



Federal Chamber of  
Automotive Industries

# ANNUAL REPORT **2019**



# FCAI MEMBERS

Ateco Automotive Pty Ltd	— Maserati	— LDV	— Ram Trucks Australia	— Audi Australia Pty Ltd	Kawasaki Motors Pty Ltd	— Husqvarna	— Gas Gas	— Skoda
BMW Group Aust Ltd	— MINI	BMW Motorrad			Lexus Australia			
BRP Australia Pty Ltd	— Can-Am				Mazda Australia			
Ducati					Mercedes Benz Australia Pacific Pty Ltd			
Fiat Chrysler Australia Pty Ltd	— Alfa Romeo	— Chrysler	— Jeep		Mitsubishi Motors Australia Ltd			
Ferrari Australasia Pty Ltd					Nissan Motor Co Australia Pty Ltd			
Ford Motor Company of Aust Ltd					Peter Stevens Motorcycles	— Aprilia	— Moto Guzzi	— Vespa
GM Holden Ltd						— Triumph	— Piaggio	
Haval Motors Australia Pty Ltd	— Great Wall				Porsche Cars Australia			
Harley-Davidson Australia Pty Ltd					Renault Australia			
Honda Australia Pty Ltd					SAIC Motor Australia Pty Ltd	— MG		
Honda MPE (Aust) Pty Ltd					Ssangyong Australia			
Hyundai Motor Company Australia Pty Ltd	— Genesis				Suzuki Australia Pty Ltd			
Inchcape	— Peugeot	— Citroen	— Subaru Australia Pty Ltd		Suzuki Motorcycles Australia			
Indian Motorcycle					Tesla Motors			
Isuzu UTE Australia Pty Ltd					Toyota Motor Corp Australia Ltd			
Jaguar Landrover Australia Pty Ltd					Volkswagen Group Australia	— Skoda		
					Volvo Car Australia			
					Yamaha Motor Australia Pty Ltd			

# LIFE MEMBERS

<b>1982</b>	<b>BL Burton CBE</b>	<b>2008</b>	<b>TK Amery</b>
<b>1999</b>	<b>DM Morgan</b>	<b>1995</b>	<b>JH Conomos AO</b>
<b>1983</b>	<b>DI Donaldson AM</b>	<b>2010</b>	<b>RJH McEniry</b>
<b>2001</b>	<b>P Thomas AM</b>	<b>1996</b>	<b>LP Daphne</b>
<b>1987</b>	<b>RC Hunt</b>	<b>2011</b>	<b>L Smalley</b>
<b>2002</b>	<b>PH Hanenberger</b>	<b>1997</b>	<b>MD Gough</b>
<b>1990</b>	<b>WL Dix AO</b>	<b>2013</b>	<b>DG Dickson</b>
<b>2006</b>	<b>T Phillips</b>	<b>1997</b>	<b>MT Quinn AM</b>
<b>1991</b>	<b>IA Deveson AO</b>	<b>2013</b>	<b>M Yasuda</b>
<b>2006</b>	<b>S Strickland</b>	<b>1998</b>	<b>IF Grigg AM</b>
<b>1993</b>	<b>RH Johnston AO</b>	<b>2015</b>	<b>D Blackhall</b>
<b>2007</b>	<b>PM Sturrock</b>		
<b>1994</b>	<b>BW Schlickum</b>		

# REPRESENTING THE AUSTRALIAN AUTOMOTIVE INDUSTRY

The Federal Chamber of Automotive Industries (FCAI) is the peak representative organization for companies who distribute new passenger vehicles, light commercial vehicles, motorcycles, and all-terrain vehicles in Australia.

With 68 brands offering around 380 models, sold and serviced by almost 4000 dealers, Australia's automotive sector is a large employer and contributor to our economy, lifestyle, and communities big and small.

Local vehicle production ceased in 2017 and all vehicles sold in Australia are now imported.

However, some brands retain design and engineering facilities in Victoria which support global new model development. As well, thanks to world's best local expertise, Australia remains a source of components (including aluminium castings and alloy wheels) which are sold to manufacturers in Japan and North America.

The reach of the automotive sector is significant: vehicle importation, distribution, retailing, servicing, logistics/transport, and engineering. Support comes from hundreds of supplier companies, employing thousands of Australians.

# CHAIR'S REPORT

## 2019

**Horst von  
Sanden**  
FCAI President



The year of 2019 was a testing period for industry and business in Australia on many fronts, with challenges across the economic, financial, political, environmental, and business sectors. All of these factors, in turn, had a detrimental effect on the automotive industry in Australia.

