it would be an intense, laser-like focus on value and efficiency."

Sam Walsh AO, Chief Executive, Rio Tinto

John McGagh, Head of Innovation at Rio Tinto, has also spoken of the relationship between Rio's current productivity measures and the automotive industry's continuous improvements.

"The mining cycle is a set of discrete production processes, rather akin to producing a motor car through, say, a modern car factory. We are producing repeatable processes, using less equipment and we are getting higher utilisation of that equipment by using a repeatable automated process. This is just the experience other industries have had over years of introducing autonomy."

John McGagh, Head of Innovation, Rio Tinto *(Business Spectator, Aug 2012)*

The mining industry has also benefitted from automotive suppliers' product advancements and diversifications.

Hella Australia, located in Mentone, Victoria, has diversified its products from automotive components to develop mining lighting products. It diversified into mining products eight years ago.

MtM Pty Ltd's (MtM) experience in automotive supported the design and manufacture of water recycling pods, used at a major Queensland mine site. MtM was able to achieve this due to its advanced tooling and manufacturing capabilities.

Astor Base Metals (electroplated plastic) and Marshall Power Australia (heavy duty batteries) also supply the mining sector.

Defence

Heavy manufacturing capability has long been considered an element of national security.

Between 1939 and 1945, Holden's factories were quickly adapted to produce more than 30,000 vehicle bodies for the Australian and US forces and manufactured a wide range of equipment, including aircraft, field guns, aero and marine engines. Three years later, Holden began producing Australia's first mass-produced car, the 48-215, proving that automotive and defence skills capabilities go hand in hand.

Today, a number of suppliers and service companies service the defence manufacturing industry, in addition to automotive. There are numerous examples of skills transfer from automotive to defence industries.

Thales is a global defence, security, aerospace and transport company. Its Australian arm, Thales Australia, builds the Hawkei and Bushmaster Protected Mobility Vehicles used by military all over the world. Thales Australia operates and manufactures in Bendigo, Victoria.

Thales is undertaking an outsourcing program for Hawkei, a Protected Mobility Vehicle which delivers extremely high levels of blast and ballistic protection and performance.

Holden is currently working with Thales, reviewing its list of components required and using Holden's local supply base expertise to help Thales connect with Australian suppliers. As a result, Thales is now engaged with a new group of potential suppliers, based on Holden's advice.

Aerospace

Boeing Australia, established in 1927, is Boeing's largest operations outside of the United States, with over 3,000 employees in 27 locations. These include supplier businesses that Boeing owns.

Boeing's Australian operations supply products to the Dreamliner and five defence aircraft, including the Super Hornet, Chinook helicopter and the Globemaster military transport plane.

The company is headed by Ian Thomas, President Boeing Australia and South Pacific. Mr Thomas has stated that the automotive segment needs public funding "if Australia wants to continue to be a place that builds things, not just digs or cuts".

"The robots come out of automotive. Our suppliers also supply automotive. It is a shared ecosystem, whether it is on the R&D side and some of the fundamental research, or on the skilling side for our employees. There is a lot that we learn and draw from automotive."

Boeing makes its products in Port Melbourne, not far from Holden's headquarters. Around the world, Boeing has frequently co-located with auto to draw on the automotive sector's skills.

When Boeing builds new operations, it often targets areas where automotive industries already exist, as a lot of the skilled workforce is drawn from automotive.

Boeing Australia, after inheriting many automotive skills, have also over time developed the ability to manufacture world-class defence and security products.

Construction

After starting in automotive manufacturing over 60 years ago, Diver Consolidated Industries (DCI) has diversified its products and entered other industries, including construction.

In early 2000, DCI undertook extensive iterative research into the thermal and acoustic shielding characteristics of numerous material constructions in the development of Holden's range of heat and acoustic shields.

DCI's acoustic heat shield is used to insulate the transmission tunnel of rear wheel drive cars. It was first used on the VE Commodore in 2006. Today, DCI export products to GM in Canada for the Camaro, to S-GM in China and the heat shields are also used locally on Ford Falcon and Territory.

DCIs heat shields have since been used not only in production cars but also in the construction of houses in bush fire prone areas. They have also been used on CFA fire trucks, boats, trucks, buses and even high performance race cars.

Composite Materials Engineering (CME) has diversified their automotive capabilities to construction.

For the past 15 years, CME has been actively diversifying to reduce reliance on the automotive industry. Despite increasing the number of mouldings and sales turnover in the automotive industry, CME has reduced automotive from being 70% of its business to under 40%. This has been achieved through introducing proprietary products such as the SMC Starch Trays, Akril sheets and Barrington Roof tiles.

