



Federal Chamber of Automotive Industries

# ANNUAL REPORT 2016





## FCAI MEMBERS

Ateco Automotive Pty Ltd  
BMW Australia  
BRP Australia Pty Ltd  
Fiat Chrysler Group  
GM Holden Ltd  
HAVAL Motors Australia Pty Ltd  
Honda Australia MPE Pty Ltd  
Isuzu UTE Australia Pty Ltd  
Kawasaki Motors Pty Ltd  
KTM Australia  
Mazda Australia Pty Limited  
Mitsubishi Motors Australia Ltd  
Nissan Motor Company (Australia)  
Porsche Cars Australia Pty Ltd  
Renault Cars Australia  
Sime Darby Motors Group  
Subaru (Aust) Pty Limited  
Suzuki Motorcycles Australia  
Toyota Motor Corporation Australia Limited  
Volkswagen Group Australia Pty Ltd  
Yamaha Motor Australia Pty Ltd

Audi Australia Pty Limited  
BMW Motorrad Australia  
Ferrari Australasia Pty Ltd  
Ford Motor Company of Australia Limited  
Harley-Davidson Australia Pty Ltd  
Honda Australia Pty Ltd  
Hyundai Motor Company Australia Pty Ltd  
Jaguar Land Rover Asia Pacific  
Kia Motors Australia  
Lexus Australia  
Mercedes-Benz Australia / Pacific Pty Ltd  
N F Importers Pty Ltd  
Peter Stevens Importers  
Proton Cars Australia Pty Limited  
SAIC Motor Australia Pty Ltd  
Skoda Australia  
Suzuki Australia Pty Ltd  
Tesla Motors Inc  
Victory and Indian Motorcycles Australia Pty Ltd  
Volvo Car Australia Pty Ltd

## LIFE MEMBERS

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





## 2016-17 PRESIDENT'S REPORT

The Australian motor industry continues to deliver innovation and adapts to satisfy customer needs and expectations. This was reflected in another record year of motor vehicle sales in 2016 of 1.178 million units.

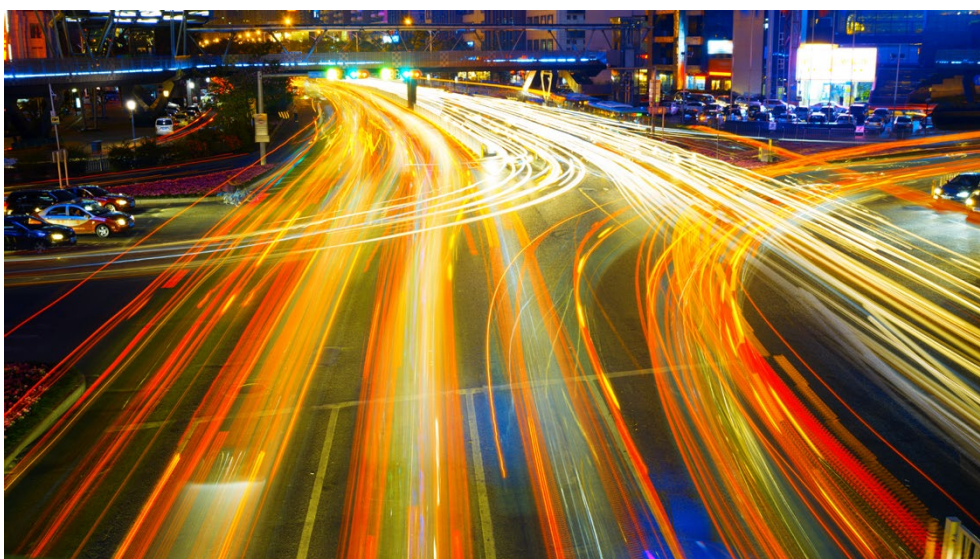
The posting of a third national new vehicle sales record in four years brought with it a continued shift in buyer preferences and market dynamics. For the first time in Australia's automotive history, a light commercial vehicle, the Toyota Hilux, topped motor vehicle sales nationally.

This changing composition of Australia's new vehicle market is noteworthy. The growth in Sport Utility Vehicle (SUV) sales in 2016 reached an industry high of 37.4 per cent (up 2 per cent on the previous year), while the share achieved by light commercial vehicles (LCVs) grew to 18.5 per cent (up by 1.3 per cent). As a consequence of this growth, passenger car sales as a proportion of total sales has reduced resulting from the shift in buyer preferences

This record sales result stems from a combination of factors including an excellent product range, low finance interest rates and the intense competition within the marketplace which delivers undeniable value for the consumer.



