



Deal with Someone You Can Trust

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*The Voice of the
Motor Industry*

3rd April, 2003

Deputy Industrial Registrar
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney NSW 2001

CHIEF EXECUTIVE OFFICER'S CERTIFICATE

In accordance with section 280 Part ix, Division II - Accounts and Audit, of the Workplace Relations Act, 1996, I certify that the enclosed copy of the Honorary Treasurer's Report which incorporates the Auditor's Report and Financial Statements for the year ended 31st December, 2002, were presented to the Annual General Meeting of the Motor Traders' Association held on 28th March, 2003.

Attached is the Executive Board's (Committee of Management) Certificate incorporating a resolution arising out of a meeting of the Executive Board.

In accordance with Section 279 the MTA Committee of Management resolved to supply a copy of the financial report, accounts and statements in the MTA Journal (copy attached).

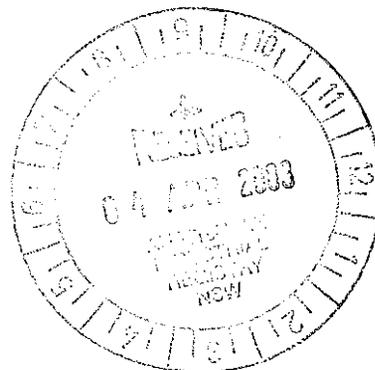
James McCall

CHIEF EXECUTIVE OFFICER

Before me:

A Justice of the Peace

D. W. McCall A/A JP





Honorary Treasurer's Report

Presented by Geoffrey Lowe, Treasurer, Motor Traders' Association of New South Wales
to the Annual General Meeting held on Friday 28 March 2003
at the Royal Automobile Club of Australia, 89 Macquarie Street, Sydney.

Statement of Financial Performance

The Association experienced a net deficit of \$2,169,490 for the year.

Statement of Financial Position

The net assets of the Association have decreased this year by \$439,594.

The investment in the MTAA House Unit Trust was re-valued to market value, leading to an increase in the value of this investment of \$332,896 (last year it was re-valued and increased by \$622,514). In two years we have seen this asset appreciate by nearly \$1,000,000.00.

Property, Plant & Equipment increased throughout the year by \$1,563,173. \$1.4M of this results from an independent revaluation of the 43-51 Brisbane Street properties. (In 2001 the increase in Property Plant and Equipment was \$1,031,066. This was predominantly due to the refurbishment of the building at 43-51 Brisbane Street. Councillors may recall that once the refurbishment was completed, a complete overhaul of the property, plant and equipment was undertaken. This led to a net write-off of property, plant and equipment of \$138,802, which was taken up in the statement of financial performance of 2001). This revaluation completes that process.

Loans to the Association increased by \$1,656,283 during the year. This was used on the vehicle fleet and primarily as working capital. Last year the refurbishment of the building at 43-51 Brisbane Street, was funded by bank borrowings, which has led to an increase in interest bearing liabilities in 2001 of \$959,680.

Subscriptions in advance decreased by \$220,607 this year, as the subscription renewals were not sent out as early as in the previous year.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$1,262,609 in 2002. This compares with inflows of \$497,719 from the previous year.

There were net investing outflows of \$103,497 during the year due mainly to the purchase of Furniture, Fitting and Equipment. In 2001 there were net investing cash outflows of \$1,176,850 due to the refurbishment of the building at 43-51 Brisbane Street.

Net financing cash inflows of \$1,296,902 were experienced due to the bank borrowings received to fund the working capital of the Association.

Commentary and Analysis

The result we report to you today is a truly disappointing one. One which I, as Honorary Treasurer only became vaguely aware of very late in 2002. Personally, I found this very embarrassing having reported in good faith very different information to the Governing Council. By December-January we had received a number of rude shocks which came at us totally out of the blue. The information presented to me up to September - October 2002 in no way foreshadowed this outcome. Had it done so I would have reported it.

Myself and other Board Members had expressed concerns on a number of fronts throughout the year but were continually assured by management that every thing was okay and were presented with numbers which purported to support this. The concerns we had primarily had, but not exclusively, related to Corporate Relations and Events. Sadly, the role of the Honorary Treasurer does not allow for direct intervention in the running of the MTA. As such, I and others in this role are not in a position as much as we might like to at times, to cause or prevent certain spending. These decisions and the responsibility for them are the province of the Council and the Board by way of delegation from the Council acting as it can, in place of the Council. Naturally, it is the majority decision of those bodies, guided by the advice given at the time by the staff, which makes these decisions. The point being that it is often the case that decisions made in these area are not unanimous.

Like 2001, the largest individual contributor to the trading losses reported here are the activities undertaken by Corporate Relations and Events. Instead of achieving the budgeted surplus of \$349,000, this area lost \$840,119.

A totally unacceptable result. After the 2001 result analysis of the outcome was made and a number of issues were identified by management. The phrase used at the time in discussing them was "lesson learned". I take no pleasure in suggesting that during 2002 management did not put into practice enough of any of the lessons learned and other advice given. I found the lack of systems and controls in this area unacceptable. Sadly my, and others suggestions in this regard were not acted upon. Had it been so things might now be different. That is not to say that forward steps in other areas were taken because they were. We now have a reporting and forecasting system which is much easier to work with and continues to be improved.

Other financial impacts came from lower subscription receipts which in part led to a \$501,327 loss in our core activities. Increased redundancy, other employment related costs and some other unbudgeted expenditure (such as the Horwath Report) account for \$431,919.

Against budgeted expenses of \$5,794,649, the Association incurred expenses of \$6,391,524. This is approximately a ten per cent variance. It is not the case that all budget items were over budget. Some are above and some are below. While some to-ing and fro-ing in these numbers is always the case it is not helpful that in this period the net result is that the budget has been overspent.

The insurance subsidiary also presents losses and risks to the Association's funds. There are loans from the Association to the subsidiary of some \$441,532 and accumulated losses of \$396,125 during 2002.

Following the Howarth Report, the adjustments made as a result and, the addition to the staff of a financial controller, I can say that while the result before us today is a very poor one it is arguably the most accurate the Association has seen in years.

I can also say that the our ongoing financial analysis and forecasting are now the best they have ever been. While this alone does not ensure good results in trading it is a major step forward. It is still early days in 2003 but I feel compelled to report to you that we are already falling behind budgeted outcomes for 2003. Your new Board and management has perhaps the hardest task ever confronted by MTA in dealing with this. I suggest that the Governing Council should keep a closer watch on this and be in receipt of detailed monthly reports showing progress.

