

AUSTRALIA'S  
INDUSTRIAL  
OPPORTUNITY



SIR EDWARD HOLDEN, M.L.C.

*Chairman of Directors*

GENERAL MOTORS – HOLDEN'S LIMITED  
AUSTRALIA



# Australia's Industrial Opportunity

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"IN moving the adoption of the Report and Balance Sheet at this first post-war Annual Meeting, I desire to draw attention to the loss on trading operations for the year ended 31st December, 1945, amounting to £121,582," said Sir Edward Holden, M.L.C., Chairman of Directors of General Motors-Holden's Ltd. at the Annual Meeting on Friday, the 31st May, 1946.

"During the war years we were unable to follow our normal business but instead were fully occupied on all-important war work which was carried out at a very narrow margin of profit. Furthermore, in order to handle that work effectively, the Company had to increase its capital investment by nearly £1,000,000 for additional fixed assets and considerable re-arrangements were necessary in entering into manufacturing operations on war equipment not associated with our normal activities.

"The trading loss of £121,582 for the year, was incurred principally by reason of lack of chassis parts to enable us to resume our normal business, the costs involved in terminating defence contracts, and the consequent reduced production activity, together with the costs involved in the reversion of our plants for the resumption of our normal business.

"We have furthermore embarked upon the manufacture of an Australian car and it was necessary to make heavy expenditures in preparing and training personnel for this project.

"On the occasion of this Annual Meeting, however, your Directors feel that they should present to shareholders a brief review of the contribution made by this organisation to the National war effort.

"The effectiveness of General Motors-Holden's contribution has been due to the enthusiasm of the men and

women of this organisation all working towards the primary objective of winning the war and the unfailing support of our majority shareholders, General Motors Corporation in the U.S.A.

"From September, 1939, until the termination of hostilities in August, 1945, our total billings to the Government for the supply of war material amounted to approximately £37,527,000, covering a variety of almost 500 projects, nearly all requiring detailed planning and tooling.

"For many of the larger projects we were appointed major co-ordinating contractors, which meant that we were responsible for the delivery of the finished items of war equipment to the Services, complete, tested, and ready for the field. We utilised the services of nearly 800 sub-contractors, spread throughout Australia. We desire to record the excellent contribution to the country's war production by these many sub-contractors. Although they were unable to point to the finished items of equipment, it must be emphasised that without their efforts, such production could not have been achieved. Our association with them was marked by excellent understanding and co-operation, and encourages us to look forward to its extension in peacetime.

"On many of our projects we were faced with a lack of the requisite ma-

terials and equipment, but obstacles were overcome and in the main, production was achieved in a remarkably short period following the receipt of the instructions to proceed.

"In other countries, Government-operated arsenals and factories provided readily accessible facilities and production technique, besides skilled technical personnel to initiate production. Such facilities were not, in the main, available in Australia. We had to rely to a great extent on drawings and in many cases no pilot model or exhibits were obtainable.

"It will be seen by the tabulation set out below that in 1939 and 1940 nearly 90 per cent. of the Company's war effort was related to its normal activities—the production of motor vehicles. From 1941, however, the war situation demanded a wide range of items in production, such as guns, aircraft and other new products, many of which had never been attempted by private industry in Australia before.

"It will be seen too that the tempo of production was speeded up. From the total Defence sales of about £2,000,000 in 1940, the output jumped to £5,000,000 in 1941 and to £10,000,000 in 1942, the production being at the rate of £1,000,000 a month toward the end of that year. These values of production do not include many materials and supplies issued to us by the Government.

"The full extent of our war production has been portrayed in an Official War Record, which has just been published, and which contains tributes from the Prime Minister, the Services, and various wartime Government Departments.

"My Board feels that it is right that I should emphasise that our war production programme could not have been so successfully accomplished had it not been for the whole-hearted support of General Motors Corporation in giving every help to this Company in undertaking these wartime

## SALES BY G.M.-H. FOR WAR PRODUCTION C

	1939	1940	1941
Motor Vehicles ... ..	£197,233	£1,848,554	£2,083,059
Guns ... ..	—	2,749	946,282
Aircraft ... ..	—	3,267	819,402
Engines ... ..	—	50,400	392,808
Small Craft ... ..	—	12,805	124,237
Spare Parts, Other Munitions ...	26,233	223,504	740,967
<b>Total War Production ... ..</b>	<b>£223,563</b>	<b>£2,141,279</b>	<b>£5,106,755</b>

activities which enabled the fullest use to be made of our plants and equipment for war production.

"Shareholders' investments have remained intact throughout the war, although the returns on such investments were necessarily reduced because the emphasis was on production, on which only a nominal profit was obtained.

"Immediately fighting ceased many of the current war jobs had to be terminated as quickly as possible, and we wish to express our sincere appreciation of the co-operation extended by those Government officials who successfully accomplished this task. The whole of the tapering off operations were effected with a minimum of dislocation, and a complete absence of friction. During the war our average number of employees was about 9000, with a peak figure of just over 12,000 in 1942, but the termination of our war projects necessarily meant a curtailment in employment. In 1945, al-

though the average employment figure for year was 6427, it fluctuated rather sharply from a peak of 7180 in February to 3990 in December. We endeavoured to maintain employment by engaging in various new manufacturing activities, and when we resume normal production the employment figures should steadily increase.

"We are proud of the large number of enlistments from the Company and the interests of our 2786 employees in the Fighting Services have been given constant attention. To date 75 per cent. of those employees who have been discharged from the Services have applied for re-employment and have been welcomed back into the organisation.