*David Buttner  
FCAI President*





Australia's vehicle buying patterns to fulfil work and lifestyle needs are intertwined with geographical and market-specific factors which greatly influence these purchase decisions. These include our country's enormous size, the variation in quality roads, the reliance on available market fuels, the average distances driven each day and even our high propensity for towing caravans, trailers and boats.

During 2016, the quality of our domestic transport petrol and diesel fuel emerged as one of the key issues which will shape our market in the years ahead, particularly as industry considers how to support the implementation of vehicle emissions standards.

The industry, through the FCAI, has been active in its efforts to seek a higher quality fuel (95 RON and 10ppm sulphur content) in the knowledge that in order to achieve improved vehicle emissions and CO<sub>2</sub> targets, having an appropriate high quality fuel available across our country, from Carnarvon in the west to Coffs Harbour in the east, is a fundamental requirement.

Discussions remain ongoing on this issue and the industry is doing all it can to support government's pursuit of an outcome which will ensure that the choice of vehicles offered to the Australian consumer remains as diverse in 10 years as it is today.

During 2016, the long-running discussion continued around the opening of the Australian market to personal imports. The industry is on record for strongly opposing this, and there is a raft of compelling evidence which supports our view. The competition within the Australian market place is fierce, and this delivers world-class value to the consumer.

To allow personal imports would be to bring vehicles here with an ambiguous past and an indeterminate future, and which are unsuitable for our market, is not in the interest of Australian consumers. The government is to be commended for its policy announcement on 16 August 2017 confirming that it would not progress policy change in this space whilst still delivering reduced red tape and process improvement for the MVSA.

The FCAI is also an active participant in the discussions around Co-Operative Intelligent Transport Systems (C-ITS). The industry's view is that C-ITS will both save lives and enhance our lifestyles provided the appropriate planning and cohesive implementation is undertaken.

Australia can ill-afford to fall too far behind the rest of the developed world with a fragmented approach to the roll-out of C-ITS. Future planning such as new roads and highways must incorporate vehicle to vehicle and vehicle to infrastructure requirements into the planning brief.

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*To allow personal imports would be to bring vehicles here with an ambiguous past and an indeterminate future, and which are unsuitable for our market, is not in the interest of Australian consumers.*

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Similarly, all established road infrastructure should be systematically reviewed so the networks used to connect our transport systems in future years do so seamlessly. This will enable consumers and society to enjoy the full benefits of these emerging technologies.

Vehicles represent a significant portion of the journey towards C-ITS but heavy lifting will also be required in other areas to deliver the full benefits otherwise the Australian community will be left short of the benefits of fully automated transport. Although still some years into the future, it will take a broad range of industry participants and strong coordination across government bodies and agencies at federal, state and local levels to deliver the remarkable benefits it will deliver.

In closing, it's also worth noting that given the global nature of the automotive industry, it is important to maintain a sense of perspective about the size of our market compared with others around the world. Australia's annual sales of new vehicles are less than 1.5 per cent of global production and compare with about one month of sales for the US market alone.

Therefore it makes good sense to continue to harmonise with UN regulations across a broad range of areas including important safety, and automated transport. This reduces the costs to bring new product to market, with these savings passed on to the consumer.

To position our industry outside this international framework would limit consumer choice and restrain our market.

By international standards, our industry's model range is extraordinary, and among the most diverse in the world. It remains an industry full of challenges but one which aims to continue to deliver world-class products at affordable prices.

**David Buttner**  
*FCAI President*





## CHIEF EXECUTIVE'S REPORT

A number of key issues have dominated the industry's focus and the FCAI's attention in the past year which, in the industry's considered view, would create poor outcomes for business and the community in the long term.

The two most significant issues were those relating to future fuel standards and emissions, and personal vehicle imports.

Draft Regulatory Impact Statements, one relating to light vehicle efficiency and the other to vehicle emission standards, together with a Discussion Paper on fuel standards and quality, were released in December 2016.

These important documents mapped out the Government's broad policy intentions on CO<sub>2</sub>, fuel quality and emissions reductions, as well as setting the blueprint for improving the fuel efficiency of Australia's car fleet. The Regulatory Impact Statements were designed to outline the issues and explore the policy options available, as well as weigh up the benefits and detriments of each option. The Discussion Paper broadly mapped the issues without providing any proposed regulatory framework.

