

MOTOR VEHICLES AGREEMENT.

No. 31 of 1940.

An Act to approve the Execution of an Agreement between the Commonwealth and Australian Consolidated Industries Limited with respect to the Manufacture of Motor Vehicles, and for other purposes.

[Assented to 3rd June, 1940.]

BE it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

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| Short title. | 1. This Act may be cited as the <i>Motor Vehicles Agreement Act</i> 1940. |
| Commencement | 2. This Act shall come into operation on the day on which it receives the Royal Assent. |
| Execution of agreement authorized. | 3. The execution, by or on behalf of the Commonwealth, of an agreement to give effect to the matters specified in the Schedule to this Act, between the Commonwealth and Australian Consolidated Industries Limited (hereinafter referred to as "the Company"), is hereby authorized. |
| Machinery to be imported free of Customs Duty. | 4. Notwithstanding anything contained in any Act relating to the imposition of duties of Customs, no duties of Customs shall be imposed and collected in respect of machinery—
(a) which is required to be used in the production of engines and chassis for motor vehicles by the Company formed in pursuance of an agreement executed by authority of this Act; and
(b) which the Commonwealth and the Company mutually agree cannot be commercially manufactured within a reasonable time in Australia or be readily obtained from the United Kingdom. |

THE SCHEDULE.

Section 3.

UNDERTAKINGS OF AUSTRALIAN CONSOLIDATED INDUSTRIES LIMITED.

1. That the Company will form a company, with a nominal capital of One million pounds and an initial subscribed capital of Two hundred and fifty thousand pounds, to manufacture in Australia engines and chassis for motor vehicles, and that the Company will subscribe the whole of such of that nominal capital as is issued from time to time, and that if a capital investment of One million pounds proves insufficient to enable the proposed company efficiently to manufacture ultimately at the rate of twenty thousand motor vehicle engines and chassis annually, the additional capital required will be available.

THE SCHEDULE—continued.

2. That the Company will produce car and truck chassis of American type and performance within the Chevrolet, Ford and Willys price class. The engine will probably be of sixteen or eighteen horse-power developing forty to fifty horse-power and will have a wheelbase of from one hundred and two to one hundred and twelve inches. Top speed should be seventy to seventy-five miles per hour and at normal touring speed of forty miles per hour fuel consumption should average twenty-two to twenty-six miles per gallon.

3. That the proposed company will purchase from established Australian manufacturers of motor vehicle parts such parts as can be supplied by them at reasonable prices and manufacture the remainder of the chassis at the works of the proposed company. It is, however, anticipated that the electrical equipment, crankshaft and a few minor items will need to be imported during the early stages of manufacture.

4. That the Company proposes to plan for the manufacture in Australia of twenty thousand engines and chassis annually.

5. That, with respect to Australian sources of supply of machinery, the Company will give an assurance to study the local situation and to give support to Australian machine tool manufacturers before placing orders outside Australia.

6. That the proposed company will work in the closest consultation with the Commonwealth and with the Commonwealth Department concerned with the administration of the Customs tariff.

7. That the proposed company will use all bounty paid to it under the *Motor Vehicle Engine Bounty Act 1939* to give a price concession to the public.

8. That the proposed company will have in its employ resident corresponding engineers suitably located in the United States of America and in England to keep it posted on current trends and other matters relating to the manufacture of motor vehicles.

9. That the Company will proceed immediately with the scheme embodied in the above-mentioned undertakings.

ASSURANCES BY COMMONWEALTH.

10. That the Commonwealth will use its powers under the various regulations issued under the *National Security Act 1939* in respect of capital issues and the control of industries in order to safeguard the interests of the proposed company against the establishment of similar manufacture in Australia by foreign or foreign controlled companies.

11. That the Commonwealth will pay bounty in accordance with the provisions of the *Motor Vehicle Engine Bounty Act 1939* and that, in the event of more than one Australian company being established for the purpose of manufacturing motor vehicle engines and becoming eligible to receive payment of bounty under that Act, the Commonwealth will review the relevant provisions of that Act with a view to ensuring that the proposed company will be provided with the opportunity of obtaining payment of bounty on engines manufactured by it for the numbers specified in, and at rates in accordance with the provisions of, section eight of that Act.

12. That the Commonwealth will for a period of five years use its best endeavours to limit production of engines and chassis for motor vehicles of fifteen horse-power or over to companies in respect of which the Minister administering the *Motor Vehicle Engine Bounty Act 1939* is, in the exercise of all the powers conferred by section 6 of that Act, satisfied that paragraphs (a) and (b) of sub-section (1.) of that section apply and which give undertakings satisfactory to the Commonwealth with respect to the following:—

- (a) Capital investment;
- (b) Type of engine and chassis to be manufactured;
- (c) Purchase of parts from established Australian manufacturers of motor vehicle parts;
- (d) Number of engines and chassis to be produced annually;
- (e) Support to Australian machine tool manufacturers;
- (f) Use of bounty to give price concession to the Australian public; and
- (g) Arrangements to ensure availability of technical information from other countries.

13. That the Commonwealth will, during the period of five years from the date of commencement of manufacture, purchase a substantial proportion of Commonwealth Department requirements from the proposed company provided the quality, proved running efficiency, suitability and price of the vehicles are satisfactory to the Commonwealth.

THE SCHEDULE—*continued.*

14. That with respect to the machinery required to be used in the production of the engines and chassis by the proposed company which cannot be commercially manufactured in Australia and in the light of the assurances given by the company to study the local situation and to give support to Australian machinery manufacturers before placing orders, the Commonwealth will where it is mutually agreed that it is desirable to do so—

- (a) take up with His Majesty's Government in the United Kingdom the question of waiving its rights under the Ottawa Agreement for assured margins of preference in respect of such machinery; and
- (b) admit free of import duty such machinery provided that it cannot be commercially manufactured within a reasonable time in Australia or be readily obtainable from the United Kingdom.

15. That the Commonwealth will retain the import control established in the year One thousand nine hundred and thirty-six over the importation of motor vehicle engines and chassis and will use this import control, if necessary, to counteract any unfair trading methods which may be adopted by overseas interests in selling competitive vehicles in Australia.

16. That the Commonwealth will accord the usual co-operation of the Council for Scientific and Industrial Research and Aeronautical Research Laboratories in an endeavour to aid the proposed company in the technical manufacturing problems with which the Company may be confronted.

17. That the Commonwealth is prepared sympathetically to consider the question of duty-free admission of the engine and chassis parts in respect of which it is mutually agreed that importation is initially necessary for the manufacture of motor vehicle engines and chassis.

18. That, with respect to those engines and chassis parts which are, either before or during the initial stages of production in Australia by the proposed company, admitted free of import duty or at concessional rates of duty, the Commonwealth will sympathetically consider the request of the Company that twelve months' notice be given of any contemplated change in order to enable the proposed company to recast its manufacturing programme.

19. That the Commonwealth will be prepared also to examine upon request of the Company the measure of tariff or other assistance which should be accorded with respect to chassis parts other than engine parts.

DEFINITION.

20. In this Schedule the expression "proposed company" means the Company to be formed in pursuance of the undertaking set out in paragraph 1 of this Schedule.