



Federal Chamber of
Automotive Industries

ANNUAL REPORT **2017**



FCAI MEMBERS

Ateco Automotive Pty Ltd
Audi Australia Pty Limited
BMW Australia
BMW Motorrad Australia
BRP Australia Pty Ltd
Ferrari Australasia Pty Ltd
Fiat Chrysler Group
Ford Motor Company of Australia Limited
GM Holden Ltd
Harley-Davidson Australia Pty Ltd
HAVAL Motors Australia Pty Ltd
Honda Australia Pty Ltd
Honda Australia MPE Pty Ltd
Hyundai Motor Company Australia Pty Ltd
Peugeot/Citreon (PCA)
Isuzu UTE Australia Pty Ltd
Jaguar Land Rover Asia Pacific
Kawasaki Motors Pty Ltd
Kia Motors Australia
KTM Australia
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)
Peter Stevens Importers
Porsche Cars Australia Pty Ltd
Proton Cars Australia Pty Limited
Renault Cars Australia
SAIC Motor Australia Pty Ltd
Subaru (Aust) Pty Limited
Suzuki Australia Pty Ltd
Suzuki Motorcycles Australia
Tesla Motors Inc
Toyota Motor Corporation Australia Limited
Victory Polaris
Volkswagen Group Australia Pty Ltd
Volvo Car Australia Pty Ltd
Yamaha Motor Australia Pty Ltd

LIFE MEMBERS

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

REPRESENTING THE AUSTRALIAN AUTOMOTIVE INDUSTRY

The Federal Chamber of Automotive Industries (FCAI) is the peak industry organisation representing the manufacturers and importers of passenger vehicles, light commercial vehicles, motorcycles and all-terrain vehicles in Australia.

Australia's automotive industry contributes to the development of new automotive technology globally and is a major contributor to Australia's lifestyle, economy and community. It is a wide-ranging sector involving importers, distributors, retailers, servicing, financing, logistics and transport.

PRESIDENT'S REPORT

2017-18

The 2017 and 2018 calendar years have presented a challenging, yet exciting time for the automotive industry in Australia. The conclusion of domestic manufacturing signals the end of an era; however, the industry's commitment to the Australian market remains stronger than ever.

Brands which once relied on a manufacturing base have now made the transition to full importer business models and offer a full line-up of passenger, SUV and light commercial vehicles.

Australia is one of the most competitive markets in the world for automotive organisations. The presence of 68 brands offering 380 models gives Australian consumers a wide range of choice, and given there are only 1.2 million vehicles sold every year, these vehicles are available at very competitive prices.



Horst von Sanden
FCAI President

As of 2015, the industry was responsible for:

- **Over 66,000 direct jobs, and over 265,000 jobs driven by the automotive sector; and**
- **A \$17.5 billion contribution to the Australian economy.**

Across three centuries, the automotive industries have developed and delivered a great number of technological advancements. It is important that this contribution is continued, and to do this the industry must play an active role in developing the future rules and regulations that govern the sector.

The industry needs policy certainty in order to enable the introduction of new technologies which ensure the rollout of cleaner and greener mobility on our way to emission free driving; and the transition towards connected and automated vehicles in Australia, which will bring the industry closer to the vision of accident free driving.

To achieve these ambitious goals the industry requires collaboration on:

- Higher quality fuels, as lower emission outcomes cannot be achieved purely on engine management technology alone, but requires fuel of First World Quality to get a First World emissions outcome;
- Investment in the infrastructure for electric, alternative fuel, connected and automated vehicle technology; and
- Investment in vehicle-to-vehicle-infrastructure technology across the road network.

The FCAI is the voice of the automotive industry in Australia, and maintains a position at the forefront of industry collaboration with government.

With collective global insights, the FCAI membership is committed, informed, engaged and best-placed to assist and partner with government to facilitate the maximum uptake of innovation in vehicle technology.

It is currently a challenging time for big business in Australia. From the Financial Services Royal Commission, to the debate around extending company tax cuts, multi-national corporations are under intense

scrutiny. In addition to political pressure, business increasingly faces an activist competition regulator, who seeks to increase regulatory compliance requirements.

The automotive sector believes robust scrutiny is the centrepiece of good corporate governance and maintains a strong co-operation with regulators. Currently, the industry is working with the ACCC on topics such as the worldwide Takata Airbag recall and the recent ACCC report into the new car retailing industry.

In addition, Government is working hard behind the scenes on an EU Free Trade Agreement. The further reduction of import duties will benefit the consumer as will the removal of the so called Luxury Car Tax.

