



Motor Trades Association of Queensland



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Chairman's Report



David Fraser

Chairman MTA Queensland

Attached to this report are the comprehensive statements from the Chairs of the 11 Industry Divisions, each being a Board Member. I thank them for their duty, commitment and contributions.

It is with pride I present the 2014-15

Annual Report of the Motor Trades of Queensland (MTA Queensland or the Association), an industrial organisation of employers in the motor trades, now in its 86th year representing the motor trades in Queensland.

It is my sixth term as your Chairman, and it is my charter to ensure that the 'Objects' contained in the Association's rules, approved by Queensland's Industrial Relations Commission and Fair Work Australia in November 2014, are complied with. These are:

- to promote, advance and protect the interest of the motor vehicle industry and associated trades or businesses in Queensland and to conserve the interest of Members;
- to advocate, advance and protect the interests of employers connected with the motor vehicle industry and associated trades or businesses in Queensland;
- to consider and deal with any question relevant to the motor vehicle industry and associated trades or businesses;
- to participate in, promote and encourage all forms of education and training supportive of the development of the motor vehicle industry and associated trades or businesses in Queensland; and
- to do any such other lawful things as may appear to be incidental or conducive to the above Objects in any of them.

In the past 12 months, your Board has been diligent in attending to these multifaceted duties in what has been, for employers in the motor trades, a year of political uncertainty, differing economic conditions and challenging industry changes.

Your Board has met on four occasions to consider and determine MTA Queensland

issues and matters relating to the motor trades. The Executive team meets when required. Board Members have been highly professional and conscientious in their deliberations on all matters before the committee. Corporate governance - the mechanisms, processes and relations of the Board - has been and is of a high standard. I thank each Board Member for their genuine and selfless service and commitment to the motor trades and the Association.

Attached to this report are the comprehensive statements from the Chairs of the 11 Industry Divisions, each being a Board Member. I thank them for their duty, commitment and contributions.

They are:

- David Fraser, MTA Queensland Chairman and Chair of the Queensland Farm & Industrial Machinery Dealer Division
- Steve Eaton, MTA Queensland Vice Chairman and Chair of the National Auto Collision Alliance
- Paul Peterson, MTA Queensland Secretary/Treasurer and Chair of the Queensland Motorcycle Industry Division
- Mark Bryers, Chair of the Engine Reconditioners' Association Queensland
- Garth Madill, Chair of the Queensland Motor Dealers Council
- Glen Ford, Chair of the Automotive Parts Recyclers Division
- Tim Kane, Chair of the Service Station & Convenience Store Association Queensland
- John Ruddick, Chair of the Tyre & Undercar Division of Queensland
- Charlie Serchen, Chair of the Automotive Engineers Division

New corporate partners have joined MTA Queensland whilst other partnerships have ceased. I acknowledge each and thank them on behalf of the Board and Members for their support.

- Michael Kennedy, Chair of the Automotive Remarketing Division
- Chris Ching, Chair of the Rental Vehicle Industry Division

Charlie Serchen, after almost 40 years in the repair sector, is leaving us having relocated his business to northern New South Wales and is no longer able to contribute. From 2002, Charlie chaired the now Automotive Engineers Division (AED) (formerly the Combined Mechanical Repair Specialist Division). Under his leadership, the Division dealt with many issues including the recent complex and challenging changes in the motor vehicle repairs sector. Members of the AED have elected Mark Dodge from Cairns, the former Vice Chairman, to fill the vacancy. On behalf of the Board I welcome Mark and look forward to his contributions for the AED.

Glen Ford, the Chairman of the Auto Parts Recyclers Division (APRD) has ably led the sector since 2006. He has decided to follow his own advice, offered in the APRD's 2014 Annual Report, which was 'to look at a succession and retirement plan' and did not nominate for the position of Chairman. During Glen's stewardship, there were ongoing challenges in the parts recycling sector which he openly addressed. This included large corporate entities moving into the industry. Lawrie Beecham from Hervey Bay, who was an active Member of the APRD Division, was elected as Chair.

On behalf of the Board, I thank Charlie Serchen and Glen Ford for their long-term loyalty and service to their respective Divisions of the motor trades and to the Association. Our best wishes are with them in the new phases of their lives.

On behalf of the Board, I welcome Mark Dodge and Lawrie Beecham and look forward to their contributions for the AED and the APRD

respectively and their input into the Association's governance.

I thank our regional representatives - Steve Eaton, Vice Chairman and Representative for Far North Queensland Region; Rod Pether, Representative North Queensland Region and James Robertson, Representative, Central Queensland Region for their commitment and sense of duty to the motor trades and the Association. They put before the Board the economic conditions, employer and industry policy issues of their respective areas and contribute to our governance. Combined, they provide a holistic perspective of the State's automotive value chain's economic conditions and employer policy and industry issues.

Executive Team

In between Board meetings, the governance and administration of the Association rests with the Executive Team that includes General Manager Kellie Dewar and Managing Director of Strategic Operations Steve Ghost. I thank each for their service to the Board, the Membership, their belief in and pursuit of the Objects of the Rules of MTA Queensland and their integrity and professionalism in performing their duties.

Corporate Partners

New Corporate Partners have joined MTA Queensland whilst other partnerships have ceased. I acknowledge each and thank them on the behalf of the Board and Members for their support. They are:

- MTAA Superannuation – our superannuation partner;
- Capricorn Society Limited – the largest independent automotive parts buying cooperative in Australia;

- Commonwealth Bank – offering members some of the lowest EFTPOS charges and other benefits;
- Dun and Bradstreet – the nation's foremost credit control and debt collection agency;
- Staples – the leading supplier of a complete range of office consumables;
- Australian All Energy Solutions (AAES) - a QLD-based renewable energy company that are the leading solar consultants and experts in solar solutions;
- Guard Insurance - specialists in insurance and risk management solutions; and
- Our Auto Tech-Centre - offering access to the largest technical library in the southern hemisphere.

The partnership arrangement between Staples and the Association has changed and on behalf of the Board I thank Staples for their long-standing support over the past years.

Corporate Office

Under the leadership of General Manager Kellie Dewar, the important corporate tasks of administration, service delivery, advocacy and communications have been sustained and delivered at a high level by her and her loyal and competent staff. On behalf of the Board, I thank Kellie Dewar and each officer for their professionalism, dedication and commitment to the Association and to the Membership. Thank you.

Over the year, some long-serving staff have found careers elsewhere which has brought new faces to our corporate office. On behalf of the Board, I thank each of them, particularly former Divisional Executive Ben Chesterfield and Administrative Assistant Katie Gould, for their

In the State, strong and productive relationships have been forged with the Departments of Justice and Transport and Main Roads and with the Brisbane City Council.

professionalism and welcome Colin Fitzpatrick and Sara Cameron to the respective roles and to the team.

To ensure that our staff continues to provide the high standard of service delivery for which the Association is renowned, skills in operational and administrative systems are updated as required. This is necessary to meet the changing needs of Members, e-commerce and communications.

At the end of the 2015 financial year, Ian Field resigned as Chief Executive Officer. On behalf of the MTA Queensland Board I thank him for his experienced and professional leadership of the Corporate Office.

On 12 December 2015, the MTA Queensland's corporate office and the MTA Institute of Technology will have resided in the state-of-the-art Sir Jack Brabham Automotive Centre of Excellence for exactly four years.

Advocacy

A core function, as stated in the Rules, is 'to *advocate, advance and protect the interests of employers connected with the motor vehicle industry and associated trades or businesses in Queensland*'. The past year has been one of change, complex policy issues and difficult economic conditions for industry. On behalf of the MTA Queensland, General Manager Kellie Dewar has cogently presented the Association's views either in submissions, fora, or meetings. In-so-doing, the standing of the MTA Queensland as the voice of the motor trades has been heard and the feedback is that it is respected.

Our standing as the peak body representing Queensland's motor trades has been entrenched at all levels of government. In the State, strong and productive relationships have been forged with the Departments of Justice

and Transport and Main Roads and with the Brisbane City Council. At the Commonwealth level, through strong policy development submissions, the MTA Queensland is recognised as a responsible and strong contributor.

Meetings with other peak organisational representatives and individual Members of Parliament have transpired as required.

The 2014-15 year included the State General Election and, as is the practice, a policy submission was forwarded to the major political parties contesting the poll. As a follow up, congratulatory letters were sent to all Members, the newly elected Premier and the Ministers with commissions relative to the motor trades, as well as to the Leader of the Opposition and the appropriate Shadow Ministers.

In addition, congratulatory letters were sent to the newly elected Prime Minister and newly appointed Federal Ministers with portfolios of relevance to the automotive value chain. Whilst these letters are congratulatory, they inform about the MTA Queensland and the spread of the Membership and motor trades throughout the State.

All governmental policy processes relevant to the automotive value chain have been responded to either by way of submissions, fora attendance, or by appearing before Parliamentary Committees or Departmental meetings. As is the practice, the Association provides a pre-budget submission to both the Commonwealth and State Budget processes from the perspective of the motor trades.

Policy Submissions to the Queensland Government include:

- Response to the State Government's discussion paper *Towards a clean energy economy; achieving a biofuels mandate for Queensland*;

- Motor Accident Insurance Commission Review of the limits to apply to Compulsory Third Party Premiums;
- Response to Parliamentary Finance and Administration Committee re the *Workers' Compensation and Rehabilitation and other Legislation Amendment Bill 2015*;
- Response to the Parliamentary and Legal Affairs and Community Safety Committee re *An Inquiry into consumer protections and remedies for buyers of new motor vehicles (Lemon Laws)*;
- Response to the Department of Transport and Main Roads discussion paper on *Motorcycle licensing*;
- Response to the Parliamentary Utilities, Science and Innovation Committee re the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015*;
- Response to the Parliamentary Education and Small Business Committee re the *Jobs Queensland 2015 Bill*; and
- Response to the Parliamentary Finance and Parliamentary Committee re the *Inquiries into possible changes to Queensland Parliamentary terms*.

Policy submissions to the Commonwealth Government include:

- Comprehensive response to the Australian Treasury Competition Policy Review Secretariat re the *Competition Policy Review Draft (Harper) Report*;
- In partnership with the Queensland Chamber of Industry and Commerce and other Queensland employer organisations, a submission to the Productivity Commission's *Inquiry into the operation of the Fair Work Act 2009*;
- Response to the Australian Treasury Small Business, Competition and Small Business Division re the *Unfair*

All governmental policy processes relevant to the automotive value chain have been responded to either by way of submissions, fora attendance, or by appearing before Parliamentary Committees or Departmental meetings.

Contract Terms Consultation Paper *Extending Unfair Contract Term Protections to Small Business*;

- Response to the Australian Treasury Small Business, Competition and Small Business Division re *Exposure draft legislation consultation for Extending Unfair Contract Term Protection to Small Business*;
- The Australian Treasury, Competition and Consumer Division re the *Small Business and Family Enterprise Ombudsman Discussion Paper*;
- The Australian Treasury, Competition and Consumer Division re *Exposure draft Australian Small Business and Family Enterprise Ombudsman and Associated Bills*;
- Response to the Senate Legal and Constitutional Affairs Committee re the *Australian Small Business and Family Enterprise Ombudsman Bill 2015*;
- The Australian Treasury White Paper March 2015 *Re:think, better tax, better Australia*;
- The Senate Economics Legislation Committee Inquiry into the provisions of *The Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015*.
- Response to the Department of Infrastructure and Regional Affairs Vehicle Safety Standards Division re the *Options Discussion Paper 2014 of the Motor Vehicle Standards Act 1989*;
- The Australian Treasury Deregulation Division re *Treasury Legislation (Spring Repeal Day) Bill 2015*; and
- Letter referring to the Australian Competition and Consumer Commission re sustained high prices of fuel in regional areas that did not reflect declining oil price.

Fora

Over the past year, the MTA Queensland has been invited to participate in various policy fora. These include:

- The Queensland Loss and Crime Committee as a contributing member to represent the service station sector;
- The Chamber of Commerce of Industry Round Table to discuss the Productivity Commission Inquiry into the *Fair Work Act 2008* and the concept of a unified industry submission;
- The State Government's Business Advisory fora;
- The State Government's Safer Roads, Safer Queensland forum;
- The Department of Transport and Main Roads development of a 'Long term Transport Strategy and Direction for the Queensland transport system' forum;
- Biofuels Mandate Workshops;
- *Motor Vehicle and Chattel Auctioneers Act 2014* information sessions concerning the new regulatory requirements;
- Divisional industry summits; and
- National meeting of the respective motor trades Divisions.

Achievements

Achievements have long lead-times requiring patient and consistent advocacy. In the past year, measures that have been realised to the benefit of the motor trades include:

Achievements:

- The commencement of the standalone legislation - the *Motor Vehicle and Chattel Auctioneers Act 2014* from 1 December 2014 which had been a long-standing policy goal - some fourteen years. It included the effect of replacing 14 forms with three;

- The improved and updated Franchising Code of Conduct which became law as from 1 January 2015. The MTA Queensland has been involved in submissions relating to the Code since 2008.
- Working with the Queensland Office of Fair Trading on what they refer to as 'Operation Round Up' which seeks to limit the operations of unlicensed motor dealers preying on unsuspecting consumers. It dovetails with our 'Dob in a Backyarder' program;
- Amendments to the *Transport Operations (Road Use Management) Act 1995* (s 133 Business owner to record information about repairs and painting) which clarified the requirements for motor vehicle repairers to keep records about the repair and painting of vehicles and simplified the record-keeping requirements. The new provision showed there was no need for the records to be kept in a separate, formal register. It made clear that the records may be kept through ordinary documents used by repairers such as invoices, computer records, job cards, paper records etc. They must be, however, complete and accessible should the need arise;
- Successful engagement with the Department of Transport and Main Roads and the Office of Fair Trading on a range of legislative and regulatory issues relating to the motor trades;
- Resolution to Voluntary Code of Practice relating to the Access to Service Information; and
- Amendments to the *Vehicle Registration Regulation* to provide that unregistered vehicles that are dealer's stock being used within the dealer's premises are exempt vehicles. This ensures that, as a Compulsory Third Party Insurance

The practice of meeting with regional Members to hear their issues, gain understanding of their service needs and impart industry and Association information continued over the past year.

policy is not available for exempt vehicles, dealers may obtain liability insurance to cover unregistered vehicles used on their premises.

Membership services

The cornerstone on which the MTA Queensland rests is Membership Services which oversees and delivers the requirements of Members, from advocacy to industrial relations to publications, to assist them in the operations of their businesses. General Manager Kellie Dewar and her team have provided a high standard of support services to assist and advance the functioning of each Division. This is acknowledged in each of the Divisional reports. To a great extent, the culture of professionalism, service delivery and care for the Membership derives from Kellie Dewar's leadership.

The practice of meeting with regional Members to hear their issues, gain understanding of their service needs and impart industry and Association information continued over the past year. General Manager Kellie Dewar and Divisional Executive Andy O'Hearn have shared opportunities to meet Members in Cairns, Mareeba, Townsville, Gladstone and Cloncurry. These visits were in addition to the face-to-face visits from the Divisional Executive team.

The MTA Queensland and the BUSY At Work organisation have partnered to secure access for members to BUSY At Work's apprenticeship services. These include matching apprentices to business through the world-renowned Harrison Career Assessment Tool, and access to mentoring services to help businesses retain apprentices.

