



Federal Chamber of Automotive Industries

ANNUAL REPORT 2015



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
- Honda Australia Pty Ltd
- Honda Australia MPE Pty Ltd
- Hyundai Motor Company Australia Pty Ltd
- Isuzu UTE Australia Pty Ltd
- Jaguar Land Rover Asia Pacific
- John Sample Automotive Pty Ltd
- 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
- Sime Darby Motors Group
- Subaru (Aust) Pty Limited
- Skoda Australia
- Suzuki Motorcycles Australia
- Suzuki Australia Pty Limited
- Toyota Motor Corporation Australia Limited

- Tesla Motors Inc
- Volkswagen Group Australia Pty Ltd
- Victory and Indian Motorcycles Australia Pty Ltd
- Yamaha Motor Australia Pty Ltd
- Volvo Car Australia Pty Ltd

LIFE MEMBERS

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

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 and motorcycles in Australia.

Australia's automotive industry is a major contributor to Australia's lifestyle, economy and community. It is wide-ranging, involving importers, manufacturers, distributors, retailers, servicing, financing, logistics and transport.



PRESIDENT'S REPORT

Our motor vehicle industry continues to be one in transition, and yet remains a vital and integral part of the national economy. This is reflected in our record year of sales in 2015.

Tough decisions have been made and a fresh path mapped out which, if unencumbered by government intervention, will continue to deliver world-class products and outstanding value for the Australian consumer.

This directional shift has created more policy changes for our industry.

The Australian car industry has enjoyed healthy growth in a mature market aided by fierce competition where more brands compete than anywhere else in the Western world.

We experienced the first impacts of those changes during 2015 when, in the face of strong evidence to the contrary, a proposal was developed within government which exposed our industry to the threat of parallel imports.

The Australian car industry has enjoyed healthy growth in a mature market aided by fierce competition where more brands compete than anywhere else in the Western world. This success is as a result of achieving a balance between delivering value for the consumer and providing a return on investment for the industry.



This balance is a fine one. Change the structure, such as would occur with parallel vehicle imports, and the planks which support our vibrant industry begin to fall away very rapidly.

The perception that changing the rules will heighten value for the consumer is a false one. No-one will emerge a winner; not government, nor business, and certainly not the consumer.

Our vision as an industry is a clear one. To cloud that view with grey or parallel imports offers a nil benefit to the overwhelming majority of customers, dilutes the value of all our brands and introduces a raft of potential consumer detriments.

At the same time, progressive policy making on such important medium-to-long term issues such as emissions and fuel quality will be vital.

In October 2015, the Federal government announced a Ministerial Forum on Vehicle Emissions.

The Australian automotive industry is committed to making a strong contribution to national efforts designed to reduce the impact of climate change. This is evidenced by our year-on-year reduction in CO₂ emissions of an average 2.4 per cent.

An important precursor to the debate is ensuring that policy makers genuinely understand the uniqueness of our Australian marketplace.

Unlike Europe and much more like the USA, the Australian market has a consumer preference toward vehicles of a higher mass and with more powerful engines, with SUVs and light commercials accounting for more than half the market, and growing.

As a result of this preference, the Federal government must be willing to work with industry on practical ways of influencing buyer behaviour so as to achieve the desired emissions outcomes. There are a number of mechanisms for doing this and we will be exploring these with government as future targets are better defined.

A key component to emission reduction, too, is having better quality transport fuel. One of the single biggest issues is the high sulphur content in our regular petrol. Low sulphur levels comparable to that of other developed markets, together with a higher octane level of 95 RON, is desirable so that some of the latest and best engine technology from throughout the world can be introduced to the Australian market and deliver improved fuel efficiency.

The auto industry's long lead times mean we are reaching out to government for policy certainty on this and other issues, allowing us the time to plan our next generation models, which in most cases is five to seven years, or longer again for commercial vehicles.

From the industry's perspective, one of the most pleasing aspects of the Government's positioning was its desire to adopt a 'whole of government' approach using terms of reference which comprehended the issues such as CO₂ targets, Euro 6 introduction, fuel quality, driver behaviour, in-service

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testing and Co-Operative Intelligent Transport Systems (C-ITS). These issues will be incorporated into a much lengthier, meaningful discussion.

We sit on the brink of introducing technology that needs new or updated infrastructure and regulatory frameworks.

We need to respond rationally and objectively to these challenges and ensure we communicate the ramifications and advantages of these changes both with government, and across the wider community.

One of the most exciting developments, and one which is rushing toward us, is the emergence of Co-Operative Intelligent Transport Systems.

Automated vehicles are our transport future and the decisions made in the next few years will be vital in ensuring we secure a world-class, integrated system which offers a range of vital benefits including saving lives from reduced collisions, reducing emissions through optimised traffic management, and a raft of other lifestyle enhancement and transport efficiencies.

Limited trials have already begun around Australia and we applaud the NSW Government's decision to partner with South Australian technology company Cohda Wireless to install smart infrastructure on key freight corridors around Sydney in order to allow the more efficient passage of heavy vehicles along these major freight corridors.

The advantages and returns from initiatives such as these should become clear very quickly, and will no doubt encourage much greater activity and interest in C-ITS.

As an industry, our challenge in the immediate years ahead is to work together and provide input into the frameworks required to support the exciting new products just over the horizon, and the associated C-ITS infrastructure required.

