



**2005-2006**

NSW OFFICE OF

**Fair Trading**

DEPARTMENT OF COMMERCE

for consumers  
& traders

# **Motor Vehicle Repair Industry Authority Annual Report 2005 - 2006**

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

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## To Parliament

The Hon Diane Beamer, MP  
Minister for Fair Trading  
Minister for Western Sydney  
Minister Assisting the Minister for Commerce  
Parliament House Sydney

Dear Ms Beamer

I am pleased to present the Annual Report of the Motor Vehicle Repair Industry Authority for the year ended 30 June 2006.

The report has been prepared for presentation to the Parliament of New South Wales in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984*.



**Lyn Baker**  
Commissioner for Fair Trading  
26 October 2006

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Parramatta NSW Australia  
October 2006

# About MVRIA

The Motor Vehicle Repair Industry Authority (the Authority) is a state government statutory body responsible for the regulation of the motor vehicle repair industry in New South Wales under the *Motor Vehicle Repairs Act 1980*. The Authority is located within the Office of Fair Trading, which itself is a part of the NSW Department of Commerce.

**Our Strategic Priority**

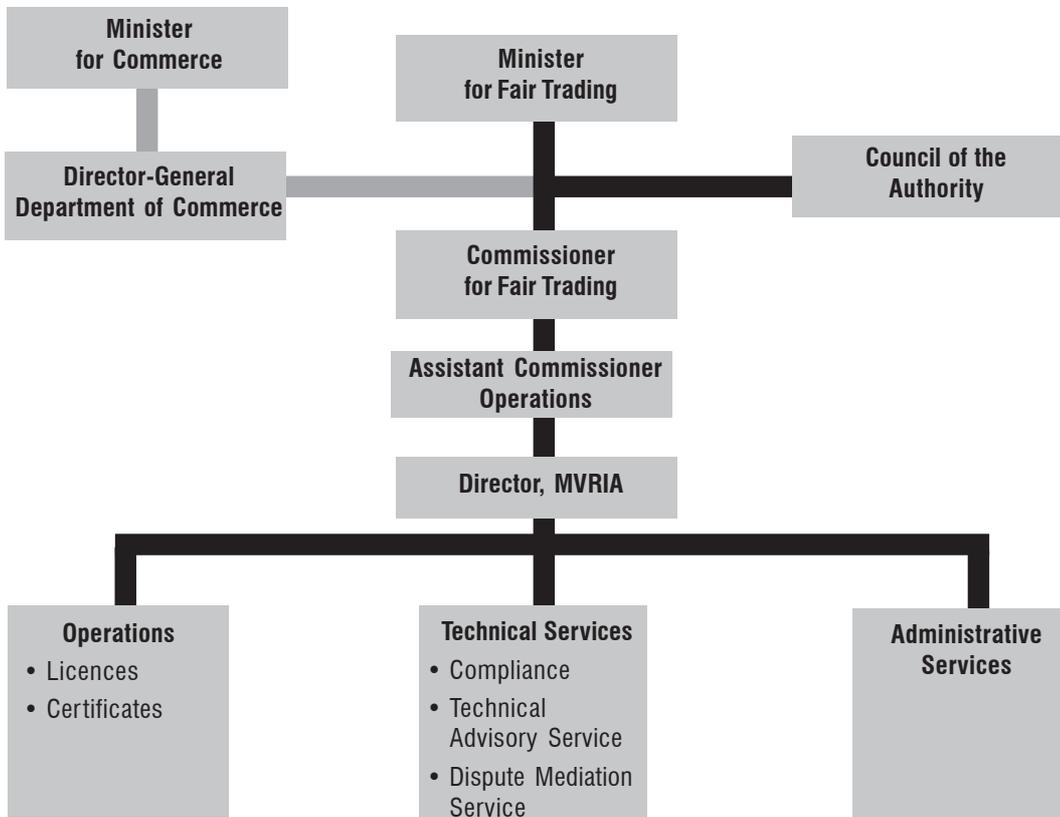
Contribute to a fair marketplace in the area of motor vehicle repairs.

**Our Legislation**

- The *Motor Vehicle Repairs Act 1980*
- The *Motor Vehicle Repairs Regulation 1999*.

**Our Clientele**

- Persons carrying on the business of repairing motor vehicles
- Tradespeople who perform repair work
- Consumers of motor vehicle repair services



# Introduction

The year has seen significant progress made with the consolidation of the Authority into the Office of Fair Trading (OFT) within the Department of Commerce. This follows the abolition of the Authority as a public service department in March 2005.

The Authority now receives all its corporate support functions from the Department, allowing it to focus its attention and efforts on its statutory functions. Improvements have continued to be made for consumers to access information and services through the extensive Fair Trading Centre network, as well as increased opportunities for joint compliance investigations and a more consistent approach to policy, administration and enforcement activities.

During the year the Authority actively participated in the Council of Australian Governments' (COAG) skills shortages initiative. This initiative is aimed at increasing labour mobility between jurisdictions in identified areas of skills' shortages, which includes motor mechanics. The Authority has commenced to align its occupational licensing categories to the nationally consistent competency standards contained in the Australian Qualifications Framework. This will better enable tradespeople from any other jurisdiction to work in NSW without the need to meet further occupational licensing requirements. The benefits of the process will be realised in coming years, as more tradespeople gain their qualifications under the National Training Package.

The completion of a Cost Effective Compliance Review by OFT at the end of the reporting period will provide significant benefits to the regulatory work of the Authority in coming years. The Department's 2005/06 Corporate Plan designated this review as a major project, with the objective of improving the overall cost effectiveness of OFT's compliance and law enforcement work.

The review identified opportunities to better plan, target and prioritise compliance activities, suggested ways to increase efficiencies in the use of resources and recommended ways to achieve better internal and external coordination of compliance activities. The review provides a blueprint for achieving the best compliance outcomes for OFT, through the most cost-effective use of inspection, investigation and legal resources.

The initiatives taken during this reporting period combine to provide a sound underpinning for the work of the Authority in the coming year and will provide an improved environment for the regulation of the motor vehicle repair industry and a fair marketplace for consumers and traders.



