



Federal Chamber of
Automotive Industries

ANNUAL REPORT **2021**

LIFE MEMBERS

BL Burton CBE

DM Morgan

D I Donaldson AM

P Thomas AM

RC Hunt

PH Hanenberger

WL Dix AO

T Phillips

IA Deveson AO

S Strickland

RH Johnson AO

PM Sturrock

BW Schlickum

TK Amery

JH Conomos AO

RJH McEniry

LP Daphne

L Smalley

MD Gough

DG Dickson

MT Quinn AM

M Yasuda

IF Grigg AM

DS Blackhall

REPRESENTING THE AUSTRALIAN AUTOMOTIVE INDUSTRY

The Federal Chamber of Automotive Industries (FCAI) is the peak representative organisation for companies that distribute new passenger vehicles, light commercial vehicles, motorcycles, and off road vehicles in Australia.

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

While local production ceased in 2017, some brands retain design and engineering facilities in Australia which support global new model development. Also, thanks to world's best local expertise, Australia remains a source of components (including aluminium castings and alloy wheels) which are sold to manufacturers in Japan and North America.

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

New vehicle distributors and Australian new car dealers employ more than 75,000 employees, including many trained at TAFE and other colleges to provide vital service and repair functions. Further, automotive brands themselves are major providers of subsequent specialist training for these technicians, some of whom will diversify into other industries, bringing with them skills honed by the vehicle industry.

A full list of FCAI members is available via www.fcai.com.au/about/members

CHAIR'S REPORT 2021



**Matthew
Callachor**
FCAI Chairman

This time last year, the world was entering uncharted waters. The word 'pandemic' was entering our day-to-day language, millions of people were feeling the first impacts of the new virus, world leaders were falling ill, and we were witnessing the final months of one of the most polarizing US Presidencies in generations.

Closer to home, we saw the introduction of a National Cabinet which aimed to unite the country, and at times crossing a State border became impossible. We had a Federal budget in August; whole States were forced into lockdown; and the economy went into hibernation.

The automotive industry and all of the people working within it were forced to adjust to the new norms of a COVID-19 environment.

I must acknowledge our entire automotive family for the hard work, sacrifice, adjustment, and achievements during the last year.

On behalf of the FCAI Board I would like to thank you for your continued support, and we look forward to working closely again this year.

As expected, the total market result for 2020 declined, recording a total 916,968 sales for the calendar year which is down 145,899 from 2019.

The automotive market was impacted at every level, from our factories to our dealerships.

In many cases, due to lockdowns it was impossible for prospective customers to leave their homes to explore options for a new vehicle.

Despite this, our members continued to introduce new models, with outstanding technological developments and improved automotive performance, regardless of their place in the market.

They also thought of new ways to deliver these vehicles in a constrained environment, such as online and click and collect.

While we are recovering quickly from the pandemic here in Australia, the global fallout of COVID-19 continues to be felt in our sector, specifically with impacts on our supply chains.

However, manufacturing operations continue to ramp up and despite challenges with microprocessor delays, FCAI members are doing a fantastic job of managing customer expectations and volumes through distribution networks.

It is clear that restrictions on consumer spending in some areas such as overseas travel, has resulted in an increase in spending in automotive. This was clear with the April 2021 sales being the best April on record.

The good news is, FCAI sees this demand continuing for the remainder of 2021.

The financial result for the year ended 31

December 2020 was a surplus of \$792,000, predominantly due to the impact of COVID-19 on budgeted expenses. There was a consequent increase in our reserves, which remain healthy.

I want to outline several critical areas of focus that occupied the Board and the Secretariat during the past year.

Each specific priority has been critically important, and as we have seen lately, the landscape can change very quickly.

However, they demonstrate the breadth and depth of the issues that have faced us throughout the year.

The Takata airbag recalls have been a major project for the Chamber during this year, and one of incredible significance in terms of safety and the well-being of all Australians.

