

Memorandum:

18th March, 1952.

Notes for discussion during

VISIT OF LORD HIVES.

FINANCIAL:

We do not expect to have as good a financial year as in 1951, and our estimated profit for the current five months of the year to 28th February, 1952, is £57,851 (before tax) as compared with £128,069 for the corresponding period last year.

Included in the corresponding period last year was a large profit on Buses, which had been in production some time and therefore settled down to an economic level, but unfortunately we suffered a gap in production this year and have only just delivered our first batch.

Also included in last year's figures was about £40,000 profit on surplus aluminium sheet which was bought for housing use. There is a distinct possibility that a similar quantity will become surplus this year.

We must bear in mind that we may have to write off a substantial loss against the Enamelling Plant this year.

Looking at our financial books of account, however, we are in a strong position, as will be seen from the attached figures, some of which have been taken from the balance-sheet at 30th September, 1951.

AIRCRAFT FACTORY:

The following is an indication of the programme of work to be carried out by the Aircraft Division, and an approximate status of existing work now in progress.

1. "Sabre" Project:

CA.26 Prototype - one only. Target date for completion (delivered to Flight) end of January, 1953.

CA.27 Production Sabres - Quantity ordered, 72 plus spares. Delivery of first production aircraft to Flight, targeted for end of October, 1953.

Proposed production rate:

1	per month	from November 1953	to April 1954.
2	"	"	May 1954
3	"	"	September 1954
4	"	"	January 1955
	"	"	October 1955.

If any further increase in programme -
5 per month thereafter.

2. "Avon" parts ex Aircraft Division: - RA.3 Engine parts:

Known requirements, 88 Engines. Delivery of parts commencing about December, 1952, and completing approximately February, 1954.

RA.7 Engine Parts:

Known programme, 140 Engines. Delivery of parts commencing approximately April, 1954, and completing approximately October, 1956.

3. "Nene":

Work on this project should taper off approximately September, 1952, when labour will be moving over on to Avon work.

AIRCRAFT FACTORY - continued:

4. CA.25 Trainer Aircraft:

Quantity on order, 62 Aircraft. Delivery to Flight of the first production Trainer is scheduled for the end of July, 1954.

From August 1954 to November 1954, delivery rate will be 1 per month.

From December 1954 until February 1955, delivery rate will be 2 per month.

From March 1955 until August 1956, delivery will be 3 per month.

This is based on the assumption that Trainer tooling will be able to commence about the end of December, 1952, and reach completion about the end of April, 1954. This in turn presumes that the Sabre production tooling will be completed by the end of May, 1953.

5. CA.17 and CA.18, Mustang Contract:

Quantity of aircraft ordered - 200. This contract is almost completed, 199 having been delivered, and the last aircraft (serial No.A68-183) should be delivered to Flight this week.

(Note: Aircraft A68-183 was held up considerably, due to the finalisation of Irreversible Controls.)

The majority of the Mustang Assembly Jigs have now been despatched to Tocumwal, to clear factory space for the installation of jigs for the Sabre project.

6. Mustang Overhaul Programme:

Quantity of aircraft received for overhaul - 25.
Number of aircraft delivered - 21.

7. Wirraway Overhaul Programme:

Number of aircraft received for overhaul from R.A.A.F., 95.
Number of aircraft delivered to R.A.A.F. - 74.

Number of aircraft received from R.A.N. - 4.
Number of aircraft delivered to R.A.N. - 4.

The known work at this time will carry us through to November, 1952.

(Note: The R.T.O. has made an unofficial inquiry as to whether this Company could accept more Wirraways for overhaul, and at the same time step up the delivery rate of approximately 4 per month to a probable 8 or 10 per month. Unfortunately, the Wirraway overhaul programme may have to be transferred to the Flight Hangar, in which case the rate of overhaul would not be better than about 4 per month. Our present rate is a little better than 4 per month.

8. Miscellaneous Aircraft Spares Orders:

(a) D.A.P. Lincoln Manifold Sets:

	<u>Ordered</u>	<u>Delivered</u>
D.21457	207	100
D.21458	262	178
D.21395	50	-
D.21396	50	-

This work is progressing at a variable rate, governed mainly by the availability of material from D.A.P.

8. Miscellaneous Aircraft Spares Orders - continued:

(b) Vampire 100-gallon Drop Tanks:

Ordered	78 L.H.	78 R.H.
Delivered	33 L.H.	43 R.H.

Approximately half a dozen L.H. Tanks are awaiting despatch, and the remaining 16 Tanks to complete the initial order for 50 pairs are in an advanced stage of assembly.