Intrinsically linked to this roll-out of new automotive technology is the industry's desire to protect its intellectual property. In an effort to work with the non-affiliated members of the service and repair industry, a voluntary code of practice was signed by the FCAI, the AAAA, the AADA, the AMIF and the AAA in which mechanisms for access to service and repair information were promulgated, and review measures put in place. The code delivers relevant information and assistance to thousands of small service and repair workshops across Australia who are willing to invest in their businesses.

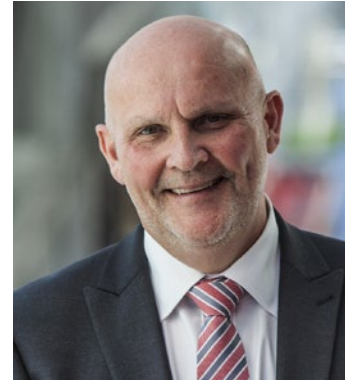
The other important segments of our diverse automotive industry, motorcycles and ATVs, continue to thrive. A diversity of world-class products are now flowing through to Australia almost as soon as the wraps come off them overseas, and this continues to stimulate our market and engage the interest of bike enthusiasts.

ATVs remain an important work asset for our rural sector and we are engaging strongly with both the farming community and workplace health and safety authorities to ensure we deliver key safety messages in an engaging and informative manner.

We sit on the brink of introducing technology that needs new or updated infrastructure and regulatory frameworks.

This is an exciting time to be involved in the Australian motor industry.

There are opportunities and challenges ahead as we continue to change. The industry role, and that of the FCAI, is to guide our policy makers so that Australia is well-positioned to take advantage of these changes, while maintaining the market growth and consumer activity which keeps our networks busy and viable.



David Buttner
FCAI President

David Buttner
FCAI President



CHIEF EXECUTIVE'S REPORT

In March 2015, we welcomed our incoming President Dave Buttner, the President and CEO of Toyota Australia. We also welcomed two new Vice Presidents in Richard Emery and Mark Bernhard.

Dave Buttner succeeds our outgoing President, Bob Graziano, who retired after 32 years at the Ford Motor Company. We thank Bob for his excellent stewardship and leadership in his role as FCAI President from 2012-15.

In our industry, three key issues took the focus of attention during the year and all three—access to service and repair, fuel quality and emission standards, and grey/parallel imports—are certain to be discussed for some time to come.

In December 2014 the FCAI helped forge a voluntary agreement between ourselves, the AADA, the AAA, the AMIF and AAAA on providing access to information for independent repairers. This multi-party agreement acknowledges the role of independent workshops in the service and repair of Australia's 18 million vehicles.

The agreement underpins the principles in the FCAI voluntary code that was released in February 2015.

The industry has consistently maintained that information on service and repair has always been readily available through multiple sources. The FCAI is mindful of the huge investment in training and service capability by our members and the need to ensure the intellectual property which to the manufacturer may represent millions of dollars in research and development, are protected.

The code also seeks to retain certainty over those security, environmental and emission features which protect both consumers and the environment. We will continue to defend our members' interests in this discussion.

The push to allow grey imports had gathered significant momentum early in the year and it was only through some significant effort, including that of our Board members working closely with us to personally lobby MPs on this issue, that common sense prevailed.

The period ahead will intensify the discussion around emissions and fuel quality as the industry and government work out a way forward whereby targets are set which are both reasonable and achievable.

*Our Genuine Is Best
campaign to
encourage
consumers to fit
genuine parts and
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Yet after it appeared the issue had been put to “bed” came the Government’s surprise announcement in which parallel imports would still be permitted, with some specific restrictions imposed. The industry’s view is that this policy remains untenable. As such, we will continue to focus heavily on this issue.

The period ahead will intensify the discussion around emissions and fuel quality as the industry and government work out a way forward whereby targets are set which are both reasonable and achievable.

Given that the industry has access to high quality technical advice and experience from around the world, this will be offered to government as required as we work toward emission outcomes for 2025 and beyond.

Much information has been passed on to government, with reports being developed which will better define expectations. What remains clear is that transitioning to a Euro 6 emissions regime will demand government incentives and significant improvements to the quality of our current transport fuel.

Our Genuine Is Best campaign to encourage consumers to fit genuine parts and accessories is gathering momentum. An alloy wheel test in which the genuine and non-genuine items were subjected to a “pothole” stress test produced a result which visibly revealed the superior quality of the genuine item and received widespread media attention.

Toyota’s detection of illegal asbestos brake pads in November provided another effective mechanism for Genuine Is Best to gather media attention. Plans are underway to enhance the campaign and engage more with the public about this important issue through more news, product tests and visual content in the coming year.

Our Sydney Motorcycle Show in November was a great success, with 120 exhibitors and 24,000 visitors. The feedback we received was positive and plans are underway to stage the event again in 2017.

The incremental growth in ATV sales during 2015 was tempered by Coronial findings in which recommendations were handed down in relation to safe use of these vehicles. The recommendations included the stronger promotion of safety helmets for all riders, and rider training. Both these initiatives will be addressed by the FCAI in its future programs.

