FOREWORD

Motor vehicles provide mobility and independence for families and communities around Australia.

They are the workhorses of our freight and transport sector, they are central to our economy and our Australian way of life.

The Australian automotive industry turns Australia’s raw materials of aluminum and steel into highly value-added goods that are exported to the world. The industry sits proudly at the forefront of the domestic manufacturing industry as one of the leading contributors to the economy and the community.

The automotive industry has a national workforce of more than 400,000 people employed directly and indirectly - more than 1 million new vehicles were sold in Australia last year, and more than 100,000 motorbikes.

The automotive industry is a leader in innovation, with major ongoing investment in research and development, environmental technologies and safety features for the Australian vehicle fleet.

The industry has reduced average emissions from new vehicles by around 15% over the past 8 years and is investing billions to ensure future vehicles are even friendlier to the environment.

Australians lead the world with the adoption of advanced safety technologies such as Electronic Stability Control, which was introduced into the Australian market earlier than many other international markets.
Driving Australian Industry

The Australian automotive industry plays a pivotal role in our economy, driving wide-scale industrial activity, boosting investment, innovation and bolstering economic growth.

It provides benefits to Australian motorists and their families, the economy, the industry’s workforce and workers in related sectors, and for neighbouring countries.

The industry is wide-ranging – it incorporates importers, manufacturers, retailers, servicing, logistics and transport, including activity through Australian ports and transport hubs.

The industry has contributed to Australia’s economy for 70 years, and continues to provide opportunities and benefits for Australians around the country.

Motor vehicles have also improved mobility for Australians, whether for domestic, social, professional or service activities.

Industry Contribution to Australia

- The industry employs around 400,000 people directly and indirectly through well over 100,000 businesses across a range of sectors including manufacturing, retail, servicing, repair and logistics.

- Annual turnover within the industry exceeds $160 billion and is a source of significant taxation revenue for governments incurring a number of taxes including Stamp Duty, Tariff Duty, Fringe Benefits Tax, Luxury Car Tax and GST. The industry therefore contributes in excess of $10 billion in taxation revenue each year. Motorists also incur fuel excise and GST through the costs of transport fuel.

- The industry has provided leading edge safety technologies for Australian motorists often in advance of other global markets.

- Vehicle manufacturers and repairers have trained and developed a highly-skilled workforce, producing quality products for domestic and international markets.

**New Motor Vehicle Sales (Units)**

![Graph showing new motor vehicle sales from 2000 to 2010.](source: VFACTS)
• The industry provides leading edge environmental technology into the Australian market resulting in a reduction in average CO₂ emissions from new vehicles by over 15% since 2002.

• Engine technologies and exhaust after-treatment systems have slashed other pollutant emissions such as nitrous oxide and particulate matter.

• The industry contributes to a range of environmental schemes designed to minimise the impact of motor vehicles on the environment, including for oils and air-conditioning gases.

• In 2010, the motorcycle industry generated approximately $3.6 billion in revenue in Australia. There are approximately 1,730 businesses associated with the industry, including 700 motorcycle dealerships.

• Motor vehicles are the major freight carriers in Australia - outstripping rail, air and maritime freight – and provide public transport and taxi services, police and emergency services.

Affordability

It has become much easier for people to afford a new car since the mid-1990s, as earnings growth has exceeded the movements in car prices.

Cars have also improved both specifications (eg: advanced safety, computer technology and on-board diagnostics) and quality, and thus represent much better value.

Car Affordability Indexes

Vehicle price indexes as ratio of Average Weekly Earnings; Family 6 = lowest price Holden Commodore and Ford Falcon variants.

Source: Australian Automotive Intelligence Report (AAIR), Australian vehicle market performance, February 2005.
Strategic Importance

The automotive industry is of strategic importance to the Australian economy. Major economic factors such as growth, employment, technological progress and the rate of innovation are all strongly influenced by the automotive industry. Automotive is Australia’s largest manufacturing industry.

The automotive manufacturing industry converts Australia’s commodities such as steel, aluminium, glass, rubber, electronics, plastics, paint and advanced textiles into highly value-added manufactured products and exports them to the world.

While these linkages are well recognised perhaps the industry’s most significant contribution is made to Australia’s national innovation system and reputation as an exporter of advanced manufactured products.

Value of Automotive Exports ($ billions)

The value of automotive exports was down in 2009 due to the impacts of the Global Financial Crisis.

Source: Key Automotive Statistics
**Contribution of Manufacturing**

- In 2010, 243,062 vehicles were manufactured in Australia.
- The industry directly employs around 60,000 people through Australia’s three vehicle manufacturers and thousands of related component manufacturers.
- In 2009-10, the value of Australian automotive exports was $3.6 billion of motor vehicles and components. The majority of exports go to the Middle East, the United States and New Zealand.
- The industry is Australia’s largest contributor to manufacturing R&D. In 2007-08 the automotive industry invested $798 million in research and development. This investment includes employment of highly skilled workers, in-house education and training and vehicle testing and research activities for vehicles sold throughout the world.

