



MOTOR TRADE ASSOCIATION INC.

ANNUAL REPORT

2017







Contents

The Year's Highlights.....	01
MTA Faces.....	01
President's Report	05
Chief Executive's Report.....	06
Our Strategy.....	07
Board and Executive Team.....	08
Financials.....	09

Celebrating passion and pride

The MTA100 centenary event in Wellington brought members, the public, and our stakeholders together in a showcase and celebration of the past, present, and future of the sector.

Here MTA Member Dave Wilkens of Bristols Automotive Specialists in Upper Hutt shows off the 1931 Hispano Suiza he displayed at the MTA100 Car Show of the Century. First owned by the Shah of Persia, a Wanaka couple now owns the car.

Shortly after the MTA100, Dave and his team put another eight weeks of work into the car before it was taken to Pebble Beach USA for the prestigious international car show, the Concours d'Elegance - where it picked up two trophies

"We were really excited when we got the phone call to say they had won two prizes."

Over the 17 years Bristol Motors has been working on the car, they've put in 3500 hours rebuilding and maintaining it.

The Year's Highlights



MTA Centenary

Over 10,000 people visited our MTA100 Car Show of the Century at the end of April and the feedback declared the event a roaring success. With 100 classic and rare cars from around the country featured in one exhibition, and the latest and greatest in two others – the event ticked all the boxes for car aficionados. The member celebrations were also a

huge success, including the President's centenary dinner at Te Papa and an opening ceremony for 900 members, stakeholders and business partners. This once-in-a-lifetime event ensured MTA's centenary celebrations made their mark on the public and on those we work with.

MTA faces

MTA members run businesses in the cities and towns across New Zealand. They fix, fuel, buy, sell and generally keep the country's motorists, businesses and transport companies mobile. While our members have a lot in common, they also have unique characteristics.



Coalgate Motors, mid Canterbury

In the foothills of the mountains, this small team led by owner Preston Smith, stay open to new ideas. Over the year, with the help of MTA Business Advisor Christine Lambie, the company has doubled its turnover by bringing in new ways of working and updating its computer systems.

From left: Jonathon Green, Sean Hammersley, Kylie Greening, Preston Smith.

Addressing the skill shortage

MTA members are having difficulty finding and retaining qualified staff and many also report they struggle to find keen apprentices. After examining the issues, MTA this year began working more closely with training establishments to grow the next generation of trainees and apprentices. We also established an apprenticeship scholarship programme which was strongly supported by the Regions. In all 33 scholarships were awarded, 12 of them funded by the Regions.

At the same time, we reached out to Immigration New Zealand and private overseas recruitment agencies to find information and support for employers wanting to bring in qualified staff from overseas.

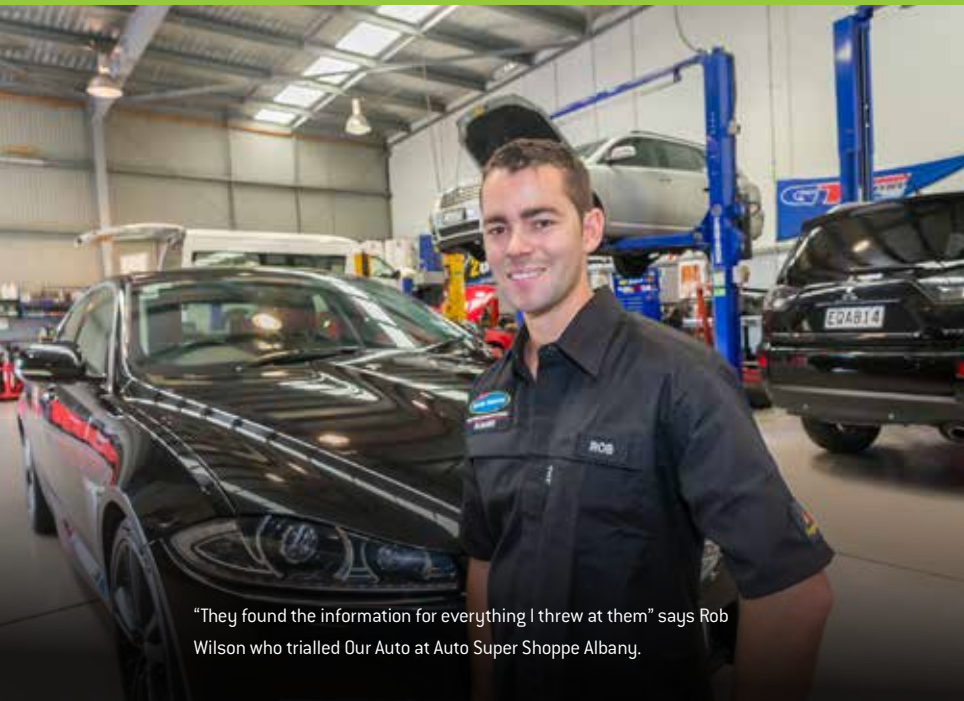
MTA also began investigating the possibility of setting up its own Group Apprenticeship Training Scheme. This is expected to become a reality in the 2017/18 year.