The industry has strongly stated that the time has come to cease the charade that the LCT is a justifiable, sensible or even a necessary tax. The EU regards it as a false tariff, and it is undeniably a tax on technology and safety. The majority of the LCT tax is paid by average Australians on vehicles well under \$100,000 and critical to their transportation needs.

The Chamber's engagement over the changes to the Motor Vehicle Standards Act was robust and long. The automotive industry supports the changes and thanks the Government for taking the time to listen to the facts and incorporate them in their findings.

The stagnant wages of recent years and cost of living pressures are presently impacting Australian family budgets. While motor vehicles have never been more affordable, safer, cleaner and diverse, it is essential to continue working with policy makers to develop an environment that enables more models with the latest technology and most competitive prices to enter the market. It is incumbent upon the automotive industry to fight for a fair-trading environment that puts the reasonable interests of the consumer first.

CHIEF EXECUTIVE'S REPORT

2017-18

The political cycle through 2017 and into 2018 has been very relevant for a number of our key issues including the Road Vehicle Standards Act and government policy regarding vehicle emissions.

The Australian Competition and Consumer Commission (ACCC) market study into New Car Retailing saw a reassessment of the protection for new car buyers in the area of warranties.

In discussions with the Government, we accept the basic principle that consumers need to be protected, by either or both the manufacturer's warranty or the high level of consumer protection provided under the Australian Consumer Law (ACL).



Tony Weber
FCAI Chief Executive

Care needs to be taken to ensure that the ACL is not excessively draconian and impact on the speed at which new technologies are introduced into the Australian market. The FCAI maintains active discussions with state and territory Ministers and officials with regards to consumer law developments.

The industry is closely engaged with government through the Ministerial Forum on Vehicle Emissions process. We continue to work with responsible Ministers and representatives of the petroleum industry and the motorist advocate to map out a pragmatic and realistic roadmap to improve fuel quality and reduce CO₂ and particulate emissions through a comprehensive emissions standard. Such a standard is critical towards enabling a smooth transition towards lower-emissions powertrain technologies as the market approaches price and range parity over the coming decade.

In February 2018 the Government enacted a mandatory recall of Takata Airbags, requiring the replacement of all airbags fitted to specific models produced by affected brands. The Mandatory Recall Notice sets out specific requirements for vehicle suppliers through the recall process and the FCAI has played a key role in this process. Central to this has been the rapid development of a public awareness campaign to communicate the urgency of the recall to vehicle owners across Australia. With more than three million vehicles initially captured in this mandatory recall, we urge all vehicle owners to check the status of their vehicle – either by visiting the FCAI's website ismyairbagsafe.com.au or by contacting their vehicle manufacturer directly.

With the closure of domestic manufacturing in late 2017, the FCAI has continued to advocate for the removal of the motor vehicle tariff and the Luxury Car Tax. Both of these antiquated taxes are effectively taxes on the latest safety and environmental technology, putting important advancements beyond the

reach of some consumers. This is typically safety features such as blind spot warning, lane keep assist, forward collision alert and autonomous emergency braking. More safety features in vehicles reduces road trauma and the human and monetary cost to society and governments, which is likely to far outweigh the revenue collected from the motor vehicle tariff.

The FCAI will continue to advocate for the removal of these taxes, especially through negotiations for an Australia-European Union Free Trade Agreement.

The ALP announced in May 2018 that, in the event of winning Government, a Labor Government will mandate access to service and repair information. The announcement included commentary around safeguards that allowed for environmental, safety and security information to be shared with the independent repair sector. The FCAI continues to work with government and representatives of the repair sector (dealers and independents) to ensure that any future mandatory scheme ensures standards that safeguard the safety of consumers and the occupational health and safety of motor vehicle technicians working on ever-advancing technologies.

Finally, with the outdated Motor Vehicle Standards Act entering into its sixth year of review in 2018, the FCAI continued to strongly advocate the exclusion of personal imports from the package. The urgency of the Takata Airbag recall only serves to underscore the need for supply chain integrity in Australia's new vehicle market. In addition to providing world-leading products, our members also provide a vital service to Australia's fleet of over 17 million vehicles.

The FCAI continues to work towards a policy environment that maintains choice and value for consumers in Australia's highly competitive market.

THE 2017-18 ANNUAL GENERAL MEETING

The 2017-18 Annual General Meeting (AGM) was held at Old Parliament House, in Canberra. The AGM Dinner included a speech from the Minister for Urban Infrastructure and Cities, The Hon Paul Fletcher MP and a keynote presentation from Andrew Fullbrook, Executive Director, Global Powertrain and Compliance Forecasting at the international information company IHS Markit.

Mr Fullbrook provided an informative presentation to the AGM and AGM Dinner on future automotive powertrain technologies around the world. These speeches followed detailed presentations with key government and political representatives earlier in the day.