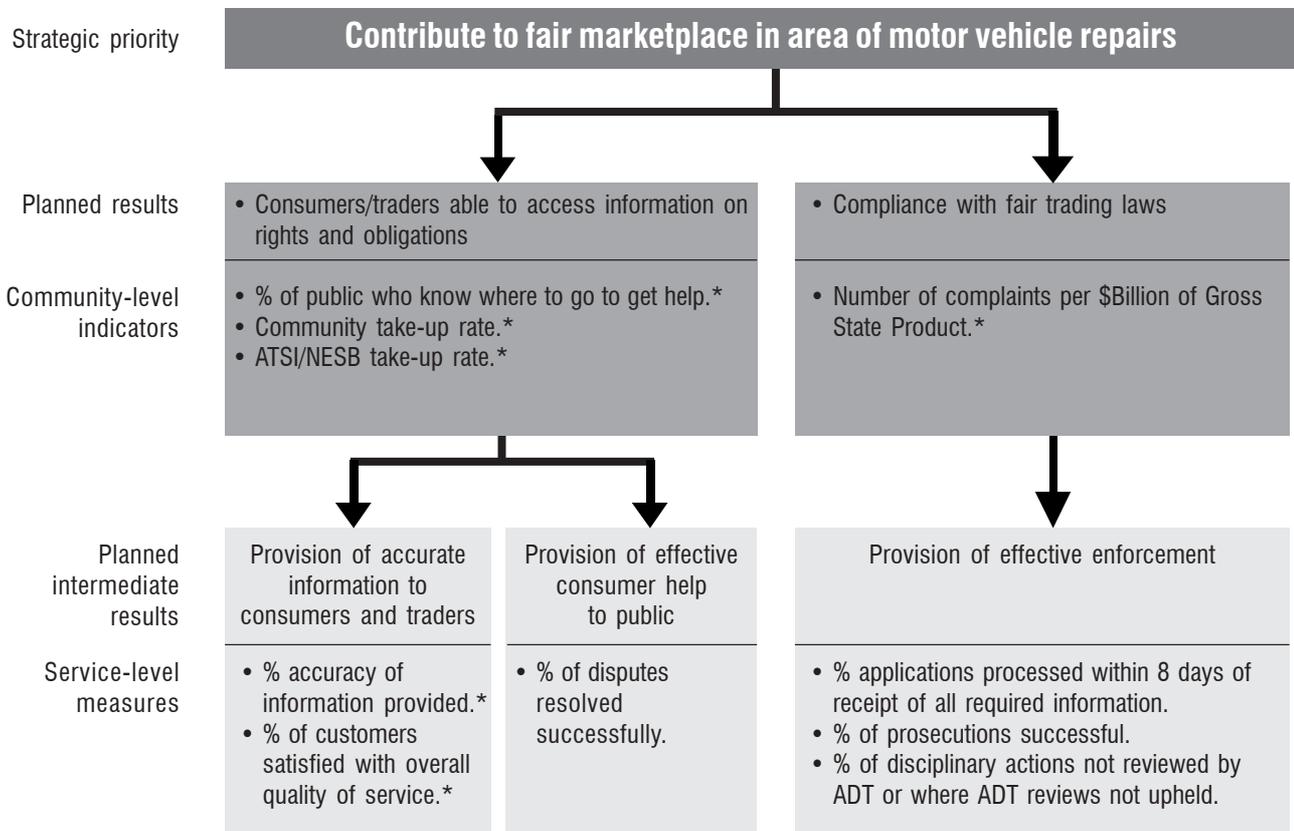
**Lyn Baker**  
Commissioner for Fair Trading

# Planning Framework

The functions of the Motor Vehicle Repair Industry Authority (MVRIA) contribute to the strategic priority of a fair marketplace for NSW in the area of motor vehicle repairs. This is supported by two high-level community-impact objectives which flow from the functions of the Authority as set out under statute.

- Consumers/traders able to access information on rights and obligations.
- Compliance with fair trading laws.

To address the first of these objectives, the Authority provides information by phone, directly from its office, on-line and through publications, and outreach activities. Help is provided via dispute handling services where individual consumers who are in dispute with a repairer over the cost or quality of a repair can get ready access to assistance, without going through a formal process such as a Tribunal hearing. The Authority addresses the second objective through licensing, complaint handling and by investigating breaches of the legislation. Enforcement options range from prosecution to disciplinary action such as suspension or cancellation of a licence or the imposition of conditions.



\*Relevant services provided as part of OFT's overall services. Results are monitored for services as a whole.

■ Results not in OFT direct control.

■ Results over which OFT and MVRIA have higher degree of control

# 1 Consumers/traders able to access information and consumer help

## community level result #1

This is the first of two high-level, community impact objectives which contribute to the strategic priority of a fair marketplace for NSW in the area of motor vehicle repairs. Once a fair regulatory framework is in place, which is achieved through the policy and legislative development work of the Office of Fair Trading, it is essential for the community – consumers and traders – to be able to access information on their rights and obligations under that framework, and for consumers who are having difficulty acting on their rights to be able to get help.

### Agency performance

*Provision of accurate information to consumers and traders*

*Provision of effective consumer help to public*

The Authority supports this high-level objective through two service-level objectives: provision of accurate information, and effective consumer help. The Authority provides information by phone, at its Five Dock counter and online through its website. Increasingly, it is taking advantage of the broader community interface provided through the Office of Fair Trading's network of Fair Trading Centres. Help is provided through informal complaint-handling services where individual consumers who are in dispute with a repairer over the cost or quality of a repair can get ready access to assistance, without going through a formal process such as a Tribunal hearing.

Service delivery objectives/results	01-02	02-03	03-04	04-05	05-06	Target
<b>Result:</b> <i>Provision of accurate information to public</i> <b>Measures:</b> <ul style="list-style-type: none"> <li>• Percentage accuracy of information provided*</li> <li>• Level of customer satisfaction with overall quality of services*</li> </ul>	99%	87%	99%	83%	93%	≥90%
	95%	94%	89%	87%	90%	≥90%
<b>Result:</b> <i>Provision of effective consumer help to public</i> <b>Measure:</b> <ul style="list-style-type: none"> <li>• Percentage of disputes successfully resolved</li> </ul>	80%	72%	78%	74%	65%	≥70%

\* Results are monitored for OFT services as a whole

#### Comment/Interpretation

We help consumers get a fair go in the vehicle repairs marketplace by providing information on their rights under the *Motor Vehicle Repairs Act 1980*. Fair Trading monitors the quality of information services provided to customers, assessing both customer satisfaction and the

accuracy of information provided, through independently conducted annual surveys. The Authority's services are included in both surveys but due to their proportion within the overall sample, the isolation of specific MVRIA results is not appropriate - hence overall Fair Trading results appear above. Individual consumers can also

contact us with a complaint, and we will approach the repairer to help the parties reach agreement – offering a speedy result for the consumer and helping cut government costs by reducing the load on the Consumer, Trader and Tenancy Tribunal. The percentage of disputes successfully resolved fell

below the target this year by 5% and may have been influenced by a change in the mix of simple and difficult disputes associated with a decrease of almost 20% in the number of disputes handled. This will be kept under review in the coming reporting period.

## Community level indicators

	01-02	02-03	03-04	04-05	05-06	Target
<b>Outcome:</b> <i>Community able to access information and consumer help</i>						
<b>Indicators:</b> <i>Percentage of public who know where to go to get help</i>						
• <i>Community take-up rate: average number of services requested per 1,000 people in NSW</i>	58%	68%	73%	73%	70%	65-70%
• <i>ATSI/NESB take-up rate matches (M) or exceeds (E) population representation *</i>	400	502	509	557	653	Estimate: 580
	E	E	E	E	E	Target ≥ M

\*Measured by Community Profile Survey.

### Comment/Interpretation

For an indication of results against its community level objective, the Authority relies on Office of Fair Trading data. Fair Trading monitors several items which are important but not entirely in its control.

It is not necessary – or possible – for every member of the community to know all their rights and obligations in every area, but it is important for people to know where to go for information when they need it, and for all customers, including Aboriginal and Torres Strait Islander customers, and customers from non-English-speaking backgrounds, to find the services easy to access, with no systemic barriers in the way. Fair Trading

seeks to service existing demand not create 'market share'. The high community take-up rate indicates strong ongoing demand for our services. More services are becoming available through Fair Trading's electronic channels, and the increase in average number of services per 1000 persons this year reflects greater use of those channels. The proportion of ATSI and NESB people contacting Fair Trading exceeds their representation in the population, indicating these customers need the services and do not experience barriers to using them. The increase in community knowledge of where to find the Office of Fair Trading (since it was created from Consumer Affairs and other agencies in 1995) indicates that our information campaigns are working.

## Providing accurate information to consumers and traders

### Informing the public about the industry

The Authority aims to increase vehicle owners' understanding of their rights and obligations in respect to motor vehicle repair work and to enable them, as much as possible, to resolve differences with repairers without the need for recourse to more formal avenues. The Authority also aims to raise the awareness of vehicle owners as to the complexity of motor vehicles and the importance of regular maintenance by licensed repairers.