During the year, the national economy grew by 1.7 per cent, with low income growth, low consumption growth, a flat real estate market and subdued business investment acting as contributing factors to this year-end figure.

The Royal Commission into Banking examined Australia's banking, superannuation, insurance, and financial advice sectors, handing down 68 recommendations on completion. These included protocols for tighter restrictions on personal and business lending, a process which strongly affected new vehicle sales.

The Australian Federal election was held on 8th May 2019, with Scott Morrison's Liberal/National Coalition Government re-elected, narrowly defeating the Labor Party led by Bill Shorten. Political uncertainty in the lead up to the election again took its toll on the economy and buyer confidence.

Environmentally, 2019 began with torrential rain and flooding across much of North Queensland. At the same time, serious bushfires devastated large areas of forest in New South Wales, Victoria, and South Australia. Record temperatures in spring saw the early onslaught of the fire season, with bushfires again ravaging the country from October through to December.

These natural disasters impacted heavily on the rural sector and the larger economy.

The combination of unseasonal and unusual conditions affected a number of sectors across Australia during the year, including the automotive industry, which recorded 1,062,867 new vehicles sold.

The 2019 figure was the lowest annual sales result reported in VFACTS since 2011 and reported a year on year decrease of 7.8 per cent on 2018. This downward trajectory was a continuation of sales decreases seen throughout the previous 21 months.

Motorcycle sales fared better, but still recorded a decline. Australia's Motorcycle Market (which includes the ATV/SSV market) fell 6.1 per cent in 2019, with total sales for the full calendar year of 89,199.

Adding to the challenge for automotive manufacturers was the unique nature of the Australian new vehicle market, one of the most competitive in the world. More than 68 brands offer over 380 different models for sale in the Australian market, and all are vying for a share of the 1.10 million new vehicle sales each year.

At our 2019 AGM, the FCAI anticipated there would be changes to industry business models and methods of operation. This was certainly true, and we are anticipating the ongoing evolution within our own membership as brands re-evaluate their positions in these challenging market conditions. Brands are reviewing their business practices and considering alternative models which may offer a more enjoyable customer experience and lower operating costs.

The times are indeed changing, and the FCAI is strongly aware of the need to stay abreast of developing trends. We continue to support our members throughout this change process and in 2019 we took steps to ensure our structure reflected this future-forward orientation.

In September, the FCAI appointed a dedicated Emerging Technologies Director, whose role it is to stay abreast of technological advances in the automotive sector. This role is also tasked with working closely with Government and agencies to advise on industry viewpoints on a number of topics, including:

- Connected and Autonomous vehicles
- The proposed Automated Driving System Entity
- Access to Data and Data Privacy
- Road User Charging
- Zero and low emission vehicles.

The emerging technologies topics are new additions to an already packed agenda for the FCAI. A number of ongoing issues continue to challenge the Chamber on a daily basis, and our chief executive, Tony Weber, touches on these in his CE Report (see page seven).

While it is clear that 2019 was a difficult year from an automotive sales viewpoint, the FCAI will continue to inform and engage with brands, industry, government, and agencies to assist our members to bring the best possible product to Australian consumers..

# CHIEF EXECUTIVE'S REPORT

## 2019

**Tony Weber**  
FCAI Chief  
Executive



While the Federal election was a major focus for many Canberra agencies in 2019, the FCAI continued to take a wider view of the issues facing our members, the automotive industry, and the Australian economic environment as a whole.

Many of the topics included in the FCAI's remit are complex, long-standing and ongoing. Legislative or policy issues often require strong input from industry over an extended term to ensure appropriate outcomes are reached. For this reason, many of the activities and topics that the FCAI engaged in during 2019 will be familiar to our stakeholders.

In total, the Chamber typically addresses in excess of twenty different automotive related topics throughout the year, and many of them demand a long term-commitment to be managed appropriately.

Topics such as CO2 Emission reductions, fuel standards, the Road Vehicle Standards Act, Franchising, All-Terrain Vehicles, Biosecurity, and Australian Consumer Law are not new, but remain a priority for the Chamber (see Key Activities on Page Thirteen). These topics are under continuous development and require constant attention.

During 2019, however, there were four specific topics which were prioritised by the FCAI:

### **VFACTS continuous improvement.**

VFACTS is the new vehicle sales reporting system, curated by the FCAI, that collates new vehicle sales data and provides it to automotive members, Australian industry, business, government, and analysts.

The system requirements and inputs are complex and logically challenging. Enhancements are made on a 'continuously improving' basis to ensure the data system retains optimum operating capabilities.