Tony Weber
FCAI Chief Executive



*Tony Weber
FCAI Chief Executive*

2015 FCAI BOARD



Dave Buttner

FCAI President
President and CEO, Toyota
Motor Corporation Australia
Limited



Richard Emery

FCAI Vice President
CEO, Nissan Motor Company of
Australia



Mark Bernhard

FCAI Vice President
Chairman and Managing
Director, GM Holden



Martin Benders

FCAI Hon Treasurer
(From May 2015)
FCAI Director
Managing Director, Mazda
Australia Pty Ltd



David Blackhall

FCAI Vice President and
Treasurer (To May 2015)
Managing Director, Jaguar Land
Rover Asia Pacific



John Elsworth

FCAI Director (To November
2015)
Chief Operating Officer,
Hyundai Motor Company
Australia



Kevin McCann

FCAI Director
Managing Director, Volvo Car
Australia



Graeme Whickman

FCAI Director
President and CEO, Ford Motor
Company of Australia



Nick Senior

FCAI Director
Managing Director, Subaru
(Australia) Pty Limited



Robert Toscano

FCAI Director
Managing Director, Honda
Australia MPE Pty Ltd



Horst von Sanden

FCAI Director (From February
2015)
President and CEO, Mercedes-
Benz Australia/Pacific



Andrew Willis

FCAI Director (From May 2015)
Manager Government Affairs,
Trade & Environmental Policy,
Corporate Affairs



Ian Mearns

FCAI Director (To May 2015)
Government Affairs Director,
Ford Motor Company of
Australia



Michael Winkler

FCAI Director (To March 2015)
Managing Director, Jaguar Land
Rover Australia



Tony Weber

FCAI Board Secretary
Chief Executive, FCAI

STATE OF THE AUSTRALIAN AUTOMOTIVE INDUSTRY IN 2015

2015 NEW CAR SALES RESULTS

Australia had a new car sales record in 2015 with Australians buying 1,155,408 new passenger cars, SUVs and commercial vehicles.

The 1,155,408 sales were 1.7 per cent higher than the previous record year, 2013, in which Australians bought 1,136,227 new vehicles. It was also 3.8 per cent higher than 2014 sales.

The addition of new models with significant performance and comfort attributes, combined with the existing vehicle mix, continued to make Australia one of the most competitive new car markets in the world.

The FCAI believes the high level of choice in the Australian new car market is delivering Australian consumers access to high quality vehicles at record affordability levels, and noted that given this competitiveness across the various market sectors, there has never been a better time to buy a new car.

Additionally, the competitiveness of the market has seen new car buyers access an extensive range of finance options and genuine service offers that maintain the value and integrity of the vehicle.

SUV sales in particular continued to boom in 2015, with that vehicle type accounting for around 35.4 per cent of the market, up from 31.7 per cent in 2014.

Demand for passenger cars remained robust, and this segment still held popularity during 2015 with 44.6 per cent of the total market.

Light commercial vehicles held 17.2 per cent of the market in 2015, roughly the same as in 2014 (17.8).

The Australian Capital Territory, New South Wales, Queensland, Tasmania and Victoria all saw growth in 2015, with sales up 4.4, 6.9, 5.4, 12 and 4.2 per cent, respectively, compared to 2014. Sales fell in the Northern Territory (-4.3%), South Australia (-0.8%) and Western Australia (-7.9%).

For the 13th year in succession, Toyota was the top selling brand with 17.8 per cent of the market. It was followed by Mazda with 9.9 per cent, Holden with 8.9 per cent, Hyundai (8.8 per cent) and Mitsubishi (6.2).

Australia's best-selling car in 2015 was the Toyota Corolla with 42,073 sales. The Corolla was followed by the Mazda3 (38,644), the Toyota Hilux (35,161), the Hyundai i30 (32,306) and the Ford Ranger (29,185).

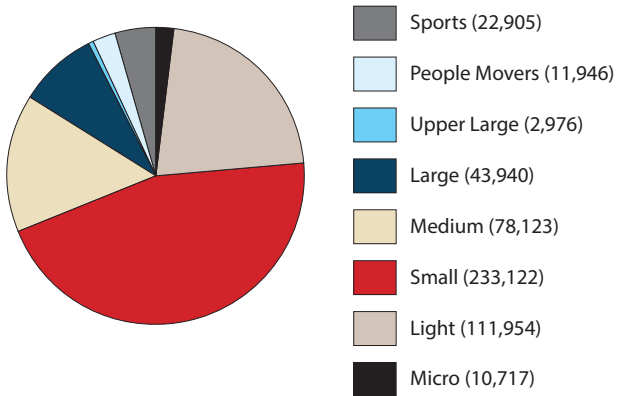
Market segmentation

Segment	2015	% of total	2014	% of total	Variance (%)
Passenger	515,683	44.6	531,596	47.8	-3.1
SUV	408,471	35.4	352,347	31.6	3.7
Light Commercial	199,070	17.2	197,956	17.8	-0.6
Heavy Commercial	32,184	2.8	31,325	2.8	0.0
Total Market	1,155,408	-	1,113,224	-	3.8