Right: Estelle Brownson, apprentice at New Plymouth Fitzroy Motors.



Improving access to repair information

General and collision repairers have long complained of their difficulties accessing OEM repair and service information. This year, MTA brokered a deal with Australian-based OurAuto which offers an online and phone support system. The company, owned by the Victoria Automobile Chamber of Commerce, operates across Australia and holds a comprehensive library of all the major OEM brands repair guides. Our first subscribed members have provided great feedback and access to OurAuto is now available to all MTA businesses.



"They found the information for everything I threw at them" says Rob Wilson who trialled Our Auto at Auto Super Shoppe Albany.



Roy Eaton Automotive, Whanganui

While MTA turned 100 this year, some of its members have been around even longer. Roy Eaton Automotive was established in 1910 and stayed in the family until recently when it was sold to three of the current staff. Founder, Bill Eaton, was also an inventor and some of his vacuum pumps for milking machines paved the way for today's technology.

Today's team, from left: Donna Fackney, David Morrison, Dale Chant, and owners Brent Whitton, Glenn Barnes and Matt Foster.

Electric vehicles

After successful lobbying by MTA, the high voltage electrical components of electric and hybrid vehicles must now be inspected as part of the WoF process. NZTA made the amendment to the in-service VIRM and it took effect in December.

With over 4,000 electric vehicles on New Zealand roads, MTA argued that a specific inspection was needed to ensure the high-voltage electrical systems of both electric and hybrid vehicles remain in a safe condition. We are now directing our advocacy into ensuring there is a training and standards-based infrastructure established for the maintenance and repair of EVs.



Earthquake

The November 2016 Kaikoura earthquake slammed nine North Canterbury members and forced one Wellington workshop to relocate for several months. Regions rallied to their support and helped both financially and with offers of jobs, holidays and other relief for those affected. The national office also provided a range of support and advice.



Restrictions on flood damaged vehicles

In recent years MTA has repeatedly raised its concerns with government agencies about the safety of flood damaged vehicles being imported from Australia. This year NZTA took notice and invited MTA to provide input on new restrictions which have now been introduced. We continue to push for a simple, transparent system that consumers and traders can use to check the damage history of all vehicles.



New website

In late 2016 we launched our new website much to the delight of members and the public who have provided feedback on its clean look and easy navigation. It is now receiving double the amount of traffic as our old site and was delivered on time and on budget.

2017 - New Website

	Users: 59,474	Sessions: 83,168
	Page views: 219,267	Unique views: 57,205

2016 - Old Website

	Users: 32,011	Sessions: 45,842
	Page views: 159,641	Unique views: 29,745

MTA faces

South Canterbury Toyota

This Timaru dealership is a hive of activity and enthusiasm and has been hugely supportive of MTA efforts to promote apprenticeship training. Three of the dealership's staff feature in the online videos MTA has produced to promote careers in the auto trades. The team also threw their support behind a local schools' careers day featuring jobs in the automotive sector.



