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Immediate Release

A statement from Richard Dudley, CEO, Australian Automobile Dealers Association

CARR JUST DOESN'T GET CARS

Australian car dealers are justifiably outraged with comments made by the Minister for Innovation, Senator Hon Kim Carr, on Melbourne radio yesterday when he misquoted car sales data to suggest sales are strong despite the automotive industry imploding since changes to FBT car leasing were announced.

On the 16th July the Labor Government ripped \$1.8 billion out of the Australian motor industry when it announced significant and far reaching changes to the Fringe Benefit Taxation system, without any prior consultation with the industry. The immediate effect has been 10,000 car orders cancelled or suspended, with the impact to car dealers and the broader automotive industry devastating and obvious for all to see.

Senator Carr must think the motor dealers and the public are ignorant when he says that the FBT changes won't impact the car industry. Despite his misinformed assurances that sales remain strong, I can report that:

- Nearly 80% of car dealers have reported lost sales - between 1 and 100 car sales have either been cancelled or suspended at individual dealerships around Australia
- More than 60% of car dealers are reporting they will need to consider staff number reductions if the changes are introduced

Our figures were reinforced in the VFACTS sales data which was released on Monday. Federal Chamber of Automotive Industries (FCAI) Chief Executive Tony Weber said:

"It is disappointing that even after only a few weeks, we are seeing sales significantly impacted by the Government's FBT announcement. The full impact, however, will take some time to completely work its way through sales figures."

The Labor Government continues to ignore the real facts. The impact of these changes has already cost jobs in dealerships and throughout the automotive industry supply chain.

We also note that the \$200 million bailout package announced by the Government has no detail attached to it. What will it be used for and who will benefit? Car dealers in Australia, who have millions of dollars invested and employ thousands of people, need assurances that the Labor Government will overturn this catastrophic decision. I encourage Senator Carr to visit dealers and inspect the damage that these changes have caused first hand.

The Federal Opposition Leader was right when he said the bailout package was like putting a band-aid over a bullet wound.

For further information:
Richard Dudley, CEO AADA
0412 146 828