The industry has been vocal and unequivocal in its views on these issues, both in open forums and in consultation with industry and key stakeholders. The need for high quality 95RON 10ppm sulphur national transport fuel is seen by the motor industry as intrinsic in delivering the CO<sub>2</sub> and emissions outcomes desired by government and the community (including health authorities).

Member companies have supported this effort with expert engineering views, representing manufacturers from varying global regions, presenting to the Australian Government.

The FCAI's ongoing discussions with government have consistently reiterated the need for incentives and credits within the Government's policy framework to help shape consumer behaviour and assist the transitional process. The FCAI's Response to the Discussion Paper noted the need for Australian regulations to harmonise with UN standards R83 (pollutant emission limits and laboratory test cycle) and R101 (laboratory test cycle to measure CO<sub>2</sub>) as a key part of the regulatory transition.

The industry's staged and well-considered approach, with agreements in place as soon as practicable, was clearly mapped out in an infographic which is publicly posted on the FCAI's website ([here](#)). Finalising the policy for fuel



Tony Weber  
FCAI Chief Executive

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*The need for high quality 95RON 10ppm sulphur national transport fuel is seen by the motor industry as intrinsic in delivering the CO<sub>2</sub> and emissions outcomes desired by government and the community (including health authorities).*

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standards and finalising the CO<sub>2</sub> targets, together with agreement on embedded complementary measures (credits and incentives), are seen as essential by the end of 2017 in order to achieve a post-2022 rollout.

The threat of personal vehicle imports has generated widespread concerns within key parts of the Government, particularly among those in rural and regional areas where this policy would have a devastating effect on dealerships. The significant contribution made by the Australian automotive industry to the national economy, including employment, can be found in an infographic on the FCAI website [here](#).

The MVSA is now in its fifth year of review and decisions need to be made so that important and uncontroversial industry reforms can be made that will modernise and improve efficiencies in what is now an outdated Act which does not reflect the industry's modern dynamic.

The industry has strongly advocated excluding the controversial personal imports part of the package in order that the legislation be permitted to pass through Parliament and continues to reiterate this reasonable approach.

In late April, FCAI President Dave Buttner and I met with the ACCC to talk about the commission's forthcoming Study into New Car Retailing which also picks up the issue of access to service and repair information.

The meeting served to establish the foundation whereby the ACCC would agree to be briefed on a delegation of technical experts from the FCAI on many of these complex issues.

The FCAI and its members have responded robustly to assertions and claims made by AAAA members about the lack of adequate access to the service and repair information. The ACCC preference remains for an industry-led solution to this issue and this is a strong focus of the FCAI's intent. However, the industry remains resolute about protecting key information relating to vehicle security, safety and the environment (emissions controls).

A Review of the Australian Consumer Law produced an interim report which relied heavily on input from consumer advocates and flagged prospective legislative change in such areas as so-called "lemon laws", multiple non-major failures, extended warranties, mandatory reporting, and increased maximum penalties. Following the publication of the final report, the review is to be assessed by state and territory consumer affairs ministers. The FCAI intends to engage with each of these ministers to ensure that they remain informed of the industry's position.

The FCAI continues to work tirelessly to ensure the policy environment is responsive to the needs of the industry and ensure members can provide the best products for Australians.

**Tony Weber**  
*FCAI Chief Executive*





## THE 2016-17 ANNUAL GENERAL MEETING

The 2016-17 Annual General Meeting was held at Old Parliament House, in Canberra. Included at the AGM was a display of vehicles (see photo below) which showcased the range of production engine, drivetrain and driver safety and assistance technologies available in showrooms now, and potentially arriving soon. The member companies which contributed to the display included Toyota, Volvo, Ford, GM- Holden, Hyundai, Subaru, BMW, Mercedes-Benz and Kawasaki motorcycles.





## 2016 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  
FCAI Director  
Managing Director,  
Mazda Australia Pty Ltd



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



**Andrew Willis**  
FCAI Director  
Manager Government Affairs,  
Trade & Environmental Policy,  
Corporate Affairs



**Tony Weber**  
FCAI Board Secretary  
Chief Executive, FCAI



# STATE OF THE AUSTRALIAN AUTOMOTIVE INDUSTRY IN 2016

## 2016 NEW CAR SALES RESULTS

Australia posted its third new car sales record in four years with 1,178,133 new passenger cars, SUVs and commercial vehicles sold in 2016, an increase of 2 per cent on the 2015 calendar year record.