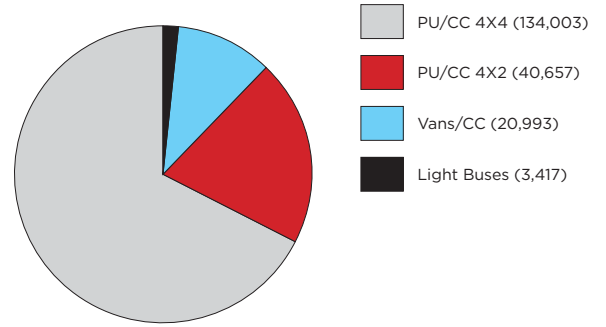
Top 10 Vehicle Sales by Brand

Rank	Brand	2015	2014	% change
1	Toyota	206,236	203,501	1.3
2	Mazda	114,024	100,704	13.2
3	Holden	102,951	106,092	-3.0
4	Hyundai	102,004	100,011	2.0
5	Mitsubishi	71,743	68,637	4.5
6	Ford	70,454	79,703	-11.6
7	Nissan	66,062	66,025	0.1
8	Volkswagen	60,225	54,801	9.9
9	Subaru	43,600	40,502	9.6
10	Honda	40,100	32,998	21.5

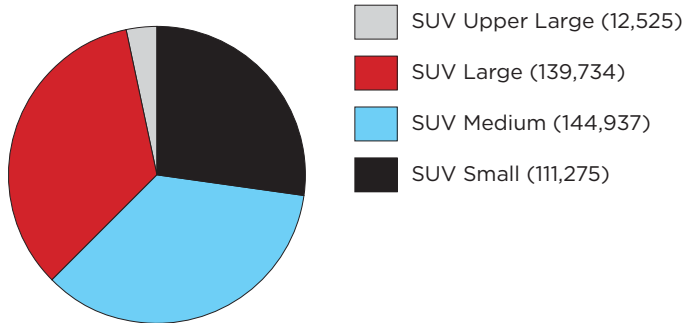
Passenger motor vehicle sales
515,683



Light commercial sales
199,070

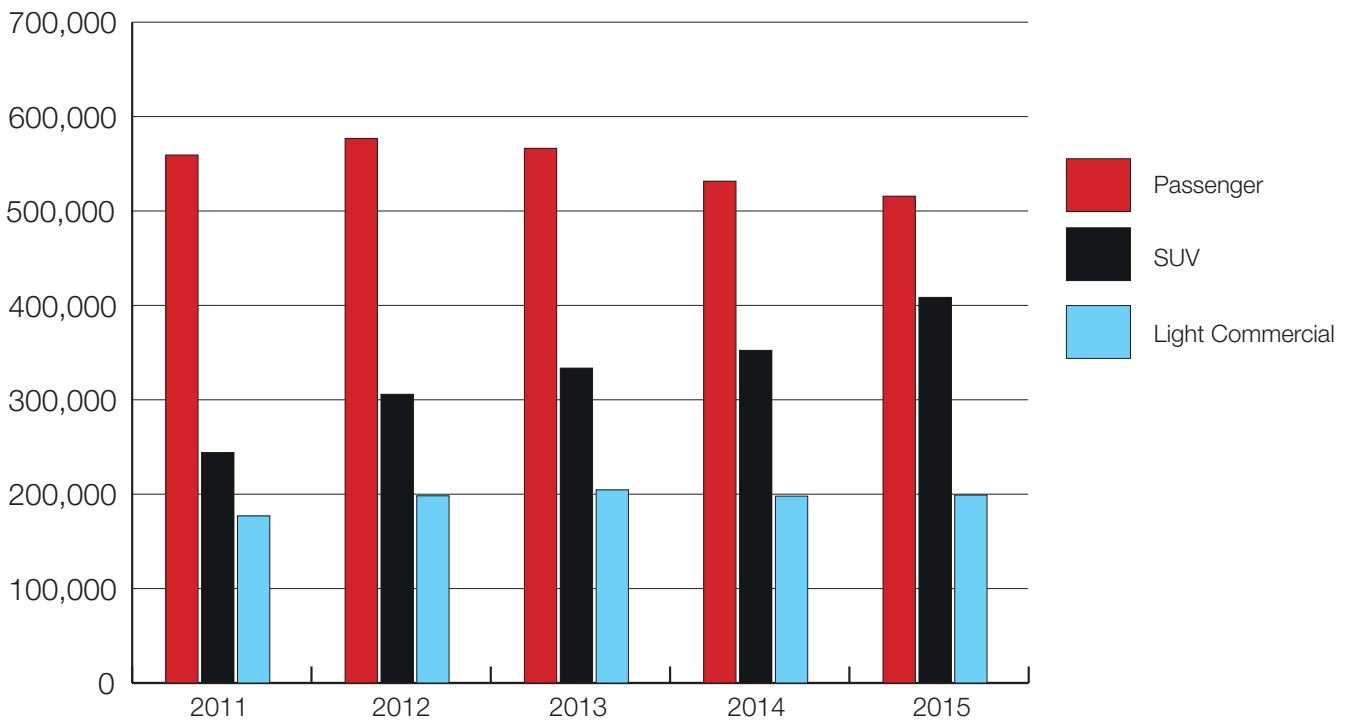


SUV sales
408,471



Australia's top-selling car of 2015: the Toyota Corolla

Australia's new vehicle market



Australia's motorcycle market steady in 2015

Australia's new motorcycle market was steady in 2015, with motorcycle, ATV and scooter sales reaching 108,711.*

Honda was the largest selling brand, holding 22.5 per cent of the total motorcycle, ATV and scooter market. In second place was Yamaha with 21.4 per cent of the market (23,290). Kawasaki was third with 9.8 per cent (10,675), Suzuki was fourth with 9 per cent (9,806) and Harley-Davidson was fifth with 9 per cent (9,790).

