

**To:** The Commissioners; Australian Productivity Commission  
**Subject:** Review of the Australian Automotive Manufacturing Industry.

Dear Commissioners,

26 February, 2014

Re: Review of the Australian Automotive Manufacturing Industry.

(In conjunction with the discovery of the vital role of the CAR INDUSTRY for, and in THE DEFENCE of, Australia during WWII, and today.)

This submission is dedicated to:

1. Essington Lewis, WWII Leader of the Dept. of Munitions ( in September, 1943 His Majesty the King admitted Lewis to the Order of Companion of Honour, a rare distinction. The citation said: "No Australian has given more unreservedly of his services and talents in the service of this country or rendered greater service in the production of weapons for the defence of Australia and other parts of the empire.")
2. ' . . Other leaders of private and Government enterprise to the nation during the War, their talents for industrialisation'. (SMH, Pacific Victory Supplement, Thursday, August 16, 1945, page 9)
3. Sir John Storey (Refer: Storey, Sir John Stanley (1896-1955) Biography by John Lack. Australian Dictionary of Biography) (John Storey was an uncle of the writer, marrying my father's sister).
4. Professor Chubb, Australia's Chief Scientist.

I wish to state my wholehearted support for the retention, maintenance, and expansion of an indigenous car manufacturing industry in Australia, as was the goal of visionary and far-sighted politicians, industrialists and other businessmen, from as early as 1930.

This submission will demonstrate the constructive (industrialisation) and destructive (de-industrialisation) approaches by Prime Ministers, Governments, and politicians towards self-reliance in industrial manufacturing, focused upon the car industry, (such as it is following the recent decisions taken by the three main auto producers), and the mining and agriculture industries. It is provided also for the casual reader of all ages to obtain a more informed knowledge base to compare the existence of the car industry before the War, its contribution in safeguarding Australia from invasion during the War, the ensuing 25 years -- and now, with the results of the decisions of those decision makers, above.

GOVERNMENT DEBT (only ?) \$8 billion IN 1980. Today ?

The predicament of the current Government is threefold:

- (1) The problem of an enormous accumulated debt from previous Prime Ministerial and Government' policies and actions taken since circa 1970, resulting in
- (2) Drastically reduced taxation base from fewer Australian-owned companies, and employees in full-time employment to be taxed, from which to
- (3) Meet increasing demands from all sections of the population, age groups, unemployment, etc. for Government services from reduced taxation income.

A comparison with any of the Stock Exchange pages of the main capital city dailies circa 1970, with those of today, would reveal the reality of Australia's economic plight today, and locating the wherewithal with which to support the Australian car manufacturing industry. (Re Stock Exchange pages: most of the capital letter abbreviations for company names listed today, used to be listed as abbreviations of their full names).

Of necessity, comparisons will be made between two identifiable periods in Australia's economic history, and some of the organisations and principals responsible for the outcomes. The periods are approximately:

1. From circa 1920 to 1970, reflecting wise stewardship by 'economic Nationalists'; and
2. From 1970 to 2014, the comparison with the results of 'economic Rationalists'.

SEISMIC SHIFT IN OUR ECONOMY.

The decade, 1970 to 1980 was seismic for our Nation's economy. During this decade, the transition from the construction period of Australia's common wealth to its de-construction/destruction phase occurred. The identifiable steps on the downward path are listed later.

Much of the thrust of my submission will touch upon the poignant and inescapable fact that every living soul in our Nation today, including the Prime Minister, leader of the Opposition, all Parliamentarians, Productivity Commissioners and staff, and the writer, enjoys the freedom from enemy occupation.

How, and why ? We answer:

Due to the most magnificent and significant achievement of General Motors-Holden's Ltd, and the Ford Motor Company by their presence, thus contribution, in the manufacture and production of munitions and armaments. By their efforts, and with the American auto, aircraft and other defence manufacturers in America, and Australia, our valiant Defence Forces together with the American Armed Forces, we were able to repel the enemy.

"Few industries did more towards arming the nation than the automotive industry; in the variety of its contribution (guns, bombs, shells, small marine craft, components for aircraft, torpedoes, aero-engines and diesel-engines) it was probably unrivalled". ('Australia in the War of 1939-1945. Series 4-Civil. Vol.V – The Role of Science and Industry', Chapter 29 – The Ten Years After The War, p.697. 'The manufacture of motor vehicles')

This writer has drawn upon and is using with the permission of the Australian War Memorial Library, Canberra, ACT, the following astounding resource. This is:

"Australia in the War of 1939-1945. Series 4 -- Civil. Volumes I, II, III, IV and V."

Volume I – The Government and the People, 1939-1941;

Volume II --The Government and the People, 1942-1945;

Volume III -- War Economy, 1939-1942;

Volume IV --War Economy, 1942-1945; and

Volume V --The Role of Science and Industry.

I would wish to suggest that all young and middle-aged Australian citizens should type in the above reference title, look at the Contents section at the beginning of each of the volumes, and then at the end of each volume, the Index. The range of subjects addressed will more than satisfy the earnest enquirer of Australian history for the past century. An annexure of these summations of each volume is included with this submission.

The earlier generation/s would have fresher memories and some knowledge of the years before, during and after the Second World War. Perhaps more than others, their interest to search through the above volumes might be greatest of all. E.g.: 91-year old Mrs Shirley Pitcher – see submission No.87.

Australia has never suffered from enemy invasion and occupation, but attack, yes, as compared with so many other nations which have in their histories. My submission is designed to introduce some of our recent past, significant events which should engender pride in what their young Nation has already achieved. It is for them and their elders to choose whether they wish to be as the Scouts – "Be Prepared", for all eventualities foreseeable, and unforeseeable.