Mr Fullbrook is responsible for managing the global powertrain team and forecasts for IHS Markit and is recognised as an international expert in vehicle emissions and future powertrains.

He is widely quoted in European and global automotive publications, is often invited to provide keynote speeches and has written multiple editorial contributions over the years, focussing on the future of the automotive industry. Prior to attending the FCAI AGM and Dinner, Andrew had recently briefed the Indian Government, the last in a long line of briefings for foreign governments to benefit from Andrew and his team's expertise.

2017 AWARD RECIPIENTS

Ashley Sanders (Mitsubishi)

In recognition of his long-standing service and contribution to the FCAI Technical Committee for over 15 years. He has been extensively involved, including chairing the Committee's Electric Vehicle Working Group and Fuels and Emissions Working Group and playing a key role in the FCAI CO₂ Working Group.

Wayne Carpenter (Toyota)

In recognition of his service and contribution to the FCAI Technical Committee from 2012 to 2017. He provided valued service across Technical Committee work streams and to the FCAI CO₂ Working Group.

Andrew Willis (Toyota)

In recognition of his long-standing engagement with the FCAI, especially with the FCAI Government Policy Advisory Committee/Policy Advisory Committee, chairmanship of the FCAI CO₂ Working Group and the development of the FCAI's position on used cars and personal imports.

2017-18 FCAI BOARD

Dave Buttner

(up to December 2017)

FCAI President
President and CEO, Toyota Motor Corporation Australia Ltd

Matthew Callachor

(from December 2017, Interim President from January 2018 – May 2018)

FCAI Interim President
President and CEO, Toyota Motor Corporation Australia Ltd

Mark Bernhard

FCAI Vice President
Chairman and Managing Director, GM Holden

Richard Emery

FCAI Vice President
(up to September 2017)
Chief Executive Officer, Nissan Motor Company (Australia) Ltd

Scott Grant

(Vice President from September 2017)
FCAI Vice President
Chief Operating Officer, Hyundai Motor Company Australia

Vinesh Bhindi

FCAI Treasurer
Director Sales, Mazda Australia Pty Ltd

Horst von Sanden

FCAI Director
President and CEO, Mercedes-Benz Australia/Pacific

Nick Senior

FCAI Director
CEO, Inchcape (Aust.) Ltd

Graeme Whickman

FCAI Director
President and CEO, Ford Motor Company of Australia

Kevin McCann

(up to December 2017)
FCAI Director
Managing Director, Volvo Car Australia

Tony Hinton

(up to March 2018)
FCAI Director
General Manager, Honda Australia Motorcycles & Power Equipment

Matthew Wiesner

(from December 2017)
FCAI Director
Director, Jaguar Land Rover Australia

Paul Vandenberg

(from March 2018)
FCAI Director
General Manager, Suzuki Australia Pty Ltd (Motorcycles)

Stephen Lester

(from December 2017)
FCAI Director
Managing Director, Nissan Motor Company (Australia) Pty Ltd

Andrew Willis

FCAI Director
Manager Government Affairs, Trade and Environmental Policy, Toyota Motor Corporation Australia Ltd

Tony Weber

FCAI Board Secretary
Chief Executive, FCAI

STATE OF THE AUSTRALIAN AUTOMOTIVE INDUSTRY IN 2017

2017 NEW CAR SALES RESULTS

In 2017, the Australian new vehicle market reached 1.189 million, up 0.9 per cent on the industry's previous record year of 2016.

The 2017 record year also marked a continued shift in buyer preference and market dynamics with the Toyota Hilux topping the national vehicle sales charts over a 12-month period for the second consecutive year .

It also marked the first full year in which SUV (Sports Utility Vehicle) sales exceeded those of passenger cars. Australians bought 465,646 SUVs during 2017 for a 39.2 per cent share of the total market, compared with 450,012 passenger cars with a 37.8 per cent share.

Calendar year 2017 marked the eighth year in a row that the Australian new car market had topped 1 million sales, and posted the industry's fourth record in five years.

Light commercial vehicles (LCVs) also carried on their steady sales climb last year, up from an 18.5 per cent share of the total market in 2016 to 19.9 per cent in 2017.

Whilst the stability of the Australian economy and low interest rates were influential factors in the overall market growth, it was the fierce competition within the market place between brands which provided the momentum.

Toyota was top-selling brand of 2017 with an 18.2 per cent market share, followed by Mazda with 9.8 per cent, Hyundai (8.2%), Holden (7.6%) and Mitsubishi (6.8%).

