



**GM Holden**

**Supplementary Submission**

Education and Employment References Committee (Senate)

General Motors Holden Operations in Australia

28 August 2020

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GM Holden (Holden) thanks the Senate Education and Employment References Committee for the opportunity to make submissions and appear at the Committee hearing held on 3 August 2020.

This supplementary submission addresses some points made at the hearing, in order to get facts on the record in response to comments which were made which Holden believes are wrong. It also addresses some public commentary which has been made in relation to the Inquiry.

### Industry Assistance

Holden firstly wishes to reject comments which have been made that say “Holden has taken \$2 billion from Australian taxpayers”, implying that nothing was delivered in return for industry assistance programs.

It is true that Holden received approximately \$2 billion of industry assistance over a 20-year period. The assistance was received under legislated industry programs of the Howard and Rudd Governments which distributed proportionate amounts of assistance, calculated by formulas, to all the car manufacturers and supplier businesses in the Australian automotive industry.

During the two decades the assistance was received, Holden generated substantial returns to the Australian economy, which was the whole purpose of the industry assistance. The principle is no different to industry assistance programs of today, such as a recent \$400 million assistance program announced for the film industry.

To demonstrate the substantial direct return which Holden made into the economy in return for the assistance, a financial table for the period 2001 to 2012 was submitted to the Productivity Commission in 2013.

Automotive Industry Market Conditions															
	Total	Average	ACIS Stage 1 (1.5B plus consistent Uncapped .8B)					ACIS Stage 2 (1.5B plus consistent Uncapped .8B)					ATS Stage 1 (1.5B plus Dims)		
			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Total assistance (prod, P&E R&D)/veh			\$ 1,277	\$ 1,100	\$ 1,049	\$ 1,210	\$ 978	\$ 1,050	\$ 1,179	\$ 1,154	\$ 1,811	\$ 1,900	\$ 1,045	\$ 923	
Production Assistance (ACIS/ATS)/veh	\$		\$ 1,116	\$ 968	\$ 902	\$ 1,072	\$ 727	\$ 701	\$ 738	\$ 701	\$ 871	\$ 725	\$ 803	\$ 659	
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	
Duty Rate			15%	15%	15%	15%	15%	10%	10%	10%	10%	10%	5%	5%	
Effective Duty Rate (FTA's)		7.4%			8.5%	8.5%	6.5%	6.1%	6.1%	6.1%	6.1%	3.8%	3.6%	3.6%	
Number of FTA's			2	2	3	3	4	5	5	6	6	6	7	8	
Exchange rate AUD/US (avg 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	
Exchange rate AUD/JPY (avg daily)			62.87	68.02	75.44	79.57	83.93	87.60	98.70	88.60	73.97	80.54	82.28	82.63	
Number of automotive brands															
ACIS/ATS Federal Payments	\$m	1,647	137	169	159	160	199	149	132	126	137	121	125	94	76
Govt Capital Assistance	\$m	189	16										75	90	20
Total Fed Govt Assistance	\$m	1,836	153	169	159	160	199	149	132	126	137	121	200	184	96
Import Duty Paid to Govt on Manufacturing	\$m		(33)			-55	-52	-36	-28	-35	-31	-28	-17	-28	-23
PAYG	\$m	(1,400)	(127)		-110	-130	-150	-180	-160	-140	-130	-110	-100	-90	-100
Total Tax Paid to Govt	\$m													-118	-123
Total Capital Investment	\$m	2,748	229	223	508	301	529	464	297	116	49	90	21	44	106
Engineering & Design	\$m	3,063	255	174	210	280	232	296	307	420	352	173	180	231	208
Australian Supplier Material Spend	\$m	21,095	1,758	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	5,853	488	387	451	564	614	727	572	520	541	440	293	334	410
Sub-total	\$m	32,759	2,730	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	\$	62,917,951	5,719,814	5,812,351	6,662,551	6,121,456	6,824,231	6,674,034	6,378,693	6,143,194	5,782,923	3,820,792	4,390,215	4,307,531	
Profit/Loss	\$m		50	-285.1	256.6	285.6	300.9	-144.6	-146.8	-6.1	-70.3	-210.6	112.4	89.7	-152.8
Multiplier		18	18	16	20	19	17	26	25	24	23	17	8	9	18

For the decade of 2001 to 2012, on average, the economic activity generated by Holden was approximately 18 times the amount of industry assistance received, with 2003 being a relatively representative year.