#### CONTENT AND SOURCES OF SUBMISSION.

As alluded to above, this submission will demonstrate what a great and powerful car industry our country possessed before the War, during the War, and for the ensuing 25 years after. Yes, with government assistance in the form of tariff protection -- not in finance support with cash. It was profitable, exported, and otherwise, 'stood on its own legs'.

This comparison is provided as being essential for the last two generations to learn and understand what the car industry comprised before 1970, and then to see with what to compare it with today, coupled with the present Government's derogatory comments.

As will be proven, Prime Ministers and Governments should acknowledge and accept, say, at least three-quarters of the responsibility for the present state of the car industry, first of all.

The Productivity Commission states under the heading, 'Scope of the Inquiry' – "In consultation with a broad range of stakeholders".

In my submission will be found comment from stakeholders in the auto industry, such as parts manufacturers; industrialists; an ingenious engineer; CSIRO; journalists; "Miracles of Production and Supply", page 9, from the Sydney Morning Herald, Pacific Victory Supplement, 16<sup>th</sup> August, 1945; the Department of Defence; NSW Average Weekly Earnings per Employed Male Unit, 1971-1981; evidence of the effects of tariff reductions since the late 1960's on industry; every reference to General Motors-Holden's Ltd. and the Ford Motor Company during the War and for the Ten Years After, found in the above five Volumes, etc.

Quotations are referenced.

A variety of annexures are included in support, and referred to.

In relation to the requirements set out in the Terms of Reference for the Inquiry, each of the 270-odd submissions received to date at the Commission have placed before the Commission the thoughts as each author perceives the need or no need for an Australian car manufacturing industry. Not everyone complies to the letter of the Terms. Many have exceeded, and included aspects which the Terms should have included, but in their view, is deficient thereby.

The Inquiry will be more reflective therefore, of a broader, deeper insight of the car manufacturing industry held by Australians, young and old, layperson and company operator alike. A more fully considered recommendation will be hoped for by Australians from the Commission to the Government, for their recommendations to achieve an overall increase in their common wealth. These parameters are the responsibility of the Australian Government, to ensure that its citizens may daily go about their occupation, having companies operating on the prospering parameters ruling prior 1970, feeling safe and secure that their elected officials have diligently been acting as wise stewards of their common wealth, by acting in their National Interest, and ensuring their National Security since 1970, today, and for their future.

The following matters addressed in this submission will examine the quality of our leadership as it has affected the car manufacturing and associated industries. It should be borne in mind in reading, that a comparison needs to be made in the undoubted evidences of the prosperity of our Nation prior 1970 – debt of a manageable (?) \$8 billion in 1980 (=no idea of the 1970 debt level), and the evidences of the reversal of the fortunes of the Australian car manufacturing and other industries since.

#### THE CAR MANUFACTURING INDUSTRY -- THE NATIONAL SECURITY, AND THE NATIONAL INTEREST.

Australia's National Interest and its National Security are two separate subjects. In the eyes of all Federal Treasurers since the establishment of the Foreign Investment Review Board (FIRB) in 1976, only the National Interest has been regarded. This is evidenced by the FIRB' 90-100% success rate in fulfilment of its slogan, "We're open for business". In addition, behind every Treasurer, more clearly visible above their heads, is the other sign, "FOR SALE".

To date, the Department of Defence and Chiefs of Staff do not appear to have entered submissions as to the relevance or importance of the car mfg. industry to this Inquiry for publication. I am not to presume that they have submitted a submission in confidence.

This writer has been most comforted to note that at least three other respondents were conscious of its role for the defence and prosperity of Australia. These were:

No.87 from Shirley Pitcher, an incredible 91 year-old. As this respondent pointed out, her CPS (Commonwealth Public Service ?) time included such wonderful experiences with such inspiring statesmen and stateswomen, including a period with the 'Secondary Industries Commission'.

It is my pleasure to share with Shirley Pitcher her passion for the retention of the car manufacturing industry today, from the pride with which she felt for its role during WWII in keeping us all free today. On behalf of Shirley, I would refer each reader to the section on the "Secondary Industries Commission", page 742, Chapter 24 titled 'Industrial Reconstruction', Volume IV, of the above-mentioned chronicles of the War. Read about GM-H and Ford's beginnings here.

The reader will discover the genesis, or origins of the planning by the Government of the day to secure General Motors-Holden's Ltd/General Motors Corporation, USA, and the Ford Motor Company to each to commit to manufacture the whole car in Australia.

EMPLOYMENT was one overriding concern in securing GM-H to commit to domestic motor vehicle manufacture by early 1945. (page 754).

A 'package' of constructive conditions was sent out in October, 1944 to some eighty firms and individuals in the motor trade inviting proposals for car manufacture.

"The final part was a statement that the Government would set up its own corporation to manufacture a complete car if it did not receive satisfactory proposals". (page 756) Thank you, Shirley.

In similar appreciation, I commend the reading of –  
No.140 from Helga Hill OAM; and  
No.165 from Tony and Anne Le Clerc.

#### THE DEPARTMENT OF DEFENCE.

I note the Department's interest herein as follows. How many other Australians are aware of their opinions ? In the Dept. of Defence's 'Key Questions for Defence in the 21<sup>st</sup> Century' – A Defence Policy Discussion Paper, this invitation was issued in 2008 to the Australian citizenry to voice their views, in response to the Department's thoughts outlined in their booklet. The next White Paper on Defence would be prepared reflecting the public's input. What thoughts did they share in that invitation?

"1939-1945. Australia was not prepared, or structured, for the Second World War. While all three Services were unprepared when the war began, arguably the Royal Australian Air Force was in the least capable state. Air defences in Australia were poor . . . It was not until the start of the war in the Pacific that Australia's air capabilities improved. (page 10)

" . . . the flow of the war and the events that marked it shaped Australia's political leaders and their subsequent views of defence policy for the post-war period.

