

Contents

1	Letter of Transmittal
2	NMVTRC Members
3	Chairman's Report
4	Executive Director's Report
5	Our People
7	Motor Vehicle Theft in Australia 2006/07
9	Reform Activity
19	Performance Indicators
21	Financial Statement
31	Appendices

VISION

To achieve the lowest rate of motor vehicle theft in the developed world, thereby improving Australia's economic and social well-being.

MISSION

To deliver a culture of continuous and sustainable vehicle theft reduction in Australia by advancing reform and cooperation between industry, government and community stakeholders.

OPERATING PHILOSOPHY

The NMVTRC is committed to developing close partnerships and common goals with stakeholders through the promotion of the economic and social benefits of reduced vehicle theft. Its credibility will be judged by the quality of its proposals for change.

Letter of Transmittal



**National Motor Vehicle
Theft Reduction Council**
driving down vehicle theft

31 October 2007

Ministerial Council for Police and Emergency Management – Police

The Hon. Annette King (Chair)
The Hon. Judy Spence MP
The Hon. David Campbell MP
The Hon. Simon Corbell MLA
The Hon. Bob Cameron MP
The Hon. David Llewellyn MHA
The Hon. Paul Holloway MLC
The Hon. John Kobelke MHA
The Hon. Claire Martin MLA
Senator the Hon. David Johnston

Insurance Council of Australia President

Mr John Mulcahy

In accordance with the Rules of Association of the National Motor Vehicle Theft Reduction Council Inc., I have pleasure in submitting the NMVTRC's Annual Report for the year ended 30 June 2007.

Yours sincerely,



David M Morgan
Chairman

NMVTRC Members



David Morgan
Chairman



Robert McDonald
Insurance Council of Australia



Ken Lay
Ministerial Council for Police
and Emergency Management



Keith Seyer
Federal Chamber of
Automotive Industries



Peter Fitzpatrick
Motor Trades' Association
of Australia



Mark Borlace
Australian Automobile
Association



Dianne Heriot
Australian Government's
Attorney-General's
Department

David Shelton
Ausroads
(Not pictured)

Julianne Brennan
Crime Prevention Officers' Group
(Not pictured)

Chairman's Report



The 2006/07 year delivered Australia its sixth consecutive, significant reduction in stolen vehicle numbers. The 72,000 thefts recorded nationally represent a 5 per cent fall over last year to build on the strong reductions of the past years.

The hard work and cooperation of the National Motor Vehicle Theft Reduction Council's (NMVTRC) stakeholders is continuing to deliver results which sees Australia enjoy record low theft rates and climb up another spot in the 'league table' of nine comparable developed nations.

The reduction in theft numbers for the year has saved the community an estimated \$24 million to \$46 million¹. While this is good news, vehicle crime continues to place a significant social and economic burden on the nation which the NMVTRC estimates to be in the range of \$450 million to \$860 million, excluding the very large community costs associated with police investigations, courts, and corrections.

There is therefore clearly much more to do to reach our vision of achieving the lowest theft rates in the developed world. Accordingly, the NMVTRC's work program for 2008, released last month as part of the 2007 Strategic Plan, has an even sharper focus on finding potential new countermeasures against profit-motivated theft.

This Report has borrowed the theme of our *Secure by Design* program which emphasises the importance of smart design to a vehicle's ultimate theft performance. The principle of using 'smart' design to minimise theft risk can equally apply to other private and public infrastructure and practices.

Put most simply, the adoption of a holistic approach to secure design across the board requires a commitment from the 'designers' of vehicles and systems – including road user systems – to accept responsibility that their design choices directly influence the level of vehicle theft. And secondly, if vehicle 'users' fail to obey the rules set by the designers – due to lack of knowledge or ability or simple non-compliance (and theft still occurs) the designers must take the necessary further steps to counteract those failures or non-compliance.

Pleasingly, the year also saw further progress in the NMVTRC reform agenda including:

- the realisation of the NMVTRC's strategic alliance with AusIndustry², DataDot Technology (DDT) and PrixCar Services to automate the application of VIN-based microdots on select imported vehicles;
- the sustained success of the NMVTRC's best practice model program for young offenders, *U-turn*, in Queensland and Tasmania;
- reaching agreement with the Motor Trades' Association of Australia on improving the interaction between its members and the NMVTRC's National Parts Code initiative which should see the MTAA/NPC relationship flourish in 2008;
- the continuing success of *Operation Bounce Back* – the NMVTRC's partnership with local government – to deliver car crime prevention messages to the most at risk communities across Australia; and
- exciting new possibilities in the use of technology to assist local police responses to car crime.

I would again like to record sincere thanks to my fellow Councillors for their continuing commitment and expert guidance. Thanks to James Armitage (Crime Prevention Officers' Group) and Terry Purton (MCPPEM) who ended their terms with the NMVTRC. Particular thanks go to former Austroads representative, Ray Rawlings, who made a valuable contribution to both the NMVTRC's vehicle registration reforms and the organisation's overall strategy development and governance since 2000.

Finally, I would like to again recognise the continuing enthusiasm and professionalism demonstrated by our Executive Director and his staff in managing a diverse and challenging program of reform.



David M Morgan
Chairman

1. Based on independent analysis conducted by MM Starrs Pty Ltd for the NMVTRC (September 2005) which estimated victims' costs per incident to be in the range of \$6,230 to \$11,920 depending on a range of personal and other factors.
2. AusIndustry is the Australian Government's business innovation support program.

Executive Director's Report



As the Chairman noted, 2006/07 has continued a sustained period of theft reduction delivering new low rates of theft and significant advances in our reform agenda. Pleasingly, the reduction in theft numbers for the year has saved the community a minimum of \$24 million.

Highlights for the year included the:

- successful launch of our *Secure by Design* program which emphasises the importance of smart design to a vehicle's ultimate theft performance;
- substantial completion of the first round registration system audits to measure compliance with agreed secure practices;
- a range of exciting collaborative projects with police in New South Wales and Victoria to improve local police responses to car crime and advance our collective understanding of the nature and scale of parts stripping; and
- substantial progress towards establishing a service for insurers to validate key, non-personal data from vehicle registration systems in partnership with Austroads – the national association of road transport and traffic authorities.

The NMVTRC was also delighted to see its *Operation Bounce Back* partner Glenorchy City (Tasmania) rewarded with independent recognition of the program's success by claiming the International Association of Auto Theft Investigators' Award for Outstanding Achievement in theft reduction and the Local Government Association of Tasmania's Award for Excellence in Invigorating Communities.

The year also saw the NMVTRC and Victoria Police co-host the inaugural Melbourne International Vehicle Crime Conference (MIVCC) which drew together more than 250 national and international guests to examine emerging national and international car crime issues from youth issues to new policing strategies, to balancing privacy in information exchange, to immobilising older vehicles, to community programs and the use of new technology. Pleasingly conference participants rated the MIVCC very highly for content, organisation and value.

On another international note, the NMVTRC played a central role in the establishment of an International Expert Group under the Chairmanship of AVc (the Netherlands' Foundation for Tackling Vehicle Crime) to advance the development of microdot based vehicle identification standards across the European Union. The year also saw the NMVTRC provide strategic input and advice to crime prevention agencies in New Zealand, the Netherlands, Belgium, Canada and South Africa.

In summary, while 2006/07 has been another strong year for vehicle theft reform in Australia the coming years will continue to pose significant challenges for the NMVTRC and its stakeholders to ensure recent gains are sustained and improved upon.

A handwritten signature in black ink, appearing to read 'Ray Carroll'. The signature is stylized and cursive.

Ray Carroll
Executive Director

Our People



Ray Carroll
Executive Director



Geoff Hughes
Director – Strategy
and Programming



Anna Saw
Project Officer



Elbereth Knox
Administration Officer



Biometric access and starting systems

so the vehicle can only be driven with recognition
of a legitimate driver's fingerprints or eyes.

Motor Vehicle Theft in Australia 2006/07

The 2006/07 year delivered a sixth consecutive record low of 72,000 vehicle thefts. Passenger and light commercial (PLC) vehicle thefts fell by 6.4 per cent to 61,950. Motorcycle thefts increased marginally to reach 6,750 (up 50 from 2005/06), while the theft of heavy vehicles, plant and equipment also rose by some 350 to finish on 3,350 for the period³.

As a result theft rates per 1,000 population and 1,000 vehicles registered have again fallen to new lows of 3.5 and 4.8 respectively for all vehicles. Seventy-three per cent of stolen vehicles were recovered by the end of June⁴.