Over that decade, Holden spent on average \$1.8 billion each year purchasing components made by other Australian manufacturing businesses and invested approximately \$0.5 billion each year in local R&D and capital investment.

In 2003 (a typically average year) Holden directly generated the following economic activity:

- \$6.1 Billion revenue
- \$286 million profit
- \$1.927 Billion paid purchasing vehicle components made by Australian businesses
- \$564 million paid on Holden employee wages, mostly in Australia
- \$301 million paid on capital investment in Australia
- \$201 million paid on Engineering and Design R&D in Australia
- \$160 million received from Federal tax credits to assist vehicle production and R&D
- \$130 million paid in PAYG to Australian Government on Holden wages
- \$55 million paid in import duties to Australian Government on vehicle components
- \$100 million paid to Australian Government in corporate tax

Holden's economic activity in 2003 was about 19 times the amount of assistance received.

Over \$1.9 Billion was spent by Holden in 2003 alone purchasing components made by other manufacturing businesses in Australia.

This demonstrates how the most significant flow on effect of Holden's manufacturing activity was the business it generated for hundreds of businesses in a multi-tiered supply base, employing thousands of people in a broad web spread across Australia.

The direct linkages to a global automaker provided supplier businesses and broader Australian industry with access to the latest industrial innovations, skillsets and technologies that often originate first in global automotive.

Like other auto makers and suppliers in Australia, Holden has complied with policies of the day and believes that industry policies generally delivered on their intent at the time. Whilst levels of automotive assistance might be regarded as significant, the levels of return through local economic activity and many thousands of jobs in the industry spread across a number of states, were even more significant and reflect these policies succeeded in their objectives at the time.

To say that Holden "took \$2 billion from Australian taxpayers" without delivering an enormous amount of economic activity, knowledge and wealth to Australia in return, is a complete furphy.

During this same period of time, Holden dealers too generated and earned significant wealth.

Holden was deregistered from the Automotive Transformation Scheme (ATS) industry assistance program in March 2020. In 2019, Holden was registered in the ATS as an Automotive Services Provider and received R&D assistance at a rate of approximately 4% of the amount it invested in Engineering and Design R&D in Australia. This is less than the amount of assistance Holden might have received if it had claimed assistance utilizing the R&D tax concession, instead of ATS.

### Rejection of comments made by the AADA

Holden rejects a number of comments made by Mr James Voortman of the Australian Automotive Dealer Association (AADA).

Holden absolutely rejects Mr Voortman's accusations that General Motors (GM) doesn't often "pay much attention to Australia's laws" and that it has "a casual relationship with the law here". These allegations are serious and ought not be made without a proper basis. Statements such as these, made under the protection of parliamentary privilege, have no proper basis, are irresponsible and Holden believes are designed to be deliberately inflammatory for political purposes. GM takes very seriously the laws of any country in which it operates, including Australia.

Contrary to Mr Voortman's comments, Holden has not compelled dealers to accept inadequate compensation. For reasons described in detail in Holden's submissions and testimony to the Senate, Holden's Transition Support Package (TSP) for dealers is very fair.

Nor did Holden refuse negotiation or push back against entering mediation or other appropriate dispute resolution methods with dealers. Holden always acted in good faith throughout the process and maintains the compensation it offered dealers to make them whole on the loss of new car sales, is very fair. It explained and debated these issues at length with the dealers and their advisors as part of the process which began in February 2020. Just because Holden was not persuaded by any facts, data or argument to increase its original offer, does not automatically mean it was not a fair offer.

In 2019, Holden dealers on average (sometimes described as 'a single dealer') made a loss of \$600 on the sale of a new vehicle. This is based on data provided by dealers. Holden's compensation offer of \$1500 per new vehicle sale, for the remainder of the agreement, is a \$2100 improvement on this previous loss-making position. On top of this, dealers can continue the profitable service and repair operations. Nearly all dealers have opted to do that.