"The turning over of the Australian economy to war industries, . . . " Please refer to Annexures Volumes I to V above-mentioned. Note Contents, and read selected chapters for individual interests. By just how much the Australian economy was affected is very amply described. It is obvious of how little, wasn't.

Downloaded chapter extracts have been chosen, as samples, to demonstrate just a sample of the existing depth, breadth and height of industries and companies within those industries that were in existence, also recovering from the Great Depression , providing skills training, resource developing, and growing industrial capacities, technologies and confidence. To the younger generation/s, ponder how much was able to be accomplished without computers, and without mobile phones ? Also Google: what were all of the Federal Government/Australian-publicly owned business enterprises that have been sold, that is 'privatised', taken out of Australian Government control ? The first cab off the rank to be privatised was the people's bank – The Commonwealth Bank of Australia.

As one reads, entertain the thought of how much easier it was for the Governments of the period to achieve industrially, and overcome hurdles faced during the war. Most entities were technologically advanced, and vital for the prosecution of the war effort. The answer was -- BECAUSE SO MANY ORGANISATIONS/ENTERPRISES WERE GOVERNMENT - OWNED OR CONTROLLED, AND WELL FURNISHED FOR THE WAR EFFORT. Compare with those formerly government-owned, now privatised organisations of today! Qantas?

From Volume I -- Chapter 11 – A Digression on Wartime Administration.

From Volume II -- Chapter 5 – The Australian Contribution.

Epilogue

Appendix 8 – Machinery for the Co-ordination of the Requirements of the  
Australian and United States Forces in the South-  
West Pacific Area.

From Volume III – Chapter 8 – Early Problems of Supply.

Chapter 9 - The Drive for Greater Production.

From Volume IV – Chapter 3 - Expanding Munitions Production.

Chapter 18 – Food Production and Allocation.

Chapter 24 – Industrial Reconstruction (including the Secondary Industries Commission).

From Volume V -- Chapter 2 -- Mobilising Industry For War.

Chapter 8 -- Machine Tools.

Chapter 10 – Fuel and Power.

Chapter 14 – Armoured Fighting Vehicles.

Chapter 18- The Aircraft Industry.

Chapter 29 – The Ten Years After The War. (including CSIRO; Scientific Research After The War; Surveys of Scientific and Industrial Resources; National Standards; Long-range Weapons Project; Industry After The War; The Aluminium Industry; The Tinplate Industry; The Manufacture of Motor Vehicles; Primary Industry; Power Developments after the War, e.g. power stations, The Snowy Mountains Scheme.)

In a 'Summing Up', "With this background of wartime experience (engineering-wise, mass production, meeting the exacting standards and specifications for making munitions) industry was ready to undertake, after the war, the manufacture of motor cars, jet aircraft and television equipment." (page 705)

For the attention of the present Government, Opposition, all parliamentarians, and all who enjoy their freedom from enemy occupation today, and are free to pontificate by saying we can't afford to prop up any unprofitable car manufacturers, food canners (read Volume IV Chapter 18 – Food Production and Allocation), aluminium companies, et.al., I now provide from page 394, Chapter 18, 'The Aircraft Industry', Volume V above, the following piece of trivia:

General Motors Holden's Ltd., -- "At its Woodville, South Australia, factory, the largest motor-body manufacturing plant in the British Commonwealth, techniques that had been used for producing pressed metal parts for motor vehicle bodies were applied to making the 13,600 separate pressed metal items needed for each Beaufort (twin-engined) bomber. Altogether some 9,590,000 parts were made at Woodville and supplied as 1,694,000 sub-assemblies and 25,670 main assemblies for the Beaufort. Similar number of parts were supplied for the Beaufighter. Thousands of fuel and oil tanks for all kinds of aircraft were made by General Motors. At its Pagewood, NSW works the company made Gipsy Major engines for Tiger Moths, and fuselages and wings for Mosquito aircraft."

"The automotive industry was able to inject into aircraft production the experience and training of its executives, production supervisors and foremen.

"... for running the factories, executives drawn from the automotive industry were the key men. In the opinion of some authorities, one reason why the manufacture of aircraft was more successful than that of tanks in Australia (refer Volume V, Chapter 14- Armoured Fighting Vehicles) was that the direction of the former industry, made greater use of men experienced in production engineering". (page 394) (Refer Volume V, Chapter 18 – The Aircraft Industry.)

John Storey was recruited by (Sir) Edward Holden in 1932. In 1934 Storey joined the Board of General Motors-Holden's Ltd., and was placed in charge of Manufacturing.

In 1940, he was seconded to the Department of Aircraft Production, Beaufort Division. 700 twin-engined Beaufort bombers, over 350 twin-engined Beaufighters, and over 70 four-engined Lincoln (former Lancaster bombers) patrol planes were manufactured. (Aust. Dict. of Biography, Storey, Sir J.S., by John Lack.)

"The Beaufort project had been Australia's largest and most complex wartime industrial task. It inspired a superb team effort from some 10,000 workers, four-fifths of them with no previous factory experience, and one-third of them women. (General Motors-Holdens Ltd, Ford, and some 600 other manufacturing organisations, big and small, combined and contributed to the success of the Beaufort Division, and as a result, helped in preventing enemy invasion and occupation. Thank you for our freedoms,)

"Without its automotive industry Australia would not have been able to build aircraft on the scale attained at the height of the war." (page 394)

We continue with the 2008 Department of Defence viewpoint in its booklet, "Key Questions for Defence in the 21<sup>st</sup> Century" –

HOW MIGHT WE BETTER INTEGRATE INDUSTRY ? (Please bear in mind the role of the Australian car manufacturing industry – or non-role).

