

Leyland Cars in Australia: a Chronicle

An account of the rise and fall of BMC, Leyland, and JRA Companies in Australia 1950-1998



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Fig. 1.1 Typical company presentation with portraits of Leonard Lord (the then-modern-day successor to Austin), George Lloyd and Lord Nuffield in the background, and an inspiring slogan along the top.

In the 1950s the company was very similar to the UK parent in outlook. Typical of the period, there would be a portrait of Queen Elizabeth II in offices and public areas. Company founders and managing directors were revered. Salaried executives, senior staff and staff were categorised quite distinctly from those out in the factory. The colonials in Australia were heavily influenced by the culture of the old country.

A few years before the amalgamation, in 1948, William Morris (Lord Nuffield) had purchased the land at Victoria Park at Zetland in Sydney and the foundation stone for the first vehicle production building was laid on the 1st March 1950 in the presence of Nuffield and NSW State Premier McGirr. At the opening ceremony, G.A. Lloyd presented Nuffield with one of seventeen sovereigns found during excavations of the site. In later years, the site would be shared with associated independent companies such as Joseph Lucas, Conveyancer Fork Trucks, Olympic Tyre and Rubber, Beaurepaires, Thornycroft, James N. Kirby, Champion Spark Plug Co. and The Distillers Co., most of whom were of direct benefit to the BMC factory.

At that time, Morris vehicles were both imported Completely Built Up (CBU) and also assembled from Completely Knocked Down (CKD) packs from UK at Victoria Park. Australian input to the vehicles at this time was more or less limited to the provision of soft trim, tyres and batteries, painting and assembly. Austin vehicles were

assembled by distributors located throughout the country at Ruskin Body Works, Dudley Street, West Melbourne (Austin A30, A50 and A55) and Charles Hope in Brisbane (A95) using bodies produced from CKD packs from the UK.

Perhaps the first car to benefit from the merger was the popular Morris Minor. The original Morris 918cc side valve engine was dumped and replaced by the more advanced Austin overhead valve unit of 803cc. Despite its smaller capacity, it provided more power than the old engine by virtue of the greater engine speed



Fig. 2.1 Austin A60 (AD09) and A40 Farina (AD08) August 1959.

It was as early as 1959, Bill Abbott (then Chief Engineer) and Bill Serjeantson (Experimental Engineer) recognised that BMC-Australia needed to make fewer models, and a greater volume of each individual model so as to keep costs down and quality up. A minimum model policy would result in savings in advertising, production costs. Accordingly, it was in 1960 that Abbott proposed that by 1966 the company would require just two models: a 4 cylinder, 4 passenger car; and a 6 cylinder, 6 passenger car. Abbott told his staff that BMC's competitors did not have a magic formula, or better people, but simply concentrated their efforts on a particular market segment and that BMC should do the same. Abbott, by then appointed Director of Manufacturing, recognised that BMC's main competitor was actually BMC itself. Models such as Lancer/Major/Wolseley and Cambridge/Oxford/Wolseley simply resulted in the BMC's slice of the pie being split into smaller pieces, not a larger slice.

"TO HIM THAT HATH SHALL BE GIVEN" were Abbott's words to the Sales Director upon Lawrance's imminent departure to UK in 1960 for a top-level meeting about the Australian operations. They described the vicious circle whereby the Company could not afford to rectify the problems with a particular model and so increase sales whereas competitors, who spend, say, more money on a proving ground to make their product better, enter an upwards spiral of vehicle improvement and customer sales. UK management had difficulty in understanding why the Australian operation was not profitable. This was mainly due to their lack of first-hand appreciation of the Australian market – and the oft-given invitation was extended for them to "come and see for yourselves."

In 1960 Lawrance was charged with introducing the notion of reducing the number of models and breaking the two-dealership arrangement to the UK management so that the Australian operation could become more profitable in the local market. A large task considering that this would have been the exact opposite of what UK perceived as being the keys to market success.

