

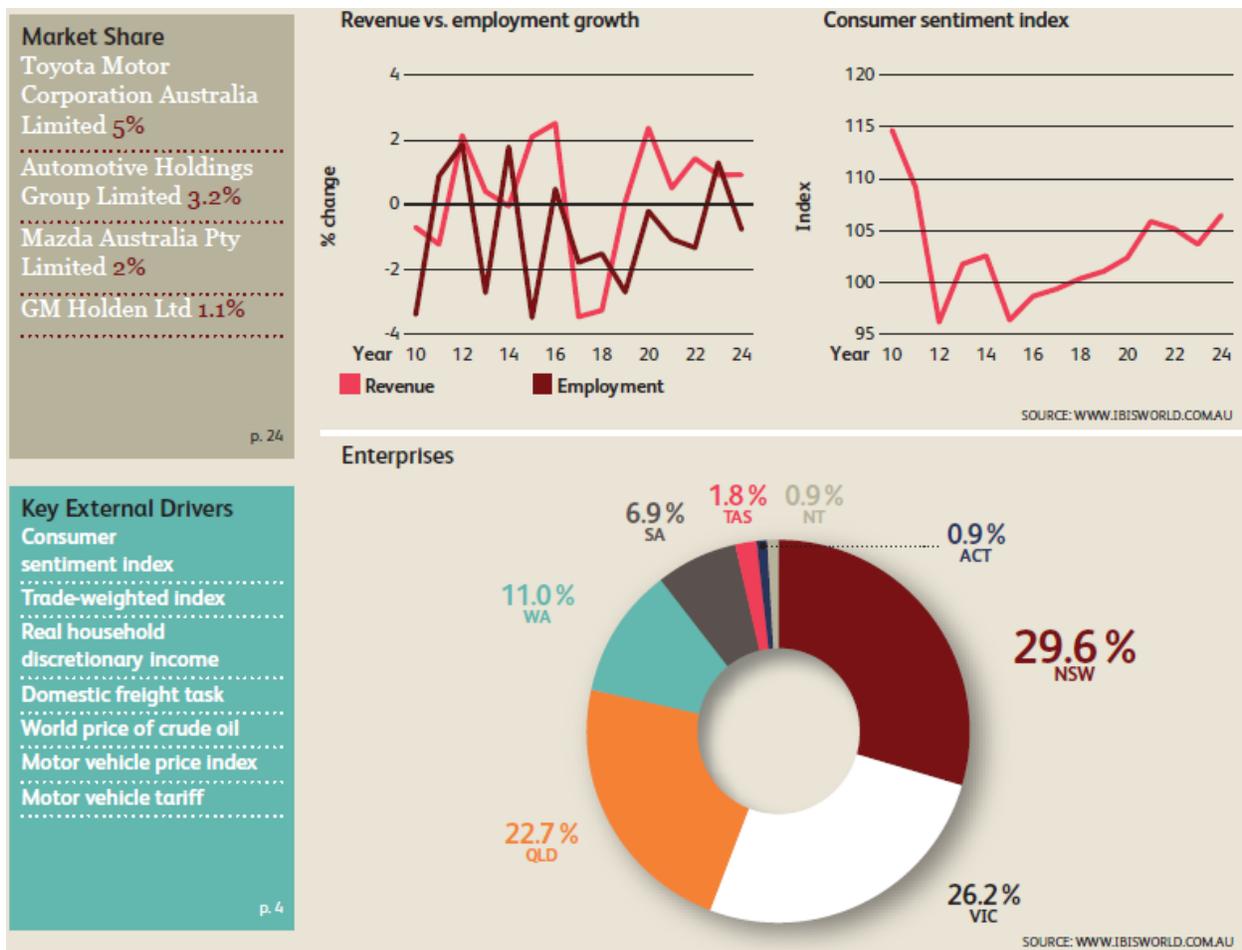
2017-18 Industry snapshot: Automotive Industry in Australia (Source: IBISworld)

Industry Definition

The automotive industry includes motor vehicle manufacturers, wholesalers, retailers, parts suppliers and mechanics that design, research, develop, manufacture, sell and maintain motor vehicles and parts. Motor vehicles are passenger moving cars, trucks, buses, motorcycles, and other recreational motorised vehicles sold to households, businesses and governments (Thomson, J. IBISworld. May, 2018).