The ACCC published a progress report on 11 February, showing a recall completion rate of 99.9 per cent, with 3.06 million vehicles either rectified or deemed complete since the mandatory recalls began.

Notably, the Assistant Treasurer Michael Sukkar acknowledged the progress of the recall and thanked the OEMs and dealers for their role in this recall.

The Takata recalls are an example of a monumental, whole of industry, success story in collaboration and safety. For example, as at 18 May, the industry website (which then sends users to brands' individual websites to take further action as required) had recorded 12.41 million requests, with 2.08 million affected vehicles identified.

There have also been more than 454,000 vehicle requests during 2021.

With the completion rate of Takata recalls now at 99.9%, our ongoing task is to move the primary customer contact point to members and their own websites and communication channels.

We will continue to monitor progress on Takata throughout the year.

The decision we made last year to introduce a voluntary CO2 standard for the sector was ground-breaking and courageous.

As a result of detailed work from the Secretariat and our members, we released the first report of the FCAI Voluntary CO2 Emissions Standard in March - firstly, as an industry result, and two weeks later the data for individual brands.

From the start, we said that the pathway to a 2030 result would not be smooth and that each brand would make progress at their own pace, in accordance with their individual product plans.

The first report underlined these statements to be true.

However, what is most important about this code, is that it places the automotive sector at the forefront of the debate around emissions and CO2 targets.

This was confirmed with the editorial of the Sydney Morning Herald suggesting the Morrison Government consider adopting our standard.

The Australian CO2 journey gained additional momentum with an announcement by the Federal Government to support efforts to maintain refining capability in this country and put actions in place to improve fuel quality.

This is an issue that has been running for many years, as successive Governments turned a blind eye to the significance of the issues of fuel quality, emissions reduction, and fuel security.

Consistent and sustained efforts from the Secretariat with the support of members, has resulted in this significant breakthrough.

There is still some way to go on this issue to ensure the best outcomes for the industry, our

customers, and the environment. However, the Secretariat will continue to work with the Government to achieve these outcomes.

Impacts to the franchising model brought about by legislative changes remain a concern for us.

Similarly, the impacts of the Right to Repair regulations have the potential to place significant resource burdens on our industry, including both financial and human capital.

These two issues highlight the risks we can face because of poor legislation and regulation.

Rather than promoting an industry and a marketplace that is driven by innovation, flexibility and efficiency, this type of legislation promotes a mind-set that is mired in the past.

On these issues, our task will be to minimise the fallout and to work with the Government to navigate a pathway that allows for contemporary business practice that ultimately benefits our customers.

The final point I want to highlight from the past year was the launch of our discussion paper on Road User Charging.

Like the CO2 standard, this paper sets a framework for the future and places our sector at the forefront of informed policy debate.

We are at the very beginning of discussion on this issue and the authors of our paper should be congratulated on compiling a thorough and well considered approach to this issue.

Road User Charging will increase priority and attention for us, as the vehicles on our roads become more connected and sophisticated, and the demands for alternative streams of revenue is becoming a greater issue for Governments.

The timing of this paper's release has largely coincided with continuing discussion from State Governments around road user charges on electric and plug-in hybrid vehicles.

The Secretariat is making progress strengthening the relationships with State Governments on this issue, ideally positioning the FCAI as a credible and authoritative voice of the automotive sector.

After the year we have just experienced, it would be a brave person to confidently predict where we will be this time in 2022.

However, during this time we will have a Federal election, and debate on these topics will have moved on to another level.

My request to our members, and to the Secretariat, is to remain focused and adaptable to address the issues facing us now and throughout 2021.

The diverse nature of our membership means that we will have differences from time to time, however it remains essential that we acknowledge that as a combined sector, we can continue to influence the debate and the outcomes on issues that are critical to our future.

I look forward to the continuing support of all of our members in this regard.