During 2019 the FCAI planned and began implementing upgrades to the VFACTS reporting system aimed at tightening reporting requirements and enhancing the timeliness of the sales data.

### **CO2 Emissions.**

The FCAI has long called for the establishment of an industry led reporting system, and during 2019 much progress was made on the development of a CO2 Emissions Standard, which is designed to set out industry and brand CO2 emissions targets at 2030.

The FCAI first engaged with the topic in 2016, when the Government released a Regulatory Impact Statement on Fuel Efficiency (CO2) emissions which contained recommendations from the Climate Change Authority.

Subsequently, the FCAI formed a CO2 working group to investigate a voluntary standard in light of the lack of available policy and action on climate change.

Since then, the FCAI and our members have continued working on the topic, consulting with Government and relevant industry organisations. In addition, the Chamber

commissioned independent research by technical and engineering consulting experts, ABMARC, to assist in developing a challenging but achievable target.

The Standard is intended as a long-term solution which recognises that different brands will follow different paths towards the target depending on their individual model cycles. For this reason, the Standard is set across a ten-year period with one key target in 2030.

The FCAI strongly supports a comprehensive approach to addressing motor vehicle emissions that includes fuel quality standards, the introduction of Euro 6 and the introduction of a challenging but realistic, achievable and market relevant CO<sub>2</sub> standard.

### **Takata Mandatory Recall.**

Throughout the year, an unwavering commitment to safely complete the Takata Mandatory Recall was demonstrated by all members.

At 31 December, the industry had rectified 2.59m vehicles and estimated that approximately 463,000 vehicles remained outstanding. Included in these numbers were 206,800 Section 5 (3) vehicles where owners had failed to respond to repeated communications from manufacturers. This means the industry has completed 84.8 per cent of all affected vehicles to the end of 2019 – a strong result for a difficult task which finishes at 31st December 2020.

The industry maintained a significant media presence throughout the year with strong advertising, social media, and public relations campaigns. These programs were presented across multiple platforms, including broadcast, print and on-line outlets. Regional press and Culturally and Linguistically Diverse (CALD) content was also widely published in an effort to reach as many owners as possible.

Industry website, [www.ismyairbagsafe.com.au](http://www.ismyairbagsafe.com.au) remained pivotal to the Takata campaign, recording 9.3 million visits to the end of December 2019, and identifying 1.5 million affected vehicles.

### **All-Terrain Vehicles**

One area with a disappointing result was that of All-Terrain Vehicles (ATVs). Despite the FCAI's best efforts, Government

has mandated the fitment of Operator Protection Devices (OPDs) to all ATVs.

The recommendation to require OPDs on ATVs is without basis. The best evidence available is research from Dynamic Research Inc (DRI), an American firm which specialises in applied research and development on vehicle dynamics and control.

DRI's simulation analysis demonstrates that OPDs will cause approximately as many injuries and deaths as they prevent. In addition, no coroners presiding over ATV related inquests in Queensland, New South Wales, or Tasmania found the evidence supporting the fitment of OPDs to be persuasive, and, at most, their recommendations were that further studies be undertaken.

Nonetheless, the mandatory fitment of OPDs to ATVs was approved by Government in October 2019, a move which will ultimately be detrimental to the productivity of the agricultural sector in Australia.

### **Looking to the future**

The FCAI does not just deal with pre-existing or current issues. Every year we are becoming stronger in engaging with innovation in the automotive industry, and 2019 demonstrated a strong focus on the future.

The year saw the first series of FCAI Future Strategy Sessions, where the Secretariat and selected Board members collaborated to produce the first of the Strategic Direction initiatives that will guide the Chamber over the next five years. Our vision and mission statements were rewritten, and strategic goals and key initiatives formed.

A new Director position solely focused on exploring emerging technologies, and a new Emerging Technologies Committee, was established. In addition, the FCAI engaged with relevant Parliamentary Ministers and Committees to extend the political network of the Chamber into new technologically focused areas.

# THE 2019 ANNUAL GENERAL MEETING

The FCAI's 2019 Annual General Meeting was held at the Melbourne Cricket Ground reception rooms on Wednesday 29th May and associated functions consisted of the May Board meeting and a dinner for members and guests.

Guest speaker for the evening was Kerry O'Brien, renowned Australian journalist, who presented the keynote speech. Mr O'Brien's longstanding journalistic career included senior appointments on current affairs programs such as the ABC's 7.30 Report and Four Corners. During his career, Mr O'Brien won multiple awards, including six of the prestigious Walkley Awards.