Road bike sales were strong, increasing 2.6 per cent compared with 2014 and accounting for 41.4 per cent of the total market. Australians rode home with a total of 45,013 road bikes in 2015.

Harley-Davidson took out the top position for sales in the road bike category. Harley-Davidson's 9,790 new road bike sales accounted for 21.7 per cent of the total road bike market. Honda was the second highest selling brand in this category with 17.1 per cent of road bike sales (7,691). Honda was followed by Yamaha with 15.4 per cent (6,914), Kawasaki with 12.7 per cent (5,731) and BMW with 7.1 per cent (3,201).

Off-road motorcycle purchases accounted for almost 35 per cent of total market sales, with 37,982 Australians taking home a new off-road bike. The popularity of these vehicles has remained relatively steady from 2014 increasing 0.8 per cent on 2014 figures.

Yamaha again led the market for off-road motorcycles, selling 31.7 per cent (12,048) of the total off-road bikes sold. Yamaha was followed by Honda with 27.2 per cent (10,318), KTM with 15.2 per cent (5,787), Suzuki with 11.7 per cent (4,432) and Kawasaki with 9.8 per cent (3,713).

The ATV market grew by 1.2 per cent in 2015 (compared with 2014), with a total of 20,327 ATVs sold. These sales represented 18.7 per cent of the total 2015 motorcycle market. Honda was the leading ATV brand, selling 27.2 per cent (5,526) of the total ATV sales. Polaris was second with 25.1 per cent (5,095), Yamaha was third with 19.3 per cent (3,922), Suzuki was fourth with 11.2 per cent (2,283) and BRP was fifth with 9.4 per cent (1,901)

Scooter sales continue to decline with total sales in 2015 down 22.7 per cent on 2014. Vespa topped the list in the scooter market, selling 19.4 per cent (1,044) of the total 5,389 scooters sold. Piaggio came in second with 18.8 per cent (1,011), Honda was third with 18.6 per cent (1,000), Aprilia was fourth with 9 per cent (487) and Yamaha was fifth with 7.5 per cent (406). Scooter sales account for 5 per cent of the total motorcycle market.

* Sales figures of some brands were not fully reported in 2015 due to individual circumstances.



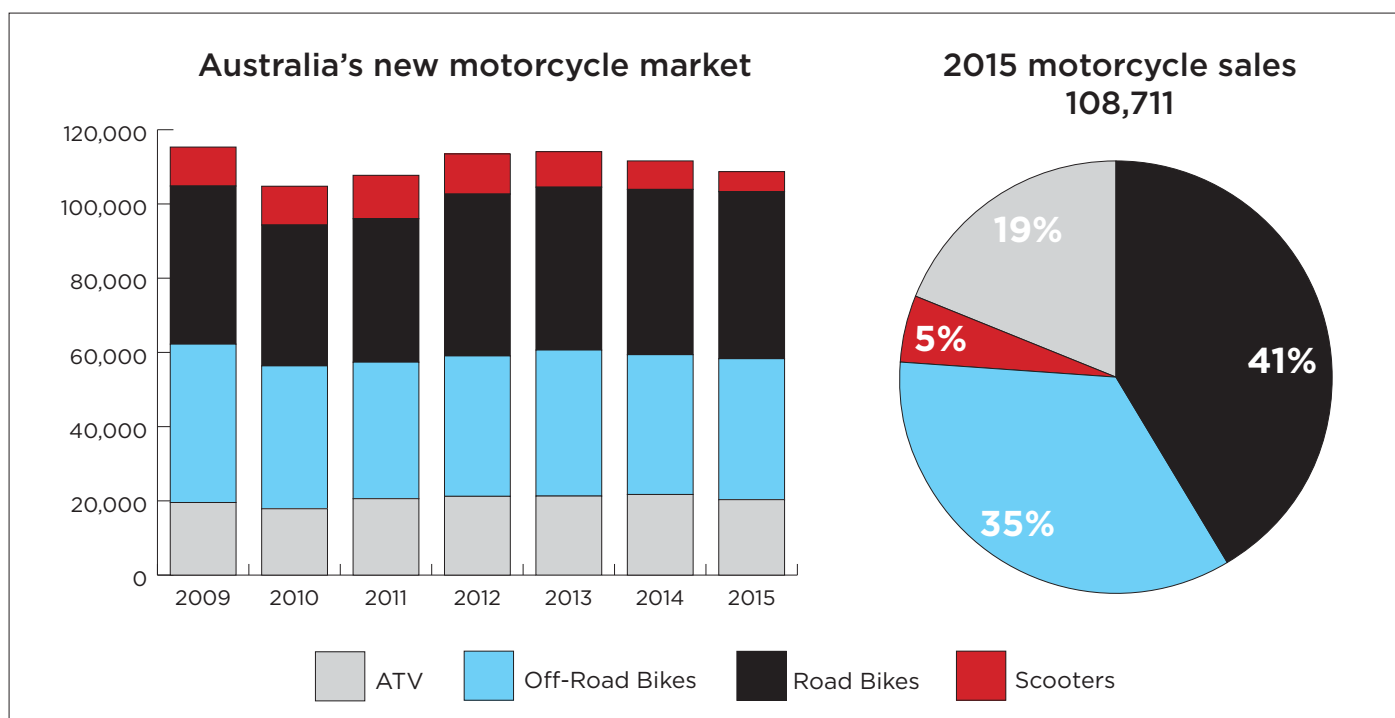
Market segmentation*

Segment	2015	% of total	2014	% of total	Variance (%)
Road bikes	45,013	41.4	43,881	40.4	2.6
Off-road bikes	37,982	34.9	37,678	34.7	0.8
Scooters	5,389	5.0	6,971	6.4	-22.7
ATVs	20,327	18.7	20,078	18.5	1.2
Total Market	108,711	-	108,608	-	0.1

