Heavy vehicle manufacturing in Australia – the silent achiever

I have had enough of economic commentators telling us that there is no manufacturing left in Australia. Australia has a skilled and resourceful design and manufacturing capacity for heavy equipment. The community seems not to recognise the contribution that local manufacturing makes by creating wealth, high quality jobs and enhanced productivity via custom built logistics gear. In this article I want to set the record straight. The tables show my estimates of the size and commercial value of the new heavy truck and trailer industry in Australia. The following tables give my estimates of the retail value of five road-vehicle categories. Bus body building is not included – it would add to the total value add.

Obviously locally manufactured heavy vehicles do not have complete Australian content. For example, there are no commercial diesel engines manufactured here so the engines are all imported. Truck build can be classified into four levels:

1 Cab manufactured and chassis rails drilled in Australia.
2 Chassis rails drilled in Australia and cabin imported.
3 Vehicle assembled here from CKD components.
4 Vehicle fully imported and driven off a boat.

The great majority of bodies (~ 90 per cent) are manufactured and installed in Australia because they are customer specification.

Trailer build can be classified into two levels:

1 Trailer chassis rails and body manufactured in Australia
2 Trailer fully imported.

Using the totals in the tables, I estimate that the annual Australian manufacturing value add in the new truck and trailer supply industry is about $2.47 billion. This significant Australian industry is apparently unrecognised by our political leaders, journalists or the community. It is a silent achiever.

Peter Hart
Chairman, ARTSA

VALUE OF NEW REGISTRATIONS OF HEAVY PRIME MOVERS 2015-16

Vehicle Type	Average Retail Value	Year Ending 30 Jun 2016	Total Retail Value
Regular Heavy Prime Movers	$250 k	1,796	$449,000 k
Multi Combination Heavy Prime Movers	$350 k	3,290	$1,151,500 k
Totals	5,427	5,086	$ 1.6 B

Note: There is minimal body building in this segment. Locally built makes include Kenworth, Mack, Volvo (cabin imported) and Iveco Powerstar. About 33 per cent of prime movers for single semi-trailers are locally built (levels 1,2,3) and about 50 per cent for multi-combinations are locally built.

VALUE OF HEAVY DUTY (≥ 12t) RIGID TRUCKS, 2015-16

Vehicle Type	Average Retail Value of chassis cab	Year Ending 30 Jun 2016	Retail Value
HD Regular Rigid Trucks	$150 k	6,010	$ 901,500 k
HD Long Combination Rigid Trucks	$250 k	718	$179,500 k
Total Rigid Chassis Cab Trucks	$ 163 k	6,728	$ 1.10 B
Body Attachment	$40 k	6,728	+$ 0.27 B
Total Retail Value			$ 1.37 B

Note: About 10 per cent of heavy-duty rigid trucks are built locally.

RETAIL VALUE OF HEAVY DUTY TRAILERS (≥ 12t) in 2015-16

Vehicle Type	Average Retail Value	Year Ending 30 Jun 2016	Market Value
Semi Trailers	$150 k	5,519	$827,850 k
Lead Trailers	$150 k	1,563	$234,450 k
Dog Trailers	$130k	935	$121,550 k
Dolly Trailers	$ 40 k	813	$32,520 k
Pig Trailers	$ 30 k	250	$ 7,500 k
Other Trailers	$ 150 k	57	$8,700 k
Total Trailers	$135 k	9,137	$1.23 B
Specialty bodies	$100 k	457 (5% of total)	$0.05B
Total Retail Value			$1.28 B

Note: About 95 per cent of heavy-duty trailers are manufactured in Australia. Medium-duty trailers are not listed above, the annual additions medium-duty trailers counts about 776 units with a retail value of $0.033 billion.

VALUE OF MEDIUM DUTY (4.5 – 12t) RIGID TRUCKS, 2015-16

Vehicle Type	Average Retail Value	Year Ending 30 Jun 2016	Retail Value
American Medium Rigids	$100 k	201	$20,100 k
Asian Medium Rigids	$ 100 k	7,036	$ 703,600 k
European Medium Rigids	$ 100 k	337	$33,700 k
Australian Medium Rigids	$ 100 k	29	$2,900 k
Other Medium Rigids	$ 100 k	3	$300 k
Total Medium Rigid Chassis Cabs	$ 100 k	7,606	$ 0.76 B
Bodies	$ 20 k	7,606	$ 0.15 B
Total Retail Value			$ 0.91 B

VALUE OF LIGHT RIGID (3.5 – 4.5 t) TRUCKS, 2015-16

Vehicle Type	Average Commercial value	Year Ending 30 Jun 2016	Retail Value
American Medium Rigids	$ 60 k	~ 0	0
Asian Medium Rigids	$ 60 k	5,200	$ 312,600 k
European Medium Rigids	$ 60 k	500	$ 30,000 k
Australian Medium Rigids	$ 60 k	~ 0	0
Total Medium Rigids	$ 60 k	5,700	$ 0.34 B
Bodies	$ 15 k	5,700	$ 0.09 B
Total Retail Value			$ 0.43 B

		Australian-manufactured value
Prime Movers:	$1.62 B	~ 0.4 x $1.62 B
Trailers:	$ 1.28 B	~ 0.9 x $1.28 B
HD Rigid Trucks	$ 1.37 B	~ 0.1 x $1.37 B
HD Rigid Bodies	$ 0.27 B	~ 0.9 x $ 0.27 B
MD Rigid Trucks	$ 0.91 B	~ 0
MD Rigid Bodies:	$ 0.15 B	~ 0.9 x $ 0.15 B
Medium Duty Trailers	$ 0.03 B	~ 0.9 x $0.033 B
Light Rigid Trucks	$ 0.34 B	~ 0
Light Rigid Bodies:	$ 0.09 B	~ 0.9 x $ 0.09 B
Total:	$ 6.1 B	~ 0

Australian annual manufacturing value add is $2.47 B

NEWS FLASH

The Australian Road Transport Suppliers' Association (ARTSA) and the Commercial Vehicle Industry Association of Australia have announced the Australian Innovation in Heavy Vehicles Conference to be held 2-3 March 2017.