Mr O'Brien was invited to speak at the FCAI AGM dinner as the function was held directly following the 2019 Federal election. His experience and knowledge of both Australian politics and business enabled him to provide invaluable insights into the internal machinations of the Parliaments and Board Rooms of Australia.

Mr O'Brien spoke on the results of the Federal election, what industry and business could expect over the new Government's three-year term, and how this may reflect on the automotive sector.

## 2019 AWARD RECIPIENTS

### **David McCarthy, Mercedes Benz**

David was awarded a 2019 Certificate of Appreciation for his long-standing service and contribution to the FCAI across a range of committees and functions. David was extremely active in working with and chairing the Genuine is Best Committee and the Communications Committee. David also occupied a seat on the Board and was a strong supporter and activist in seeking the abolition of the Luxury Car Tax.

### **Murray Sayles, Kawasaki**

Murray Sayles was an active member of the FCAI Technical Committee and Motorcycle Committee for many years. Renowned for his meticulous and detailed approach, his knowledge of technical issues was extensive. Murray is a passionate motorcycle rider, famed for his expertise on the racetrack.

# 2019 FCAI BOARD

**Horst von Sanden**

(Chair)

Managing Director Mercedes-Benz Australia/Pacific Pty Ltd

**Matthew Callachor**

(Vice Chair)

President, Toyota Motor Corporation Australia Limited

**Michael Bartsch**

(Director)

Managing Director, VW Group Australia

**Dave Buttner**

(Director)

Chairman and Managing Director, GM Holden

**Vinesh Bhindi**

(Treasurer)

Managing Director Mazda Australia Pty Limited

**Paul Vandenberg**

(Director)

General Manager Motorcycles Suzuki Australia Ltd

**Nick Senior**

(Director)

Chief Executive Officer, Inchape (Aust) Limited

**Stephen Collins**

(Director)

Director, Honda Australia

**Kay Hart**

(Vice Chair)

President & CEO, Ford Motor Company of Australia Limited

**Sasha Trakilovic**

(Director)

Corporate Counsel, Mercedes-Benz Australia/Pacific Pty Ltd

**Stephen Lester**

(Director)

Managing Director, Nissan Motor Company Australia

**Tony Weber**

(Secretary)

Chief Executive, FCAI

# STATE OF THE AUSTRALIAN AUTOMOTIVE INDUSTRY IN 2019

In 2019, the Australian new vehicle market faced challenging conditions. For the full calendar year 2019, a total of 1,062,867 new vehicles were recorded as sold, a 7.8 per cent decrease on full year 2018.

The 2019 figure of 1,062,867 was the lowest annual sales result reported in VFACTS since 2011.

The year reflected a difficult period for the Australian economy, with challenges which included the tightening of lending, movements in exchange rates, slow wages growth and the extreme environmental factors Australia experienced.

Segmentation within the market continued to change, with the 2019 year seeing a strong shift to SUV sales which now hold 45.5 per cent of the total market, a 2.5 percentage point increase from 2018.

Continuing the full year comparison, light commercial vehicle share grew by 0.6 percentage points to claim 21.2 per cent of the market, while passenger motor vehicles decreased by 3.1 percentage points to 29.7 per cent.

While holding the largest share of market, sales of SUVs declined for full year 2019 by 2.4 per cent compared to 2018. Sales of passenger vehicles declined by 16.5 per cent and sales of light commercial vehicles declined by 5.2 per cent.

The Toyota HiLux claimed the title of number one selling vehicle in 2019 across all categories, with 47,649 sales. Number two in the market was the Ford Ranger with 40,960 sales, followed by the Toyota Corolla (30,468), the Hyundai i30 (28,378) and the Mitsubishi Triton (25,819).

Across the brands, Toyota led the market in 2019 with 19.4 per cent market share, followed by Mazda (9.2 per cent), Hyundai (8.1 per cent), Mitsubishi (7.8 per cent) and Ford (6.0 per cent).

The announcement of the 2019 sales results marked improvements to the VFACTS data recording system. The FCAI advised the process had been expanded to include

a further confirmation on data presented to the VFACTS system from members.

This data is, as necessary, verified against the national registration data base and, when confirmed, vehicles are accepted into the monthly VFACTS reporting system.