The 2016 record year also marked a continued shift in buyer preference and market dynamics with a light commercial vehicle, the Toyota Hilux, topping the national vehicle sales charts over a 12-month period for the first time in Australian automotive history.

Releasing the 2016 full-year sales results, FCAI Chief Executive Tony Weber said the past decade had seen a remarkable change in the traditional composition of the Australian vehicle market as evidenced by the success of the Hilux as the nation's top-selling vehicle in 2016, and the ever-growing strength of Sports Utility Vehicle (SUV) sales.

Calendar year 2016 marked the seventh year in a row that the Australian new car market had topped 1 million sales, and posted the industry's third record in four years.

The year brought a significant and dynamic transition in consumer preference. Buyer demand for traditional passenger cars was healthy, while consumers displayed a gradual transition into other segments.

The FCAI remained confident that the growth in SUVs and light commercial vehicles witnessed in 2016 would continue in 2017, particularly the in the dual cab utility segment.

It noted that 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. It also noted that market competition and the diversity of more than 400 models on offer continued to drive value for the Australian consumer.

SUV sales, in particular, continued to grow in 2016 with that vehicle type accounting for 37.4 per cent of the market, up from 35.4 per cent in 2015.

Light commercial vehicles held 18.5 per cent of the market in 2016, up from 17.2 per cent in 2015.

Among the states and territories, those that experienced sales growth during 2016 compared with 2015 were New South Wales (+4.4%), Victoria (+3.4%), South Australia (+3.9%), ACT (+4.3%), Northern Territory (+2%) and Tasmania (+0.3%). The two states to decline were Western Australia (-5.6%) and Queensland (-1.1%).



Business sales increased by 13 per cent compared with 2015, and rental sales rose 6 per cent. Private sales declined 5.8 per cent and Government purchases by 1.4 per cent.

For calendar year 2016, Toyota led the market with 17.8 per cent, followed by Mazda with 10 per cent, Hyundai (8.6 per cent), Holden (8 per cent) and Ford (6.9).

Australia's top-selling vehicle for 2016 was the Toyota Hilux with 42,104 sales. This was followed by the Toyota Corolla with 40,330 sales, The Hyundai i30 (37,772), Ford Ranger (36,934) and Mazda3 (36,107).

## MARKET SEGMENTATION – 2016

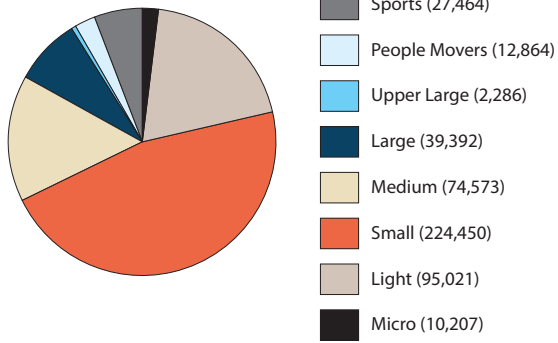
Segment	2016	% of total	2015	Variance (%)
Passenger	486,257	41.3	515,683	-3.4
SUV	441,017	37.4	408,471	2.1
Light Commercial	217,750	18.5	199,070	1.3
Heavy Commercial	33,109	2.8	32,184	0.0
Total Market	1,178,133	-	1,113,224	2.0

## TOP 10 VEHICLE SALES BY BRAND – 2016

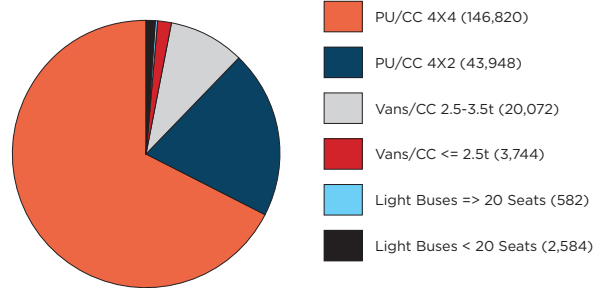
Rank	Brand	2016	Market share
1	Toyota	209,610	17.8%
2	Mazda	118,217	10.0%
3	Hyundai	101,555	8.6%
4	Holden	102,951	8.0%
5	Ford	81,207	6.9%
6	Mitsubishi	73,368	6.2%
7	Nissan	66,826	5.7%
8	Volkswagen	56,571	4.8%
9	Subaru	47,018	4.0%
10	Kia	42,668	3.6%



