



PACCAR Australia

November 2013

PACCAR Australia, a wholly owned subsidiary of PACCAR Inc headquartered in Bellevue, Washington, USA has been designing and manufacturing Kenworth Trucks at Bayswater, Victoria since 1971. In addition, PACCAR Australia also imports and distributes DAF trucks, provides aftersales support for Kenworth and DAF trucks, supplies aftermarket truck and trailer parts through PACCAR Parts and offers finance for its products through a finance subsidiary, PACCAR Financial.

PACCAR Australia directly employs more than 750 people and many thousands more through its independent supplier and dealer networks.

Kenworth Trucks, a division of PACCAR Australia, is certified to the international environmental management standard, ISO 14001: 2004. The manufacturing facility is world-class, utilizing established and recognized tools such as CAD/CAM, ISO-9002 Quality Systems, and is a Six Sigma company.

2011 marked the 40th anniversary of Australian production at the Bayswater plant. In 2012 PACCAR Australia joined an elite group of world-class local manufacturers inducted into the Victorian Manufacturing Hall of Fame. The award recognized 41 years of service in manufacturing the Kenworth product. It also acknowledged the ongoing implementation of leading edge technologies, which continue to support Kenworth's longstanding position as the number one selling heavy-duty truck brand in Australia. In July of this year, PACCAR Australia delivered the 50,000 Kenworth vehicle manufactured in Australia.

In 2013, PACCAR Australia won the Federal Government's Industry Training Award for Manufacturing for the second time, having earned the same award in 2007, and was a finalist in the Victorian State Government's Employer of the Year (WPC category) Training Awards. PACCAR Australia also won the *Business of the Year* and *Large Enterprise Award* at the Melbourne South East Business Awards in 2013.

As part of PACCAR's commitment to training and employee development, 'Skills Pathways' are utilized to create new challenges and opportunities for all employees. This involves ongoing learning and development across a wide range of skills and the broad spectrum of the business. The program includes development activities in leadership, manufacturing, engineering and accountancy, as well as apprenticeships in our dealerships around Australia.

Since 2011, PACCAR has trained over 300 factory employees to a Certificate III level in Competitive Manufacturing as part of our PACCAR Production System program. This provides employees with the skills and capabilities to drive and develop continuous improvement projects throughout the workplace on an ongoing basis. During this period, PACCAR Australia employees have provided over 500 ideas for improvement to not only the Kenworth and DAF products, but also processes associated with all aspects of the business.



Kenworth has won numerous design awards from the Institute of Engineers Australia and the Society of Automotive Engineers and manufactured the first LNG powered production truck in Australia early in 2009.

A significant reason for the success of the Kenworth product is that it is designed and manufactured in Australia, with ongoing capital investment from PACCAR Inc in the form of product research, design, and manufacturing technology.

PACCAR Australia's products are sold and marketed through an independent and financially strong dealer network. The dealer network is strategically located throughout Australia, New Zealand and Papua New Guinea, with approximately 10% of sales exported each year.

The PACCAR Australia supply chain includes approximately 50 primary Australian suppliers located over approximately 290 local sites. The majority are Australian owned companies, and located in the Melbourne region. Depending on the model and specification, a Kenworth truck utilizes 60-70% Australian content. Our local suppliers provide a wide range of critical components such as complex electrical harnesses, large fiberglass components, interior trim systems, fabricated/machined/welded metal components, radiator and charge air cooling packages, paint etc.

A great deal of focus and assistance is given to supporting the development of capabilities and improved efficiency within the supply base. In particular, the competitiveness and sustainability of the local supply base is continually improved through:

- Increased adoption of lean manufacturing techniques.
- Investment in the latest machine tool technology.
- Improvements to quality measurement capabilities, including investment in coordinate measuring equipment.
- Implementation of Advanced Product Quality Planning (APQP).
- Adoption of the Production Part Approval Process (PPAP).
- Training in, and adoption of, Six Sigma problem solving and process improvement methodologies.

In summary, PACCAR Australia is a major manufacturer, importer and distributor of commercial vehicles in Australia and is committed to supporting local manufacturing and ongoing improvements in road freight efficiency in Australia.