

VIA- IMPORTED MOTOR VEHICLE INDUSTRY ASSOCIATION:

NATIONAL EXECUTIVE- CHAIRMEN'S REPORT- MAY 2019:

As your National Executive North and South Island Committee Chairmen, we present our Annual Report for VIA over the 2018-2019 period.

There are two components to our report- the advocacy and direction of the Association over the past twelve months, and the concerns over ongoing viability and the future in to the 2019-2020 financial year.

National Executive is comprised of elected members who represent the governance and protection of members' interests, drawn from the North and South Islands with a Chairman and Vice-Chairman respectively.

Your Chairmen are Mr. Graeme Macdonald and Mr. Lloyd Wilson representing the North and South Islands, and your Vice Chairmen are Mr. Frank Willett and Mr. Nick Owens, again representing the North and South Islands.

In 2018 National Executive elected to co-opt two additional members as required throughout the year, Mr. Hayden Johnston and Mr. Greg Ranson. This was a decision taken with a view to renewing the Board with fresh ideas, strategic thinking and a succession plan, with an effective "year of training" to determine suitability for a role in the future.

After serving as Vice Chairman for seven years, Frank Willett has made the decision not to stand for re-election to VIA's National Executive. Frank's input, industry knowledge and insight have been an instrumental part of the thinking and direction of the VIA Board, and as Chairmen we wish to acknowledge Frank's service to our Association and our wider Industry over this time.

National Executive met every 2 to 3 months throughout the term, with the Chairmen corresponding weekly- if not daily- with the Chief Executive and between ourselves.

The past twelve months have been a tumultuous period for the imported vehicle industry in New Zealand, with strong representation and advocacy absolutely essential to represent the diverse interests and at times, opinions, of this fiercely independent business.

At our last Annual General Meeting, VIA was actively engaged in bringing all affected parties together to deal with the BMSB crisis and assist in managing an effective pathway to ensure minimal interruptions to shipping.

One year on, and the ongoing facilitation and management provided by VIA has helped to ensure the objectives of MPI are met whilst providing certainty and security for our members.

From being a show-stopper with significant financial penalties and uncertain risk management, the Takata airbag recall process was managed responsibly and with the minimum possible impost to the industry in a joint working approach between VIA and the MIA.

Planning for the next and final implementation phase for mandatory inclusion of ESC has been ongoing through 2018 and 2019, as VIA has worked through the vast amount of data collected with the intention of supplying Industry with a workable range of ESC compliant options- and possibilities- before the March 2020 cut-off.

VIA has continued to represent with research and development of the EV sector, including charging hardware, concerns raised over battery degradation, brake testing and whole-of-life emission costings.

Contentious issues through the financial year that VIA faced included the regulatory review of entry certification and conflicts of interest; a crippling restructure of NZTA that has left the organisation facing uncertainty and stagnation over many new and existing projects; a determination by Government to review how 1 and 2-star safety-rated vehicles could be removed from our fleet; feebates and rebates over fuel efficiency standards; Future Ports debate over the role of Ports of Auckland with the blatantly politically motivated push to move vehicle import arrivals to Northport; and product End Of Life stewardship including motor vehicles and their components.

Much of the workload that VIA undertakes on behalf of the industry goes un-noticed and unpublished. With the stated goal of the Association to “keep the doors open for the imported vehicle industry”, we have taken now for over a decade the position that effective decision-making at a Government level is best influenced at the front – providing guidance, lobbying and at times standing firm on positions that result in certainty and continuation for members, rather than constraints as a result of poorly-informed or advocated policy.

“Keeping the doors open” however, has become the core focus of National Executive throughout the past financial year, and at this Annual General Meeting we arrive at a crossroads for Members to determine our pathway.

National Executive reluctantly approved a deficit Budget at the commencement of this past Financial Year. Given the difficulties faced by the Industry at the time, and the need for effective leadership and advocacy to steer through the multiple crisis of BMSB and Takata, National Executive understood from Members that the role of VIA was vital to business continuation, with the determination that additional funding would be sourced to replace income lost as demand for technical statements and certificates declined.

As we move in to 2019, despite the best efforts of both the Chief Executive and National Executive, it became evident that all avenues explored to supplement revenues to VIA were not feasible. Your Chairmen have met with and discussed options to members at almost every corner of our industry, but despite every effort, we have arrived at this, our 2019 Annual General Meeting, without the funding secured that is necessary to ensure the ongoing viability of the Association.

At every meeting, event, facilitation or matter of urgency, we are told that the role of VIA is essential to the continued advancement of the Imported used vehicle industry, whether through single-issue lobbying or the background work done to ensure a behind-the-scenes “business as usual” seamless transition. Our membership services are in demand; our Policy Analyst both essential to interpretation of technical data, and a highly respected and sought-after critical thinker advising to a myriad of working groups, policy think-tanks and future-fleet advancers; our Chief Executive, respected by both industry and Government

representatives as able to deliver solid advocacy and at times hard-headed pragmatism to what can be a conflicting pool of ideology and mis-informed intentions emanating from Wellington, and our technical repository of fleet data and knowledge both past and present.

In short, VIA has effectively supported and facilitated the continuance of business from the smallest dealers to the largest integrated supply chains. The success of VIA can be measured by the continued ability of our industry to remain relevant and viable.

Yet all of this requires funding.

VIA has been fortunate to have been supported by the wider industry, from dealers and compliance workshops, to stock suppliers, agents, exporters, service suppliers, financial services providers, inspection agencies, shipping lines, Japanese suppliers and more. As Chairmen of VIA, we thank you again- as we have done so throughout the year- for your continued support.

But the current levels of funding are simply no longer enough to allow VIA to maintain the service levels the Industry has become accustomed to.

At this Annual General Meeting, members will hear from the Chief Executive and National Executive of the financial plight the Association faces and the stark reality that continued operation, advocacy and service levels currently enjoyed, may no longer be feasible.

National Executive cannot allow the continued drain upon VIA Membership funds in to 2019, as part of the Governance controls placed upon us, without guidance and direction from members.

There are only two options forward- identify and engage with additional funding models or sources, or cut back on service levels and representation to industry to match current revenues. Any such funding models proposed must be sustainable in to the future, allowing for certainty of any contracts, staffing or other commitments forward.

National Executive lament that at the very time that VIA's relevance and lobbying effectiveness are arguably at a peak, our financial fortunes are at a low point. But there is no alternative- effective representation requires funding, and in our current position, without guarantees of income, we have no choice but to ask members at the Annual General Meeting to consider a range of options- including closure or merger- unless fiscal stability can be restored.

This is your Association, and as your Chairmen we represent your interests in the survival of the very organisation that was created and continues to work to ensure you have a sustainable business model- and voice in Wellington- now, tomorrow, and in to the future.

Your voice is required, to provide National Executive with the pathway needed to guide your Association in to continued representation, or cease to exist.

Graeme Macdonald, North Island Chairman

Lloyd Wilson, South Island Chairman

May 23rd, 2019.