WR Phillips, New Plymouth

For 70 years, the Phillips family have bought, sold and repaired vehicles for the people and businesses of Taranaki. Ryan Phillips is the fourth generation to work in the business, joining his father Paul and grandfather Neil. Their reputation for dealing fairly with people is the platform on which they've built the company. "It's the way we treat people that drives loyalty and reduces the need for a customer to ever go elsewhere," says Paul Phillips.



Toolbox

Our online Toolbox is full of information, advice, forms and procedures. This year we added sector specific advice, a new Member Services section and put in a big effort to update the health and safety, law, and making money pages. There's also a new focus on managing staff and taking on apprentices - to reflect our work on addressing the skills shortage.

36,713

Site Visits

1.41%

increase on the previous year



An average of
**six minutes
32 seconds**
spent on the site



2,732

Unique visitors

51,290

Page views



Mediation

2017 we mediated on

1338

cases, two thirds of which related to disputes with a member.

Most of which

83%

were resolved within that same month.

22

Staff also helped members prepare for 22 tribunal cases.

In most cases

73%

of the rulings were in favour of members.

Training and events

Our regional structure has been in place since April 2016 and participation in local events and training has dramatically increased. In the year before the change, 536 people attended a local event or training. This year, the number quadrupled.

In addition, over 150 subsidies were paid out by national office to members for technical training such as iCar, AECS and Repco Masterclass. National courses included hybrid/EV safety and in-depth EV training and over 1500 people took part in WoF qualification training.

In 2015 to 2016

536

people attended a local event or training

Increasing in 2016/17 to

2,725

attendees

The 164 Region events covered a wide range including:



First Aid



Fire Training



Women in Business



Welding Instruction



Fishing Trips



Movie Nights

Stewart Motors, Queenstown

If you've just felt the fear on a Queenstown bungy or swing, your odds of getting reeled in to safety could rely on the skills of the mechanics at Stewart Motors. Owners Dave and Fiona Lattimore have been maintaining many of the thrills of this tourist town for over 20 years.

From left: Geb Genet, James Casey, Dave Lattimore, Fiona Latimore, Ilian Petrov (front)



CRV Equipment, Whanganui

The staff have always come first in this business, formerly owned, and now managed, by Vince Lockwood. Making sure his employees had a secure future was an important part in Vince's decision to sell the heavy diesel workshop. When he was unexpectedly approached by a prospective buyer, Vince knew he'd be retiring in a few years and knew he should take advantage of a sale while he could. "I've known workshop owners who had to keep on working well into their 70s because they couldn't find someone to sell to." Planning for retirement is an important element in any business strategy.



President's Report

I'm very proud to present this 100th annual report for the MTA. It has been an important year for the organisation and our centenary celebrations provided us with a grand occasion to strengthen and broaden our relationships within the sector and government. Around 900 members, stakeholders, government officials and business partners joined us for the event and functions. The result has been a boost of confidence in our leadership within the sector and a better appreciation of our capabilities. Several other MTA100 regional events were hosted by the Northern, Coast to Coast and Southern Regions. Whanganui members also pulled out all the stops for their celebratory evening.

This support from the Regions is a further indication of the success of our move to a regional structure 18 months ago. The number of people taking part in local events and training has quadrupled. I think this shows members understand and appreciate the need to keep improving their businesses, stay abreast of developments within the sector and draw on each other's knowledge and experience.

Our sector has been going through buoyant times – particularly in car sales which are at an all time high and show little sign of tapering off. The increase in vehicle numbers in the national fleet has had a knock-on effect, with increasing pressure on our members to find enough qualified staff to meet the demand. The shortage of skills is being felt everywhere from the workshops to the showroom floor. Our long term programme of work to address this skill shortage is now well underway. Much of it focuses on the need to 'grow our own' apprentices and put more effort into training. We have backed ourselves with the introduction of MTA100 scholarships and this has been well supported by the Regions.

The skill shortage and other economic drivers also means the sector needs to look at new ways of doing things and in some instances, this may mean sharing resources, or specialising in specific types of work. The shortages mean wages are now more competitive and increasing – a reflection of the growing value of qualified staff. Higher pay will also help retain staff and attract apprentices and is something the sector needs to support – even if it means increasing charge-out rates. Skill shortages and other international forces, such as consolidation within the collision repair sector are all being felt here in New Zealand and we must adapt our businesses to survive.