### Web site information for motor vehicle owners and repairers

The Authority's web site is a useful source of information for motor vehicle owners and repairers with a range of information related to motor vehicle repairs and dealing with repairers.

### Register of licensed repairers and certificate holders

Members of the public are able to telephone the Authority to check the register to ensure that a business they intend using for repair work holds a licence. Repairers are able to check the register to see if tradespeople hold the necessary certificate to be employed to carry out repair work. This information is provided free of charge.

## **Good Car Care radio program**

The Authority's *Good Car Care* radio program communicates the message that consumers should only deal with licensed repairers as well as providing useful advice on basic car maintenance. It is broadcast on approximately 30 radio stations throughout regional and rural NSW as well as on a number of metropolitan community radio stations.

## **Fact sheets**

The Authority has produced a range of fact sheets to inform motor vehicle repairers about their rights and responsibilities in the conduct of their businesses.

## **Workshop visits by inspectors**

All new repair businesses are visited by an inspector as soon as possible after they have commenced business. This provides an opportunity for the requirements of the legislation, fair trading principles and general business fundamentals to be discussed with the licensee, as well as ensuring that the requirements of the *Motor Vehicle Repairs Act* are being complied with.

## **Providing effective consumer help to the public**

### **Telephone assistance to repairers**

The Authority provides a telephone information service to repairers to assist them with questions about repair, regulatory, dispute and business matters.

### **Liaison with peak industry bodies**

The Authority has well-established communications channels with the various peak industry groups to ensure a proper two-way flow of information about issues related to the industry.

### **Technical advisory service to consumers**

The Authority provides a free technical advisory service to motor vehicle owners who have concerns about the cost or quality of motor vehicle repairs. The technical advisory service is staffed by qualified and experienced tradespeople who discuss the issues of concern with the motor vehicle owner. In many cases this discussion is sufficient for the owner to realise that their concern is unfounded or addresses the issue so that further action is not needed.

In other instances the Technical Advisory Officer is able to provide the owner with information to enable them to discuss the dispute with the repairer in an informed manner and to reach a satisfactory outcome.

Where appropriate the Technical Advisory Officer will ring the repairer to discuss the matter. This also often results in a settlement being reached.

Where the matter cannot be resolved and if the owner intends to pursue it further, they are sent a notice of dispute form to formally lodge their dispute with the Authority. The technical advisory service answered approximately 14,200 telephone enquiries during the year.

## **Dispute mediation**

If an owner lodges a notice of dispute with the Authority arrangements are made for a Dispute Mediation Officer to either meet with the owner and repairer or to conduct a tele-conference to try to assist them reach a mutually agreed settlement. This process is free of charge and is entirely voluntary. If a settlement can be reached, the terms of the settlement are recorded in writing and signed by the owner and repairer as evidence of their agreement. The settlement terms can then be referred to in evidence if the matter is taken to another forum such as a Court or the Consumer, Trader and Tenancy Tribunal. During the year 1,238 dispute matters were mediated, with 805 of these being either withdrawn by the owner or settled without the need for any further action. In 433 cases the dispute was not able to be resolved.

## **Claims to the Consumer, Trader and Tenancy Tribunal**

Where a matter cannot be resolved the owner is advised that they can lodge a claim with the Consumer, Trader and Tenancy Tribunal. In these cases the Dispute Mediation Officer provides a report of the matter to both parties, which can be used by the Tribunal in its consideration of the matter.

## **Contingency fund**

If a motor vehicle owner has suffered a loss due to repair work that was incompetent then, subject to certain conditions, the Authority can make a payment from its Contingency Fund to recoup the amount of the loss, up to the maximum amount allowed, which is \$30,000. To be eligible for a Contingency Fund payment the owner must have done everything possible to recover the loss, such as taking debt recovery action through the courts. During the reporting period four owners were paid a total of \$30,954.94 from the Contingency Fund.

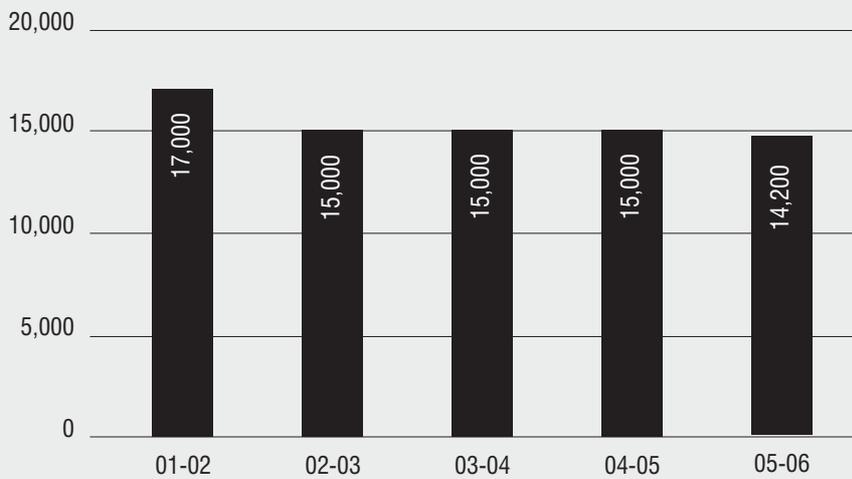
## Monitoring repairers' dispute histories

The Authority reviews the dispute files of any repairer who has had three or more disputes in the previous twelve months.

Where the nature of the disputes suggests that either the standard of repair work needs improvement, the costs appear unreasonably high

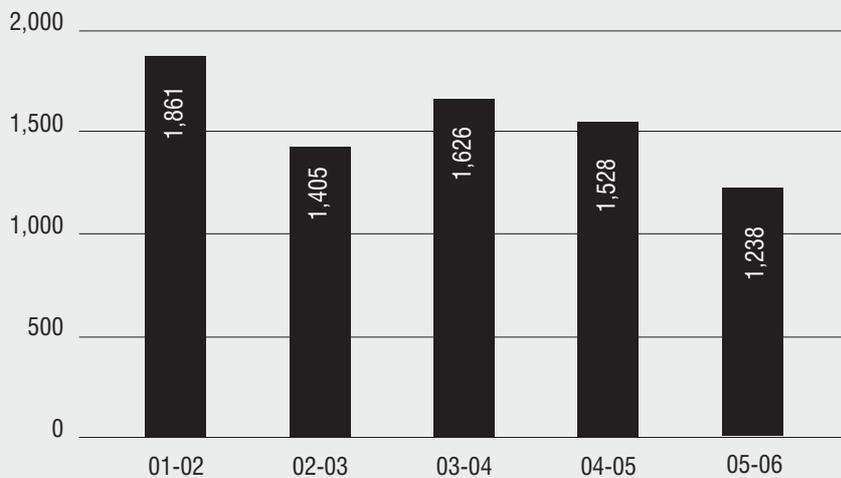
or the repairer has poor customer relations skills, the matters are discussed with the repairers in question and their conduct is then kept under review. This process is successful in reducing disputes.

### Technical advisory telephone enquiries



*Although increasing numbers of customers are using the Authority's website, demand for traditional contact methods remain high.*

### Formal disputes handled per year



*The number of formal disputes handled each year is demand driven.*

# 2 Compliance with fair trading laws

## community level result #2

This is the second of two high-level, community-impact objectives which contribute to the strategic priority of a fair marketplace for consumers and traders in the area of vehicle repairs. The ability to access information services helps consumers and repairers know their rights and obligations. However, repairers also need to act in accordance with the *Motor Vehicle Repairs Act* for a fair marketplace to be achieved. MVRIA's inclusion within the Office of Fair Trading in 2005 was a strategic move to extend and improve the Authority's ability to monitor and enforce the Act throughout New South Wales.