## MARKET SEGMENTATION

Segment	Total
Passenger	315,857
SUV	483,388
Light Commercial	225,635
Heavy Commercial	37,969
<b>Total Market</b>	<b>1,062,867</b>

## TOP 10 VEHICLE SALES BY BRAND

Rank	Brand	Total
1	Toyota Hi-Lux	3917
2	Ford Ranger	3348
3	Toyota Corolla	2777
4	Mitsubishi Triton	2315
5	Toyota RAV4	2212
6	Mitsubishi ASX	2091
7	Hyundai i30	1935
8	Isuzu Ute D-Max	1880
9	Mazda CX-5	1828
10	Toyota Landcruiser	1618

## AUSTRALIA'S 2019 MOTORCYCLE AND ATV/SSV MARKET

Australia's Motorcycle Market (which includes the All Terrain Vehicle/Side-by-Side Vehicle (ATV/SSV) market) fell 6.1 per cent in 2019, with total sales for the full calendar year of 89,199.

The 2019 market remained relatively steady in terms of its composition; however off-road bikes regained the status as the most popular category and comprised 38.5 per cent of the market.

Road bikes claimed a 35.8 per cent share, ATV/SSVs accounted for 20.1 per cent of total sales, and scooters took an increased share of the total sales with 5.6 per cent.

Among individual brands, Honda came in at number one with 20,819 sales (23.3 per cent market share), Yamaha in second place with 19,945 sales (22.4 per cent share), Kawasaki in third with 8,962 sales (10.0 per cent share), followed by KTM (7,670 sales and 8.6 per cent), and Suzuki (6,934 sales and 7.8 per cent).

Road bike sales nationally reduced by 11.9 per cent on the 2018 result. In this segment, Harley-Davidson finished in first position ahead of Honda, with Yamaha in third. Husqvarna and KTM were the outstanding performers, with increased sales in 2019 compared with 2018 (+24.2 per cent and +18.3 per cent respectively).

In the off-road bike segment, Yamaha was the highest seller, followed by Honda and KTM. Overall, the off-road bike segment suffered a 1.6 per cent fall on its 2018 result with Honda, Husqvarna and Kawasaki as the only brands to record an increase in off-road sales in 2019.

The ATV/SSV segment contracted in its overall share of the total motorcycle market (from 20.6 per cent in 2018 to 20.1 per cent in 2019) and as such, also showed a segment decline (8.5 per cent) for the year. Polaris was the overall 2019 leader with Honda in second place and Yamaha third. Kawasaki was the only brand to post an increase in overall sales for the year.

In an ongoing good news story, the scooter segment was the only segment

to show increases. The 2019 result was up by a significant 15.9 per cent, accounting for 5.6 per cent of the overall market (up from 4.6 per cent of total sales in 2018).

Honda was the market leader, followed by Suzuki, with Vespa in third place. BMW, Honda, Suzuki and Yamaha all saw increased sales in this segment.

## MARKET SEGMENTATION

Segment	2019	% of total	2018	Variance (%)
Road bikes	31,981	35.9	36,308	-11.9
Off-road bikes	34,298	38.5	34,841	-1.6
Scooters	5,014	5.6	4,328	+15.9
ATVs	17,906	20.1	19,567	-8.5
<b>Total Market</b>	<b>89,199</b>	<b>100</b>	<b>95,044</b>	<b>-6.1</b>

## TOP 10 MOTORCYCLE SALES BY BRAND

Brand	2019	2018	% Change
Honda	20,819	22,735	-8.4
Yamaha	19,945	21,145	-5.7
Kawasaki	8,962	9,376	-4.4
KTM	7,670	7,497	+2.3
Suzuki	6,934	7,557	-8.2
Harley-Davidson	6,462	7,019	-7.9
Polaris	5,119	5,443	-6.0
BMW	2,675	2,922	-8.5
Husqvarna	2,555	2,251	+13.5
BRP Australia	2,358	2,423	-2.7

# KEY ACTIVITIES

## SUBMISSIONS

In 2019, the FCAI submitted responses to a range of government and parliamentary reviews and budget processes. These submissions can be downloaded from the FCAI website, [www.fcai.com.au](http://www.fcai.com.au)

### January

- Unfair Contract Terms

### February

- Submission – developing technology neutral road rules for driver distraction
- National Transport Commission (NTC) Motor Accident Injury Insurance (MAII) and Autonomous Vehicles
- ACCC – Durability and Safety
- Response to the Review of the Brown Marmorated Stink Bug seasonal measures

### March

- Treasury Access to service and repair
- Treasury - Mandatory Scheme for the Sharing of Motor Vehicle Service and Repair Information
- Response to Regulatory Impact Statement (RIS) on new vehicle distributor and dealership arrangements

### April

- Response to review of the application of a biosecurity levy

### May

- Access to Service and Repair – Supplementary Information
- ACCC submission regarding the proposed merger of the AHG and AP Eagers Group