In 1961, the then treasurer Harold Holt had introduced a number of measures to curb rising inflation, and these included raising the sales tax on motor vehicles; the abandonment of import licensing; and a rise in company tax. Banks were also restricted in the amount they could lend. What became known as the Holt credit squeeze led to a recession in 1961.

These political events put considerable pressure on the affairs of BMC. In 1946, Austin and Morris had a market share of about 60%. This declined progressively every year and fell to about 30% in the first half of the 1950s with the introduction of the Holden, and by 1960, had fallen to 13.1% in 1960 with production of 30,000 vehicles well below the break-even point of 40,000. In his "magnum opus" report to management, Serjeantson exclaimed that "unless some quite drastic steps are taken to reverse the existing trends, B.M.C. is headed for virtual extinction in Australia."



Fig. 3.1 Rev. Ken Child (centre) looks on with company officials at a youth visit at the factory.



Fig. 3.2 Rev. Ken Child (left) stands next to Managing Director Graves and the Liverpool Mayor at the turning of the sod at the Liverpool site in June 1965.

The chaplain did not hold religious ceremonies in the factory, and did not use a counselling office, but mingled with the factory workers, office staff and company executives. Indeed, the Rev. Child was one of the dignitaries at the turning of the sod at the Liverpool warehouse site, standing alongside Abbott, in June 1965.

The Company also ran free English lessons which were held in the afternoon in the factory canteen. Teachers and materials were provided by the Department of Education. Proficiency in English allowed migrants to overcome problems associated with establishing themselves in their new country, and to advance them in their careers, both within and outside of BMC.

It would later be evident that the peculiar mixture of an industrial environment, a conservative and entrenched middle management, and the sprawling nature of the plant would all combine to frustrate the high volume of production required for a new large car that would be introduced to compete with Ford, GM-H and Chrysler.

In December 1966, a small working team, overseen by Beech, was formed to consider the long-term model policy of the company. They focussed on market research, cost factors that would influence vehicle design, and future styling trends, performance trends, and regulatory requirements.

It was soon recognised that any future model policy would be determined largely by what Ford and GM-H would do in the coming years. Since these companies operated in the major sector of the market (which was dominated by larger cars), it was felt that a larger car would be needed by BMC – an enlarged version of the Austin 1800 (ADO17) was suggested. A curious point of view given that Ford and GM-H were slowly heading towards the smaller car market with Cortina/Escort/Capri, and Viva/Torana.

It was not only BMC facing difficult decisions. Volkswagen had for some time been manufacturing cars at their plant in Clayton, Melbourne. In 1955, they had 3.1% market share, rising steadily upwards to 12.7% by 1960, but inexorably falling to 6.6% by 1966. Many perceived the 1966 model to be the same as that which appeared 10 years earlier, despite VW advertising that only seven parts were common between the first and later models. Unlike BMC, they had no revolutionary product to give them an edge. They relied on their well-deserved reputation for reliability. But, the youth market had moved on. What young person would want a VW when he or she could buy a Mini and aspire to a Cooper S? The Australian VW management were moved out and German management moved in. With no 6 cylinder model, no (affordable) sports model, and a tired appearance, it was a tough sell.

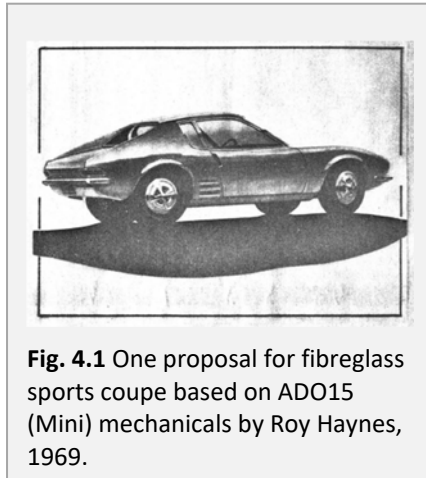


Fig. 4.1 One proposal for fibreglass sports coupe based on ADO15 (Mini) mechanicals by Roy Haynes, 1969.

looking beyond Model B into the future – with a proposed vehicle range based on BMC FWD mechanicals with a fibreglass body.