"Australia's defence industry is a fundamental element of our NATIONAL SECURITY – often referred to as the 'fourth arm of defence'. Over many years, governments of all persuasions have developed defence industry policies that acknowledge this fundamental relationship.

"The challenge for the future is equally fundamental. IN RECENT YEARS WE HAVE SEEN A SUBSTANTIAL RATIONALISATION OF THE DEFENCE INDUSTRY SECTOR. We may need to consider the capacity of Australia's defence industry sector (less than 1% of total Australian industry), and its reliance upon overseas sources of innovation and technology. We also need to recognise industry's need for greater clarity and certainty in planning timely delivery of equipment and support.

"New challenges are emerging for both bureaucracies and companies in building a defence industry base capable of supporting and sustaining Defence's activities in both peace and conflict. These challenges have included:

1. THE DECLINE IN AUSTRALIA'S MANUFACTURING CAPABILITY;
2. THE DESKILLING OF AUSTRALIA'S WORKFORCE -- WITHIN DEPARTMENT OF DEFENCE ITSELF;
3. INDUSTRY'S CAPACITY TO SURGE BEYOND PEACETIME LIMITS TO SUPPORT AND SUSTAIN ADF ON OPERATIONS.

"As a consequence, choices may need to be made about the ways in which we develop and maintain a sustainable and skilled workforce that can adapt international best practice to Australian needs. The new White Paper will need to address these issues". (page 38) [Admonition voiced in 2008. And today? Emphasis supplied- the writer]. (As an Annexure).

May we seek an opinion in comment from John Storey, also to the above ?

'Storey believed that Australia had been imperilled by her unpreparedness, and that only AN ARMED AND SELF-RELIANT AUSTRALIA WOULD ENSURE HER OWN SECURITY AND WIN RESPECT FROM ASIAN NEIGHBOURS. Government and private enterprise must co-operate to preserve the nucleus of a defence industry that could rapidly expand aircraft and armament production in wartime. He saw Australian population increase as the key to industrial development, and INDUSTRIAL DEVELOPMENT AS CENTRAL TO DEFENCE. There was safety, not so much in numbers, but in an expanding, skilled manufacturing workforce, NOTABLY THE MOTOR VEHICLE INDUSTRY, WHICH HE REMAIN CONVINCED, WOULD AGAIN PROVE THE BACKBONE OF DEFENCE PRODUCTION'. (Aust. Dict. of Biography -- Sir John Stanley Storey, 1896-1955, by John Lack. Emphasis supplied))

1953. In a comment relevant to the Dept. of Defence's question, "How might we better integrate industry", John Storey had this observation, and recommendation, following an overseas trip in mid-1953. Storey was further convinced "of the necessity to integrate the industrial and defence sectors, such as was occurring in the United States". (Aust. Dictionary of Biography -- Sir John Stanley Storey, 1896-1955, by John Lack)

It is timely and appropriate to refer to Point 4 of the Productivity Commission's 'Terms of Reference':

"Assess the significance of the capabilities within the industry, its direct employment and economic benefits, its secondary impacts on other sectors of the economy, etc. . . .

Perhaps Point 4 should have been renumbered Point 1, for its significance to the Nation ?

At this point, the writer interposes with another piece of related trivia:

When (Sir) Charles McGrath, CEO, later Chairman of Repco, and wife were visiting our family home in Sydney prior my father's death in 1955, say 1953-54 -- the writer being 13-14 -- Mr. McGrath remarked to my father that he had put the question to John Storey, "John, why don't you go into politics ? To which John replied, "I'm not interested. I believe I am serving our country more by doing what I am now". Sir John's biography and other references describe just how much he was serving his country. A great patriot. I ask of today's political incumbents, and those past -- how do you and your policies and actions measure up and compare? Were any social, environmental and economic impact reports for the ramifications of proposed policies, carried out before enactments and implementation?

#### TWO COMMENTS FROM CREDENTIALLED OBSERVERS.

1. 1978, June. Delivering the occasional address at the 1978 Monash graduation ceremony, Sir Charles McGrath said in part, ". . . Australia in the past had achieved its greatest economic growth and material progress as a result of adversity". He said: "Wars and depression, balance of payments, problems of unemployment forced us to take action to get things moving, to grow, to develop. "Possibly if we wait long enough our problems will do the same for us again. Trade problems and unemployment will become so bad we'll have no alternative but to embark on new policies for growth.

“Surely it should be possible for us to make the commitment to grow, to develop, to improve, before the decline sets in too deeply --- BEFORE WE

LOSE TOO MUCH INDUSTRIAL MOMENTUM.” (‘Monash Reporter’, 8<sup>th</sup> June, 1978. Emphasis supplied. Annexure.) A prophecy fulfilled ?

2. 1992. At age 74, Arthur Bishop, Inventor, states that he “has strong views on the anti-protectionist attitude in Canberra”, in a news article. “Vast barriers protect industries in other countries but WE HAVE DISMANTLED OUR METAL TRADES INDUSTRIES THAT ARE THE BASIS OF MANUFACTURE FOR SELF-DEFENCE. THIS LEAVES US TOTALLY VULNERABLE. “IF WE SIMPLY CUT TARIFFS THERE WILL BE NO LOCAL MANUFACTURE\* , no expertise even to service exotic imported equipment.

Mr. Bishop says Australians should remember their wartime prowess when “we built planes like the Beaufighter, the Beaufort bomber, the Mosquito”. He believes this country can achieve high manufacturing standards again.

A perfect example of relying on imported manufacturing was that the exotic equipment bought by certain Middle East companies before the Gulf War couldn’t be repaired when it broke down.