Contrary to Mr Voortman's statement, dealers were not compelled to accept the compensation offer, and the profitable service and repair operations of their businesses could continue to the end of the current agreement. Just because the outcome of its dispute resolution process does not bear a result one party may have wished for, does not mean that Holden has not always acted in good faith.

Mr Voortman stated he does not believe that 90% of Holden dealers are multi-franchise, selling other brands. On the contrary, data provided by Holden dealers themselves indicates approximately 90% of Holden dealers are indeed multi-franchised operations and on average, less than 30% of their new vehicle sales volume is Holden.

Mr Voortman further asserted that Holden refused to allow dealers to take on other brands. That is not true. Over the 18 months prior to Holden's announcement to withdraw, more than 60 multi-franchise applications were approved by Holden. For the same period, our records indicate only 3 applications were found not to meet our multi-franchising criteria and we remained open to these dealers for them to re-submit applications that did so.

Mr Voortman stated that dealers could not access justice. Holden rejects that comment. From the outset, dealers engaged legal representatives who from very early on and repeatedly, threatened Holden with litigation on behalf of all Holden dealers. Holden and the dealers utilised the dispute resolution mechanism in the dealer agreement and the Franchise Code of Conduct, and, with their respective legal representatives and financial analysts, PwC (paid for by Holden) and KPMG (paid for by dealers), engaged in a two-day settlement conference in May that was overseen by the Honorable Peter Jacobson QC to discuss and debate at great length their respective positions.

Dealers were provided an ample time frame to consider and discuss with Holden representatives Holden's TSP from February, which included an extension of one month. More than 90% of dealers have accepted Holden's offer, and Holden has continued to engage with those dealers who have raised questions or requested clarification or information concerning the offer. Those dealers who have not accepted Holden's offer can continue to service and repair Holden vehicles through the remainder of the current dealer agreement, which is profitable work, and retain whatever rights to make claims against Holden that they might have.

Holden has not at any stage received a request from any dealer to commence an arbitration process, which is not unexpected given that an arbitration is not part of the dispute resolution regime agreed in the dealer agreements, and arbitration is unlikely to be in the interests of any party given the significant costs involved. If any dealer wishes to commence or propose any sort of dispute resolution process then at that stage Holden would consider, in good faith, whatever dispute resolution procedures might be appropriate.

Holden maintains that the compensation we have offered, which more than 90% of the dealers have accepted, is more than fair and generous and leaves dealers in a better position than they otherwise would have been if GM had continued to supply them with new Holden vehicles to sell, through to the end of the current agreement.

Holden has also provided substantial additional 'run-out bonuses' assistance to dealers to ensure that all dealers can liquidate their new vehicle inventories in a profitable and expedient manner. As a consequence, dealers have since February had the ability to make considerably more margin from the vehicles they are selling, compared to what they had been making in the recent past.

Through this transition process, Holden has observed a pattern of actions often being different to the commentary that has come from Holden dealer representatives and the AADA. Holden was often threatened with litigation by the Holden Dealer Council's legal representative, yet ultimately over 90% of dealers have accepted Holden's transition support package.

There was a suggestion by the dealers' representative, which was made public in a media article, that many dealers might cease service and repair operations, which caused Holden to quickly start assessing alternate arrangements for its customers in case any dealer advised Holden that it wished to cease such operations. Holden has not received any such advice from a dealer and to date dealers have continued the profitable service and repair work.

Holden rejects Mr Voortman's allegation that Holden attempted to undermine the settlement conference proceedings on 9 June by making comments in the media about its service and repair network. Dealer representatives, through leaks to media, had already publicly suggested a

predicament for Holden, if dealers halted service and repair for customers. Dealer representatives had also stoked pre publicity ahead of the mediation process.

As a result of media-stoking activity by dealers, Holden was asked a question about its service and repair network and in response to the question, Holden stated the fact that we had been approached by non-Holden operators who were interested in performing this work, such was the market opportunity which had been detected, should Holden dealers cease this work. There was no media release or deliberate proactive statement from Holden. The public commentary had originally been sparked by dealer leaks to media. This is another mischaracterisation by Mr Voortman in the AADA's attempts to tarnish Holden's actions, to insinuate Holden was not acting in good faith.