CME have developed roof tiles, shower bases and painted sheets for walls.

Local Automotive Manufacturing Assistance

Automotive manufacturing is highly capital intensive. Holden, as a subsidiary of GM, must compete with its global GM counterparts for internal capital investment, as well as demonstrate appropriate levels of return for that investment.

Automotive manufacturing assistance is needed in two forms; investment attraction and investment return, which relates to sustainability.

Investment attraction is periodic in nature and aligns itself with new model development time lines. An effective level of capital investment assistance which has worked is a 1:3 ratio of public assistance, to investment by the car maker. In recent years, on average, GM has invested $3 for each dollar of capital investment assistance provided by the Australian Government. The Green Car Innovation Fund was an example of this type of assistance, and was successful in attracting foreign investment.

Investment return relates to sustainability. This type of assistance is received through the Automotive Transformation Scheme and previously, the Automotive Competitive Investment Scheme. This assistance supports and encourages production and R&D activities. It is perpetual in nature and formula driven.

To be globally competitive with other countries which are providing perpetual assistance to their local automotive manufacturing industries, Australian automotive assistance needs to be set at appropriate levels and be ongoing.

Global Automotive Industry Assistance

Nineteen of the G20 countries have automotive manufacturing at their core. Automotive is the most technologically advanced and complex of manufacturing, which is why full automotive design, engineering and manufacturing capability is a sign of an advanced economy.

Automotive manufacturing provides:

- One of the strongest job multipliers
- Heavy manufacturing capability, which is an element of national security
- Innovation, learning and skill development
- Wealth through its extensive supply base and logistics chain
- Highly sophisticated production, logistics and efficiency processes
- Advanced technology, robotics and skilled jobs; and
- Skills, process and manufacturing capability transfers across whole economies.

Governments of both advanced and developing economies around the world offer car makers assistance and incentives, to lure the widespread benefits their operations deliver.

Tariffs, subsidies, tax incentives, non-tariff barriers (NTBs) and financial grants are common examples of automotive industry assistance.

Australia is now one of the most open automotive markets in the world, with an effective tariff of around 3% after taking into account free trade agreements. This compares to EU/UK - 10%, China - 25%, India - 100% and the USA - 25%, on their biggest profit driver, pick-up trucks (USA passenger motor vehicle tariff 2.5%).

With Australia's now negligible automotive tariff, an increasing number of free trade agreements, a persistently strong Australian dollar which hampers exporting, and an increasingly fragmented domestic new vehicle market, Australian automotive manufacturing has significant challenges and will require adequate levels of ongoing public assistance in order for it to remain globally competitive.

Appendix A: Holden Economic Activity and Automotive Industry Market Conditions

		Average	Total	ACIS Stage 1 (1.5B plus consistent Uncapped .8B)					ACIS Stage 2 (1.5B plus consistent Uncapped .8B)					ATS Stage 1 (1.5B plus diminishing Uncapped .8B to 2017)				
				2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PRODUCTION ENVIRONMENT																		
GMH Production Volume				132,383	144,727	153,321	165,252	152,756	125,855	107,593	119,246	66,879	66,145	90,424	82,172			
GMH Export Volume				28,000	31,000	32,015	50,668	62,059	45,191	37,385	56,229	6,875	8,153	11,746	13,293			
Export % Total Production				21%	21%	21%	31%	41%	36%	35%	47%	10%	12%	13%	16%			
Exchange Rate AUD/US (average daily)				0.52	0.54	0.65	0.74	0.76	0.75	0.84	0.85	0.79	0.92	1.03	1.04			
Duty Rate				15%	15%	15%	15%	15%	10%	10%	10%	10%	10%	5%	5%			
Effective Duty Rate (FTAs)				8.5%	8.5%	8.5%	8.5%	6.5%	6.1%	6.1%	6.1%	6.1%	3.8%	3.6%	3.6%			
Number of FTAs				2	2	3	3	4	5	5	6	6	6	7	8			
FEDERAL GOVT ASSISTANCE																		
ACIS/ATS Federal Govt Payments	$m	137	1,647	169	159	160	199	149	132	126	137	121	125	94	76			
Federal Govt Capital Assistance	$m	16	189										75	90	20			
Total Federal Govt Assistance		153	1,836	169	159	160	199	149	132	126	137	121	200	184	96			
GMH PAYG (Income Tax Revenue to Govt)	$m	127	1,400		110	130	150	180	160	140	130	110	100	90	100			
GMH ECONOMIC ACTIVITY																		
Total Capital Investment	$m	229	2,748	223	508	301	529	464	297	116	49	90	21	44	106			
Engineering & Design	$m	255	3,063	174	210	280	232	296	307	420	352	173	180	231	208			
Australian Supplier Material Spend	$m	1,758	21,095	1,884	1,994	1,927	1,964	2,320	2,174	1,934	2,274	1,366	1,147	1,107	1,004			
Labour Costs (includes PAYG + Super)	$m	488	5,853	387	451	564	614	727	572	520	541	440	293	334	410			
Sub-total		2,730	32,759	2,668	3,163	3,072	3,339	3,807	3,350	2,990	3,216	2,069	1,641	1,716	1,728			
Revenue	$	5,576,737	66,920,839	5,812,351	6,662,551	6,121,436	6,824,231	6,674,034	6,378,693	6,143,194	5,782,923	3,820,792	4,390,215	4,307,531	4,002,888			
Profit/Loss	$m	50		285	257	286	301	(144.6)	(146.6)	(6.1)	(70.2)	(210.6)	112.4	89.7	(152.8)			
MULTIPLIER (Economic Activity:Assistance)		18	18	16	20	19	17	26	25	24	23	17	8	9	18			