### Automotive Exports by Destination (2009)

- **Middle East**: 43%
- **NAFTA**: 21%
- **Europe**: 14%
- ** ASEAN**: 8%
- **Republic of Korea**: 7%
- **Rest of World**: 13%

Source: Key Automotive Statistics

### Automotive Industry R&D expenditure ($ millions)

- **1999-2000**: $350
- **2000-01**: $400
- **2001-02**: $450
- **2002-03**: $550
- **2003-04**: $600
- **2004-05**: $650
- **2005-06**: $700
- **2006-07**: $750
- **2007-08**: $850

Source: Key Automotive Statistics
**SAFETY**

**Safety - A Priority**

In the last 30 years, Australia’s roads have become far safer despite a significant increase in traffic.

Huge investment by manufacturers has assisted in driving down fatalities, and safety remains central to automotive product development plans. Making sure older vehicles are replaced with the latest generation of safer, more efficient models, is one way to deliver further progress.

Vehicle occupant and pedestrian protection is already of an extremely high standard. Crash mitigation technologies are at a mature level and accident avoidance/mitigation systems can make a further contribution to the reduction of severe accidents.

Manufacturers are currently investing in technologies that allow vehicles to communicate with each other and their surrounding infrastructure.

Intelligent information and Communication Technologies (ICT) and Intelligent Transport Systems (ITS) will be key to the realisation of what is sometimes called full traveler connectivity.

These systems are in addition to technologies such as Electronic Stability Control, Tyre Pressure Monitoring System and Lane Departure Warning Systems, are just a few emerging technologies.

Combining further improvements in vehicle technology with complementary ITS measures, improved driver training, better road design and enforcement of existing traffic regulations promise the greatest benefits to society.

Auto industry supports harmonisation of safety regulation with leading international standards but warns against seeking to implement safety standards in advance of world markets.

Source: Australasian New Car Assessment Program
Vehicle Advertising

In addition to investment in future safety technologies, the industry has also developed a Code of Practice for Motor Vehicle Advertising to provide guidance to advertisers in relation to appropriate standards for the portrayal of images, themes and messages relating to road safety.

The Code aims to support the National Road Safety Strategy and acknowledges the importance of increased road safety awareness in the Australian community and supports the efforts of all relevant Commonwealth, State and Territory authorities to secure this outcome.

The industry is also working with Australia’s independent vehicle safety advocate, the Australasian New Car Assessment Program (ANCAP) - which crash tests new vehicles and awards a star rating for safety - in the roll out of its Road Map.

The ANCAP Road Map lays out safety technologies and features which will be incorporated into its testing processes through to 2015.

Almost three-quarters of new cars sold in Australia in 2010 were 5-star rated vehicles.

Percentage distribution of star-ratings awarded to ANCAP tested vehicles.

Note: Percentage based on rated models by year[s] of ANCAP publication

Source: Australasian New Car Assessment Program
CO₂ Emissions

The Australian automotive industry is committed to reducing CO₂ emissions.

Cars are often cited as the most significant contributor to man-made CO₂ emissions. In fact they account for 7.6% of Australia’s total greenhouse gas emissions. While a major challenge, it is clear that vehicle emissions are part of a much larger jigsaw.

The automotive industry has embraced the challenge of delivering significant reductions in CO₂ emissions. The industry continues to invest billions of dollars in R&D on a range of vehicle technologies and alternative fuels to lower emissions.

Sharing efforts and responsibilities to reduce CO₂ emissions will result in larger, more cost-effective CO₂ emission reductions from road transport. It is everyone’s responsibility.

Reducing the impact of passenger cars on the environment requires an integrated approach incorporating investment in public transport, driver behaviour, fuel quality, alternative fuels and taxation.

In such a holistic approach, measures must not only affect new cars, but also existing cars on the roads. This is essential as CO₂ emissions from new cars have decreased significantly and the majority of emissions are caused mainly by an ageing fleet, poor vehicle maintenance, growing congestion, a lack of traffic management and a rise in travel time.

Average CO₂ Emissions from new Australian Motor Vehicles (CO₂ grams/km)

Source: FCAI
Technology Investment

Investment in vehicle technology and an increasing preference from Australian consumers for low emission vehicles has resulted in a significant reduction in the average CO₂ emissions from new motor vehicles.

Average emissions from new vehicles purchased in Australia have dropped from 252 grams of CO₂/km in 2002 to 212 grams of CO₂/km in 2010. This means that the average new car sold in Australia in 2010 has 15% lower CO₂ emissions than in 2002. If all of the 14.6 million vehicles on Australian roads were to improve their CO₂ emissions by this amount then CO₂ emissions would be reduced by around 8 million tonnes per year.