Divisional Executive Ben Chesterfield resigned to take a position elsewhere. Colin Fitzpatrick now has the responsibility to the requirements of the Tyre and Undercar, Rental Vehicles,

Service Stations and Convenience Stores, National Auto Collision Alliance, and the Queensland Farm and Industrial Machinery Divisions.

Stationery and Technical Adviser Russell Sticklen has been part of the MTA Queensland story for some 21 years. He oversees the supply of industry-specific products such as sales contracts, job cards and the production of brochures and leaflets for Members. Russell Sticklen is an excellent source for technical information and advices for Members.

On behalf of the Board, I thank Kellie Dewar and her team for their professionalism, service and commitment to the Membership.

I commend to Members, General Manager Kellie Dewar's report.

Industrial Relations

The industrial relations services provided to Members by the MTA Queensland are 'second to none'. Aply led by our long-serving Industrial relations specialist Ted Kowalski, assisted by Paul Murray, Members have access to immediate and professional advice pertaining to the *Fair Work Act* and the full suite of workplace relations issues.

A focus for the past year has been the 'Four-Year Review of Modern Awards' which is anticipated to be completed by early next year. For the Association, the relevant Awards are the Vehicle Manufacturing, Repair, Service and Retail Award and the Clerks Private Sector Award. The essential purpose of the review is to determine if the modern award system is working the way intended. The MTA Queensland collaborated with other similar stakeholders in the compilation of submissions to the review.

The MTA Queensland on Wednesday 26th November, 2014, gained Federal employer registration. In the past, and under the *Fair Work Act*, the Association was a 'Transitionally Registered Organisation' in the federal system which allowed it to represent Members' interests in all industrial relations matters. The practical differences between the transitional registration and full registration are negligible excepting it allows the Association to take its place with other federally registered employer organisations in the name of the Motor Trades Association of Queensland Industrial Organisation of Employers. The Association has been a registered employer organisation in the Queensland Industrial Relations system since 25th March 1949.

On behalf of the Board, I thank Ted Kowalski and new recruit Paul Murray for their service and advice to Members on motor trades and employer matters. I place on record appreciation to Michelle Chadburn for her contributions to Members on workplace relations matters whilst she was with the Association.

I commend to Members, Industrial Relations Manager Ted Kowalski's report.

Industry Awareness - Public Relations

Modern communication platforms into today's business environment are vital to provide Members with quick and accurate access to data. Your Association will continue to increase its electronic communications capacity to and from Members to enable information currency and real-time engagement.

Skype and teleconferencing infrastructure is in place to provide Members with immediate access

The MTAIT remains the largest training provider to deliver on-site training to the collision repair industry throughout Queensland.

to meetings and discussions. This ensures that any Member, regardless of location in our decentralised State, can engage in Divisional meetings.

The *Motor Trader* magazine is in its 81st year of publication as the voice of the motor trades and is one of the oldest trade magazines in the nation. There are eleven editions each year that are produced in-house. Editor Jonathan Nash ensures it is a source for motor trades' information, policy and advocacy news and that it promotes Members and their businesses, emphasises skills and training and is entertaining. In addition, Jonathan is the Editor of the *Australian Tyre Dealer* which is the authority on tyre industry issues. It is distributed nationally to a wide readership six times a year.

Together, all of our publications establish the credentials of our Association to Members, within the community and the various agencies of government by disseminating the views and news of our several industry sectors.

On behalf of the Board I thank Editor Jonathan Nash and his team for the enthusiasm and energy they bring to their roles, and the insightful and enjoyable automotive stories in the publications.

Training

Similar to businesses in the motor trades, the MTA Institute of Technology (MTAIT) has felt the headwinds of challenging economic and business conditions. It has, however, maintained its position as the largest automotive private training provider in Queensland. As at June 2015, the MTAIT had 29 per cent of the automotive apprenticeship market delivering qualifications across Queensland through 35 trainers. For the last financial year, the MTAIT provided training to in excess of 1600 apprentices and trainees.

The apprenticeship system remains the industry's preferred model of skills formation. The MTAIT's overall apprenticeship numbers have slightly declined over the year. There are a variety of reasons for this reduction in apprenticeships, which include a slower uptake of automotive apprentices, higher completion rate of students without replacement and aggressive competition.

The MTAIT remains the largest training provider to deliver on-site training to the collision repair industry throughout Queensland. This model of delivery allows employers and students the flexibility and consistency of one-on-one training to maximise learning outcomes. The Learning Management System, an online system to assess students with employer input, has enabled the MTAIT to provide greater training services to the collision repair industry.

The MTAIT continued to actively engage with the national automotive industry skills council, Auto Skills Australia (ASA), to provide feedback into the development of the automotive training package and to drive policy development in government agencies. The MTAIT holds a board position at ASA and actively represents the Queensland automotive industry's interests.

A new initiative for the MTAIT has been to deliver its automotive training to international students to enable them to increase the depth of their automotive knowledge and transfer these newly acquired skills back to their home country. The MTAIT designed a special training program for students from South Korea's Daejeon region. It was organised in conjunction with education consultancy group Smart Education Training Australia and the Daejeon Metropolitan Office of Education. Students engaged in the program were successful in achieving

the Certificate I in Automotive Vocational Preparation in Light Vehicle Automotive.

The MTAIT signed a Memorandum of Understanding with two South Korean training institutions and the Brisbane based Smart Education and Training Australia consultancy to establish a mutually beneficial collaborative relationship between the four parties. This will lead to providing students and teachers with customised training programs. In addition, a Chinese delegation from the Sichuan province visited the Sir Jack Brabham Centre of Excellence with the aim of gaining understanding of Vocational Education Training and how the MTAIT trainers deliver in practice.

At the beginning of 2015, the MTAIT introduced the National Automobile Dealership Association University courses, specially tailored to the Australian market. The courses offer dealerships the training to grow their business and improve financial performance.

The quality of MTAIT training is illustrated by students successful in winning industry Awards. There have been many outstanding success stories highlighted in the *Motor Trader*. I particularly mention Peter Cooke, a mature-age student who completed his apprenticeship with the MTAIT, and who won the prestigious National 2014 Ulysses Club Motorcycle Apprentice of the Year Award. Luke Smith and Connor Litchfield - both third-year automotive electrical apprentices with the Brisbane City Council based at the Toowong Bus workshop - claimed the Apprentice of the Year and Innovator of the Year respectively. And, of course, Sarah Gale, a second-year Light Vehicle apprentice with Rego's Mobile Mechanical Services at Atherton, was the MTA Queensland's Apprentice of the Year.

Whilst the nomenclature of sales, service and repair of motor vehicles and components has not changed, consumers will expect the most advanced technology, innovative practice and skilled staff to service their needs.

Success in training can take many forms and may include a culture of encouraging aspiration. Luke Roxburgh's apprenticeship journey has been one of resilience, determination and inspiration. He started his Light Vehicle mechanic apprenticeship in 2003 but a horrific train accident left him severely injured and unable to work. Following years of recovery, Luke returned to the workshop in 2013, restarted his apprenticeship, and in July this year was named MTAIT Student of the Month.

On behalf of the MTA Queensland Board, I thank the MTAIT Board and General Manager Training Operations Paul Kulpa for the successful delivery of a central element of our Rules 'to participate in, promote and encourage all forms of education and training supportive of the development of the motor vehicle industry and associated trades of businesses in Queensland.'

Appreciation is extended to the MTAIT Board comprising Chair Ian Lawrence, Deputy Chair and Director David Fraser, Directors Alan Bonsall, Mark Brady and Steve Ghost; General Manager Training Operations Paul Kulpa; MTAIT Trainers and staff for their commitment and passion to the training of students and for embedding within the MTAIT a culture of respect and learning.

I commend General Manager Training Operations Paul Kulpa's comprehensive report to Members.

Finance

The MTA Queensland's financial operations are reliant on quality accounting and financial management systems and policies. The Association's finances and accounting systems are the responsibility of Chief Financial Officer Kathy Winkcup and the Treasurer Paul Peterson who have complied with

best practice accounting policies and standards. The processing of financial and information data is electronic and I place on record the competency of the Association's Information Technology Manager James Orr.

On behalf of the Board, I thank Kathy Winkcup, her staff, and Paul Peterson for the integrity, commitment and diligence they devote to their respective duties and roles. I commend to Members, Treasurer Paul Peterson's Financial Report for the year ended June 2015.

The Association's finances are audited by BDO, Brisbane-based accountants specialising in Audit, Tax and advisory services. On behalf of the Board, I thank BDO for their assiduity and professionalism. I commend to Members the Independent Auditor's Report.

The Motor trades and the economy

As the retiring Chair of the AED, Charlie Serchen stated in his final report, '2015 has had its challenges for all concerned with the motor industry'. The consistent sentiment across the MTA Queensland's Divisions has been the differing economic conditions, the challenging sectoral changes and political uncertainty confronting business.

The aftermath of the announcements that the domestic motor vehicle manufacturing will terminate, the impending Bilateral Free Trade Agreements with Japan, South Korea and China, and the signing of the plural Trans Pacific Partnership, each have consequences that will affect the motor trades into the near and longer terms. The economic reality is that the motor trades must embrace the opportunities that flow from these frameworks and other changes including

e-commerce, business consolidation, technological innovations and enhanced competitiveness in our market places.

Whilst the nomenclature of sales, service and repair of motor vehicles and components has not changed, consumers will expect the most advanced technology, innovative practice and skilled staff to service their needs. These sectors represent some 95 per cent of the automotive value chain's business activity and will do so into the foreseeable future. The MTA Queensland is aware that consumer expectations in an environment of rapidly advancing technology and frequently reformulated policies must be met by both the peak body and individual employers. Evidence of the Association's ability to accommodate the demands of the market place is illustrated by the currency and achievements of the MTAIT's training programs.

Australia is a stable democracy in which Governments are changed through the ballot box. Each government has a mandate to deliver. It is not in the interests of the economy or business certainty and confidence for there to be a continual churn generated by indefinite policy reform programs that dominate the atmospherics in which businesses are required to operate.

The Reserve Bank of Australia through 2014-15 operated an expansionary monetary policy with the official cash rate now maintained at a record low of 2.0 per cent set in May 2015. This has been assisted by a depreciating Australian dollar and low inflation. Offset against this has been a chronic collapse in demand of the global resources sector, climatic impacts that include the continuing severe drought conditions across 80 per cent of the State, a damaging hail storm in February 2015 that caused

The 2015 Automotive Environment Scan reports that the State's motor trades comprise some 13,700 business enterprises (the latest available data 2012-13).

some \$1 billion of damage and the violent cyclone Marcia that wrought destruction in Central Queensland. These impacted detrimentally on motor trade businesses, although it must be said that the repair sector did receive an impetus in business activity from demand to repair hail-damaged vehicles.

The 2015 Automotive Environment Scan reports that the State's motor trades comprise some 13,700 business enterprises (the latest available data 2012-13). This is some 750 fewer than the previous year with more than half contributed from the Automotive Repair and Maintenance sector. Sole proprietor businesses without any employees comprised the bulk of the closure, particularly within the vehicle body repair and vehicle mechanical repair subsectors. On the other hand, employment within the automotive industry for 2013-14, according to the Australian Bureau of Statistics, was strong with a workforce of some 92,500 people. This indicates that the automotive industry enterprises in this State are resilient, efficient and well managed but undoubtedly competition, size, financial capital and economic conditions have made for a tough year.

Whilst the past year has been economically and financially subdued for business, recent soundings for the last quarter of the calendar year indicate that businesses are expecting increased activity, with profit, sales and employment activity expected to rise. This positive local economic environment must be judged against external headwinds in the form of mixed data soundings coming out of China, the continuing uncertainty surrounding the US Federal Reserve's intention to unwind quantitative easing and the advent of increasing interest rates in the US economy.

I have great hopes the next year will see a sustained economic recovery for business generally and the motor industry specifically.

Ag Show

In 2015, the Ag Show event usually held in each September was ceased. After 21 years of the Queensland Farm and Industrial Machinery Dealer Division (QFIMDD) partnering with the Royal Agricultural Society of Queensland Toowoomba and *The Toowoomba Chronicle*, the Ag Show partnership was dissolved.

Across those 21 years, the Ag Show has been a popular and well supported event by exhibitors and patrons alike. Behind the scenes it was the QFIMDD committee and the MTA Queensland staff which drove the success. On behalf of the Board I thank all who have contributed to its success.

Another event is taking shape. The QFIMDD are in discussions with other industry partners to host a farm industry technology driven event which will include a focus on farm machinery in the production of the food and fibre chain.

President's Ball

The second Annual President's Ball was held on 1 November 2014, at the Hilton Brisbane. It was an evening of camaraderie, conviviality, industry celebration and reflection. The event was hosted by Master of Ceremonies Peter Kelly with speakers including the MTA Queensland Chairman David Fraser, Suncorp Group's Brett Wallace, Capricorn Society's Dale Durden, and Lianne Turner from MTAA Super.

A gentle and reflecting touch was a short video on the accomplishments and the legacy of the late Sir Jack Brabham who agreed to have the

MTA Queensland corporate office carry his name - Sir Jack Brabham Automotive Centre of Excellence.

The highlight of the evening was the presentation of the MTAIT Apprentice of Year Award and the new MTA Queensland Member Awards for Innovation and the Community. Sarah Gale, a second-year light vehicle apprentice from Rego's Mobile Mechanical Services in Atherton was acclaimed as the MTAIT Apprentice of the Year and presented with the MTAA Super \$2,000 prize money. Sarah said she would spend the award prize on a new toolbox, but MTAQ Automotive Remarketing Division Chair Michael Kennedy, of Brisbane Motor Auctions, offered to supply Sarah with a new toolbox so she could spend the money on something not work related. On behalf of the Board, I thank MTAA Super and Michael Kennedy for their generosity.

The MTA Queensland Innovation Award was won by A1 Mobile Mechanics for the CM400, a jump start pack developed by business owner Frank Teggart. The MTA Queensland Community Award was won by the Crick Group for their two major initiatives. Firstly, the Crick Eastham Foundation which is committed to raising funds for charities that support either children, the community or the fight against cancer and secondly, the 'Crick's 12 Lives' initiative which aims to help change the life of someone in the community.

Annual Golf Day

The 66th Annual Motor Trade Golf Tournament was held on Thursday 15th October, at the Nudgee Golf Club. It is an 18-hole Stableford competition in which players compete for the Motor Trade Cup with the winner's receiving a replica of the Cup and a special trophy.

On behalf of the Board I thank Members who donated the other numerous trophies. Some of the proceeds from the event may be donated to charity.

In Memoriam

To all Members who have incurred bereavement, we offer our sincere sympathy.

Congratulations

On behalf of the Association, I congratulate all Members who have won prestigious awards this year.

Mr Frederick Ainsworth was awarded a Medal of the Order of Australia for his exceptional and long service to the community of the Western Downs. The citation included early membership with the Motor Trades Association of Queensland and as a Foundation Member of the now Queensland Farm and Industrial Machinery Association Dealer Division (QFIMDD). On behalf of the MTA Queensland, congratulations on the award and for the service to the community of the Western Downs and the motor trades.

The Future

The future of the MTA Queensland rests without exception on its core principles contained in its Rules which include:

- promotion, advancement and protection of the interest of the motor vehicle industry and associated trades;
- advocacy, advancement and protection of the interests of employers connected with the motor vehicle industry; and
- promotion and encouragement of all forms of education and training supportive of the development of the motor vehicle industry.

For 86 years, at one time or another, these core principles have been the guiding light for motor trades' employers to prevail through diversities

such as 'the great depression', a world war, credit restrictions of the 20th century, a global financial crisis, several severe climatic catastrophes and great technological revolution. Central to our belief is entrepreneurialism and a culture of service to our customers and the general public.