### July

- NTC RIS In service safety for Automated Vehicles

### September

- NTC RIS Developing technology neutral road rules for driving
- Response to smart appliances consultation
- Low and Zero Emission Vehicle (LZEV) Feedback

### October

- RIS – Heavy vehicles Autonomous Emergency Braking
- Brief submission to Carbon Abatement

### November

- Carbon abatement
- NTC Issues paper – Driver Distraction
- Inquiry into the increase in Victoria's road toll

### December

- Response to the Consumer Product Safety System RIS
- Submission to Franchising Taskforce review of the Franchising Code
- Supplementary NTC submission General Safety Duty and Executive Officer Liability
- Response to review of the application of Unfair Contract Term provisions

## **Codes of Practice, industry and technical studies, guiding documents and reports developed (or updated) by the FCAI over period include:**

- Work commenced on the review of the Advertising Code of Practice

## CO<sub>2</sub> pollutant emissions and fuel standards

The global automotive industry continues transitioning to a range of lower-emissions powertrain technologies to reduce overall CO<sub>2</sub> and noxious vehicle emissions. Automotive manufacturers around the world are developing innovative technologies including advanced powertrain and emission systems to complement government emissions reduction policy frameworks.

Worldwide, the transition is highly dependent on government policies and incentives in the near-term. It is important that those policies and incentives support realistic CO<sub>2</sub> emissions reduction standards to set an achievable, yet robust fleet-wide emissions reduction target thereby stimulating investment in lower-emissions technologies for the Australian market.

The FCAI recognises that environmental policy for light vehicles must consider a range of relationships between fuel quality standards, vehicle technology, alternative fuels and energy platforms, driver behaviour, infrastructure improvements to reduce congestion, incentives for consumers to switch to more fuel efficient, lower emission vehicles, and the need to reduce the age of the in-service fleet.

In the absence of significant activity by the Ministerial Forum on Vehicle Emissions since early 2018, FCAI continued to work on its own approach to addressing vehicle emissions. Most significant in this was the formulation and finalisation of the FCAI CO<sub>2</sub> Standard to be implemented from the end of 2020. Designed to be ambitious and challenging but achievable, the Standard sets the industry on a path towards a 2030 target of significantly lower CO<sub>2</sub> emissions competitive with mandatory international schemes.

There are a number of key factors that underpin FCAI's CO<sub>2</sub> Standard including:

- The timing of introduction of Euro 6 emission standards

- The changes to fuel quality standards of market fuel
- The change in consumer choice which signals the market is shifting towards SUVs and LCVs and away from passenger cars.

The vehicle industry also continues to engage with the Government to discuss policy considerations and explore opportunities to improve on-road operation and noxious emissions from light vehicles in Australia.

## Trends for reducing CO<sub>2</sub> emissions

Average new car CO<sub>2</sub> emissions have reduced by more than 28 per cent since 2002.

Year	Average CO <sub>2</sub> emissions (g/km)*	Annual change (%)	Change from base (%)
2002	252.4	n/a	n/a
2003	249.5	-1.1	-1.1
2004	246.5	-1.2	-2.3
2005	240.5	-2.4	-4.7
2006	230.3	-4.2	-8.8
2007	226.4	-1.7	-10.3
2008	222.4	-1.8	-11.9
2009	218.6	-1.7	-13.4
2010	212.6	-2.7	-15.8
2011	206.6	-2.8	-18.1
2012	199.0	-3.7	-21.2
2013	192.2	-3.4	-23.9
2014	187.7	-2.3	-25.6
2015	184.1	-1.9	-27.1
2016	182.1	-1.1	-27.9
2017	181.7	-0.2	-28.0
2018	180.8	-0.5	-28.4
2019	180.2	-0.3	-28.6

The car industry is well placed to contribute strongly to the Australian Government's Paris Commitment of 26~28% CO<sub>2</sub> abatement over 2005 levels with the introduction of the FCAI CO<sub>2</sub> Standard.

# KEY ACTIVITIES (CONT)

## ROAD VEHICLE STANDARDS ACT AND PERSONAL IMPORTATION OF NEW MOTOR VEHICLES

Throughout 2019, the FCAI continued to consult with Government on implementation of the new Road Vehicle Standards Act (RVSA), the legislation which replaces the Motor Vehicle Standards Act (MVSA) which has been in place since 1989.

Originally due to be implemented on 10th December 2019, the Department of Infrastructure, Transport, Regional Development and Communications introduced changes to the legislation to delay the introduction to a date to be determined but no later than 1st July 2021.

