



Imported Motor Vehicle Industry Association Incorporated

Annual Report

1 April 2018 – 31 March 2019

Annual Report for the period April 2018 to March 2019

Annual General Meetings

South Island:	Christchurch	Tuesday	28 May 2019
North Island:	Auckland	Wednesday	29 May 2019
National:	Auckland	Wednesday	29 May 2019

Officers

Patron	John Nicholls
Chief Executive	David Vinsen
Secretary	Alistair Sheard

National Executive

Chair, North Island	Graeme Macdonald
Chair, South Island	Lloyd Wilson
	Frank Willett
	Nick Owens
	Greg Ranson
	Hayden Johnston
Solicitors	Lee Salmon Long
Accountants	Henning & Associates
Independent Review Accountants	RSM Hayes
Bankers	Westpac ANZ Bank

Mission Statement

“VIA is committed to supporting and promoting the vehicle import industry.”

VIA represents those who are directly or indirectly involved in the importation, refurbishment and marketing of vehicles.

On behalf of the National Executive of the Imported Motor Vehicle Industry Association, I present this Annual Report covering the activities of the Association for the 12 months from April 2018 to March 2019.

1. Overview

Record numbers of vehicles, new and used, have been imported into the country over the past year. In calendar year 2018, the total cars and commercials registered were:

- Used: 156,750
- New: 157,063
- Total vehicles exited from fleet: 253,250

2. Governance: National Executive

National Executive has met regularly throughout the year, in Auckland or Christchurch.

National Executive is comprised of the chairs and deputy chairs of the North and South Island branches, along with a secretary. There have been two members co-opted this year.

From time to time, National Executive also sought advice from members with specific industry experience on various technical issues, especially heavy vehicles, ports activities and logistics.

Those members who dedicate their time to serving on National Executive deserve thanks and appreciation. The association and its members benefit greatly from their contributions and input; they take a professional approach to the direction and governance of VIA, and their careful oversight directs the Association.

3. Branch committees

Other than at the AGMs, it has again not been necessary for the branch committees to have met this year. Our emailed Alerts keep members informed of current issues and changes in our industry, and we have called groups of members and sponsors together who have specific interests when we have been dealing with particular concerns.

VIA Council

In 2018, with some pressing issues for the industry to address, we took the initiative to bring together representatives of key stakeholders and major sponsors in a council-style format. The Council is a means of communicating openly at a high level on shared challenges; two meetings of the VIA Council were held in the second half of 2018.

4. Management

The Chief Executive formally reports to National Executive; he is responsible for implementing the policies of National Executive, and for managing the day-to-day affairs of the Association.

The Chief Executive continues to manage the Association as an independent contractor, rather than as an employee.

5. Staff

Our staff consists of:

- Bev Purchase, Office Manager,
- Malcolm Yorston, Technical Services Manager
- Kit Wilkerson, Policy Analyst and Statistician
- Claire Hamilton, Communications Manager

Bev and Claire work part time. Claire has worked as an independent contractor, and will finish up with us on 31 May 2019. We acknowledge her contribution over her time with us, particularly the leap forward with our brand, and the reflected growth in credibility of our communications and general identity.

Kit's continuing involvement in international standards has led to increased demand for his services for panels and conferences worldwide. As well as his responsibility for data analysis, his complementary role of Policy Analyst helps to keep VIA at the forefront of developments in vehicle and transport technology.

6. Financial

This year our annual financial statements were again reviewed by an independent accountant, and the reviewed financial reports have been posted on our website, and will be available for discussion at the AGM.

The association's confirmed result for the 2019 financial year was a deficit of \$233,181, an improvement over last year's result, but still very disappointing. The loss was largely attributable to reduced income from technical services as the numbers of vehicles requiring special certificates reduced.

The continued losses have caused the independent accountants reviewing our accounts and financial performance to raise questions about the ongoing financial viability of the association. We have attempted to reduce the deficit by seeking increased contributions from sponsors, as well as having a levy collected on every used vehicle imported, as resolved by last year's AGM. Unfortunately, we have not been able to implement such a levy. National Executive is currently working on the budget for the next financial year, and the focus will be on cutting costs, which will raise questions about the future shape of the association and the services it provides.

