

# 2009 Annual Report



Motor Trades Association of Australia

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## President's Report

There is no doubt that the past year has been one of the most eventful, in world economic terms, in many decades. The Global Financial Crisis (GFC) which nearly caused the world financial systems to collapse last September has affected us all; in many different ways. Some of our colleagues may have closed their businesses in the past 12 months, others, faced with a reduction in business activity, may have had to reduce employee numbers or reduce working hours to keep their businesses afloat. Even those who have been fortunate, for whatever reason, to have businesses which have remained relatively strong during this downturn, will have been affected through falling asset values and reduced superannuation returns.

New car sales have fallen quite dramatically this year, but perhaps not as drastically as in some other countries. Anecdotal reports though suggest that our motor vehicle servicing and repair skills have been in high demand.

That said though there is no stepping away from the fact that we have all had a challenging year and it is clear that there are still some challenging months ahead. I have great faith in the resilience of retail motor traders and in the strength of the Australian economy and in our ability to deal with the challenges of a recovering global economy.

The GFC has not reduced the advocacy and policy activity for our Association and National Secretariat. The Government has continued with some significant reforms (such as the introduction of Australian Consumer Law legislation and the introduction of jail terms for cartel conduct) and the National Secretariat has continued to respond to many discussion papers and inquiries of relevance to our trades. The pace of reform in some sectors, though, has been disappointing; particularly in relation to franchising and the OilCode. Significant strengthening of both the Franchising Code of Conduct and the OilCode is required and as an Association we will continue our strong advocacy for a more equal relationship for our members involved in both the franchising and petroleum retailing sectors.

Our Association has faced some particular challenges this year. In what is best described as a disappointing decision, the Government, earlier this year, transferred responsibility for the two automotive industry training packages from Automotive Training Australia to Manufacturing Skills Australia (MSA).

The Board of MTAA determined at its Meeting in June this year that it would not cooperate with MSA and over the past few months the National Secretariat in consultation with Members has commenced the process of establishing its own training arrangements. I would expect that that activity will continue to be one of our strategic goals for the next 12 months and beyond. Why the Government would give an entity which has no involvement or prior interest in the retail motor trades control of training arrangements for our sector is beyond my understanding and I hope that in the next few months there is an opportunity for us to discuss with the Government more acceptable and relevant arrangements for our trades.

As a national representative organisation we have in the past 12 months extended the work we began last year in securing representation on matters of national importance for retail motor traders in Queensland, Victoria and Tasmania. We have successfully engaged with many retail motor traders in those states and are actively encouraging them to participate in our national policy debates. It is important that I add here that we are also actively encouraging those retail motor traders to remain as members of their respective state organisation. Again, I would expect that the work that has been done to secure national representation for our colleagues will continue to be a priority for the Association into the future.

The success of representative organisations like MTAA depends very much on the support of its constituents. I know from my discussions with retail motor traders around Australia, that there is a tremendous amount of support for the work that the Association does on behalf of employers in the retail motor trades.

The support that the National Secretariat receives from Directors and Members is also a significant contributor to the excellent work that the National Secretariat performs on our behalf. We have all contributed to the success of our Association.

I would like to thank my colleague Directors for their support over the past year. The voluntary contribution that you make to this organisation and to your own Associations is recognised and appreciated.

To Michael Delaney and his staff at the National Secretariat I again offer my personal thanks and those of the Directors and Members for the high quality policy work and advocacy on our behalf that is the hallmark of the Motor Trades Association of Australia.

I commend this Report to you.



**Kerry Ambrose-Pearce**  
**President**  
**Motor Trades Association of Australia**

24September 2009

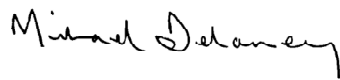
## Foreword

Even at the time of presentation of last year's Annual Report, no one could have foretold nor imagined the extreme economic circumstances that swept the globe shortly thereafter. Even though Australia seems to have been buffered somewhat from the full force of what we all now know as the Global Financial Crisis, those circumstances nevertheless presented to the members of the Association's Member bodies an array of challenges that they might not otherwise have ever had to face. Certainly, those difficulties were compounded in some sectors of the retail motor trades more so than others, particularly with the announcement in October of last year of the withdrawal from the Australian market of GE Motor Solutions and General Motors Acceptance Corporation.

At the time of writing, the Government had recently announced the activation of the OzCar initiative, which was but one of the measures it introduced in response to the most potentially devastating economic circumstances in over 70 years. But, other work in other areas continued unabated and, as ever, the National Secretariat was at the forefront of a good deal of that work. Substantive work has been undertaken in the areas of law reform, the environment, industrial relations and many other areas: each area having within it a diverse range of issues and considerations. As always, the advocacy work undertaken by the National Secretariat is done with the view of obtaining the best possible outcomes for Members and the retail motor trades as a whole. MTAA's policy approach is always subject to deliberation and consensus building; this ensures that the Association's position is truly representative of the retail motor trades. As a result, the Association is held in esteem by Government and the Parliament.

This would not be possible without the commitment from the Association's Members. There are many who give their time to voluntarily serve on the Association's numerous Boards and committees. The National Secretariat thanks you for your unswerving commitment to the retail motor trades. So too do we thank MTAA President Kerry Ambrose-Pearce, the MTAA Board of Directors, Executive Directors and the staff of the Member bodies for their assistance in preparing submissions and undertaking representations on behalf of the Association.

It would be remiss of me not to recognise the efforts of the National Secretariat staff over the past year. They have responded admirably to the pace of the Government and the challenges associated with the Federation, and I thank them for their commitment to the Association.



Michael Delaney  
Executive Director  
Motor Trades Association of Australia

24 September 2009

## About Us

The Motor Trades Association of Australia (MTAA) is the peak national representative organisation for the retail, service and repair sector of the Australian automotive industry. The Association represents the interests, at the national level, of over 100,000 businesses. MTAA is therefore the largest 'stand-alone' small business association in Australia. The Association is a federation of the various state and territory motor trades associations as well as the New South Wales based Service Station Association Ltd (SSA) and the Australian Automobile Dealers Association (AADA). The Members of the Federation are:

- The Australian Automobile Dealers Association (AADA)
- The Motor Trades Association of the ACT (MTA ACT)
- The Motor Traders' Association of NSW (MTA NSW)
- The Motor Trades Association of the Northern Territory (MTA NT)
- The Motor Trade Association of South Australia (MTA SA)
- The Motor Trade Association of Western Australia (MTA WA)
- The Service Station Association Limited (SSA Ltd)

MTAA also has a number of Affiliated Trade Associations (ATAs), which represent particular sub-sectors of the retail motor trades, ranging from motor vehicle body repair to automotive parts recycling. Those ATAs are as follows:

- Australian Motor Body Repairers Association (AMBRA)
- Australian Motorcycle Industry Association (AMIA)
- Australian National Radiator Repairers Association (ANRRA)
- Australian National Towing Association (ANTA)
- Australian Service Station and Convenience Store Association (ASSCSA)
- Australian Tyre Dealers and Retreaders Association (ATDRA)
- Auto Parts Recyclers Association of Australia (APRAA)
- Automotive Repairers Association of Australia (ARAA)
- Automotive Transmission Association of Australia (ATAA)
- Engine Reconditioners Association of Australia (ERA of A)
- Farm and Industrial Machinery Dealers Association of Australia (FIMDAA)
- National Brake Specialists Association (NBSA)
- National Heavy Vehicle Repairers Association (NHVRA)
- National Rental Vehicle Association (NRVA)
- National Steering and Suspension Association (NSSA)
- National Vehicle Airconditioning Association (NVAA)

All of the ATA's listed above are composed of the relevant sections of each of the MTAA Member bodies and are represented, at a national level, by MTAA. MTAA's affairs are directed by a Board on which each of the Member bodies is represented. The role of the Association is to:

- raise awareness in the community of the retail motor trades' significant contribution to the Australian economy;
- convey and promote to governments the interests of the retail motor trades;
- promote improved working relationships and practices with the motor trades' unions;
- on behalf of the Members of the Association, provide information about the trades to governments, the public and the trades' employees;
- work with governments to plan the future of the retail motor trades and their role in the economy and other areas of national planning;
- extensively enhance training and to develop work opportunities within the trades in co-operation with education and training authorities, the unions and government generally; and
- promote and enhance the reputation of the trades with its customers and the general public.

## National Representation

It remains the unfortunate reality that there are parties within Australia who, following their withdrawal from it, continue to choose to remain outside the MTAA Federation. While MTAA might not agree with those decisions or the basis upon which they have been made, it nevertheless accepts them as the will of those parties.

In spite of that, MTAA has continued to protect the interests of all Australian retail motor traders, and has continued to do so and engaged in efforts that ignore arbitrary state boundaries. The work done by MTAA towards the establishment of OzCar is a prime example of the sorts of activities carried out with that philosophy and without anticipation of any expressions of gratuity or expectations of any reciprocal *noblesse oblige*.

In order to ensure that MTAA truly represents the voices of all Australian retail motor traders, it has engaged the services of two consultants; Mr Tony Selmes in Queensland and Mr David Nolan in Victoria. These well credentialed and respected persons are actively engaging in those jurisdictions with retail motor traders who care not for partisan politics, but who do care for having their voices heard and represented on national issues and on the national stage.

MTAA will continue to remain at the forefront of advocacy for and on behalf of all Australian retail motor traders and will also continue to act to ensure, on matters of national significance, that those retail motor trader's interests are protected and advanced.

## Training

Training arrangements for the retail motor trades – like those for the automotive manufacturing sector – have left a lot to be desired in recent years. As the administrator of the two industry training packages, Automotive Training Australia (ATA) punched above its weight and continued to do a job and perform a role that was far and away beyond what it had received government funding and support to do. Meanwhile, MTAA and other stakeholder's calls to the Government for a stand-alone, dedicated industry skills council for the Australian automotive industry continued to go unheeded.

The reality was, however, that circumstances saw ATA and the processes necessary for the appropriate maintenance and ongoing development of the industry's training packages being hamstrung by uncertainty created by indecision by successive Federal governments as to the future role of ATA. That despite many strong representations by MTAA to the Government, the Commonwealth Department of Employment, Education and Workplace Relations (DEEWR) and successive Ministers in support of the automotive industry retaining responsibility for its training arrangements.

In March 2009, the Minister for Employment, Education and Workplace Relations, the Hon Julia Gillard MP, announced that training arrangements for the Australian automotive industry – including the retail service and repair sector – would be transferred from ATA and, in future, would be handled by an existing industry skills council in the form of Manufacturing Skills Australia (MSA). This was a decision met with by expressions of profound disappointment by MTAA, its Members and retail motor traders.

The MTAA Board agreed that it would not accept that decision and has communicated that sentiment to the Government, the Minister and the Department. The Board has also agreed to the winding down of ATA and the establishment of a body responsible solely for the development of training packages that meet the true and contemporary needs of the retail motor trades. At the time of writing, the establishment of that body was imminent.

The Association has also agreed that it will proceed to develop its own training arrangements; including the revising of the AUR 05 competencies with a view to having them endorsed and adopted by the National Quality Council. The process of Member consultation on the further development of the training packages has commenced.

## Industrial Relations

### National Employment Standards

In June 2008, the Minister for Employment and Workplace Relations, the Hon Julia Gillard MP, released the draft new National Employment Standards (NES); a primary element of the Government's plan for Australian workplace relations. MTAA prepared a submission in response to the Government issued draft NES document. After considering all submissions the NES, which provides for an expanded set of national minimum standards, is now reflected within the Fair Work Act 2009 and will commence on 1 January 2010.

### Fair Work Act 2009

This Act introduced the Australian Government's workplace relations reform agenda. Changes initiated through this Act include the re-introduction of unfair dismissal laws for small business with less than 100 employees, new agreement making and workplace bargaining rules (including the introduction of good faith bargaining requirements), new transfer of business rules and the establishment of a new regulatory body, Fair Work Australia, to oversight the system.

### Award Modernisation

The Motor Trades Association of Australia Industrial Council (MTAAIC) recognised that the award modernisation process, commenced by the Government in August 2008, could have a great impact on the membership, as all retail motor traders have a specific interest and would ultimately be applying the same modern award. MTAAIC participated in various consultations before the Australian Industrial Relations Commission (AIRC), which included representations from both the retail service and repair and the manufacturing sectors of the Australian automotive industry to ensure that the vehicle industry or any of its parts were not subsumed into the more generic 'retail' or 'manufacturing' sectors.

As part of its strategy to mitigate that risk, MTAAIC moved to the front foot by engaging with the Australian Manufacturers Workers Union (Vehicle Division) and by preparing draft modern vehicle industry awards and comprehensive submissions throughout the various processes to ensure vehicle industry needs were accommodated. The release, in early September 2009, of the Vehicle Manufacturing Repair Service and Retail Award 2010 generally met all the key objectives set by MTAAIC. However, clerical workers in the trades are now to be covered by the modern Clerical Award and the AIRC is yet to detail the specific transition arrangements (from state and territory awards to the new, national, modern award) that will apply in the retail motor trades. Further consultations between the Commission and stakeholders are to also take place in relation to coverage of post-trade classifications under the Modern Award.