Management have negotiated a refinancing package which looks good and should shortly be in place. However, surpluses must be consistently achieved to make it work. Cost cutting is underway and must continue across the broadest spectrum of operating expenses. As I say we are already falling behind against the 2003 budgeted outcomes.

The recent board election process has revealed considerable concern about the financial state of MTA, who is responsible for it and what should be done about it. Simply put, the whole Board and management are responsible. Council had a role to play but that is truly a lesser one in this scenario. During the election process, claims and counter claims were made. The figures are now here for all to see. I leave it to you to consider the outcomes and what impact that has on the future running of MTA.

Geoff Lowe
Honorary Treasurer

**MOTOR TRADERS' ASSOCIATION OF
NEW SOUTH WALES**

CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

DISCUSSION & ANALYSIS

Statement of Financial Performance

The Association experienced a net deficit of \$2,169,490 for the year. The result was effected in four areas.

1. Core Activities lost \$501,327. This was mainly due to the falls in revenue across all core areas against budget whilst costs remained largely the same to budget.
2. Corporate Sponsorship and Events lost \$840,119. Total revenues were \$861,611 whilst total costs came in at \$1,701,730. The Association budgeted a profit of \$349,000 in this area.
3. Significant items not budgeted for added \$431,919 to costs throughout the year. Two major items were the provision for redundancies and other employment related items for \$333,419 and the provision for doubtful debts for \$221,397 against the subsidiary company on total borrowings of \$441,532. This has been adjusted on consolidation of the MTA's results.
4. MTA Financial and Insurance Brokers Pty Limited lost \$396,125 for the 12 months till December 2002.

Statement of Financial Position

The net assets of the Association have decreased this year by \$436,594.

The investment in the MTAA House Unit Trust was revalued to market value, leading to an increase in the value of this investment of \$332,896.

Property, Plant & Equipment increased throughout the year by \$1,563,173. This was predominantly due to a revaluation of \$1,400,000 of the properties at 43-51 Brisbane Street and at 53-55 Brisbane Street, which was based upon an independent valuation performed by Colliers International.

Interest bearing liabilities have increased by \$1,656,283 during the year. These have been used to fund the increase in Leased Motor Vehicles of \$168,888 as well as to cover the short-term working capital requirements of the company in light of the poor result for the period.

Subscriptions in advance decreased by \$220,607 this year, as the subscription renewals were sent out earlier in the previous year.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$1,262,609 this year.

There were net investing cash outflows of \$103,497 due predominantly to the purchase of Furniture, Fittings & Equipment during the year.

Net financing cash inflows of \$1,296,902 were experienced due to the bank borrowings received to fund the short-term working capital requirements of the company.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2002

| | Note | Economic Entity | |
|---|------|-----------------|-------------|
| | | 2002 \$ | 2001 \$ |
| Revenue from ordinary activities | 3 | 5,440,509 | 5,036,829 |
| Expenses from ordinary activities | | (7,492,489) | (5,276,246) |
| Borrowing costs expense | | (117,510) | (53,334) |
| Deficit from ordinary activities before income tax expense | | (2,169,490) | (292,751) |
| Income tax expense relating to ordinary activities | | - | - |
| Deficit from ordinary activities after related income tax expense | | (2,169,490) | (292,751) |
| Net increase in asset revaluation reserves | | 1,732,896 | 622,514 |
| Total changes in members funds | | (436,594) | 329,763 |

The above Statement of Financial Performance is to be read in conjunction with the attached notes.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2002**

| | Economic Entity | |
|--------------------------------------|------------------------|-------------------|
| | 2002 | 2001 |
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash assets | 129,968 | 199,172 |
| Receivables | 526,871 | 654,987 |
| Inventories | 95,291 | 183,682 |
| | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | 752,130 | 1,037,841 |
| NON CURRENT ASSETS | | |
| Other financial assets | 4,253,760 | 3,920,864 |
| Property, plant & equipment | 9,175,585 | 7,612,412 |
| | <hr/> | <hr/> |
| TOTAL NON CURRENT ASSETS | 13,429,345 | 11,533,276 |
| TOTAL ASSETS | 14,181,475 | 12,571,117 |
| CURRENT LIABILITIES | | |
| Payables | 2,026,477 | 1,629,303 |
| Provisions | 368,515 | 371,380 |
| Interest bearing liabilities | 2,846,210 | 1,135,714 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | 5,241,202 | 3,136,397 |
| NON CURRENT LIABILITIES | | |
| Payables | - | 88,615 |
| Provisions | 30,358 | 23,274 |
| Interest bearing liabilities | 336,147 | 312,469 |
| | <hr/> | <hr/> |
| TOTAL NON CURRENT LIABILITIES | 366,505 | 424,358 |
| TOTAL LIABILITIES | 5,607,707 | 3,560,755 |
| NET ASSETS | 8,573,768 | 9,010,362 |
| MEMBERS' FUNDS | | |
| Accumulated funds | 3,440,008 | 5,609,498 |
| Reserves | 5,133,760 | 3,400,864 |
| | <hr/> | <hr/> |
| TOTAL MEMBERS' FUNDS | 8,573,768 | 9,010,362 |

The above Statement of Financial Position is to be read in conjunction with the attached notes.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2002**

| | Economic Entity | |
|---|------------------------|-----------------------|
| | 2002 | 2001 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from subscriptions | 2,775,946 | 3,684,757 |
| Receipts from stationery sales | 530,778 | 588,185 |
| Interest received | 6,391 | 28,468 |
| Other income received | 1,976,302 | 1,326,263 |
| Payments to suppliers and employees | (6,438,108) | (5,076,620) |
| Interest paid | <u>(113,918)</u> | <u>(53,334)</u> |
| Net cash provided by/(used in) operating activities | <u>(1,262,609)</u> | <u>497,719</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for property, plant & equipment | (183,645) | (1,229,406) |
| Proceeds on sale of property, plant & equipment | <u>80,148</u> | <u>52,556</u> |
| Net cash used in investing activities | <u>(103,497)</u> | <u>(1,176,850)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 1,511,385 | 1,000,000 |
| Repayment of lease liabilities | <u>(214,483)</u> | <u>(103,395)</u> |
| Net cash provide by financing activities | <u>1,296,902</u> | <u>896,605</u> |
| Net (decrease)/increase in cash held | (69,204) | 217,474 |
| Cash at the beginning of the financial year | <u>199,172</u> | <u>(18,302)</u> |
| Cash at the end of the financial year | <u>129,968</u> | <u>199,172</u> |

The above Statement of Cash Flows is to be read in conjunction with the attached notes.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The financial statements, specific disclosures and other information included in the concise financial report is derived from and is consistent with the full financial report of Motor Traders Association of New South Wales and its controlled entities. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Motor Traders Association of New South Wales and its controlled entities as the full financial report.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those of the previous financial year.