To help us guide the motor trade through some of these changes the Board has done further work on its Strategic Plan. Members have been put at the centre of all our work and our strategy is driven by the need to ensure Members are successful and adaptive to change, that our Advocacy shapes policy and public opinion, our Brand is trusted and respected and our Finances deliver a sustainable organisation (see p7).

Part of our sustainability is ensuring we have a strong Board. This year we introduced a succession programme to support interested and talented members into Director roles. Our Aspiring Director programme offers candidates a period over three Board meetings to observe and develop their skills. I believe it will add enormous value to the organisation over time.

Financial sustainability is always of pressing importance and our investments remain our backstop for the next inevitable economic correction. A cornerstone of our investments is our Dekra partnership which provides us with high returns. We will continue to look for opportunities for members to use this relationship with Dekra and VTNZ to add value to their own businesses.

Finally, I want to thank the Chief Executive, staff and Board for all their support in what has been a stellar year for MTA.



Dave Harris



Chief Executive's Report

I'm happy to report on an extremely productive year for the organisation. Our focus has been firmly on ensuring our work helps create a sustainable business advantage for members and on providing leadership within the sector.

The number one concern for members is their difficulty finding skilled staff. There's no simple answer to the problem, but we are tackling it in several ways. We are working with agencies such as Immigration NZ and MBIE to make it easier to attract and recruit qualified staff from overseas. We are passing on information around the overseas recruitment process to members. We are also lobbying to have panel beaters, painters and mechanics included on the long-term skills shortage list. In the meantime, we have set up an arrangement with a private company to help members contract in overseas qualified technicians. However, it is vital more employers take on apprentices. Our staff have been visiting and questioning a range of schools and training providers to find, and share, better ways of attracting young people into our sector. Our apprentice scholarships are one outcome of this but we also encourage members to examine their workplaces to

make sure you're providing a supportive, positive environment, which helps retain staff loyalty.

Some of our most important work is done behind the scenes. This year we have met with both the Minister for Transport Simon Bridges and the Associate Minister Tim McIndoe to get insights into government policy and provide input on some of the changes being planned. Of course, we also made the

most of the opportunity to lobby for areas of particular interest to us.

One of our wins this year was to have EV and hybrid technology added to the Warrant of Fitness inspection regime.

Our MTA centenary celebrations also provided a fantastic opportunity to promote our brand and renew and build relationships within government agencies. Planning such a large event, and making our international speakers available to other organisations, brought us much closer to others in the sector – from the big car brands through to influencers and entrepreneurs like Allan Gibbs. As a result, we now find we are being approached more often and asked for our input on discussions and policy.

This year we were also able to help members with another common complaint – lack of access for OEM repair data. We negotiated an arrangement with Australian-based OurAuto which puts an online library of more than 50,000 repair manuals into the hands of members, supported by a phone helpline for direct technical advice. Like scan tools, you may need more than one such database, but this one is wide ranging and proving its worth.

This year we also welcomed Westpac as our banking partner as they offered a terrific, and very competitive, package to members; covering everything from merchant service fees to capital for expansion.

Information on all member benefits, services and support can be found on our website www.mta.org.nz and further highlights from the year are contained in this report.