* Adjusted

Top 10 motorcycle sales by brand

Brand	2015	2014	% change
Honda	24,535	24,866	-1.3
Yamaha	23,290	20,394	14.2
Kawasaki	10,675	11,024	-3.2
Suzuki	9,806	9,745	0.6
Harley-Davidson	9,790	8,577	14.1
KTM	7,104	7,178	-1.0
Polaris	5,095	5,892	-13.5
BMW	3,258	2,706	20.4
Triumph	2,900	2,855	1.6
Ducati	2,194	1,988	10.4



KEY ACTIVITIES



Submissions

In 2015, the FCAI submitted responses to a range of government reviews. These submissions can be downloaded from the FCAI website, www.fcai.com.au

March

- Submission to the Senate Economic Legislation Committee Inquiry into the Automotive Transformation Scheme Amendment Bill
- Submission to the Senate Economic References Committee Inquiry into Australia's Innovation system
- FCAI interim submission to the Senate Economic Legislation Committee Inquiry into the Future of Australia's Automotive Industry

April

- FCAI Response to the Australian Government's Working towards a National Clean Air Agreement Discussion Paper
- FCAI Response to the Australian Government's 'Setting Australia's post-2020 target for greenhouse gas emissions' Issues Paper

June

- FCAI Submission to Tax Discussion Paper 2015
- FCAI supplementary submission to the Motor Vehicle Standards Act Review

July

- Submission to the Independent Review of the Fuel Quality Standards Act 2000 Issues Paper
- Submission to the Regulation Impact Statement for Improved Protection of Vehicle Occupants in Side Impact Crashes
- Submission to the Senate Economic Legislation Committee Inquiry into the Future of Australia's Automotive Industry

August

- Submission to the 2015 Senate Road Safety Inquiry

October

- Submission to the Queensland Parliament Inquiry into Lemon Laws
- Submission to the NSW Consumer Complaints Register Discussion Paper

November

- Submission to the PC inquiry into intellectual property arrangements

CO²

In October 2015, the FCAI welcomed the establishment of a Ministerial Forum to undertake a whole-of-government approach in addressing vehicle emissions.

This followed continued discussions with the Government to identify the complexities involved in vehicle emissions, including the whole-of-Government approach needed to make a real difference.

Environmental policy for light vehicles must take into account a range of matters including vehicle technology, fuel quality, 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 the on-road operation and efficiency of vehicles in Australia.

Reducing CO² emissions

Average new car CO² emissions have reduced by almost 24 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

The car industry is one of the few industries in Australia to deliver a reduction in CO² emissions well beyond the Australian Government's overall target.

Risks identified in personal importation of motor vehicles

Throughout 2015, the FCAI continued to lobby the Government to understand the serious risks posed by its proposal to allow the personal importation of motor vehicles.

The FCAI identified the serious consequences that would flow from a plan to allow Australian consumers to personally import new motor vehicles.

Calling for the Government to carefully consider the facts before making a final decision, the FCAI noted that Government's 'buyer beware' sentiment would see many Australians caught in high risk situations with their vehicles being outside established service networks, with service and parts availability issues and the prospect of poor resale values.

Currently, through existing laws, consumers are offered the highest possible level of consumer protection when it comes to purchasing a new motor vehicle through an Australian dealership. Brands selling in this country make substantial investments in Australia by way of dealerships, workshops, technology and training to support and service their products. This means consumers can be certain their vehicles can be serviced and repaired appropriately, and that recalls are captured so consumers are informed if something needs to be fixed. This system is underpinned by Australian Consumer Law.

The view of the industry is that Australians who personally import a vehicle made for another country are almost certain to end up with a vehicle that is not fit for purpose. That is, it does not meet their needs nor operate as required in Australian driving conditions. Vehicles made for the Australian market are engineered for Australian conditions and safety specifications, so they will cope with the local climate and roads. The FCAI continues to work with the Government on the issue of grey imports.

Throughout the year, the FCAI was required to respond to simplistic media commentary that identified car prices in Australia as being significantly higher than those in other markets, despite the FCAI engaging an independent analyst to provide a public analysis of international vehicle pricing and specification. Through repeated engagement with media on this matter, inaccuracies were slowly addressed.



Australia's top-selling SUV in 2015: the Mazda CX-5

Automotive Transformation Scheme

In May, the FCAI welcomed the Australian Government's announcement, through the 2015-16 Budget, that there would be no policy change to the Automotive Transformation Scheme (ATS).

This commitment provides Australia's automotive manufacturing companies with the certainty they need to help transition their operations.

This is particularly important for the small and medium-sized businesses in the automotive manufacturing supply chain which have already factored ATS funding into their long-term business and investment decision-making processes.