March came and went with no visit from the UK executives, and still no decision. In April 1969, a timing schedule had been laid out by Anderson. The schedule allowed for a 40 month development. For production of Job No. 1 in January 1973, the programme approval had to be obtained by September.

In April 1969, the Austin 1800 Model B prototype had been substantially completed and fitted with a north-south Rover V8 engine with front wheel drive, this was designated prototype 506.

Despite the advantages of this layout, the principles demonstrated in the Austin 1800 V8 mock-up were considered too costly to implement, and so a decision for a conventional rear wheel drive configuration was made on the basis that:

- A lower cost vehicle could be achieved while still achieving market requirements.
- Use of existing tooled up major assemblies reduced capital and tooling commitment and reduced engineering design effort.
- Reduced commercial risk by having a product with less financial requirement and a more proven design.
- Shorter engineering lead time

Model B was to have a conventional north-south engine, rear wheel drive, live rear axle and, for the size of car, an unconventional MacPherson strut front suspension. It was aimed directly at the competition, offering the very best engineering specifications with competitive price, model range and up-to-date styling.

Haynes writes to Beech: "I think my decision (to resign) was right - the fact that I failed to get through with the message that styling could make a worthwhile contribution towards establishing the product objectives was just as much a question of timing as it was problem of trying to re-align Harry Webster from a position where he is 'light years' away from competitive product development thinking. He can't change – because he won't. The 'embryo egg' of a Corporate styling activity which was laid inside the styling activity at Cowley now lies shattered in the styling studio at Longbridge - which is reduced to a 'service operation'. One way in which I could have avoided the problem was to let a large portion of styling capacity go to Longbridge and retain the 'embryo egg' and probably put it under the control of Central Staff operations. This would have allowed Webster to get on with his immediate tasks and at least a start would have been made to grapple with the problems of Corporate activity - which in any case with the number of irrational decisions already taken was some way down the road."

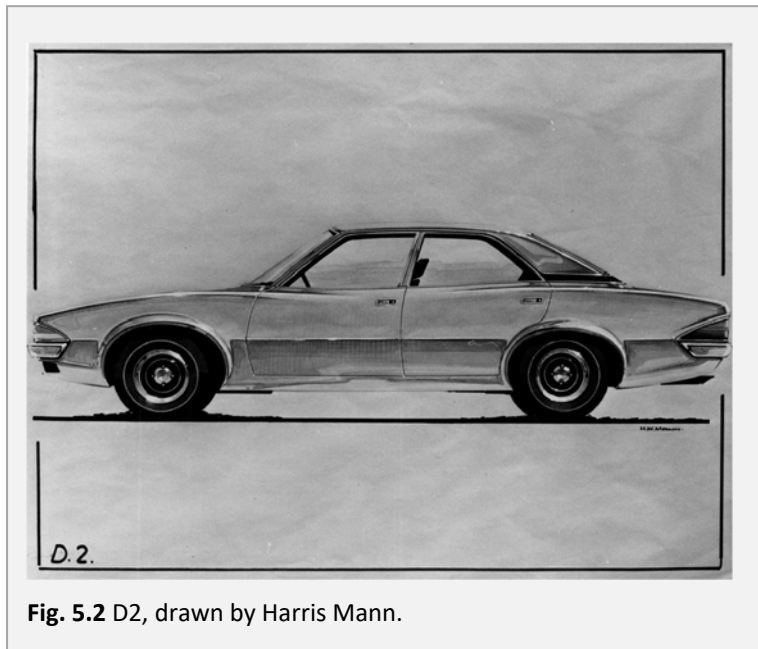


Fig. 5.2 D2, drawn by Harris Mann.