"Many of our personnel won distinction on the field of battle, while serving with the various Services. The awards included one Distinguished Service Order, seven Distinguished Flying Crosses, one Air Force Cross, one Military Cross, one Distinguished Con-

## COVERING NEARLY 500 DIFFERENT PROJECTS

1942	1943	1944	August, 1945	Total Through August, 1945
£3,295,030	£3,099,036	£1,953,069	£485,061	£12,961,049
2,653,302	1,822,221	856,611	396,289	6,677,454
1,249,940	1,239,470	1,401,298	921,080	5,634,457
424,514	875,966	1,309,950	614,507	3,668,145
564,749	148,867	499,119	274,476	1,624,253
1,996,152	1,817,678	1,593,809	562,958	6,961,398
£10,183,687	£9,003,238	£7,613,856	£3,254,378	£37,526,756

duct Medal, one Distinguished Service Medal, one Distinguished Flying Medal, one Military Medal, and many were Mentioned in Despatches, while United States' awards included the Legion of Merit, Bronze Star, and Presidential Citation with Oak Leaf Cluster. Unfortunately 67 of our personnel made the supreme sacrifice, and our deepest sympathy goes out to their relatives.



### *The Australian Motor Vehicle*

"It will be remembered that following the Federal Government's invitation to all interested parties to undertake the manufacture of motor vehicles in Australia, this Company was the first to respond with a plan which was accepted, and the exchange of correspondence on the subject was tabled in the House of Representatives by the Prime Minister, Mr. Chifley. Since that historic event in the industrial history of Australia, much has been achieved by this organisation, and satisfactory progress is being made in the design and engineering of the Australian car.

"As we reach the production stages we will expand our activities considerably in both Victoria and South Australia, with consequent added employment as full production materialises. The State Government of Victoria has granted the necessary permit for factory extensions at Fishermen's Bend, Port Melbourne, where the machining and assembly of mechanical units for the Australian car will be undertaken. Raw materials and semi-processed components will be drawn from New South Wales and other States.

"Considerable expense will be involved in re-grouping the Woodville plant for the manufacture of bodies, both for imported chassis components, and the Australian car. The predominant part of the Australian unit will

be manufactured in South Australia, and will comprise not only the complete body, but the very large amount of sheet metal pressings which make up the chassis. Modern pressing and welding equipment has already been ordered for the Australian car manufacturing programme, to the value of £315,000, for installation at Woodville, while the general expansion and consolidation of our interests in that State, involving an expenditure of £750,000, has already commenced.

"The manufacture of an Australian car, particularly when specifically designed for the country and its materials, is a bold move, and, whereas for our part we will do our utmost to ensure success, it is of such national dimensions that it calls for the consistent support and enthusiasm of all concerned—the various trade unions with whom we have enjoyed excellent relationships, the Federal and State Governments, the Government departments concerned, and the many suppliers and manufacturers of components.

"It is the intention of this Company to manufacture a motor vehicle which will sell in the lower price group, in the hope that an essential amenity to better living will be available to an increasingly greater number of people. A contribution to our intention can be made by all engaged on the production of the components, and to the final assembly of the complete units by giving their maximum skill and efficiency to the work. In the present unsettled condition of world affairs, Australia has an opportunity of capitalising on her wartime industrial expansion, but this can only be achieved if all are prepared to make their maximum contribution to the Nation's industrial well-being.

"The development of motor vehicle manufacture in Australia will inevitably lead to greater industrial expansion.

sion, and technical application. This in turn, will not only provide greater opportunities for Australians, but will also attract rapidly increasing numbers of the right type of people to Australia.



### *Car Availability*

"Inasmuch as some chassis components must still come from England, Canada and the U.S.A. we are dependent upon the length of time it would take our suppliers in those countries to get into production before we can enter normal production, following the reconversion of our production facilities.

"Overseas production has been interrupted by industrial upheavals, and shortages of raw materials, thus considerably delaying availability in Australia. However, the position overseas has improved, and our Body manufacturing plant in South Australia is already approaching full production capacity. Production of the completed vehicles should commence in June and increase steadily during the balance of 1946.

"There have been many reports of varying degrees of price increases on the new models, and there is no doubt, that compared to pre-war prices, there will be an upward trend in the price of the new vehicles, due to increased costs.



### *Taxation Burdens*

"We congratulate the Federal Government on the relief and encouragement afforded to industry, by reducing Sales Tax on Plant and Equipment, and the more favourable rate of depreciation allowed on equipment. These measures will undoubtedly contribute to increasing employment, accelerate industrial momentum, and assist towards making Australian production more competitive with overseas

countries where such advantages have been enjoyed for some time.

"It is gratifying to note that negotiations for the removal of double taxation between England and Australia have been successful, and it is hoped that this will lead to the encouragement of investments in Australia by overseas companies. The rates of taxation should also be reduced on company earnings by the early removal of wartime taxes, including tax on undistributed profits which may be used for the strengthening of company finances.

"In operating a business of our kind there is ample evidence that taxation on personal exertion has, in many brackets, reached the stage of diminishing returns. The very natural and yet essential human characteristics of ambition, enthusiasm, and desire to give of one's best are dulled if the incidence of taxation is of such dimensions that little or no reward is enjoyed. Efficient production comes to a marked degree from the added effort, which no amount of organising can secure if there is not a reasonable reward for such effort. This seems particularly true, in our experience, with the key executives, and the engineers, upon whose efforts the whole machinery of production depends so much. Adequate relief of taxation on personal exertion would stimulate productivity and personal efficiency at a time when it is absolutely necessary for Australia's advancement.



### *Industrial Expansion*

"Australia is on the threshold of great industrial expansion, with opportunities of converting her wartime industrial development to good national account. This will create wider employment opportunities for all, and call for an accelerated technological development.