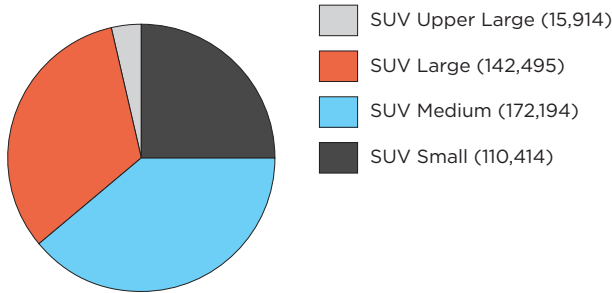
**Passenger motor vehicle sales**  
486,257



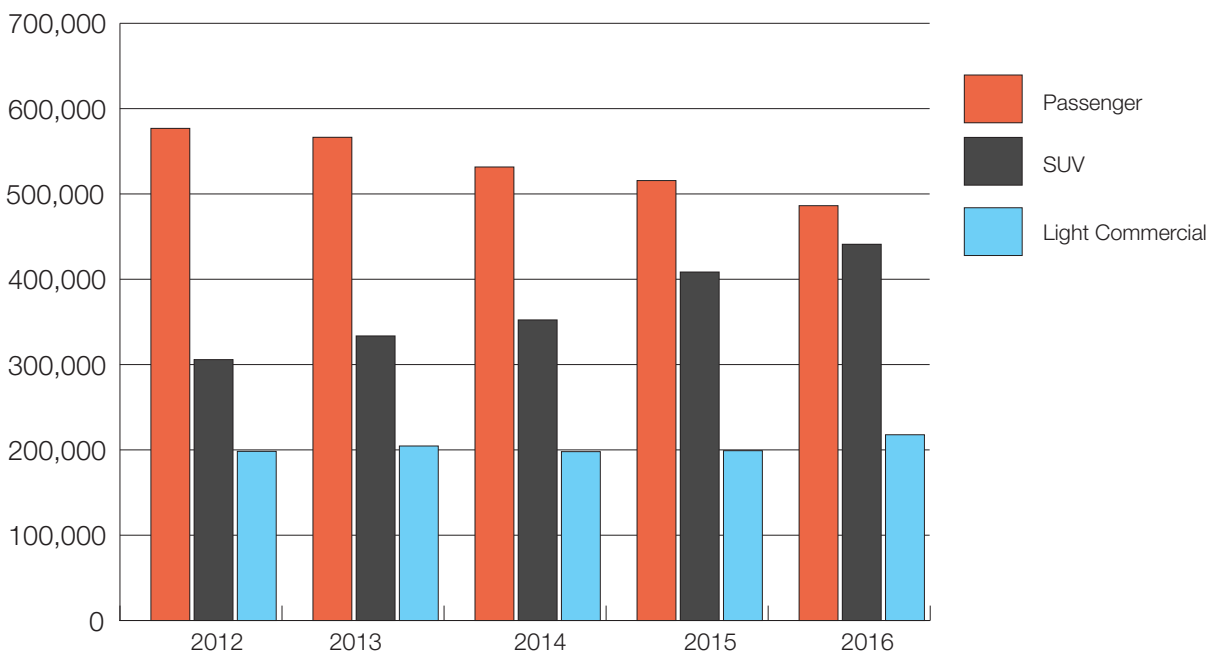
**Light commercial sales**  
250,859



**SUV sales**  
441,017



**Australia's new vehicle market - 2012-2016**





## AUSTRALIA'S 2016 MOTORCYCLE MARKET THE BEST FOR SEVEN YEARS

A surge in consumer activity during the final quarter of 2016 generated a strong finish to the sales year for Australia's new motorcycle market, with the calendar year result up 6.6 per cent on 2015.

Australia's motorcycle, ATV and scooter sales reached a total of 114,783 in 2016 — an increase of 7,073 units over 2015 and posting the fifth highest sales result in the industry's history.

It was also the industry's strongest sales result since 2009. Honda was the largest selling brand again, holding 22.9 per cent (26,276 units) of the total motorcycle, ATV and scooter market.

Close behind in second place was Yamaha with 21.7 per cent of the total market (24,899). Kawasaki was third with 9.2 per cent (10,592 sales), Harley-Davidson fourth with 9 per cent (10,282 sales) and Suzuki fifth with 8.6 per cent (9,924 sales).

Road bike sales were again healthy across the industry, increasing 5.3 per cent over the 2015 result and accounting for 41.6 per cent of the total market. Australians rode home with a total of 47,753 new road bikes in 2016.