The 2017 calendar year marked the first full year in which the sales of Sports Utility Vehicles (SUVs) outstripped those of passenger cars. The Australian public purchased 465,646 SUVs during 2017 for a 39.2 per cent share of the total market, compared with 450,012 passenger cars with a 37.8 per cent share. The shift in industry dynamic observed last year has now become entrenched in the market.

Light commercial vehicles also carried on their steady sales climb last year, up from an 18.5 per cent share of the total market in 2016 to 19.9 per cent in 2017. The top-selling model for 2017 was the Toyota Hilux, for the second year in a row.

MARKET SEGMENTATION

Segment	2017	% of total	2016	Variance (%)
Passenger	450,012	37.8	486,257	-7.5
SUV	465,646	39.2	441,017	5.6
Light Commercial	236,609	19.9	217,750	8.6
Heavy Commercial	36,849	3.1	33,109	11.8
Total Market	1,189,116	100	1,178,133	0.9

TOP 10 VEHICLE SALES BY BRAND

Rank	Brand	2017	Market Share
1	Toyota	216,566	18.2%
2	Mazda	116,349	9.8%
3	Hyundai	97,013	8.2%
4	Holden	90,306	7.6%
5	Mitsubishi	80,654	6.8%
6	Ford	78,161	6.6%
7	Volkswagen	58,004	4.9%
8	Nissan	56,594	4.8%
9	Kia	54,737	4.6%
10	Subaru	52,511	4.4%

AUSTRALIA'S 2017 MOTORCYCLE AND ATV/SSV MARKET

Australia's motorcycle and all-terrain vehicle (ATV) / side-by-side vehicle (SSV) market fell 9.3 per cent in 2017 although total industry sales stayed above 100,000 for the full calendar year.

National sales data released by the Federal Chamber of Automotive Industries showed the 2017 result at 104,111, compared with 114,770 in 2016.

The 2017 market remained relatively steady in terms of its composition with road bikes remaining the most popular category and comprising 38.6 per cent of the market. Off-road bikes took a 35.9 per cent share, ATV/SSVs accounted for 21.8 per cent of total sales, and scooters just 3.7 per cent.

Among the individual brands, across the market Honda came in at number one with 24,166 sales (23.2% market share), Yamaha in second place with 21,387 sales (20.5% share), Kawasaki in third with 9,986 sales (9.6% share), followed by Suzuki (9,012 sales and 8.7%) and Harley-Davidson (8,903 sales and 8.6%).

National road bike sales reduced by 15.9 per cent in 2017 compared to 2016 sales. Harley-Davidson came in as the industry leader of the pack, ahead of Honda, and with Yamaha in third. Husqvarna, Victory, Indian and KTM all saw increased sales in 2017 compared with 2016.

In the off-road bike segment, Yamaha again lead the market, followed by Honda and KTM. Overall, the off-road bike segment suffered a 5.9 per cent fall on its 2016 result with Husqvarna and Honda as the only volume brands to record an increase in sales in 2017.

The ATV/SSV segment grew its share of the total motorcycle market (from 19.9% in 2016 to 21.8% in 2017) and was less affected by the general decline, with volumes falling across the segment by only 0.7 per cent on last year. Polaris was the overall 2017 leader

with Honda in second place and Yamaha third. Both Polaris and Kawasaki posted increases in overall sales for the year.

In the shrinking scooter segment (which only accounts for 3.7% of total sales), Piaggio was the leader, followed by Honda, and Vespa in third. The only brand to see increased sales in this segment was Suzuki (+5.8%).

MARKET SEGMENTATION

Segment	2017	% of total	2016	Variance (%)
Road bikes	40,196	38.6	47,753	-15.8
Off-road bikes	37,379	35.9	39,710	-5.9
Scooters	3,852	3.7	4,486	-14.1
ATVs	22,684	21.8	22,834	-0.7
Total Market	104,111	100	114,783	-9.3

TOP 10 MOTORCYCLE SALES BY BRAND

Brand	2017	2016	% Change
Honda	24,166	26,276	-8.0
Yamaha	21,387	24,899	-14.1
Kawasaki	9,986	10,592	-5.7
Suzuki	9,012	9,924	-9.2
Harley-Davidson	8,903	10,282	-13.4
KTM	7,590	8,679	-12.5
Polaris	6,583	6,037	9.0
BMW	3,029	3,301	-8.2
BRP Australia	2,416	2,524	-4.3
Triumph	2,301	3,125	-26.4

KEY ACTIVITIES

SUBMISSIONS

In 2017, 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

January

- FCAI Submission to the Productivity Commission Inquiry into Consumer Law Enforcement and Administration

February

- FCAI Submission to House of Representatives Inquiry into the social issues relating to land-based driverless vehicles in Australia
- FCAI 2017-18 Pre-Budget Submission