Older PLCs still dominate the overall volume of thefts. Vehicles aged 10 or more years accounted for an overwhelming 73 per cent of all stolen vehicles despite representing just 41 per cent of the nation's vehicle fleet.

The penetration of engine immobilisers in the passenger/light commercial fleet rose by 6 per cent with just over half (54 per cent) now protected by an Australian Standards Equivalent (ASE)⁵ immobiliser. Vehicles fitted with an ASE accounted for only one in four thefts for the year.

One in every 215 registered PLCs was stolen in the period, compared with one in every 197 in 2005/06. Motorcycles were stolen at a rate of one in every 78 registered⁶.

Profit-motivated thieves are still looking to popular family cars, with more than a thousand Holden Commodores, Ford Falcons, and Mitsubishi Lancers less than 10 years old not recovered. The value of these vehicles exceeds \$16 million.

The reduction in theft numbers for the year has saved the community an estimated \$24 million to \$46 million⁷.

3. A breakdown of theft numbers and rates by state and territory is provided in the appendices with data updated and published quarterly in the NMVTRC's Theft Watch newsletter.
4. With the subsequent revision of data by police data providers based on late recoveries, it is estimated that the recovery rate for 2006/07 will increase to 76 per cent.
5. The term ASE was developed by the NMVTRC to cover original equipment immobilisers that comply with Australian Design Rules and after-market devices that meet Australian Standards.
6. Excludes off-road and other non-registered bikes.
7. Based on independent economic analysis conducted by MM Starrs Pty Ltd for the NMVTRC (September 2005) which estimated victims' costs per incident to be in the range of \$6,230 to \$11,920 on a range of personal and other factors.

Figure 1: Thefts and non-recoveries of passenger/light commercial vehicles, Australia, 2000/01 – 2006/07

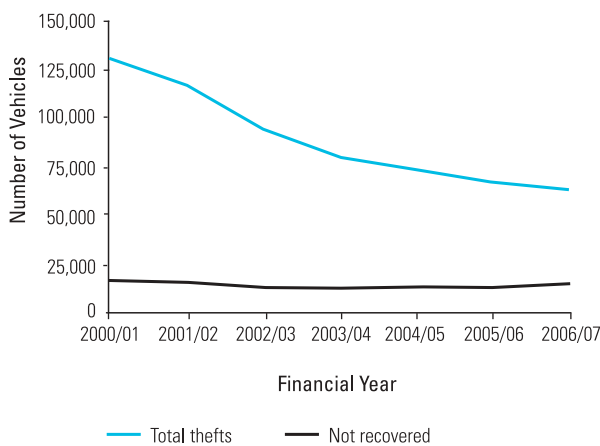
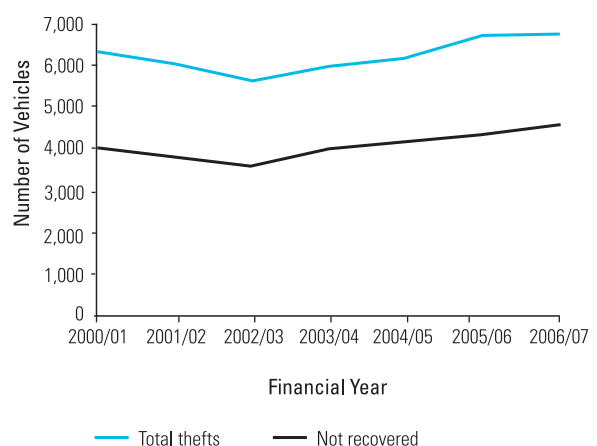


Figure 2: Thefts and non-recoveries of motorcycles, Australia, 2000/01 – 2006/07



Improved vehicle identification systems

where every major component is identified by the vehicle's unique VIN (Vehicle Identification Number).



Reform Activity

Reducing the Theft of Vehicles for Short Term Use

NMVTRC Objective

To reduce the incidence of the theft of vehicles for the purposes of transport, 'joy-riding' and vandalism.

Interventions

- Promoting improved community practices by raising awareness of vehicle theft and security issues.
- Securing older vehicles via the installation of Australian Standards approved engine immobilisers.
- Diverting young people from car crime via quality, cost-effective education programs.
- Maintaining effective investigative responses by police.

Community Communication Initiatives

Community concern about vehicle theft remained relatively steady in 2006/07 with around 8 in 10 motorists regarding it as a serious or very serious crime.⁸

Operation Bounce Back

The NMVTRC's successful partnership with local government in vehicle theft hot spots *Operation Bounce Back* (OBB) – first launched in 2004 – was again the mainstay of the NMVTRC's community communications program. OBB promotes awareness of vehicle security issues and helps theft victims get on with life.

For 2006/07 18 grants of \$35,000 were provided to communities in theft hot spots nationally. Each grant 'package' consisted of immobiliser installations, public education materials, and cash to fund time specific projects designed to address theft of older vehicles in the local area. A special allocation of \$70,000 was also given to the Northern Territory Department of Justice.

By the time of preparing this report, the 2006/07 program had seen more than:

- 1,100 vulnerable older vehicles protected by the installation of a free Australian Standards approved engine immobiliser⁹;
- 76,600 vehicle theft brochures and related resources distributed where they are needed most; and
- 45 significant articles in local media about preventing theft.

OBB continues to provide an efficient and cost-effective channel for the delivery of key theft prevention messages and has been particularly successful in fostering stronger partnerships between community stakeholders, local government and police.

Table 1 provides a list of grant recipients for 2006/07.

Table 1: Operation Bounce Back grant recipients 2006/07

Organisation	State/Territory
NT Department of Justice	NT
Brimbank City Council	VIC
Hume City Council	VIC
Victoria Police Region 3 (Darebin)	VIC
Bankstown City Council	NSW
Campbelltown City Council	NSW
Canterbury City Council	NSW
Liverpool City Council	NSW
Logan City Council	QLD
Gold Coast City Council	QLD
Ipswich City Council	QLD
Port Adelaide Enfield City Council	SA
Salisbury City Council	SA
Glenorchy City Council	TAS
Clarence City Council	TAS
Stirling City Council	WA
Joondalup City Council	WA
Canning City Council	WA
ACT Dept of Justice and Community Safety	ACT

The aim of OBB is primarily to raise community awareness about theft prevention, immobilisers, and the benefits of vehicle security rather than to directly influence theft numbers. However, like last year, an analysis of theft figures in those LGAs that have participated in back to back programs (the 'mature sites') disclose some interesting trends.

Table 2 on the following spread provides an overview of older passenger/light commercial theft numbers over the past two years for select LGAs compared with their state average.

8. Engine Immobilisers (National), August 2006, Nexus Research for NMVTRC.

9. The final redemption rate is expected to be around 72 per cent or 1,500 installations.

Unique integrated 'smart' wiring systems

prohibiting interference with critical components or unauthorised parts from another vehicle being interchanged.

