



Imported Motor Vehicle Industry Association Incorporated

Annual Report

1 April 2017 – 31 March 2018

Annual Report for the period April 2017 to March 2018

Annual General Meetings

North Island:	Auckland	Tuesday	29 May 2018
South Island:	Christchurch	Wednesday	30 May 2018
National:	Christchurch	Wednesday	30 May 2018

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
Solicitors	Lee Salmon Long
Accountants	Henning & Associates
Independent Review Accountants	RSM Hayes
Bankers	Westpac
	ANZ Bank

Mission Statement

“VIA is committed to supporting & 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 2017 to March 2018.

1. Overview

Record numbers of vehicles, new and used, have been imported into the country over the past year. In calendar year 2017, the total cars and commercials registered were:

- Used: 177,545
- New: 156,218
- Total vehicles exited from fleet: 176,790

The past 12 months, and in particular the first quarter of 2018, saw the imported vehicle sector face an unprecedented raft of challenges at all points in our supply chain. The stink bug biosecurity issue, which landed heavily in February, had a serious financial impact on shipping companies and caused widespread disruption in the supply of vehicles throughout the country. These supply issues are still working through as the delayed shipments are processed – April 2018 saw a record 33,000 vehicles imported for the month, with a similar number projected for May.

Running alongside this issue were the mandatory recall for alpha-type Takata airbag inflators, announced by Minister for Consumer Affairs Kris Faafoi on 3 April, and the ongoing initiatives by the Government for lowering emissions and improving the fuel economy of the fleet.

2. Governance: National Executive

National Executive has met regularly throughout the year, in Auckland, Wellington 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 no 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.

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.

Kit's role has continued to evolve, with his growing involvement in international standards. 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.

The communications role is essential to ensure that we are able to upgrade the way we distribute information across a number of different media, including e-Alerts, regular columns and commentary in the motor industry publications, as well as social media.

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 2018 financial year was a deficit of \$264,258, a disappointment after last year's result. The loss was largely attributable to reduced income from technical services as the numbers of vehicles requiring special certificates reduced.

Despite the loss, our reserves leave us in a good financial position. We have taken steps to redress the income deficit, including increased member subscriptions and sponsor contributions. The focus of the budget for next year will be increased revenue.

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 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:

- Statements of Compliance and advice on compliance issues
- Exhaust Emissions Certificates.
- 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. Biosecurity: The stink bug challenge

The Brown Marmorated Stink Bug biohazard issue dominated our activities for the first quarter of 2018.

Key actions were as follows:

- Negotiated successfully with NZ Customs to minimise administration and costs required for those vehicles that have been imported, exported and then re-imported as the result of the ship being turned away
- Unsuccessfully approached IRD, seeking repayment of Customs GST for vehicles that were refused entry and were “re-exported” (refund only possible after application and lengthy process)

- Negotiated successfully with NZTA to allow exemptions from the second phase of ESC for those liable vehicles that were caught by the crisis
- Attended a meeting of all affected parties organised by MPI
- Took the lead in convening and chairing a working group of all affected parties, meeting regularly by teleconference, with the intention of keeping affected people as informed as possible
- NB: Both NZTA and MoT requested permission to participate in these working group teleconferences
- Organised a Technical Working Group, to conduct research on possible treatments.
- Collaborated closely with MIA
- Liaised with other industry associations (Kiwifruit Vine Health Association, National Road Carriers Association, etc), keeping them informed and allaying concerns where possible.
- Extensive media interviews: regular trade media, mainstream press, radio and TV; CNN Business Desk and BBC Radio 5 Live.

The issue was then “triaged”, on the basis of urgency, into the following activities:

1. “Affected vessels” (the 4 ships that were initially found to be carrying vehicles with the bugs) were sidelined, and were unloaded under “controlled discharge” conditions: inspection, heat treatment, of 20% of each deck, then dog checks and detailed inspections, etc. This is a very time-consuming process (3 to 4 weeks to discharge a vessel, as opposed to the usual 12 to 14 hours). Understandably MPI were very stringent at first, but they progressively relaxed their requirements as the process found no further infestations.

2. At the same time fresh shipments of vehicles were discharged as normal, after extensive treatment before shipping: fumigation, double fogging etc. Supplies are not only back to normal, but the expected glut of vehicles is now arriving and working its way through the system.

3. We established a Technical Research Group, under the auspices of MPI and including two MPI scientists, to investigate treatment methods. The group is awaiting release of the revised Import Health Standard, and has started preparing a scope of work.

b. Mandatory Takata airbag recall

On 3 April 2018, Minister of Consumer Affairs Kris Faafoi announced a mandatory recall for at-risk (alpha type) Takata airbag inflators.

VIA moved quickly to engage with MBIE, NZTA, NZ Customs and the MIA, to develop processes and protocols for managing this recall.

From 31 May 2018, no vehicle (including trade-ins) fitted a Takata alpha-type airbag inflator may be sold in trade without having been reworked.

Also from 31 May, newly imported vehicles with alpha-type airbag inflators that have not been reworked will be “prohibited imports” and subject to seizure by New Zealand Customs.

Discussions are ongoing between VIA, representing NZ's used vehicle industry, and the MIA and NZ's new vehicle distributors, on how recalls of vehicles already in the fleet will be completed. Our shared objective is a smooth and efficient experience for all affected New Zealand consumers.

We are acutely aware that some traders will be holding stock affected by the mandatory recall. We have advised dealers to check their vehicles urgently against information on the Right Car website. If they have a vehicle that has not been reworked, dealers are advised to contact the manufacturer's representative in New Zealand and start the replacement process.

c. Emissions and fuel economy standards

Following the installation of the new Coalition government in late 2017, Associate Transport Minister Julie Anne Genter quickly took the step of restarting discussions on improving fuel economy performance.