Harley-Davidson took out the top sales position in the road bike category. The US-based manufacturer sold 10,282 new road bikes across Australia in 2016 to claim a leading segment share of 21.5 per cent.

Honda was the second highest selling brand in this category, with 20.2 per cent of national road bike sales (9,651). Honda was followed by Yamaha with 16.3 per cent (7,768 sales), Kawasaki with 10.1 per cent (4,798) and BMW with 6.7 per cent (3,178).

Off-road motorcycle purchases accounted for almost 35 per cent of total market with 39,710 sales. The popularity of this segment grew at a slightly higher rate than that of road bikes in 2016, with the 39,710 off-road sales for 2016 representing a 6.3 per cent increase on 2015 figures.

Yamaha again led the market for off-road motorcycles, selling 30.5 per cent (12,090) of the total number sold in this segment. Yamaha was followed by Honda with 24.8 per cent (9,848 sales), KTM with 17.7 per cent (7,023), Kawasaki with 11.0 per cent (4,382) and Suzuki with 10.3 per cent (4,081).

The ATV market grew by a solid 14.4 per cent over 2015, with a total of 22,834 ATVs sold nationally in 2016. ATV sales represented 19.9 per cent of the total motorcycle market.

Polaris was the leading ATV brand with a 26.4 per cent share, or 6,037 sales. Honda was second with 25.5 per cent (5,832 sales), Yamaha was third with 20.5 per cent (4,692), BRP fourth with 11.1 per cent (2,524) and Suzuki fifth with 10.2 per cent (2,337).



Scooters continued their decline in popularity with total sales in this segment of 4,486, down 11.0 per cent on 2015.

Italian-based manufacturer Piaggio remained the segment leader market with a 24.0 per cent share (1,075 sales), followed by Vespa in second place with 21.8 per cent (977 sales), Honda third with 21.1 per cent (945 sales), Suzuki fourth with 8.5 per cent (382 sales) and Aprilia fifth with 8.3 per cent (373 sales). Scooter sales accounted for 3.9 per cent of the total 2016 motorcycle market.

#### MARKET SEGMENTATION\*

Segment	2016	% of total	2015	Variance (%)
Road bikes	47,753	41.6	45,337	5.3
Off-road bikes	39,710	35	37,373	6.3
Scooters	4,486	3.5	5,042	-11.0
ATVs	22,834	19.9	19,958	14.4
Total Market	114,783	-	107,710	6.6

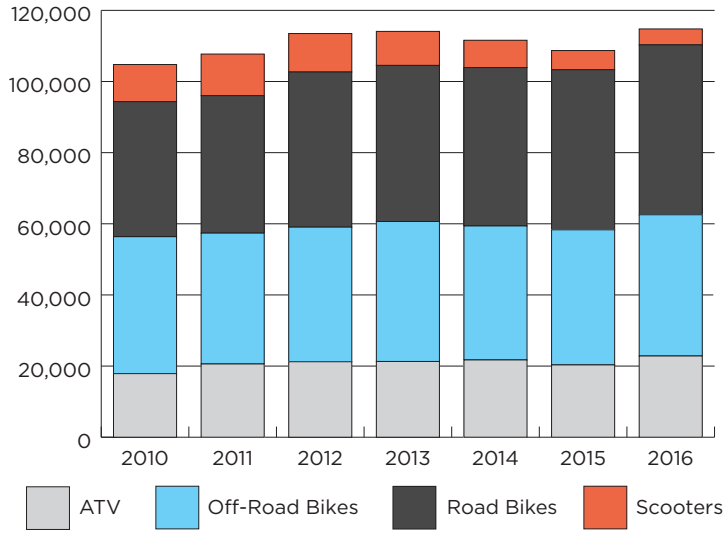
\* Adjusted

#### TOP 10 MOTORCYCLE SALES BY BRAND

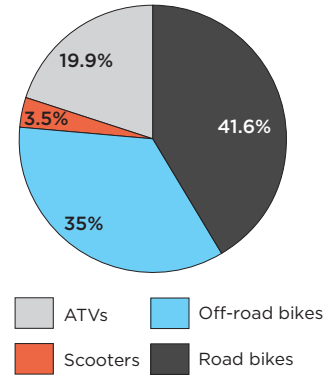
Brand	2016	2015	% change
Honda	26,276	24,535	7.1
Yamaha	24,899	23,290	6.9
Kawasaki	10,592	10,675	-0.8
Harley-Davidson	10,282	9,794	5.0
Suzuki	9,924	9,806	1.2
KTM	8,679	6,734	28.9
Polaris	6,037	5,095	18.5
BMW	3,301	3,258	-1.3
Triumph	3,125	2,900	7.8
BRP Australia	2,524	1,901	32.8



### AUSTRALIA NEW MOTORCYCLE MARKET 2010 - 2016



### 2016 MOTORCYCLE SALES 114,783







## CO<sub>2</sub>

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

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

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.