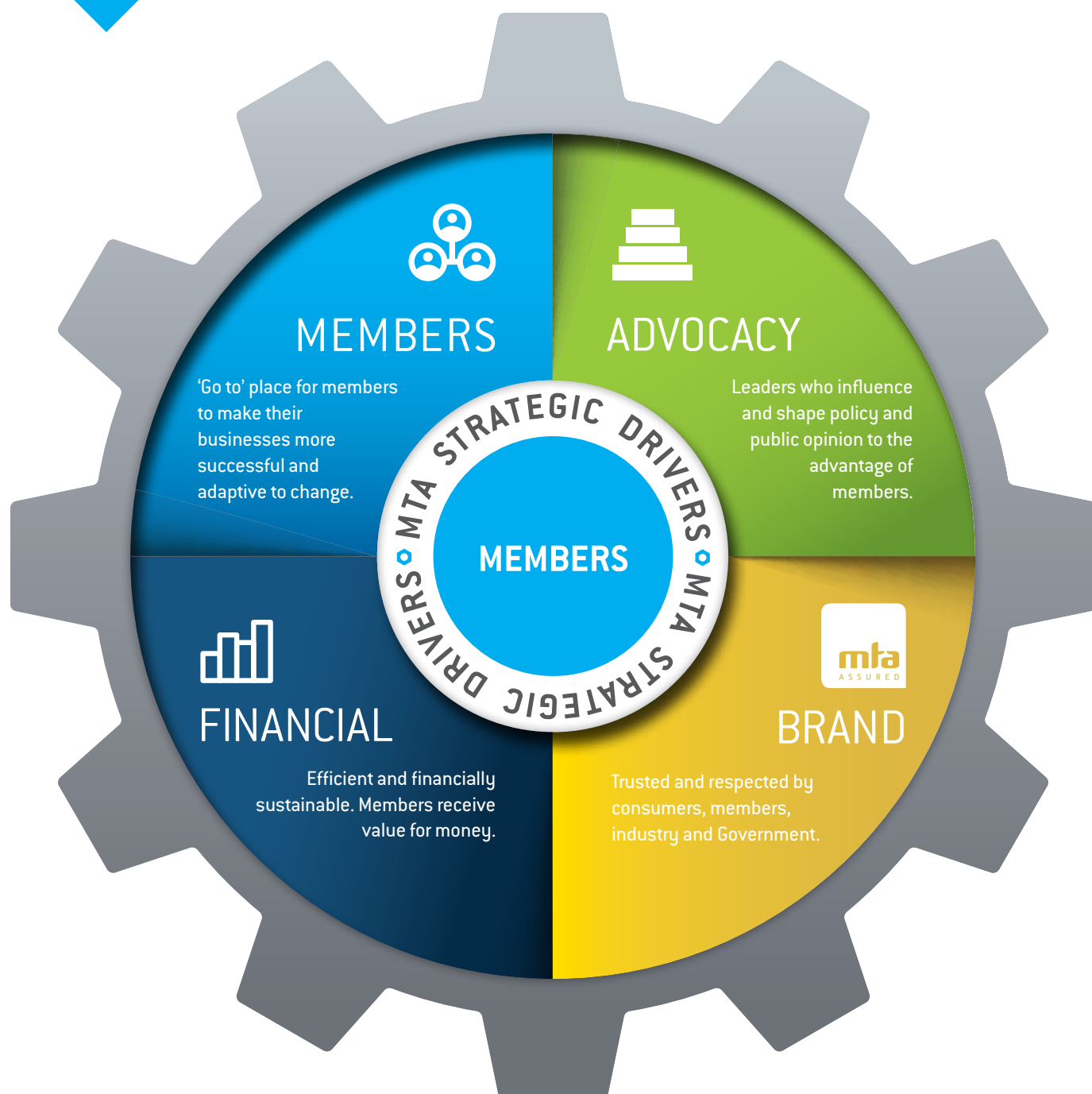
Craig Pomare



Our Strategy

This year we put the core strategic drivers of our strategy into action. Our work programmes are all focused and aligned to the outcomes of each driver. This way of working is providing real clarity for our objectives and priorities. Our overall goals remain constant:

- To create a sustainable business advantage for our members
- To provide leadership within our industry



MTA Board of Directors



Board from left: Jim Gibbons (Vice President), Dave Harris (President), Mark Darrow, Tony Allen, Judy Lange, Samantha Sharif, Bob Boniface.