NOTE 2: NOTICE REQUIRED UNDER THE WORKPLACE RELATIONS ACT 1996

In accordance with the requirements of the Workplace Relations Act 1996, the attention to the members is drawn to the provisions of sub-section (1), (2) and (3) of section 274, which reads as follows: -

- (1) A member of an organisation, or a registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 3: REVENUES FROM ORDINARY ACTIVITIES

| | Economic Entity | |
|--|------------------|------------------|
| | 2002 | 2001 |
| | \$ | \$ |
| Subscriptions received | 2,927,855 | 3,001,075 |
| Commission received | 80,235 | 194,760 |
| Stationery and merchandise sales | 530,778 | 588,185 |
| Interest received | 6,391 | 28,468 |
| Training fees received | 441,873 | 239,069 |
| MTA journal revenues | 107,867 | 238,039 |
| Affiliation fees | 93,593 | 91,279 |
| Rent | 282,033 | 232,163 |
| Profit on disposal of non-current assets | 21,585 | 56,875 |
| Corporate relations and events revenues | 861,611 | 263,296 |
| Other revenues | 86,688 | 103,620 |
| Total Revenues | <u>5,440,509</u> | <u>5,036,829</u> |

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

CERTIFICATES REFERRING TO THE 2002 CONCISE FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

I, GEOFF LOWE, being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that as at 31 December 2002 the number of the members of the Association was 4,624, and that:

- (i) the concise financial report has been derived from the and is consistent with the full financial report of Motor Traders Association of New South Wales;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid or 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) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) with regard to funds of the Association raised by compulsory levies of voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vi) the register of members of the Association was maintained in accordance with the Act.

(Signed) Geoff Lowe
Honorary Treasurer
and Principal Accounting Officer



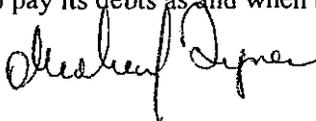
Dated this 6th day of March 2003

2. EXECUTIVE BOARD'S CERTIFICATE

We, MICHAEL TYNAN and LES OAKMAN being two members of the Board of Management of the Motor Traders' Association of New South Wales, do state on behalf of the Board and in accordance with a resolution passed by the Board that in the opinion of the Executive Board:

- (i) the concise financial report has been derived from the and is consistent with the full financial report of Motor Traders Association of New South Wales;
- (ii) meetings of the Board were held during the year ended 31 December 2002 in accordance with the rules of the Association;
- (iii) to the knowledge of any member of the Executive Board, there have been, during the financial year to which the accounts relate, no instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under sub-section 274(2) of the Workplace Relations Act 1996) or copies of those records or other documents, or copies of the rules of the Association have not been furnished, or made available, to members in accordance with the requirements of the Workplace Relations Act 1996 the Regulations thereto or the rules of the Association; and
- (iv) in relation to the report prepared in accordance with Section 276 of the Act and the accounts and statements prepared in accordance with sub-section 273(1) of the Act to which that report relates, the Association has complied with sub-section 279(1) and (6) of the Act in relation to the financial accounts in respect of the year ended 31 December 2002 and the Auditors Report thereon.
- (v) At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

(Signed) M Tynan
President



(Signed) L Oakman
Board Member



Dated this 6th day of March 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**

Liability is Limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

Scope

We have audited the concise financial report of Motor Traders Association of New South Wales and its controlled entities for the financial year ended 31 December 2002, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, the Notes to and Forming Part of the Concise Financial Report and Certificates, in order to express an opinion to the members of Motor Traders' Association of New South Wales. The Association's board is responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Motor Traders' Association of New South Wales for the year ended 31 December 2002. Our audit report on the full financial report was signed on 6 March 2003, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussions and analysis, and other disclosures which were not directly derived from the full financial report.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the information reported in the concise financial report of Motor Traders Association of New South Wales for the year ended 31 December 2002 is consistent with the general purpose financial report from which it was derived and upon which we expressed an unqualified audit opinion.

PKF
Chartered Accountants

Grant F. Saxon
Partner

SYDNEY: 6th March, 2003



Chartered Accountants
& Business Advisers

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Sydney NSW 2000

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MOTOR TRADERS ASSOCIATION OF NEW SOUTH WALES

ADDITIONAL INFORMATION

Liability is Limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

The Detailed Statement of Financial Performance for the year ended 31 December 2002 has been prepared from accounting and other records of the Association and has been subject to the tests and other auditing procedures applied in our examination of the financial statements for the year ended 31 December 2002.

The Detailed Statement of Financial Performance does not form part of the Statement of Financial Position and Statement of Financial Performance in respect of the year ended 31 December 2002 referred to in our report to the members, and we do not express an audit opinion thereon.


PKF
Chartered Accountants

SYDNEY:  March, 2003

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2002**

| | Economic Entity | |
|--|------------------|------------------|
| | 2002 | 2001 |
| | \$ | \$ |
| REVENUES | | |
| Subscriptions received | 2,927,855 | 3,001,075 |
| Commission received | 80,235 | 194,760 |
| Stationery sales | 513,574 | 581,591 |
| Merchandise sales | 17,204 | 6,594 |
| Interest received | 6,391 | 28,468 |
| Training fees received | 441,873 | 239,069 |
| Journal advertising fees | 110,022 | 129,283 |
| Yearbook income | (2,155) | 108,755 |
| Affiliation fees | 93,5293 | 91,279 |
| Rent and parking | 282,033 | 232,163 |
| Profit on disposal of non-current assets | 21,585 | 56,875 |
| Sponsorship income | 89,514 | 141,335 |
| Media advertising | - | 50,000 |
| Race day | 32,142 | 38,441 |
| Golf income | 16,527 | 11,320 |
| Awards night | 140,392 | 70,705 |
| Regional dinner | - | 1,495 |
| Karting Day Income | 42,109 | - |
| Womens Forum | 3,782 | - |
| EPA Grant Funds | 5,000 | - |
| Oran Park Day | 4,136 | - |
| AADA Income | 176,388 | - |
| Auto Cham Comm Funds | 88,615 | - |
| Truck Show Income | 249,396 | - |
| PN Recovered Costs | 10,000 | - |
| Other revenues | 90,298 | 53,621 |
| | <u>5,440,509</u> | <u>5,036,829</u> |
| TOTAL REVENUES | | |
| EXPENSES | | |
| AADA Convention | 286,313 | - |
| Advertising and promotion | 210,768 | 176,367 |
| Amortisation | 174,868 | 144,530 |
| ATA expenses | 20,327 | - |
| Auditors remuneration – auditing the accounts | 23,000 | 23,000 |
| Auditors remuneration – other services | 25,928 | 7,690 |
| Assessment Fees | - | 8,045 |
| Bad and doubtful debts | 132,297 | 2,082 |
| Provision for doubtful debts – MTA Financial & Insurance Services | - | - |