Holden absolutely rejects Mr Voortman's claim of "ill ethics" displayed by GM and Holden. Holden has always acted in good faith throughout this process, as it is fully committed to doing the right thing by its employees, dealers and customers. The record will show Holden has done exactly that, and we will continue to do so, notwithstanding the efforts by some such as the AADA which have sought to tarnish GM and Holden and misrepresent how we have engaged with dealers, and the fairness and generosity of our offer to dealers, in an effort to use Holden's exit for their own agenda.

Holden believes that from the outset, since Holden's announcement on 17 February, there was a very well-coordinated campaign as part of a wider industry strategy, led by the AADA, to secure a standalone automotive code of conduct for the automotive dealer industry. The AADA has been pursuing a standalone automotive code for several years and to date has not achieved it. Holden believes they have seized upon our wind-down as a platform to generate publicity and sympathy for this cause, even going so far to twist facts and misrepresent the truth to suit the AADA's ulterior agenda.

The AADA doesn't appear to have pursued other brands which are also undergoing dealership network changes in Australia, with the same vigour and vitriol they have aimed at Holden. It is disappointing they have chosen to leverage the high interest in the Holden brand to only fan the flames of the dispute, in pursuit of their own political agenda.

Such is the fervour to malign Holden and GM, there is a strong tendency for the AADA to automatically react to any Holden-related developments with malicious comments and allegations in an attempt to tarnish the reputation of GM and Holden. This can even be at the detriment of their members, with the nature of the AADA's reaction to the recent GMSV announcement being a prime example. Holden does not believe the vitriolic manner in which the AADA has continually attacked our business is warranted.

A company and its ethics are represented by the people who work there. It is not lost on Holden how sought-after many of its people have been from other businesses across a range of sectors, which is evidence of the high regard that those companies have of Holden, its employees and their good business ethics, acquired through their work within the global operations of GM.

## COVID-19

Holden rejects assertions it has used the COVID-19 situation as leverage with dealers. There is no evidence for such allegations and quite the opposite has occurred. We dimly view any efforts to use a pandemic to malign Holden.

Our industry and business have been significantly impacted by COVID-19 and actions to contain its spread. Despite significant financial impact, Holden reaffirmed the original compensation offer in full, even though new car sales outlook has declined further and our compensation for lost profitability on new vehicle sales was based on healthier pre-COVID-19 forecasts.

The only adjustment Holden made to the offer was timing of TSP payments due to restructured financial planning caused by COVID-19 economic impact on cash flow. All dealers who have accepted Holden's offer will receive the TSP payments in full by the end of 2020.

In our view, the TSP not only compensates dealers for the cessation of new Holden vehicle sales but leaves them better off than what they would have been if GM had allowed Holden to continue selling new vehicles through to the end of the current dealer agreement. With the impact of COVID-19 the benefits to the dealers of the TSP became even more significant.

## GM Specialty Vehicles

Since Holden appeared before the Committee, GM has announced the establishment of a new GM Specialty Vehicles (GMSV) business in Australia. A media release describing the new business is attached.

GMSV is a niche luxury and performance business that is very different to Holden and will have a much smaller franchised dealership network, which will require minimal capital investment.

GMSV has partnered with Walkinshaw Automotive Group (WAG), which will undertake complex engineering and manufacturing work to do right-hand-drive conversions of vehicles in Australia. This will support 150 automotive manufacturing jobs at WAG in Melbourne.

Any claims that GMSV is being 'forced' upon any dealers are completely false and frankly absurd. The opposite is true, as keen interest in attaining GMSV dealer franchises and continuing their relationship with GM has been expressed by a number of Holden, HSV and other dealerships. GM is still in the process of determining a GMSV dealership network but we are hopeful that many of the HSV dealers will provide the bulk of the network.

Similarly, Holden flatly rejects the baseless allegations of 'phoenixing' activity which have been made by the AADA in relation to the GMSV business. Such allegations are false. It makes no sense to suggest a deliberate act in avoiding obligations when Holden has committed hundreds of millions of dollars to compensating dealers, paying generous redundancy and employee transition assistance packages, and amicably settling numerous contracts across two countries. As stated above, GMSV is a niche luxury and performance vehicle business which is a new and very different business unit to Holden, within the same legal entity.