MTA Executive Team



Chief Executive

Craig Pomare
craig.pomare@mta.org.nz



Marketing Services Manager

Ross Cameron
ross.cameron@mta.org.nz



Member Services Manager

Ruth Cook
ruth.cook@mta.org.nz



Industry Relationship Manager

Greig Epps
greig.epps@mta.org.nz



Chief Financial Officer

Tony Candy
tony.candy@mta.org.nz

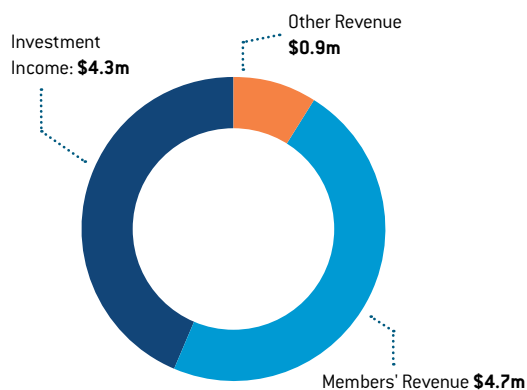


Human Resources Manager

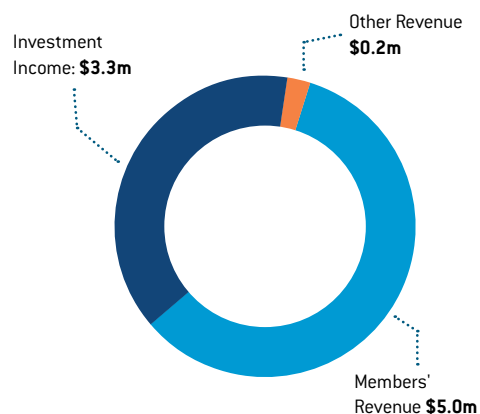
Kerry Foote
mta@mta.org.nz

Total Revenue **\$9.9m** (FY 2016 = \$8.5m)