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2002**

| | Economic Entity | |
|--|-----------------|-----------|
| | 2002 | 2001 |
| | \$ | \$ |
| Bank charges | 74,565 | 50,755 |
| Cleaning and office maintenance | 38,059 | 25,703 |
| Computer costs | 23,197 | 19,051 |
| Conferences | 3,846 | 10,077 |
| Consultants' fees | 92,010 | 151,754 |
| Council Secretary Fees | 1,091 | - |
| CVIAA Subscriptions | 6,200 | - |
| Depreciation: | | |
| Furniture, fittings and equipment | 52,865 | 18,983 |
| Motor vehicles | 2,048 | 1,533 |
| Buildings | 78,593 | 13,810 |
| Elections | - | 325 |
| Electricity | 20,819 | 15,720 |
| Fringe benefits tax | 62,810 | 38,381 |
| Staff Amenities | 9,927 | 7,193 |
| Industrial, legal, library service | 135,520 | 91,232 |
| Insurance | 92,472 | 54,542 |
| Interest paid | 117,510 | 53,273 |
| Internal Audit | 22,500 | - |
| Journals | 223,568 | 246,640 |
| Karting Day | 57,869 | - |
| Legal expenses | 41,606 | 24,488 |
| MTAA subscriptions and expenses | 417,698 | 417,698 |
| Meeting expenses (incl. Country districts) | 44,640 | 53,987 |
| Motor vehicle expenses | 192,626 | 115,790 |
| NAITB contributions | - | 30,650 |
| Payroll tax | 133,305 | 93,805 |
| Postage and courier | 46,216 | 63,259 |
| Printing and stationery | 95,945 | 34,010 |
| Property expenses: | | |
| 43-51 Brisbane Street, Sydney | 40,921 | 31,098 |
| 53-57 Brisbane Street, Sydney | 45,618 | 78,628 |
| Provision for holiday pay | 228,428 | 13,753 |
| Provision for long service leave | 21,850 | (34,595) |
| Publications and subscriptions | 14,793 | 8,825 |
| Public relations and promotional expenses | 52,265 | 37,720 |
| Remuneration to holders of office | - | 153,231 |
| Remuneration to employees | 2,582,105 | 1,734,209 |
| Rental of equipment | 117,050 | 56,647 |
| Repairs and maintenance | 30,999 | 12,092 |
| Staff recruiting | 59,904 | 1,391 |
| Staff superannuation | 196,744 | 124,295 |
| Staff termination costs | 68,421 | - |
| Staff training | 48,559 | 7,858 |
| Stationery – cost of goods sold | 245,354 | 280,805 |

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2002**

| | Economic Entity | |
|--|------------------------|------------------|
| | 2002 | 2001 |
| | \$ | \$ |
| Merchandise – cost of goods sold | 29,527 | 5,796 |
| Stock provision | 47,000 | - |
| Sundry expenses | 74,784 | - |
| MTEAC | 2,000 | (4,932) |
| Telephone | 185,638 | 150,103 |
| Travelling and accommodation | 326,624 | 207,508 |
| Warranty Claims | 7,000 | - |
| Women's Forum | - | 13,582 |
| Yearbook | 64 | 71,130 |
| Sponsorship expenses | 2,663 | 11,599 |
| Media advertising expenses | 40,000 | 80,000 |
| Race day expenses | 35,889 | 33,385 |
| Awards night expenses | 134,134 | 112,221 |
| Golf expenses | 13,966 | 12,765 |
| Oran Park Day | 5,743 | - |
| Regional Dinner expenses | - | 1,294 |
| VETAB audit fees | 1,000 | - |
| Write-off of property, plant and equipment | - | 138,802 |
| | <u>7,609,999</u> | <u>5,329,580</u> |
| TOTAL EXPENSES | <u>7,609,999</u> | <u>5,329,580</u> |
| OPERATING SURPLUS/(DEFICIT) | <u>(2,169,490)</u> | <u>(292,751)</u> |
| Accumulated funds brought forward from the previous financial year | <u>5,609,498</u> | <u>5,902,249</u> |
| ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR | <u>3,440,008</u> | <u>5,609,498</u> |



AUSTRALIAN INDUSTRIAL REGISTRY

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Mr James McCall
Chief Executive Officer
Motor Traders' Association
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr McCall,

Re: Lodgement of Financial Statements for year ended 31 December 2002 (FR2002/778)

Receipt is acknowledged of the above financial statements which were lodged in the Registry on 4 April 2003. A Statement of Particulars of Loans, Grants and Donations under s269 of the *Workplace Relations Act 1996* was also received on that date.

However, before the documents can be filed I would appreciate your advice on the following matters:

Supply to Members

Can you confirm the date of issue of the MTA Journal which contained a copy of the financial report, accounts and statements?

Auditor's Report

The documents lodged appear to be complete except that the "Independent Auditor's Report" dated 6 March 2003 does not contain the opinions which the Act requires an auditor to make in respect of the financial report. Is there an Auditor's report which does so, for example, that belonging to the general purpose financial report? I attach a copy of the report which the Auditor provided last year for your reference.

Thank you for your attention to these matters. I look forward to your advice. If you wish to discuss these matters please do not hesitate to contact me on (02) 8374 6509 or in my absence, Robin Godfrey on (02) 8374 6643.