March

- FCAI Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's Trade and Investment Relationship with the United Kingdom
- FCAI Response to the Better Fuel for Cleaner Air Discussion Paper
- FCAI Response to Improving the Efficiency of Light New Vehicles Draft Regulatory Impact Statement
- FCAI Response to the Vehicle Emissions for Cleaner Air Draft Regulatory Impact Statement

April

- FCAI Submission to the Senate Inquiry into Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017
- FCAI Objection to proposed price increase at Fisherman's Island Motor Vehicle Terminal

July

- FCAI Submission to the National Transport Commission (NTC) Discussion Paper: Clarifying Control of Automated Vehicles
- FCAI Submission to NSW Motor Dealers and Repairers Amendment (Takata Airbag Recall) Regulation
- FCAI Response to the Regulatory Impact Statement for Advanced Motorcycle Braking Systems for Safer Riding

September

- FCAI Response to the Australian Competition and Consumer Commission (ACCC) Draft Report into New Car Retailing

October

- FCAI Submission to Australian Border Force regarding Asbestos Monitoring of OEM Imported Parts and Accessories

November

- FCAI Supplementary Submission to ACCC New Car Retailing Market Study

December

- FCAI Submission to the NTC Discussion Paper: Changing Driving Laws to Support Automated Vehicles
- FCAI 2018-19 Pre-Budget Submission

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

- Code of Practice For the Conduct of An Automotive Safety Recall
- Guiding Principles for Privacy and Cooperative Intelligent Transport Systems (C-ITS) Systems
- Press Cars Code of Conduct
- Press Car Loan Form
- FCAI 5 Star All-Terrain Vehicle (ATV) Safety Guide
- FCAI Technical Statement on Electric Vehicle Charging Standards for Public Recharging Infrastructure
- Motorcycling in Australia: Directions for the Motorcycle Industry 2017 - 2020

CO₂, POLLUTANT EMISSIONS AND FUEL STANDARDS

The global automotive industry is presently transitioning to a range of lower-emissions powertrain technologies to lower overall CO₂ and noxious vehicle emissions. Automotive manufacturers around the world are developing innovative technologies within government emissions reduction policy frameworks. Current and emerging low-emissions powertrain technologies will play an ever-increasing role in this shift.

However, in the near-term this transition is highly-dependent on government policies and incentives including realistic CO₂ emissions reduction standards to set an achievable, yet robust fleet-wide emissions reduction target to stimulate investment in lower-emissions technologies for the Australian market.

The FCAI continued to engage the Ministerial Forum on Vehicle Emissions throughout 2017, directly advocating the need for a whole-of-government approach to addressing vehicle emissions. Environmental policy for light vehicles must take into account a range of

matters including 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.

The vehicle industry continues to work with the Government to discuss these policy considerations and explore opportunities to improve on-road operation and efficiency of vehicles in Australia.

The FCAI's position is there are two key factors that underpin any CO₂ target and timing of introduction of Euro 6 emission standards;

- Quality of market fuel and timing of any change to fuel standards
- Consumer choice in the market is shifting towards SUVs and LCVs and away from passenger cars.

REDUCING CO₂ EMISSIONS

Average new car CO₂ emissions have reduced by more than 28 per cent since 2002.

Year	Average CO2 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

KEY ACTIVITIES (CONT)

The car industry is one of the few industries in Australia to deliver a reduction in CO₂ emissions well over the Australian Government's overall target of 5 per cent by 2020.

ROAD VEHICLE STANDARDS ACT AND PERSONAL IMPORTATION OF NEW MOTOR VEHICLES

Throughout 2017, the FCAI continued to lobby the Government on the new Road Vehicle Standards Act (i.e. legislation to replace the Motor Vehicle Standards Act) and, in particular, to understand the serious risks posed by the proposal to allow the personal importation of new motor vehicles.

In August 2017 Minister Fletcher (the then Minister for Urban Infrastructure) ruled out the proposal to allow the personal importation of new motor vehicles.

However, the Government has continued with the proposed changes to the Specialist and Enthusiast Vehicles Scheme (SEVS) to remove or weaken many of the existing controls such as limits on the number of used vehicles that each workshop can import and certify. Throughout 2017 the FCAI continued to lobby for keeping the existing requirements as these are important to provide a level of consumer protection and prevent unrestricted imports of used cars and continue to provide at least the same level of consumer protection as existed under the current SEVS criteria.

GENUINE IS BEST

Genuine is Best launched into 2017 with a concerted series of initiatives that saw the campaign message delivered to the greatest number of Australian drivers, so far. The website provides consumers with important information about keeping their vehicle safe through the use

of genuine parts in collision and general repairs, and services. The website provided guidance to 11,000 new visitors in the calendar year.