The MTA Queensland Board is committed to the Rules on which it was founded and has resolved to continue to apply best practice governance to all its endeavours.

The Association's future challenge is to prepare for on-going changes that inevitably will occur during this century, provide high quality advocacy on behalf of Members, consolidate our position as Queensland's peak motor trades organisation and provide the leadership to fulfill the object of our Rules.

I commend this report to Members.

David Fraser
Chairman MTA Queensland

Treasurer's Report



Paul Peterson
Treasurer/Secretary MTA Queensland

In 2015/16, the Executive will be focusing on building its membership and broadening its commercial activities whilst ensuring members remain the heart of the Association by providing quality services that add value.

The 2014/15 financial year for the Association resulted in a deficit position of \$692,346. This loss arose primarily due to an impairment loss of \$474,585 on the investment in MTAA Unit Trust in Canberra. Other significant changes in operating income and expenses were the loss of income commissions from corporate partners of \$116,000 and a donation expense to AADA Ltd for \$200,000.

The financial accounts, as presented, were audited by BDO Audit Pty Ltd.

Financial Results 30th June, 2015

Deficit attributable to Members of the Organisation

This year's deficit attributable to members of the organisation result was \$692,346.

Significant operating income and expenses during 2015 compared to 2014 were:

- COGS Training variance was due to licence fees paid to NADA University of \$392,500
- Commissions received, MTAQ no longer receives commission from Capricorn Society and NRMA, which resulted in a difference of \$116,000
- MTAQ received \$163,400 from MTAA House dividends, an increase of \$58,900

Balance Sheet

Overall, the equity position of the Association remains strong at \$15,803,863. Significant matters in the financial statements during 2015 were:

- MTAA Unit Trust investment is valued at fair value based on the net asset position at 30 June, 2015. This resulted in a revaluation of the asset by \$526,226.85, with an amount of \$474,584.85 affecting the bottom line.

MTAQ holds 19 units of a total 115 units at the fair value of \$2,181,083 which are currently held for sale

- Investment portfolio with Dalton Nicol Reid comprised of investments in ordinary shares listed on the Australian Securities Exchange. Value at the end of the reporting period was \$1,287,410

General comments

In summary, the 2014/15 year has resulted in a significant reduction in Federal Government funding for training support projects and a national reduction in apprenticeship take up. In 2015/16, the Executive will be focusing on building its membership and broadening its commercial activities whilst ensuring members remain the heart of the Association by providing quality services that add value.

Paul Peterson
Treasurer/Secretary MTA Queensland

Member Services and Support



Kellie Dewar
General Manager MTA Queensland

We are excited about expanding our regional visit program next year to launch the Professional Circle to all Members.

Regional Visits

We have continued our regional visits schedule in 2015 and look forward to catching up with more members in 2016.

We shared opportunities to meet with members in Cairns, Mareeba, Townsville, Rockhampton and Cloncurry. These meeting opportunities were additional to our regular Divisional call schedule.

We thank Members for making us welcome and for your participation.

We are excited about expanding our regional visit program next year to launch the Professional Circle to all Members.

Policy Work

Submissions: State and Federal break down

It has been a busy 12 months for Policy work. Outlined below are the formal submissions made at State and Federal level:

Policy Submissions to the Queensland Government include:

- Response to the State Government's discussion paper *Towards a clean energy economy; achieving a biofuels mandate for Queensland*;
- Motor Accident Insurance Commission Review of the limits to apply to Compulsory Third Party Premiums;
- Response to Parliamentary Finance and Administration Committee re the *Workers' Compensation and Rehabilitation and other Legislation Amendment Bill 2015*;
- Response to the Parliamentary and Legal Affairs and Community Safety Committee re *An Inquiry into consumer protections and remedies for buyers of new motor vehicles (Lemon Laws)*;

- Response to the Department of Transport and Main Roads discussion paper on *Motorcycle licensing*;
- Response to the Parliamentary Utilities, Science and Innovation Committee re the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015*;
- Response to the Parliamentary Education and Small Business Committee re the *Jobs Queensland 2015 Bill*; and
- Response to the Parliamentary Finance and Parliamentary Committee re the *Inquiries into possible changes to Queensland Parliamentary terms*.

Policy submissions to the Commonwealth Government include:

- Comprehensive response to the Australian Treasury Competition Policy Review Secretariat re the *Competition Policy Review Draft (Harper) Report*;
- In partnership with the Queensland Chamber of Industry and Commerce and other Queensland employer organisations, a submission to the Productivity Commission's *Inquiry into the operation of the Fair Work Act 2009*;
- Response to the Australian Treasury Small Business, Competition and Small Business Division re the *Unfair Contract Terms Consultation Paper Extending Unfair Contract Term Protections to Small Business*;
- Response to the Australian Treasury Small Business, Competition and Small Business Division re *Exposure draft legislation consultation for Extending Unfair Contract Term Protection to Small Business*;
- The Australian Treasury, Competition and Consumer Division re the *Small Business and Family Enterprise Ombudsman Discussion Paper*;
- The Australian Treasury, Competition and Consumer Division re *Exposure draft Australian Small Business and*

The Motor Trades Association of Queensland has long advocated that vehicles should have annual inspections to increase the safety standard of vehicles on the road. . .

Family Enterprise Ombudsman and Associated Bills;

- Response to the Senate Legal and Constitutional Affairs Committee re the *Australian Small Business and Family Enterprise Ombudsman Bill 2015*;
- The Australian Treasury White Paper March 2015 *Re:think, better tax, better Australia*;
- The Senate Economics Legislation Committee Inquiry into the provisions of *The Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015*.
- Response to the Department of Infrastructure and Regional Affairs Vehicle Safety Standards Division re the *Options Discussion Paper 2014 of the Motor Vehicle Standards Act 1989*;
- The Australian Treasury Deregulation Division re *Treasury Legislation (Spring Repeal Day) Bill 2015*; and
- Letter referring to the Australian Competition and Consumer Commission re sustained high prices of fuel in regional areas that did not reflect declining oil price.

Achievements

- The improved and updated Franchising Code of Conduct which became law as from 1 January 2015. The MTA Queensland has been involved in submissions relating to the Code since 2008.
- Working with the Queensland Office of Fair Trading on what they refer to as 'Operation Round Up' which seeks to limit the operations of unlicensed motor dealers preying on unsuspecting consumers. In response to industry concerns about unlicensed motor dealers and supported by our 'dob in a backyarder' portal which is still active and for your use on our website;

- Resolution to develop Voluntary Codes of Practice by stakeholders relating to the Access to Service Information; and
- Amendments to the *Vehicle Registration Regulation* to class unregistered vehicles that are dealer's stock and are being used within the dealer's premises, as exempt vehicles, removing insurance implications.

It was pleasing to see some long-standing advocacy goals achieved by MTA Queensland over the past 12 months.

- The commencement of the standalone legislation - the *Motor Vehicle and Chattel Auctioneers Act 2014* from 1 December 2014.
- Review of the forms associated with the sale of a used Motor Vehicle under the *Motor Dealer and Chattel Auctioneers Act 2014* resulting in a reduction of forms required.
- Amendments to the *Transport Operations (Road Use Management) Act 1995* (s 133 Business owner to record information about repairs and painting) which clarified the requirements for motor vehicle repairers to keep records about the repair and painting of vehicles and simplified the record-keeping requirements, removing the requirement for a separate formal register.
- Amendments to the *Transport Operations (Road Use Management - Vehicle Registration) Regulation 2010* to class unregistered vehicles that are dealer's stock, and are being used within the dealer's premises, as exempt vehicles, removing insurance implications due to some areas in the dealer premises being considered roads under the definition in the *Transport Operations (Road Use Management) Act 1995*.

Ongoing long term policy commitments

Deregulation of safety inspection fees

The Motor Trades Association of Queensland (MTAQ) advocates the deregulation of fees for Safety Inspections in Queensland to ensure vehicle checks are comprehensive and that a one-size fits all approach does not encourage safety shortcuts.

Studies conducted by MTAQ and submitted to Transport and Main Roads (TMR), confirm the current 'regulated' fee of \$66.55 to purchase a Safety Certificate is inadequate compensation for a comprehensive check that typically takes more than one hour according to established best practice.

Experience from Victoria, where fees were deregulated 12 years ago, shows that consumers have not been disadvantaged by the change. In fact, charges have been maintained at realistic levels as a result of open competition.

Annual inspections of vehicles over a set age

The Motor Trades Association of Queensland has long advocated that vehicles should have annual inspections to increase the safety standard of vehicles on the road, making it a safer place for all road users. Increased roadside inspections of vehicles would also increase the standard. Creating a timed inspection check point for recording odometers on vehicles will also assist with ongoing issues of odometer tampering which is still a concern within industry. Currently, they are only recorded at the point of purchase or sale which is not enough.

Member Services and Support continued

The Motor Trades Association of Queensland (MTAQ) advocates that all individuals or businesses selling new and/or used motor vehicles must operate from council-approved business premises.

One category of written-off vehicles

The Motor Trades Association of Queensland (MTAQ) advocates the State Government introduce one category of written-off vehicles, and classify all vehicles assessed as a total loss as statutory write-offs as a means of reducing motor vehicle theft and improving road safety.

There was a recent criteria review for written-off vehicles but we still advocate for one category.

The MTAQ believes the single category can be introduced with some common sense exceptions as per the NSW legislation (pre-approved high value vehicles, enthusiasts' vehicles, vehicles of high personal value, and some hail-damaged vehicles). The benefits include:

- Elimination of contradictory terminology in regard to "written-off" vehicles
- Greater protection to consumers as 'total loss' vehicles cannot be legally re-birthed or reregistered.
- Greater control on the quality of repairs as authorised by insurance companies through approved repairers according to the Industry Code of Conduct.
- Greater protection to the environment through the controlled disposal (by licensed repairers) of fluids, gases and other potential contaminants.
- The controlled disposal of "total loss" vehicles will eliminate a source of stolen / illegal parts and other related criminal activities.

The current re-registration procedure for written-off vehicles makes no assessment on repair quality.

If a uniform policy is not reached between states, the potential exists for substandard repaired vehicles from interstate being de-registered in

their state of origin and presented in Queensland for registration.

These practices, and possible opportunities for increased criminal activities in Queensland, are a major concern as many such vehicles with sub-standard repairs end up with consumers who are unaware that their vehicle was extensively damaged and/or written off. Many such owners are driving potentially unsafe vehicles.

Luxury Car Tax

MTA Queensland has long advocated for simplification of the tax system by abolishing taxes that are unjustified or inappropriate. One such tax is the Luxury Car Tax (LCT) which the MTA Queensland submits falls within this tax category and is a tax instrument that is unable to comply with the 'principles' established in the *Better tax*. It lacks *equity, efficiency and simplicity*.

The LCT was a tax that was a quasi tariff and part of an industry policy that is no longer relevant as Australia's motor vehicle industry slowly is dismantled. The 2015-16 budget papers indicate that the LCT will raise \$450 million in the coming financial year".

In pre-budget and pre-election policy submissions, the Association has called for the LCT's abolition in a two step phase:

- A common threshold for all cars and should be the same as fuel-efficient cars \$75,375 as all modern vehicles are fuel efficient. Fuel efficiency is now a redundant differential;
- Abolition of the Tax as proposed by Ken Henry in the October 2011 *Future of the Australian Tax System Review*.

Proof of premises for car dealers

The Motor Trades Association of Queensland (MTAQ) advocates that all individuals or businesses selling new and/or used motor vehicles must operate from council-approved business premises. The current laws, while requiring a person selling vehicles commercially to be licensed (under the Motor Dealers and Chattel Auctioneers Act), does not require that person to operate from commercial premises.

This has resulted in a lack of protection for consumers in regard to their rights (statutory warranty, cooling off period) when they go to someone's private residence to view a vehicle. The clear assumption is it is a 'private' sale, which may not be the case.

Sales of motor vehicles – consumer protection

The Motor Trades Association of Queensland (MTAQ) advocates a number of amendments to current laws to benefit consumers and protect the reputation of motor dealers whose integrity is diminished by the number of 'backyard' dealers allowed to operate. Key changes include:

- That the inclusion of Dealers License numbers be compulsory with all car advertisements, as in all other Australian states. This would clearly identify 'dealer' sales from 'private' sales and facilitate the checking of a Licence Number against the Office of Fair Trading website for authenticity. Anyone buying or selling used cars as a business must have a licence. Instances occur of repetitive phone numbers appearing on advertisements, inferring 'private' sales, thereby avoiding GST and statutory obligations.
- That there be consistency in requirements for displaying Safety Certificates, which are required by

law when selling a used vehicle. To that end, uploading of a copy of a vehicle's Safety Certificate with any advertisement for a used vehicle on websites, should be mandatory to prove the Certificate is current. It is illegal in Queensland to display a vehicle for sale without a current Safety Certificate.

Mandating the Repair Industry Code of Conduct

All states work to a 'Motor Vehicle Insurance and Repair Industry Code of Conduct', which is mandated in NSW and voluntary in all other states.

The Code provides a governance structure to the sector to manage the traditionally adversarial relationship between body repairers and motor vehicle insurers. It provides a conciliation process to manage disputes between the parties to the Code, and stipulates a set of common agreements on a range of areas frequently in dispute. In that light, the Code operates to provide an agreed framework regulating the relationship between motor vehicle insurers and repairers.

The Motor Trades Association of Queensland (MTAQ) advocates the Code become mandatory in Queensland, to provide a more binding agreement between repairers and insurers.

Industry Compliance Licenses/Fees

Statutory compliance costs and licensing of businesses associated with the automotive industry value chain in the current economic environment should be capped at existing nominal rates. MTA Queensland submits this on the basis that these businesses are essential to increasing productivity

Membership benefits

MTA Queensland membership gives members access to valuable services including industrial relations advice,

industry updates and information, as well as compliance advice for business. As the peak body for the automotive industry, we promote the interests of the motor trades with all levels of Government.

MTA Queensland members should take advantage of exclusive offers through our Corporate Partners. These offers remain strongly competitive in the marketplace and are based on direct feedback from members of what they need for their business.

We are excited about our latest partnerships for Insurance and Technical information.

The Our Auto Tech-Centre boasts online access, full phone support and a built-in times guide, to name a few features already attracting members to sign up.

I encourage members to consider Tech-Centre - the most comprehensive repair information service available in Australia now on offer to you at an exclusive member rate.

Guard Insurance can offer Members a tailored insurance package that includes:

- A dedicated Account Manager
- A dedicated Claims Officer
- Market leading rates

Better yet, there is no geographical limit and Members can expect market leading coverage at competitive rates.

Members should regularly review their level of insurance cover is adequate for the business as this often changes over time. I encourage members to consider Guard Insurance for their insurance requirements.

The MTA Queensland team

I would like to take this opportunity to highlight the hard work undertaken

by my staff during the past 12 months and acknowledge their contributions to the professional operation of MTA Queensland.

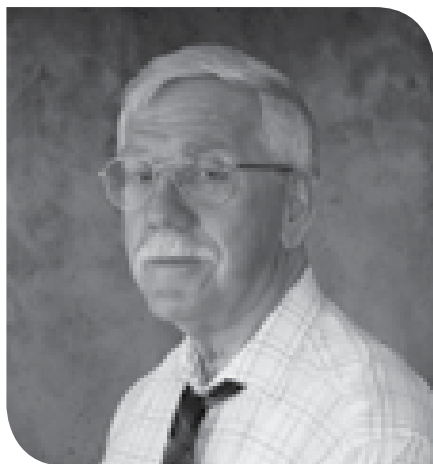
Our staff support all of our members throughout the State as well as the Committees and the Board, keeping them up to date with the latest information, seeking feedback on policy matters, assisting with queries or concerns and relaying industry issues back through the relevant committee or policy avenues.