Yours sincerely

Stephen Kellett
Assistant Manager, Statutory Services Branch

11 April 2003

A Member Firm of PKF International

PKF

Chartered Accountants
& Business Advisers

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Sydney NSW 2000

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**

Scope

We have audited the financial report of Motor Traders' Association of New South Wales ("the Association") and its controlled entities for the year ended 31 December 2001, consisting of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the statements and certificates. The financial report includes the consolidated financial statements of the consolidated entity comprising the Association and the entities it controlled at the year's end or from time to time during the financial year. The Association's board members are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Association's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Motor Traders' Association of New South Wales and its controlled entities is properly drawn up:

- (a) so as to present fairly the state of affairs of the Association and its controlled entities as at 31 December 2001 and the results for the financial year ended on that date;
- (b) in accordance with the Association's Incorporation Act;
- (c) in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and
- (d) so as to give a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2001 and the income and expenditure, and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996.

A New South Wales Partnership

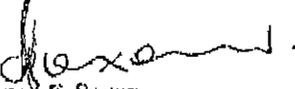
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES (Continued)

Audit opinion (continued)

In addition we report the following:

- (c) the Association maintained satisfactory accounting records during the year ended 31 December 2001 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association;
- (d) we received all the information and explanations we required for the purposes of our audit; and
- (e) where additional disclosures have been made in the financial statements for the year ended 31 December 2001, the comparative figures for the prior year have been restated.


PKF
Chartered Accountants
A New South Wales Partnership


Grant F. Saxton
Partner

SYDNEY: 19 March, 2002



Deal with Someone You Can Trust

43-51 Brisbane Street (Locked Bag 5012) Darlinghurst NSW 2010
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Website: www.mfansw.com.au
ABN: 63 000 008 088

*The Voice of the
Motor Industry*

28th April 2003

Mr S. Kellett
Asst Manager, Statutory Services Branch
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney 2011

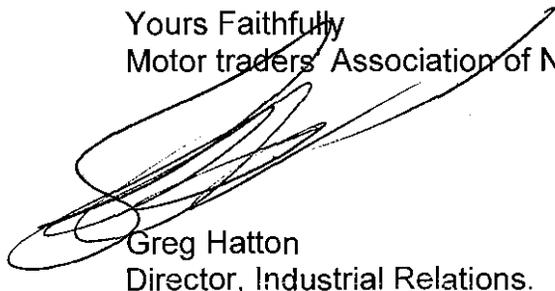
Dear Stephen,

Thank you for your correspondence of the 11th April requesting further information in relation to the Association's reporting requirements.

A copy of the financial report, accounts and statements was published within the April edition of the MTA Journal. I have also attached hereto the copy of the auditors report required as per your correspondence.

I apologise for the inconvenience that this omission has created.

Yours Faithfully
Motor traders' Association of NSW



Greg Hatton
Director, Industrial Relations.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

Scope

We have audited the financial report of Motor Traders' Association of New South Wales ("the association") and its controlled entities for the year ended 31 December 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the statements and certificates. The financial report includes the consolidated financial statements of the consolidated entity comprising the association and the entities it controlled at the year's end or from time to time during the financial year. The Association's board members are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the association's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Motor Traders' Association of New South Wales and its controlled entities is properly drawn up:

- (a) so as to present fairly the state of affairs of the Association and its controlled entities as at 31 December 2002 and the results for the financial year ended on that date;
- (b) in accordance with the Associations Incorporation Act;
- (c) in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and
- (d) so as to give a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2002 and the income and expenditure, and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996.



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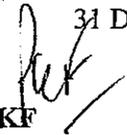
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES (Continued)**

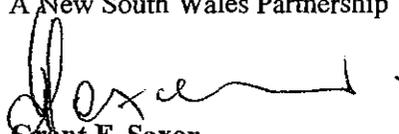
PKF is Limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

Audit opinion (continued)

In addition we report the following:

- (e) the Association maintained satisfactory accounting records during the year ended 31 December 2002 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association;
- (f) we received all the information and explanations we required for the purposes of our audit, and
- (g) where additional disclosures have been made in the financial statements for the year ended 31 December 2002, the comparative figures for the prior year have been restated.


PKF
Chartered Accountants
A New South Wales Partnership


Grant F. Saxon
Partner

SYDNEY:  March, 2003



Deal with Someone You Can Trust

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*The Voice of the
Motor Industry*

12th May 2003

Mr S. Kellett
Asst Manager, Statutory Services Branch
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney 2011



Dear Stephen,

I refer to my previous correspondence of 28th April within which additional information was provided to your office as requested and a subsequent telephone discussion with Ms Belinda Penna.

I can confirm that a copy of the financial report, accounts and statements that was published within the April edition of the MTA Journal will also be presented to the MTA's "Committee of Management" – the MTA Executive Board meeting to be held on Tuesday 20th May 2003. If you require any further detail in relation to this matter please contact me.

I hope this information will be of assistance and facilitate the filing of the MTA return. Thank you for your assistance in this matter.

Yours Faithfully
Motor traders' Association of NSW

Greg Hatton
Director, Industrial Relations.



AUSTRALIAN INDUSTRIAL REGISTRY

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Mr Greg Hatton
Director, Industrial Relations
Motor Traders' Association of NSW
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr Hatton

Re: Lodgement of Financial Statements for the year ended 31 December 2002 (FR2002/788)

Following the receipt of your letter dated 28 April 2003 confirming that the members were supplied the financial report, accounts and statements in the April 2003 MTA Journal, and your further letter dated 12 May 2003 advising that the full report will be re-presented at the next Executive Board Meeting on 20 May 2003, the documents have now been filed.

Please forward a copy of the Executive Board Meeting minutes to the Registry so that it can be added to the file.

Thank you for your attention to this matter.

Yours sincerely,

Belinda Penna
for Deputy Industrial Registrar

13 May 2003



Deal with Someone You Can Trust

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*The Voice of the
Motor Industry*

Ms Belinda Penna
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney NSW 2011

Dear Belinda'

Re: Lodgement of Financial Statements for the year ended 31 December
2002 (FR2002/788)

I refer to your correspondence of the 13 May requesting a copy of the May Executive Board Meeting minutes for the file. Please find enclosed a copy of such minutes as requested. Reference to the tabling of the MTA Accounts for year ending 31 December 2002 and accompanying auditors report can be found on page 6 on the attached minutes.

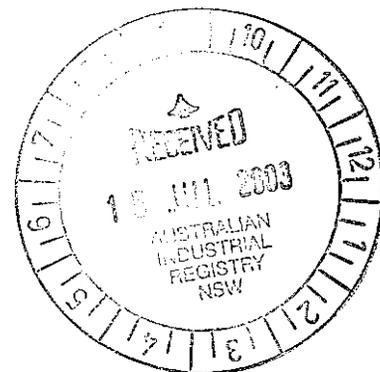
I hope that this assists in finalising the issues.