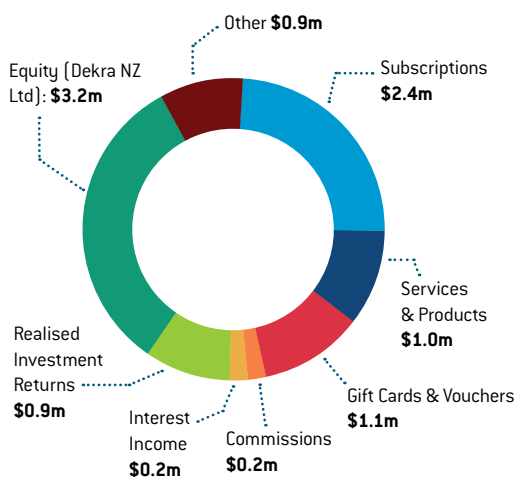
By Activities 2017



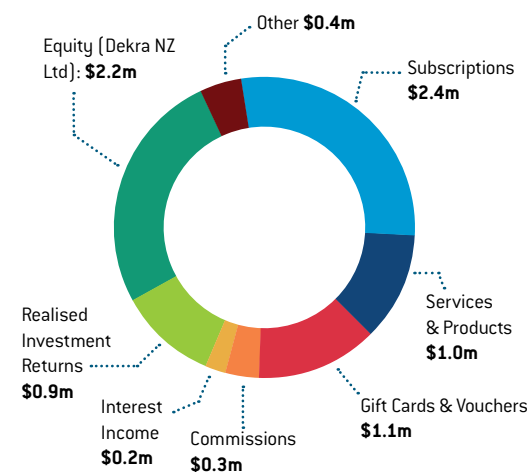
By Activities 2016



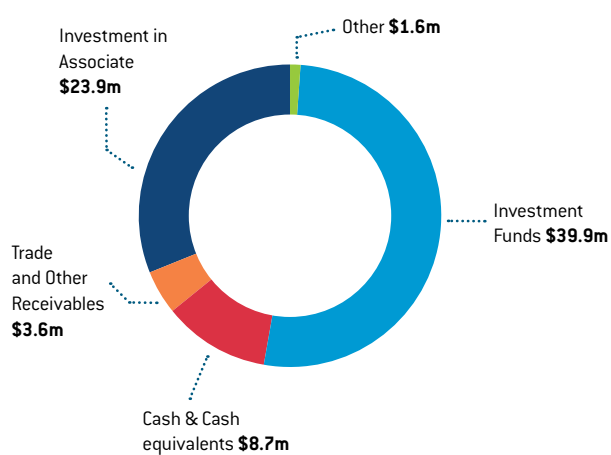
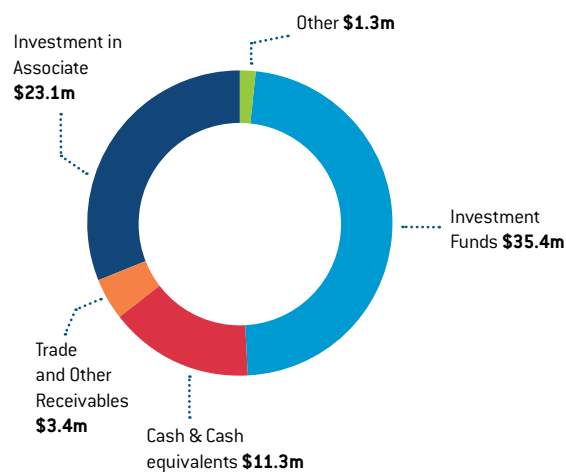
By Categories 2017



By Categories 2016



Total Assets **\$77.7m** (FY 2016 = \$74.5m)

Year 2017 **\$77.7m**Year 2016 **\$74.5m**

MOTOR TRADE ASSOCIATION INCORPORATED GROUP

Consolidated Summary Statement of Comprehensive Income

For the year ended 30 June 2017

			2017	2016
		Note	NZ\$'000	NZ\$'000
Revenue	Subscriptions	3	2,440	2,351
	Services & Products	3	1,011	1,074
	Gift Cards & Vouchers		1,067	1,071
	Conference & Events		-	205
	Commissions		233	256
Total Members Revenue			4,741	4,957
Salaries & Wages			(1,548)	(1,567)
Gift Card & Voucher Costs			(609)	(874)
Cost of Goods Sold			(335)	(424)
MTA Image			(344)	(449)
Other Costs			(1,798)	(1,538)
Operating Surplus from member activities			107	105
Investment Activities	Interest Income		215	209
	Realised Investment returns		893	859
	Equity accounted share of Dekra NZ Limited		3,233	2,234
Total Investment Income			4,341	3,302
Net loss after tax from discontinued Taranaki Street Property			-	(125)
Other Costs			(416)	(288)
Operating surplus from investment activities			3,925	2,889
Administration and General				
Other Revenue	Sponsorships		30	110
	Other revenue		788	46
	Gain on sale of assets		89	15
Total Other Revenue			907	171
Salaries & Wages			(1,720)	(1,739)
IT			(373)	(379)
Other Costs			(3,021)	(1,680)
Operating costs of Administration & General activities			(4,207)	(3,627)
Operating Deficit for the year			(175)	(633)
Other comprehensive income after tax for the year			3,465	1,299
Total comprehensive income after tax attributable to members			3,290	666

MOTOR TRADE ASSOCIATION INCORPORATED GROUP**Consolidated Summary Statement of Changes in Members' Funds**

For the year ended 30 June 2017

		Special funds	Available for sale investments revaluation reserve	Capital protection reserve	Investment fluctuation reserve	Retained earnings	Total
	Note	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Balance at 30 June 2015		603	3,508	189	568	48,552	53,420
Total comprehensive income/(loss)		-	1,299	-	-	(633)	666
Transfer between reserves		-	-	261	1,819	(2,080)	-
Transfer from reserves		-	-	-	-	-	-
Balance at 30 June 2016		603	4,807	450	2,387	45,839	54,086
Total comprehensive income/(loss)		-	3,465	-	-	(175)	3,290
Transfer between reserves		-	-	-	-	-	-
Transfer from reserves		(507)	-	1,110	2,290	(2,896)	(3)
Balance at 30 June 2017	2	96	8,272	1,560	4,677	42,768	57,373