Revenue: \$165.0bn	Annual growth 2013-18: -0.5%	Predicted annual growth 2018-23: 1.1%
Profit: \$6.8bn	Exports: \$2.2bn	Businesses: 52,138

(Thomson, J. IBISworld. May 2018)



(Thomson, J. IBISworld. May 2018)

Industry Summary

- The number of businesses in the automotive industry is quoted by VACC (2017) as 69,365 and by Thomson (IBISworld. May 2018) as 52,138. They operate across a range of smaller industries, whose performances vary across the supply chain (Source: Thomson, J. IBISworld. May 2018).
- The largest industry sector is the automotive repair and maintenance sector (engine *and* body repair) which is 54% of the industry (Source: VACC, 2017). The second largest is motor vehicle retailing (8.3%) and the third largest is motor vehicle and parts wholesaling (7.6%) (Source: VACC, 2017).
- 96.5% of all automotive businesses are made up of small and family owned enterprises with less than 19 employees (Source: VACC, 2017). However, industry consolidation is occurring and will continue as larger, more powerful businesses strive to increase market share (Source: VACC, 2017).
- In 2016/17, the automotive industry contributed \$37.1 billion or 2.2% to Australia's GDP (Source: VACC, 2017).
- Although the automotive industry is growing, many businesses are struggling to be profitable. According to VACC (2017), the motor vehicle and parts wholesaling industry recorded the highest proportion of businesses making a loss whilst the repair and maintenance sector recorded the highest profit margin (12.2%).
- The industry grew slowly over the five years through 2016-17.
 - Growth was supported by the strong sales of new cars which benefited motor vehicle wholesalers and dealers.
 - As of January 2018, there were 19.2 million registered vehicles on Australian roads which are growing at a rate of 2.1% (Source: ABS, 2018).
- The increasing number of registered motor vehicles on Australian roads supported the profitability of the repair and servicing industries (Source: Thomson, J. IBISworld. May 2018).
- Australia's largest automotive manufacturers (Toyota, Holden and Ford), ceased manufacturing in late 2017. They traditionally produced larger family sedans and were not able to compete with cheaper and more fuel efficient cars and the increased demand for European brands and SUVs. Nor could they reduce their high manufacturing costs to compete with international manufacturers. Parts suppliers to the manufacturers have been negatively impacted by their closure (Source: Thomson, J. IBISworld. May 2018).
- The shift to smaller, fuel-efficient cars, a strong Australian dollar (over the last 5 years), and reduced import tariffs have benefited importers (Source: Thomson, J. IBISworld. May 2018).
- Automotive revenue decreased at an annualised 0.5% over the past five years, to \$165.0 billion (Source: Thomson, J. IBISworld. May 2018).
- There is a current shortage of 27,377 skilled workers in the automotive industry that is negatively impacting businesses growth, and is forecast to rise (Source: VACC 2017).
- Due to the ceasing of automotive manufacturing, the introduction of new technology (i.e. autonomous vehicles and electric propulsion systems) and connected vehicles (with multiple information management systems) the automotive industry is rapidly changing. Businesses will need to change, adapt and transform to survive and thrive into the future (Source: Thomson, J. IBISworld. May 2018).
- Industry revenue is forecast to rise at an annualised rate of 1.1% over the five years through 2022-23, to reach \$174.0 billion.

Sources:

Thomson, J (May 2018). IBISWorld industry report X0014: Automotive Industry in Australia

Victorian Automobile Chamber of Commerce (VACC) (2017). Directions in Australia's automotive industry: An industry report 2017.

Australian Bureau of Statistics (2018). Motor Vehicle Census Australia 2018.