My sincere thanks also go to our Chairman, David Fraser, and all Committee and Board members for their assistance and valued input over the past year.

Kellie Dewar

General Manager MTA Queensland

Member Services and Support continued



Ted Kowalski
Manager Industrial Relations
MTA Queensland

We continue to run regular training courses throughout the State on understanding awards and employment law, and dismissal/harassment/discrimination and bullying legislation.

Four-year review of modern awards

The main focus in industrial relations over the last 12 months has been the ongoing four-year review of modern awards being conducted by the Fair Work Commission. The object of the review has been to determine if the modern awards are providing the required level of clarity and guidance in setting out legal obligations and entitlements under the Fair Work system.

The review has singled out a number of specific issues for detailed overview including;

- Annual leave
- Award flexibility/facilitative provisions
- Casual employment
- Part-time employment
- Public holidays

Consideration of these issues is well advanced but formal variation of the various modern awards has not yet been completed.

Each modern award is also being separately reviewed to provide for a standardised format and to make any necessary changes to clarify issues that have been the source of disputation over the last few years. It is expected that this process will be essentially complete by the end of 2015 or early 2016. Once the process has concluded we will program a number of award training courses across the State to bring members up to date on the various likely changes.

Dismissal/general protections claims

Members continue to be confronted with unfair dismissal and general protections claims with some of these claims being lodged on the flimsiest of pretexts. Unfortunately, even with unmeritorious claims, the employer is still obliged to become involved in the

mediation process – which in itself can be quite unsatisfactory when the only alternative to proceeding to a formal hearing of the claim is payment of some form of compensation. Members are urged to seek advice from the industrial relations department prior to acting on any potential dismissal to minimise the chances of becoming involved in a claim. Members should also be aware that we can provide assistance by way of representation in unfair dismissal/general protections claims, harassment and discrimination claims as well as wage disputes. We were able to assist 21 members in the last 12 months who had this sort of claim taken against them by former employees.

Trading Hours matters

We ran two trading hours cases before a Full Bench of the State Industrial Relations Commission which allowed members the benefit of extended trading hours for new model releases.

Training Courses

In the last financial year, training courses were run on Understanding Modern Awards; Employment law – which included unfair dismissal claims; general protections claims; discrimination and bullying; and Introduction to Workplace Health and Safety. These courses were run at our offices in Eight Mile Plains as well as in Cairns, Townsville, Rockhampton and Toowoomba. We will continue to offer these courses to members across the State.

Member advice

The industrial relations department fielded 7200 enquiries over the year - the highest number of member phone and e-mail queries in the past seven years.

Ted Kowalski
Manager Industrial Relations
MTA Queensland

Queensland Motor Dealer Council



Garth Madill

Chairman Queensland Motor Dealer Council

I would like to ask all dealers to consider NADA University courses, available via www.aada.asn.au, when planning their training needs. This is the best motor dealer training available in the world and it is right on our doorstep.

The last 12 months have been

probably the most rewarding time for AADA and QMDC with the National body now a fully operational and effective organisation in its own right.

For this we owe much gratitude to Ian Field, who has been extremely tenacious in overcoming many obstacles and, in doing so, has been successful in forming the first National Motor Dealer Council, now chaired by Doug Dixon, and a Board of the AADA that is capable of handling all issues for the motor dealers in Australia. I would also like to thank David Fraser and the board of MTAQ for their financial support in the reformation of AADA National.

I would also like to reinforce the need for our dealers to continue their support of MTAQ. There are still many issues which need to be dealt with on a State basis. These have been handled with professionalism by Kellie Dewar and her team and I congratulate and thank them on behalf of the Board. Those issues can be referenced through the MTAQ *Motor Trader* magazine and the Association's website. National issues can be referenced through the AADA *Automotive Dealer* magazine and the AADA website.

I would like to ask all dealers to consider NADA University courses, available via www.aada.asn.au, when planning their training needs. This is the best motor dealer training available in the world and it is right on our doorstep.

Finally, I would like to thank my Board members for their attendance during the year and their assistance in completing a very successful and rewarding 12 months.

Garth Madill

Chairman Queensland Motor Dealer Council

Automotive Engineers Division



Charlie Serchen
Chairman AED

It is paramount that all stakeholders work together so that customer inconvenience is minimised. If this does not happen, the lawmakers may intervene to the point where none of us will be in control.

2015 has had its challenges for all concerned with the motor industry, but the Automotive Engineers Division has managed to address most issues and achieve some results. One particular issue has been Section 133 of the *Transport Operations (Road Use Management) Act 1995*, which required unreasonable amounts of detail to be recorded against any vehicle brought into our workshops for repairs. We secured changes to the legislation that reduce the detail of the information recorded and the purpose for which it is recorded. This should make members of the mechanical repairers division much happier. Information regarding this and other issues is made available to members to ensure they are aware of legislative developments.

Another issue that has featured prominently in the news is the provision of repair information to independent repairers by the manufacturers.

There has been some resolution of this issue, with each industry party responsible for developing a voluntary code of practice around the 14 principles agreed by all stakeholders.

The main change to the motor vehicle is the ever-increasing amount of built-in controls. These affect the operation of all components, including engines, gearboxes, automatic transmissions, brakes, suspensions and even exhausts. This, of course, will affect the whole of the industry. It is paramount that all stakeholders work together so that customer inconvenience is minimised. If this does not happen, the lawmakers may intervene to the point where none of us will be in control. It would be tremendous if an organisation like MTAQ could achieve an amicable relationship between all those who have a stake in the caring of customer vehicles in the name of safety and efficiency.

I started running a business in Brisbane in 1972, joining MTAQ some years later when my sole purpose was to promote my fledgling business. I did have some concerns for the motor industry and during a conversation with John Samson (the then Divisional Manager) I was invited to join the CMRSD (Combined Mechanical Repair Specialist Division, now AED) so I could air my views.

Right from the start, I could see this area of the motor industry needed bringing together and I set about visiting repairers who would fit into our division and who could also be potential customers for my business. In a short period of time, my business started to show signs of growth and my participation in MTAQ affairs became more involved. Sometime later, I took over as Chairman of our division - a position that entitled me to a seat on the MTAQ Board.

Being a member of the MTAQ Board has provided many opportunities to engage with the lawmakers of our country, to work with the many great staff members we have had over the years and, of course, to establish friendships with other Board members.

For me, it has been a huge learning experience. There have been enjoyable and memorable times and although there has been, as on most management boards, a degree of turmoil, I have always admired those who "opposed" me and have always managed to remain polite and focused on the issues at hand.

My time with the MTAQ Board has been a big part of my life experience, and my friendships with staff, committee and Board members will continue.

Last but not least, I would like to mention the valuable and resourceful staff of MTAQ. I have enjoyed working

with all the staff I have come into contact with over my many years as a member, and highly value the knowledge and experience they imparted to me. The staff of MTAQ form an integral part of the organisation and I thank them for their contribution both to the running of our committee and the Association.

Now, due to relocation of my parts business to northern NSW, my time at MTAQ has come to an end. I have enjoyed my time with the committee, still hold many past and present members as friends, and now hand over to Mark Dodge, AED vice-chairman.

In closing, Mavis and I would like to offer our best wishes to MTAQ staff, fellow committee members, fellow Board members and the hundreds of present and past members who we have called in on during our memorable time as members of MTAQ.

Charlie Serchen

Chairman AED

Automotive Parts Recyclers Division



Glen Ford
Chairman APRD

The MTAQ encourages members to forward information on unlicensed operators through the 'Dob in a Backyarder' website portal.

This will be my last report as

Chairman of the Automotive Parts Recycling Division after taking the decision not to nominate for the role, or a position on the Committee, this term.

Tenure as Chairman of the APRD

The Automotive Parts Recycling Division joined MTAQ as a division officially in 2005. Viv Connelly took the Chair for the first 12 months.

As the second Chairman of the Auto Parts Recyclers Division, I have enjoyed a long tenure, from 2006 to 2015, in the role. There have been many issues and challenges that the industry and the MTAQ as an Association faced over this period.

I have also been a Director on the MTA Institute of Technology Board.

Old Economy

The aftermath of major announcements such as the Free Trade agreements and termination of the domestic motor vehicle manufacturing trade, will have an impact on the automotive industry into the future. Due to political uncertainty, it is difficult to predict the scale or timeframe but our industry must embrace all new opportunities and adapt to an ever changing market and political landscape.

Decline in scrap metal prices (source Ibis World reporting March 2015)

Scrap Metal price volatility has contributed to declines in business revenue.

Price and profit volatility

The metal market has been highly volatile over the past five years which has contributed to difficult operating conditions for the industry.

Ailing downstream markets

The Motor Vehicle Manufacturing industry, which is a significant consumer of metal products, has also suffered. Domestic manufacturers have been losing market share to foreign operators due to a lack of competitive advantage. Australian car manufacturers have fallen behind in the small and fuel-efficient car segments, allowing foreign brands to obtain a first-mover advantage and grow market share quickly. This has effectively squeezed domestic operators out of that market segment. As a result, the demand from domestic automotive manufacturers for input materials such as steel has declined.

New legislation

Our long-term policy goal of standalone legislation for the motor industry became a reality in December 2014. The most difficult part of the rollout appears to be compliance with the new regulated forms. We urge all members to check their paperwork and if anything references the *Property Agents and Motor Dealers Act* (PAMDA) then please discard and contact either your provider or the MTA Queensland for assistance.

Unlicensed operators

The MTAQ encourages members to forward information on unlicensed operators through our 'Dob in a Backyarder' website portal. When lodging information, please include as much detail as possible including registration numbers, phone numbers, full address details and photos where possible. We can assure all members that every lead will be passed on to the relevant government authority.

Significant weather events

There were mixed reports regarding the significant flood and hail weather events we experienced in 2014. The overall industry impact of the hail-damaged

cars was difficult to ascertain as so many came on to the market. A lot of private buyers attended auctions which appeared to push up the prices - some to unrealistic levels considering the extent of the damage.

We have raised with the government our concerns that these vehicles will be sold in the private market with sub-standard repairs and without any disclosure of the written-off vehicle history. There will be a lot of people unaware of the extent of the damage and the impact on the future value of the vehicle. We continue to lobby the State Government for the one class of written-off vehicle in Queensland.

Staff, Management and Board of MTA Queensland

I thank the Board, MTA Queensland management and all staff for their hard work and dedication to the objects of the Association. There is a lot of work that goes on behind the scenes to represent our industry effectively and I thank all those involved.

Welcome Lawrie Beecham as incoming chairman

Lawrie Beecham is to be the new Chairman of the committee and I congratulate him, and his incoming committee members, for 2015/2016. Lawrie has an unrivalled dedication and passion for this Industry, so I leave the Division in very safe hands. I thank all past committee members for their support during my time as Chairman of the Auto Parts Recyclers Division. Finally, I thank all members of the Division for the opportunity to represent you on a broad range of issues impacting our Industry over the past 10 years.

Glen Ford
Chairman APRD

Engine Reconditioners Association of Queensland



Mark Bryers
ERAQ Chairman

Queensland's relationship with the other states' ERAs is extremely good with email and phone conversations held regularly. Plans are in place for another conference in 2016.

During the year, our Divisional

Executive Ben Chesterfield left the MTAQ and was replaced by Ian Cole. Ben's input will be missed and we wish him all the best in his future endeavours.

We had four meetings last year, attended by familiar and reliable members. In the latter half of the year, attendance started to increase with a few new members joining.

Technical discussions are becoming a big part of the meetings. Digital print technology, and the role it will play in the future of our industry, was discussed at the last meeting. Customer supplied parts is an ongoing concern and the MTAQ released the following information to members.

Customers who engage the services of a workshop are provided with a number of guarantees to ensure services they have contracted for are provided by a workshop within a reasonable time and that the work is performed to a satisfactory manner.

The relevant provisions are section 60, 61, and 62 of the ACL.

Section 60 of the ACL provides: "If a person supplies, in trade or commerce, services to a consumer, there is a guarantee the services will be rendered with due care and skill"

Further, section 61 provides that there is a guarantee that the services "and any product resulting from the services, will be reasonably fit for that purpose."

We consider that the wording "and any product resulting from the services" will capsule the situation where a workshop provides services to fit a part provided by a customer. Thereby the workshop is guaranteeing that the services and the repair or replacement to the motor vehicle with a customer's part will be reasonably fit for that purpose.

Section 272 of the ACL details damages that may be available to a customer to

recover from a manufacturer of goods and those damages may extend to consequential loss or damage. Damages payable by a manufacturer to a customer can cover losses that were reasonably foreseeable as a result of failure of the product. This is what people often describe as consequential loss, but the losses that are recoverable are limited to those that are reasonably foreseeable as a result from the failure. Accordingly, a customer may be able to recover those losses that are probably a consequence of the failure of the product.

There will be a push from the committee to contact all members by telephone or face-to-face communication to get their opinions on industry matters and on where they would like to see the division heading in 2016. Please don't hesitate to have your say on ERAQ objectives.

The division has distributed a membership list to all ERAQ members. It is hoped that should a member require assistance, they will use the list to contact a fellow member for support and advice.

We will be holding meetings at a number of venues through the year. Information regarding these meetings will be sent to members and everyone is encouraged to attend. The committee is looking at emailing an industry newsletter informing members of anything to do with our business. If you have information to share, please forward it to us.

Don't forget the technical advice and assistance available from the MTAQ. It can be of assistance to all members.

Queensland's relationship with the other states' ERAs is extremely good with email and phone conversations held regularly. Plans are in place for another conference in 2016.

Mark Bryers
ERAQ Chairman

National Auto Collision Alliance



Steve Eaton
Chairman NACA

A future with fewer motor vehicle accidents and insurance claims is here. New manufacturing technology and smart cars are reducing the number of accidents.

Firstly, thank you to all NACA committee members and MTAQ staff for their support and for the opportunity to present my first NACA Chairman's Report.

My role as Chairman started on 23rd September, 2014. As incoming Chairman, I was invited to attend the October 2014 AMBRA AGM in Sydney with MTAQ General Manager Kellie Dewar. Invited as observers, we were able to participate in general discussion, and AMBRA allocated 10 minutes for NACA (Qld) to discuss State and/or national issues. The meeting was very productive. All States and Territories shared similar national issues but with varying priorities and needs. The meeting was a success and the NACA was invited to the next AMBRA AGM in 2015.

Our first new NACA Committee Event for 2014-2015 was the NACA Industry Summit held at Springwood in November. Presentations were made by I-Car, Small Business Qld Australia and numerous others representing IT Technology and Resources. The summit was well attended even though a major hail storm hit Brisbane and the surrounding area just five days earlier. Incidentally, according to a report in *The Courier-Mail*, the storm generated 44,000+ motor insurance claims.

Most of the 2014-2015 discussions concerned Body Shop Grading and the requirements that come with writing, auditing and implementing it. Insurance companies appear to be working towards a shop grading model, with one taking up the AMBRA model and working with MTAQ.

Other major NACA topics of discussion have been Realistic Times and supporting software systems, the consolidation of the Collision Repair Industry, and the new insurance industry part-owned auto parts supply business.