Finally, I want to acknowledge the efforts of our CEO Tony Weber and the members of the Secretariat, for their continuing efforts to drive the agenda of the FCAI board and our broader membership base.

THE 2021 ANNUAL GENERAL MEETING

The 2021 AGM occurred on Wednesday 26 May. Due to Coronavirus restrictions the AGM was held online via Microsoft Teams.

2021 FCAI BOARD (ELECTED 26 MAY 2021)

Matthew Callachor

(Chair)
Toyota Motor Corporation
Australia

Vinesh Bhindi

(Vice Chair)
Mazda Australia

Michael Bartsch

(Vice Chair)
Volkswagen Group
Australia

Stephen Collins

(Treasurer)
Honda Australia

Mark Cameron

(Director)
Jaguar Land Rover Australia

Andrew Birkic

(Director)
Ford Motor Company of
Australia

Shaun Westcott

(Director)
Mitsubishi Motors Australia

Brad Ryan

(Director)
Yamaha Motor Australia

Stephen Lester

(Director)
Nissan Australia

Paul Sansom

(Director)
Audi Australia

John Kett

(Director)
Hyundai

Tony Weber

(Secretary)
FCAI

STATE OF THE AUTOMOTIVE INDUSTRY IN 2021

A total of 1,049,831 vehicles were sold in Australia during 2021, which represents a 14.5 per cent increase on 2020.

In the context of pandemic restrictions limiting access to dealerships and international supply issues, the new vehicle market in Australia remains positive.

Despite the pandemic restricting access to showrooms in 2021, Australian consumers found ways to purchase new vehicles and did so in solid numbers.

The global shortage of microprocessors, compounded by the pandemic, had an impact on the number of cars sold throughout Australia. Automotive manufacturers continued to work to strengthen supply chains in 2022.

Electric vehicles saw an increase in sales of 191.1 per cent on 2020 figures.

The preference for SUVs and light commercial vehicles continued to increase throughout 2021. A total of 531,700 SUVs were sold, which was a 16.9 per cent increase on 2020. Light commercials were up 23.2 per cent on last year's figures with a total of 253,254 vehicles sold.

Passenger vehicles totalled 221,556 sold throughout the year, a decrease of 0.2 per cent on 2020 figures.

Toyota was the highest selling brand for the year, with 223,642 vehicles sold resulting in 21.3 per cent of overall market share. Toyota's result was followed by Mazda (101,119 vehicles sold, 9.6 per cent market share), Hyundai (72,872 vehicles sold, 6.9 per cent), Ford (71,380 vehicles sold, 6.8 per cent market share) and Kia (67,964 vehicles sold, 6.5 per cent market share).

MARKET SEGMENTATION

Class	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	TOTAL
Passenger	18,590	19,194	21,360	18,064	20,218	23,361	17,619	17,339	18,531	15,952	16,832	14,496	221,556
SUV	41,544	42,651	51,705	49,176	53,605	53,761	42,020	40,981	40,832	35,343	39,733	40,349	531,700
Light Commercial	17,485	19,326	23,255	21,714	23,177	28,550	20,994	19,236	20,035	19,344	20,222	19,916	253,254
Heavy Commercial	2,047	2,806	3,685	3,393	3,809	4,992	3,528	3,643	3,914	4,011	3,852	3,641	43,321
TOTAL	79,666	83,977	100,005	92,347	100,809	110,664	84,161	81,199	83,312	74,650	80,639	78,402	1,049,831

MOTORCYCLE / SSV

A total of 123,530 motorcycles and OHVs were sold throughout 2021. This represented an increase of 13.4 per cent on 2020 figures.

Off road motorcycles recorded 43 per cent of overall sales with 53,118 units sold in 2021. This was an increase of 18.8 per cent on 2020 figures.

Road motorcycles were the next most popular segment, recording 37,270 units sold. This was an increase of 6.8 per cent on 2020 figures and accounted for 30.17 per cent of all units sold in 2021.