Amongst other changes, the Government has lowered or removed existing controls within the Specialist and Enthusiast Vehicles Scheme (SEVS) including removing limits on the number of used vehicles that each workshop can import and certify.

The Government has also reduced the time allowable for official distributors to bring a new model to market after its global introduction. Traditionally, products are initially released in the manufacturers' home market, and/or also in larger international markets. Vehicles may not be introduced into the Australian market until several months following the international launch. Government has put interim arrangements in place to allow these changes in advance of full implementation of the RVSA.

The FCAI continues to lobby for retention of the existing requirements as these are important to prevent unrestricted imports of new and used cars and continue to provide at least equivalent consumer protection as existed under the MVSA.

## Connected and Automated Vehicles

The National Transport Commission (NTC) led several activities throughout the year that focused on the legal aspects of Automated Vehicles (AVs). This involved developing the concept of an Automated Driving System Entity

(ADSE) and considering how to adjust the road rules as well as the allocation of responsibility when vehicles are in automated mode.

NTC reviewed the Motor Accident Injury Insurance scheme resulting in State and Territory governments adjusting their schemes to a No-Fault system that directs the injured should not be disadvantaged regardless of the controlling driver.

NTC also led a new consultative process to consider government access to Vehicle Generated Data (VGD) from connected vehicles.

Several industry consultations were held in the latter part of 2019 between automotive industry, technology companies, academia, and various levels of Federal and State Governments.

## Zero and Low Emission Vehicles (ZLEVs)

During 2019, no Government policy was released concerning transport emissions reduction at a Federal level.

However, on behalf of the Federal Government, the Queensland Department of Main Roads and Transport sought feedback across a broad range of stakeholders regarding the key issues that needed to be addressed to promote the uptake of LZEV products in Australia.

FCAI contributed to this by responding to the survey as well as participating in a consultation process.

Later in the year, the Victorian government also initiated a consultation process to increase the level of LZEV products in Victoria. As part of this initiative, the FCAI met with the Department of Environment to assist with the development of their strategy.

## Access to Service & Repair Information

FCAI has represented members' interests in several consultations led by Treasury during the year, including at a meeting in November with the Assistant Treasurer. The Assistant

Treasurer confirmed that the Government has decided to institute primary legislation regarding access to service and repair, and Treasury will be leading the task.

In December, a meeting was held between the five automotive agencies - FCAI, Motor Trades Association, Australian Automobile Association, Automotive Aftermarket Association of Australia, and the Australian Automotive Dealers Association - to establish an industry position.

### **Takata**

Strong progress was made during 2019 on the mandatory recall of faulty Takata airbags. At 31 December, the industry had rectified 2.59m vehicles and estimated approximately 463,000 vehicles remained outstanding. Included in these numbers were the problematic Section 5 (3) vehicles where owners had failed to respond to repeated communications from manufacturers.

During the year, the FCAI made several approaches to State and Territory governments, encouraging them to impose registration sanctions on unrectified Alpha and Critical vehicles, with some success. The FCAI extended this program and has now requested States and Territory governments to consider including further registration sanctions to other non-rectified Takata vehicles.

At 31st December 2019 there had been 9.3 million visits to the industry website with 1.5 million affected vehicles identified.

Phase 1.5 of the Takata Airbag Recall campaign commenced in January 2019 and extended to June 30th 2019. The creative program remained largely the same as that of Phase 1 to ensure continuity of messaging. Likewise, the media scheduling followed the themes of Phase 1 in that it concentrated on mass media penetration through mainly national television, radio and national print campaigns. In addition, the advertising campaign added Culturally and Linguistically

Diverse (CALD) translations to the schedule. The FCAI actively communicated the scheduling and returns of the campaign to the ACCC.

Phase 2 of the Takata Airbag Recall advertising campaign commenced on 1st July 2019 and extended to 31st December 2019. Advertising during Phase 2 included national television, radio (regional and CALD), print (metro, regional and CALD), digital and social media as well as PR activities.

The campaign featured sharper messaging supported by freshened creative materials and a targeted focus on reaching out to outstanding vehicles in key areas mentioned above. In an effort to reach even more vehicle owners, the campaign targeted suburban actions as well as country television, rural radio, print and social media. Stronger use of targeted public relations initiatives and regular focussed news releases were also a feature of the campaign.

The FCAI Takata Stakeholder Group continued to meet on a monthly basis throughout the year, with strong attendances from many brands.

### **Emerging Technologies**

A specific headcount was allocated to this topic in 2019, and a Director of Emerging Technologies was appointed in September.

