

**MEDIA RELEASE**  
**5 September, 2013**

## **SENATOR CARR STILL DOESN'T GET CARS**

The Australian Salary Packaging Industry Association (ASPIA) asserts that the comments made by the Minister for Innovation, Industry, Science and Research, Senator Kim Carr on Wednesday, 4 September 2013 demonstrate that he does not understand the fundamental workings of the Australian automotive and related industries.

The following statements by Senator Carr illustrate his misconceptions.

*"The August vehicle sales figures released by the FCAI today show that claims that Federal Labor's changes to FBT will destroy the car industry are completely untrue.*

*Despite the prediction that locally made sales would fall by 20 per cent, locally made sales in August are up slightly compared to July. In fact, sales for August are the second highest for any month so far this year.*

*The data released today shows sales have decreased by just 0.2 per cent on the same period last year and that year to date sales remain up by 4 per cent.*

*There has been no collapse in demand.*

*People are continuing to buy cars, because people need cars...."*

He went on...

*"We need to focus on fairness and on facts."*

So to borrow from Senator Carr's statement let's "focus on fairness and on facts."

### The Facts

Since the Rudd Labor Government announced, without consultation, changes to the Fringe Benefits Tax on 16 July the Australian automotive industry has suffered a serious blow which is compounding day by day.

If Senator Carr understood this sector he would appreciate that there is generally a lag time between a new car order and actual delivery, in many cases, of at least 60 to 90 days.

The facts show that:

- Sales of Australian-made cars fell by 13% in August compared with the same month last year (FCAI). This equates to more than \$160 million of lost sales.

- Forward orders of Australian made cars have dropped by 30%. The three local car makers dropped a total of 2500 new car deliveries this August compared with last August (FCAI).
- Two thirds of new car dealers surveyed have made staff redundant or plan to as a direct result of the proposed tax changes (AADA).
- Ford Falcon orders dropped by 58% to 573 cars in August – the lowest sales figures since its introduction in 1960 (FCAI).
- Total sales are down 0.2% - that represents a negative downturn of more than 5% or 4600 sales for the month. Fleet vehicle orders placed in the first half of August were down 37% on the same period last year. (AFLA – manages 550,000 cars).
- Toyota's total fleet operation has fallen by 19% compared with the same month last year. Its large fleet business was down 30% and its novated lease business dropped 27% (Toyota).
- The Salvation Army says that the knock on effects of these changes will see an additional \$4 million tax bill each year – almost half of the proceeds from the annual Red Shield Appeal. (Salvation Army).
- Typical lease holders are not rich fat cats driving imported prestige cars. 70% of lease holders earn less than \$100,000, the average salary is around \$70,000 a year and the average price per car is \$34,500 (ASPIA).
- A substantial industry data compilation shows that 5% of leased cars are Audis, Mercedes and BMWs and more than 35% are Fords, Holdens and Toyotas (ASPIA).
- Leases are held in large proportion by health and charity workers, Federal and State public servants, police and teachers (ASPIA)
- The Victorian Government has estimated that the changes to Fringe Benefits Tax will cost it around \$20 million a year – or \$80 million over forward estimates. (Minister David Davis)

President of ASPIA, Leigh Penberthy said he was heartened that as late as this morning the Shadow Minister for Finance, Deregulation and Debt Reduction, Andrew Robb confirmed that “a Coalition Government will not proceed with Kevin Rudd’s job-destroying \$1.8 billion hit on the car industry.”

Mr Robb added that this proposed tax change is “dead, buried and cremated.”

Mr Penberthy said “if the current Government understood basic economics it would not be smashing demand stimulus now by changing FBT provisions and trying to repair the damage with band aids due to be applied from 2016 and beyond. This is basic supply and demand economics which has clearly been missed by the Minister.

“As we approach the 7 September election we call on the Rudd Labor Government one last time to reverse its catastrophic decision,” Mr Penberthy said.

For further information:

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