### Agency performance

#### *Provision of effective enforcement*

The Authority supports the community-level objective of maximum compliance with fair trading laws through a service-level objective of providing effective enforcement activities. Enforcement activities include inspection programs as well as investigations that arise from inspections or from specific consumer complaints. Enforcement options range from prosecution to disciplinary action such as suspension or cancellation of a licence or the imposition of conditions. Compliance with fair trading laws is supported by a licensing and certification process designed to ensure motor vehicle repairers are appropriately skilled to carry out repair work to a standard that would be reasonably expected by consumers.

#### Service delivery objectives/results

	01-02	02-03	03-04	04-05	05-06	Target
<b>Result:</b> <i>Provision of effective enforcement</i>						
<b>Measures:</b>						
• % of prosecutions successful	100%	100%	100%	100%	100%	≥95%
• % of disciplinary actions not reviewed by ADT or where ADT reviews not upheld	100%	100%	100%	100%	100%	≥95%
• % of licence/certificate applications processed within 8 days of receipt of all required information	100%	100%	100%	100%	98%	≥95%

#### **Comment/Interpretation**

Good service level measures for compliance work are quite hard to develop. Currently we monitor successful prosecutions – those that result in conviction, as well as those where the offence is

proven but a conviction is not recorded. This measure reports the outcome of enforcement through the courts in matters where the Authority is satisfied, as a result of investigation, that significant legislative breaches have occurred. Although this is

a service-level measure, the results are not completely within our control as the outcomes depend not just on the cases prepared by the Authority, but on Court decisions.

The Authority measures the quality of its disciplinary action by the percentage of its actions that are challenged in the Administrative Decisions Tribunal. That any such reviews have not been upheld in the past five years indicates the Authority's disciplinary processes meet high standards of professionalism and thoroughness. Although licensing and certification of repairers is part of the overall compliance process, the resulting authorisations to carry on repair businesses in NSW are an important aspect of New South Wales' economy - with perhaps more than

40,000 people making their livelihood through direct involvement in the motor repairs industry. Equally, countless thousands of consumers expect access to qualified repair facilities when they require it.

From the perspective of both consumers and repairers, an efficient and effective licensing regime is essential to the viability of the motor repair industry. The Authority continues to exceed its target licensing and certification processing timeframes - demonstrating that the industry is not subject to any administrative or regulatory impediments.

## Community level indicators

	01-02	02-03	03-04	04-05	05-06	Projection
<b>Outcome:</b> <i>Maximum compliance with regulatory requirements</i>						
<b>Indicators:</b> <i>Number of complaints per \$Billion of Gross State Product</i>	110	98	104	102	98	90-120

The Authority relies on the Office's overall assessment of the levels of compliance in the New South Wales marketplace.

There are immense difficulties, in principle and in practice, in directly measuring levels of compliance with fair trading legislation. It is not possible – or desirable – to monitor every transaction which occurs in the marketplace for compliance.

Numbers of complaints or Tribunal applications are possible indirect measures but by themselves can be very misleading, (for example, an increase in the number of complaints related to motor vehicles may not reflect a problem if the number of motor vehicles in the State is itself increasing). To get around this problem, as an indirect measure, Fair Trading has been monitoring the level of complaints relative to the amount of activity occurring in the marketplace, measured (for practical reasons) by the dollar value of Gross State Product.

The indicator is still experimental, but since it was introduced it shows that the level of complaints per \$Billion of marketplace activity is both quite low and relatively steady in NSW.

Complaint numbers can be expected to vary within a bandwidth, but a very large increase in the ratio of complaints to marketplace activity would trigger closer scrutiny to see if there are problem areas where Fair Trading could be taking action.

Fair Trading can only contribute to the level of compliance in the marketplace – it does not directly control it – but the Office will continue to monitor this indicator which must be treated with caution as it is still experimental.

## Licensing of motor vehicle repair businesses

Motor vehicle owners have a legitimate expectation that repairs to their motor vehicles will be carried out to proper trade standards and at a fair cost.

The core strategy to achieve this is the monitoring and enforcement of licensing and certification requirements and repair standards. This requires repair businesses to perform work to proper trade standards from a fixed or mobile workshop and to employ qualified tradespeople for the repair work undertaken.

All motor vehicle repair businesses in New South Wales must hold a repairer's licence for the class or classes of repair work that they perform.

To be granted a licence operators must be fit and proper, must have sufficient financial and material resources to carry on the business and must employ suitably qualified tradespeople to perform the repair work. At the end of the reporting period there were 12,029 licences in force. During the year 1,326 applications for licences were received.

## Certification of tradespeople

The *Motor Vehicle Repairs Act* requires motor vehicle repair businesses and commercial vehicle owners to employ tradespeople who are suitably qualified to perform the type of repair work carried on by the business. These tradespeople are required to hold tradespersons' certificates issued by the Authority.

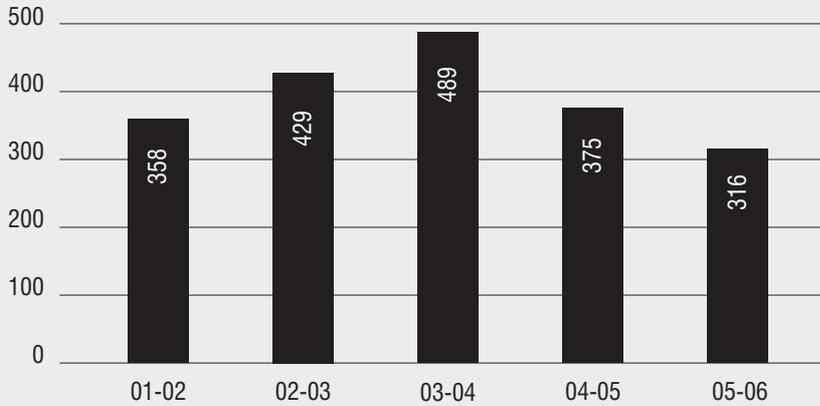
The completion of an apprenticeship or traineeship for the particular work performed is the most common qualification used to support an application for a tradesperson's certificate. People who do not have formal qualifications may be granted a provisional tradesperson's certificate, to allow them to work in the industry while they gain the necessary skills and qualifications to be granted a full certificate.

Provisional certificates are usually granted for a specific period of time and may also be subject to certain conditions or restrictions, such as limiting the range of work that can be performed, or requiring the person to work under supervision. During the reporting period 2,871 applications for tradesperson certificates were received.