### Review of National OHS Legislation

As part of the Government's introduction of a seamless national economy policy, it is seeking to introduce uniform nationally consistent OHS laws across Australia. This initiative continues to take shape following the National Review into Model OHS Laws and its recommendations of January 2009. The Workplace Relations Ministerial Council announced in May 2009 that it has agreed to a framework for model legislation as it works towards this objective.

### Safe Work Australia

Safe Work Australia is an independent body with representatives from the Commonwealth, state and territory governments, employers and unions. It was established in September 2009 to review

and monitor national OHS legislation and facilitate safer workplaces. The Government is working with all jurisdictions to develop uniform OHS laws by December 2011.

On 7 September 2009, the Safe Work Australia Bill [No 2], which formally creates a federal occupational health and safety and workers compensation body, passed through Parliament. That Bill passed the Senate without amendments, despite fears it would be blocked. When the Bill was first introduced, the Senate moved to amend it and the Government withdrew the legislation. The Bill was subsequently reintroduced to Federal Parliament on 13 May 2009 in an endeavour to deliver a body to be known as Safe Work Australia in the same terms as an intergovernmental agreement and to establish its operational arrangements under statute.

## Trade Practices Act Reform

The Association has been actively involved in trade practices reform debates over the past year. This work has included raising awareness of the Trade Practices Act 1974 (TPA) and franchising matters within political spheres, providing submissions to numerous Parliamentary Inquiries and representing the interests of the retail motor trades with regards to exclusive dealing notifications, authorisations and merger applications lodged with the Australian Competition and Consumer Commission.

### Creeping Acquisitions

On 6 May, 2009, the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, the Hon Chris Bowen MP, released a second discussion paper regarding options for the introduction of provisions to the Trade Practices Act to address concerns about creeping acquisitions. This paper continued the consultation process initiated by the Government with the release of the first discussion paper in September, 2008.

The purpose of the second discussion paper was to further explore the options for a proposed way forward in relation to creeping acquisitions, taking into account the views presented in submissions to the first discussion paper.

The second discussion paper focussed specifically on activities of corporations with substantial market power. This focus is the result of a number of submissions to the first discussion paper which considered that the key concern with creeping acquisitions arises when corporations with substantial market power make one or more small-scale acquisitions, such that even a small enhancement of that market power may have an impact on consumers such that warrants further review.

MTAA reiterated its strong support for action on creeping acquisitions at the earliest possible opportunity. The Association also stated its support for the 'substantial market power' (SMP) model outlined in the first discussion paper. The Association also stated that it is comfortable with the amended SMP model put forward in the second discussion paper; with the reservations and suggestions detailed in the discussion paper taken into account (including that for small business operators the sale/or the realisation of the value of their business is their 'superannuation').

### Meaning of 'Understanding' in the Trade Practices Act 1974

On 8 January 2009 the Assistant Treasurer released a discussion paper calling for submissions on the adequacy of the current interpretation of the term 'understanding' in the Trade Practices Act (TPA).

The discussion paper was released as a result of the 2007 Report of the ACCC inquiry into the price of unleaded petrol in which the ACCC expressed concerns that court decisions had, over time, narrowed the type of conduct that might be caught by the term 'understanding' in the TPA.

MTAA in its submission in response to the discussion paper stated that it believed the current meaning of 'understanding' in section 45 of the TPA was adequate. The Association went on to state that it would not support any change to section 45 to further define the meaning of the term 'understanding'. Equally, the Association would not recommend any changes be made to the TPA that might influence judicial interpretation of the term 'understanding'. The Government is still considering this issue.

### **An Australian Consumer Law – National Unfair Contract Terms Provisions**

As part of the MTAA Small Business Charter of Fairness, the Association has been calling for the introduction of an unfair business-to-business contracts regime. In May 2009, the Assistant Treasurer, released for comment the exposure draft of the proposed legislation to introduce a national unfair contract terms provision into the Trade Practices Act. This followed the release earlier in the year of a discussion paper on a proposed national consumer law.

The national unfair contract terms regime is proposed to be part of the first stage in introducing national Australian Consumer Law. The unfair contract terms provisions will (if passed by the Parliament) come into law on 1 January 2010. The second part of the national consumer law reforms (which will include a new national product safety regulatory framework, best-practice reform provisions and other provisions drawn from existing provisions of the *Trade Practices Act (Cth) 1974*) is proposed to come into effect later in 2010 or early 2011.

The National Secretariat had been assured by the Hon Chris Bowen MP, the previous Assistant Treasurer, that many franchise agreements operating in the retail motor trades would be covered by the proposed new unfair contract terms regime.

On 24 June, 2009 the Hon Dr Craig Emerson MP, the Minister for Small Business, Independent Contractors and the Service Economy, Minister Assisting the Finance Minister on Deregulation and Minister for Competition Policy and Consumer Affairs introduced the *Trade Practices Amendment (Australian Consumer Law) Bill 2009* (the Bill) into the Parliament. Unfortunately following a change of Ministers the provision for an unfair business-to-business contracts regime had been removed from the Bill. The unfair contract terms provisions in the Bill proposed to apply to consumer contracts only. MTAA is extremely disappointed by this change in policy by the Government. While the Minister has indicated that the Government will consider the issue of business-to-business unfair contract terms when the current reviews of the Franchising Code of Conduct and the unconscionable conduct provisions of the *Trade Practices Act (Cth) 1974* are complete, the Minister has not, though, set any timeframe in relation to those reviews.

On 25 June, 2009, the Senate referred the *Australian Consumer Law Bill* to the Senate Economics Legislation Committee for review. MTAA lodged a submission to the Inquiry in which it once again reiterated the Association's disappointment at the exclusion of business-to-business contracts under the new regime. The Association did, however, indicate its support for the introduction of a national consumer law. The Senate Committee has indicated its support for the passage of legislation and has urged the Government to respond to concerns about the exclusion of business-to-business contracts after the completion of the reviews into unconscionable conduct and the Franchising Code of Conduct.

### **Statutory Definition of Unconscionable Conduct**

In December 2008, the Senate Economics Committee released the report of its Inquiry into a Statutory Definition of Unconscionable Conduct.

Of particular interest to MTAA was recommendation two of the Committee's report which proposed that ". . . the Federal Government engage industry participants from the retail tenancy and franchising sectors (among others) and the ACCC in an inquiry process". MTAA believes this would be a useful and efficient way to establish a clear understanding of the need for, scope and content of a definition of unconscionable conduct. In turn, a clear definition of unconscionable conduct, a collection of clear examples of unconscionable conduct and statement of principles to

guide conduct would lead to greater equity in franchise and other small business supplier/acquirer relationships in Australia.