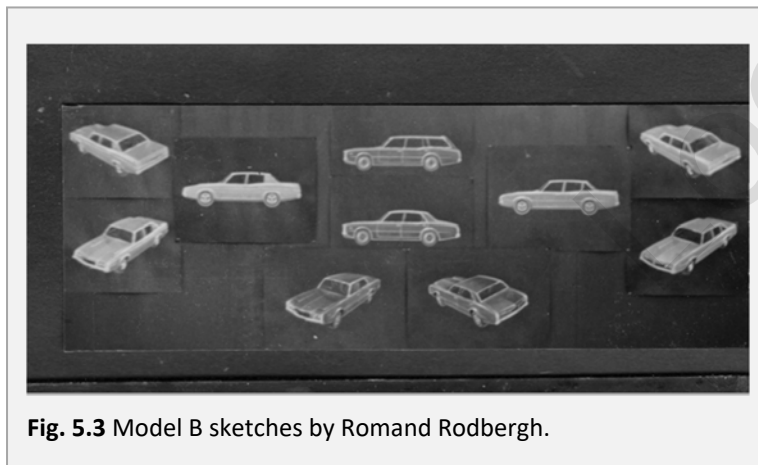


Fig. 5.3 Model B sketches by Romand Rodbergh.

On the 20th January 1970, Beech wrote to staff advising them that upon instructions received from Lord Stokes, the Australian Model B, should in future carry the designation "P.76". For the most part, the period between the P and the 76 was ignored and the model known as the P76. By the time of the launch in 1973, the period reappeared and was coming after the 6, i.e., "P76." The official design office designations were YDO26 for the sedan, YDO27 for the two-door coupe, and YDO28 for the wagon.

On the 23rd January, Stokes publicly announced the start of the program.

\$20m PLAN FOR NEW AUST. CAR

The British Leyland Motor Corporation will spend \$20m on the design, development and manufacture of a six-cylinder car especially for Australian conditions.

The \$20m outlay will be the major part of a \$30m expansion program in Australia to be carried out by 1973.

The announcement was made by Lord Stokes, the chairman of the British Leyland organisation, in Sydney last night.

Lord Stokes said the company would introduce three new cars over the next three years to

compete for a share of the market now held by Holdens, Falcons and Valiants.

It planned to double sales of British Leyland cars by 1974.

Lord Stokes said the first of the new models, a big six-cylinder passenger car of advanced specifications, would go on sale later this year.

The second model, to be introduced in 1971, would be smaller and designed to take a major share of the light car market.

The third car, on which \$20m would be spent, was planned for release in 1973.

It would be high performing and robust and

have a body created by an internationally famous Italian stylist whom Lord Stokes refused to name.

He said the car would be built at British Leyland's Victoria Park plant in Sydney and would be exported to Britain and possibly America and the Pacific zone.

It would contain at least 95 per cent local content.

The company's present models produced in Sydney, the Morris Mini, the Morris 1500 and the Austin 1800, would be retained and updated during the next few years.

Fig. 5.4 Sydney Morning Herald, 24th January 1970.

Group	Over/Under target
Tools	+\$0.52
Steering	+\$0.22
Prop Shaft	-\$0.38
Rear Suspension	+\$8.30
Front Suspension	+\$4.35
Cylinder Head	+\$8.52
Con Rods, Pistons	+\$7.77
Water Pump	+\$2.27
Distributor	+\$1.70
Total	+\$33.27

Table 6.1 Over and under expenditure on various mechanical components, Model B.

At a projected average annual volume of 38,000, this represented an increase of about \$1.2M in manufacturing costs in one year alone. Actions to reduce this overrun were discussed with ideas ranging from a change in supplier, to change in materials and processes. Perhaps sensing that questions were soon to be asked, Beech tabulated changes to the original P76 programme using Clarke's original report (from September 1969) as a reference.

Circumstance	Increase in Capital Investment (£)
Stokes decides that the 4.4L engine with dry liners should be used in place of the 4.2L wet liner block.	195,000
Austin-Morris decision not to proceed with a 6E version of the Marina which meant that development of this engine had to be done in Australia	435,000
Decision by Rover not to proceed with the 4.4L engine for UK vehicles	60,000
Total	685,000

Table 6.2 Reasons for increase in capital investment (£).