Appendix B: Holden 2012 Supplier Spend – South Australia

Appendix B: Holden 2012 Supplier Spend – Victoria

Appendix B: Holden 2012 Supplier Spend – New South Wales

Appendix C: Holden EBA Variation 2013 Details

Details of EBA changes Holden discussed with its unions and put to a vote of the workforce:

- Removal of all but four references (previously 32) to having to obtain union agreement on matters regarding the operation of the business. Where agreement is still required disputes are now able to be resolved by Fair Work
- Wage freeze for 2013, 2014, 2015 and up until November 2016
- Removal of 3% wage increase due 15 November 2013
- Gain sharing remain in place for 2013 paid in 2014 of up to a maximum of 2%
- Manufacturing productivity bonus based on manufacturing metrics determined by manufacturing leadership for 2014 paid in 2015 of up to a maximum of 3%
- Manufacturing productivity bonus based on manufacturing metrics determined by manufacturing leadership for 2015 paid in 2016 of up to a maximum of 3%
- Removal of skill enhancement from supervisory and technical employees
- Removal of qualification payments from supervisory and technical employees
- Simplified wage structures
- New hire wage/fixed term/3rd party /casual rate set at $21.50 (industry average $23.40)
- All RDO/PDO may be rostered or programmed
- Christmas closedown to be scheduled in accordance with customer requirements
- Requirement for employees to work daily overtime to ensure attainment of the daily build schedule
- Requirement for employees to work a Saturday overtime shift on the provision of seven days' notice
- Removal of restrictions on the use and duration of casuals, fixed termers and employees employed by Holden
- The workforce and unions will actively support initiatives which improve productivity, efficiency, flexibility the attainment of GMS and BIQ III,IV and V
- The workforce and unions will work together with management to achieve Holden's productivity and continuous improvement objectives.
- Daily interplant transfer as required
- Random Drug and Alcohol testing
- Elimination of Journey Accident Gap Insurance
- Elimination of red circled historical payments
- Voluntary Separation Package cap for new employees set at 52 weeks inclusive of notice

- Two single day absences or one two day absence per annum without the need for a medical certificate
- Simplify all leave provisions and entitlements
- Long Service Leave in accordance with State Law
- Removal of income protection insurance reimbursement
- Removal of special family events leave
- Salaried employees move to an annual salary for which they will be required to undertake pre and post shift work – no overtime payments unless they are required to work on a weekend or public holiday
- Holden uniform must be worn by all employees
- Apprentice numbers will match future trades demand
- Changes to shift patterns, breaks times and operating models requires discussion with the plant committees prior to implementation
- Removal of references to canteen, Medical Centre and the provision of tea service
- Removal of WorkCover make up pay
- Market response reduced from 60% to 50%
- Reduction in the Sunday penalty rate from double time and a half to double time
- All RDOs can be changed to PDOs in a low volume year
- Elimination of highest production operator pay rate for new hires (N31) and creation of new entry level wage rate – 51 month progression structure which requires both time and schooling
- 16 additional minutes of production per day
- Non Production (trades/staff) may working on line
- 25 allowances eliminated and consolidated to 13
- Spread of Hours increase by a 1 hour and 30 minutes – so that afternoon penalties would not apply until 7:30PM