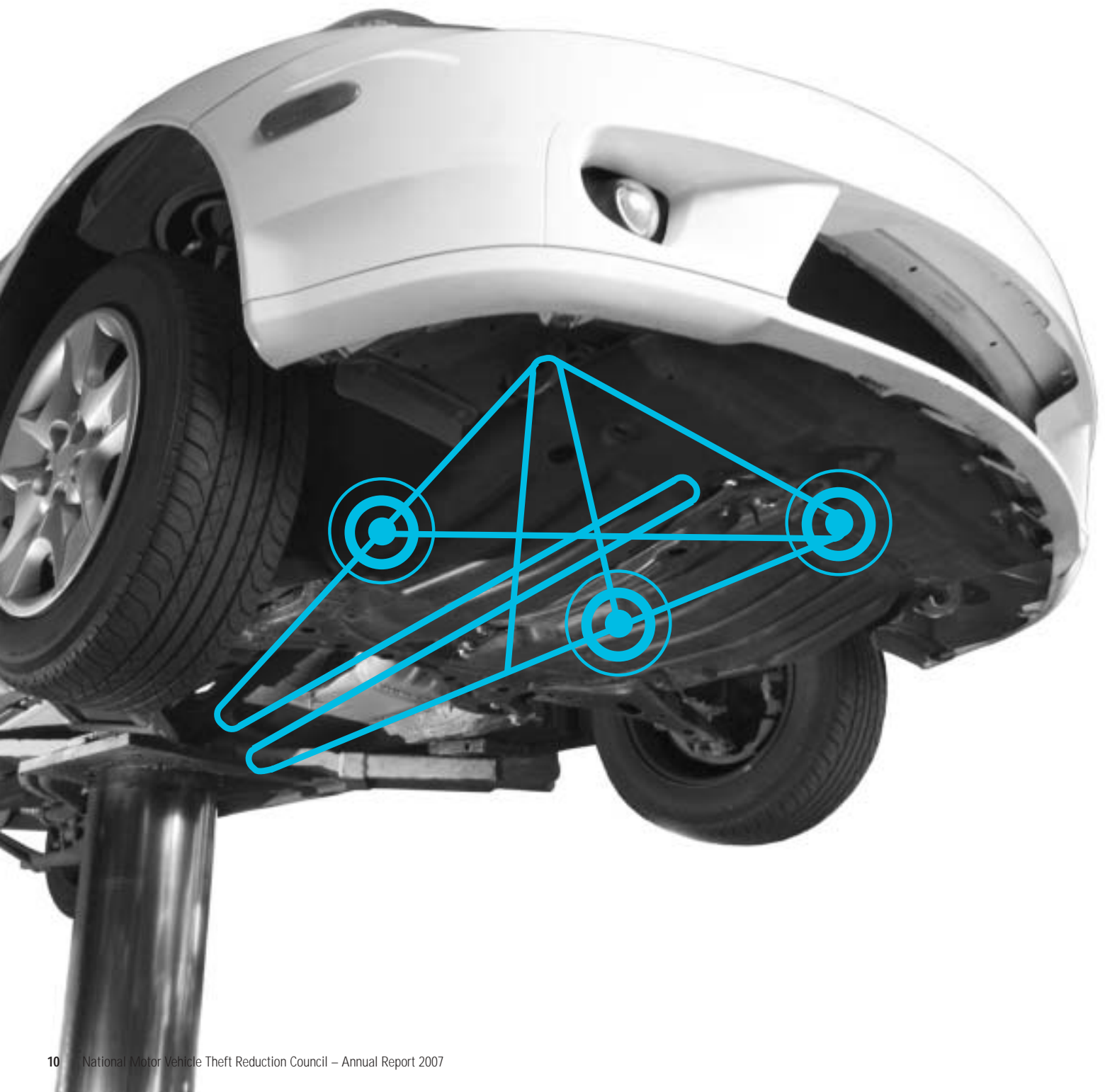


Table 2: Thefts of older (10 plus years) passenger/light commercial vehicles by LGA for 2005/06 and 2006/07 financial years

LGA	Thefts 2005/06	Thefts 2006/07	Local % change	State % change
Canterbury (NSW)	644	562	-12.7%	-7.3%
Campbelltown (NSW)	686	573	-16.5%	-7.3%
Logan (QLD)	564	458	-18.8%	-15.7%
Ipswich (QLD)	367	262	-28.6%	-15.7%
Canning (WA)	172	164	-4.7%	+1.2%
Joondalup (WA)	179	127	-29.1%	+1.2%
Stirling (WA)	331	330	-0.3%	+1.2%
Clarence (TAS)	487	193	-60.4%	-29.7%
Darebin (VIC)	763	635	-16.8%	-10.6%

Significantly, the OBB program again received independent recognition with Glenorchy City Council (Tasmania) awarded both the International Association of Auto Theft Investigators' Award for Outstanding Achievement in theft reduction and the Local Government Association of Tasmania's Award for Excellence in the category of 'Invigorating Communities'.

In addition to OBB, the NMVTRC distributed almost 40,000 brochures and other education resources via stakeholder channels.

Secure by Design

The year saw the first four media events of the NMVTRC's flagship communications program *Secure by Design* (SBD) in Hobart, Brisbane, Darwin and Melbourne.

SBD focuses on raising consumer awareness of good design in vehicle security systems by:

- supporting the expert independent rating of new vehicles against their market competitors based on the security of their entry, theft resistance, and vehicle identification systems¹⁰; and
- showcasing emerging technologies via a 'virtual secure car' of tomorrow.

To date SBD has proven to be a very cost-effective tool to provide both positive reinforcement to those vehicle manufacturers that are leading the way in secure design and to raise public awareness of which vehicles and security features they should look for when considering vehicle purchase options.

Other SBD events will be held in Perth, Adelaide, Sydney and Canberra in the second half of 2007.

Securing Older Vehicles with Engine Immobilisers

Australia's national immobilisation rate increased to 54 per cent for the year (up 5 per cent from 2005/06), with the NMVTRC's *Immobilise Now!* (IN!) program again providing motorists with access to Australian Standards approved engine immobilisers for under \$200.

Unfortunately, this still leaves the nation with more than six million older vehicles that remain vulnerable to opportunist attack with even the most basic of tools, such as a coat hanger and screwdriver. The NMVTRC remains a strong advocate of Western Australia's (WAs) laws that require retro-fitting of non-immobilised vehicles upon transfer of registration. By comparison with the national average, WAs immobiliser rate is now approaching 90 per cent.

NMVTRC's regular consumer surveys consistently indicate that almost seven in 10 motorists nationally support compulsory retro-fitting.

Diverting Young People from Car Crime

U-turn Young Offender Programs

Young people continue to be responsible for the vast majority of vehicle thefts in Australia. While most young thieves will stop offending as soon as they are caught, or simply grow out of it, around 15 per cent develop entrenched habits and become high-rate recidivist offenders. By their late teens some will have stolen hundreds of vehicles.

The NMVTRC's model young offender program *U-turn* uses the fascination that most young offenders have with vehicles to help them to develop practical automotive repair skills that can lead to further vocational or educational opportunities.

The year saw the 19th group of young Tasmanians graduate from the Hobart-based program which is operated by Mission Australia (MA) under contract to the Department of Police and Emergency Management (DPEM). Pleasingly, the DPEM and MA also reached agreement on terms that will see the program continue through to at least mid-2010.

The very successful Queensland program based in Slacks Creek (south of Brisbane) and operated by the YMCA on behalf of the Queensland Police Service enjoyed another year of strong performance with its eleventh intake setting new benchmarks with more than 85 per cent of participants gaining their nationally recognised Certificate 1 in Automotive and more than 90 per cent successful in finding employment or returning to the education system¹¹.

Review of Youth Education Resources

In 2001, the NMVTRC launched a range of educational resources for use by schools, youth centres and other organisations working with non-offending and at-risk young people about the legal and life consequences of becoming involved in car crime.

While demand for the original resources remains strong (with more than 80,000 copies distributed to date) the latest feedback from young people suggests the language and style are beginning to date and that they would prefer a more documentary-based format focusing on real-life stories.

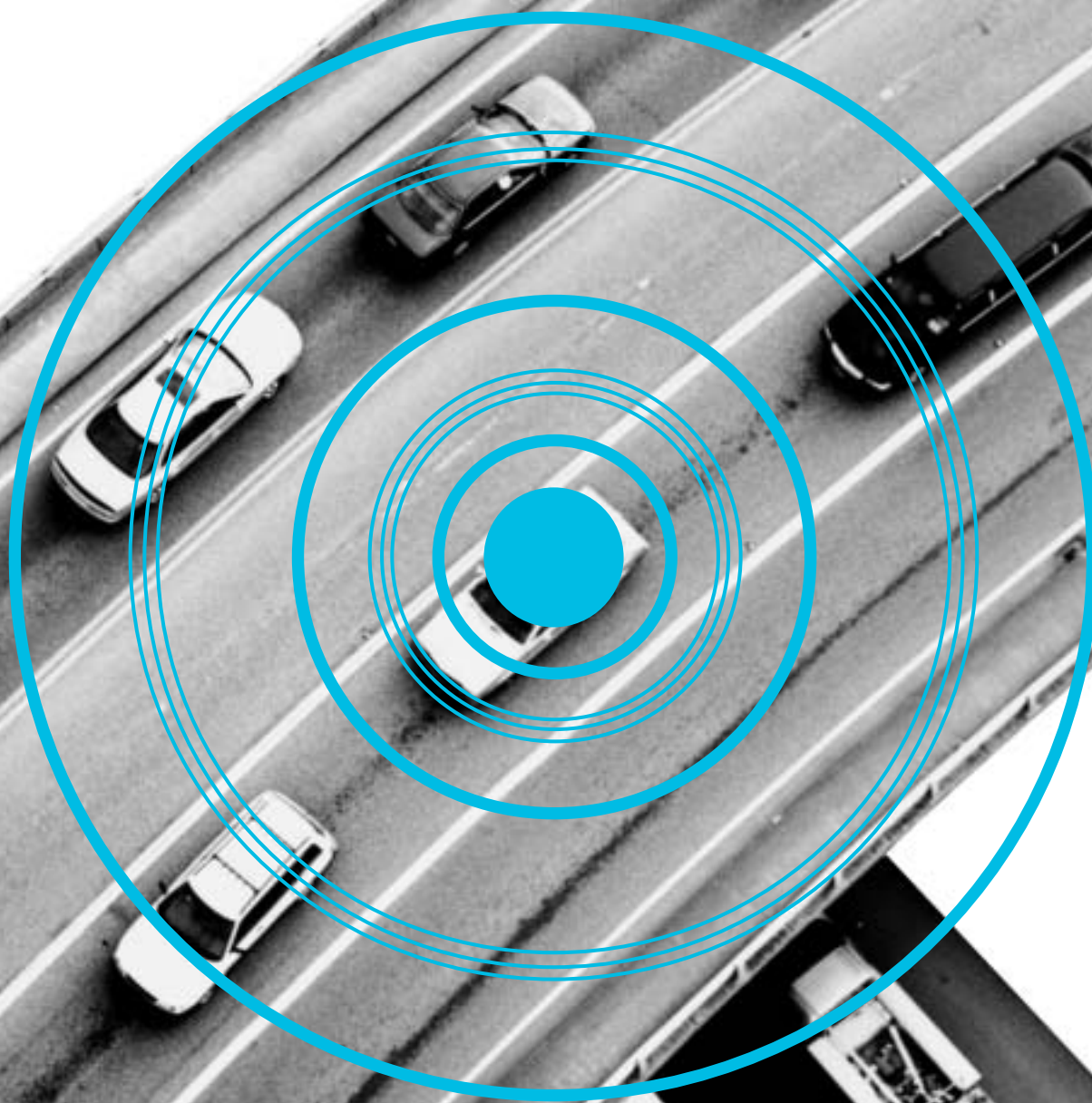
In 2006/07 the NMVTRC commenced a trial of two such United Kingdom produced resources to determine their applicability to young Australians. Focus testing with a sample of year 8 to 10 students in Tasmania has been completed with the assistance of Glenorchy City Council and further testing in Victoria and New South Wales is scheduled for the last quarter of 2007.