MoT has now established a dedicated team to work on this issue, including engaging officials who previously worked on the implementation of the Fuel Economy labels.

They are working on two proposals:

- A “feebate” scheme to be implemented at initial registration, designed to influence purchasers’ decisions, i.e. demand management
- A tradeable credits scheme, to be implemented at time of import entry or compliance, designed to influence importers’ decisions i.e. supply management.

We are actively involved in the consultation process for these proposals.

d. Electric Vehicles

We are continuing to work with the Government on achieving strategic uptake targets for EVs in the New Zealand fleet. As VIA's chief executive, I am an appointee of the Government's Electric Vehicle Leadership group, whose function has been endorsed by the incoming Associate Minister of Transport.

About 3-4 years ago, we first got involved in EVs to support our members who were taking the initiative to explore this offering. At that time we saw it as a niche market. We now realise that EVs are inevitable over time, so it's even more important that we are involved in understanding and developing plans for surrounding regulations and infrastructure.

The role of the Government's EV Leadership Group is to identify and remove impediments to the uptake of EVs.

Some focus areas include:

- Charging infrastructure
- Standards for infrastructure and charging cables
- Training for technicians, emergency vehicle operators and others
- Battery degradation and range
- Warranty issues.

e. Memorandum of Understanding with MIA

In October 2017, we announced our agreement with the MIA (Motor Industry Association) to cooperate on matters of shared interest.

Our Memorandum of Understanding (MoU) records our agreed working relationship, while respecting each association's autonomy and separate constituencies: New Zealand's used and new vehicle import industries.

In the MoU, VIA and the MIA agreed to:

- collaborate on areas of mutual interest, providing a united voice for the vehicle importing industry;
- work to a "no surprises" policy, so that policy decisions, announcements and action on contentious issues are communicated in advance;
- include other motor industry associations in negotiations of shared import when appropriate.

The MoU also pledged that both associations will work to identify the issues on which we have different policies or positions. Both VIA and the MIA retain the right (and the responsibility) to advocate independently for our members in these matters.

f. VIA operating budget

VIA is regularly approached with commercial business propositions, the latest of which is a joint venture in data analysis.

In line with our policy of not competing with members in business, we limit our involvement in the supply chain for vehicles to making introductions to potentially interested parties where appropriate.

9 . Consultations & Submissions:

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

- Development of intelligent transport and connected vehicles
- Appointment to the government's Electric Vehicles Leadership Group
- Anti Money-Laundering legislation
- ACC vehicle levies
- Access to Motor Vehicle Register – we are now working with members to understand their compliance obligations when accessing the MVR via approved online portals.
- Developing processes to address the mandatory Takata alpha-type airbag recall, as part of the Government's Takata Airbag Leadership Group.

11. Communications & Marketing

a. Rebranding

The biggest communications initiative of the year was the launch of our updated brand identity, led by Communications Manager Claire Hamilton.

While the legal name of the organisation is unchanged, we adopted the trading name VIA. As a subset of our previous abbreviation of IMVIA, this gave us an easier word to say (Vee-a) while maintaining continuity with the Association's past.

We also implemented changes to our brand identity, updated our logo and refreshed our colour palette.

The implementation followed detailed consultation among our stakeholders during the development phase. The rebranding was announced at the 2017 Annual General Meeting, with a phased roll-out communicated to all members and highlighted at our annual industry dinner on 4 July 2017.

Feedback on the new identity has been resoundingly favourable, with ready uptake especially of the new trading name among our membership, wider industry and media.

b. Internal Marketing (to members and the trade)

All of our communications are electronic, by email and hyperlink to our website.

- **Alerts** are emailed on an "as needed" basis, to advise members of specific technical, legal, employment or market issues, with an emphasis on brevity, accuracy, timeliness and relevance.
- **Seminars:** Whilst placed on hold in early 2018 due to the raft of issues affecting members, a programme of educational seminars is planned for both Auckland and Christchurch commencing in the second half of 2018.

- **General media and press releases.** Once again, we have worked closely with the dedicated trade media, “Autofile” and “AutoTalk”. We now have a branded 2-page spread in AutoTalk every month which incorporates the ‘Vinsen’s View’ column and other stories concerning the imported vehicle industry.
 - Our communication of the BMSB biohazard issue has been acknowledged by Horticulture New Zealand, with our Communications Manager Claire Hamilton being invited to speak at the Biosecurity Communications Network forum in June 2018.
- We have also been interviewed and quoted on TV, radio and the press on issues that affect our industry; we have continued to be a first reference point for Radio New Zealand journalists seeking comment on industry issues.

c. External Marketing (to the public)

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

We have taken an active role in developing and fostering relationships between all organisations, both commercial and political, involved in the used vehicle industry. The benefits of these relationships includes a much better understanding, by all parties, of the key issues that will affect our industry, and the likely effects on the trade and the motoring public. This improved understanding leads to better outcomes for the industry and the public.

A prime example of this networking is our hosting a Mid-Winter Vehicle Industry dinner for senior government officials and association stakeholders. This dinner is now a sponsored event, providing an opportunity for industry stakeholders to align themselves publicly with our purpose.

This year’s speaker is the current Minister of Transport, the Hon Phil Twyford. Previous speakers have included then Minister of Finance and Infrastructure Steven Joyce, and Minister of Transport Simon Bridges.

These functions are acknowledged as an important opportunity for key people in our industry to get together and discuss issues that affect their businesses.

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
- Jacanna
- JEVIC

- McCullough Limited
- Moana Blue
- Nichibo
- Ports of Auckland
- 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