The consolidators are gaining increased volumes of insurance work while other accredited repair shops receive much less, or at the very least inconstant volumes of, work. The insurance industry needs to look at the true cost of repairs, and the quality of those repairs (to OEM Standards), before they expect the whole industry to work for less than the true hourly cost. The cost and the quality is an Industry problem, even for the consolidators.

As for an auto parts supply business being part-owned by an insurance company - there is industry speculation as to where it is heading. Statements about the quality of parts and whether they are, in fact, better than genuine may be misleading to the public.

A future with fewer accidents and insurance claims is here. New manufacturing technology and smart cars are reducing the number of accidents. ABS Braking, Proximity Sensors, Computer and Driver Assist Parking is already here and, according to manufacturers, by 2020 new cars will have self-drive capabilities and more technology to avoid crashes.

Due to these technological advances, the industry will have to prepare for more complex repair methods and procedures. This will require investment in training and resources. The MTAQ supports its members and strives to deliver quality motor industry training. We can work together with all parties to achieve this.

Thank you for the opportunity to present this report.

Steve Eaton
Chairman NACA

Queensland Farm and Industrial Machinery Dealers Division



David K Fraser, JP Qualified
Chairman QFIMDD

The winter season started with a surge due to excellent rains during May 2015. In fact, it was the best start to a solid winter season that we have seen in many years.

Agricultural

The 2015 summer season was one of the best southwest Queensland has seen in a decade. High commodity pricing, high rainfall and ample on-farm water storage saw summer crops yield well above the best ever regional averages. Sorghum, corn, and cotton crops yielded well above the norm, resulting in a better than average year for farm machinery dealers. The US dollar exchange rate was favourable and tempted many established growers to take advantage and upgrade machinery requirements.

The winter season started with a surge due to excellent rains during May 2015. In fact, it was the best start to a solid winter season we have seen in many years. High commodity pricing for speciality crops such as chick peas required for the Indian market, saw many growers gamble and capitalise on the market hoping to cash in on the high pricing offered.

Industrial

The slowing of infrastructure development in the coal seam gas and coal mining sectors has seen many sub-contractors reduce their exposure or exit the industry. Coal and iron ore prices at a near all-time low has driven the trend and exposed many industrial machinery dealers to one of the toughest periods on record. Dealers holding high inventory of second-hand equipment and low new machine sale numbers, has forced many new industrial machinery dealers to revisit their business strategies. Recorded sales of industrial equipment are well down on previous years. New industrial equipment sales are reflected in sales to the hire companies who are also struggling in the industrial sector due to the downturn in the resource sector.

Ag Show: It's not goodbye, there is more to come.

After 21 years of partnering with the RASQ Toowoomba and *The Toowoomba Chronicle*, the Ag Show partnership has drawn to a close and 2015 has seen the event finally being wound up. The successful results over the years for QFIMDD, and in turn MTAQ, were only achieved by the hard work and effort of the QFIMDD committee and the staff of MTAQ. These team members were tireless in their efforts to produce the results achieved over the 21 years of the event. I must say 'thank you' - the results were excellent.

I will add that when one door closes another opens, and there is a new venture looming. QFIMDD are in discussions with other industry partners to host a farm industry technology-driven event that will not want to be missed. There are many sectors in the food and fibre chain that are starved for technology, and this thirst for technology in the modern farming arena will drive the farm machinery industry forward over the next decade.

I firmly believe QFIMDD members need to hop in and hang on. The farm machinery sector is going places and farm machinery dealers need to be a part of it.

MTAQ

The 2014 President's Ball, encompassing the MTAIT Apprentice of the Year Awards, saw Sarah Gale, a very deserving young female apprentice, receive the recognition deserved for her excellence and dedication to her profession in the motor industry. I wanted to mention Sarah as it is excellent to see a young woman excel in a male-dominated industry. Congratulations Sarah, well done.

In closing, I wish to extend a number of thank you acknowledgements to the following:

- QFIMDD Committee, Mike McNamara, Rob Vandersee, Graham Lawson, Bruce Sommerfeld. Thank you for your continued support to our division.
- The dedication shown by all the staff at MTAQ. Your support to the industry is second to none. Well done and thanks from all QFIMDD members.
- To the MTAIT staff, executives, mentors and trainers alike. Thank you for your efforts in training our next generation of motor industry leaders. These young achievers, training with MTAIT/MTAQ, are our future leaders.

David K Fraser, JP Qualified

Chairman QFIMDD

Queensland Motorcycle Industry Division



Paul Peterson
Chairman QMID

The LAMS market continues to grow and remain a major focus of motorcycle distributors.

The 2014-15 year saw a slight increase in motorcycle sales in both Queensland and Australia, driven by strong ATV and Learner Approved Motorcycles (LAMS) sales. As in previous years, Queensland has again seen a reduction in scooter and big bore sports markets. The LAMS market continues to grow and remain a major focus of motorcycle distributors.

During this period, we saw the introduction of the lane splitting and filtering laws which immediately delivered mixed and confusing messages to the motorcycling and motoring community. These laws were introduced specifically to assist with traffic congestion and increase the focus on motorcycle safety. Road deaths and safety are always a discussion point. The continuation of the coroner's report into deaths caused from ATV accidents headline these concerns.

The Queensland Motorcycle Industry Division continues to struggle to attract participation at its meetings and I would like to invite any motorcycle dealer member, or non-members, to attend our quarterly meetings. To facilitate the whole of the State, the MTAQ boardroom has both Skype and conference call facilities.

In conclusion, I would like to thank, on behalf of the committee, the staff at MTAQ, paying particular thanks to Kellie and her team. Their dedication and commitment to the motorcycling division has ensured a continued focus on the important issues affecting our industry. I look forward to a renewed and directed approach in the coming year.

Paul Peterson
Chairman QMID

Rental Vehicle Industry Division



Chris Ching
Chairman RVID

Business confidence does not appear to have increased and uncertainty reigns regarding the intentions of the new Queensland Government towards new infrastructure and proposed resource projects.

It is my pleasure to once again

present the annual report for the Rental Vehicle Industry Division of the MTAQ.

The past year has been a challenging one for our industry. Business confidence does not appear to have increased and uncertainty reigns regarding the intentions of the new Queensland Government towards new infrastructure and proposed resource projects. The mining sector continues to struggle and coal seam gas exploration and development has also slowed as the infrastructure building phase draws to a close. The contraction of these sectors of the industry has seen many operators left with excess mine-equipped vehicles on their fleet and led to the demise of some franchisees and one large national operator. Although the influx of these vehicles onto the second-hand market has seen values dip sharply, the cost of fleet and capital upgrades has been assisted by the continuing low interest rates.

In the Brisbane area, we have experienced a series of adverse weather events that created a strong demand for insurance replacement vehicles. However, this was coupled with the cost of repairing members' rental fleets that had also sustained damage.

Technology advancement continues to be embraced by members. The tracking of vehicles by GPS is moving from the traditional use in remote area applications to all vehicles. The cost of units and tracking has now reached an affordable level and is being used to effect in the prevention of theft.

On the subject of liability cover sales, we have seen an increase this year in the sale of Rental Vehicle Excess Protection by third party operators - often based overseas. This has been promoted both by airlines and comparison type websites. As operators, we need to further investigate the clarity of the

wording on these sites and to liaise with consumer protection authorities if necessary to promote transparency of the terms and conditions that they offer.

As with the taxi industry's experience with Uber ride sharing, we are also seeing an increase in 'car sharing' operators advertising and encouraging private individuals to earn extra money by renting their cars on a full or part-time basis. As an Association, we need to monitor this development carefully to ensure that legislators require these participants to work on a level playing field with regard to insurance and vehicle safety.

Over the past few years, I feel that the committee has become too 'Brisbane-centric' and would like to see a focus on including more regional operators. I would like to remind regional members that participation can be made via phone link-up or Skype.

Finally, I would like to personally thank my fellow RVID committee members for your time, effort and ideas throughout the past year and we would all like to express our appreciation to the hard working and dedicated staff at the MTAQ who have assisted us in our endeavours.

Chris Ching
Chairman RVID

Service Station and Convenience Store Association of Queensland



Tim Kane
Chairman SSCSAQ

MTAQ was invited to present a submission to the June 2015 discussion paper *Toward a clean energy economy: Achieving a biofuel mandate for Queensland*.

In sitting down to write this report,

I have been confronted with the news that we have had yet another change of Prime Minister in Australia. Astoundingly, this is the fifth in five years which is unprecedented in Australian politics.

How this will affect small business, and particularly the Service Station and Convenience Store industry, in Australia is not yet known, but rest assured there will be some impact to our industry, hopefully positive.

Drive offs, Failure to Pay and Stolen Number Plates

Fortunately, in some areas, we are seeing a decline in these instances with the improvement of technology and reporting. Although we have endeavoured to move forward to obtain a uniformed solution to these issues which plague our industry, we are still no closer to a satisfactory outcome through legislation. We will continue to work on these issues.

Price Boards

I have been in touch with Paul Turner, General Manager of Advocacy for the RACQ. In discussions, the Attorney General had previously indicated to Paul that independent operators did not want changes to price boards in Queensland.

I have informed Paul that this was not the case and it was agreed that MTAQ and RACQ should seek a joint meeting with the Attorney General to discuss this. We are currently working on this.

It is reported that RACQ's top two priorities are freezing registration fees and fuel price boards. It is also reported that in NSW the change to price boards has been seen as a positive. We have also had similar feedback from South Australia.

MTAQ have spoken with the government and the Attorney General a number of times on this issue and will continue to do so.

Retail Loss and Crime Committee

Under invitation, I attended a meeting of the Retail Loss and Crime Committee (RLCC) on 31st March this year.

This was attended by the likes of the National Retailers Association, Loss Prevention Managers for several large retailers and several officers from QPS command.

We were presented with a lot of statistical information on crime rates, not only for retail occurrences but crime in general, which was shown to be in decline. I advised the committee that some of our MTAQ members were involved in a successful number plate anti-theft initiative program operating in North Queensland.

QPS are to provide further advice on this initiative in the future.

Bio Fuels Mandate and Submission

MTAQ was invited to present a submission to the June 2015 Discussion Paper, *Toward a clean energy economy: Achieving a biofuel mandate for Queensland*.

The Discussion Paper indicates that the Queensland Government proposes to introduce the *Liquid Fuel Supply (Biofuel Mandate) Amendment Bill 2015* (the Bill) which prescribes a phase-in of ethanol blended fuel commencing with a two per cent target which equates to approximately 59ML per annum, based on 2013-14 figures (the mandate).

The MTA Queensland's reservations include:

1. Increased public environmental risks that may result if the bulk tanks, pipework and dispensers are not ethanol blended fuel compatible for those service stations categorised as major fuel retailers (defined as owners

Wherever possible, the MTA Queensland's policy is that there should be national consistency for fiscal imposts and policies affecting the automotive value chain, thereby providing a seamless policy/financial operating environment.

or operators with establishments in excess of 10 service stations).

2. The costs of upgrading tanks, pipework and dispensers to be ethanol blended fuel compatible or the installation of new tanks etc. to comply with the legislation applicable to service stations defined as major fuel retailers.
3. The compliance and reporting costs each quarter, which is further red tape for all fuel retailers (non-major and major).
4. Progressing the proposed regulatory regime without a full comprehensive cost-benefit evaluation of costs, implications and intended and unintended consequences of a state-wide ethanol Mandate. The Association is aware of the Deloitte Access Economics 2014 study "*Economic impact of a future tropical biorefinery industry in Queensland*" for qutbluebox.

Whilst generally supportive of the proposed mandate, a prima facie economic case for the mandate has not been established. This, in the view of the Association should be a critical precursor for the introduction of a wide-ranging mandate with consequences for economic outcomes, regional development, environment, productivity, international competitiveness and social policies, and desirably should be based on the best available analysis and data. Regulatory requirements should be kept to the minimum so as not to impede growth and development, e.g. new biotechnology innovations, and escalate costs.

The proposed mandate is a political imperative as opposed to a genuine policy initiative. The ethanol mandate was not a contestable policy issue for which the major political parties sought approval from the electorate at the recent general election. It has attracted bipartisan party political support at this

time due to the unique composition of the Queensland Parliament.

It is notable that, nationally, sales of ethanol blend fuels have declined from a high of 2,714ML in 2012 to 2,352ML. For the year ending 2014, the ethanol sales declined 6.1 per cent.

The Discussion Paper defines a major fuel retailer as owning or operating 10 or more service stations. Consideration should be given to circumstances where major fuel retailers with decentralised outlets do not currently operate ethanol blended fuel compatible facilities. The environmental risk to the public of operating facilities that are incompatible with ethanol blend fuels retailing ethanol fuel, could be significant in terms of safety and health.

If the designated major fuel retailer is an oil major/wholesaler, remedying non-compliance should not be an issue, but for an independent fuel retailing group the cost may be prohibitive. The question must be asked: should every outlet of a major fuel retailer that is not a major fuel retailer/wholesaler comply with the mandate?

There is the potential for consumer choice to be diminished in some areas due to the lack of non-compliant retail fuel outlets.

The Discussion Paper states that a large number of smaller retailers would be excluded by definition. The exclusion of these retailers from the legislation may be appropriate given the infrastructure conversion costs associated with retailing biofuels may adversely affect the ability of these retailers to compete in the market. The MTA Queensland supports the proposition in this statement.

Wherever possible, the MTA Queensland's policy is that there should be national consistency for fiscal imposts and policies affecting the

automotive value chain, thereby providing a seamless policy/financial operating environment. Cross-border fiscal imposts and interstate policy differences increase administration costs and the regulatory burden.

These are only extracts from the MTAQ's full submission. For a copy of the full submission, please refer to the MTAQ website submissions section.

7-Eleven and United Wage Allegations

Allegations of underpaying staff have recently come to light in the media. It is an issue of concern for us and we will be following the story closely as it continues to develop.

It is my belief, and that of my committee, that we must all operate in full compliance of the law and that those who do not are prosecuted to its fullest extent. If any member is unsure of their employer obligations concerning wages rates and conditions, please do not hesitate to contact the MTAQ's industrial department.

Woolworths and Coles

Analysts and investors are crying out for Woolworths to simplify its business and focus on food and liquor.

A division that is expected to come under review is Woolworths' petrol joint venture with Caltex. It is one of the more saleable non-core divisions, given Caltex is an obvious potential suitor, while a spin-off to shareholders, or an initial public offering, would also be in the mix.

New Woolworths chairman Gordon Cairns would be watching the progress of Viva Energy with interest. The former Shell Australia refining and marketing business is eyeing an ASX listing this year and a potential \$1 billion-plus float.

If any member is unsure of their employer obligations concerning wages rates and conditions, please do not hesitate to contact the MTAQ's industrial department.

Only 1 per cent of Woolworths' earnings before interest and tax comes from the fuel business, but it is used to drive sales in the grocery business. If the petrol division was spun-off, Woolworths may be able to retain supermarket bundle agreements with the new owner. We will follow this with interest.

Fuel Standards

The Australian Institute of Petroleum has announced that from October 1, 2015, and in conjunction with petrol manufacturing and importation member companies, supply will commence of RULP and E10 without dye blended into the product.

The change is intended to bring Australian supply in line with international standard practices and improve the ability to source product from overseas. This may take up to 12 months to fully transition. There are some concerns around the inability to differentiate between RULP/ E10 products and Premium Blends without the use of testing equipment.

Quality of Staff applicants

Several members have indicated to me the problem of getting suitable applicants for customer service staff. I too have experienced this problem and there is no easy solution.