The Government is yet to formally respond to the Committee's report.

### **Trade Practices Amendment (Cartel Conduct and Other Measures) Act 2009**

On 16 June, 2009, the *Trade Practices Amendment (Cartel Conduct and Other Measures) Act 2009* (the Act) was passed by Federal Parliament. The Act introduces both criminal offences and penalties and new civil penalties provisions to the *Trade Practices Act 1974* for cartel conduct. The new cartel provisions (and associated penalty provisions) took effect on 24 July, 2009. The cartel offence provides for serious sanctions to be imposed on companies and individuals; including up to 10 years imprisonment for individuals involved in cartel conduct. Generally speaking, cartel behaviour includes behaviour such as price fixing, bid rigging and market sharing.

The imposition of jail terms for cartel conduct is part of the MTAA Small Business Charter of Fairness and the Association welcomed the introduction of those provisions.

### **Trade Practices Amendment (Clarity in Pricing) Act 2008**

The Government secured passage of its *Trade Practices Amendment (Clarity in Pricing) Bill 2008* on 11 November, 2008. The legislation requires sellers to represent a fully transparent price to consumers. As a result of these reforms, all price representations made after the legislation coming into effect on 25 May 2009, are required to adhere to clarity of pricing legislation; such representations are not limited to advertising.

Importantly, the new legislation requires, in most circumstances, a single price to be stated in any representation for the supply of a good or service, regardless of whether the price of each component of that good or service is also stated.

It is the Association's understanding that incorporated in this definition of single price is any cost that forms part of the consideration for the supply of a good or service. The Association understands this includes costs such as Goods and Services Tax (GST), Luxury Car Tax (LCT), stamp duty, vehicle registration, and dealer delivery fees (where those charges are paid to the dealer). Those requirements apply regardless of whether the government imposes vary across a jurisdiction or by type of buyer.

On the passage of the legislation the ACCC revised its *Guidelines for Advertising in the Motor Vehicle Industry*. The Association commented on a draft version of the *Guide* and attempted to ensure that any advocacy undertaken in relation to the *Guide* emphasised the need for the Commission to meet the needs of the retail motor trades in a manner which is fair and does not place undue burden on small business. MTAA believes that the changes in relation to price representation have resulted in there being less transparency for consumers.

### **Review of Statutory Warranty Arrangements in Australia**

On 12 March 2009 the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, the Hon Chris Bowen MP, released the details of a review of statutory implied conditions and warranties by the Commonwealth Consumer Affairs Advisory Council (CCAAC).

The review is to examine the adequacy of existing laws on conditions and warranties implied into contracts for goods or services under the Trade Practices Act 1974 and state and territory fair trading legislation and propose enhancements, where necessary.

Part of the review is to also evaluate the level of need for the existence of so-called 'Lemon Laws' in Australia. Following consultation with Members, the National Secretariat prepared a submission to the Council on this matter. The submission expressed the Association's strong opposition to the introduction of so-called 'Lemon Laws'.

In addition, the review will examine the existence of extended warranties in the market place and their interaction with laws on implied conditions and warranties and other means for improving the operation of existing statutory conditions and warranties in Australia.

MTAA also canvassed with CCAAC the prospect and reality of retail motor traders; in particular engine reconditioners, in terms of what protections they might have as effectively being themselves 'consumers'. The CCAAC is undertaking targeted consultations with relevant industry stakeholders, and will provide a report to the Minister by 31 October 2009.

### Franchising Code of Conduct

The Parliamentary Joint Committee on Corporations and Financial Services conducted an Inquiry into the Franchising Code of Conduct in late 2008. The National Secretariat provided a comprehensive submission to the Inquiry and proposed to the Committee that a more fair and equitable franchising environment could be created through improvements to the Code in a number of areas, including:

- provisions for parties to 'act in good faith';
- stronger and more transparent dispute resolution provisions;
- further disclosure requirements for franchisors;
- provisions to provide for mandated minimum tenure;
- provisions to deal with termination at will without due cause;
- provisions to deal with unilateral variation of franchise agreements; and
- amending the definition of a franchise agreement and the exemption clauses.

The Committee released its report into this inquiry entitled *Opportunity not opportunism: improving conduct in Australian franchising* on 2 December 2008 which acknowledged that more needed to be done in relation to the regulation of franchise relationships in Australia.

The Committee's acknowledgement of the importance of the franchise relationship during the execution and term of the franchise agreement was a welcome development in the franchising reform debate.

MTAA considers that the Committee's recommendation that the *Franchising Code of Conduct* be amended to include a "good faith" provision was a significant step towards the creation of co-operative and enduring relationships between franchisees and franchisors. The Association welcomed and supported the Committee's recommendations on the need for pecuniary penalties for breaches of the *Franchising Code of Conduct* and possibly certain breaches of the *Trade Practices Act 1974* and also the creation of a register of franchise agreements. The Association believes that those measures would do much to encourage the behaviour change in the sector that MTAA has long sought. MTAA has long campaigned against unfair terms in franchise agreements and it will continue to support measures that provide for redress against any unconscionable behaviour within the Australian franchising sector.

The concluding paragraph of a press statement released on 2 December by MTAA stated that "*MTAA and its Members thank the Committee for its efforts in championing equity and fairness in the franchising sector. The Association encourages the Government to support the recommendations and to make arrangement for the introduction of the necessary amendments to the Franchising Code of Conduct and the Trade Practices Act 1974 as soon as possible.*"

MTAA was pleased to see the Association's policy position reflected favourably in the recommendations made by the Committee in its Report. MTAA believes that the recommendations made in the Report will have a beneficial impact on franchise agreements and it was agreed at a meeting of AADA in April that a franchising advocacy kit should be prepared by the National Secretariat so that it could be utilised by Members in an MTEAC-style campaign to encourage Federal MPs to accept the recommendations of the Committee. Such a kit was prepared and distributed to Members and Chairmen of National Dealer Councils/Associations on 17 June for that purpose.

On 21 June the Government released an 'Options Paper' seeking written comments on the recommended changes to the Franchising Code of Conduct as discussed in the Committee's report. The 'Options Paper' requested comment against a series of very specific questions which sought to clarify the comments the Government had so far received. The questions, in particular, were aimed at clarifying the business compliance activities and costs in relation to the regulatory options identified in the Report.

The National Secretariat prepared a submission to the Department of Innovation, Industry, Science and Research which was lodged on 10 July.

The Executive Director and Deputy Executive Director have subsequently held discussions with Minister Emerson to reiterate the points that had been raised by the Association in its submission to the Options Paper and also the Committee's inquiry. The Association is now awaiting the outcome of the Government's consideration of stakeholder's views.