In a significant development, a counterfeit reporting hub was launched in February of 2017. This hub connects often difficult to find counterfeit parts with their relevant brand owners, who are empowered to investigate intellectual property (IP) breaches and protect their vehicles drivers from dodgy fakes.

The creation of a social media presence (www.facebook.com/genuineisbest/) in 2016 broadened and diversified the audience. This enabled ongoing interaction with the public through shared content, while providing a platform for revealing the efforts of members brands internationally to expose counterfeits. In 2017, this social media presence attracted 6,709 fans. Leveraging social media targeting, re-targeting and advertising tools, 690,000 Australians were reached by Genuine is Best with 10,000 engagements on around 250 posts. Each post reiterated the key messages of the campaign. Promoted web article posts on the Genuine is Best website relied on social media for distribution and increased site acquisition significantly.

While every opportunity to expose inferior quality in non-genuine parts was taken, a shift in tack saw the campaign pivot towards 'demonstrating rigour'. Social media posts often offered vignettes or snapshots of the robust engineering methods that are invested in making sure genuine parts exceed fitness for purpose.

Five-time Australian Touring Car champion and six-time Bathurst 1000 winner Mark Skaife continued as Genuine is Best ambassador through to late 2017. He was personally committed to the program and to publicly articulate the benefits of using genuine parts in car or motorcycle repairs. Furthermore, Toyota's Beau Yates and Harry Bates and the V8 Supercar campaigning Caruso brothers all had vehicles fitted with Genuine is Best

stickers and provided content where they articulated the Genuine Is Best message.

Nissan's Beware of Strangers campaign was also a major support, with the media buy and creative facilitating a receptive environment for Genuine Is Best messaging.

The FCAI continues to work with member brands in exposing the extent of the counterfeit auto parts issue, and met with the Australian Border Force (ABF) in late 2017 to seek ways of assisting the ABF's operational efforts at preventing counterfeit goods from reaching the market.

2017 witnessed some significant testing of non-genuine components, providing some alarming findings. Engineers from GM Holden tested non-genuine striker wire, which is the safety retainer for the bonnet. When subjected to Holden's standard longevity test, the striker wire failed GM Holden's durability standards and greatly increased the risk of a high-speed bonnet fly-up. These results were demonstrated to a well-attended media conference.

Additionally, a tranche of counterfeit oil filters was identified, seized and provided for testing by Toyota's brand protection team. When tested, the filters demonstrated far worse than a low quality standard and poor filtration and durability. The filters bypass valve, responsible for providing emergency oil supply for blocked filters, remained open at all times on the counterfeit products and as such did not provide any filtration of the oil. A Genuine Is Best animation, voiced by Mark Skaife, underpinned subsequent coverage across print and television media.

Upon the conclusion to 2017, a Genuine Is Best press campaign highlighted the scale and global proliferation of the counterfeit parts. Highlighting a recent seizure of over 150,000 parts, drivers were reminded to perform a pre-Christmas road trip check. This reinforced the genuine parts message over summer

holiday period when drivers are especially conscious about road and vehicle safety.

In the interests of vehicle safety, durability and resilience, the FCAI continues to urge consumers to take a keen interest in the 'bona fides' of the parts and service items fitted to their vehicles.

CONNECTED AND AUTOMATED VEHICLES (CAV)

Modern vehicles are advanced machines with a range of sophisticated mechanical and electrical components and electronic modules that are integrated to deliver the performance, safety and emissions expected by customers and governments. Vehicle manufacturers are researching, developing and progressively introducing new technologies to make vehicles more automated and connected. The technology for automated driving systems to deliver levels of automated driving will continue to evolve rapidly over the next few years.

To deliver the social and environmental benefits from connected and automated vehicles, in the same timeframe as major overseas markets, it is important that Australia harmonise with key, relevant overseas markets' vehicle technical and operation standards.

In 2017, the FCAI and member companies strongly supported the Australian Communications and Media Authority's (ACMA) issuing a Class License to support the introduction of connected and automated vehicles in Australia by harmonizing with the European spectrum and standards. ACMA finalized their regulatory arrangements and with a view to issuing the Class License referencing the European standard in early 2018.

Throughout 2017, the FCAI engaged extensively with various Government Departments and Agencies (including DIRDC, NTC, ACMA and State governments) on

road rules and other regulatory standards for the introduction of vehicles with highly automated driving systems.

These are all significant and positive steps towards a connected and automated vehicle system in Australia. However, there remains a risk to delivering the full benefits of connected and automated vehicles, and/or interference with other radio communications activities, if vehicles produced for either the US or Japanese domestic markets are introduced into Australia.