The Off Highway Vehicle segment of the market had growth of 13.9 per cent on 2020 figures. This amounted to a total of 28,321 units sold representing 22.92 per cent of the overall market.

Scooters made up the smallest portion of the market with 4,821 new units sold. This represented 3.90 per cent of the overall market and was an increase of 8.1 per cent on sales in 2020.

MARKET SEGMENTATION

Segment	YTD 2021	YTD 2020	Percentage +/-	Share
OHV	28,321	24,856	+13.9%	22.9%
Off-road	53,118	44,697	+18.8%	43%
Road	37,270	34,912	+6.8%	30.2%
Scooter	4,821	4,461	+8.1%	3.9%
TOTAL MARKET	123,530	108,926	+13.4%	100%

FCAI KEY ACTIONS

SUBMISSIONS:

The Secretariat made over 50 submissions to State, Territory and Federal Governments including;

- National Skills Priority List
- QLD Hydrogen Code of Practice
- Future Fuels Consultations
- Mandatory Service and Repair Legislation
- Recalls Policy
- Fuel Quality Standards Review
- Victorian Government 30-year Infrastructure Review

A full list of submissions is available at www.fcai.com.au/news/publication

KEY MEDIA ACTIVITY:

14 January 2021:

Takata recall website reaches 12 million

02 February 2021:

Automotive sector already on a path to zero emissions in 2050

05 February 2021:

FCAI welcomes Federal Government consultation on future fuels strategy

19 February 2021:

Investigation uncovers counterfeit conspiracy

02 March 2021:

Consistency should be ANCAP priority

17 March 2021:

Zero and Low Emission Vehicles need encouragement rather than new charges

24 March 2021:

Vehicle Repairers Face Red Tape Nightmare

25 March 2021:

Australian Vehicle Industry Releases first Co2 Emissions Results

31 March 2021:

FCAI Welcomes ALP Electric Vehicle Direction

05 May 2021:

Road User Charging presents an unprecedented opportunity for Government tax reform

18 June 2021:

NSW budget brings leadership to automotive tax reform

02 July 2021:

Tasmanian Government's stamp duty exemption a positive step in automotive tax reform

10 August 2021:

Consumers ignored in franchising code discussion paper

25 August 2021:

FCAI welcomes NSW announcement to backdate savings on new electric vehicles

26 August 2021:

FCAI welcomes SA Government's proposed electric vehicle subsidy

09 September 2021:

FCAI celebrates World EV Day

13 September 2021:

A focus on consumers choice and competition in franchising code submission

21 October 2021:

FCAI praises NSW Government Electric Vehicle package

21 October 2021:

Putting Consumers in the driver's seat

26 October 2021:

FCAI acknowledges Government 2050 direction

01 November 2021:

South Australian EV buyers benefit through Government's action

09 November 2021:

FCAI acknowledges Federal Government's EV funding package

10 November 2021:

Australia, get back on your bike

03 December 2021:

FCAI acknowledges vehicle direction in ALP powering Australia plan

16 December 2021:

Christmas car check encouraged

22 December 2021:

Keep safe when riding ATVs and Side by Side Vehicles this holiday season

**All media releases are available through
www.fcai.com.au/news**

AUDITOR'S REPORT



Independent auditor's report

To the members of Federal Chamber of Automotive Industries Limited

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 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2021
- 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 significant accounting policies and other explanatory information
- the directors' declaration.

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 & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021 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 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 that we 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.

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.

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_responsibilities/ar4.pdf. This description forms part of our auditor's report.


PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Adrian King', written over a horizontal line.

Adrian King
Partner

Canberra
23 May 2022



A close-up, low-angle shot of a dark-colored car's front end, focusing on the headlight and grille. The image is overlaid with a semi-transparent dark blue filter. A dark grey rectangular box with an orange border is positioned on the left side, containing contact information.

**Federal Chamber of
Automotive Industries**

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