10. Vehicles assessed with the assistance of IAG's Technical Research Centre, Sydney.

11. *U-turn* Queensland is funded substantially by the Australian Government's Community Crime Prevention Program until April 2008.

A transponder built into the vehicle's electronic brain

to transmit its identification and location via a two-way satellite global tracking system.



Reducing the theft of vehicles for mixed purposes

NMVTRC Objective

To reduce the incidence of the theft of vehicles for the purposes of committing other crime, to sell as scrap, minor stripping, older re-birthing and minor fraud.

Interventions

- Securing older vehicles via the installation of Australian Standards approved engine immobilisers.
- Diverting young people from car crime via quality, cost-effective education programs.
- Ensuring the security of registration practices.
- Maintaining effective investigative responses by police.

In 2006 the NMVTRC reported an emerging view amongst police and other stakeholders that the 'traditional' line between the theft of vehicles by juveniles for short term use and more organised criminal activity is becoming increasingly blurred.* As a consequence, in 2007 the NMVTRC has commenced a range of projects to better understand related issues.

Protocols for the Removal of Abandoned Vehicles

Anecdotal reports suggest that the cited volume of older non-recovered stolen vehicles is inflated by failures in the process for the contract removal (and subsequent destruction) of abandoned vehicles. In order to test this hypothesis, the NMVTRC is working with Victoria Police to identify select locations to monitor removal and subsequent identification/reporting processes.

This process will also include the monitoring of scrap recycling facilities for non-sanctioned and suspicious disposals. The results from this work are expected in early 2008.

Parts Stripping

While there is broad consensus that the illicit market for separated parts is the major driver of current theft trends, reporting on the condition of stripped recovered stolen vehicles generally lacks detail and severely limits later analysis.

To better illustrate the nature and scale of the problem the NMVTRC and the New South Wales Police Force are photo-documenting 'recovered-strips' in the Bankstown Local Area Command – a traditional dumping hot spot. All recovered-strips are being photographed in detail to an agreed template to enable the value of the missing components to be expertly assessed with the assistance of Insurance Australia Group's Technical Research Centre.

The photos are also being matched with other police and insurance data to build a more complete incident 'case note', and will provide input into the NMVTRC's review of the management of repairable write-offs.

Whilst still in its middle stages, the first two months saw almost 30 vehicles – manufactured between 1986 and 2006 – processed with the combined value of missing components valued at a staggering \$450,000.

Fraud and Agreed Value Insurance Policies

A proposed review of the exposure of agreed value insurance products to fraudulent claims of theft had to be postponed due to technical difficulties associated with extracting key insurance data. A decision on whether it is feasible to re-activate the project will be made in mid-2008.

* See the Appendices for more information on this issue and a graphical representation of the Car Crime Continuum.

Reducing the Theft of Vehicles for Profit

NMVTRC Objective

To reduce the incidence of the theft of vehicles for large scale re-birthing, major stripping, export or major fraud.

Interventions

- Improving the standard of vehicle and component identification.
- Encouraging best practice in parts recycling.
- Ensuring the security of registration practices.
- Improving consumer access to vehicle information.
- Maintaining effective investigative responses by police.
- Applying strategic responses to fraudulent practices.

Vehicle and Component Identification

Secure Compliance Labels

The historically poor standard to which a vehicle's key identifiers are applied in the manufacturing process has greatly contributed to the ease with which thieves are able to disguise a stolen vehicle's true identity and make the detection of suspicious vehicles in the field by transport agencies and police (without applying complex forensic techniques) almost impossible.

The year delivered mixed results in the NMVTRC's drive for an improved baseline in vehicle identification technology – the adoption by vehicle manufacturers of a truly secure compliance label. The positive news is that after some five years there is now a fully developed product that has been independently certified as meeting the NMVTRC's required standards for self-voiding, non-removal, tamper-resistance and in-field verification.

However, despite costing less than \$2 per vehicle local volume manufacturers have to date rejected this sensible, low-cost improvement. Instead they continue to use traditional metal compliance plates (or labels in some cases) that offer little if any tamper resistance or counterfeit protection and cannot be relied upon as a primary means of vehicle identification.

Despite this, the NMVTRC remains confident that a number of imported marques will adopt the secure label by the end of 2007.

Whole of Vehicle Marking (WOVM)

The 2006/07 year saw the realisation of the NMVTRC's strategic alliance with AusIndustry (the Australian Government's business innovation support program), DataDot Technology (DDT) and PrixCar Services to automate the application of VIN-based microdots (VBM).

VBMs, which were first developed by DDT, have been adopted in Australia by brands such as BMW, Mini, Audi, HSV, Subaru, Porsche, Lexus, FPV, Mitsubishi (EVO Lancer), Toyota (TRD) and Lotus using a hand-spray system.

The Robotic Microdot Applicator (RMA) unveiled at import processor PrixCar's Altona premises in Melbourne in June fully automates the process enabling up to 7,000 tiny microdots – each carrying the vehicle's unique 17 digit VIN – to be applied to up to 38 panels and components in under 60 seconds.

It is hoped that the RMA will be the pre-cursor to making the application of VIN-based microdots viable in other import processing centres and production environments, such as high volume vehicle assembly lines.

Significantly, the year also saw the establishment of an International Expert Group (IEG) under the Chairmanship of AVc (the Netherlands' Foundation for Tackling Vehicle Crime) to establish a framework for the development of microdot based WOVM standards and the promotion of related benefits across the EU. The NMVTRC is a key member of the IEG.

In the meantime, Australia's largest insurer, IAG, continues to use secure compliance labels and VIN-based microdots as critical elements in its industry-leading vehicle security rating system.

Encouraging Best Practice in Parts Recycling

Minimising the likelihood of stolen parts being unwittingly traded by legitimate recyclers is a central element of the NMVTRC's national strategy.

The year saw a range of critical decisions made about how this can be best achieved. Most importantly, agreement was reached with the Motor Trades' Association of Australia (MTAA) on how the National Parts Code Inc. (NPC) – the independent association established by the NMVTRC in 2003 to administer a Code of Practice to minimise the number of stolen vehicle parts entering the legitimate supply chain – and MTAA should interact. The new 'model' will see the elements of the former NPC code integrated within the MTAA's own accreditation standards for recyclers with the NPC to provide an independent certification service of those standards.

The NMVTRC hopes that this realignment of responsibilities will see the MTAA/NPC relationship flourish in 2008.

Applying a More Forensic Approach to Analysing Data

In 2006 the NMVTRC flagged that it proposed to pursue a more 'forensic' approach to the analysis of vehicle theft data via the use of expert panels and increased levels of industry involvement. It was expected that this approach would help to fill in some of the gaps in knowledge that hinder a fuller understanding of the 'fluid' dynamics of car crime.