7. Core activities

The activities of the Association can be considered in three distinct areas:

- **Current:** Providing technical advice and support to the industry, and dealing with urgent industry issues as they arise such as stink bugs and the Takata airbag recall.
- **Medium term:** Political advocacy and consultation, to ensure that the industry is properly represented and its voice heard when new legislation is being considered, developed or implemented.
- **Future:** Monitoring and researching trends and changes that are likely to affect the industry.

Technical

We provide the following technical services:

- Applications to NZTA for exemptions for a wide range of compliance issues
- Assistance with documentation for UK vehicles
- Liaison with NZ Transport Agency and Ministry of Transport
- Advice and assistance on Entry Certification issues
- Participation in various consultative and working groups on vehicle- and road transport-related issues
- Liaison and consultation with MPI (now Biosecurity NZ)
- Liaising with manufacturers for technical information
- Research into international standards
- Advice on technical issues, for both new and used vehicles

8. Key issues

a. NZTA relationship

Restructuring and performance issues are causing ongoing uncertainty at NZTA.

- At the end of our financial year, still no report or recommendations had been released on the review of NZTA's Regulatory Capability and Performance.
- The chief executive, Fergus Gammie, and Board chair Michael Stiasny resigned and the internal Rules group, led by Angela Duncan, has been disestablished, with only 3 days' notice of termination. This group had over 100 years of combined experience in drafting, consulting and implementing road transport Rules.
- An external audit team has now been tasked with reviewing the performance and conduct of the Connected Journeys team.

Levy proposal: we have been advised that our proposal for NZTA to collect an industry levy on our behalf will not proceed as proposed, for legal reasons.

VIA projects: NZTA has made specific suggestions about work and research that they are willing to pay for; we are progressing these initiatives now.

b. Biosecurity

The Brown Marmorated Stink Bug biohazard issue has continued to be a focus of combined effort across the industry. Key points are as follows:

- Mandatory heat treatment during the specified BMSB season, as required by MPI's updated Import Health Standard, has largely neutralised the threat in our supply chain.
- In terms of direct involvement, VIA has continued to convene, chair and facilitate regular teleconferences with MPI, border inspection organisations (BIOs) and key stakeholders, with good attendance and participation from all parties.
- VIA also facilitated a review and debrief of Stink Bug Season 2 activities, as requested by MPI. A very successful meeting, with excellent feedback and collaboration, and appreciation of VIA's role in the facilitation.
- The ongoing points for negotiation are a requirement for year-round heat treatment, rather than just during high risk periods, and the further fogging of ships at the Captain's discretion before arrival at their destination port. VIA continues to facilitate and observe these negotiations.

c. Takata airbag recall

VIA continued its participation with MBIE, NZTA, Customs, MIA etc in the Minister's Advisory Group on dealing with the recall.

This is the largest such recall that the New Zealand industry has had to deal with, as up to 600,000 vehicles are affected.

d. Emissions and fuel economy standards

The Government's determination to improve the average fuel economy (and reduce carbon emissions) of vehicles entering the fleet, has resulted in two distinct proposals:

- A "Feebate" scheme
- Fuel economy standards

Work on these initiatives, which will affect the supply of vehicles, was in abeyance while Minister Genter was on maternity leave. We understand that MoT has now recommenced work on these proposals.

e. Electric Vehicles

Continued participation in the government's EV Leadership Group. Associate Minister Genter has expanded the focus of the group to include carbon reduction, as well as EV uptake.

VIA has been represented at various EV-related seminars, meetings and presentations.

MITO has developed and introduced unit standards for EV-related issues; VIA Technical Manager Malcolm Yorston participated in this work.

At the request of MoT, we hosted a visit by a delegation from MBIE and a senior manager from Nichicon, the Japanese manufacturer of EV charging equipment (including cables, etc for most Japanese manufacturers).

There has been discussion about the need for incentives to encourage the uptake of EVs.

f. ESC

The final phase of **mandatory Electronic Stability Control (ESC)** implementation will take effect from **1 March 2020**.

All used light **MA**, **MB** and **MC** passenger vehicles, plus **NA** goods vehicles, which are border-checked on or after this date will be **required to have ESC** as OEM equipment.