Separately, as the Holden vehicle sales business winds down, Holden continues to meet its obligations to stakeholders including employees (whose entitlements are being paid out in full), owners of the 1.6 million Holden vehicles in Australia (who will be supported by the Holden

service network for service and parts, including warranty and recall work for at least the next 10 years), and dealers as set out above. Holden aftersales, service and repair is lucrative ongoing work, including service and sale of parts and accessories. The obligation to meet ACL, warranty and recall work is a part of this overall aftersales business, which is backed by GM.

The AADA's spurious allegations of 'phoenixing' is another example of their ongoing endeavours to malign the GM and Holden brands.

The strong interest being expressed by dealers in the new GMSV business is inconsistent with the anger expressed by their industry association, the AADA.

#### Human Resources – Professionals Australia

Holden provides the following information in relation to comments made by Ms Melissa Cadwell (Professionals Australia), Dr David Johnson and Mr David Smith (AMWU).

Holden disagrees with any inference that it has acted dishonourably or unconscionably and not in accordance with either customary practice or legal processes with regard to its obligations on redundancy. Award-covered Holden employees impacted by Holden's wind-down were separated under an Involuntary Separation (IVR) program in accordance with Holden's obligations.

The six employees being represented by Professionals Australia will receive an IVR payment as per the relevant EBA, as well as all outstanding leave entitlements. In nearly all cases, the IVR payment is more generous than what a Voluntary Separation Payment (VSP) offers as per the EBA (and more generous than the minimum statutory entitlements). The impacted employees sought a lower VSP in order to gain access to a higher Holden Employee Superannuation Fund (HESF) payout. This HESF payment should not be confused with the actual IVR payments as HESF is a separate payment.

VSP's are predicated on an ongoing business that enables employees the choice of electing a VSP or remaining in ongoing employment. However, in the current situation, as ongoing employment is not possible due to the closure of Holden's Engineering and Design operations, the VSP process is therefore exhausted by definition and that provision of the EBA cannot apply.

In all instances under the VSP clause of the EBA, Holden also retains the right to accept or decline any application so that the appropriate level of skill and expertise to meet business requirements are retained. Holden advised the Unions and their members that there were no suitable redeployment opportunities for the employees who were impacted. Holden participated in several discussions with the Unions and complied with the dispute resolution process as per the EBA. To date, there has been no finding by the Fair Work Commission that Holden has breached the EBA.

Holden is aware of the significant challenges facing our employees being made redundant in the current environment and where possible, we have granted early release when employees have found new employment. We have done this whilst still honouring the original IVR separation provision which in nearly all instances is a higher amount than what would have applied under a VSP. The Unions have not insisted that these early releases be paid the lower VSP payment as per the previous EBA.



Award (EBA) covered employees receive the following IVR payments:

- 4 weeks' paid notice;
- 4 weeks for every completed year of service, capped at 90 weeks;
- 1 week's additional service bonus per completed year of service;
- up to 8 weeks unused sick leave paid out;
- Pro rate long service leave from 5 years' service;
- Financial counselling reimbursement to value of \$300 per person;
- Outplacement support program to value of \$600 per person (on-site pre Covid then virtual sessions); and
- Employee Assistance Program access for employees and their families.

Health and well-being services have also been offered by external specialist providers and are paid for by Holden. Employees have an option of anonymity when utilising these services.

Holden established an interactive online 'one-stop-shop' for employee transition services called 'The Hub' which also included an active jobs board. Holden proactively engaged with other companies and sectors, such as other automotive companies and the level-crossing removal and Metro Tunnel projects, to provide information about Holden job seekers and their skill sets. This has been a successful way of helping a number of people find new positions. Various industry seminars have also been held online, such as through Skype, to help Holden employees assess new career options.

Of the 104 Engineers who departed between March and July, we know that 53 are already working in new roles through data obtained on LinkedIn. This is promising in the current environment given that the vast majority of these people left Holden on 26 June.