Licences by Classes of Repair Work	04/05	05/06
Automotive electrician fixed workshop	874	854
Automotive electrician mobile workshop	121	154
Body maker	504	497
Brake mechanic	408	386
Exhaust repairer	327	326
Front end specialist	539	537
Liquefied petroleum gas mechanic	562	613
Motor cycle mechanic	466	471
Motor mechanic fixed workshop	7,839	7682
Motor mechanic mobile workshop	689	916
Natural gas mechanic	39	37
Panel beater	2,161	2153
Radiator repairer	251	244
Transmission specialist	503	475
Vehicle painter fixed workshop	1,863	1824
Vehicle painter mobile workshop	110	150
<b>Total</b>	<b>17,256</b>	<b>17,319</b>

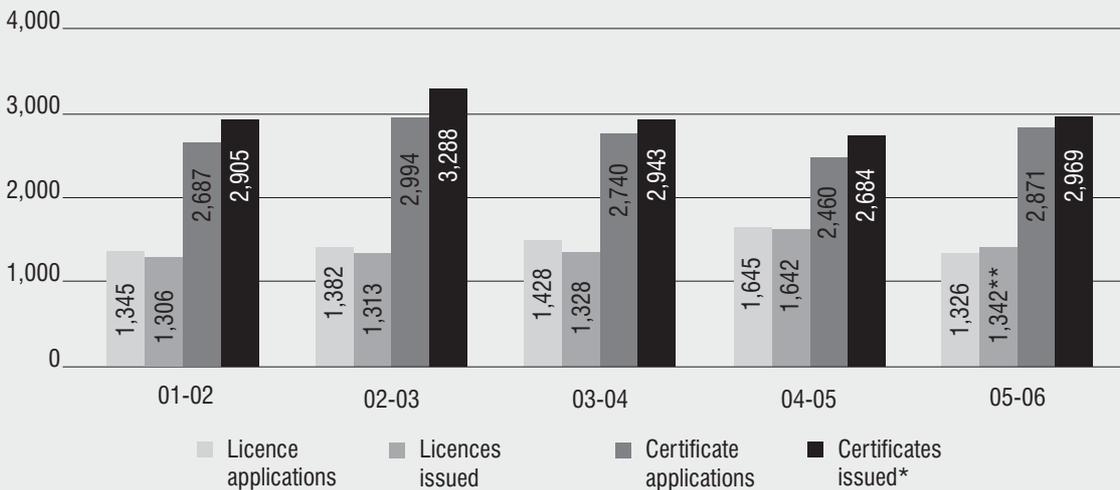
*Note: the number of licensed classes of work is greater than the number of current licences because they can be issued for more than one class of repair work.*

### Unlicensed work complaints



Complaints about unlicensed repair work are initiated by members of the public and the vehicle repair trade itself. They fluctuate according to marketplace activity.

### Licence/certificate applications received and issued



\* Some certificate applications involve the issuing of more than one certificate - first as a provisional certificate and then as a full certificate.

\*\* The licence issued figure includes some applications received in the previous reporting period and granted in 2005 - 2006.

## Disciplinary action against repairers

Disciplinary action can be taken against repairers and tradespeople due to the way they conduct their business or the repair work they perform.

The most common grounds for disciplinary action is where the trade work of a repair business is below usual trade standard or where the business is being carried on in a dishonest or unfair manner.

Twelve formal disciplinary matters were considered during the year. The majority of matters related to repair work that had been performed to below the usual trade standard. Two matters were still under consideration at the end of the reporting period, in one case the licence holder showed cause why action was not warranted, in four cases the licence holder was reprimanded, two licences were suspended for periods of 14 days, three licences were cancelled and in addition, four people were disqualified from being concerned in the direction, management or conduct of a repair business for periods ranging from one to ten years.

## Prosecution of offences

It is an offence under the *Motor Vehicle Repairs Act* to conduct a motor vehicle repair business without holding a licence for the class or classes of repair

work performed or to employ uncertificated people to perform repair work. The Authority receives many complaints about alleged unlicensed repair work. The Authority investigates these complaints and except in the case of anonymous complaints informs the complainant about the outcome of the investigation.

In the majority of cases there is no breach of the Act, as the repair work being done is not the carrying on of a business, but is being done by an owner on his or her own vehicle or vehicles, or those of family members.

During the reporting period the Authority received 316 complaints about possible breaches of the Act. As in past years on investigation the majority of these complaints proved to be unfounded. As a result of its investigations the Authority prosecuted nine people for a total of 19 offences.

The offences related to the carrying on or advertising the business of motor vehicle repairer without a licence and the employment of uncertificated tradespeople and the failure to produce records to the Authority. All matters were found proven and a total of \$46,920 was awarded in fines and costs.

Prosecutions and disciplinary actions	01-02	02-03	03-04	04-05	05-06
Number of prosecutions	6	10	5	10	9
Number of disciplinary actions	2	4	4	2	12

*The increase in the number of formal disciplinary matters considered during this year was due to a number of matters that were referred to the Authority by the Motor Traders Association of NSW.*



GPO BOX 12  
Sydney NSW 2001

**INDEPENDENT AUDIT REPORT**  
**MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY**

To Members of the New South Wales Parliament

**Audit Opinion**

In my opinion, the financial report of the Motor Vehicle Repair Industry Authority (the Authority):

- presents fairly the Authority's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

**Scope**

***The Financial Report and General Manager's Responsibility***

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Authority, for the year ended 30 June 2006.

The General Manager of the Authority is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

***Audit Approach***

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the General Manager in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the General Manager had not fulfilled her reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



M P Abood, CPA  
Director, Financial Audit Services

SYDNEY  
20 October 2006

## STATEMENT BY COMMISSIONER

In accordance with Section 41 C of the Public Finance and Audit Act, 1983, I state that:

1. The accompanying Financial Statements exhibit a true and fair view of the financial position of the Motor Vehicle Repair Industry Authority as at 30 June 2006 and the transactions for the period then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (General) Regulation, 2005 and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the Financial Statements to be misleading or inaccurate.

On behalf of the Authority



**LYN BAKER**  
**Commissioner for Fair Trading,**  
**Office of Fair Trading**

**Dated 18 October 2006 at Sydney**

**MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY**  
**Income Statement**  
**for the year ended 30 June 2006**

	Notes	2006 \$	2005 \$
<b>Revenue</b>			
Fees from Regulatory Activities		2,653,452	2,644,966
Interest on Investments		222,501	169,689
Other		3,981	7,496
<b>Total revenue from ordinary activities</b>	1(d)	<u>2,879,934</u>	<u>2,822,151</u>
Less:			
<b>Expenditure</b>			
Administration Charge	4	658,222	-
Personnel Services	5	1,615,556	3,004,616
Office Expenses		-	98,264
Operating Lease Rentals		-	6,054
Travelling & Motor Vehicle Expenses		-	78,521
Audit Fees	3	20,100	19,200
Member Fees		-	1,654
General Expenses		6,078	59,254
Loss on Disposal of Fixed Assets	6	20,160	18,920
IT Development		-	7,188
Depreciation & Amortisation	1(j), 10	64,308	81,886
Education & Research Fund Expenditure	2	85,852	85,308
Contingency Fund Payments	7	30,955	42,389
<b>Total expenditure from ordinary activities</b>		<u>2,501,231</u>	<u>3,503,254</u>
<b>Surplus / (Deficit) from ordinary activities</b>		<u>378,703</u>	<u>(681,103)</u>

The accompanying notes form part of these financial statements.

**MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY**  
**Balance Sheet**  
**as at 30 June 2006**

	Notes	2006 \$	2005 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	1(k), 8	4,827,727	3,866,389
Receivables	9	-	10,986
<b>Total Current Assets</b>		<u>4,827,727</u>	<u>3,877,375</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment			
- Land		1,450,000	1,450,000
- Buildings		755,625	775,000
- Plant and Equipment		106,951	288,988
Total Property, Plant and Equipment	1(g), 10	<u>2,312,576</u>	<u>2,513,988</u>
<b>Total Non-Current Assets</b>		<u>2,312,576</u>	<u>2,513,988</u>
<b>Total Assets</b>		<u>7,140,303</u>	<u>6,391,363</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors & Accruals	11	1,936,331	56,566
Provisions	12	1,207,492	2,717,020
<b>Total Current Liabilities</b>		<u>3,143,823</u>	<u>2,773,586</u>
<b>Total Liabilities</b>		<u>3,143,823</u>	<u>2,773,586</u>
<b>Net Assets</b>		<u><b>3,996,480</b></u>	<u><b>3,617,777</b></u>
<b>EQUITY</b>			
Reserves		1,744,476	1,744,476
Accumulated funds		2,252,004	1,873,301
<b>Total Equity</b>	16	<u><b>3,996,480</b></u>	<u><b>3,617,777</b></u>

The accompanying notes form part of these financial statements.

**MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY**  
**Cash Flow Statement**  
**for the Year Ended 30 June 2006**

	Notes	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to suppliers and employees		(2,035,540)	(2,128,359)
<b>Total Payments</b>		<u>(2,035,540)</u>	<u>(2,128,359)</u>
<b>Receipts</b>			
Regulatory Fees		2,653,452	2,644,966
Interest Received		222,501	169,689
Other		3,981	58,183
<b>Total Receipts</b>		<u>2,879,934</u>	<u>2,872,838</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	15	<u>844,394</u>	<u>744,479</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant, equipment and building		(12,417)	(203,715)
Less proceeds from sale of plant & equipment		129,361	159,363
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>116,944</u>	<u>(44,352)</u>
<b>NET INCREASE IN CASH</b>		961,338	700,127
Opening cash and cash equivalents		<u>3,866,389</u>	<u>3,166,262</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	8	<u><b>4,827,727</b></u>	<u><b>3,866,389</b></u>

The accompanying notes form part of these financial statements.

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**MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2006**

	Notes	2006 \$	2005 \$
<b>Total Income and Expense Recognised Directly in Equity</b>		-	-
Surplus / (Deficit) for the year		<u>378,703</u>	<u>(681,103)</u>
<b>Total Income and Expense Recognised For the Year</b>	<b>16</b>	<u><u>378,703</u></u>	<u><u>(681,103)</u></u>

The accompanying notes form part of these financial statements.

## MOTOR VEHICLE REPAIR INDUSTRY AUTHORITY

### Notes to and Forming Part of the Financial Statements For the year ended 30 June 2006

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Reporting Entity

The Motor Vehicle Repair Industry Authority as a reporting entity comprises all activities under its control. The administrative functions of the Authority are now performed by the Department of Commerce.

The Authority is a not-for-profit entity (as profit is not its principle objective) and it has no cash generating units. This financial report for the year ended 30 June 2006 has been authorised for issue by the Commissioner of Fair Trading on 18 October 2006.

##### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared on a going concern, accrual and historical cost basis (except as otherwise stated) to exhibit a true and fair view of the financial position and transactions of the Authority in accordance with:

- Applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
- Urgent Issues Group Interpretations;
- Other authoritative pronouncements of the Australian Accounting Standards Board; and
- The requirements of the *Public Finance and Audit Act*, the *Public Finance and Audit Regulation 2005* and the Financial Reporting Directions issued by the Treasurer under Section 9 (2) (n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific accounting standard, other authoritative pronouncements of the Australian Accounting Standards Board or Urgent Issues Group Interpretations, the hierarchy of other pronouncements as outlined in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* is considered.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgement, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements. All amounts are expressed in Australian currency.

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

##### (c) Statement of Compliance

The financial report and notes comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AEIFRS).

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AEIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in note 16.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* has been deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards, which applied to year end 30 June 2005.

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but are not yet operative and have not been early adopted by the Authority. The following is a list of these standards:

- AASB 7 - Financial Instruments: Disclosures (issued August 2005)
- AASB 2004-3 - Amendments to Australian Accounting Standards (issued December 2004)
- AASB 2005-1 - Amendments to Australian Accounting Standards (issued May 2005)
- AASB 2005-5 - Amendments to Australian Accounting Standards (issued June 2005)
- AASB 2005-9 - Amendments to Australian Accounting Standards (issued September 2005)
- AASB 2005-10 - Amendments to Australian Accounting Standards (issued September 2005)
- AASB 2006-1 - Amendments to Australian Accounting Standards (issued January 2006)

The initial application of these standards will have no impact on the financial results of the Motor Vehicle Repair Industry Authority. The standards are operative for annual reporting periods beginning on or after 1 January 2006.

**(d) Income Recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Income is recognised when the Authority has the right to receive consideration, it is probable that an economic benefit will flow to the Authority and when the amount of revenue can be measured reliably. Investment revenue is recognised as it accrues, using the effective interest method as set out in AASB 139 *Financial Investments: Recognition and Measurement*.

**(e) Provisions for Personnel Services**

The Motor Vehicle Repair Industry Authority has had no employees since March 2005 and therefore no provision is needed for employee entitlements. Authority staff are employees of the NSW Department of Commerce and the Department is liable for employee benefits.

**(f) Insurance**

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

**(g) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The cost method of accounting is used for the initial recording of all acquisitions. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair values at the date of acquisition.

Items of plant and equipment costing \$2,000 and above individually are capitalised on a cost basis.

**(h) Revaluation of Property, Plant and Equipment**

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*, and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling process for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Each class of physical non-current assets is revalued at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 1 July 2005 and was based on independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated. For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

**(i) Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

**(j) Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding land, is depreciated on a straight line basis over their useful lives to the Authority commencing from the time the asset is held ready for use. In accordance with AASB 5 Assets Held For Sale are not depreciated. The Authority does not own intangible assets. The depreciation rates used for each class of assets are:

<b>Class of fixed asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Plant and equipment	25%
Motor Vehicles	15%

**(k) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and the T-Corp Cash facility. The Authority does not have any bank overdraft facility.

**(l) Payables – Year Ended 30 June 2006**

These amounts represent liabilities for goods and services provided to the Authority and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(m) Accounting for the Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where:

- (i) The amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- (ii) Receivables and payables are stated with the amount of GST included.

**(n) Comparative Information**

Comparative figures have been restated based on AEIFRS, with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition date to AEIFRS for financial instruments was 1 July 2005. The impact of adopting AASB 132/139 is discussed further in Note 1(c).

## 2. GENERAL AND EDUCATION & RESEARCH FUNDS

As prescribed by the *Motor Vehicle Repairs Act 1980*, the Authority maintains three separate funds, namely the General Fund, Education and Research Fund and a Contingency Fund. Assets belonging to the Education and Research Fund are consolidated with the General Fund as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	54,692	66,899
Add contribution from General Fund	85,852	73,101
	<u>140,544</u>	<u>140,000</u>
<b>Less:</b>		
Expenditure	85,852	85,308
Total Expenditure for the Fund	<u>85,852</u>	<u>85,308</u>
<b>Closing Balance</b>	<b><u>54,692</u></b>	<b><u>54,692</u></b>
<b>Represented by:</b>		
Cash	54,692	54,864
Total Assets	<u>54,592</u>	<u>54,864</u>
Less Accrued Expenses		172
<b>Closing Balance</b>	<b><u>54,692</u></b>	<b><u>54,692</u></b>

## 3. AUDIT FEES

The Audit Office of NSW's fee for auditing the Authority's financial statements for 2005-06 was \$20,100 (\$19,200 in 2004-05).