Since the 1970s, the industry has imposed a series of ambitious targets to improve fuel consumption and reduce CO₂ emissions, which have resulted in a 30% improvement in the efficiency of new cars.

While CO₂ emissions from new passenger vehicles have declined significantly, they remain higher than in many other nations due to consumer preference in Australia for less efficient vehicles.

Ambitious Targets

The industry will continue to set ambitious targets for further CO₂ reductions. Long-term targets are welcomed by manufacturers because they deliver certainty in product planning, allowing for long development cycles in the industry. However, these reductions are reliant on growing consumer demand for these low emission technologies.

In addition to car technology, the driver, choice of fuel and quality of infrastructure are decisive factors in achieving the best fuel economy and lowering CO₂ emissions. While the industry continues to supply more fuel efficient and low CO₂ emission vehicles, consumer demand in Australia for these low emission vehicles continues to lag behind other developed economies.

Pollutants

Future and emerging technologies will also reduce nitrogen oxide emissions even further, and cleaner diesel fuels will reduce sulphur emissions. Research shows that one car in the 1970s produced as many pollutant particles as 100 new cars today.

The automotive industry is also actively working to reduce CO₂ emissions, not only from cars but also from its production facilities, logistics and transport operations.

Recycling

At the end of life, motor vehicles retain significant value in raw materials. For this reason up to 75% of vehicle components are reused or recycled.

The industry also contributes to stewardship schemes aimed at recycling and re-using products, including air conditioning gases and motor vehicle oils.

CO₂ Emissions by source

Source: Department of Climate Change and the Environment
The Australian automotive industry is a major contributor to Australia’s lifestyle, economy and community. For example, Did You Know?

1.1 Million
More than 1.1 million motor vehicles and motorcycles were sold in Australia last year.

$160 Billion
Annual turnover in the Australian automotive industry exceeds $160 billion.

$10 Billion
The industry raises more than $10 billion in taxation revenue each year.

60,000
The industry directly employs around 60,000 people through Australia’s three vehicle manufacturers and thousands of related component manufacturers.

400,000
The automotive industry employs more than 400,000 people directly and indirectly, throughout Australia.

110,000
There are more than 110,000 businesses in the Australian automotive sector.

243,062
In 2010, 243,062 vehicles were manufactured in Australia.

$3.6 Billion
The Australian automotive sector exported some $3.6 billion in vehicles and components in 2010.

110,000
More than 110,000 motorcycles and ATVs (four-wheeled motorbikes) were sold in 2010.

$798 Million
The automotive industry is the largest contributor to manufacturing Research & Development in Australia, investing some $798 million in 2007-08.

7.6%
Private motor vehicles contribute 7.6% of Australia’s greenhouse gas emissions.

15%
The average new car emits 15% fewer CO₂ emissions than eight years ago, and just a fraction of Nitrous Oxide and particulate matter.

75%
Up to 75% of vehicle components are recycled or re-used.
FCAI MEMBERS

- Ateco Automotive Pty Ltd
- Audi Australia Pty Limited
- Australian Scooter Federation
- BMW Australia Limited
- BMW Motorcycles Australia
- BRP Australia Pty Ltd
- Chrysler Australia, New Zealand & South Pacific Islands
- Federation of Automotive Products Manufacturers
- Ford Motor Company of Australia Limited
- GM Holden Ltd
- Harley Davidson International
- Honda Australia Pty Ltd
- Honda Australia MPE Pty Ltd
- Hyundai Automotive Distributors Australia Pty Ltd
- Isuzu Ute Australia Pty Ltd
- Japan Automobile Manufacturers Association
- Jaguar Land Rover Australia Pty Limited
- John Sample Automotive Pty Ltd
- Kawasaki Motors Pty Ltd
- Kia Australia Pty Ltd
- KYMCO Australia and New Zealand
- Lexus Australia
- Mazda Australia Pty Limited
- Mercedes-Benz Australia / Pacific Pty Ltd
- Mitsubishi Motors Australia Ltd
- N F Importers Pty Ltd
- Nissan Motor Company (Australia) Pty Ltd
- Peter Stevens Importers
- Peugeot Automobiles Australia
- Polaris Sales Australia Pty Ltd
- Porsche Cars Australia Pty Ltd
- Proton Cars Australia Pty Limited
- Renault Cars Australia
- Saab Automobile Australia Pty Ltd
- Skoda Australia
- SsangYong Australia
- Subaru Australia Ltd
- Suzuki Australia Pty Limited
- Toyota Motor Corporation Australia Limited
- Volkswagen Group Australia Pty Ltd
- Volvo Car Australia Pty Ltd
- Yamaha Motor Australia Pty Ltd