Thank you for your assistance and co-operation in this matter.

Yours Faithfully
Motor traders' Association of NSW

Greg Hatton
Director, Industrial Relations

14th July 2003



**MINUTES OF THE MOTOR TRADERS' ASSOCIATION OF NSW
MEETING OF THE EXECUTIVE BOARD
HELD AT MTA HOUSE ON
TUESDAY 20 MAY 2003, COMMENCING AT 9.15 AM**

1. PRESENT

Mr M Tynan (Chairman), Mr B Caley (Treasurer), Mr J Wilcox, Mr G Sanderson, Mr R Beekman, Mr J Young, Mr D Clark, Mr G King, Mr J Cruickshank, Mr J McCall (CEO) and also in attendance Mr G Patten as minute-taker.

2. APOLOGIES

Mr D Rowland

It was agreed that the apologies be accepted.

3. MINUTES

*It was **MOVED** Mr Clark and **SECONDED** Mr Beekman "that the minutes of the previous meeting held on 15 April 2003 be accepted with the following amendments"*

*Item 7 (I) add without Board approval to paragraph two line two
Item 8 (II) the motion moved by Mr. R. Beekman.*

*Motion **CARRIED**.*

MATTERS ARISING

Nomination of Country Councillor of the Year award.

*It was **MOVED** Mr Caley and **SECONDED** Mr Beekman "that Mr. Robert Young be nominated for Country Councillor of the Year Award"*

There being no further nominations.

*Motion **CARRIED**.*

4. CONFLICT OF INTEREST DECLARATIONS

There were no conflicts of interest declared.

5. OPTIONS FOR MTA PROPERTY – 43-51 & 53-55 Brisbane Street, Darlinghurst

The meeting welcomed Mr. Brian Boardman and his team who have been engaged to investigate and report on the development options available to MTA for the building sites. Mr Boardman and his team briefed the Board on the options available for the development of the building sites and made a recommendation on which option they felt would benefit MTA the most.

Discussion was held on the heritage issues surrounding the buildings and difficulties that may arise in the development process.

At the conclusion on the presentation Mr. Boardman and his team were thanked for their report.

The President advised the meeting that there were plenty of options to be considered and that he did not expect that a decision could be made today. He went on to say that he suggested that the Board should consider the establishment of a committee consisting of three or four Board members, the Trustees and two Governing Councillors to form a Building Committee to review all the options and report back at the next Board meeting.

Mr. Young advised that there was a need to talk to the Governing Councillors and keep them informed.

The President advised that a Committee should consider all the options available to MTA and make a recommendation to the Council.

Mr. Caley suggested that MTA could fund the development application costs and then pursue options at that stage.

Mr. Wilcox asked if the valuation of the buildings was recent.

Mr. McCall advised that the valuations were recent and had been taken in regard to the loan application. He suggested that this issue should go to the Governing Council and the Committee needed to consider the cost of renovations and the time that would be needed to recover those costs. The options that were available were complex and that a motion should be put to the Council to establish a Committee to examine the available options. The Committee so formed would then make recommendations to the Board and Governing Council.

Mr. Beekman suggested that a recommendation should be made to the Governing Council to sell the Beyond building and the money returned from that sale would then clear the debt and any surplus could be invested.

Mr. Young Seconded the motion

Mr. Beekman spoke in favour of the motion that it would clear the debt and that it would save on future interest charges, that there was a strong possibility that a \$5 million sale price could be negotiated and then it will keep MTA in a good location with good access by the members and the 43-51 Brisbane Street property would grow in value if kept.

Mr. Wilcox asked what the current liabilities of the Association were.

Mr. Perdikaris advised that MTA had obligations for \$2.6 million and if funding of the motor vehicle fleet was included it would bring it to a total of \$3.2 million.

Mr. King suggested if obtaining a DA is a problem then MTA could move its operations to 55 Brisbane Street and rent out 43-51 Brisbane Street and therefore keep both buildings.

Mr. Caley suggested that he did not agree with Mr. Beekman and would prefer to involve a Committee to consider all options available to it and to MTA.

Mr. McCall suggested that a Committee could look at all options including those not put forward by Mr. Boardman.

Mr. Young suggested that there was urgency needed to lessen the effect on the current monetary situation.

Mr. King suggested that the neighbouring transcrib building may be useless to transcrib and enquiries should be made to see if it could be purchased by MTA.

Mr. McCall suggested that there was a need to move quickly in approaching transcrib as renovation works were planned for it.

Mr. Cruickshank suggested it would take some time to make a decision on what to do with the property.

Mr. Perdikaris suggested that there was a need to make a decision as MTA could not afford to leave the 55 Brisbane Street property empty and that obtaining tenants on a one year lease would be difficult.

Mr. Beekman conferred with the seconder of the motion and it was agreed that the motion be withdrawn.

*It was **MOVED** Mr Beekman and **SECONDED** Mr Caley "that a Building Committee be established to consider all options and report back to the Board."*

*Motion **CARRIED**.*

It was agreed that all documents relating to previous investigations into the sale/relocation/refurbishment be obtained and copies given to the Building Committee.

Mr. McCall advised the meeting that an approach had been received from a buyer who had a particular interest in heritage type buildings and who had made a written offer to purchase the building in its current condition.

Mr. Wilcox asked if any one was aware of the valuation on the transcrib building.

Mr Wilcox suggested that the buyer who was interested should be informed that the matter was under consideration and needs to be put to the Board and MTA would need four to five weeks to complete that process.

Mr. Sanderson, Mr Beekman and Mr Rowland were nominated as representatives of the Board on the Committee.

6. IN CONFIDENCE SECTION

The Executive Board held discussions without the CEO and MTA staff present.

7. BUSINESS ARISING (not dealt with elsewhere)

Nil

8. CEO REPORT

The meeting congratulated Mr McCall on the CEO report that had been issued to them previously.

Mr. McCall informed the meeting of the activities which had taken place between the writing of the report and the meeting today.

Hire Car Hardship Case

A meeting had been held with the Hire Car Industry to which the Minister, the Hon. Michael Costa had been invited. The Minister had informed the meeting that the Government would offer each Hire Car Plate owner an unrestricted Taxi Plate in substitute for their Hire Car Plate and that those faced with extreme hardship could cash those Taxi Plates immediately. All others would hold their Plate for a minimum of five years. He went on to say that if the plates were sold then a formula (which is yet to be negotiated) would be introduced so that a comparative between the value of a Hire Car Plate and a Taxi Plate could be defined and the grant would retain that percentage difference, as equity in the plate.