## 4. ADMINISTRATION CHARGE

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Operating Costs	204,222	-
Administrative Costs	261,000	-
Service & Legal Expenses	119,000	-
Information Call Centre Expenses	36,000	-
Minister/Executive Expenses	22,000	-
Policy Expenses	5,000	-
Corporate Overhead	3,000	-
Fit out charges	5,000	-
Minor Capital Expenditure	3,000	-
	<u>658,222</u>	<u>-</u>

## 5. PERSONNEL SERVICES EXPENSES

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Salaries and Wages (including recreation leave)	1,281,429	1,454,977
Superannuation – defined benefit plans	69,710	1,312,557
Superannuation – defined contribution plans	60,379	147,207
Long Service Leave	91,349	8,008
Workers Compensation Insurance	11,963	7,430
Payroll Tax and Fringe Benefit Tax	100,727	74,437
	<u>1,615,556</u>	<u>3,004,616</u>

## 6. PROFIT / (LOSS) ON DISPOSAL OF FIXED ASSETS

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Proceeds from Sale of Assets	129,361	159,363
Less Written Down Value of Assets Sold	<u>(149,521)</u>	<u>(178,283)</u>
Net Gain / (Loss) on disposal of Fixed Assets	<u>(20,160)</u>	<u>(18,920)</u>

## 7. CONTINGENCY FUND EXPENDITURE

During the year the Contingency Fund was used to pay compensation claims totalling \$30,955 (\$42,389 in 2004-05).

**8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>Book Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash on Hand	-	-	250	250
Cash at Bank	56,361	56,361	77,685	77,685
NSW Treasury Corp	4,771,366	4,771,366	3,788,454	3,788,454
	<b>4,827,727</b>	<b>4,827,727</b>	<b>3,866,389</b>	<b>3,866,389</b>

**Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank, and deposits with the NSW Treasury Corporation (T-Corp) Hour Glass Cash Facility. Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank and on Hand	56,361	77,935
T-Corp Hour Glass Cash Facility	4,771,366	3,788,454
Closing Cash and Cash Equivalents (as per Cash Flow Statement)	<b>4,827,727</b>	<b>3,866,389</b>

Weighted Average Effective Interest Rate was 5.69% for 2006 (5.74% 2005)

**9. CURRENT ASSETS – RECEIVABLES**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Tax Credits	-	10,986
	<b>-</b>	<b>10,986</b>

**10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

	<b>Land</b>	<b>Buildings</b>	<b>Plant</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2005</b>				
At Fair Value	1,450,000	775,000	376,661	2,601,661
Accumulated depreciation and impairment	-	-	(87,673)	(87,673)
Net Carrying Amount	<b>1,450,000</b>	<b>775,000</b>	<b>288,988</b>	<b>2,513,988</b>
<b>At 30 June 2006</b>				
At Fair Value	1,450,000	775,000	188,639	2,413,639
Accumulated depreciation and impairment	-	(19,375)	(81,688)	(101,063)
Net Carrying Amount	<b>1,450,000</b>	<b>755,625</b>	<b>106,951</b>	<b>2,312,576</b>

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	<b>Land</b>	<b>Buildings</b>	<b>Plant</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2006</b>				
Net carrying amount at start of year	1,450,000	775,000	288,988	2,513,988
Additions	-	-	12,417	12,417
Disposals	-	-	(149,521)	(149,521)
Depreciation expense	-	(19,375)	(44,933)	(64,308)
Net carrying amount at end of year	<b>1,450,000</b>	<b>755,625</b>	<b>106,951</b>	<b>2,312,576</b>

	Land \$	Buildings \$	Plant \$	Total \$
<b>At 1 July 2004</b>				
At Fair Value	1,450,000	750,000	459,625	2,659,625
Accumulated depreciation and impairment	-	-	(86,624)	(86,624)
Net Carrying Amount	<u>1,450,000</u>	<u>750,000</u>	<u>373,001</u>	<u>2,573,001</u>
<b>At 30 June 2005</b>				
At Fair Value	1,450,000	775,000	376,661	2,601,661
Accumulated depreciation and impairment	-	-	(87,673)	(87,673)
Net Carrying Amount	<u>1,450,000</u>	<u>775,000</u>	<u>288,988</u>	<u>2,513,988</u>
<b>Year ended 30 June 2005</b>				
Net carrying amount at start of year	1,450,000	750,000	373,001	2,573,001
Additions	-	47,496	156,219	203,715
Disposals	-	-	(178,283)	(178,283)
Net revaluation increment less revaluation decrements	-	(2,559)	-	(2,559)
Depreciation expense	-	(19,937)	(61,949)	(81,886)
Net carrying amount at end of year	<u>1,450,000</u>	<u>775,000</u>	<u>288,988</u>	<u>2,513,988</u>

## 11. CURRENT / NON-CURRENT LIABILITIES - CREDITORS & ACCRUALS

	2006 \$	2005 \$
Creditors & Accruals	<u>1,936,331</u>	<u>56,566</u>
	1,936,331	56,566

## 12. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

	2006 \$	2005 \$
Provisions	<u>1,207,492</u>	<u>2,717,020</u>
	1,207,492	2,717,020

Since March 2005, the Authority's staff have been employees of the NSW Department of Commerce, in accordance with the *Public Sector Employment and Management (Motor Vehicle Repair Industry Authority) Order 2005* and therefore all employee related provisions are assumed by the Department of Commerce. The \$2,717,020 Creditors and Accruals for 2005, includes Long-Serve Leave of \$674,131, Annual Leave of \$150,766 and Superannuation of \$1,892,123 now payable to the Department of Commerce.

## 13. COMMITMENTS FOR EXPENDITURE

There are no commitments for capital or other expenditure or commitments for leases at balance date.

## 14. CONTINGENT ASSETS AND LIABILITIES

Officers of the Authority and solicitors acting for the Authority are unaware of any matter or event that may give rise to future economic sacrifice or benefit.

## 15. CASH FLOW STATEMENT

### Reconciliation of Surplus/(Deficit) from Ordinary Activities to Cash Flow from Operating Activities

	2006 \$	2005 \$
Surplus / (Deficit) from Ordinary Activities	378,703	(681,103)
<b>Non-cash flows in result from ordinary activities</b>		
Depreciation	64,308	81,886
Loss on sale of non-current assets	20,160	18,920
<b>Changes in assets and liabilities</b>		
Increase / (Decrease) in Provisions	(1,509,528)	1,325,553
(Decrease) / Increase in Creditors	1,879,765	(21,249)
(Increase) / Decrease in Receivables	10,986	20,472
<b>Reconciliation of surplus/(deficit) from Ordinary Activities as reported in the Income Statement to cash flows from Operating Activities</b>	<b>844,394</b>	<b>744,479</b>

## 16. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Balance at the beginning of the financial year	1,873,301	2,554,404	1,744,476	1,744,476	3,617,777	4,298,880
Total	1,873,301	2,554,404	1,744,476	1,744,476	3,617,777	4,298,880
Changes in equity - other than transactions with owners as owners	-	-	-	-	-	-
Surplus/(deficit) for the year	378,703	(681,103)	-	-	378,703	(681,103)
Other increases/ (decreases)	-	-	-	-	-	-
Total	378,703	(681,103)	-	-	378,703	(681,103)
Balance at the end of the financial year	2,252,004	1,873,301	1,744,476	1,744,476	3,996,480	3,617,777

## 17. IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

The Motor Vehicle Repair Industry Authority has applied AEIFRS for the first time in the 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. The Motor Vehicle Repair Industry Authority has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus / (deficit) as reported under previous AGAAP are shown below. There are no material impacts on the Motor Vehicle Repair Industry Authority's cash flows.

