

# GROWING AUTOMOTIVE ACTIVITY IN THE SUNSHINE STATE

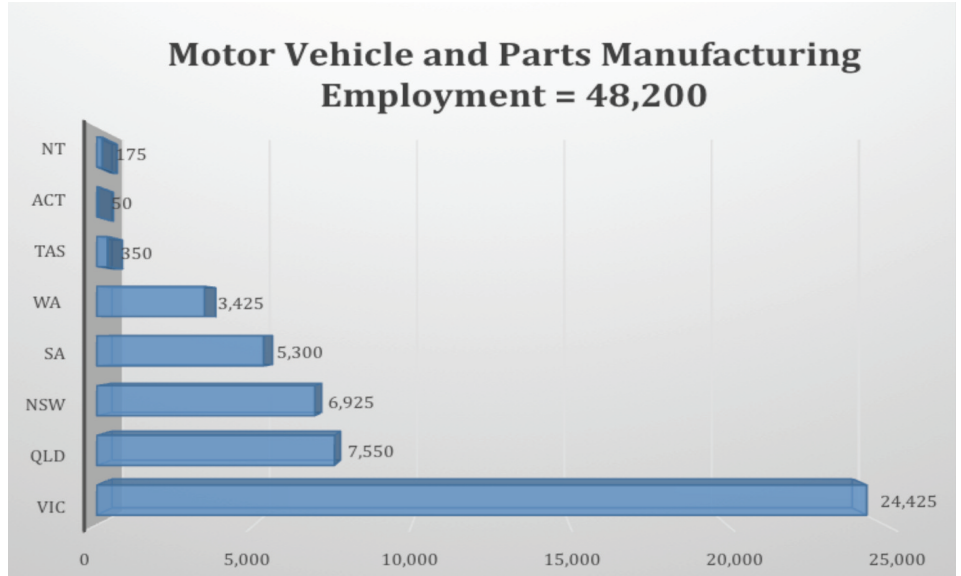
Research shows that Queensland is a forerunner in economic growth for the automotive industry.

While the automotive manufacturing sector in Australia is traditionally associated with the southern states, the latest employment data released by Automotive Skills Australia\* indicates that much of the economic growth in our industry is migrating north to Queensland. This is now the second largest location for automotive manufacturing employment in Australia, ahead of both New South Wales and South Australia. Similarly, when you look at the state-by-state employment numbers in the automotive repair and maintenance sector, Queensland again sits in second place behind New South Wales but ahead of Victoria.

These employment numbers appear to be counter intuitive due to Australia's population distribution and the dominant influence the car industry has had over State and Federal Government automotive industry policy over many decades. However, given the downturn in vehicle manufacturing and the growth of the 4WD products market, they make a great deal of sense to us and reflect our membership statistics and our long-term experience in this industry.

Despite the decisions to cease manufacturing vehicles in Australia by Ford, Toyota and Holden, Queensland based automotive parts companies are continuing to grow and excel in the world-class production and export of 4WD components and accessories, high performance and motorsport components and replacement parts.

While successive Federal Governments have focussed on supporting only the car manufacturers and their tier one suppliers, the economic contribution of the Australian automotive aftermarket is significant. Automotive aftermarket manufacturing represents 36 percent



of all automotive manufacturing in Australia – that's \$5.2 billion per annum – and exports \$800 million per year of locally manufactured product.

The market is also growing due to the increase in the motor vehicle stock in Australia. There are 17.6 million registered motor vehicles in Australia and this number is increasing by 2.5 percent annually with the average age of vehicles now over 10 years.

The Australian automotive aftermarket has earned an enviable reputation internationally as a supplier of world-class innovative automotive products. Australian manufacturers are known for their flexibility and ability to supply high quality product, often in niche volumes in a timely and consistent manner. Many aftermarket

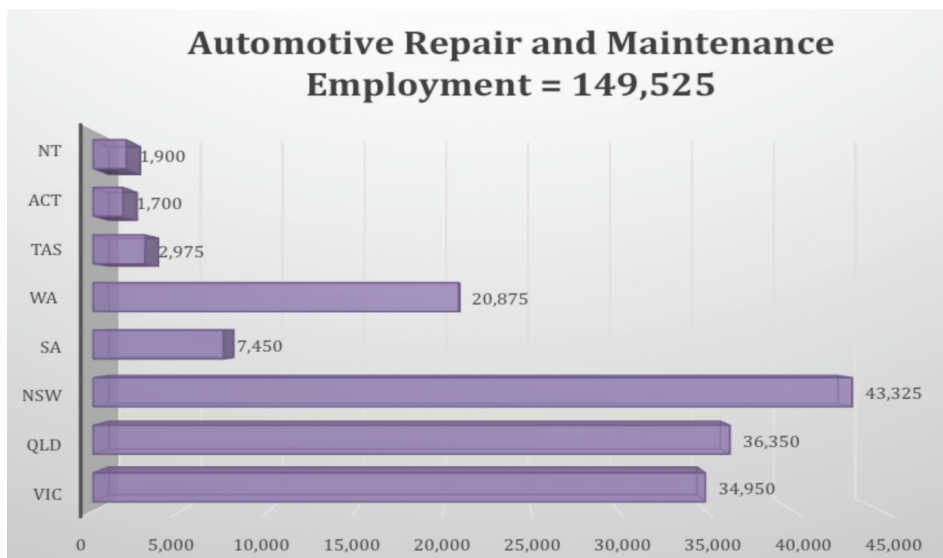
manufacturers are expanding through advanced technology innovation, leading to exports to Asia, Europe, Middle East and the USA. The automotive aftermarket has also been successful in branching out into non-automotive industry sectors, such as rail, defence, mining, marine and industrial, creating further opportunities for volume growth through diversification.

The industry in Queensland is growing – as is our membership in this state. So much so that recently we appointed Nigel Bishop to the role of full-time Northern Region Membership Manager based in Brisbane. He now travels extensively through Queensland and New South Wales working with automotive aftermarket companies to assist them to innovate and grow.

Preparations are underway for meetings with key ministers in the new Queensland Government to increase awareness of the growth in Queensland's share of national automotive activity and to seek support for a range of trade, R&D and product development, initiatives that will further support and grow employment, innovation and exports in our industry and the State of Queensland.

We'll keep you updated on progress.

\* Automotive Environmental Scan 2015, Auto Skills Australia, Australian Government Department of Education and Training.



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