The announcement was good news for the Victorian and South Australian economies and the 45,000 workers directly employed, and the more than 100,000 workers indirectly employed, in the automotive manufacturing sector around Australia.

Looking beyond 2017, it is important the Government and Australians recognise that Australia will continue to play a key role in the global automotive industry long after manufacturing ceases.

Holden and Ford have committed to continue their significant automotive research and product development operations in Australia beyond 2017, employing thousands of professional engineers and designers that will ensure the retention of vital technical skills for the future. Nissan Australia also has a strong future as the source of intricate alloy castings for use in a number of its global products.



The Nissan Casting Australia plant in Dandenong South, Victoria

Genuine Is Best

In June, the FCAI announced that Australian motorists have a new resource at their fingertips with the launch of the FCAI-owned website genuineisbest.com.au. 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 aims to ensure consumers know what genuine parts are, how to get them and the importance of quality repairs.

A genuine part is made or selected by the vehicle maker and is tested as an integral component of the vehicle to ensure quality and safety. Non-genuine parts can't necessarily deliver this quality and safety.

In August, the FCAI announced Mark Skaife as the Genuine Is Best brand ambassador. The five-time Australian Touring Car champion and six-time Bathurst 1000 winner is personally committed to the program and to publicly articulate the benefits of using genuine parts in car or motorcycle repairs.

In August, Mercedes-Benz Australia/Pacific and GM Holden teamed up to demonstrate to consumers the serious safety risks that can be associated with non-genuine parts, focussing on after-market wheels.

The test was a pothole test, in which the non-genuine wheels broke apart at just 50km/h. This occurred in separate tests, one in which the point of impact was close to a spoke and another where the point of impact was midway between the spokes. Under the same tests, the genuine wheels sustained no visible damage.

Through this program and with more tests scheduled, the FCAI will urge consumers, in the interests of product safety, durability and resilience, to take a keen interest in the bona fides of the parts and service items fitted to their vehicles.

Cooperative Intelligent Transport Systems

Cooperative Intelligent Transport Systems (C-ITS) enables communication and real-time information sharing between vehicles (V2V) and roadside infrastructure (V2I) as well as to pedestrians and cyclists via wireless consumer devices.

The development of C-ITS has the potential to significantly improve road safety in Australia and reduce congestion on our roads to make the daily commute a safer and easier experience, as well as reducing emissions and creating more efficient movement of road freight.

Manufacturers are investing significantly in these technologies and several brands have already indicated that they will release vehicles fitted with C-ITS capabilities in the near future.

To effectively introduce more connected vehicles into Australia, it is vital that governments and industry work together to ensure that the infrastructure and

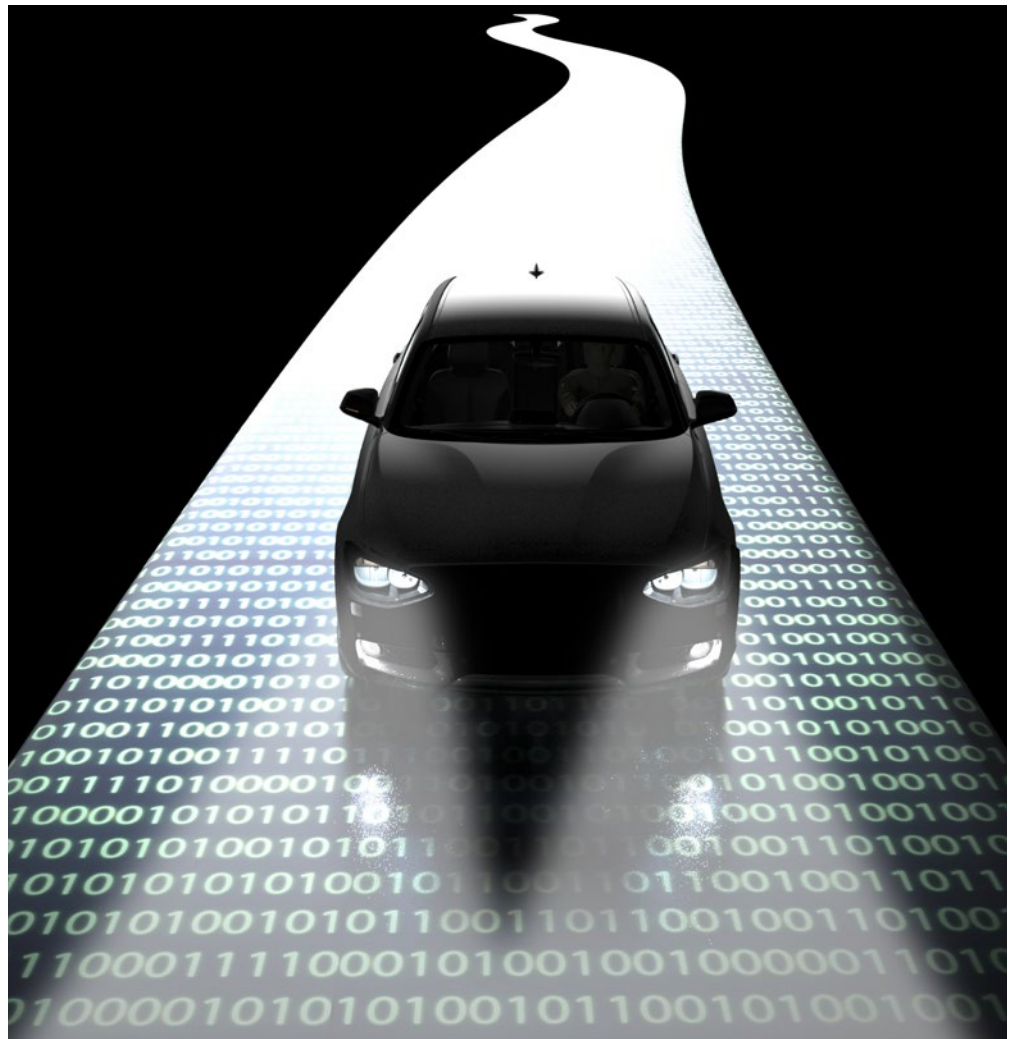
systems that support the vehicles and the communications network are set up and maintained. This includes the important spectrum allocation due in January 2017.