An appropriate regulatory system is required to ensure CAV entering into service in Australia are able to comply with the relevant Australian regulatory standards, and as such are inter-operable with Australia's digital and physical infrastructure. The most appropriate method is to use the existing vehicle regulation and certification system administered by the Federal Government's Department of Infrastructure and Regional Development (DIRD).

Activity on CAV extended throughout 2018 and will continue to at least 2020 as the Government has the objective to develop the necessary regulatory systems for CAV by 2020.

ATV SAFETY

Throughout 2017 the FCAI engaged with Federal and State Government representatives regarding ATV safety. At the beginning of the year, the FCAI provided a detailed submission to the Tasmanian Coronial Inquest into seven ATV fatalities and continued to meet with representatives of the Tasmanian Government on known safety benefits.

The FCAI continued to stress concerns about proposals to recommend and mandate so-called Crush Protection Devices (CPDs) due to the lack of supporting science behind their promotion. Agency focus on promoting CPDs also distracted people from focusing

on the known safety benefits of ensuring ATV riders wear helmets and are properly trained.

Given positive results in other jurisdictions such as the United States of America, the FCAI took the proactive step of launching the 'Shark Helmet', which is purpose-designed for on-farm ATV use in hot Australian conditions. The Industry formed a partnership with renowned country musician Lee Kernigan to promote the new helmet and broader safety practices for ATV use.

Drawing on world-leading engineering input, the FCAI successfully challenged the Work Safe Victoria agency, who had attempted to 'require' the fitment of CPDs to ATVs within the state. The successful challenge in the Victorian Supreme Court forced the agency to revise its earlier announcement and website information. Despite this outcome, ATV safety continued to be a contentious issue with this agency into 2018.

The FCAI stepped up its intensive engagement across rural Australia in 2017, appearing at several rural shows including the Ekka Show in Brisbane, the Royal Melbourne Show and the Toowoomba Beef Expo. The industry also launched an e-learning package, extending ATV safety training to riders who, for reasons of remoteness, cannot easily access a training centre.

Significantly, the Federal Government requested the ACCC to undertake an investigation into Quad Bike Safety. The ACCC subsequently established a Quad Bike Taskforce, which first met with the FCAI in November 2017. Announced by the Federal Ministers for Employment and Small Business, it was envisaged the ACCC will present a report to the Minister with responsibility for consumer affairs issues by the end of 2018.

ATV 5-STAR SAFETY RATING

The FCAI has been strongly proactive in its development and promotion of an industry-supported star rating for ATVs and Side-by-Side safety that would provide consumers with useful, real-world information about the safety and comparative performance of each type of vehicle against specific tasks. It is well recognised, for instance that ATVs in particular, require correct use and active riding to maximise safety and performance.

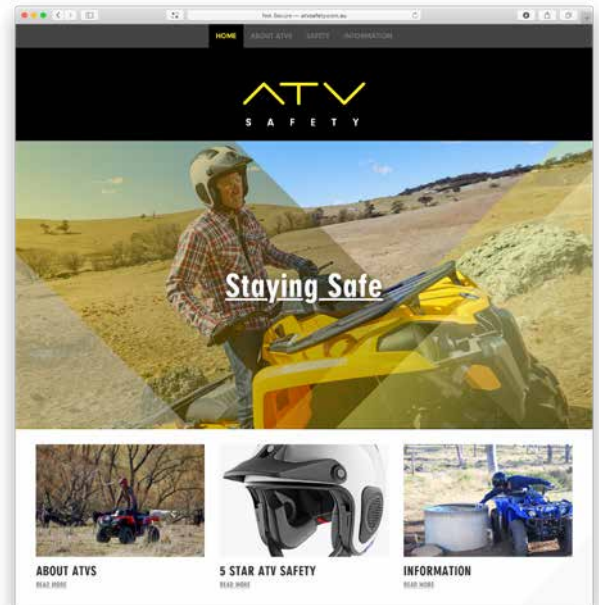
To better advise riders and owners, the industry's 5-Star ATV Safe User Guide is prominently placed on the website's home page (www.atvsafety.com.au). The five key points are:

- 1. Choose a vehicle which is fit for purpose – for the task and the rider.**
- 2. Wear a helmet – the most effective safety device.**
- 3. Rider training – will allow you to fully understand both the ATV's features and its limitations.**
- 4. Don't allow passengers on single seat ATVs, and no kids under 16 on adult size ATVs.**
- 5. Follow the manufacturer's guidance and warnings.**

The industry has also developed a selection matrix which helps consumers better understand the workplace circumstances and riding conditions/environment which best suits an ATV or an SSV.