## Regulatory Reform

### National Consumer Credit Reform

Throughout 2009 the National Secretariat has been involved in the consultation process for the National Consumer Credit Protection Reform Package. The National Consumer Credit Protection Reform Package includes a number of significant reforms relating to the provision of credit in Australia.

The reforms include the transfer of the state-based Uniform Consumer Credit Code (UCCC), which operates across the eight jurisdictions, to a single, standard nationally consistent consumer credit code that will provide consistent regulation and oversight.

In addition the reforms will introduce a national licensing regime requiring lenders and providers of consumer credit broking services to obtain an Australian Credit Licence from ASIC. To support that licensing regime ASIC will have significant new enforcement powers.

On the release of the exposure draft of the proposed legislation by Treasury earlier in the year, MTAA had concerns that dealers would be captured by the proposed licensing requirements. The National Secretariat subsequently met with Officers of the Treasury and relayed those concerns to them. On 25 June 2009, Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services, the Hon Chris Bowen MP, released the Reform Package including the legislation and announced an exemption from the licensing requirements for at least twelve months for point of sale retailers, including motor vehicle dealerships. MTAA welcomed this development. The Reform Package has been considered by a Senate Inquiry to which a submission was lodged on behalf of dealers reaffirming the Association's position that motor vehicle dealerships should not be captured by these licensing requirements.

On 14 August 2009 the Minister released the draft National Consumer Credit Protection Reform regulations and associated explanatory material. The key feature of those regulations is the exemptions from licensing for point of sale retailers such as car dealerships, stores or retail outlets; where they engage in credit activities by arranging credit or acting as an intermediary through an arrangement with a lender.

The National Consumer Credit Protection Reform Package is currently being considered by the Senate, however the National Secretariat expects that the package will be passed during the next sitting period.

### Management of Written-Off Vehicles

In late 2008 the National Secretariat participated in the National Motor Vehicle Theft Reduction Council's (NMVTRC) Review of the Management of Written-off Vehicles. As part of the NMVTRC's review a Preliminary Report was released; the purpose of which was to inform the development of appropriate responses to further limit access to vehicles currently classified as Repairable Write-Offs (RWOs) by unlicensed or non-accredited motor car traders and/or repairers or recyclers and criminals.

Six options were developed for inclusion in the assessment against the base case. These options were designed to show the range of actions that could be taken to address the problems and to allow the analysis to provide some guidance on the extent of the change that can be economically justified.

The MTAA and AADA Boards considered the six options that were presented in the Preliminary Report and once again reaffirmed their position that there ought to be no RWOs and that a vehicle is either a statutory write off (SWO) or it is repaired. Following this Review the NMVTRC conducted a national workshop in Sydney in June 2009. The purpose of this workshop was to stimulate discussion among a range of stakeholders, with a view to reaching a consensus, concerning the appropriate management of RWO vehicles.

Following the workshop it was clear that the majority view of attendees was inclined towards a need for changes to be made to a number of aspects of the SWO / RWO management regime as it currently stands. It is fair comment to make that if those changes preferred by attendees existed at some point of a continuum, where 'do nothing' was at one end and 'ban RWOs' was at the other, then most attendees would be positioned more towards the 'ban RWOs' end of the spectrum.

The NMVTRC proposed to circulate to all attendees a paper outlining the proceedings and discussions that occurred at the workshop, the National Secretariat is currently awaiting that paper.

### Personal Property Security Law Reform

Since late 2006, MTAA has had representation on the Commonwealth Attorney Generals' Consultative Group for Personal Property Security (PPS) reform. The PPS reform project is one that seeks to replace 70 different pieces of state and territory legislation connected with the registration of encumbrances over personal – as distinct from 'real' property – with a uniform national set of laws and a national PPS register. PPS laws have wide ranging effects within all sectors of the retail motor trades, with 'retention of title' arrangements being but one that will be affected by any changes in PPS laws nationally.

In June 2008, the Attorney General's Department released, for public consultation, the first draft of the proposed PPS legislation. While being generally supportive of the objectives of the PPS reform process, MTAA nevertheless had a number of concerns in relation to the draft legislation and the impacts it might have on retail motor traders' operations if it were to be adopted in that form. These views were expressed to the Department in a number of submissions to it and in a number of meetings between Officers of the Department and MTAA. These points were also reinforced to the Department through MTAA's involvement with the Attorney General's Consultative Group.

By December, there had been sufficient comment on the draft PPS Bill received from a variety of stakeholders for a revised version of it to be released by the Department. That Draft Bill was referred immediately to the Senate Standing Committee on Legal and Constitutional Affairs for Inquiry and report by 24 February 2009. MTAA continued to have some concerns regarding the practical operation of the Bill, even in its revised form, and made that point in detail to the Senate Committee in its submission to it. Officers of MTAA and MTA ACT also appeared before the Committee's hearings to elaborate on those concerns. It was clear to MTAA that the Bill, as drafted, potentially harboured unintended consequences for retail motor traders that may well have been unique to them.

In the Committee's Report of Inquiry of March 2009, it was recommended that the Bill undergo an extensive revision in terms of its complexity and language. In view and in recognition of the enormity of that task, the Committee also recommended that the commencement of the national PPS regime ought to be delayed for a period of 12 months, therefore making the regime's commencement to be May of 2011. The Government has agreed to those recommendations.

In June 2009, a further, heavily revised, version of the PPS Bill was almost simultaneously released for comment; referred once again to the Senate Committee; introduced to the Parliament; and, passed by the NSW Parliament as a necessary step in the referral of powers by the states and territories to the Commonwealth for the establishment of the national PPS regime. In its submission to the Senate Committee on that most recent version of the Bill, MTAA noted that a good many of its previous concerns had indeed been addressed, but that it also eagerly awaited the opportunity to evaluate any draft PPS regulations, which remain under development. It will likely be the regulations that will truly inform all parties as to the character, nuances and actual effects of the national PPS regime's operation and its impacts – if any – on retail motor traders.

In August 2009 the Senate Committee released its most recent Report of Inquiry into the PPS Bill. In that report, it recommended that the Bill be passed subject to the Government's thorough consideration of all concerns raised in submissions to the Committee. At the time of writing, MTAA was preparing, for submission to the Attorney General's Department and at its invitation, comments in connection with the few concerns that MTAA continues to have with the Bill as currently drafted. MTAA also continues to wait for the release of any draft PPS Regulations.

## Environment

The past year has been a significant period in terms of environment policy for the Association and business in general. MTAA has long believed that industry must play an active role informing businesses of their environmental obligations. The Association has closely monitored and provided comment on the Government's proposed Carbon Pollution Reduction Scheme and related matters that will have a significant impact on the retail motor trades. In addition MTAA has continued to lobby for a Government fund to assist in the environmental clean-up and site remediation associated with leaking, non-leaking and otherwise 'orphaned' underground storage tanks that have not been properly decommissioned.