This is not only an issue with our industry, but throughout most industries in Australia. We will work on this issue in the future as it is a vital part of our business.

I invite any suggestions or participation from any members as it would be greatly appreciated.

National Association prospects

This has been a particularly disappointing issue for myself. Although I have been in contact with some of my state counterparts, there seems to be

no short term resolution to our division being part of any national body.

I am working on this issue with other interstate members and hope to have this situation resolved this year so that, once again, we will be part of a national association which will provide national advocacy for our members.

Conclusion

This year has been difficult for our committee. Having only one face-to-face meeting for this year has not worked particularly well.

As Chairman of the division I will endeavour to change this situation and try to engage more of our members in meetings. If not, I can see that we will lose relevance in our industry and may also lose members to other competitive organisations which are actively marketing in our industry.

I would like to welcome Tony Wharton to our committee and Colin Fitzpatrick to the staff of MTAQ - both gentlemen have broad industry experience which will be invaluable and appreciated in the future.

I would also like to thank my fellow committee members and MTAQ staff for their support during the year, especially Wendy Armstrong who has put in such a huge effort in the background in researching and compiling not only our submissions to government but also keeping me up to date on issues in the media.

Tim Kane

Chairman SSCSAQ

Tyre and Undercar Division of Queensland



John Ruddick
Chairman TUDQ

One area that is impacting the profitability of the sector is the 'Buy 3 Get The 4th One Free' offer that is now used by a number of the major distributors and has become the norm to consumers.

2014 / 2015 has produced a relatively stable and uneventful year for the Division with no major upheavals or issues affecting the day-to-day activity for members.

One area that is impacting the profitability of the sector is the 'Buy 3 Get The 4th One Free' offer that is now used by a number of the major distributors and has become the norm to consumers. With some distributors, the available margins are reduced to assist in off-setting the cost of the promotions.

Some new players have also entered the retail tyre market over the past 12 months. Ultra Tune launched their Ultra Tyre offering with some very controversial advertising campaign promoting the Nexus tyre brand, and the Costco Wholesale store in North Brisbane has access to both Bridgestone and Michelin brands.

Another rapidly emerging trend is online e-tailing. The major retail chains and major distributors (global manufacturers) have either moved into this space or are intending to do so in the very near future. While this is definitely a serious threat to the traditional bricks and mortar tyre services that our industry was built on, there is also an opportunity here. Whether we like it or not, the online e-tailer is here to stay and I believe that if you adapt and work with this emerging market trend rather than fight against it, then those who can provide exceptional service on top of the convenience of online shopping could do very well. Definitely watch this space.

The Tyre Stewardship Australia Scheme, which was launched in July 2014, has now attracted close to 500 members nationwide. By all reports, Tyre Stewardship Australia (TSA) will continue to attract further new members

as additional stores gain accreditation over the coming months. TSA CEO Mr Matt Genever stated, "The pace of accreditation of new retail outlets is pleasing. New participants in the Scheme will almost double the already substantial number of TSA accredited retail outlets"

Whilst on the subject of Tyre Stewardship, if all members could please ensure that the tyre disposal companies you are currently dealing with are appropriately licensed and that appropriate documentation is received from the service supplier.

Members have also raised the subject of attracting and retaining suitably qualified staff to the businesses and how this is becoming more difficult. Some members are looking more to a model of "Grow Your Own" by employing staff with the right attitude towards the position, then investing in the appropriate training to get them to the required level of expertise. Remember that the MTAQ now offers the Automotive Tyre Service Technology Cert II which combines Light and Heavy Vehicle in the one course. Should you have any questions on this, please contact the MTA Institute of Technology for further details. Training is not a cost to your business but an investment in your future.

With relatively few divisional issues compared with other, higher profile, divisions, our members remain very satisfied with the level of support and assistance provided by the MTAQ and in particular Divisional Executive Colin Fitzpatrick, MTAQ General Manager Kellie Dewar and their support staff. I would like to take this opportunity to thank them for all of their support and assistance with our divisional meetings and AGM tasks throughout the year. I would also like to thank the other committee members for giving up their

valuable time to attend our meetings and for their input on Divisional issues.

Membership has contracted slightly from last year to 151 as at the 31st August (down from 166). However, in the past few weeks, several new members have now been approved by the committee, and we welcome these businesses to the Division.

In closing, I remind all members that the MTAQ, and this committee, are here for you. I would urge all members to get involved, voice your opinions, and provide feedback on the issues that are affecting your industry directly through your divisional committee members or make contact with Divisional Executive Colin Fitzpatrick on 0417 646 828 if you require any information on who to speak to.

As always, if you would like any further information on any issues that are discussed at our committee meetings, please log onto the MTAQ website to view and download all Member Bulletins or contact the MTAQ directly for a copy to be sent to you.

John Ruddick
Chairman TUDQ

Automotive Remarketing Division



Michael Kennedy
Chairman Automotive
Remarketing Division

Whilst interest rates remain at the levels they are, and with the AUD at its current value, the automotive market will see new vehicle purchases continue to dominate the retail automotive consumer market.

Business and Industry

The Automotive Remarketing industry is a highly dynamic industry in need of constant review, monitoring and support to ensure we achieve our collective goals. Through the efforts of MTAQ and the ARD we have achieved a great many of our objectives from 12 months ago.

The Automotive Remarketing segment of our industry is influenced by major key factors:

- Licensed Premises
- Government Policies
- Effective Office of Fair Trading prosecutions for speedo tampering
- National Advertising and the internet
- ACCC Code of practice
- ACL legislation
- The new Motor Dealer & Chattel Auctioneers Act.
- Private to Private vehicle sales
- Lack of understanding of our industry by external stakeholders
- Government red tape

It would be fair to say that lethargy still exists across our industry. Whilst this remains it will never improve or enhance our direction or strength as employers, or our overall ability to generate change and improved trading conditions. Whilst individual businesses can stand strong, combining our resources would result in a stronger voice on the issues that affect both our industry and our businesses.

We continue to lobby state government for positive changes for our industry, particularly on the issue of licensed premises. To our disappointment, this wasn't addressed in the new legislation. This is a longstanding and complex policy issue and we will continue to argue that licences need to be linked to commercial premises suitable for the

display and sale of motor vehicles. This is a critical issue to members and is in the interest of consumer protection.

Members who have invested their lives and finances in brick and mortar operations to ensure a legacy for their family or so their business can flourish and grow are impacted by the government's continual refusal to allow licensed and approved premises as core to licensing requirements. This issue remains under continual review and discussion with both the Minister and government.

It has been good to see the Office of Fair Trading's continued vigilance in pursuing and prosecuting people tampering with odometers. This remains a problem for legitimate sellers who are disadvantaged by this practice. We call on the government for state-wide annual vehicle inspections with a requirement to update and record distance travelled on all annual inspections. There is currently no check point between the purchase and sale of a motor vehicle for odometer readings.

The Internet, and in particular third-party lead aggregators, has a great impact on the profitability of our businesses. The internet allows for private sales that do not abide by the same rules followed by a licensed trader who is required to reference year, model, condition, stamp duty and safety certificates. With no apparent enforcement from relevant state authorities in this area, sellers can list vehicles for sale without safety certificates.

During 2013-2014, we had an interest rate war between financiers and banks. This has continued to make new vehicle purchasing the premium choice for consumers.

Whilst interest rates remain at the levels they are, and with the AUD at its current value, the automotive market will see new vehicle purchases continue to dominate the retail automotive consumer market.

The Productivity Commission report into parallel importing has now been provided to Federal Cabinet. There is much speculation as to what will occur in this market segment, and until such time the Federal Government provides direction there will be uncertainty as to what, how, and when this will impact the used car industry.

Our industry needs to put information forward at every opportunity, and build a stronger position and relationship with government, for a continued strong voice when it comes to legislation, opportunities reviews and analysis by government.

In Conclusion

It has been a year of some change with the introduction of new state legislation, a change of government and some positive growth in different regions around the state. However, some issues are still unresolved. It is our intention to move these agenda items along at some pace but this can only be achieved through a team effort and member support. I welcome feedback and encourage involvement from all sectors and all members. It would be great to see an increase in membership and have some positive agenda items to assist the growth and improvements in our industry.

I would like to take this opportunity to thank the ARD Committee for their assistance over the past 12 months. To the MTAQ Management team and Board, I thank them for

their confidence and the way in which MTAQ is managed and I look forward to the next 12 months.

Michael Kennedy

Chairman Automotive
Remarketing Division



Paul Kulpa

General Manager Training Operations

MTAIT will now provide our high quality training to a variety of international students to enable them to increase the depth of their automotive knowledge and transfer these newly acquired skills back to their home country.

Despite a most difficult economic

and business climate, MTAIT maintained its position as the largest automotive private training provider in Queensland. As at June 2015, MTAIT has 29% of the automotive apprenticeship market delivering qualifications all over Queensland.

Most industry employment growth has been within Automotive Repair and Maintenance, Fuel Retailing and the Motor Vehicle Retailing sector in Queensland.

At the business level, the latest available data (2012-13) shows a net loss of 754 automotive businesses within Queensland, of which more than half were within the Automotive Repair and Maintenance sector. Sole proprietor businesses with no employees comprised the bulk of closures, particularly within the Vehicle Body Repair and Vehicle Mechanical Repair subsectors.

Although business data is a lagging indicator, it demonstrates a pattern of business consolidation and rationalisation within these sectors as well as industry wide. This has a direct effect on workforce development initiatives, such as employing apprentices and training investment.

The apprenticeship system remains the industry's preferred model of skills formation. Whilst MTAIT's overall apprenticeship numbers have slightly declined over the year, there have been a variety of reasons for this reduction, which include a slower uptake of automotive apprentices, higher completion rate of students without replacement and aggressive competition.

The expansion of training providers and competition for students has affected the ability of many Registered Training Organisations (RTOs) to deliver

services of the standard expected by the business and general community. Of particular note is the diminishing ability of RTOs to service regional areas. However, MTAIT continues to service regional and remote areas of Queensland to support automotive businesses in these locations through quality training outcomes.

Operations

MTAIT remains the largest training provider to deliver on-site training to the collision repair industry throughout Queensland. This model of delivery allows employers and students the flexibility and consistency of one-on-one training to maximise learning outcomes. The Learning Management System, an online system to assess students with employer input, has enabled MTAIT to provide greater training services to the collision repair industry. MTAIT has also ensured its students will obtain current industry knowledge through its partnership with I-CAR Australia.

MTAIT has also begun to deliver its automotive training to international students. MTAIT will now provide our high quality training to a variety of international students to enable them to increase the depth of their automotive knowledge and transfer these newly acquired skills back to their home country.

MTAIT continued to actively engage with the national automotive industry skills council, Auto Skills Australia (ASA), to provide feedback into the development of the automotive training package and to drive policy development in government agencies. MTAIT holds a board position at ASA and actively represents the Queensland automotive industry's interests.

MTAIT's support of the Automotive Mentor Advisor Apprenticeship Program

The demand to address skill shortages will continue to drive the direction of MTAIT to ensure that industry is provided optimum training products.

(MAAP) has seen a strong involvement in promoting the automotive industry to the broader community by attending careers expo's and industry events. Over the year, Queensland advisers had delivered the "MAAP message" to more than 7,500 recipients, 5,000 school students, attended 25 Careers expo's, conducted 85 group information sessions, contacted more than 500 employers and 1,500 teachers, parents and trainers. The mentors have guided over 450 apprentices through their first year of an apprenticeship, recording a huge retention rate of 95% of apprentices in the program continuing into their second year. This is a remarkable result given the high attrition rate we have in automotive apprenticeships.

Achievements

MTAIT has again achieved good results and recognition as a training provider committed to excellence and industry engagement. We have worked hard to expand our training products and services to ensure that we further contribute to the sustainability of the automotive industry. These achievements include the following:

- MTAIT remains on the State Government's preferred supplier list and holds contracts for User Choice and Certificate III Guarantee.
- Issued over 600 certificates across Queensland to students who had finalised their apprenticeship or by recognising industry-experienced workers who had not been previously acknowledged for their trade.
- MTAIT delivered several automotive pre-vocational programs to assist eligible candidates into the workforce. These programs provided training that gave participants the basic skills suitable for entry employment within the automotive industry. This program was a great success

with students going through a structured automotive entry training program with some participants even obtaining apprenticeships.

- National Workforce Development Fund (NWDF) projects, including Diploma of Management and the Structural Repair Skill Set projects, both for the Collision Repair industry. The completion of the NWDF will see more than 150 students undertake/ complete courses through MTAIT.
- Delivering the AccelR8 Program (VETiS) to assist the transition of grade 12 students in a 12 month program into an apprenticeship after completing their final school year. This program aims to help successful students acquire the necessary points towards their QCE and go straight into the workforce once they have completed grade 12.
- Numerous nominations for regional apprentices of the year.
- MTAIT continued to provide exceptional service to all its clients with over 1,000 workplaces serviced in Queensland. Employers and students who completed surveys strongly agreed MTAIT provided quality training and effective assessments, with an overall satisfaction of 82% of employers and 85% of learners satisfied with MTAIT's trainer quality.

Objectives

MTAIT's key focus is to remain flexible and responsive in order to adapt to the changing demands of industry. The demand to address skill shortages will continue to drive the direction of MTAIT to ensure that industry is provided optimum training products. We constantly monitor the changing political environment and its impact on the automotive industry. We actively advocate to Government agencies to

ensure they remain committed to skilling Queenslanders and, in particular, the automotive industry.

Governance

The Board of Directors of MTAIT ensure that the strategic plan and corporate governance of MTAIT is aligned with the Association's expectations. The Board of Directors over the 2014/15 financial year consisted of:

- Mr Ian Lawrence - Chairman
- Mr David Fraser - Deputy Chairman and Director
- Mr Alan Bonsall - Director
- Mr Mark Brady - Director
- Mr Steve Ghost - Director

I would like to take the opportunity to thank the MTAIT Board for their support and direction over the last 12 months.

MTAIT's capability to deliver high quality training would not be possible without the dedication of the management group, our trainers and admin staff. I would in particular like to acknowledge three of our trainers, Steve Hudspith, Don Lerm and Scott Gehrke who were nominated for VET Trainers of the Year as part of the Queensland State Training Awards. Steve won MTAIT's Trainer of the Year for 2015.

Thank you to all MTAIT staff for their hard work and effort to continue to make MTAIT the training provider of choice for the automotive industry.