The NMVTRC subsequently established an Expert Reference Group (ERG) of researchers and data analysts from insurers (AAMI, Allianz, IAG and Suncorp), police (New South Wales, Victoria and Queensland) and its own CARS team to inform the development of a framework for the forensic analysis and facilitate access to relevant data holdings. The ERG identified two priority projects.

The first was to test the NMVTRC's 2005 preliminary analysis of the possible fate of non-recovered passenger and light commercial (PLC) vehicles by examining a snapshot of missing PLC vehicles in finer detail. It was anticipated that the study would use a range of data not routinely harvested by the NMVTRC's existing CARS processes to develop a more informed judgment about the most likely fate of each unrecovered vehicle. Such data was to include unstructured insurance file notes, claims officers' assessments, 'free text' notes in police reports and vehicle auction data.

Undertaken for the NMVTRC by the University of Western Sydney (UWS) the study observed that:

- based on semi-structured interviews with stakeholder nominated experts the logic implicit in the original NMVTRC estimates of numbers of unrecovered PLC vehicles dumped in bushland or waterways, exported, re-birthed or cloned (some of which involve fraudulent insurance claims), dismantled for parts, or converted to scrap metal is relatively robust;
- the stratified sample of 4,000 records for the 2004/05 period examined by UWS in detail disclosed little additional material that could lead to better predictions;
- there is little incentive for police or insurers to maintain interest in a stolen vehicle after the trail appears to go cold;
- the absence of a duty on private landowners to notify police that a vehicle has been abandoned on their land (and the failure of local government to meet their legislative obligations in respect of public land) exacerbate the 'unknown fate' problem; and
- the proximity of vast areas of privately owned and poorly fenced bushland, particularly close to major cities, provides thieves and joyriders the perfect opportunity to hide – and perpetuate – their activities.

The NMVTRC will consider the UWS team's recommendations on the possible use of environmental protection legislation or campaigns to reduce the attraction of the bush and waterways to car thieves as dumping grounds and the development of better information trails particularly to include other sources such as local government that could provide closure for cases when the vehicle is eventually discovered.

The second 'forensic' project was to test the perception that agreed value insurance policies are over represented in theft claims (and therefore more prone to fraudulent claims) by:

- comparing the agreed values offered by insurers for a basket of common theft targets with commercially published values; and
- contrasting theft performance by policy type in a market where one policy class is predominant with that of a market where companies sell significant volumes of both.

Unfortunately, little progress was possible with key insurers indicating that competing internal business requirements or systems integration issues precluded non-standard data extraction in the medium term. The NMVTRC will review the position with the companies concerned in early 2008.

CARS Data Services

The NMVTRC's world-leading Comprehensive Auto-theft Research System (CARS) again delivered stakeholders and the media fast, easy access to the most up to date vehicle theft data available with almost 3,000 self-directed searches made for the year via the online query tools Analyser and QuickStats.

Stakeholders also made more than 200 ad-hoc requests for detailed data and more than 500 copies of the annual CD-ROM containing some 800 pages of detailed trends and localised profiles were distributed.

Changes to police service computer systems in Queensland and Western Australia have posed difficulties for the NMVTRC in terms of the timeliness and breadth of data supplied. The NMVTRC hopes these issues can be resolved in 2008.

The total number of records flowing into the system from all sources (police, insurers, registration agencies and commercial auto intelligence services) exceeded 29 million for the year.

Ensuring the Security of Registration Practices

System Performance Monitoring

Transport agencies and their business systems and practices are integral to helping combat professional vehicle theft. Transport agencies can have a significant impact on criminal activity by assuring:

- the integrity of the Vehicle Identification Number (VIN) system by identifying, investigating and resolving anomalous VINs;
- that any vehicle which is recorded somewhere in Australia as stolen or a statutory write-off, or where there is doubt about its identity, is not re-registered;
- the real-time exchange of accurate vehicle identity information between jurisdictions; and
- that accurate and appropriate vehicle status information is available to consumers and the motor trades at a reasonable price.

In August 2006 the NMVTRC reached agreement with transport agencies on the design of an audit process to measure their compliance with nationally agreed policies and practices to prevent fraudulent registration transactions, manage written-off vehicles and assure compliance with information exchange protocols.

Audits have now been completed in Queensland, New South Wales, Victoria, South Australia and the Northern Territory. Audits in the remaining jurisdictions (Western Australia, Tasmania and the Australian Capital Territory) are expected to be completed by the end of 2007.

The overall picture to date indicates high levels of general compliance. The NMVTRC will monitor progress of any required corrective actions identified by the audit process.

Defining Best Practice in Vehicle Identity Inspections

The development of a set of best practice principles (BPP) for vehicle identity inspections is expected to be completed by late 2007. The BPP will ensure a high level of performance for vehicle identity inspections regardless of the method of service delivery, i.e. in-house transport agency personnel or outsourced contractors, and will cover such issues as the security of inspection personnel, the application of exemptions and management of high-risk vehicles, the management of outsourced services and the application of targeted/random inspections.

Improving Consumer Access to Vehicle Information

Improving Current Service Delivery

Providing consumers and motor traders with easy access to quality, non-personal information about a vehicle's history is a vital element of the NMVTRC's strategy to combat the activities of criminals. Professional thieves rely on being able to disguise a stolen vehicle's identity by altering or swapping its key identifiers. This is much more difficult if potential purchasers are able to easily determine the true status of those identifiers.

In simple terms, consumers and motor traders need to be able to verify that the vehicle they are considering buying is not stolen, is consistent with the description of the vehicle held by the registration authority (as protection against re-birthing), and is eligible for registration, i.e. it has not been declared a statutory write-off (as protection against re-birthing and fraud).

Queensland Transport's online checking system, V Check, sets the standard to which the NMVTRC would like other jurisdictions to aspire. In 2006/07 the NMVTRC assisted South Australia's Department of Transport, Energy and Infrastructure (DTEI) to complete a strategic review of that State's vehicle information service which is expected to flow through to a much enhanced system in 2008.

National Personal Property Securities Law Reform

The year saw the Council of Australian Governments (COAG) agree in-principle to proceed with implementation of a national Personal Property Securities Register (PPSR) with the Australian Government committing \$113 million over five years to establish the system. The national reform process is led by the Australian Government's Attorney-General's Department (AGD).

The PPSR will have significant conceptual similarities with the long-established, state-based Register of Encumbered Vehicle Service (REVS) but will have a much broader scope in relation to the types of goods over which security interests may be registered. The proposed reforms will make it simpler for lenders to register security interests (by replacing the current state and territory systems that apply varying definitions and coverage) and provide business borrowers with a wider range of assets that can be used as collateral to raise investment funds. The NMVTRC continued to work with the AGD, REVS and transport agencies to ensure that the national system delivers a true one-stop-shop for vehicle status information for consumers and business. Implementation of the national system is scheduled for mid-2009.

Improving Local Police Responses

Encouraging an improved strategic police response to vehicle crime in local areas was recognised as an important part of the NMVTRC's work program for 2006.

The year saw the NMVTRC form a strategic alliance with SenSen Networks – a technology start-up company that emerged out of the University of Technology, Sydney – the New South Wales Police Force and Victoria Police to trial SenSen's innovative, low-cost automatic number plate recognition system.

The claimed benefits of the SenSen system over existing technology are that it offers greater operational flexibility under ambient lighting conditions and better manages character image aspect ratios (which means that the plate will be detected anywhere in the camera's field of view rather than having to track through a narrow 'channel' in order to be detected). The system will be deployed in a variety of tactical settings to quantify its performance characteristics and application to assisting police to identify the movement of stolen vehicles.

As reported under the section on Mixed Motivations the NMVTRC and New South Wales Police Force are also collaborating on the photo-documentation of 'recovered-strips' in the Bankstown area to better understand the dynamics of the problem.

The year also saw the development of a range of customised local data reports and tools based on the NMVTRC's CARS data in conjunction with Victoria Police. It is hoped that work will provide a template to develop similar resources for other police services.

The NMVTRC also maintains liaison with key investigation managers from law enforcement agencies nationally to keep informed of emerging changes in the patterns of criminal activity.

Applying Strategic Responses to Combat Insurance Fraud Insurers Online Access to Registration Data

A 2002 study by Tozer Corporation for the NMVTRC estimated that up to 25 per cent of motor claims (representing up to 35 per cent of costs) may be fraudulent¹². Establishing a means for insurers to validate key, non-personal data from vehicle registration systems is an important priority for the NMVTRC.