Mr. McCall advised that the meeting had overwhelmingly supported the offer.

Mr. Young requested that a letter be sent to the Minister to express the Associations appreciation of following through on this issue.

The President thanked the CEO for the work that was involved in getting the Minister to attend the meeting. The President went on to say that the Minister generally does not attend meetings and to attend a meeting of members of an industry which was strongly apposed to the Government move to deregulate needed a great deal of work.

Mr. Clark suggested that the amount of time that MTA had put into this division was not worth the investment.

Mr. McCall advised that between himself and Mr. Duff a large amount of resources had been used to promote this issue and developing a concept which was palatable to members and Government.

In response to a question Mr. McCall advised that the Chairman of the Division Mr. Armour had treated the Minister quite poorly in his view, he had kept the Minister waiting for some 30 minutes and had continually interrupted the Minister while he was speaking. As MTA has to deal with this Minister on many other issues it may have damaged the Associations reputation with him.

Mr. Wilcox felt that the divisions' lack of support to MTA was disgraceful.

Staff Issues

Mr. McCall advised that a claim had been received from Mr. Stanley. It was an ambit claim under 106 of the Act and the claim was for 12 months salary and 12 months notice. He believed that this would be dealt with between now and the end of next year.

Event Arrangements

Mr. McCall advised he received a letter from the Daily Telegraph offering to co-badge these events and fund them at no cost to MTA and if a profit was derived that a profit share would be forthcoming to MTA as a sponsorship payment. Mr. McCall asked the Board to give him guidance on how to proceed.

The President advised that many of the Board members were upset with Mr. Dowling involvement in the events.

Mr. McCall recommended that the Board divorce the view of Frank Dowling from commercial reality. They agreed that Mr. Dowling had failed his monetary management duties while employed at MTA but his organisational skills in arranging the Awards Night and Convention was superb.

Mr. Clark confirmed that MTA should foster the relationship with the Telegraph.

Mr. King agreed that the Association should recognise the importance of an arrangement with the Telegraph and of their sponsorship of the Associations events. However he went on to say that the involvement of Mr. Dowling may not be to the benefit of the remaining staff and that any involvement should be on business relationship only.

Mr. McCall advised that he did not disagree with this sentiment.

Mr. Sanderson suggested that the CEO should protect himself from any fallout involving Mr. Dowling and future dealings with him.

Mr. Caley recommended that the Board accept the offer from the Telegraph.

Mr. McCall advised that the Telegraph was considering the cavalcade of cars and did not want to use any of the MTA resources in this event, but would consider co-badging this event.

Mr. Caley went on to say that the offer was at no cost to MTA and he believed that MTA should participate.

The President expressed his concern regarding the 2 week cancellation period.

Mr. King suggested that the regional Awards being conducted at the moment would build participation for the Awards Night and he had no objection in participating but suggested that the Telegraph be approached to either delete the 12 days notice of cancellation or bring it out to 21 days.

Journal

Mr. McCall advised he had a meeting with VACC Technical representatives who had made an approach to advertise their technical product in the Journal over a 12 month period. He went on to say that VACC had offered to pay for a full 12 month subscription in advance.

Mr. McCall suggested that the Board needed to decide on the number of issues that the Journal will have over the next 12 months. He went on to say that he had received 3 offers from opposing publishing houses to produce the Journal for MTA and all of those offers involved MTA making a payment to do so. The current arrangement is the only one that has shown a profit to MTA on the guild lines of one page editorial to each page of advertising. Every division had an opportunity to include editorial in the Journal. Mr. McCall went on to say that he did

not VET the advertisers for the Journal as there were ACCC issues and felt that was the prerogative of the Board.

Mr. Caley asked Mr. Perdikaris if he had obtained quotes for printing of the Journal.

Mr. McCall advised that Mr. Dowling performed this sourcing of advertisers', artwork and collation rather than printing duties.

In response to a question Mr. Perdikaris advised that he had experienced some difficulties with collecting from Journal advertisers in the past.

Mr. Beekman asked if MTA controlled the advertising charges.

Mr. McCall advised that the advertising charges were set and any variations were needed to be authorised by him.

Mr. Wilcox asked if the Journal was still open for tenders as he may have a contact in Wagga Wagga.

Mr. Cruickshank asked if MTA had approached other Associations aligned with it such as I.A.M.E and M.E.N.

Mr. McCall undertook to make such approaches.

Mr. Clark requested that Mr. McCall continue investigating further quotes, as he and other members of the Board had lost confidence in Mr. Dowling.

Mr. McCall agreed that he will continue to investigate further quotes.

Mr. Young suggested contacting the Capricorn Society.

Mr. Cruickshank suggested contacting Neil Thomas of M.E.N Magazine.

The President advised that Mr. Dowling will continue to produce the June Journal then MTA would attempt to obtain an alternative.

Financial Report

Mr. McCall advised that in regards to the publication of the Financial Report there was a conflict between the MTA Constitution and the Industrial Registers requirement he suggested that this anomaly can be rectified by resubmitting the accounts to the Board with the following resolution being passed

*It was **MOVED** Mr Sanderson and **SECONDED** Mr Young "that the MTA Executive Board confirms the presentation and tabling of the auditors report and accounts for the Association for the year ending 31st December 2002.*

*Motion **CARRIED**.*

Divisions

Mr. McCall advised the Board that he felt that there was a need for 2 additional staff members and that he raised the issues to signal to them that when funds became available he would like the Board to consider approving those appointments.

Mr. Tynan advised that when funds became available that consideration would be given and that he felt that the Board should thank the staff for their enormous effort in the work that they are currently undertaking.

Mr. Cruickshank recommended that an open letter from the Board to the staff to thank the staff for their efforts is much appreciated.

The President undertook to write such a letter on behalf of the Board.

Mr. Cruickshank suggested that it should be sent to the home address of the staff members.

MTA Financial and Insurance Brokerage

Mr. McCall advised that the Board needed to make a decision on the Brokerage and had included the brief costing s in his report. He went on to say that the Brokerage was meeting its business plan objectives and looked to be exceeding that plan. He further said that MTA had put in a substantial investment to set up the Brokerage and that the Brokerage would pay its own way in 2004 and start to repay that investment in the year 2005. Much work had been undertaken to put into place arrangements with insurance companies and the Brokerage was beginning to see results of that hard work.