The Sydney inventor, who designed landing gear in WWII for Australian-made Beaufort and Beaufighter aircraft, (whilst working at the wartime annexe, attached to John Storey’s National Motor Springs plant at Botany, NSW) has since invented some of the most advanced steering equipment for cars in the world, and is used by most leading car manufacturers. Mr. Bishop and his team’s latest invention was the tilt-rail car for mass transport systems. (“Inventor looks to new glory days”, by Graham Williams, SMH Engineering/AIEE ’92 Supplement. 1992. Emphasis supplied. \*In 2014, 22 years later, prophecy fulfilled. Annexure.)

Our response, through the voices of others, to Point 4, ‘Terms of Reference’

#### AUSTRALIA’S CAR MANUFACTURING INDUSTRY and REPCO LTD.

I now address a synopsis of the chronicle of Repco Ltd., and its object lesson showing the results of the efforts of those economic Nationalists prior circa 1970, and those economic Rationalists thereafter.

This chronicle will be provided through the biographies of two of its guiding participants in its formation and management, John Storey and Charles McGrath. In addition, extracts from the chronicle of 75 years of Patons Brake Replacements Ltd. (PBR), which became a major part of Repco, is drawn upon, from the book, “The Garage That Grew”, - A history of PBR 1927-2002, by Tom Valenta.

Repco’s progress on our shores served Australia’s motor industry through the decades, especially GM-H and Ford. By force of the seismic wages explosion of 300% in the decade, 1971-1981, reduction of tariffs on motor vehicle and auto parts, and the de-regulation/floating of the Australian dollar, necessitated Repco in taking Australian jobs overseas with the establishment of their first manufacturing plant in Singapore in the late seventies. (See Annexure “Singapore factory for Repco”, Newcastle Morning Herald, 21 October, 1977).

Another identifiable , waymark of the effects that R.J.Hawke had on the Australian car manufacturing industry, and the wider economy, whilst President of the Australian Council of Trades Unions, 1969-1980, trebling the average Australian male wage, from \$100 per week, to \$300 per week. (See Annexure – NSW Award for Average Wages for Male Workers).

Previously Australian-owned, Repco is now in foreign ownership. Repco and its many engineering, metal trades subsidiary companies has comprised a major percentage of the critical mass comprising original equipment products supply to GM-H, Ford and Toyota. PBR and Repco’s contribution to the defence of Australia during the last War is provided, so that no one is left in ignorance of what the passing of Australian ownership of Repco into foreign ownership may imply for future defence armament production in war, and the direction it will now take in peacetime. Some foreign-owned companies do not always act in Australia’s full interests.

#### REPCO’S FOREIGN OWNERSHIP.

2014, January 30<sup>th</sup>. “The USA’s largest automotive parts distributor, Genuine Parts Company/NAPA have recognised Repco’s rapid growth and dominant market position in Australia and New Zealand and have just completed a 100% purchase of the business, making Repco (not Genuine Parts Company/NAPA ?) the global leader in automotive parts

distribution". [Repco/new owners' advertisement -- SEEK (staff) Customer Sales & Service/ Retail/ etc. . . . Esperance, WA/Repco, 30<sup>th</sup> January, 2014.]

Herewith goes a huge proportion of the critical mass of Australian-owned, original/genuine automotive parts manufactures for Australia's car industry, into foreign ownership.

(Writer remarks: Sad. Has the timing of their announcement coincided, after a short period of due respect paid, with the decision of the three car companies to cease manufacture in Australia ?) Certainly, manufacturing will continue – to supply replacement spares for the last Aussie autos, for the next decade or so? Clever tactics. The profits will go to their foreign owners.)

PBR and Repco's existence is traced from the 1920's to the present. (See annexures: "The Garage That Grew" -- A history of PBR 1927-2002, by Tom Valenta , pages 9-14, 22,23; Aust. Dict. of Biography – Storey, Sir John Stanley (1896-1955) by John Lack; "The Australian Attitude to Business: John Storey at Repco 1945-1955, UMA Bulletin, No.33, September 2013, pages 10-11; Aust. Dict.of Biography – McGrath, Sir Charles Gullen (1910-1984), author to be supplied; Aust. Marketing Institute, Sir Charles McGrath Award for 2010).

Robert Murray

[Permission has been granted from all sources, to reproduce in whole or part, the contents of all Annexures, for their inclusion in this submission to the Productivity Commission Inquiry into Australia's Car Manufacturing Industry].

#### CAR MANUFACTURING IN AUSTRALIA: CAN THERE BE ANY, WILL THERE BE ANY ?

'Where there is a will, there is a way' !

Faced with the challenge of a lifetime, of helping to save the lives of 7 million other Australians from invasion and occupation, when following the fall of France in June 1940, the British Government placed an embargo on the export of war materials and drastically reduced assistance to the Australian Beaufort programme, a decision was made to undertake complete local manufacture. A la Churchill's famous 'we shall fight on the beaches' speech, John Storey spoke these now famous words which sum up the good old Australian ethos, ruling prior circa 1970 – "we decided to follow a good old Australian policy and give it a go".

Australians are more familiar with the phrase spoken by a much more famous and well-known world figure: "Yes we can !"

#### CONCEPT CARS – A/THE/ANY /HOPE FUTURE FOR ANY CAR MANUFACTURING IN AUSTRALIA ?

Towards a hoped-for car manufacturing industry in Australia in the name of National Security first of all, and secondly, for the benefit of our National economy and renewed employment opportunities and prosperity, or the other way around, I am submitting extensive information regarding two cars that were hand-built, and designed to showcase Australia's car parts original equipment manufacturers' wares to the world's auto makers.