### Carbon Pollution Reduction Scheme

The Government's proposed Carbon Pollution Reduction Scheme is shaping up to be one of the most significant pieces of Government reform in the history of the Association. However, the exact impact of the Government's proposed Scheme is no clearer as a result of the legislation being defeated in the Senate. The Association has been closely monitoring the Government's proposed Scheme and has, along with other stakeholders, raised concerns that the proposed Scheme, in its current form, will significantly increase the cost of hydro fluorocarbons (HFCs) and will create a strong motivation to promote and increase the use of hydrocarbons in equipment that was not designed for its use.

Furthermore, under the Government's current proposal the emissions intensive nature of fluorocarbon refrigerants and financial distortion created by the auctioning of permits places the industry at grave risk, regardless of the fact that little of the refrigerant will ever escape into the atmosphere. The Association is concerned that this will mean that small businesses will be forced to carry an unfair financial burden to comply with the Scheme as currently proposed.

### Leaking Underground Petrol Storage Tanks

In late 2008 the National Secretariat wrote to the Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett AM MP, in relation to leaking underground petrol storage tanks. Specifically, the letter requested that, in regard to the environmental clean-up and site remediation

associated with leaking, non-leaking and otherwise 'orphaned' underground storage tanks, the Government consider easing the cost burden on relevant industry sectors by:

- assisting in the environmental clean-up and site remediation associated with leaking, non-leaking and otherwise 'orphaned' underground storage tanks that have not been properly decommissioned;
- conducting a national review to more accurately determine the extent of the issues associated with orphaned or abandoned underground storage tanks and the cost of remediation for identified sites to assist with their effective and safe clean-up; and
- assisting service station operators in the installation of monitoring systems to help reduce the number of incorrectly decommissioned or abandoned tanks in the future and further reduce potentially harmful and damaging fuel leakages.

The Association received a response from the Minister that, while thanking the Association for its concern, noted that the management of underground petroleum storage (UPS) sites is a responsibility for state and territory governments. The Minister did, however, indicate that he would ask his Department to discuss the issue with state and territory governments in an effort to find out if it is a matter that needs to be brought to the attention of the Standing Committee to the Environment Protection and Heritage Council. The Association has continued to raise this issue with the Department of Environment, Water, Heritage and the Arts which has, in turn, consulted the states and territories. However, the Association has yet to receive a detailed response to its requests.

## Australian Automobile Dealers Association

Members and their dealer members would need to cast their minds back a great many years in order to recall a twelve month period that would match the challenges that the past year have presented to the motor vehicle sales sector of the economy. The shock of the announcement in October by GE Money (GE) to withdraw its wholesale dealership financing business from Australia by the end of the 2008 was only matched by a near exact announcement being made by General Motors Acceptance Corporation (GMAC) the day immediately after.

In a sector of the economy already feeling the effects of changing market preferences for vehicles and other economic factors leading to a downturn in sales, the announcements of GE and GMAC represented a potential risk to dealers the likes of which had never before been seen. Indeed, the decision made by GE and GMAC left potentially as many as 700 dealers exposed to an uncertain future.

In the days immediately following those announcements, MTAA / AADA acted swiftly and assertively to present to the Government the reality of the situation and to indicate its readiness to assist with the development of mechanisms designed to prevent a market and economic incident of profound proportion. MTAA / AADA then proceeded to work closely with the Government and government officials at the highest levels to develop what is now known as OzCar; the special purpose vehicle designed to provide stability and confidence to the wholesale automotive finance market sector of the economy.

That OzCar, even before its formal activation, was able to offer a level of confidence in the market, is a testimony to its design and character, to which much is owed to the efforts of MTAA / AADA. None of which is to diminish the efforts of the Government and the significant role it played in negotiating a number of challenges towards OzCar's commencement in September.

In February, AADA led its annual study tour to the NADA Convention in New Orleans. At that Convention, it was clear to all Australian delegates that the global economic circumstances had indeed had a significant and pernicious impact upon vehicle dealers in the United States and that,

comparatively speaking, the situation for their Australian colleagues was perhaps not quite as grim as it could possibly have been.

In August, AADA once again conducted a successful annual Convention in Melbourne. Despite the difficult economic circumstances faced by many dealers, the Convention enjoyed healthy attendances by dealers from across Australia. It is unquestionable that this is most likely due to the quality of presenters, workshops and entertainment for which the National AADA Annual Convention has become renowned and has a justified reputation.

As ever, though, MTAA / AADA continued to also work on matters with the potential to impact upon dealers and their operations. Mentioned elsewhere in this report is the Commonwealth Government's effort toward the reform of Australia's personal property security (PPS) legal framework. That exercise has carried with it the potential for the adoption of the proposed national PPS regime to impact significantly upon dealership operations; particularly from a 'back of house' perspective. As the situation currently stands, MTAA / AADA have been able to mitigate the risk of that level of impact occurring to a minimum. MTAA / AADA will continue those efforts to protect dealer's interests.

MTAA and AADA have always stood ready to assist dealers and national dealer line councils in their dealings with their suppliers. The National Secretariat has again this year assisted dealers and dealer councils in their dealings with their suppliers.

## Affiliated Trade Associations

### AMBRA

Throughout late 2008 and 2009 AMBRA has been focused primarily on the issue of insurer and repairer relations. As part of this the National Secretariat was requested to review the new IAG preferred and associate smash repairer agreements for their compliance with the Motor Vehicle Insurance and Repair Code of Conduct (the Code). MTAA subsequently wrote to IAG raising its concerns with a number of clauses under this agreement.

In addition AMBRA has become increasingly aware of the role of intermediaries in the market and wrote to insurance companies about one such intermediary, to remind them of their obligations under the Code.

AMBRA also conducted a survey of body repairers to determine their attitude towards the Code. The survey was well received and the results of the survey will be collated and presented as part of the AMBRA / MTAA's submission to the external review of the Code.

The operation of the Code continues to be supported by MTAA and its Members. The Code is administered by the Code Administration Committee, which has appointed an independent consultant to complete an external review of the Code that will be commencing shortly.

The level of formal dispute resolution under the Code has stayed relatively low over the three years of its operation. However, anecdotal information provided by Members suggests that there are still areas within the repairer-insurer relationship that are causing difficulties for repairers. The Code Administration Committee has also been focusing on the self-insured and fleet providers and their standing under the Code.

In the past year three new insurers have become signatories to the Code; QBE Insurance, RACQ Insurance and Vero Insurance Ltd.