Progress on the second order for 28 pairs is being adversely affected by the shortage of material for the main shell section.

(c) De Havilland Vampire Fuselage Tanks:

Ordered	85 Tanks.
Delivered	60 "

Manufacture of these Tanks is proceeding at the required rate of 1 per week.

(d) R. A. A. F. Mustang Jettison Tanks (Steel):

Ordered	328.
Delivered	243.

Production is proceeding at a delivery rate of approximately 15 per month.

(e) Dakota Lines (SA.9625):

Ordered	21 items.
Delivered	19 "

Two rejected items have yet to be remade to complete the above orders.

(f) D. A. P. order for Wasp Engine Components (SA.9709):

Ordered	250 sets.
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Work is proceeding on both component and sub-assembly stages of the above order.

(g) Repair of Rocket Mounts (SA.9738):

Work on this order is proceeding satisfactorily. It is anticipated that delivery will be made during this month (March).

(h) Vampire Loop Aerials (SA.9762):

Initial order for 40 Assemblies and 350 Sense Aerials has been completely delivered, but a further order for 22 Assemblies and 198 Sense Aerials has just been received.

(i) Overhaul of Mustang Radiators:

Quantity for overhaul on SA.9432	- 41 only.
" " " SA.9465	- 29 "

Deliveries to date - 51. Work is progressing favourably on these items.

(j) Overhaul of various Mustang Spares (SA.9630):

Ordered on SA.9630 - 302 parts for overhaul.
Delivered - 147.

Ordered on SA.9935 - 30 parts for overhaul.
Awaiting despatch - 8.

8. Miscellaneous Aircraft Spares Orders - continued:

(k) Overhaul of Wirraway Spares (SA.9631):

Number of parts for overhaul - 120.
Number delivered - 14.

(l) D.A.P. Exhaust Shrouds (SA.9791):

Ordered - 100 sets.

50 sets of this order (the limit of material availability) are in work and progressing satisfactorily.

(m) D.A.P. Order for Repair of Radio Power Units (SA.9910):

Ordered - the repair of 99 only Y10K/36 units. completions to date - 20.

Work is progressing favourably.

9. G.M.H. BUS CONTRACT:

The original contract of 928 "OB" Buses was completely delivered.

Of the current order for 410 "SB" Buses, 47 have been delivered to date, and deliveries are continuing at the prescribed rate of 1 Bus per working day.

EXPERIMENTAL PROJECT - CA.23:

We have suspended work pending a policy decision, and are investigating a more suitable alternative in case it is decided that the CA.23 is too big a task for our resources. It is essential to look ahead and be ready with a proposal for a developmental job which has a direct application to Air Force future requirements.

ENGINE FACTORY:

1. Nene Engines:

Total number of engines on order, 98, of which about 73 have been produced. The balance are well in hand.

2. Overhaul and Repair of Nene Engines:

Overhaul and repair of Nene Engines is being undertaken on a continuous programme for the R.A.A.F.

3. R.1340 S.R. Wasp Engines:

Overhaul and repair programme at the rate of 4 engines per month. Likely to step this up to about 10 per month.

4. R.1830 T.R. Wasp Engines:

Overhaul and repair programme at the rate of 2 Engines per month.

5. Manufacture and Reconditioning of R.1830 T.R. Wasp Engine Spares:

This project is carried out for the R.A.A.F. and Civil Airline operators.

6. New Engine:

Both prototype Engines have undergone several running tests, and have been stripped and inspected; the condition of each engine has proved excellent.

7. Avon Engine Project:

(a) Schedule of Production:

The present delivery schedule of the first RA-3 Engine (excluding the 40 complete imported Engines) is March, 1953, and the scheduled deliveries during 1953 are as follows:-

<u>For Month</u>	<u>Cumulative</u>
March	1
April	3
May	6
June	10
July	15
August	21
September	27
October	33
November	39
December	45

A range of major components has been purchased for 25 engines, and it has been assumed that 5 sets of these will be allocated for spares. While the engine to be produced in March will contain the majority of C.A.C. produced parts, the 21st engine (delivered in August) will be the first engine containing all C.A.C. components.

It is not expected that any RA-7 engines can be produced before January, 1954, and this is due to -

- (a) Non-availability of materials.
- (b) Lack of tooling.

(b) Materials:

All orders have been placed for materials for the RA-3 project, and it appears that deliveries from overseas and local sources will meet requirements. Approximately 90% of the orders have been placed for the RA-7 project, and the remainder will shortly be placed. Particular stress is being placed on developing local supplies for this project. It may be necessary to divert some of the materials from the RA-3 project to meet the early stages of the RA-7 programme.