#### AXCESS AUSTRALIA'S Concept cars, Mk. I and II.

I may have overlooked the mention of these two vehicles among the over 270 respondents' submissions. These cars were CONCEPT CARS. They were produced by a consortium of car parts manufacturers, co-ordinated by the Melbourne-based company Axcess Australia.

Thus, the cars are known as -- aXcess Australia Concept Car I, 1998 or CSIRO aXcess Australia Mk I (Australia); and aXcess Hybrid Low Emission Vehicle (LEV) II. With Federal Government financial contribution, cost approximately \$13 million.

Over 1998-1999, the car was taken on an extensive overseas promotional tour that saw it visit 28 destinations in 11 countries. Over a five year period, publicity generated by the aXcess car was claimed to have generated Aus\$1.25 billion in export orders for Australian automotive component manufacturers involved in the project.

"The Australian aXcess concept cars originated from an idea developed by the Melbourne-based automotive designer Gary Millard in the early 1990's to produce a one-off custom-made motor car that would showcase the skills and innovative design of Australia's automotive components industry to the world's major automotive manufacturers. The project was a joint initiative of the Australian Federal Department of Industry, Science and Tourism, Market Australia, the Energy Research & Development Corporation, CSIRO and the State Governments of



Victoria, New South Wales, Queensland and South Australia together with in-kind support from 130 independent Australian automotive component manufacturers and designers.

The CSIRO invented 'super-capacitor' batteries. Where are these batteries made ? The technology has been licensed to a Japanese company.

The inventor of the hybrid aXcess Mk. II with the CSIRO, Professor David Lamb, wanted, in 2007 to bring the Mk II out of the Melbourne Museum where it is now stored on display, the car lent back so his scientists 'can get it running again and make it work properly. The aXcess LEV was never fully developed'.

At the time in 2007, Prof./Dr Lamb said , "Federal Industry Minister Ian McFarlane defended the Government's decision to discontinue funding the project, saying it was always intended as an industry showcase and never a production vehicle". (Business Day, The Age Company Ltd., 'Call to drive local hybrid technology out of the Museum', by Geoff Strong, April 9, 2007).

#### SOME OTHER MOTOR VEHICLE MANUFACTURERS' ENDEAVOURS.

1. The Hawker 8 Special. A news article in the "Devondaler", Murray Goulburn Co-op Ltd., "Visionary car finds its way home", by Sue Webster, page 4, January, 2014.

Recounts the endeavour of two entrepreneurial families with mechanical engineering talents, to design and build an Australian car for mass

Production. 'The two families were the Chamberlains, of tractor fame and the Hawkers, of Hawker-Siddley aircraft.

'War broke out and Bob Chamberlain was seconded to the American army to design a light tank. The team had started to tool up and the war finished.

Bob returned to Australia to discover that Laurence Hartnett had been given the brief to build Australia's mass produced car. But Canberra heard of

the Chamberlain's designs and asked him to build the tractors needed by Australian farmers." Only one Hawker 8 was built.

2. OKA Motor Co. Ltd., Bibra Lake, Western Australia. Former manufacturer of two-tonne, tough, safe, reliable, heavy duty, 4 wheel drive, using proven internationally recognised components. OKA Motor Company Ltd. was incorporated in August, 1985, listed on ASX November, 1994.

After 5 years of development, the OKA 4WD vehicle range went into production in 1992. The company products were excellent. This writer even rode in one in a NSW country town shortly after one arrived at a dealer in Dubbo. Sadly, insufficient encouragement from Federal and State Government departments for which it was designed and partly intended, only saw approximately 500 built and sold. The company received financial assistance from Indian interests. This faltered. I was very recently told by an OKA owner of his second-hand vehicle visiting Tasmania, that he believes the production plant for the OKA vehicles is still in a number of shipping containers in Perth. I have not verified this. (Annexure included of reproduced OKA sales brochure).

For those interested in a Russian amphibious All-terrain 4WD similar vehicle, search the web for : Aton Impulse vehicle.

We trust our above contribution is in compliance with Point 3, and consistent with the feedback the Commission receiving from respondents.

Apropos the Productivity Commission's 'Terms of Reference', Point 3 and its various matters/issues to which they raise for suggestions and answers, journalist Ian Porter, former business editor and automotive industry analyst, poses this question:

"With no factories, how can we build a future ?". May 24, 2013. 'Ford Australia's decision to stop manufacturing looks like the latest step to de-industrialisation'. He sums up the thoughts of hundreds of thousands of patriotic Australians. He writes of Australia's current state of its industrial manufacturing economy.

(Refer various annexures describing the two Concept Cars: AllCarIndex- selected model details- CSIRO aXcess Australia Mk.I; Autoworld, Malaysia; Orbital Corporation Ltd., Balcatta, Western Australia; Industrial Design in Victoria Australia: Yan Hong Huang – Axxess Concept Car; carsGuide – aXcess concept car 040609; Supercars are on the way, by Karla Pincott , 4 June, 2009; Government grant for aXcess Mk II; CSIRO – aXcess Australia: a concept car for the not-so-distant future, 12 Novem. 2007/updated 14 October 2011; Autoworld Online Magazine – aXcessaustralia LEV; Autoworld and carsGuide – various pictures of aXcess Concept cars Mk I and II; Article: “Call to drive local hybrid technology out of the museum”, by Geoff Strong, April, 9, 2007, Business Day, The Age.

AUSTRALIA AT ITS ECONOMIC CROSSROADS. The road map with changed signs and directions.

It seems that the road map to Australia’s prosperity and self-reliant strength up to circa 1970 was torn out of Australians’ hands, and replaced by another.

This new road map has been printed by those behind the New International World Order.