Paul Kulpa

General Manager Training Operations

Financial Report For The Year Ended 30 June 2015

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Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenues	2	9,887,438	10,282,020
EXPENSES			
Employee benefits expense	3	(5,985,644)	(6,295,778)
Freight and cartage	3	(43,401)	(53,871)
Depreciation and amortisation expenses	3	(493,447)	(435,413)
Commissions paid	3	(6,879)	(1,267)
Impairment Expense	3	(474,585)	-
Other expenses	3	(3,558,987)	(3,048,727)
Total Expenses		10,562,943	9,835,056
PROFIT/(LOSS) BEFORE INCOME TAX		(675,505)	446,964
INCOME TAX EXPENSE	1(b)	-	-
PROFIT/(LOSS) FOR THE YEAR		(675,505)	446,964
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Revaluation of available for sale investments	15	(16,841)	99,776
		(16,841)	99,776
Total comprehensive income/(loss) for the year		(692,346)	546,740
Profit attributable to:			
Members of the Organisation		(675,505)	446,964
Total Comprehensive Income attributable to:			
Members of the Organisation		(692,346)	546,740

The accompanying notes form part of the financial report

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	431,175	583,824
Short Term Deposit	5	1,690,019	1,958,601
Trade and other receivables	6	1,444,751	1,727,513
Inventories	7	91,773	82,761
Other	8	316,375	83,372
Total current assets		3,974,093	4,436,071
Non-current assets			
Intangible asset	9	1,079,704	1,075,145
Other financial assets	10	3,468,494	3,889,421
Property, plant & equipment	11	9,269,285	9,642,045
Total non-current assets		13,817,483	14,606,611
TOTAL ASSETS		17,791,576	19,042,682
LIABILITIES			
Current liabilities			
Trade and other payables	12	856,994	986,760
Provisions	13	160,519	190,264
Other liability	14	881,704	1,298,961
Total current liabilities		1,899,217	2,475,985
Non-current liabilities			
Provisions	13	88,496	70,488
Total non-current liabilities		88,496	70,488
TOTAL LIABILITIES		1,987,713	2,546,473
NET ASSETS		15,803,863	16,496,209
MEMBERS' FUNDS			
Reserves	15	106,465	123,306
Retained Earnings	16	15,697,398	16,372,903
TOTAL MEMBERS' FUNDS		15,803,863	16,496,209

The accompanying notes form part of the financial report

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash Flows From Operating Activities			
Receipts from customers		9,920,200	10,617,522
Dividends received		51,039	148,633
Interest received		51,819	57,155
Payments to suppliers and employees		(10,282,486)	(9,664,032)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19 (b)	(259,428)	1,159,278
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		9,090	7,723
Proceeds from sale of investments		720,686	660,341
Payment for property, plant and equipment		(133,618)	(267,905)
Payments for Investments		(757,961)	(695,599)
Payment for Other Non-Current assets	26	-	(1,020,143)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(161,803)	(1,315,583)
Net Increase / (Decrease) in cash and cash equivalents		(421,231)	(156,305)
Cash and cash equivalents at the beginning of the period		2,542,425	2,698,730
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19 (a)	2,121,194	2,542,425

The accompanying notes form part of the financial report

Statement of Changes In Equity

For the year ended 30 June 2015

	Note	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2013		23,530	15,925,939	15,949,469
Comprehensive Income				
Net Profit for the year attributable to the Members of the entity		-	446,964	446,964
Transfer of retained earnings		-	-	-
Other comprehensive income	15	99,776	-	99,776
Total comprehensive income for the year attributable to the members of the entity		99,776	446,964	546,740
BALANCE AT 30 JUNE 2014	15,16	123,306	16,372,903	16,496,209
Comprehensive Income				
Net Profit/ (loss) for the year attributable to the Members of the entity		-	(675,505)	(675,505)
Transfer to retained earnings		-	-	-
Other comprehensive income	15	(16,841)	-	(16,841)
Total comprehensive income for the year attributable to the members of the entity		(16,841)	(675,505)	(692,346)
BALANCE AT 30 JUNE 2015	15,16	106,465	15,697,398	15,803,863

The accompanying notes form part of the financial report

Notes to and forming part of the Financial Statements

For the year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards.

The Motor Trades Association of Queensland is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers the Motor Trades Association of Queensland as an individual entity. The Motor Trades Association of Queensland is a Union of Employers governed by the Industrial Organisations Act 1997 within Queensland and the Workplace Relations Act at a national level.

The financial report of the Motor Trades Association of Queensland complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The amounts presented in the financial statements are presented in AUD and have been rounded to the nearest dollar.

Accounting Policies

a. Associated Entities

Motor Trades Association of Queensland owns and controls a number of associated entities.

The following are the associated entities:

MTAQ Ltd
MTA Institute of Technology Pty Ltd
MTAQ Management Pty Ltd

All entities have a June financial year end. Transactions which relate to these entities are conducted on trust for Motor Trades Association of Queensland and are brought to account by the Motor Trades Association of Queensland.

b. Income Tax

The association is exempt from income tax under section 50-40 of the Australian Income Tax assessment Act 1999.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

d. Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date, fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances, it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with note 1(m).

e. Intangible Assets

Goodwill

Goodwill is measured as described in note 1(d). Goodwill on acquisitions of subsidiaries is included in goodwill as intangible assets and on acquisitions of associates is included in the investment in associate. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

f. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

Property, Plant and equipment

Property, Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Depreciation

The depreciable amount of buildings is depreciated on a straight line basis with all other fixed assets and capitalised lease assets, but excluding freehold land, depreciated on a diminishing value basis over their useful lives to the Association commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	15 – 60%
Motor Vehicles	30%
Leased Assets	20%
Fixtures and Fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

The balance of capital works in progress is carried at cost and upon completion will be transferred to the appropriate class of assets.

g. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

j. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

i. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in income in the period in which they are incurred.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

p. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q. Capital Management

The directors of the Association control the capital to ensure that the association can fund its operations and continue as a going concern. The Association manages capital primarily through receipt of membership and training revenue and profits generated from business activities. There has been no change in the current year to this approach.

r. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The financial report was authorised for issue on 6th October 2015 by the board of directors.

NOTE 2: REVENUES

	2015 \$	2014 \$
Revenues From Operating Activities		
Agricultural Show Distribution	-	25,000
Commissions received	883	116,392
Industrial services income	27,674	11,760
Training services	7,376,455	7,547,023
Grant income	632,428	911,040
Sale of publications	161,764	187,343
Sale of stationery	258,875	239,649
Interest from other persons	50,240	58,740
Members subscriptions & entrance fees	1,031,543	965,242
MTAA House dividend	163,400	104,500
Rent	4,009	6,148
Sundry income	179,487	127,907
NET REVENUE FROM OPERATING ACTIVITIES	9,886,758	10,300,744
Gain/(loss) on disposal of asset	680	(18,724)
TOTAL REVENUE FROM OPERATING ACTIVITIES	9,887,438	10,282,020

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 3: EXPENSES

	2015 \$	2014 \$
Expenses From Operating Activities		
Accounting & Audit Fees	38,527	38,648
Advertising & Promotion	245,657	129,927
Accommodation/Travel Staff	132,674	164,432
Bad & Doubtful Debts	0	0
Bank Charges	9,842	10,246
Building Fees	5,890	1,306
Body Corporate	18,672	15,705
Cleaning	47,816	38,270
Cost of goods sold – Publications	117,096	80,629
Cost of goods sold – Stationery	128,433	151,962
Cost of goods sold - Training	734,366	369,918
Commissions	6,879	1,267
Computer Upgrades	100,999	67,200
Consultants fees	445,271	406,684
Depreciation & Amortisation	493,447	435,413
Director Fees	248,136	301,000
Donations*	200,500	691
Divisional Expenses	14,074	41,579
Entertainment	5,835	3,380
Fees	20,420	27,489
Fringe Benefits Tax	59,386	48,000
Impairment Loss	-	-
Insurance	61,958	97,993
Interest	-	3
Impairment of MTAA House Unit Trust	474,585	-
Legal Costs	25,152	32,182
Light & Power	45,148	48,178
Loss on Sale of Shares	-	-
Meetings – Catering Staff	5,666	20,323
Meetings – Catering Board	7,699	6,970
Travel Board – Airfares/Accommodation	8,105	13,416
Motor Vehicle	297,901	270,595
Management Fee	13,762	13,381
Office Supplies	26,883	40,972

	2015	2014
	\$	\$
Freight & Cartage	43,401	53,871
Payroll Tax	272,041	314,205
Personnel – Engagement	3,510	41,303
Personnel – Long Service	(11,737)	15,486
Personnel – Salaries & Wages	4,945,907	5,296,593
Personnel – Salary Sacrifice	73,772	52,879
Personnel – Superannuation	705,661	616,616
Personnel – Uniforms	194	1,566
Personnel – Training	20,446	31,733
Printing & Stationery	18,482	24,900
Rates & Taxes	19,989	18,162
Rental on operating leases	96,750	97,513
Rental	-	-
Repairs & Maintenance Other	21,716	20,315
Security	1,062	1,657
Special Projects	-	-
Sponsorships	4,845	6,490
Staff Amenities	16,239	20,482
Subscriptions	53,545	116,920
Technical Journals	150	15,020
Telecommunications	171,669	163,111
Web Site	40,581	20,833
Workers Compensation	23,941	27,642
TOTAL EXPENSES FOR OPERATING ACTIVITIES	10,562,943	9,835,056

*Donation of \$200,000 was made to AADA Limited at 30 June 2015

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	700	700
Cash at Bank	430,475	583,124
TOTAL	431,175	583,824

NOTE 5: SHORT TERM DEPOSIT

TERM DEPOSITS GREATER THAN 3 MONTHS	1,690,019	1,958,601
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Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 6: TRADE AND OTHER RECEIVABLES

	2015 \$	2014 \$
Current		
Accounts Receivable	674,281	797,851
Less: Provision for impairment of trade receivables	(62,689)	(63,408)
	611,592	734,443
Sundry Debtors	833,159	991,485
Unearned Interest on Investments	-	1,585
TOTAL RECEIVABLES	1,444,751	1,727,513

	2015			2014		
	Total \$	Amount Impaired \$	Amount not impaired \$	Total \$	Amount Impaired \$	Amount not impaired \$
Not past due	316,954	-	316,954	147,161	-	147,161
Past due [30] days	145,556	-	145,556	544,025	-	544,025
Past due [30-60] days	54,550	-	54,550	30,758	-	30,758
Past due [60-90] days	32,859	-	32,859	22,048	9,549	12,499
Past due [>90] days	124,362	62,689	61,673	53,859	53,859	-
TOTAL	674,281	62,689	611,592	797,851	63,408	734,443

Analysis of Impairment Account

	2015 \$	2014 \$
Opening Balance	79,986	67,875
Provisions for doubtful receivables	-	31,655
Receivables written off during the year	(17,297)	(19,544)
CLOSING BALANCE	62,689	79,986

NOTE 7: INVENTORIES

FINISHED GOODS – STATIONERY	91,773	82,761
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NOTE 8: OTHER ASSETS

General Prepayments	316,375	83,372
	316,375	83,372

NOTE 9: INTANGIBLE ASSETS

	2015 \$	2014 \$
Goodwill	1,020,143	1,020,143
Less: Accumulated Impairment Loss	-	-
WRITTEN DOWN VALUE	1,020,143	1,020,143
Software	139,274	89,024
Less: Accumulated Amortisation	(79,713)	(34,022)
WRITTEN DOWN VALUE	59,561	55,002
TOTAL WRITTEN DOWN VALUE OF INTANGIBLE ASSETS	1,079,704	1,075,145

(a) Movement in carrying amounts

Goodwill

Balance at the beginning of the year	1,020,143	-
Acquisitions through business combinations (refer note 26)	-	1,020,143
Impairment Losses	-	-
CARRYING AMOUNT AT THE END OF THE YEAR	1,020,143	1,020,143

Software

Balance at the beginning of the year	55,002	25,508
Additions	50,250	52,500
Amortisation/Write offs	(45,691)	(23,006)
CARRYING AMOUNT AT THE END OF THE YEAR	59,561	55,002

(b) Impairment Testing of Cash-generating Units Containing Goodwill with Indefinite Useful Lives

Goodwill has been allocated to the following cash-generating unit

Carrying amounts of goodwill

Paint and Panel Training	1,020,143	1,020,143
	1,020,143	1,020,143

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 9: INTANGIBLE ASSETS continued

	2015 \$	2014 \$
The recoverable amount of all cash-generating units is based on value-in-use calculations which use cash flow projections based on budgets approved by management covering a 5 year period. The growth rate used in these budgets does not exceed the long-term average growth rate for the business in which cash-generating units operate.		
Recoverable amounts of goodwill		
Paint and Panel Training	1,389,098	1,235,188
	1,389,098	1,235,188

Key assumptions used for value-in-use calculations are as follows:

The value-in-use calculation assumes that 40% of the Paint and Panel Training cash flows relate to the goodwill on the purchase of the Auto Trade College. A discount rate of 10% has been applied to the value-in-use calculation for budgeted revenues and expenditure greater than 1 year after reporting date. As well as a growth rate of 2.7% in determining future year projected cash flows.

Management determined budgeted gross margins based on past performance and its expectations for the future. The weighted average growth rates used are consistent with those used in industry reports. Discount rates used are pre-tax and are specific to relevant segments and countries in which they operate.

The recoverable amount of the goodwill of \$1,020,143 is estimated to be \$1,235,188 which exceeds the carrying amount at 30 June 2014 by \$215,045. If a discount rate of 11.5% was used instead of 10%, the recoverable amount of goodwill would equal the carrying amount.

NOTE 10: OTHER FINANCIAL ASSETS

Non-Current	2015 \$	2014 \$
Investments in Listed & Unlisted Entities classified as available for sale		
Units in MTAA House Unit Trust at directors' valuation	2,181,084	2,707,311
Dalton Nicol Reid Portfolio	1,287,410	1,182,110
	3,468,494	3,889,421

The basis of valuation of Units Held in MTAA House is at fair value based on the net asset position at 30 June 2015 of the trust. MTA-Q Ltd holds 19 units of a total 115 units.

The Dalton Nicol Reid portfolio comprise of investments in ordinary shares listed on the Australian Securities Exchange. This investment portfolio has been valued at 30 June 2015.

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	2015 \$	2014 \$
Land & Buildings	8,981,209	8,981,209
Less: Accumulated Depreciation	(665,159)	(479,689)
WRITTEN DOWN VALUE	8,316,050	8,501,520
Fixtures & Fittings at cost	95,644	97,094
Less: Accumulated Depreciation	(37,781)	(24,489)
WRITTEN DOWN VALUE	57,863	72,605
Plant & Equipment at cost	1,563,672	1,516,389
Less: Accumulated Depreciation	(737,271)	(522,709)
WRITTEN DOWN VALUE	826,401	993,680
Motor Vehicles at cost	94,687	75,791
Less: Accumulated Depreciation	(25,716)	(1,551)
WRITTEN DOWN VALUE	68,971	74,240
Total Property, Plant & Equipment	10,735,212	10,670,483
Less: Accumulated Depreciation	(1,465,927)	(1,028,438)
TOTAL WRITTEN DOWN VALUE OF PROPERTY, PLANT & EQUIP.	9,269,285	9,642,045

a) Movement in carrying amounts.