MTAA's representatives on the Code Administration Committee during the past year have been Mr James McCall (Chair), Mr Phil McGilvray, Mr Gunther Jurkschat (from March 2009) and Ms Sue Scanlan (until March 2009).

### AMIA

At the November 2008 AMIA Executive Committee Meeting, the National Secretariat was asked to review motorcycle dealer franchise agreements for their compliance with the Franchising Code of Conduct and the 'MTAA minimum standards for franchises' document. The National Secretariat received three motorcycle franchise agreements for review, one of which did not contain a disclosure document.

The National Secretariat has subsequently reviewed those agreements against a 'minimum standards for franchises' document prepared for the Association by HWL Ebsworth law firm.

While the National Secretariat has not sought legal advice on the agreements and it cannot, therefore, make any definitive statement about their compliance or otherwise with the Franchising Code of Conduct, it was clear that some of the terms of the agreements do not meet the MTAA minimum standards for franchise agreements. The National Secretariat's work on this issue continues.

MTAA and AMIA have also been working towards the formation of motorcycle dealer line councils. The National Secretariat has been consulting with Members on the establishment of the dealer line councils and is seeking to assist in that process with a view to facilitating the ongoing dialogue between motorcycle dealers and franchisors.

### APRAA

APRAA has had yet another busy and productive year; the biannual APRAA Conference and fourth annual Automotive Recyclers International Round Table Meeting were held in Coffs Harbour in November 2008. The Conference and Round Table were a success with recyclers from Australia, New Zealand, Japan, Canada, the United States of America, the United Kingdom, Hungary, Germany and Sweden in attendance.

In 2009 APRAA also relaunched the APRAA Scholarship Fund to award scholarships to the children of eligible automotive recycling employees. Three scholarships were awarded in 2009 and applications to the APRAA Scholarship Fund will reopen in early 2010.

Throughout 2009 APRAA has been in the process of reviewing the APRAA Accreditation Scheme with the view of launching a new and improved scheme in 2010. The National Secretariat has also written to a number of insurance companies on behalf of APRAA to seek more information on the operation of preferred auto parts recycler supplier schemes.

In addition the National Secretariat conducted a review of a number of existing recycled airbag guidelines/protocols in the United States of America and Canada that were developed by both Government and industry in the respective jurisdictions. The findings of this review were presented to APRAA in May and will be discussed at the forthcoming Executive Committee meeting.

### ASSCSA

Members will be aware that the Commonwealth Department of Resources, Energy and Tourism (RET) released the mandated Review of OilCode in August 2009. In general terms, RET believes it has found that OilCode has met its objectives as set out in the Regulation's explanatory statement. The underlying finding of the Review is the, ". . . importance of providing adequate information to assist the downstream petroleum industry to reshape itself in a dynamic period of change." RET has proposed it has also found that OilCode has:

*". . . delivered a minimum set of contractual terms and conditions for both franchise and commission agency arrangements. This safety net of standard contract terms and conditions provides industry players with the freedom to respond to changing market*

*conditions, as well as providing certainty and protection to industry participants and improving industry sustainability.”*

The main recommendations for consideration by the Government are centred on matters such as:

- additional requirements for suppliers in terms of disclosure, particularly with respect to disclosure of details of resellers;
- whose businesses were transferred, ceased to operate, were terminated by the supplier or reseller or were not renewed;
- the Government working with industry associations and independent operators and commission agents to address barriers to the use of petroleum industry specific, business-to-business, collective bargaining arrangements under the *Trade Practices Act*;
- to provide greater clarity and certainty to the Dispute Resolution Service; and
- that OilCode be again reviewed in three years.

In August 2009 the ACIL Tasman, consultants, report into petroleum import infrastructure in Australia was also released. That report was commissioned by RET after the Australian Competition and Consumer Commission (ACCC) recommended a comprehensive audit of Australia’s existing import infrastructure capacity to meet current and future crude oil and petroleum product import requirements.

That audit concluded that existing infrastructure and planned investment will result in spare capacity emerging in all jurisdictions, except the Northern Territory, over the next two years. That audit also concluded that, “. . . *on the whole, the current operating environment and access arrangements for import terminals do not impose a material barrier or constraint to competition for importers of petroleum products.*”

Taken together, the two reports do not accurately reflect the Association’s – nor, it is imagined, our retailers – understanding of many of the characteristics of the downstream petroleum market in Australia, particularly from a reseller’s perspective. MTAA awaits with interest, therefore, any response from the Government to the recommendations made by RET. The Government has commenced further consultation on this matter by inviting comments on the recommendations made by RET from those stakeholders who made submissions to RET’s Inquiry. MTAA has indicated to the Government that it will be accepting that invitation.

Members will also be aware that in May 2009 it was announced that Caltex was to acquire some 302 retail fuel outlets from Mobil’s Australian retail fuel network. MTAA was and continues to be opposed to the proposal and has long warned governments and regulators of the dangers of allowing Australia’s petrol retailing industry to become concentrated in the hands of a few large players. All that will be achieved if this proposal should proceed will be an even larger number of retail fuel outlets subsequently being under the control of one refiner and supplier in the market and, with it, a greater concentration of market power into the hands of big oil.

If this proposal were allowed to proceed, the retail petrol market in Australia will be dominated by the Caltex / Woolworths and Shell / Coles alliances to near the 75 per cent level. The Association stated publically that the future of competition demands that this further concentration of market power be blocked and that diversity in the industry be maintained.

MTAA provided the ACCC with a submission outlining its concerns regarding the proposed acquisition and the impacts on independent service station operators further consolidation of the industry will have. The ACCC has yet to announce its intentions on the proposed acquisition.

Legislation to introduce the National Fuelwatch Scheme was tabled in Parliament in June 2008. In November 2008, the Federal Government’s proposed national scheme was ultimately defeated in the Senate due to the inability to satisfy the Independent Senators concerns over the impact the proposed scheme would have on independent service stations.

During 2009 the NSW Government announced a mandated E10 program that will require all ULP sales in NSW to include 10% ethanol from 2011. Queensland is proposing to follow suit with a 6% E10 mandate in the same time frame. All service stations in these two states will have to be E10 compatible in all ULP tanks by that time. The Service Station Association and MTAA have advised both state Governments of the downsides associated with these policies but political considerations have taken control of the agenda on this issue.

### **ATDRA**

ATDRA has continued to closely monitor the long-running development of the Tyre Product Stewardship Scheme and Department of Environment, Water, Heritage and the Arts' proposed sales thresholds under the Scheme. ATDRA continues to be concerned that the proposed sales threshold will undermine the Scheme and has raised this with the Department on a number of occasions.