## REDUCING CO<sub>2</sub> EMISSIONS

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

Year	Average CO <sub>2</sub> emissions (g/km)*	Annual change (%)	Change from base (%)
2002	252.4	n/a	n/a
2003	249.5	-1.1	-1.1
2004	246.5	-1.2	-2.3
2005	240.5	-2.4	-4.7
2006	230.3	-4.2	-8.8
2007	226.4	-1.7	-10.3
2008	222.4	-1.8	-11.9
2009	218.6	-1.7	-13.4
2010	212.6	-2.7	-15.8
2011	206.6	-2.8	-18.1
2012	199.0	-3.7	-21.2
2013	192.2	-3.4	-23.9
2014	187.7	-2.3	-25.6
2015	184.1	-1.9	-27.1
2016	182.1	-1.1	-28.2

The car industry is one of the few industries in Australia to deliver a reduction in CO<sub>2</sub> emissions well over the Australian Government's overall target of 5 per cent by 2020.

## REDUCING THE BARRIERS TO PERSONAL IMPORTATION OF MOTOR VEHICLES

Throughout 2016, 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 this matter.

The personal imports proposal sits within a body of legislation (the Motor Vehicle Standards Act, or MVSA). Much of the MVSA contains legislative reform which is welcomed by the motor industry aside from the contentious personal imports component.



## GENUINE IS BEST

The FCAI's [genuineisbest.com.au](http://genuineisbest.com.au) website continues to provide consumers with important information about keeping their vehicle safe through the use of genuine parts in collision and general repairs, and services.

The website was established to act as the cornerstone of the campaign to ensure consumers know what genuine parts are, how to get them and the importance of good quality repairs.

Five-time Australian Touring Car champion and six-time Bathurst 1000 winner Mark Skaife has been the Ambassador for the Genuine Is Best brand since 2015. He is personally committed to the program and to publicly articulate the benefits of using genuine parts in car or motorcycle repairs.

The creation of a social media presence ([www.facebook.com/genuineisbest/](http://www.facebook.com/genuineisbest/)) in 2016 broadened and diversified the audience and allowed an ongoing interaction with the public through shared content, while providing a platform for revealing the efforts of members brands internationally to expose counterfeits.

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 in February 2017 to seek out ways of assisting the ABF's operational efforts at preventing counterfeit goods from reaching the market.

Several major component tests have been undertaken by Genuine Is Best to expose the dangers posed by counterfeits.

Following on from the October 2015 field test involving counterfeit alloy wheels branded as AMG-Mercedes which exposed major flaws in the





counterfeit product and its failure during a standard pothole test at 50 km/h, the bogus alloy wheels were sent to an independent Melbourne laboratory for metallurgy analysis.

The laboratory found significant flaws in the casting process which caused the alloy to trap air inside it, leaving it brittle and exposed to shearing and other flaws (as displayed during the field test).

A further major component test was conducted in the first quarter of 2016 at an independent laboratory in Adelaide which simulated a Holden Commodore's frontal collision with a child pedestrian at 40km/h, and simulating the child's head striking the bonnet.

This head form test found that the genuine aluminium bonnet performed well in every regard, as well as providing a superior product fit and finish for the repair industry. The non-genuine steel bonnet was inferior in every safety regard and was too heavy for the supporting gas strut, posing a further safety issue for anyone working under the bonnet.

The non-genuine steel bonnet was then subjected to further tests by GM- Holden engineers, including on the striker wire, which is the safety retainer for the bonnet. When subjected to Holden's standard longevity test, the striker wire failed very early and the low quality metallurgy was also highly susceptible to being "sawn" through after being rig-tested to Holden's durability standards.

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 the more efficient movement of road freight.

Manufacturers are investing significantly in these technology 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.

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.

Spectrum for C-ITS in Australia was allocated in January 2017 for the 5.9 GHz band (5.855-5.925 GHz) to harmonise with European standards.

In February 2017, the FCAI produced industry-agreed guiding principles for C-ITS.