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2015	Land and Buildings	Fixtures and Fittings	Plant and Equipment	Motor Vehicles	Total
Opening Balance	8,501,520	72,605	993,680	74,240	9,642,045
Additions	-	-	64,472	18,896	83,368
Disposals	-	(1,450)	(6,922)	-	(8,372)
Transfers	-	-	-	-	-
Revaluations	-	-	-	-	-
Depreciation	(185,470)	(13,292)	(224,829)	(24,165)	(447,756)
Carrying amount at the end of the year	8,316,050	57,863	826,401	68,971	9,269,285

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 11: PROPERTY, PLANT & EQUIPMENT continued

2014	Land and Buildings	Fixtures and Fittings	Plant and Equipment	Motor Vehicles	Total
Opening Balance	8,686,991	39,206	1,139,337	-	9,865,534
Additions	-	44,955	94,660	75,790	215,405
Disposals	-	-	(11,416)	-	(11,416)
Transfers	-	-	-	-	-
Revaluations	-	-	(4,738)	-	(4,738)
Depreciation	(185,471)	(11,556)	(224,163)	(1,550)	(422,740)
Carrying amount at the end of the year	8,501,520	72,605	993,680	74,240	9,642,045

NOTE 12: TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Current		
Accounts Payable	280,575	149,936
Accrued Expenses	158,851	318,481
GST Payable	49,707	101,764
Provision for Employee Benefits (Note 14a)	367,861	416,579
	856,994	986,760

NOTE 13: EMPLOYEE BENEFIT PROVISION

Current		
Provision for Long Service Leave	160,519	190,264
Non-Current		
Provision for Long Service Leave	88,496	70,488

NOTE 14: OTHER LIABILITIES

Current		
Other Payables	1,510	56,401
Subscriptions and Unearned Income Received in advance	880,194	1,242,560
	881,704	1,298,961

NOTE 15: RESERVES

	2015 \$	2014 \$
Balance at beginning of financial year	123,306	23,530
Transfer to accumulated surplus upon sale of held for sale asset	-	-
Revaluation increments - Dalton Nicol Reid Portfolio	34,801	99,776
Revaluation decrements – MTAA House Unit Trust	(51,642)	-
ASSET REVALUATION RESERVE	106,465	123,306

NOTE 16 ACCUMULATED SURPLUSES / (DEFICIT)

Accumulated surpluses at the beginning of the year	16,372,903	15,925,939
Transfers from reserves	-	-
Net profit/ (loss) attributable to the association	(675,505)	446,964
Accumulated surpluses at the end of the year	15,697,398	16,372,903

NOTE 17: CONTINGENT ASSETS/LIABILITIES

Contingent Liabilities

There are no contingent liabilities at 30 June 2015 (2014: nil).

Commitments

Capital Expenditure – Eight Mile Plains Construction

The entity has no capital expenditure commitments at 30 June 2015 (2014: nil).

NOTE 18: CONTINGENT ASSETS/LIABILITIES *continued*

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Within one year	192,403	213,794
After one year, but not more than five years	170,352	223,307
	362,755	437,101

The computer and motor vehicle lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statement with a three-year term.

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 19: CASH FLOW INFORMATION

	2015 \$	2014 \$
a) Reconciliation of Cash		
Cash on hand	700	700
Cash at bank	430,475	583,824
Cash on deposit	1,690,019	1,958,601
	2,121,194	2,543,125
b) Reconciliation of net cash provided by operating activities to operating surplus after income tax:		
Operating Surplus / (Deficit)	(675,505)	446,964
Non-cash flows in operating profit:		
Impairment	474,585	-
Depreciation	493,447	435,413
Loss (Profit) on sale of assets	(718)	18,763
Loss (Profit) on sale of Investments	(33,224)	(72,814)
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	281,177	283,983
Decrease / (Increase) in inventory	(9,012)	3,059
Decrease / (Increase) in interest receivable	1,585	(1,585)
Decrease / (Increase) in other assets	(233,003)	(36,575)
Increase/ (decrease) in payables	78,582	(97,845)
Increase / (decrease) in provisions	(60,455)	(15,903)
Increase/ (decrease) in unearned income	(417,258)	229,926
Increase / (decrease) in other liabilities	(159,629)	(34,108)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	(259,428)	1,159,278

c) Credit-Standby Arrangement & Loan Facilities

MTA-Q has a bank overdraft facility amounting to \$2,500,000. At 30 June 2015 the facility remained unused. The facility is renewed annually and interest rates are variable

NOTE 20: RELATED PARTIES

a) Officers' Remuneration and Other Transactions

The Board Members' businesses are all current members of the Association and also purchase stationery from the Association which are on standard terms.

Director fees paid during the financial year were \$248,136 (2014: \$301,000).

Apart from the above, there was no other Related Party Transaction during the financial year ended 30 June 2015.

Names of Officers who held office during the year are:

David Fraser	John Ruddick
James Robertson	Glen Ford
Charlie Serchen	Rod Pether
Tim Kane	Steve Eaton
Paul Peterson	Mark Bryers
Chris Ching	Michael Kennedy
Mark Brady	Garth Madill

NOTE 21: INTER-DIVISION CONTRIBUTIONS AND PAYMENTS

	2015	2014
	\$	\$
a) Amounts contributed / allocated by MTAQ Corporate to other MTAQ divisions representing \$20 membership renewal.	-	-
b) Success fees at the rate of 36% paid to Corporate division of MTAQ for monies raised by divisions' activities.	-	-

The above amounts are eliminated upon consolidation of the Corporate division with other divisions and are not disclosed in revenues and expenses disclosed in Notes 2 and 3 respectively. Refer Note 18 for list of divisions.

NOTE 22: FAIR VALUE MEASUREMENT

a) The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Available for sale financial assets

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 22: FAIR VALUE MEASUREMENT continued

Recognised fair value measurements

The following table sets out the group's assets and liabilities that are measured and recognized at fair value in the financial statements.

30 June 2015	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Available-for-sale financial assets					
- Units in MTAA House Unit Trust		-	-	2,181,084	2,181,080
- Dalton Nicol Reid Share Portfolio		1,287,410	-	-	1,287,410
TOTAL FINANCIAL ASSETS		1,287,410	-	2,181,084	3,468,490

30 June 2014	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Available-for-sale financial assets					
- Units in MTAA House Unit Trust		-	-	2,707,311	2,707,311
- Dalton Nicol Reid Portfolio		1,182,110	-	-	1,182,110
TOTAL FINANCIAL ASSETS		1,182,110	-	2,707,311	3,889,421

There were no transfers during the year between Level 1 and Level 3 for recurring fair value measurements. The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Disclosed fair values

The group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements. The fair value of short term deposits as disclosed in note 5 were determined by reference to published price quotations in an active market (Level 1). Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values. The carrying amount of current trade and other payables disclosed in note 13 are assumed to approximate their fair values because the impact of discounting is not significant.

Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements..

	Units in MTAA House Unit Trust \$'000	Total \$'000
Opening balance 1 July 2014	2,707,311	2,707,311
Revaluation Decrements – MTAA House Unit Trust	(51,642)	-
Impairment of MTAA House Unit Trust	(474,585)	-
Closing balance 30 June 2015	2,181,084	2,707,311

Valuation processes for Level 3 fair values

MTAQ's investment in the MTAA House Unit Trust is valued by reference to the net assets of the MTAA House Unit Trust which is obtained from the MTAA House Unit Trust 30 June 2015 financial statements. The majority of the net assets within the MTAA House Unit Trust relate to investment property, of which the Unit trust regularly engages external, independent and qualified valuers to determine the fair value of the investment property.

NOTE 23: FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

Motor Trades Association of Queensland (MTA-Q) is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The maximum exposure to credit risk at balance date is as follows:

	2015 \$	2014 \$
Receivables	674,281	797,851

b. Liquidity Risk

Liquidity risk is the risk that the entity may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors of MTAQ to maintain adequate committed credit facilities. The unused bank overdraft credit facility at balance date was \$2,500,000. The bank overdraft facilities may be drawn down at any time but may be terminated by the bank without notice.

c. Maturity Analysis – 2015

	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$
Financial Liabilities					
Trade and other payables	674,281	674,281	674,281	-	-
Lease liability	-	-	-	-	-
Bank Loan	-	-	-	-	-
TOTAL	674,281	674,281	674,281	-	-

Maturity Analysis - 2014

	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$
Financial Liabilities					
Trade and other payables	797,851	797,851	797,851	-	-
Lease liability	-	-	-	-	-
Bank Loan	-	-	-	-	-
TOTAL	797,851	797,851	797,851	-	-

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 23: FINANCIAL RISK MANAGEMENT continued

d. Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Non-Interest Bearing		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Financial Assets						
Cash & deposits	2,124,316	2,542,425	-	-	2,124,316	2,542,425
Receivables	-	-	1,443,374	1,727,513	1,443,374	1,727,513
TOTAL FINANCIAL ASSETS	2,124,316	2,542,425	1,443,374	1,727,513	3,567,690	4,269,938
Financial Liabilities						
Trade & other payables	-	-	986,760	986,760	986,760	986,760
Lease liability	-	-	-	-	-	-
Bank Loan	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	986,760	986,760	986,760	986,760

e. Sensitivity Analysis

Management has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date.

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits \$	Post employment benefits \$
2015		
TOTAL COMPENSATION	681,946	134,002
2014		
TOTAL COMPENSATION	760,127	63,730

NOTE 25: AUDITORS REMUNERATION

	2015 \$	2014 \$
Audit		
AUDIT OF THE FINANCIAL REPORT	38,500	38,325
Non-audit services		
OTHER SERVICES	-	1,215

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on behalf of the auditor), is compatible with general standard of independence for auditors imposed by *Corporations Act 2001*.

Key management personnel include directors and five key executives of the organisation.

NOTE 26: BUSINESS COMBINATIONS

Acquisitions

On 16 August, 2013, the Motor Trades Association acquired the business Auto Trade College which operates in the Paint and Panel Training industry. The acquisition of the Auto Trade College is part of a strategy to expand the student base of the association into the Paint and Panel industry.

Details of the net assets acquired, goodwill and purchase consideration are as follows:

	Fair value
Property, plant and equipment	16,000
Goodwill	1,020,143
Net assets acquired	1,036,143
Purchase consideration comprises:	
Cash paid	1,036,143
TOTAL PURCHASE CONSIDERATION	1,036,143

Goodwill

Goodwill has arisen from customer relationships that do not meet the definition of an intangible asset at acquisition date and synergies expected to be achieved from integrating back office processing of the Auto Trade College with the existing businesses. None of the goodwill is expected to be deducted for tax purposes.

At the end of the reporting period, there have been no adjustments to the balance of goodwill.

Notes to and forming part of the Financial Statements continued

For the year ended 30 June 2015

NOTE 27: ACCOUNTING STANDARDS ISSUED NOT YET EFFECTIVE

There are a number of accounting standards that have been issued but are not yet effective. The organisation does not expect any material impact on financial statements from the impending changes. However, various additional disclosures will be required in the financial statements in future periods.

NOTE 28: EVENTS AFTER BALANCE SHEET DATE

The directors are not aware of any significant event since the end of the reporting period.

NOTE 29: REGISTERED OFFICE

Building 8
2728 Logan Road
Eight Mile Plains
QLD 4113

Declaration by Members of the Board of MTA Queensland

In the opinion of the board of MTAQ the financial report as set out on pages 37 to 67.

1. Presents fairly the financial position of the Motor Trades Association of Queensland Industrial Organisation of Employers as at 30 June 2015, and the results and cash flows of the association for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Motor Trades Association of Queensland Industrial Organisation of Employers will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the board of MTAQ and is signed for and on behalf of the Committee by:



Chairman
David Fraser



Treasurer
Paul Peterson

Dated 6th October 2015

Independent Auditor's Report



The Chartered Accountants
Public Accountants
and Tax Agents
Association of Australia

Member of the Big 4
Chartered Accountants
Public Accountants
and Tax Agents
Association of Australia

To the members of Motor Trades Association Queensland Industrial Organisation of Employers (MTA Queensland)

Report on the Financial Report

We have audited the accompanying financial report of MTAQ, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and declaration by the Members of the Board.

The Members of the Boards' Responsibility for the Financial Report

The Members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Industrial Relations Act 1999*, and for such internal control as the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Board also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of MTAQ as of 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1 to the financial report.

Report on Other Legal and Regulatory Requirements

In our opinion:

- (a) the organisation has kept satisfactory accounting records for the financial period ended 30 June 2015, including records of:
 - (i) the sources and nature of the organisations' income including membership subscriptions and other income from members; and
 - (ii) the nature of and reasons for the organisations' expenditure;
- (b) the financial report for the year ended 30 June 2015, is properly drawn up to present fairly in all material respect, the organisations':
 - (i) financial affairs as at the end of the year; and
 - (ii) the income and expenditure and surplus or deficit for the year
- (c) the financial report has been prepared in accordance with *Industrial Relations Act 1999*, Australian Accounting Standards and other mandatory professional reporting requirements.
- (d) the financial disclosure statement and mid-year financial disclosure statement for the year were prepared under this Act; and
- (e) the organisation has the policies it is required to have under section 553A(1)

Where necessary, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the *Industrial Relations Act 1999* financial reporting requirements. As a result, the financial report may not be suitable for another purpose.

BDO Audit Pty Ltd



D P WRIGHT
Director

Brisbane, 9th October 2015

Accounting Officer's Certificate

I, Kathy Winkcup, being the officer responsible for keeping the accounting records of the Motor Trades Association of Queensland Industrial Organisation of Employers, certify that as at 30 June 2015, the number of financial members of the Association was 1,307 and the number of non-financial members was nil.

In my opinion:

- (i) the attached financial report shows a true and fair view of the financial affairs of the Association as at 30 June 2015;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid and collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Association;
- (iii) expenditure incurred by the Association was approved under the Association's Rules before it was incurred.
- (iv) with regard to the funds of the Association raised by compulsory levies from members, or funds other than the General Fund operated in accordance with the rules, no payments were made of any such fund for purposes other than those for which the fund was operated;
- (v) all financial benefits granted to employees were allowed under the Associations rules. There were no loans or financial benefits given to persons holding office in the Association;
- (vi) the register of members of the Association was maintained in accordance with the Act.



Kathy Winkcup
Chief Financial Officer

Dated this 6th October 2015

Certificate by Members of the Board of MTA Queensland

In the opinion of the board of management the financial report:

1. Present fairly the financial position of the Motor Trades Association of Queensland Industrial Organisation of Employers as at 30 June 2015 and the results and cash flows of the Association for the year ended on that date in accordance with Australian Accounting Standards and the Industrial Relations Act 1999.
2. At the date of this statement, there are reasonable grounds to believe that Motor Trades Association - Queensland Industrial Organisation of Employers will be able to pay its debts as and when they fall due.
3. Meetings of the Board of MTAQ were held during the year ended 30 June 2015, in accordance with the rules of the Association.
4. To the knowledge of the Board of Management there have been no instances where records, rules or copies of them have not been given to the Association's members under the Act.
5. The Audit report and accounts for the Association's financial year ended 30 June 2014, have been presented to an annual general meeting of the Association, and given to all financial members at that time.

This statement is made in accordance with a resolution of the board of MTAQ and is signed for and on behalf of the Committee by:



President
David Fraser



Treasurer
Paul Peterson

Dated this 6th October 2015

Board Members 2014 - 2015

MTA Queensland

David Fraser

Chairman, MTA Queensland
Chairman, Queensland Farm and Industrial Machinery
Dealer Division (QFIMDD)

Steve Eaton

Vice Chairman, MTA Queensland
Representative, Far North Queensland region
Chairman, National Auto Collision Alliance (NACA)

Mark Bryers

Chairman, Engine Reconditioners Association Qld (ERAQ)

Paul Peterson

Secretary, MTA Queensland
Chairman, Queensland Motorcycle Industry Division (QMID)

Garth Madill

Chairman, AADA Qld (QMDC)

Glen Ford

Chairman, Auto Parts Recyclers Division (APRD)

Tim Kane

Chairman, Service Station & Convenience Store Association
Queensland (SSCSAQ)

John Ruddick

Chairman, Tyre & Undercar Division of Queensland (TUDQ)

Charlie Serchen

Chairman, Automotive Engineers Division (AED)

Michael Kennedy

Chairman, Automotive Remarketing Division (ARD)

Chris Ching

Chairman, Rental Vehicle Industry Division (RVID)

Rod Pether

Representative, North Queensland region

James Robertson

Representative, Central Queensland region

MTAIT Board members

Ian Lawrence

Chairman

David Fraser

Deputy Chairman/Director

Steve Ghost

Director

Mark Brady

Director

Allan Bonsall

Director



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