As the integrity of new cars is crucial to road safety, the Motor Vehicle Standards Act is an important piece of legislation, as it sets the minimum safety and environmental standards for vehicles to enter the market.

Calls for Australia to allow the personal importation of motor vehicles from other countries will have a detrimental effect on the great safety and other benefits that can be achieved from connected cars.

Cooperative Intelligent Transport Systems (C-ITS) operate on particular bandwidths which differ between countries. Introducing vehicles made for another country's bandwidth and transport systems will not work and, as evidenced from the experience in other countries such as New Zealand, may even cause significant interruptions in our local systems, including electronic tolls and telephony.

Throughout 2015 the FCAI called for the Government to work with industry to set the appropriate parameters and guidelines to permit the effective rollout of C-ITS in the years ahead.



Motorcycle Show

The 2015 Sydney Motorcycle Show, held at the Homebush (NSW) showgrounds in November, showcased the latest new bikes and eye-catching riding displays.

The Show is the premier event for Australia's motorcycle industry and is managed on behalf of the FCAI by Troy Bayliss Events, an events and expo specialist with proven experience and founded by three times world superbike champion Troy Bayliss in 2013.

FCAI Chief Executive Tony Weber opened the Show after the media walk, where visitors (including the general public) witnessed the national unveiling of a range of motorcycles from various manufacturers, some coming direct from overseas exhibitions.

The bikes revealed the latest electronic technology, advanced styling and design trends from around the world, including the Ducati's XDiavel and Scrambler Sixty2.

Across the three-day event, visitors were able to see over 120 exhibits and test ride a wide range of new bikes from Yamaha, Harley Davidson, Indian and Victory.

The show attracted just over 24,000 visitors and generated \$154,000 in profit for the FCAI and its Members.

ATV safety

Coroners' inquests

In August, the FCAI welcomed the QLD Deputy State Coroner's recommendations on ATV safety and in December, the NSW Coroner's ATV safety recommendations.

The inquests had looked closely at the range of issues that impact on ATV safety, including the serious matter of children on adult-sized ATVs.

The FCAI strongly supported the Coroners' recommendations to mandate training and the use of approved helmets for all ATV users. It also strongly supports the recommendations to keep children off adult-sized ATVs and to prohibit the carrying of passengers on single-seat ATVs.

The FCAI agreed with the recommendations of both Coroners that any proposed vehicle star rating program must be based on evidence. In order to obtain this reliable evidence, the FCAI believes that further work is required to develop relevant tests and advice that would accurately inform consumers about the comparative safety of off-road vehicles.

The Australian ATV industry is working with regulators to develop and implement policy and projects that can support the Coroners' recommendations. This includes mandating helmets, and that workers using ATVs be properly trained.

In addition to this, the industry is working on a number of other positive initiatives that will support the Coronial recommendations and aim to improve safety outcomes. These initiatives would include an e-learning package and enhanced dealer training.

Queensland helmet mandate

In October, the FCAI welcomed the Queensland Government's announcement that it would mandate the use of helmets for all ATV riders on public roads from November 1.

The Government's decision recognised the importance of helmets in helping keep ATV users safer when riding.

Star rating

The FCAI expressed disappointment with a university study that proposes an inaccurate star rating system for ATVs.

In response, the FCAI outlined that it would support a star rating for ATVs and Side-by-Sides provided that it was based on real world data.

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.

Promotion of known safety practices

In 2015, the FCAI continued to encourage ATV users to undertake training and follow known safety practices when using their vehicles.

These practices include training, wearing a helmet and other appropriate safety gear, not carrying more than the manufacturer's approved number of passengers, not overloading the ATV, not allowing children to ride adult-sized ATVs and not riding under the influence of drugs and alcohol.

When buying an ATV, the FCAI recommends buyers check that their vehicle meets the strict American National Standards Institute (ANSI/SVIA) standards for ATVs, which have been adopted by FCAI members.

For more information on ATV safety, including the 5 Star Safe ATV User Guide visit the ATV Safety website at www.atvsafety.com.au





Independent auditor's report to the members of Federal Chamber of Automotive Industries Limited

Report on the financial report

We have audited the accompanying financial report of Federal Chamber of Automotive Industries Limited (the company), which comprises the statement of comprehensive income, balance sheet as at 31 December 2015, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion, the financial report of Federal Chamber of Automotive Industries Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'David Murphy'.

David Murphy
Partner

Canberra
23 March 2016



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