The 2006/07 financial year saw the NMVTRC partner Austroads – the national association of road transport and traffic authorities – in procuring development and delivery of the service via an information broker on a commercial basis.

It is envisaged that insurers would be able to confirm the details of a vehicle for which a client sought cover at both the 'front end' (i.e. underwriting and risk acceptance) and/or 'back end' (i.e. claims management, theft/rebirthing mitigation, multiple insurance scams) delivering both improved efficiency and reduced fraud risk.

The system's minimum design requirements will enable an insurer to submit a query based on plate number (e.g. ABC 123) and State/Territory indicator to the broker and receive confirmed data from NEVDIS – including but not necessarily limited to – VIN, make, model, year of manufacture, body type, transmission, fuel, stolen status and written-off status. The required end-to-end transaction time is a maximum of four seconds and is more likely to be closer to two seconds for most transactions.

The national call for potential developers to design and develop a pilot service will close in September 2007.

Other Strategic Fraud Issues

The year saw the Insurance Council of Australia resume responsibility for the former Insurance Fraud Risk Assessment Group (now called the Economic Crime Working Group (ECWG)) to develop an overarching strategy to reduce fraud opportunities against all classes of insurance and optimise the affordability of insurance for consumers. The NMVTRC participates as a member of ECWG.

12. Impact of Insurance Practices on Vehicle Theft and Insurance Fraud, Tozer Corporation, July 2002.



Impact resistant side glass and deadlocking doors

reducing the risk of break-ins and the theft of the vehicle contents.

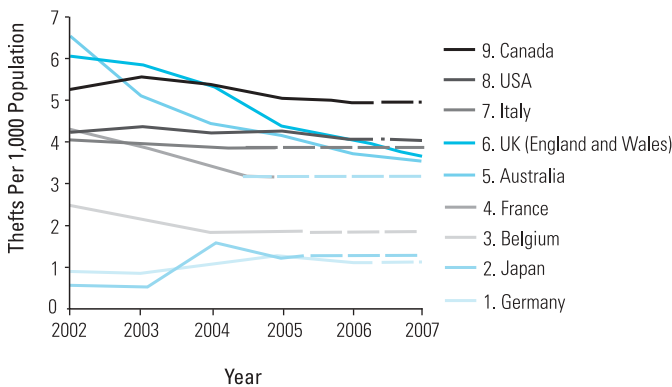
Performance Indicators

Vehicle Theft in Comparable Developed Nations

Australia has climbed up another spot to improve its position on the NMVTRC's World League of Car Theft Performers, which compares the national theft rate per 1,000 population with eight other developed nations. Whilst we still have some way to go before we reach the desired ranking of the best performing nation, recent performance has been impressive relative to other nations.

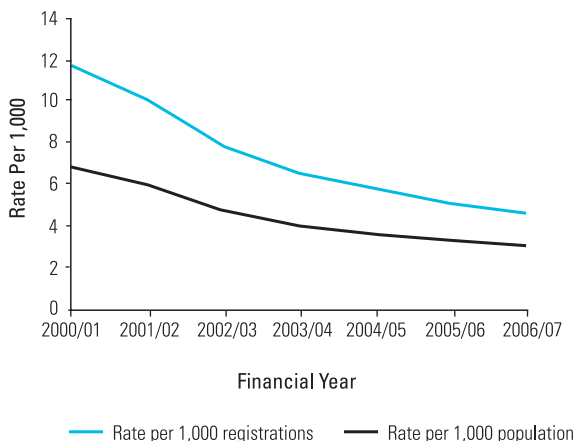
Figure 4 below illustrates the international league table of car thefts, which plots vehicle theft rates for Australia¹³, Canada¹⁴, the USA¹⁵, the UK (England and Wales)¹⁶, Italy¹⁷, France¹⁸, Belgium¹⁹, Germany²⁰, and Japan²¹ from 2002 until 2007²². Comparing the longitudinal progress since 2002 for the nine countries, Australia's rate per 1,000 population has reached a new low of 3.5 – down from 3.7 in 2006.

Figure 4: International league table of car thefts



Rates of theft for passenger and light commercial vehicles now stand at 4.6 per 1,000 vehicles registered and 3.0 per 1,000 population – once again an all time low since national records were first collated in 1978.

Figure 5: PLC thefts per 1,000 population and registrations



Changes in the Incidence of Theft for Short Term Use and Profit-motivated Theft

The changing profile of vehicles that are recovered and those that are not has traditionally been used to indicate the proportion of vehicles targeted for short term use (recovered) and those targeted for profit (non-recovered). These two broad theft motivations are loosely measured on the balance of the recovered/unrecovered rate, with theft for short term use for the most part referring to joyriders and amateur thieves, whilst profit-motivated theft is related to organised criminal activity.

The sizeable drop in theft numbers since the 2001 peak has been for the most part driven by decreases in theft for short term use – the unrecovered rate remaining relatively stable over the years. However within this seemingly unchanging unrecovered rate, the profile of vehicles that are stolen and remain missing has been shifting significantly. The newest vehicles (those aged less than five years) have been seeing an improving position – a good indication that reforms relating to managing written-off vehicles, improvements in security systems, and more effective policing, are making lives more difficult for organised thieves. The flatter level of mid-range vehicles (aged 6-10 years) and the upward trend for older vehicles (11 plus years) is currently being further investigated to better predict the likely fate of unrecovered vehicles.

While the number of unrecovered vehicles for 2006/07 initially seems slightly higher than for the previous year, this is expected to subside as late recoveries are accounted for.

13. CARS Database.
14. Statistics Canada.
15. FBI Uniform Crime Reports.
16. UK Home Office.
17. Europol Report: 'An overview on Motor Vehicle Crime from a European perspective, Jan 2006'.
18. Europol Report: 'An overview on Motor Vehicle Crime from a European perspective, Jan 2006'.
19. Europol Report: 'An overview on Motor Vehicle Crime from a European perspective, Jan 2006'.
20. Federal Republic of Germany, 'Police Crime Statistics 2006'.
21. National Police Academy, 'Crimes in Japan 2005'. Note that count now includes motorcycle thefts; rates presented in previous years did not.
22. Caution should be used when making comparisons between countries because definitions of motor vehicle theft, recording methods, and periods of measurement (e.g. calendar vs. financial years, etc.) all vary by country. Where lines are broken in the above graph, the last known theft rate is assumed to have continued due to the non-availability of updated data.

Performance Indicators continued

Table 3: Thefts and recoveries (PLCs)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Number of thefts	129,809	115,494	93,039	79,740	73,047	66,184	61,933
Percentage of thefts recovered	88	87	86	84	83	81	78
Number of thefts not recovered	15,315	14,722	12,687	12,369	12,497	12,336	13,854

Table 4: Thefts and recoveries (motorcycles only)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Number of thefts	6,304	5,989	5,591	5,915	6,159	6,696	6,758
Percentage of thefts recovered	37	37	37	33	32	35	33
Number of thefts not recovered	3,983	3,776	3,548	3,976	4,167	4,327	4,502

Analysis of NMVTRC in the Media

Car theft remained a strong focus in Australia's media this year, with over a thousand vehicle theft related articles published since July 2006, 163 of which featured the NMVTRC specifically. *Operation Bounce Back* maintained its strong media focus, and *Secure by Design*, the NMVTRC's flagship communications program, also featured prominently in electronic and print media across Australia.

The NMVTRC also featured in 45 radio and television interviews and reports relating to vehicle theft generally, *Operation Bounce Back*, *Secure by Design*, NRMA's vehicle security ratings, and other issues such as vehicle identification and engine immobilisers.

The Cost of Motor Vehicle Theft

The reduction in theft numbers for the year has saved the community an estimated \$24 million to \$46 million²³. The NMVTRC therefore estimates the cost of vehicle theft to be in the range of \$448 million to \$858 million, excluding the very large community costs associated with police investigations, courts, and corrections. The lower range represents a very conservative estimate of personal costs.

Stakeholder Determined Performance Indicators

A select sample of senior stakeholder executives from across Australia were asked to provide feedback via a short, online survey designed to assess the NMVTRC's performance in relation to its program coordination and consultations, publications, and level of influence.

Program Coordination and Consultation

With an average rating of four (very good) across the board on all topics, 95 per cent of respondents rated the NMVTRC's consultations generally as good or better than good. Similarly, 95 per cent felt that communication activities (specifically the 2007 StratPlan forums) also deserved a rating of good or better than good. As was reported last year, a perfect score was once again awarded to the NMVTRC's dissemination of vehicle theft information and information on the theft reform process.