#### Mr John Crennan and Mr Mark Palmer

With reference to the submissions of Mr John Crennan and Mr Mark Palmer, we remain respectful of their contribution to Holden, which in Mr Crennan's case, was many years ago now. Mr Palmer is a respected Holden dealer of longstanding and a respected business leader and philanthropist in the Inverell community. There are however, matters and assertions both gentlemen raised before the Committee that we wish to address.

Mr Crennan retired from the Holden business several decades ago and his later career at HSV did not see him involved with the running of Holden. We do not believe Mr Crennan is well placed as an informed observer of the management of Holden's business, having had no direct insight to Holden and GM's business decision making, nor the rationale for decisions made, over the past two decades.

Mr Crennan's comments also indicate that he is unaware that Holden has had extensive dialogue and confidential engagement with governments over the past decade and more, relating to automotive manufacturing in Australia, wind down of Holden's manufacturing operations and workforce, and repositioning the Holden business post-manufacturing, and with respect to various associated industry policies.

With regard to Mr Palmer's submission and comments, Holden has been in dialogue with Mr Palmer about compensation, at his request. Holden is happy to provide further information to the Committee, to help the Committee in their assessment of statements which have been made.

Mr Palmer is continuing Holden service and repair work, which is profitable work for his business and continues to provide support for Holden vehicle owners in the Inverell district. Mr Palmer has three other 'top 10' franchises, which may be an alternative for his Holden customers if they are seeking to purchase a new vehicle. Mr Palmer has also advised Holden that he has recently secured an additional fourth franchise, to replace Holden new vehicle sales at his Inverell premises. Holden welcomes this news as it will provide Mr Palmer with four franchises for new vehicle sales, and five franchises including Holden, for vehicle service and repair work.

### Dealer Letter

In closing, copied below with their consent, are the words of a respected and longstanding Holden dealer who has written to the Minister for Industry, Science and Technology, and members of the Senate Education and Employment References Committee:

My family business was/is City Holden of 42 years duration and Australia's top sales dealership for the 2016/17/19 years and a sole franchise (Holden only) dealership since inception in 1979.

In 2019 and Jan 2020 we relocated our business from the Adelaide CBD to the western fringe of Adelaide and built a new Holden showroom at a cost of \$6.7M.

As a result of that investment and being a Holden sole franchise dealer Holden's announcement impacted us more than any other Dealer in Australia many if not most of whom had progressively reduced their support for Holden over the years by adding other Brands to their business.

A newspaper article that went National (and "The Daily Times" in London!) advised we were "The unluckiest Holden Dealer in the World".

Those of who understood the Industry had recognised for some time that Holden's future in this Country was untenable.

They could have elected to complete the two and a half years left on our Dealer Agreement and it would have been "death by a thousand cuts".

We would have certainly not survived that period having incurred trading losses in the period leading up to February this year.

I can assure you and your colleagues that GM / Holden treated us very fairly in our settlement which has now allowed us to fill our new showroom with Kia - LDV and Chevrolet vehicles and carry on our family business.

In my opinion if Holden / GM are guilty of anything it was their inability to bring to Market here a range of competitive RH built vehicles from their International affiliations.

Anybody that understands the reality of the real world in commerce knows that prolonged "consultation" when a position is untenable is not an option.

The manner in which Holden have been treated by your Government in the public arena in comparison with how Ford and Toyota have been treated (who exited at the same time) is scandalous and has damaged our investment.

Yes - those two have continued to sell their relative vehicles as have Mitsubishi (exited years ago) but they also ceased to employ many thousands of workers with little if any criticism and certainly no penalties such as you have now imposed on Holden.

Many of us have signed an agreement with Holden to continue to participate in servicing Holden vehicles for another decade or longer.

Damaging remarks in the media damage that business case.

Also and VERY importantly GM / Holden are at this time negotiating to bring specific GM vehicles from the USA into Australia under the badge of GM SV.

That includes the magnificent Corvette and the continuance of Chevrolet Silverado which we currently sell at this time.

These negotiations are at delicate stage and I can only hope that your public criticism of them again in this morning's article does not inhibit their enthusiasm to bring that programme to reality.