### (a) Reconciliation - 1 July 2004 and 30 June 2005

#### Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:

	Note	30 June 2005** \$	1 July 2004* \$
<b>Total equity under AGAAP</b>		5,258,936	4,301,439
<b>Adjustment to accumulated funds</b>			
Defined benefit superannuation adjustment for change in discount rate	1	(1,641,159)	(858,470)
<b>Total equity under AEIFRS</b>		<b>3,617,777</b>	<b>3,442,969</b>

\* = Adjustments as at the date of transition

\*\* = Cumulative adjustments as at date of transition plus the year ended 30 June 2005

**Reconciliation of surplus / (deficit) under previous AGAAP to surplus/(deficit) under AEIFRS:**

<b>Year ended 30 June 2005</b>	<b>Note</b>	<b>\$</b>
<b>Surplus / (deficit) under previous AGAAP</b>		960,056
Defined benefit superannuation adjustment for change in discount rate	1	<u>(1,641,159)</u>
<b>Total surplus / (deficit) under AEIFRS</b>		<b><u>(681,103)</u></b>

1. AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. This has increased superannuation liability, reduced opening accumulated funds and increased the annual superannuation expense. During 2004/05 the long-term bond rate fell by nearly one per cent, resulting in a significant increase in the superannuation liability and expense.

**18. AFTER BALANCE DATE EVENTS**

There are no events subsequent to balance date, which would affect the financial reports.

**End of Audited Financial Statements**

# Appendices

## 1. Annual report production details

- There were no external costs incurred in the production of this report. No consultant was used in the production of the report.
- The report is available at the Authority's website ([www.mvria.nsw.gov.au](http://www.mvria.nsw.gov.au)).

## 2. Consultants

One consultant was engaged during the reporting period to assess the impact of the NRMA Insurance web-based repair management scheme on consumers and small business, at a cost of \$5,107.90.

## 3. The Council of the Authority

The Council of the Authority is comprised of 13 part-time members, appointed by the Minister in accordance with section 9 of the *Motor Vehicle Repairs Act 1980*. The members at the beginning of the reporting period and the methods of their appointment were:

- Mr Frank Burgess, appointed as Chairperson of the Council by the Minister,
- Ms Belinda Rendle, chosen by the Minister from a panel of 3 persons nominated by the Council of National Roads and Motorists Association Ltd,
- Mr James McCall, chosen by the Minister from a panel of 3 persons nominated by the Council of the Motor Traders' Association of New South Wales,
- Mr Ronald Bowden, chosen by the Minister from a panel of 3 persons nominated by Service Station Association Ltd,
- Messrs Cecil Bodnar and Garry Hingle, chosen by the Minister from a panel of 6 persons nominated by Unions NSW,
- Mr Trevor Lawler, a person who, in the opinion of the Minister, represents insurers,
- Ms Maria Alessi, chosen by the Minister from a panel of 3 persons nominated by the National Council of the Institute of Automotive Mechanical Engineers,
- Mrs Margaret Thompson, Mr David Allen and Mr Robert McDonald, chosen by the Minister as

people who have, in the opinion of the Minister, expertise appropriate to the functions of the Council.

There were two vacancies on the Council at the beginning of the reporting period. They were the nominee of the Minister for Police and the nominee of the Australian Industry Group. The Council met on two occasions during the reporting period. The terms of appointment of all members ended on 31 December 2005. The future of the Council will be determined as part of proposed amendments to the *Fair Trading Act 1989* regarding the Minister's advisory councils.

## 4. Credit card certification

No credit cards are issued or used within MVRIA.

## 5. Disposal of land

No land was disposed of during the reporting period.

## 6. Fees

The various fees associated with licences and certificates were increased once during the reporting period, on 1 July 2005, to take account of the 2.6% CPI increase since the previous increase in July 2004.

Repairers' Licences from 1 July 2005 - 30 June 2006

- \$370 for a new licence application, and an additional \$167 for each static or mobile workshop (\$537 in total for one workshop).
- \$258 for a new licence where the applicant held a licence which lapsed within the previous 12 months.
- \$167 annual fee for a licence to continue in force.
- \$60 for an application to amend a licence where a physical inspection of the premises is required, with a further fee of \$60 for each subsequent inspection.

Tradespersons' Certificates

- \$52 for a tradesperson's certificate from 1 July 2005 - 30 June 2006.

**7. Investment management performance**

The Authority uses the NSW Treasury Corporation's Hour Glass 'Cash' investment facility to invest its surplus cash. The performance comparison for the period was 5.69% against the 5.76% benchmark provided by the Australia Bank Bill index. Cash movement during the period was as follows:

September 2005	\$3,649,871
December 2005	\$3,565,685
March 2006	\$4,040,863
June 2006	\$4,771,366

**8. Legislative change**

*Motor Vehicle Repairs Amendment (Fees) Regulation 2005.* This regulation was made to amend certain fees charged in respect to repairers licences and tradespersons certificates and commenced on 1 July 2005.

**9. Major problems and issues and economic and other factors**

In accordance with the Annual Reports legislation it is disclosed that there were no major problems encountered during the reporting period, nor were there any adverse economic or other factors that affected the operation of the Authority.

**10. Management activities and structure**

In accordance with the Annual Reports legislation it is disclosed that during the reporting period there was no formal internal or external performance review of the practices or organisational achievements of the Authority.

The responsibility for the day-to-day management of the Authority is with the Director, Anthony Tarplee. The position is at Senior Executive Service level 2.

**11. Overseas travel**

No overseas travel was undertaken during the year.

# Compliance

## with annual reporting requirements

### Key:

- n/a - items not applying due to Authority's size and nature of operations
- C - covered in the Department of Commerce Annual Report 2005-2006.

Requirement	Reference
Letter of submission to Minister	Inside front cover
Application for extension of time	n/a
Charter	1
Aims & objectives	3
Access	Inside front cover
Management and structure	1
Summary review of operations	4-12
Funds granted to non-government community organisations	C
Legal change	29
Economic or other factors	29
Management & activities	4-12
Research & development	n/a
Human resources	C
Consultants	28
Equal employment opportunity	C
Disability plans	C
Land disposal	28
Promotion	C
Consumer response	C
Guarantee of service	C
Payment of accounts	C
Time for payment of accounts	C
Risk management and audit	C
Disclosure of controlled entities	n/a
Ethnic affairs priorities statements and any agreement	C
NSW Government action plan for women	C
Occupational health and safety	C
Waste reduction	C
Budgets	16
Financial statements	13
Code of conduct	C
After balance events	n/a
Report production and availability	28, this page
Investment performance	29
Liability management performance	25
Exemptions	n/a
Performance and numbers of executive officers	C
<i>Freedom of Information Act</i>	C
Implementation of price determination	n/a
Privacy management plan	C
Program evaluation results	n/a
Departures from <i>Subordinate Legislation Act</i>	n/a
Government energy management policy	C
Electronic service delivery	C
Credit card certification	28

### Availability

This annual report is available electronically through the MVRIA and Office of Fair Trading web sites.

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For information and help on fair trading issues call the Office of Fair Trading

**General enquiries**

**13 32 20**

**Language assistance**

13 14 50

**TTY for hearing impaired**

1300 723 404

**Aboriginal tenancy**

1800 500 330

**Consumer, Trader & Tenancy Tribunal**

1300 135 399

**Motor Vehicle Repair Industry Authority**

9712 2200

**Registry of Co-operatives & Associations**

1800 502 042

**Or visit a Fair Trading Centre at:**

- Albury • Armidale • Bathurst • Blacktown • Broken Hill • Coffs Harbour
- Dubbo • Gosford • Goulburn • Grafton • Hurstville • Lismore • Liverpool
- Newcastle • Orange • Parramatta • Penrith • Port Macquarie • Queanbeyan
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**Visit our website for details**

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

**13 32 20**



New South Wales  
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