The President advised that the Board were not under any illusions of the difficulties in setting up the Brokerage and recommended in his view that the Board should support the Brokerage.

Mr. Beekman asked if the Third Party Recovery Scheme was closed.

Mr. McCall advised that the negotiations were on the way with a third party to take over the Third Party Recovery Scheme and MTA would derive a commission on work put through that organisation.

Mr. Caley advised that he had approached the Brokerage for a number of quotes for private vehicles and to date they had been more expensive than those already offered to him. He also advised that he had handed over his business insurance to the Brokerage.

Mr. Sanderson advised that he had spoken to a number of Insurance Brokers who had advised him it would be difficult to set up an independent brokerage.

The President also advised that he had discussed the matter with a number of insurance brokers who had said that it would be difficult to set up a brokerage however they could perform such a service if given access to the membership database. He went on to say that he believed that the captive insurance company may not be the correct way to go in the future.

Mr. McCall advised that he could collapse the investigation of the captive study as it was proving difficult to get responses to the survey which does not support the argument for the funding of the establishment of a captive insurance company.

The President also advised that he recognised that the Insurance Brokerage would pay its own way in 2004 and does provide many other services for the members.

Mr. Clark advised that he felt that MTA was out of its depth in establishing a Brokerage and he also questioned how much more expenditure it would take for the remainder of the year.

Mr. Perdikaris advised the Board that once the loan was taken up with ME then an arrangement would need to be put into place to ensure MTA was trading profitably on a quarterly basis.

Mr. McCall advised that if the Brokerage was closed then it would show a loss in the remainder of the year as arrangements would need to be made to pay out the Brokerage staff.

Mr. Caley asked who was on the Board of the Insurance Company.

Mr. McCall advised that directors can be added to the current Board of the Insurance Company.

Mr. Clark asked if the December Governing Council had agreed to put an extra \$46,000 into the AON study.

The President advised that the finances for the company were ahead of the business plan.

Mr. McCall advised that the Brokerage would break even in 2004 and would make a profit thereafter and if it did not reach its objectives by the end of the year then the Board could review its operations. He also went on to advise that some of the costs allocated to the Brokerage were done so to offset future taxation liabilities.

Mr. Caley asked that a true financial picture be obtained.

*It was **MOVED** Mr Caley and **SECONDED** Mr King "that any decision on the Brokerage should be put off until the next Finance Committee meeting and that Mr. Peter Wood heading up the Brokerage asked to present a financial picture to that meeting".*

*Motion **CARRIED**.*

9. MEMBERSHIP & FINANCIAL MATTERS

9a Financial Report

*It was **MOVED** Mr Caley and **SECONDED** Mr King "that the report be accepted he advised that the April accounts were near enough to break even and that the forecast was for a \$90,000 loss but if the forecasted subscription income is received then we will end the year in a positive situation".*

*Motion **CARRIED**.*

Mr. Caley asked if investigations had been carried out in the AADA account.

Mr. King advised that he felt that there should be \$40,000 in a trust account.

Mr. Perdikaris advised that some monies had been used for projects carried out on behalf of AADA and that a payment to Hawker Britton was due.

Mr. Sanderson advised that he thought that the arrangement with Hawker Britton had been terminated after the State elections.

Mr. McCall advised that the agreement with Hawker Britton had been extended.

Mr. King advised that monies were given to assist MTA in the Franchising Code Study.

Mr. McCall stated that he had originally been opposed to entering into a contract with Hawker Britton as he believed that that had been one of Mr. Stanley's duties when Mr. Stanley's position had been upgraded. He went on to say that it was a difficult situation to gain access to the Cabinet Office Sub-Committee on this subject and that as a meeting was planned for early June the contract with Hawker Britton had been extended. Further he said that if the contract had been terminated earlier he believed that Hawker Britton may have been able to cause some damage to the Associations approach.

10. COMPLAINT UNDER CODE OF ETHICS

Mr. McCall advised that he had received a complaint from Mr. Vassallo regarding a dealer who had sold him a Mercedes Benz which now has a legal action in regards to the title pending. He went on to say that as the matter was before the court that if the court found in favour of Mr. Vassallo then there was no complaint.

If a committee was to be formed then Mr. McCall strongly recommended they include Mr. Duff to ensure that they had legal advice.

*It was **MOVED** Mr Caley and **SECONDED** Mr Beekman "that no committee be formed at this time".*

*Motion **CARRIED**.*

10b NRMA CAR ASSIST

Mr. McCall advised that he would be raising this at the Governing Council meeting to be held later in the day.

11. GENERAL BUSINESS

11a Telephone Proposal

Mr. Perdikaris tabled a spreadsheet outlining the telephone proposal put together by various parties to MTA.

Mr. Caley advised that he would like to discuss the matter with Mr. Perdikaris.

*It was **MOVED** Mr Caley and **SECONDED** Mr King "that telephone proposal received from Optus be adopted".*

*Motion **CARRIED**.*

Mr. McCall asked the Board what action they required in future when such arrangements are proposed.

The President asked Mr. McCall to construct a policy and send it to the Board members.

11b M.E Letter of Offer

Mr. Perdikaris furnished a copy of letter of offer from ME to the Board.

The President asked all the Board members to treat the letter in confidence.

11c Establishment of Separate Accounts

It was agreed that when funds became available that MTA should investigate the establishment of separate accounts for trust monies held.

**Next Board meeting is to be held 9:30 am Tuesday June 17, 2003 at MTA House.
Finance Meeting to be held 3:00pm Monday June 16, 2003 at MTA House.**

There being no more business the Chairman closed the meeting at 1:10pm.

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CHAIRMAN

.....

DATE



AUSTRALIAN INDUSTRIAL REGISTRY

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Mr Greg Hatton
Director, Industrial Relations
MTANSW
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr Hatton

Re: Lodgement of Financial Statements for the year ending 31 December 2002 (FR2002/788)

Receipt is acknowledged of your letter dated 14 July 2003 enclosing a copy of the Executive Board Meeting Minutes from May 2003, as requested in our letter of 13 May 2003.

Thank you for your attention to this matter. The documents have been added to the file containing the financial statements and accounts.

If I can be of any assistance please contact me on 02 8374 6618.

Yours sincerely,

Belinda Penna
for Deputy Industrial Registrar

25 July 2003