



**T-MARK**

Truck Market Data

**Truck Market Comment:**  
**Fourth Quarter, 2020**

8<sup>th</sup> January, 2020

**2020, a better result for new truck sales than was anticipated**

*Australian truck market comment pieces are issued quarterly by the Truck Industry Council (TIC)<sup>i</sup>, owner and compiler of the official T-Mark<sup>ii</sup> truck market sales database.*

There have been many terms used to describe the year that was 2020, typically none of them positive, and for good reason. When COVID-19 hit Australia and the world, early last year, many people feared the worst and for so many, that trepidation unfortunately came to realisation. The Truck Industry Council (TIC) and our members, shared concerns for the road transport industry and while some operators have experienced tough times in 2020, the declaration by the Federal Government that the heavy vehicle industry was an essential service, as it most definitely is, proved to shore-up business confidence within the sector and kept the wheels turning quite literally. The sector's confidence, aided by appropriate and well-timed fiscal policy and incentives by our leaders in Canberra, laid the foundations for solid and better than expected new truck sales last year.

Total Australian truck and heavy van sales for the 2020 calendar year were 34,476 units, by no means a record (that is held by 2018, when 41,628 trucks were sold), however a much better result than was forecast at the end of April last year, when new truck sales had slumped to levels not seen since the Global Financial Crisis (GFC). At the end of 2020 the sales tally was slightly down on the past five year average of 36,272 truck sales (the average annual sales between 2015 to 2019). That represents a five percent reduction in sales over the five year average, a much better result than was anticipated earlier in 2020. As is typically the case, the four sectors within the heavy vehicle market fared differently to each other over the course of last year, with the Light Truck and Van segments performing better than both the Medium and Heavy Truck sectors.

Taking a closer look at the results for the fourth quarter (October to December), T-Mark results show sales of 9,663 units. This was the strongest quarter result posted in 2020 and was some 253 vehicles, or 2.6 per cent, greater than quarter four of 2019. These strong truck sales in Q4 2020 were no doubt directly boosted by the Federal Government's new "unlimited" instant asset write-off incentive, announced in the October 2020 Budget. Looking at the month of December 2020 in isolation, total heavy vehicle market sales of 3,478 units was up 230 vehicles on the 3,248 trucks sold in December 2019, making December 2020 the second best on record, only eclipsed (just) by the pre-Global Financial Crisis (GFC) December of 2007 (3,509 sales).

The **Heavy Duty Truck Segment**<sup>iii</sup> managed to reach 1,144 units for the month, up 28 trucks, or 2.5 percent, over the December 2019 result. In total only 10,616 Heavies were sold in 2020, down 16.6 percent (-2,117 trucks) over 2019 HD sales, highlighting the sales slump in the second and third quarters of the year and prior to the introduction of the Federal Government's new "unlimited" instant asset write-off incentive in October. The quarter four result last year fell just short of the 2019 result, down by 1.1 percent, 3,189 HD trucks sold in 2020 Q4 verses 3,226 sold in the same period in 2019. Compared to the five year sales average for the Heavy Truck segment, 2020 Heavy sales were down 9.8 percent, 10,616 sales in 2020 verses 11,771 sales on average over the past five years for the sector.

The **Medium Duty Truck Segment**<sup>iv</sup> was hit the hardest last year, though the Federal Government's new "unlimited" instant asset write-off incentive spurred some sales growth in quarter four and for the month of December in particular. December 2020 saw a total of 655 Medium trucks sold, a 17.0 percent rise (95 trucks) over December 2019. Comparing the total tally of each year, the 2020 result fell short of 2019 by 11.1 percent, -822 trucks. The fourth quarter MD segment result of 1,753 units was slightly up over 2019 Q4 sales of 1,738, though well short of the record final quarter result for Medium trucks of 2,812 recorded in 2007. Comparing the 2020 Medium Truck sales result to the five year average, the segment was well down, trailing the average sales result by 10.1 percent, 6,592 sales in 2020 verses 7,338 sales on average over the past five years for the sector.