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

## MOTORCYCLE SHOW

In November 2016, the three-day Melbourne Moto Expo was held at the Melbourne Showgrounds, with over 100 exhibitors and a wide array of static and active attractions including stunt shows, motocross, a fun bike area for the kids, and flat track style racing.

The exhibitor survey showed that 75 per cent had successful or very successful results, despite some inclement weather. Attendances totalled 18,410 over the three days, a decrease of around 600 patrons on the 2014 Melbourne show.



As part of the planning for an event for NSW in 2017, motorcycle members were invited to tour the new Sydney International Convention centre (ICC) in Darling Harbour and to weigh up between this alternative or the Homebush facility for the 2017 show.

Member approval was given to the newer ICC venue and members are strongly supportive of the opportunities offered by this bold and versatile new facility with 15,000 square metres of display space. Troy Bayliss Events will again partner with the FCAI in organising and promoting the Sydney event.

## ATV SAFETY

In mid-2016, the FCAI condemned the Victorian government's decision to provide taxpayer-funded rebates for so-called Crush Protection Devices without focusing on the known safety benefits of ensuring ATV riders wear helmets and are properly trained.

The FCAI was critical that the rebate scheme had been rushed in as a potential panacea to the issue of ATV injuries when the research and best evidence clearly showed that this was not a solution. Very little quality research has been conducted on these devices.

The FCAI has repeatedly quoted the reliable research conducted in the US by respected engineering firm DRI on this subject matter which showed CPDs may cause as many injuries as they prevent. The FCAI reiterated the Queensland Deputy State Coroner's recommendations on ATV safety in which CPDs fell well short of being relied upon as a safety device.

The industry wants helmet use mandated as the best protection for ATV riders as the DRI research shows that this offers the greatest capacity for injury reduction for all riders. The Industry has also consistently opposed children riding adult-sized ATVs, and single-seat ATVs carrying pillion passengers, as both are highly risky practices.

In line with its consistent support for training as a means of better informing riders of the dynamic, active riding style required to maintain proper ATV stability, the industry has also instigated a new on-line e-learning training package aimed at assisting those riders who, for reasons of remoteness, cannot easily access a training centre. The e-learning package will be available in mid-2017.

At a Coronial hearing in Hobart, Tasmania in October 2016, five sitting days were set aside to examine the circumstances around seven deaths involving quad bike riders.

The industry's proactive stance on rider safety was well described at the hearing. Scott Kebschull, an engineer from DRI, provided expert testimony in which he outlined the rollover simulations that his company had undertaken and the comparison of CPDs to other safety devices such as helmets.



## 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](http://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 [here](#).







## KEY ACTIVITIES

### SUBMISSIONS

In 2016-17, the FCAI submitted responses to a range of government reviews. These submissions can be downloaded from the FCAI website, [www.fcai.com.au](http://www.fcai.com.au)

#### April

- FCAI Submission to NTC Issues Paper: Regulatory Barriers to More Automated Road and rail Vehicles

#### June

- FCAI Response to Vehicle Emissions Discussion Paper

#### July

- FCAI Submission to the Department of PM&C: “Our Smart Cities Plan”

#### September

- FCAI Submission to the ACMA Consultation on C-ITS

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

[Motorcycling In Australia](#)

[Code of Practice For the Conduct of An Automotive Safety Recall](#)

[Guiding Principles for Privacy and C-ITS Systems](#)

[FCAI Response to the Euro 6 Draft Regulatory Impact Statement](#)

[FCAI Response to the Vehicle Efficiency Draft Regulatory Impact Statement](#)

[FCAI Response to the Better Fuel Discussion Paper](#)

[Press Cars Code of Conduct](#)

[Press Car Loan Form](#)



## *Independent auditor's report*

To the members of Federal Chamber of Automotive Industries Limited

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### *Our opinion*

In our opinion:

The accompanying financial report of Federal Chamber of Automotive Industries Limited (the Company) 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 2016 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Corporations Regulations 2001*.

### **What we have audited**

The financial report comprises:

- the balance sheet as at 31 December 2016
  - the statement of changes in equity for the year then ended
  - the statement of cash flows for the year then ended
  - the statement of profit or loss and other comprehensive income for the year then ended
  - the notes to the financial statements, which include a summary of significant accounting policies
  - the directors' declaration.
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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### **Independence**

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Other information*

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Director's Report included in the annual report, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### *Responsibilities of the directors 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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#### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

This description forms part of our auditor's report.

PricewaterhouseCoopers

David Murphy  
Partner

Canberra  
27 March 2017



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