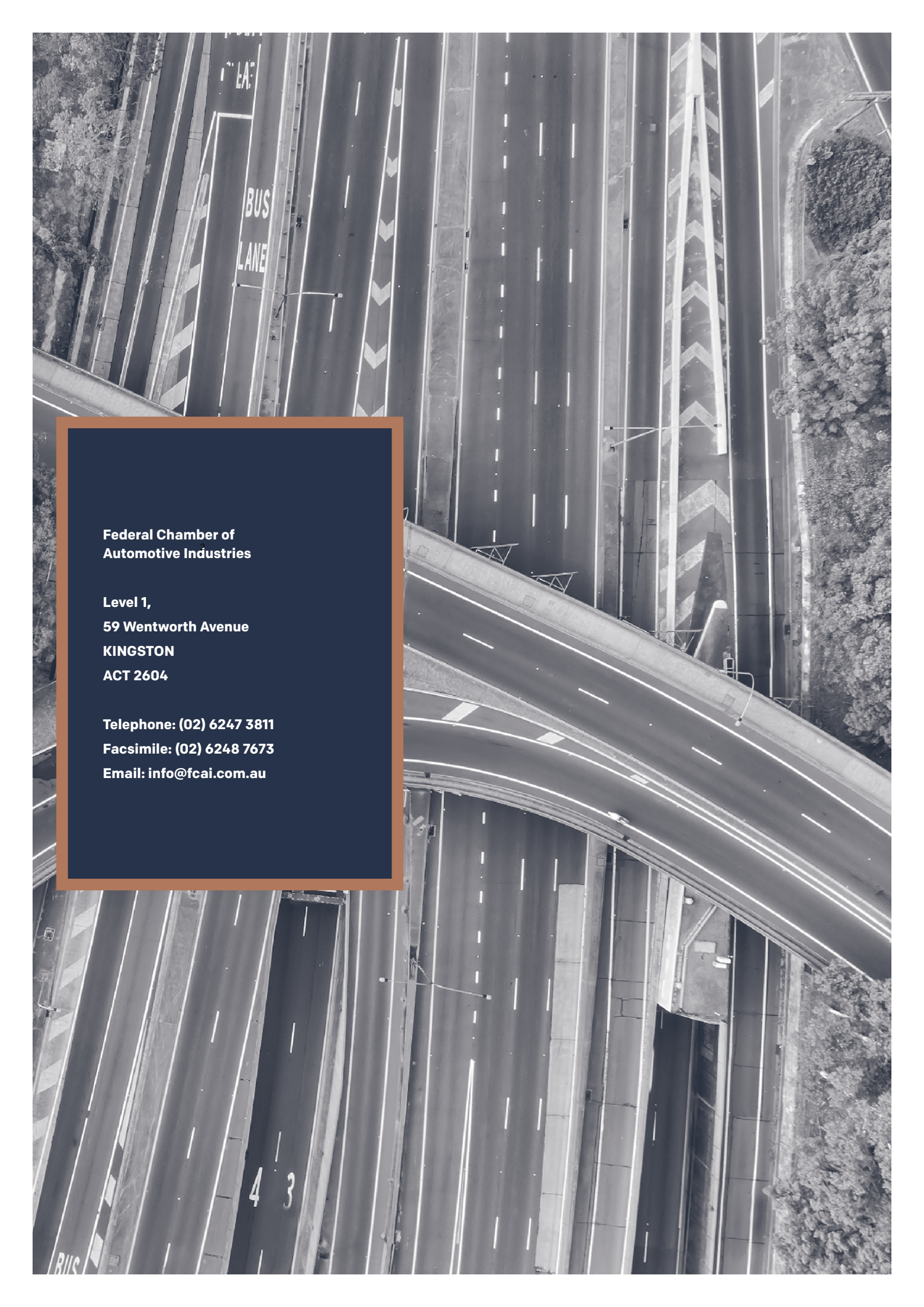
The FCAI will continue to support vehicle studies that aim to improve safety and provide accurate information to consumers of off-road utility and recreational vehicles. Until a scientifically-based rating system that is relevant to off-road vehicles is available, the FCAI recommends that regulators refer to the international ANSI-SVIA and ROHVA standards for ATV and SSVs.

A full description of the ATV safety advice and research available to consumers can be found on the FCAI website at www.fcai.com.au



AUDITOR'S REPORT

Attached separately



**Federal Chamber of
Automotive Industries**

**Level 1,
59 Wentworth Avenue
KINGSTON
ACT 2604**

Telephone: (02) 6247 3811

Facsimile: (02) 6248 7673

Email: info@fcai.com.au