The **Light Duty Truck Segment**<sup>v</sup> for December saw a slight increase in sales, recording 1,069 deliveries for the month, up 2.4 percent (25 trucks) over December 2019, while the fourth quarter total of 3,018 trucks was also up on quarter four 2019 by 3.4 percent (98 units). The yearlong trend was not so positive, with the final 2020 total tally coming in at 11,018 units, which was a 4.1 percent decrease (-469 trucks) for the segment when compared to 2019. LD Trucks now make up 32.0 percent of all heavy vehicles sold in Australia and this result has moved the segment past the HD Truck segment which fell to 30.8 percent share in 2020, making Light Trucks the most populous heavy vehicle sector in Australia last year. Comparing Light Duty Truck sales in 2020 against the five year sales average for the segment, 11,018 sales in 2020, verses 11,353 sales on average over the past five years for the sector, sales were down 3.0 percent (-335 trucks) in 2020.

The **Light Duty Van Segment**<sup>vi</sup> performed the best of all segments in 2020 with a total 6,253 Van sales for the year, just 1.2 percent down on 2019 sales of 6,329. Comparing the 2020 Light Duty Van sales result to the five year average, the segment was the only one to outperform the five year average. 5,812 Vans are sold on average ever year, over the past five years, in this sector, 441 less vans than were sold in 2020. This meant that the Light Duty Van sector was up 7.6 percent last year over the five year average. Looking at the month of December in isolation, a total of 610 Vans were delivered for the month, up 15.5 percent (82 vans) over December 2019. While the 2020 fourth quarter result of 1,703 van sales was a new quarter four record, eclipsing the previous October to December record of 1,535 sales set in 2017.

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Tony McMullan, CEO of Truck Industry Council (TIC), the peak industry body for truck manufacturers and importers in Australia, noted that heavy vehicle sales were stronger than expected for a year that has seen Australia's economy ravaged by the effects of COVID-19. "The positive trend in new truck sales witnessed for much of the second half of 2020 and particularly evident in October and November, accelerated further in the month of December. The December Heavy Duty Truck sector result marked the fifth consecutive period of month-on-month sales growth, with sales since July showing a positive, constant, upward trend. December Heavy and Medium Duty Truck sales were particularly strong, almost certainly as a direct result of the Federal Government's new "unlimited" instant asset write-off incentive, announced in the October 2020 Budget."

Mr McMullan went on to explain, "Given the nature of new Heavy Truck sales, there is a lag between ordering a new truck, its completion/body fitment, pre-delivery, registration and final delivery to the customer. This is typically two to three months for Heavy and Medium Duty trucks. The Truck Industry Council was always of the belief that it would take a couple of months at least, before the positive effects of the Federal Government's October stimulus package would be reflected in T-Mark sales. I believe that we have started to witness those positive results in December."

"TIC believes that sales will remain solid as we enter 2021, though the recent up-tick in COVID-19 cases and the resultant border closures, by some States and Territories, may slow sales somewhat in the opening months of 2021. That said, the general outlook for the Australian economy this year looks healthy and we remain positive that will translate to sold new truck sales in 2021." Mr McMullan concluded.

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<sup>i</sup> *Truck Industry Council is the peak body representing all suppliers of on-road heavy vehicles in Australia. TIC members represent 16 truck brands currently on sale in Australia, plus four truck engine and major component brands.*

<sup>ii</sup> *T-Mark is a database that compiles all trucks (that is, non-passenger carrying vehicles with Gross Vehicle Mass above 3,500 kg) sold into the Australian market that comply with Australian Design Rules. All road registered vehicles are captured, plus most of the off-road vehicles. Monthly data reports are made available to TIC members and the media.*

<sup>1</sup> **Heavy Duty Truck Segment** is defined as cab-chassis type vehicles (both rigid and prime mover application) with  
a) Three or more axles; or  
b) Two axles, a Gross Vehicle Mass greater than 8,000 kg, AND a Gross Combined Mass of more than 39,000 kg.

<sup>1</sup> **Medium Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of greater than 8,000 kg, but with a Gross Combined Mass up to and including 39,000 kg.

<sup>1</sup> **Light Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

<sup>1</sup> **Light Duty Van Segment** is defined as enclosed van (non passenger carrying) vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

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