VIA is continuing to work on identification of ESC-compliant vehicles. We have developed a database of the Japanese domestic vehicle fleet, with details of the standards and specifications for each vehicle. We are now finalising the search mechanisms to enable purchasers, importers and inspection companies to be able to easily check individual vehicles' compliance with ESC and with any other standards, before purchase and before export from Japan.

g. VIA operating budget

The finalisation of the annual accounts was delayed as the reviewers ("auditors") quite rightly raised concerns about the viability of the association as a going concern.

As previously noted, VIA has been advised that our proposal for NZTA to collect an industry levy on our behalf will not proceed as proposed, for legal reasons.

We also accepted legal advice that an import levy collected by BIOs could be construed to be anti-competitive. We have developed a revised sponsorship agreement to be negotiated with the BIOs which will achieve a similar effect but without exposing the association to the risk of charges by the Commerce Commission. However, this has not progressed to signing as at the end of our financial year.

9 . Consultations & Submissions:

We have been involved in consultations and submissions on a number of issues, including:

- Light vehicle brake rule (motorcycles) mandatory ABS
- Conflicts of Interest
We made a written submission outlining our commercially agnostic position, and presented on this to NZTA representatives in Auckland on Wednesday 17 April 2019.
- Vocational education system reform
Made a submission agreeing broadly with proposed changes to polytechnic funding, but supporting the retention of effective ITOs including MITO.

11. Communications & Marketing

a. Stink bugs

Liaised with media (trade, NZ news and international) on developments during the initial BMSB crisis, issuing regular updates to industry and media on the latest events in containing the BMSB threat.

Presented at Biosecurity Communications Network forum (19 June in Christchurch) as requested by Horticulture NZ, on our response to the BMSB crisis and the challenges of ensuring factual communication of biosecurity issues in a commercial setting.

c. External Marketing

The association continues to have the policy of not promoting VIA to the public. Our policy is to confine our communications activities to members and the trade, unless required by specific issues of public interest.

d. Industry networking

Annual Mid-Winter Vehicle Industry dinner for senior government officials and association stakeholders, sponsored by Provident Insurance with Minister of Transport the Hon Phil Twyford as guest speaker. Now widely acknowledged as an important opportunity for key people in our industry to get together and discuss issues that affect their businesses.

Preparations for the 2019 dinner on 10 July are now in train, with Associate Transport Minister Julie Anne Genter confirmed as guest speaker.

e. Website

Prepared design and content for new website.

12. Commercial activities

Technical information, stationery and material supplies

VIA continues to supply specialist stationery and forms, materials for the VIN process and technical services. These are taxable activities and contribute to our income.

We also provide technical documentation required for the compliance of vehicles, on a commercial basis.

13. Strategic Relationships

We liaise with and maintain ongoing relationships with the following organisations:

- NZ Transport Agency
- Ministry of Transport
- NZ Customs Service
- Ministry of Business, Innovation and Employment
- Ministry of Primary Industries (*formerly MAF*)
- Ministry of Economic Development & National Enforcement Unit
- Ministry for the Environment
- Commerce Commission
- EECA
- Motor Industry Training Organisation
- Employers & Manufacturers Association
- MTA & MIA (collaboration on common industry issues)
- ICAR NZ (collision repair standards & training)
- Port companies (logistics issues)
- IRD (liaison regarding unregistered traders)
- Justice Department

In particular, we have excellent relationships with NZT, MoT and MPI, NZ Customs, EECA and other relevant government departments and agencies, and we are involved in consultation on all new initiatives that might affect our members and the industry.

14. Sponsors

We wish to place on record our appreciation and thanks to our sponsors for their generous contributions and assistance to the Association:

- Armacup Maritime Services
- Autohub
- Automotive Technologies Ltd
- Autosure
- Dolphin Shipping
- Jacanna
- JEVIC
- Moana Blue
- Nichibo
- Ports of Auckland
- Provident Insurance
- Trade Me Motors
- VINZ

We have also had significant contributions from International and Corporate Members, including Heiwa and Autoterminal.

15. Future

In the words of one of our International Members: "VIA's job is to keep the door open for used imports into NZ".

VIA continues to be the only effective voice for the used import vehicle trade. We need the continued assistance and support, both financially and in numbers of all businesses with a vested interest in this industry so that we can continue to provide excellent service to our members and to the wider used import industry.

We still see the development and introduction of new technology as being the key issue that will face the used vehicle import industry over the medium term, and we have already identified areas that will require our active involvement and focus.

David Vinsen
Chief Executive