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A New Record Beckons

As we enter the last couple of months of 2022, new truck sales continue apace. In fact, short of a major calamity, we are set to break the previous all-time new heavy vehicle sales record in Australia. That record stands at 41,628 truck and heavy van sales set in 2018. The industry came very close to breaking that mark last year with 41,404 new heavy vehicle sales, falling just 224 trucks short of the 2018 record.

Year-to-date 2022 sales are tracking six percent up over 2018 and 2021 deliveries, hence a new record beckons. In fact, the Truck Industry Council (TIC) expects sales at the end of 2022 will fall between 43,000 and 44,000 new trucks and heavy vans. Comfortably eclipsing the previous high mark. This would be quite an achievement in a federal election year that led to a change of government, when typically businesses delay new vehicle purchases and their fleet replacement plans, waiting to determine how the economic landscape will play out with new leaders in our nation's capital. Truck manufacturers also continue to deal with the crippling local and global supply chain issues that have hindered the supply of locally manufactured and fully imported trucks throughout the past couple of years, largely as a result of COVID-19. Further, with increasing interest rates being deployed by the Reserve Bank of Australia to curb increasing inflation, our economy is cooling, generally a sign that new truck orders and sales will start to slow. This will likely be the case in the new year, however with healthy order banks in place from earlier in 2022, we are unlikely to witness a slowing of new heavy vehicle deliveries in the remaining couple of months of this year.

It is worth taking a quick look at the sales results by segment to gain a better picture of how our heavy vehicle market grew in 2022, compared to the near record year of 2021. Year-to-date heavy duty truck sales are well up this year, +16 percent over those of 2021. The medium duty truck segment has also seen positive growth this year, up 4 percent over 2021 sales thus far. While the light duty truck sector continues to perform very well, up 12 percent year-to-date over 2021 results. However, it has been a poor year for heavy van sales in Australia, with new van deliveries down a substantial 27 percent over sales from last year, primarily due to supply issues out of Europe.

The good news is that with more new heavy vehicles being put onto our roads in 2022, than in any other previous year, we witness more trucks and heavy vans with the latest safety features, more fuel efficient engines and drivelines, better exhaust emission performance and more higher productivity vehicles. These safer, greener, cleaner and more productive trucks offer all road users improved heavy vehicle safety, they offer all Australians cleaner air to breathe and they offer operators potential productivity benefits and reduced operating costs. However, due to poor sales in the ten years following the Global Financial Crisis, 2008 to 2017 inclusive, we witnessed the age of the Australian truck fleet steadily grow older, from 14.4 years in 2008 to 15.0 years average age in 2017, the increase in age compounded by the nation's freight task that continues to grow year-on-year. The bad news is that fleet replacement has not kept pace with this freight growth. While record, or near record sales in 2018 and 2021 and again this year are a starting point, it will in fact take more than a decade of year-on-year record sales for the truck park to return to 14.4 years average age, a number that is twice that of most European countries. A number, that we as a nation, should not be proud of.

So why do I mention this, when many might expect celebrations are in order for a pending new record sales? The answer is simple, the Australian road toll is too high and heavy vehicles are over represented in those crashes and this is partly to do with the fact that the older trucks in our nation's truck fleet do not feature the advanced safety features found in newer trucks. TIC and our members are very conscious that more work must be done to improve heavy vehicle road safety in the years ahead and reducing the average age of the Australian truck park is a key enabler of better heavy vehicle safety outcomes.

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