Those Asian countries, some described as Third-World, were planned to be the recipients of First-World nations’ manufacturing knowhow, technologies and plant and equipment, and as a consequence, become weakened and ultimately become Third-World themselves, without jobs, income – impoverished.

The “Lima Declaration”, Peru, of March, 1975 was an instrument sponsored by the United Nations Industrial Development Organisation, which in turn was fostered and part-financed by one of the world’s wealthiest oil families. They described their outlook or philosophy to life as ‘Internationalists’. (Wikipedia).

It would appear that his strike activity and resolution achievements were in accordance with the dictates of this Declaration. The term, New International Economic or World Order, of which we first heard from the mouth of George Bush Snr. during the first Gulf War, is mentioned at least 20 times in the Declaration.

Basically, it requires First-World nations to transfer their industrial manufacturing (defence capacity) plant and technology to Third World nations.

Since the 1970’s, and following their copies of their new road map, which has the directions turned around 180 degrees, the three main powerful nations in the English-speaking western world have all become nearly bankrupt. Australia has become, and is now perhaps the most vulnerable of the three.

But eventually the old adage hits home – “one man’s wage rise means taking away the jobs of 1, 2, 3 or more other workers”. Forty years later, the slow drip-drip-drip of the socialists’ philosophy finally hits home like the iron fist it always was in the benign velvet glove.

Other Prime Ministerial and Government policies and decisions which have all removed pieces from car manufacturing companies’ legs, so that they can no longer stand on them without help, have been:

1. Practical elimination of tariffs on imported manufactures from other (third-world ?) nations.
2. Floating the Dollar/de-regulation of our currency.

### CORRECTIVE ACTIONS.

The decisions and recommendations made by this Inquiry of the Productivity Commission are the most crucial in Australia's history. The welfare and Nation's Security are on the line. Will it be thumbs up, or thumbs down ? All the way with the New International World Order, or can we choose to take positive, nation building steps to create common wealth once again ?

1. Re-introduce protective tariffs.
2. Halve wages ? GM-H CEO Devereux demanded a \$200 per week pay cut by Holden workers, a week after he received evidence – Wages Sheet showing wages trebling over ten years, 1971-1981. He must have been outraged, at seeing how Hawke's actions had conned GM-H in that decade, and how his company had Hawke's curse thrust upon GM-H and all their suppliers, realising that the Company could no longer be competitive on world markets thereafter, despite every effort.
3. The halving of every asset, of everything in Australia of monetary worth overnight, would be the best antidote to R.J. Hawke's trebling of wages act.  
This step is about the only main corrective step our Government could take to re-set Australia's economy, and compete on the world market, again. Impossible. But responsible.
4. Have discussions with the Department of Defence and Defence Chiefs, inviting them to suggest solutions.
5. Request from the Federal Government a deferral in the 30<sup>th</sup> March, 2014 date in which the Commission is required to report its findings to this Inquiry, to allow further time for the Department of Defence to have an appropriate period in which to allow proper consideration of the enormous defence challenges which they face without a viable, Australian-owned car manufacturing industry with which to back them up with armaments and munitions at any time.
6. This writer acknowledges the obvious fact that modern technology and manufacturing equipment is far more advanced and different than our patriots had, nearly 70 years ago, with which to make armaments to defend our country.
7. Examine the principle of accepting the car industry as part of the fighting assets capability of Australia, and therefore, consider an increase/make appropriate allocations from the annual defence budget towards its support, in conjunction and combination with the above points.
8. Recommend a reconstitution of the FIRB of its Charter, and its membership. From an examination of its annual reports since its inception circa 1976, there has not been one representative from the Defence Department to appraise each takeover application request, to ascertain that such a takeover would be in the Nation's best Security Interests. This aspect would be examined from the point of view of would any reduction occur in Australia's defence armaments and munitions production capability with which to defend itself.
9. The FIRB should also compose representatives from Australia's defence capable manufacturers – those remaining. Differences of attitude and opinion would exist between CEO's from remaining, Australian-owned companies, and those of foreign ownership, when vetting and assessing takeover requests.
10. Australian Government must set limits of 49% ownership by foreign interests in all remaining strategic resources of every description, industrial, mining, oil and agricultural.
11. America has such restrictions We can do no less. Russia imposes 49% maximum foreign investment in its strategic resources. What restrictions have China, India, Japan, the Koreans, Indonesia, for example ?
12. Australia's currency exchange rate has to be re-regulated, and set by the Government. The advisable rate level would be determined by a committee comprising all 'stakeholders'. It must not be allowed to float – and manipulated by foreign financial interests. Our competing export nations have currency exchange rate level controls. We can do less, if we are to have any chance of regaining a comfortable, safe level of industrial defence-capable, manufacturing again.
13. When the dollar was circa 62 cents, it curiously descended to the unprecedented level of 57 cents. Lo and behold, an offer came out of the woodwork for Woodside Petroleum. Treasurer Costello said, 'Not for Sale'. Shell tried twice.
14. The Australian Government must take down the 'For Sale' sign which has been alongside the 'Australia is open for Business (investment)' sign.  
Australia is now in its financial predicament on account of the selling off of its income-producing, export capable manufacturing assets.

America's zero interest rate regime and quantitative easing has been crafted to allow its corporations to shop for nations' resources.

National decisions are now needed to balance our Australian interests in favour of Australia, instead of the interests of those whom have crafted international treaties, free trade concepts, and other 'globalisation' concepts, where Australia has suffered a massive net loss to its common wealth.

Again, I would ask that a comparison be made between our state of prosperity before 1970, and 44 years after Hawke, Keating, Button and Whitlam acted against Australia's best National Interest, and its best National Security.