ATDRA understands that the latest iteration of the Tyre Product Stewardship Scheme will be presented to the Environment Protection and Heritage Council (EPHC) in late 2009 and will subsequently be open for another period of public consultation.

ATDRA has also been monitoring its continued endorsement of the Australian Tyre Dealer Magazine and has written to the Editor of the Magazine in relation to the continued use of the ATDRA name with the Magazine.

### **ERA of A**

Throughout 2009 ERA of A has continued the development of AutoSpecs, assisted by MTA-WA. This has included a new pricing structure and a discount for those members that submit new specifications to be included in the program.

ERA of A also conducted a 'state of the market' survey across all jurisdictions in order to gauge the state of the engine reconditioning market across the nation. There was a positive response rate to that survey. When collated, the responses will provide the National Secretariat with information to put to the Executive Committee and also to Government in submissions relating to small business conditions and the trades in general.

### **FIMDAA**

Over the past year FIMDAA has become concerned about the increasing quantity of self-assembly farm machinery entering the market. FIMDAA was concerned that the self-assembly farm machinery did not meet Australian Design Rules and that servicing that machinery may leave members liable and open to prosecution by authorities such as WorkCover.

FIMDAA was also concerned about an increasing internet offer of sales of farm machinery equipment and the potentially false and misleading nature of some of the on-line advertisements. MTAA has raised these concerns with the ACCC and FIMDAA had requested that Members also raise the concerns with the relevant Fair Trading authorities in each state and territory.

### **NRVA**

Members will be aware that the MTAA/NRVA had been in discussions with the ACCC in relation to the development of the 'rental car industry guidance'. After a constructive consultation process between the Association and the ACCC draft guidance was release for public comment in June 2009. The National Secretariat received a number of constructive comments from Members in relation to this draft guidance that was placed in a submission to the ACCC. The ACCC has yet to release the final 'rental car industry guidance' document. However the National Secretariat expects that this guidance will be released publically in late 2009.

In late 2008, NRVA asked MTAA to write to the National Motor Vehicle Theft Reduction Council (NMVTRC) in order to have the issue of rental vehicle theft placed on the NMVTRC's agenda and work program. MTAA was informed in early 2009 that this issue had been placed on the NMVTRC's agenda for the following year. In addition, MTA-NSW on behalf of NRVA has been working with the NSW Police and is in the process of formalising a checklist for operators to assist them in reporting rental vehicle thefts.

## MTAA Super Fund

In the 2008-09 financial year the Fund's membership grew by 1.88 per cent to 287,354 members (including public offer members and pension members). Active employers increased by 11.45 per cent to a total of 35,540. Public offer membership grew by 662 to a total of 5,854 members, representing \$506 million in funds under management (FUM). As at 30 June 2009, total funds under management stood at \$5.1 billion.

### A year impacted by the Global Financial Crisis

2008-09 has been a devastating financial year for all economies around the world. As a direct result of the global financial crisis, all developed economies (apart from Australia) have been or are experiencing a recession, financial institutions have collapsed and billions of assets have been wiped off company balance sheets.

The impact of the global financial crisis was so far-reaching that not only did it impact all world economies but also all Australian superannuation funds, including MTAA Super. After an extended period of strong returns and out-performing most of its competitors, the Fund is disappointed to report its worst year to date for member returns.

The Balanced Option (default option) returned minus 24.98 per cent for the year. However to put this into context, the default options of all super funds were significantly negative over this period. Despite two years of negative returns, the Fund as at 30 June 2009 returned 3.81 per cent over five years, 5.75 per cent over 10 years and 7.88 per cent since inception in 1989.

Looking to the future it is important to understand that returns on investment do flow in cycles, and although this particular downturn has been extremely damaging to markets, the cycle should change.

For further information please visit the MTAA Super website, [www.mtaasuper.com.au](http://www.mtaasuper.com.au)

### Crediting rates for superannuation members

#### PRE-MIXED INVESTMENT OPTIONS

Periods to 30 June 2009	Conservative %	Balanced %	Growth %	Target Return %
<b>1 Year</b>	-18.86	-24.98	-23.99	-23.98
<b>3 Years</b>	-2.28	-4.37	-2.29	-0.29
<b>5 Years</b>	2.85	3.81	5.13	-
<b>7 Years</b>	4.23	5.42	6.19	-
<b>10 Years</b>	4.38	5.75	6.22	-
<b>Since Inception</b>	<b>4.56</b>	<b>7.88</b>	<b>7.05</b>	<b>1.77</b>
<b>Year of Inception</b>	1998	1989	1998	2006

## MY CHOICE OPTIONS

Periods to 30 June 2009	Australian Shares %	International Shares %	Diversified Fixed Interest %	Cash %
1 Year	-18.86	-27.64	9.19	4.51
3 Years	-2.65	-13.15	6.12	5.25
5 Years	7.31	-4.53	5.67	4.97
<b>Since Inception</b>	<b>9.83</b>	<b>-0.10</b>	<b>5.17</b>	<b>4.74</b>
<b>Year of Inception</b>	2003	2003	2003	2003

### New products and services

In 2009, MTAA Super engaged a team of highly trained professionals called the Financial Education and Advice Team, or FEAT, to offer members more detailed general advice through the Customer Service Centre. This service enables members to get the answers to more complex questions without having to take the step of seeking personal financial advice. To date, this free service has been highly successful and there has been a very positive response from members who have undertaken a phone consultation with a FEAT staff member.

## MTAA House

As a result of the Australian Coal Association (ACA) lease expiry at 30 June 2009, MTAA has taken over the space on level three which is approximately 227square meters. MTAA now occupies all of level three. ACA's existing fit-out has been utilised to accommodate MTAA staff previously located on the ground floor. The ground floor tenancy vacated by MTAA will be taken up by the adjoining tenant Recruitment Systems. Thus, MTAA House will be fully tenanted.

All common areas of the building and level three have now been re-carpeted. There are no major maintenance issues to report. Honeywell's maintenance contract has been renewed for a further term of five years.

A life cycle expectancy report has been prepared by Honeywell with indicative budget costs. The report indicates that a majority of plant/equipment will need to be replaced or upgraded over the next five years or so.

An independent valuation of MTAA House as at 30 June 2009 is \$22.25M.

In early June MTA-NSW redeemed four units in the MTAA Unit Trust and MTAA Ltd applied and was issued with four new units. The number of units on issue therefore remains the same at 115.

## Conclusion

The work of MTAA would not be possible without the contributions made through and by the Executive Directors, staff and the members of the Member bodies of the Federation to the development of policy and submissions. The assistance and support provided to the National Secretariat is invaluable and ensures that the Association is truly representing the national interests of the retail motor trades

**National Secretariat  
Canberra**

24 September 2009