I can assure you Joe Hockey's comments made years time ago regarding Holden's future directed at GM did not sit well in the Detroit Boardroom.

As a South Australian I am very aware of the massive contribution Holden made for many decades in this State (and others).

Far more so then others that you continue to support and who have escaped your public vilification.

We certainly seem to have a very short memory of the upside of what Holden contributed to Australia and frankly that is shameful.

I am very aware that my views differ from those put forward by the Australian Holden Dealer Council (AHDC) and obviously have influenced your public comments.

I was a founding member of that organisation over 4 decades ago and spent many years involved including as President.

Clearly that organisation had an obligation to support its Members and did so as best they could.

However in my view (and others) they allowed the discussion to digress into unfair and unbalanced criticism of GM / Holden most of which was encouraged by (as usual) the "ambulance chasing" legal fraternity.

I am aware of another major Brand is currently culling the size of their Network and the information I have is that their compensation offer is significantly less than that offered to Dealers by Holden.

I very much hope that my views add some overdue balance to the matter and that going forward we will all remember the massive contribution Holden has made (e.g. job skilling being huge for decades).

Opening Statement to Education and Employment References Committee (Senate)  
GM Holden Interim Chairman and Managing Director, Kristian Aquilina  
3 August 2020

- Thank you Senators. I would like to say something that should take less than 5 minutes
- I'll start by saying that everyone at Holden and General Motors still hurts as a result of the decision to retire the Holden brand.
- It's just so sad... Holden has been a family and livelihood to so many people.
- GM explored every conceivable option to secure a strong future for Holden, but it was not to be. Once the decision was made, we set about winding down Holden with dignity and respect.
- An icon like Holden attracts emotion for everyone, not just us. Our employees, dealers, suppliers, the motorsport community and many other partners...and Australians generally.
  
- Holden began in Adelaide in 1856 and has been owned by GM since 1931.
- It was GM who answered the government's call of the day to start a car industry post-war, launching the first locally made car in 1948.
- We invested billions over decades in factories, equipment, R&D and market development, here and in many export countries.
- It spawned a future for new Australians (just like my grandfather). Not long after arriving at Station Pier here in Melbourne, my "Nonno" (as he is known to me), became a toolmaker in experimental engineering at Fishermans Bend and did a range of jobs there for more than 23 years.
- My family is only here because of Holden, so for me, like for so many other Australians, this is deeply personal.
- The broader point is that GM's investments in Australia were a cornerstone of the nation's industrialization and economic growth, that went well beyond the auto sector.
- And Australia benefited enormously... as Holden did from Australia.
  
- Through this inquiry, you will hear the perspectives of some Holden dealers, for whom Holden provided a platform to generate significant wealth over a long period of time.
- Sure, there were some bumpy years among them, but even as the market fragmented, Holden was a pivot point for our dealers to form new partnerships with other brands.
- So today, 90 per cent are multi- franchised with highly diversified businesses
- We sincerely thank our dealers and the people who've worked there with pride.
- I have always had deep respect for you, and am proud of what we achieved together.

- I'm pleased to update the Committee today that over 90 per cent of dealers accepted our Transition Support Package, which incorporates an agreement to continue an ongoing relationship as a network of Holden Authorised Service Outlets that will support our 1.6 million customers.
- The support package was designed to make dealers whole on their lost profit opportunity associated with selling new Holdens for the remaining 2 and a half years of our agreement
- It has multiple components, most importantly the opportunity to continue the profitable service and repair work for at least the next 5 years.
- We know the overall package puts dealers in a better position than if they continued selling new Holdens for the next two and a half years, irrespective of the economic situation that has emerged.
  