(c) Equipment:

The following is a statement of the position in regard to major items of equipment:-

<u>Source.</u>	<u>Ordered</u>	<u>Received</u>
Ordered by C.A.C. from local agents (Company property)	26	13
D.A.P. purchases in U.K.	36	4
D.A.P. purchases from Australian agents	32	7
Ordered by C.A.C. from local agents (Government property)	9	3
On loan from D.A.P.	5	4

It appears that in general, equipment will be available to meet our requirement, but some items will need constant follow up to obtain satisfactory deliveries.

7. Avon Engine Project - continued:

(d) Factory Rearrangements:

Two schemes for rearranging the factory have been prepared, the first based on 1½ engines per week and the second on 3 engines per week.

The second scheme necessitates the building of a separate assembly department, so that the machine shop can be expanded. Whilst the first scheme has been approved, no action is being taken pending a decision on the second scheme. Ample time is available to defer action on the rearrangement for two or three months.

(e) Planning:

Of 1,043 items requiring operational planning, 868 have been completed. Satisfactory progress is being made on the remainder, but they are generally of a more complex nature. Completion is expected by the scheduled date of August, 1952.

(f) Tool Design:

It is expected that the combined efforts of the Melbourne and Lidcombe tool design offices will result in the completion of the RA-3 tool design programme by the end of January, 1953, which is the scheduled date.

(g) Tool Manufacture:

Although use is being made of small toolrooms, the major sources of RA-3 tooling are -

C.A.C., Melbourne
C.A.C., Lidcombe
Rolls-Royce Limited
Taft-Peirce & M.B. Manufacturing Co.,
U.S.A.

Tooling to the value of approximately £(A)140,000 is being purchased from Rolls-Royce Ltd., and the U.S.A. tool manufacturers will provide about 35,000 man-hours to the end of 1952.

The tool programme for the RA-3 can be divided into two groups -

- (i) Tooling for components which will be required for the first engine;
- (ii) Tooling for the components which will be required for the 21st engine.

The scheduled date for group (i) is December, 1952, and to meet this, approximately 20 additional toolmakers are required almost immediately.

The scheduled date for group (ii) is the end of April, 1953. Pending further progress on the operational planning, it is not possible to assess the total tooling involved, but it is apparent that full use will need to be made of all sources of tooling to meet this date. All capacity available in the production machine shop will be used to assist.

7. Avon Engine Project - continued:

As was indicated by Lord Hives during his last visit to Australia, the "bottle-neck" in production at this factory is in the shortage of skilled labour; in the first place, toolmakers and tool designers, and next, skilled tradesmen.

A shortage of this class of labour is chronic in industry generally, and outside commercial firms have broken their various Arbitration Court Awards, both as to rates of wages and conditions, in an endeavour to compete for this class of labour.

We introduced an Incentive Scheme which increased wages by 10%, and this resulted in "stopping the rot", but it has had little effect in increasing the number of personnel.

The problem of obtaining extra labour is under consideration.

? new factory at Highlett

COMMONWEALTH AIRCRAFT CORPORATION PTY. LTD.

1. Share Capital	£699,999
Dividend	70,000
Liabilities	<u>668,685</u>
	£1,438,684

Less:

Current Assets	£1,482,741
Reduced by:	
Deferred Manufacturing Expenses still to be recovered on Enamelling Plant	£15,843
Allowance for Capital loss on Enamelling Plant - say 66-2/3% of £50,330	<u>£33,553</u>
	£49,396
	£1,433,345

Therefore our liabilities, including share capital, can be met out of Current Assets - without taking into account Fixed Assets.

2. Fixed Assets:

It will be noted that the depreciated value of the Fixed Assets shown in the Balance Sheet is £325,369. Their real value, it is suggested, is considerably in excess of this figure, and the following is a rough assessment based on something like today's values.

Present-day value of Assets (rough assessment):

	<u>Cost</u>	<u>Balance Sheet Value</u>	<u>Estimated Value</u>
Freehold Land	£42,425	£42,425	£42,425
Buildings	32,300	158,202	516,120 (i)
Service Plant	191,850	12,821	302,880 (ii)
Machinery, Factory Equipment, etc.	630,620	102,546	242,010 (iii)
Roads and Fences	9,375	<u>9,375</u>	<u>9,375</u>
		<u>£325,369</u>	<u>£1,103,435</u>

Notes:

- (i) At estimated replacement value based on recent assessment.
- (ii) Say 33-1/3% of plant purchased prior to 1951 plus full value (£47,000) for 1951 purchases.
- (iii)