Then we may be able to resurrect a car manufacturing industry which again would be available to serve the defence requirements of Australia again.

All Australians would reasonably expect their Department of Defence to have/had an opportunity in which to voice their opinion in this very crucial matter.

The allotted time frame in which to examine, appraise, make the right decision and recommendation is dangerously short. It is indecent the haste which the Commission has been required to report back to the Government. Now that all the car manufacturers have declared that their intentions are now all to cease car manufacture -- with their decisions made, there is no immediate haste to report, except for the Treasurer to help frame his Budget, perhaps.

An extension of time for a proper examination of the full position of all of Australia's remaining manufacturing capacity and capabilities must be requested of the Government, especially from the standpoint of the ability of Australia to manufacture sufficient and appropriate armaments and munitions.

Those whose input should be asked, besides the Defence Dept., would be the Chief Scientist, The Federation of Australian Manufacturers, Australian Industry Group, car component manufacturers, etc.

Finally, history will repeat itself. Australia must "Be Prepared". Request the Department of Defence to review all of the above-mentioned chronicles recording the events of Australia in the War of 1939-1945. Series 4 -- Civil. Volumes I, II, III, IV and V. For this purpose alone, because so much will be revealed and discovered to the Department for all to benefit, just so much more is the need to request an extension of time, and a deferral of the date that the Commission is to report to Government.

We thank the Productivity Commission for this opportunity to make this submission, and also for additional grace in which to prepare and submit.

May you all be granted special Wisdom with which to discharge your extremely important and onerous duty on the behalf of your Australian brothers and sisters. "In a sacred sense, you are your brother's keeper" in this time of their need of you, and your decision on the behalf of us all.

To present a closing thought from John Storey, alerting Australians to our vulnerability, and ever present danger surrounding us in the form of a few billion people:

"For Storey, Asia's teeming population and pressure on resources, rather than communism, constituted the main threat".

Yours sincerely, Jeff Leddin.

PROOF of the TREBLING of WAGES in TEN YEARS, 1971 – 1981, during R.J. HAWKE's presidency (1969 – 1980) of the A.C.T.U., making Australian manufacturing businesses uncompetitive, forcing them with Australian jobs, to relocate to Asia, as per design of the U.N.-sponsored "LIMA AGREEMENT", (Lima, Peru), March, 1975. [Please Google]

## WORKING CONDITIONS

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### AVERAGE WEEKLY EARNINGS PER EMPLOYED MALE UNIT (a), N.S.W.

(\$)

Quarter	Year ended 30 June										
	1971	1972 (b)	1973	1974	1975	1976	1977	1978	1979	1980	1981
Sept.	83.10	92.80	99.00	112.30	141.50	160.60	187.30	207.30	223.10	244.80	278.70
Dec.	89.30	99.70	107.70	123.40	158.70	178.20	197.90	217.10	232.80	254.70	295.60
March	84.30	92.60	100.40	117.10	147.30	168.50	187.30	209.80	228.50	251.80	276.20
June	92.40	100.20	111.40	132.10	160.70	183.60	201.80	219.40	236.30	266.20	300.80
Year	87.30	96.30	104.60	121.20	152.10	172.70	193.60	213.40	230.20	254.40	287.80

(a) See text preceding table. (b) From September Quarter 1971, all estimates have been revised, as a result of the incorporation of a revised series of employment estimates, changes to the ratio of female to male average earnings, and some amendments to the allowance made for earnings from second jobs.

The above Average Weekly Earnings series, based on payroll and other returns, is no longer compiled. A new series of estimates, based on a survey of employers, is currently being compiled. Background information on the reasons for the change from the payroll tax data to a direct collection is given in *Information Paper: Review of ABS Employment Statistics* (Catalogue No. 6239.0) and a summary of the main differences in concepts, methods and coverage of the old and new earnings series is given in the publication *Information Paper: Average Weekly Earnings—New series to Replace Former Payroll Tax Based Series* (Catalogue No. 6336.0).

## WORKING CONDITIONS

### HOURS OF WORK

In the fixation of weekly wage rates, the Commonwealth and New South Wales industrial arbitration authorities prescribe the number of hours constituting a full week's work for the wage rates specified. Special legislation has been enacted in New South Wales from time to time for the direction of industrial tribunals in prescribing hours of work. The history of the reduction of the standard working week to 40 hours is shown on page 515 of Year Book No. 63.

In 1945, the Commonwealth Court of Conciliation and Arbitration began hearing applications for the introduction of a 40-hour week in Commonwealth awards. Before the Court announced its decision, the New South Wales Parliament passed legislation prescribing a 40-hour week as the standard, for industries within the State jurisdiction, from 1 July 1947. In its judgment, announced in September 1947, the Commonwealth Court granted the reduction to the 40-hour week, for employees under Commonwealth awards etc., from the first pay-period commencing in January 1948.

The 40-hour week is still regarded as the standard working week for employees under Commonwealth and State awards. However, some awards (e.g. for Crown employees, bank officials, teachers, coal miners) prescribe less than 40 hours per week and since early 1981 a campaign by trade unions has resulted in the extension of shorter working hours to more industries. Normally the working day is restricted to 8 hours, but some variation is permitted in special circumstances. Overtime is permitted under prescribed conditions, and awards impose limitations on the spread of hours where time is broken.

Overtime worked by employees, and time worked outside the spread of hours prescribed in an award, must usually be paid for at penalty rates of pay. Overtime rates are generally on the basis of time-and-a-half pay for the first three hours under Commonwealth awards (although generally for the first two hours under State awards) and double-time thereafter, with double-time being paid for Sunday work. Where overtime is worked, an employer is frequently required to pay meal money. Many awards provide that employees may be required to work only 'reasonable' overtime.