Beech was careful to make the point that the above increases were due to circumstances beyond the Australian operation's control, but this did not stop UK placing an embargo on capital expenditure and commitments.

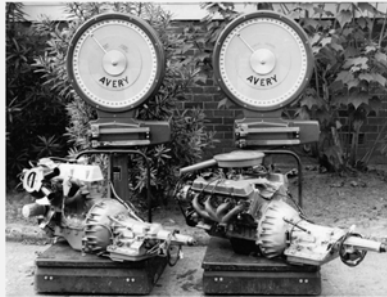


Fig. 7.1 Weight comparison, V8 and E6 power units with auto transmission. Both scales read 500lb.



Fig. 7.2 Leyland Moke Tray Top, 1973.

would use the 2622cc E6 engine as used in the P76. The prototype vehicle (S.E.P. 220 with a UK-built 2-door body and Australian 2.6L E6 and 3 speed Borg Warner manual transmission) had been undergoing tests in UK at Longbridge and also at MIRA. The development in the UK focussed on an initially unacceptable harshness over rough surfaces. At Moulton Developments, vibrations of mechanical components were analysed and changes to the front suspension shock absorber “leak” settings, front suspension tie rod rubbers, and rear spring rates were made. At MIRA, the engine mounts came in for special attention. As a result of this work, the vehicle was considered suitable for manufacturing with a vehicle ride biased towards comfort without substantially affecting the handling - although Anderson recommended that the shock absorber settings be adjusted slightly for the higher temperature ambient conditions to be found in Australia.

In 1971, the MKII versions of Kimberley and Tasman appeared, still badged as Austin. The Kimberley lost its twin carburettors, but other than that, most of the changes were with an “emphasis on refinement rather than changes to body metal.” The rear bumper bar gained a rubber insert, and the Kimberley sported a matte black rear panel. Head rests were added to the Tasman front seats, and higher level trim material used for the Kimberley interior. Both models were given an anti-glare break-away rear vision mirror, reversing lights, and an exterior mirror on the driver’s door.

In March 1973, North reported that the total Company investment in Australia stood at \$107M of which \$82M was the Car Division. For the 1972/73 financial year, estimated sales for the Car Division was \$125M with 5,029 employed.

Mini/Van/Moke had a local content of 88%, Marina 87%, X6 Tasman/Kimberley 85% and P76 95%. The P76 was described as a completely Australian car, designed from scratch in Australia by Leyland Australia’s Product Engineering – encompassing a significant number of design advances, particularly in reduced overall weight, simplified body structure, above-average suspension along with many “common industry” components. The Company aimed to fill the role of a smaller manufacturer setting high standards of intrinsic product value and ownership satisfaction, achieving a domestic market share in the range 10-15%. The objective of the P76 product line was to retain and develop the basic concept of a “better than average” medium-sized car line, with extended intervals between facelifts and minimum design-induced obsolescence.

In March 1973, the whole range underwent a marque change from Morris to Leyland. The Leyland Mini (\$2,085), and Leyland Mini S (\$2,335) – not to be confused with the Cooper S/Clubman GT, had improved trim and seats, a different final drive ratio, and an eventual reversion back to rubber cone suspension. The Leyland Mini S also had radial ply tyres, a different grille, and “S” badge on the boot lid, Italian-styled steel



Fig. 8.1 David Beech accepts the Wheels Magazine Car of the Year award, 1974.

The Car of the Year award was given to the manufacturer which contributes the most significant product advance to the industry. The car must have been released in Australia in the previous 12 months, and completely built or assembled in Australia from local components. The award is based on engineering excellence, innovations in design, fulfilment of the design concept, road behaviour and performance, plus the contribution the car makes to the standards of engineering. The P76 certainly ticked all the boxes.