Specific comments relating to program coordination and consultation noted that the NMVTRC staff provide timely support and provision of useful information. One stakeholder noted the importance of issues focused consultation in addition to the regular liaison that the NMVTRC maintains with stakeholders.

Publications

All respondents felt that the quality and timing of the NMVTRC's publications deserved a rating of good or better than good, and 95 per cent awarded the same score with respect to the extent to which the NMVTRC's publications met needs and expectations. Ninety one per cent scored good or better than good with respect to the extent to which the publications' objectives were met.

Stakeholders noted that the publications are useful, concise, and informative, with one respondent indicating that they work well as a 'tool to generate conversations with relevant senior executives'.

Influence on Reforms

Eighty six per cent of respondents felt that the NMVTRC has had a positive impact on the implementation (or progress towards implementation) of vehicle theft reform in their organisation and industry.

A number of stakeholders commented that reform is difficult to maintain and gauging influence on specific organisations can be a complex process, which makes frequent and focused consultation all the more important. In this context however, stakeholders also indicated that the NMVTRC has provided a collaborative approach to influence relevant industry partners to achieve desired reforms in all jurisdictions.

23. Based on independent analysis conducted by MM Starrs Pty Ltd for the NMVTRC (September 2005) which estimated victims' costs per incident to be in the range of \$6,230 to \$11,920 depending on a range of personal and other factors.

Financial Statements

- 22 Statement of Financial Position
- 23 Statement of Income and Expenditure
- 24 Statement of Cash Flows
- 25 Notes to the Financial Statements
- 28 Statement by Members of the Committee
- 29 Certificate by Members of the Committee
- 30 Independent Audit Report

Statement of Financial Position

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash	2	2,098,604	1,732,177
Receivables	3	56,043	600
Other	4	31,840	39,319
Total current assets		2,186,487	1,772,096
Non current assets			
Property, plant and equipment	5	24,320	12,727
Total assets		2,210,807	1,784,823
Current liabilities			
Payables	6	705,416	100,952
Current tax liabilities	7	0	10,300
Provisions	8	99,958	75,691
Total current liabilities		805,374	186,943
Total liabilities		805,374	186,943
Net assets		1,405,433	1,597,880
Equity			
Retained surplus		1,405,433	1,597,880
Total equity		1,405,433	1,597,880

*The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.
Printed with rounded dollar balances. Rounding errors may make sub-totals appear incorrect.*

Statement of Income and Expenditure

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenue	9	2,415,586	2,324,826
Employee benefits expense		(401,715)	(411,418)
Depreciation and amortisation expense		(10,236)	(19,690)
Advertising expense		(21,055)	(7,851)
Accounting expense		(2,893)	(3,119)
Auditor's remuneration		(2,100)	(2,000)
Communications and marketing		(153,018)	(183,612)
CARS		(452,736)	(321,228)
Industry initiatives and export		(205,923)	(167,388)
Information exchange		(458,616)	(9,091)
Police response and victim case studies		(37,256)	(0)
Public education		(653,359)	(399,894)
Sitting fee		(30,000)	(30,000)
Vehicle ID systems		(45,036)	(32,461)
Youth programs		(4,950)	(143,561)
Other expenses from ordinary activities		(129,140)	(185,956)
		(2,608,033)	(1,917,269)
Surplus/(deficit) from ordinary activities		(192,447)	407,557
Retained surplus at the beginning of the year		1,597,880	1,190,323
Total changes in equity		1,405,433	1,597,880

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report. Printed with rounded dollar balances. Rounding errors may make sub-totals appear incorrect.

Statement of Cash Flows

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flow from operating activities			
Grants received		2,250,000	2,250,000
Interest received		101,524	67,743
Refunds and reimbursements		64,061	8,321
Payments to suppliers and employees		(2,027,329)	(1,908,894)
		388,256	417,170
Cash flow from investing activities			
Payment for property, plant and equipment		(21,829)	(8,092)
Net increase in cash held		366,427	409,078
Cash at beginning of year		1,732,177	1,323,099
Cash at end of year	2	2,098,604	1,732,177

*The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.
Printed with rounded dollar balances. Rounding errors may make sub-totals appear incorrect.*

Notes to the Financial Statements

For the year ended 30 June 2007

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act of Victoria.

The financial report covers National Motor Vehicle Theft Reduction Council Inc. as an individual entity. National Motor Vehicle Theft Reduction Council Inc. is an association incorporated in Victoria under the Addociations Incorporations Act 1981 and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(a) Income Tax

National Motor Vehicle Theft Reduction Council Inc. is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. Therefore, no provision for income tax has been raised.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets costing greater than \$1,000 are depreciated over their estimated useful lives to National Motor Vehicle Theft Reduction Council Inc. commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Assets costing less than \$1,000 are depreciated over 12 months, commencing from the time the asset was held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Useful Life	Depreciation Basis
Office equipment	3 years	Straight Line
Furniture, fittings and fixtures	3 years	Straight Line
Computer equipment	3 years	Straight Line

(c) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by National Motor Vehicle Theft Reduction Council Inc. to an employee superannuation fund and are charged as expenses when incurred.

Notes to the Financial Statements continued

For the year ended 30 June 2007

(d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(e) Revenue

Grant Revenue is recognised when the right to receive the revenue has been established.

Interest revenue is recognised when earned.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and Services Tax (GST)

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

	2007 \$	2006 \$
Note 2: Cash Assets		
CBA cheque account	32,309	247,358
CBA cash management account	2,066,213	1,484,685
Petty cash on hand	82	134
	<u>2,098,604</u>	<u>1,732,177</u>
Note 3: Receivables		
Bonds	600	600
Gst receivable	55,443	0
	<u>56,043</u>	<u>600</u>
Note 4: Other Current Assets		
Prepayments	31,840	39,319
Note 5: Property, Plant and Equipment		
Fixtures and fittings	28,971	27,353
Less accumulated depreciation	(27,758)	(22,373)
	1,213	4,980
Office equipment	62,079	41,868
Less accumulated depreciation	(38,972)	(34,121)
	<u>23,107</u>	<u>7,747</u>
	<u>24,320</u>	<u>12,727</u>
Note 6: Payables		
Current payables		
Trade creditors	705,416	100,952
Note 7: Tax Liabilities		
Current liabilities		
Gst payable	0	10,300

2007	2006
\$	\$

Note 8: Provisions

Current provision		
Provision for annual leave	22,481	17,457
Provision for PAYG withholding tax payable	24,158	10,670
Provision for superannuation payable	0	6,572
Provision for long service leave	53,319	40,992
	99,958	75,691

Note 9: Revenue

Interest received	101,524	67,743
Grants received	2,250,000	2,250,000
Other income	64,062	8,322
Loss on disposal of assets	0	(1,239)
	2,415,586	2,324,826

Note 10: Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Program Commitments Continuing From 2006 Year

- Online Microdot Project	250,000	500,000
- Vin Validation Project	0	250,000
- Forensic Data Project	0	50,000
	250,000	800,000

Program Commitments Continuing From 2007 Year

- Forensic Analysis of Theft Data	70,000	0
- Secure By Design	50,000	0
- Police Responses	60,000	0
	180,000	0

Note 11: Entity Details

The registered office of the organisation is:

National Motor Vehicle Theft Reduction Council Inc.
Suite 1, 50-51 Howard Street
North Melbourne, Victoria 3051

The principle place of business is the same address.

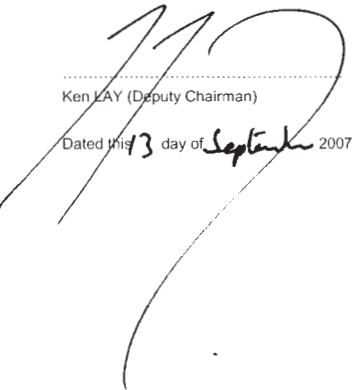
The principle activity of the organisation is facilitation of infrastructure reform and public awareness in regard to motor vehicle theft reduction.

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 22 to 27:

1. Presents a true and fair view of financial position of National Motor Vehicle Theft Reduction Council Inc. as at 30 June 2007 and its performance for the year ended on that date in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that National Motor Vehicle Theft Reduction Council Inc. will be able to pay its debts as and when they become due and payable.

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



Ken LAY (Deputy Chairman)
Dated this 13 day of September 2007



Robert McDONALD (Committee Member)

Certificate by Members of the Committee

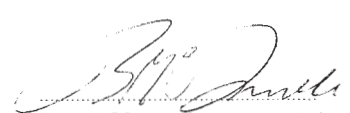
I, Robert McDonald of 50-52 Howard Street, North Melbourne, Victoria 3051, and I, Ken Lay of 50-52 Howard Street, North Melbourne, Victoria 3051 certify that:

- (a) We are members of the committee of National Motor Vehicle Theft Reduction Council Inc.
- (b) We attended the annual general meeting of the association held on 13/09/2007.
- (c) We are authorised by the attached resolution of the committee to sign this certificate.
- (d) This annual statement was submitted to the members of the association at its annual general meeting.