Two FCAI Directors attended the Intelligent Transport Systems Annual Conference held in Singapore to study the latest international updates on Automated Vehicles, Connected Vehicles, Electric Vehicles, and Mobility as a Service (MaaS). The applications of these topics in terms of transport management and creating Smart Cities was also studied.

The FCAI commenced the research for, and development of, several strategy papers on Emerging Technology topics:

#### **Road user charging**

It is estimated that road-related revenues will fall relative to demand for road services (even under conservative assumptions about

population growth). With the introduction of increasingly fuel efficient, hybrid electric, electric and eventually hydrogen fuel cell vehicles, the single largest road related charge, fuel excise, is expected to decline in real terms.

New technology developments that allow increasing levels of automation will enable more convenient ridesharing. This has the potential to improve overall network efficiency and individual mobility. Greater access may reduce the marginal cost of trips and induce higher average demand. Increasingly, Low and Zero Emission Vehicles (LZEV) have the potential to accelerate funding pressures.

Current charges do not discriminate between vehicle types, are not reflective of actual road usage and don't provide the capability to influence user behaviour on road selection, distance travelled, masses transported or time of use relative to the demand for the road space.

The FCAI is considering advancements in vehicle technology addressing congestion, safety and environment through the development of a modern road user charging system which will focus on revenue reduction.

**Data and Privacy – Connected Vehicles**  
Data protection is an issue that the automotive industry takes extremely seriously. As an industry, we work through international organisations to develop and address current and emerging issues affecting connected vehicle security.

The automotive industry in Australia, as represented by the FCAI, is committed to preserving customer trust by providing vehicle users with a high level of personal data protection.

**Zero and Low Emission Vehicles**  
The FCAI is developing policy positions to understand the implications and requirements of the various technologies involved in the decarbonisation of Australia's light vehicle fleet.

## Australian Consumer Law

The FCAI continued to engage with Treasury and relevant Ministers regarding the ongoing review of the Australian Consumer Law (ACL). In particular, the FCAI is involved in the consideration of the Consumer Guarantees and their suitability for the current environment.

The FCAI has also raised with the relevant Ministers the need for the introduction of a specific reference within the ACL to take depreciation for use into account in instances of a major failure.

## Franchising

The concurrent review of the Franchising Code and the Code as it applies to the new vehicle sector has led to a significant number of submissions and meetings on the new motor vehicle distribution market. These discussions are on-going.

## Biosecurity and Brown Marmorated Stink Bug (BMSB)

The FCAI has ongoing engagement with the Department of Agriculture regarding the appropriate arrangements for BMSB for the new motor vehicle and parts sector. This has been an important issue for the industry during 2019.

## VFACTS

The Statistics and Economics Committee spent a great amount of time considering and developing the new improved VFACTS system that was deployed on 1 January 2020. This new system provides greater clarity around the timing of retail sales and is subject to ongoing monitoring by the FCAI and the Board.

## All-Terrain Vehicle Safety

The FCAI has continued with both safety initiatives and advocacy work to improve All-Terrain Vehicle (ATV) rider safety outcomes and to inform government agencies over the last 12 months.

A risk assessment kit was developed for farmers who own ATVs to ensure they were fully cognisant of the potential risks of using these vehicles, and to encourage the development and introduction of a number of safety measures for the work carried out on their properties.

The industry's Five Star ATV Safety Matrix was updated to include Side by Side Vehicle advice, as the number of these vehicles on farms has been increasing over the last couple of years.

Advocacy work continued, ensuring Ministers and government agencies were exposed to the industry's rigorous engineering advice concerning the safe use of ATVs, and the ACCC's insistence that CPD fitment become mandatory on ATVs in Australia. The FCAI's submission to the ACCC RIS outlined the science behind the industry's position, and the flaws in the evidence the ACCC relied on.

In October 2019, the Government announced that they would accept the ACCC's recommendation for fitment of CPDs.

Major ATV manufacturers restated their previously advised position that they would leave the Australian ATV market in October 2021 when the ACCC's CPD requirement comes into effect.

In October 2019, the FCAI presented a paper at the International Society for Agricultural Safety and Health (ISASH) conference in Iowa, USA. The paper outlined the safety implications for ATVs in use in Australia, and the safety activities undertaken by the ATV Industry.  
Federal Chamber of Automotive Industries

# AUDITOR'S REPORT



## *Auditor's Independence Declaration*

As lead auditor for the audit of Federal Chamber of Automotive Industries Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Price Waterhouse Coopers  
by

A handwritten signature of Adrian King.

Adrian King  
Partner

Canberra  
25 May 2020

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