Disquiet about the car was no more evident than at the factory. At only six months on the market, and a facelift not scheduled until May 1975, a long list of requests for improvements had already been submitted by the Service Department. Prescott was moved to write to Kay:

“The P76 gives rise to mixed feelings. Basically, it has some very appealing features – a good eye-catching body styling (in spite of some rather questionable areas) and a generally pleasing mechanical performance. However, it fails badly in a number of what might be called environmental factors – “living with the car” – and female comments come strongest in this regard. This emphasises, once again, the need for more operational testing and proving in the design stage, covering every user requirement down to the smallest detail. Our proving tends to be confined to durability! The other major failing is in the ability to build the car to a desirable “fit and function” quality level. This comment is not to be confused with the to-be-expected early production faults. One must wonder whether the economic restrictions have made it difficult for us to produce this car consistently with good panel fits and complete water/dust sealing (and for it to remain so in service); also for detail equipment to function reliably straight off the assembly line.”

This was followed by a detailed list of areas that needed attention – many of the items being very similar to those highlighted six months earlier by Rover at Solihull in UK.

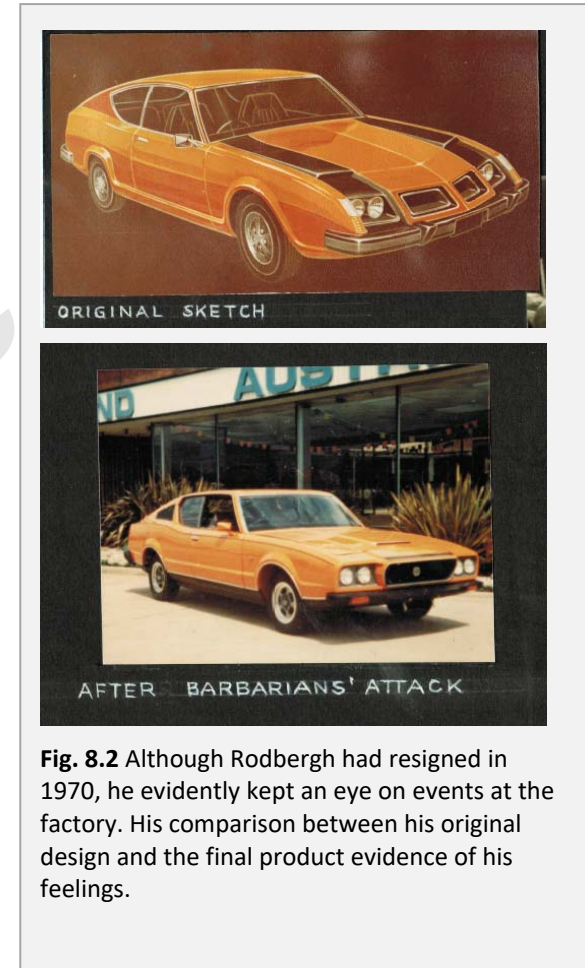


Fig. 8.2 Although Rodbergh had resigned in 1970, he evidently kept an eye on events at the factory. His comparison between his original design and the final product evidence of his feelings.



Fig. 9.1 Trim shop at PMC Enfield.

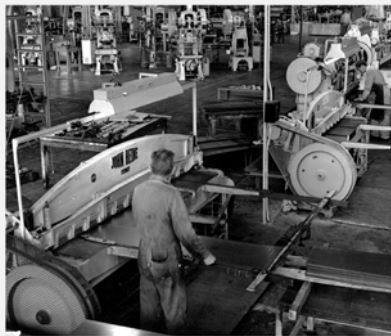


Fig. 9.2 Presses and Guillotines at PMC Enfield.

PMC was subsequently purchased by BMC in 1969 for \$2M.

The Waterloo plant was progressively closed from October 1974 to March 1975. A planned visit in December 1974 by Lord Stokes to the factory was cancelled. In January 1975, the Vehicle Builders Employees Federation (VBEF) reported that of the many employees offered new positions at the Enfield plant, only about 200 people had accepted along with about 50 non-union staff, with the remainder accepting retrenchment payouts. There was a union ban in place which was intended to preserve the capacity of Waterloo in the event that a purchaser for the plant could be found, but this was not to be. In fact, stripping of the factories proceeded very soon after the official closure indicating that Abell was not interested in any sort of resumption of manufacturing activities on the site by either Leyland or some other entity.