- I would also like to take this opportunity to say we are grateful to all governments which supported not just Holden, but the entire auto industry.
- Yes, there were some big numbers involved, all aimed at stimulating an advanced manufacturing and R&D industry in Australia. And it worked, with car companies returning that investment many times over.
- For example, Holden generated 18 times the \$2 billion dollars it received from government programs over the last two decades – that's \$36 billion dollars of activity.
- We spent \$1.8 billion dollars each year buying Australian-made parts.
- But the world and the market evolved.
- Like every other local manufacturer, Holden transitioned to importing its vehicles, until GM was confronted with investment decisions that would determine our future.
- For Holden to prosper, we required unique investment in product, technology and distribution that could not be justified from the returns from a market that represents about 1% of global vehicle sales.
- So very sadly, GM took its decision that it did in February.
- I'll close by saying again a big thank you to the countless Aussies who worked with pride at GMH, and to our customers and fans, all without whom we wouldn't have made it this far.
- Their journeys and memories are the essence of Holden and what made it iconic to Australia.
- We will continue to support our customers for a long time and have no intention of letting them down.
- Thank you.

# General Motors Specialty Vehicles confirmed for Australia and New Zealand

- New GM investment supports over 150 skilled engineering and manufacturing jobs in Victoria
- GM Specialty Vehicles (GMSV) to launch with Chevrolet Silverado 1500 LTZ
- Silverado 2500 and factory built RHD Corvette scheduled to launch in 2021
- GM's new business unit will compete in niche luxury full-size pick-up and sports car segments

PORT MELBOURNE: General Motors has confirmed today it will start-up a new venture in Australia and New Zealand, to be known as GM Specialty Vehicles (GMSV). The new business is scheduled to commence operations in the fourth quarter of this year.

GMSV will supply a selection of hand-picked GM vehicles to Australia and New Zealand customers according to Kristian Aquilina, Interim Chairman and Managing Director of GM Holden.

"I am proud to be announcing GM Specialty Vehicles which represents an important new investment by GM in Australia," said Mr Aquilina. "This new venture directly adds sales, marketing and aftersales roles to GM's 200-strong presence in Australia, and indirectly supports over 150 skilled engineering and manufacturing jobs at our partner in Victoria.

"The initial product line-up will feature the latest Chevrolet Silverado 1500 LTZ, with other derivatives, including the Silverado 2500 and spectacular mid-engine Corvette anticipated to follow in 2021," Mr Aquilina said.

The Chevrolet Silverado models will be remanufactured to right-hand-drive (RHD) by the Walkinshaw organisation at their state-of-the art facility in Melbourne.

The new Corvette will come to Australia and New Zealand in RHD directly out of the famous Bowling Green plant in Kentucky USA.

GMSV will be established alongside GM's existing business units in the region: Holden Aftersales and Isuzu New Zealand.

The new venture will be headed up by Joanne Stogiannis who has been appointed to the role of Director – GM Specialty Vehicles. Ms Stogiannis is an experienced automotive professional, with a diverse career spanning over 20 years with GM in Australia. She has worked with several international GM divisions and has broad sales and marketing experience.

"I am thrilled to be leading a new automotive venture by GM in Australia," said Ms Stogiannis. "Sales of large US pick-ups have been growing consistently and I believe the ongoing strength of that segment will provide a very solid basis for us to build a successful long-term business.

"The plan to bring the stunning new mid-engine Corvette in RHD direct from the factory is an enormously exciting opportunity for local performance car enthusiasts," said Ms Stogiannis.

“The new investment by GM in the Australian and New Zealand markets will bring extra competition to niche luxury and performance segments of the car market, enhanced choice to consumers while underpinning new employment opportunities,” Ms Stogiannis said.

GMSV will see GM’s long association with the Walkinshaw Automotive Group continue. “It is especially pleasing given their long track record with GM via HSV and the fact that GMSV can continue to draw on their renowned automotive engineering expertise,” Ms Stogiannis said.

“We’re delighted to continue our 33-year association with GM through their new venture GMSV,” said Ryan Walkinshaw, Director Walkinshaw Automotive Group.

“It also means we’re able to keep significant automotive employment in Victoria, directly securing some 150 manufacturing jobs, and look to grow as we work with GM in this dynamic space.

“We have always enjoyed bringing exciting product to market, and we’re excited about the ability to continue that through our partnership with GMSV,” Mr Walkinshaw said.

Long-time auto industry executive, Peter Keley who spearheaded the creation of GMSV has elected to leave GM at the end of October. As part of his transition, Mr Keley will work with Ms Stogiannis to establish GMSV’s dealer network in Australia and New Zealand.

Ends

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