Ken LAY (Deputy Chairman)

Dated this 13 day of September 2007



Robert McDONALD (Committee Member)

Independent Audit Report

NATIONAL MOTOR VEHICLE THEFT REDUCTION COUNCIL INCORPORATED
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
NATIONAL MOTOR VEHICLE THEFT REDUCTION COUNCIL INCORPORATED

Scope

We have audited the financial report, being a special purpose financial report, of National Motor Vehicle Theft Reduction Council incorporated for the year ended 30 June 2007 being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements. The Committee is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Associations Incorporation Act Victoria and the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of National Motor Vehicle Theft Reduction Council Incorporated. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of the Associations Incorporation Act Victoria. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 so as to present a view which is consistent with our understanding of the council's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of National Motor Vehicle Theft Reduction Council Incorporated as at 30 June 2007 and the results of its operations and its cash flows for the financial year then ended.



Geoffrey B Johnson
Chartered Accountant
Of RUCKER MACKENZIE PTY LTD

Date: 13th Sept, 2007

Suite 12, 602 Whitehorse Rd.,
Mitcham, VIC 3132

Appendices

Australia – Number of passenger/light commercial vehicle thefts and theft rates by states and territory, 2006/07*

Jurisdiction	Number of Thefts	Number of Thefts 2005/06	Change in Thefts From 2005/06	Number of Thefts Stolen Not Recovered	% of Thefts Recovered	Thefts per 1,000 Registrations	Thefts per 1,000 Population
ACT	1,817	1,770	47	343	81.1	8.37	5.40
NSW	23,370	24,926	-1,556	6,532	72.0	6.04	3.41
NT	663	597	66	72	89.1	6.40	3.12
QLD	8,330	9,212	-882	1,716	79.4	2.97	2.02
SA	7,225	6,915	310	890	87.7	6.98	4.59
TAS	1,499	2,118	-619	112	92.5	4.06	3.05
VIC	13,742	15,480	-1,738	3,284	76.1	3.88	2.66
WA	5,287	5,166	121	905	82.9	3.80	2.54
Australia	61,933	66,184	-4,251	13,854	77.6	4.65	2.97

* Data is to 30th June 2007 for all other states and territories except for Queensland where the data is for the 12 month period from the 18th June 2006 to 17th June 2007. There is a small amount of overlap between the 2005/06 and 2006/07 financial years and comparisons between these two periods should be regarded with some cautions.

Australia – Number of motorcycles thefts and theft rates by states and territory, 2006/07*

Jurisdiction	Number of Thefts	Change Number of Thefts 2005/06	Number in Thefts From 2005/06	of Thefts Stolen Not Recovered	% of Thefts Recovered	Thefts per 1,000 Registrations [#]	Thefts per 1,000 Population
ACT	73	81	-8	45	38.4	8.18	0.22
NSW	2,203	2,241	-38	1,540	30.1	16.88	0.32
NT	139	109	30	77	44.6	31.39	0.65
QLD	1,022	958	64	623	39.0	7.92	0.25
SA	578	515	63	397	31.3	14.21	0.37
TAS	79	81	-2	38	51.9	6.25	0.16
VIC	1,359	1,225	134	1,101	19.0	10.15	0.26
WA	1,305	1,486	-181	681	47.8	19.52	0.63
Australia	6,758	6,696	62	4,502	33.4	12.82	0.32

* Data is to 30th June 2007 for all other states and territories except for Queensland where the data is for the 12 month period from the 18th June 2006 to 17th June 2007. There is a small amount of overlap between the 2005/06 and 2006/07 financial years and comparisons between these two periods should be regarded with some cautions.

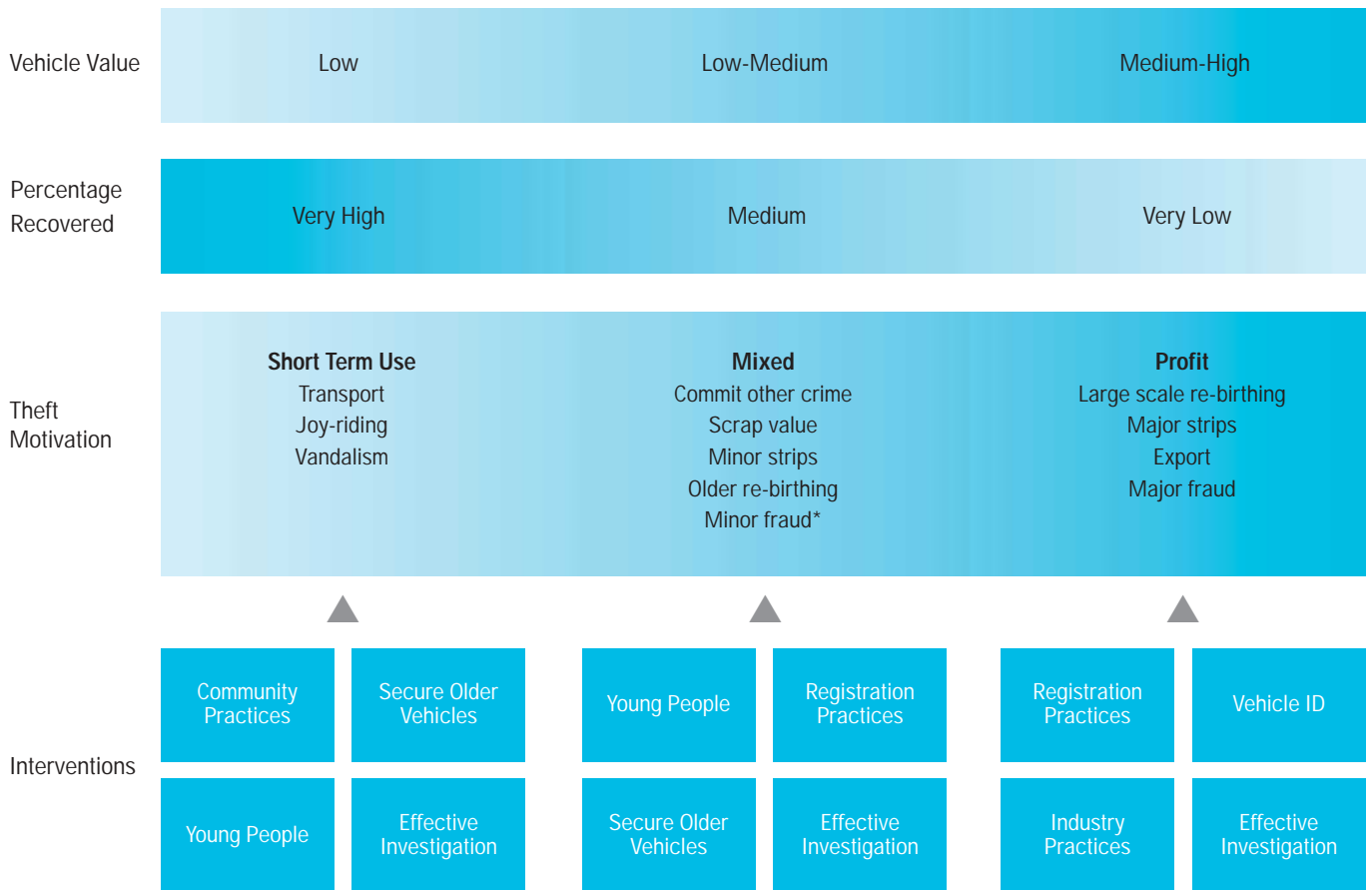
Must be regarded with caution as a large and unknown proportion of motorcycles are not registered.

Appendices continued

In our 2006 Strategic Plan we reported a strongly emerging view amongst police and others in larger jurisdictions that the 'traditional' line between the theft of vehicles by juveniles for short term use and more organised criminal activity is becoming increasingly blurred. As a consequence,

the NMVTRC adopted a model of viewing all car crime as occurring within a continuum which has short term use at one end and pure economic gain at the other and a high level of fluidity in the middle. The car crime continuum graphic below illustrates this concept.

Car crime continuum



* The term minor fraud is used here to distinguish less sophisticated, limited scope and lower value scams from more highly organised, widespread and higher value fraud. It is in no way intended to diminish the seriousness of related offences.



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