Supervisory personnel were offered a six month extension of their retrenchment and at the end of that time, could either stay or take their package. Staff at this level typically had lease cars supplied for their private use, while a plant manager would have a fully supplied car and a lease car – these benefits transferring to the job at Enfield as part of the attraction to stay on. This was before the days of Fringe Benefit Tax.

Supervisors were needed for Mini and Moke production in the body jig area, metal finish line, paint shop and final assembly. Skilled workers, especially those with a long tenure, were offered attractive retrenchment packages which dissuaded them continuing on at Enfield. Unskilled workers were reluctant to follow the company west and this resulted in a shift towards a middle eastern ethnic mix resident in that area compared to the mainly European immigrants at Waterloo.

At that time, David Stringfellow was Plant Manager at Enfield. The site was by then producing small pressings and assembling Land Rover, Leyland National Bus, Leopard chassis, and the Leyland tractor range. Land Rover production was moved to make space for Mini and Moke production in the front building after MGB production had moved in CAB 3 at Waterloo in 1968. Les Turner laid out the new production lines ready to take Mini and Moke.

Stringfellow had some problems to solve. The proposed transfer of production from Waterloo to Enfield would result in a significant increase in the level of activity at the Cosgrove Rd site, and would also require building alterations, both of which would require local Council approval. The application was for “returning of the existing Enfield Plant to the type of work, and level of production/employees of period 1967-1972, and enable minor Building Applications, which are necessary for production processes, to be approved.” As well, a new office building at the front of the premises and a new awning across the back of an existing building.



Fig. 10.1 Peugeot 505 manufacture at Enfield, 1981 – 1983.

A reorganisation of the Company took place with the creation of five separate divisions: Cars and Four Wheel Drives, Trucks, Bus Chassis, Parts, and PMC-Denning (Coaches).

In September 1981, the Company took on the assembly and distribution rights for Peugeot passenger vehicles, with the assembly of the 505 being carried out at Enfield – which resulted in the cessation of Moke production by the end of the year. Moke production was transferred to Portugal in 1983.

Although the overall truck market showed an increase of some 8%, in 1981, almost all of this occurred in the under 3 ton category in which Leyland was not represented and so Leyland truck sales did not reach anticipated levels.

The PMC-Denning coach business, now operational at Royal Park in Adelaide, the Denning works in Acacia Ridge Brisbane, and Marigold St Revesby in Sydney, continued to win government mass transit contracts.

The Company posted a profit of \$3.229M for 1981.

For British Leyland in UK, things were in reconstruction mode. The empire built by Stokes had been dismantled and new chairman Sir Michael Edwardes had shed 70,000 jobs from the organisation. New models like the Mini Metro appeared from Longbridge where computerised robotic assembly lines had been installed. The Honda inspired Triumph Acclaim was coming on-line at Cowley in Oxford. Rover SD1 (transferred from Solihull) and Princess were also being made at Cowley.

In Australia, Hovell had broadened the company's outlook to beyond the parent company's products with the distribution of Peugeot and, later, Rover (Honda) vehicles, and in doing so, diluted criticism by making those other products work in the market. He also invested more in the Bus and Coach business and took on the importation and assembly of Hino bus chassis from Japan and introduced the Isuzu diesel engine for the locally assembled Land Rover.

1982 profit was down to \$0.8M.

In March 1983, Hovell formed a new company, Jaguar Rover Australia Ltd (JRA) which took over all the assets and responsibilities of Leyland Motor Corporation Australia Ltd which then ceased trading. One of his first actions was to make the decision to close the Enfield plant, and with it, CKD production of Peugeot and Range Rover ceased later in the year, to become CBU.

Hovell said, in a letter to staff,