MOTOR TRADE ASSOCIATION INCORPORATED GROUP**Consolidated Summary Balance Sheet**

As at 30 June 2017

	2017	2016
	NZ\$'000	NZ\$'000
Current assets		
Cash and cash equivalents	8,732	11,267
Trade and other receivables	3628	3,383
Other current assets	203	125
Total current assets	12,563	14,775
Non-current assets		
Investment in associate	23,944	23,111
Property, plant and equipment	680	689
Other non-current assets	40,537	35,890
Total non-current assets	65,161	59,690
Total assets	77,724	74,465
Current liabilities		
Trade and other payables	4,352	3,933
Other financial liabilities	15,032	15,548
Net Investment from MTA Auckland Branch	770	694
Other current liabilities	116	82
Total current liabilities	20,270	20,257
Non-current liabilities		
Non-current liabilities	81	122
Total non-current liabilities	81	122
Total liabilities	20,351	20,379
Total members' funds	57,373	54,086

MOTOR TRADE ASSOCIATION INCORPORATED GROUP**Consolidated Summary Cash Flow Statement**

For the year ended 30 June 2017

	2017	2016
	NZ\$'000	NZ\$'000
Cash flows from operating activities		
Receipts from customers	5,053	5,138
Payments to suppliers and employees	(9,171)	(8,697)
Other operating cash flows	68	146
Net cash provided by operating activities	(4,050)	(3,413)
Cash flows from investing activities		
Payments for property, plant and equipment	(231)	(544)
Sales of investments	7,741	-
Purchase of investments	(8,142)	(702)
Other investing cash flows	2,179	8,029
Net cash used in investing activities	1,547	6,783
Advances from MTA Branches	(108)	(177)
Net Investment from MTA Auckland Branch	76	694
Net cash used in financing activities	(32)	517
Net (decrease)/ increase in cash and cash equivalents	(2,535)	3,887
Cash and cash equivalents at the beginning of the year	11,267	7,380
Cash and cash equivalents at the end of the year	8,732	11,267

MOTOR TRADE ASSOCIATION INCORPORATED GROUP**Notes to the Summary Consolidated Financial Statements**

For the year ended 30 June 2017

1. Basis of preparation of the Summary Financial Statements

The summary financial statements for Motor Trade Association ("MTA") Group have been prepared in accordance with Financial Reporting Standard FRS-43: Summary Financial Statements.

The information contained in the summary financial statements has been extracted from the full financial statements authorised for issue by the Board of Directors on 13 September 2017. The summary financial statements cannot be expected to provide and do not provide as complete an understanding as provided by the full financial statements.

The full financial statements are available to members at no charge. To receive a copy of the full financial statements, you can phone MTA on 0800 001 144 or email mta@mta.org.nz.

These summary financial statements are in accordance with the recognition and measurement requirements of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), but do not comply with the presentation and disclosure requirements of NZ IFRS.

The full financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with NZ IFRS and other applicable financial reporting standards as appropriate for profit-oriented entities. The full financial statements also comply with International Financial Reporting Standards. A full description of the accounting policies adopted by MTA Group is provided in the full financial statements.

The full financial statements have been audited and an unmodified opinion has been expressed in respect of the Group.

The presentation currency is New Zealand Dollar (NZ\$). The amounts in the financial statements are rounded to the nearest thousand dollar (\$'000).

The Summary Financial Statements do not include all the disclosures provided in the full Financial Statements and cannot be expected to provide as complete an understanding as the full Financial Statements.

2. Members' funds

	2017	2016
	NZ\$'000	NZ\$'000
Special funds	96	603
Available for sale investments portfolio revaluation reserve	8,272	4,807
Capital protection reserve	1,560	450
Investment fluctuation reserve	4,677	2,387
Retained earnings	42,768	45,839
Total members' funds	57,373	54,086

MOTOR TRADE ASSOCIATION INCORPORATED GROUP**Notes to the Summary Consolidated Financial Statements** (cont.)

For the year ended 30 June 2017

3. Subscriptions

The MTA 2000 Branch Income and MTA Image Levy now form part of the subscription fees. This resulted in \$713k being reclassified from Services and Products to Subscriptions for the year 2016.

4. Contingent liabilities and contingent assets

There are no significant contingent liabilities as at 30 June 2017 (2016: nil).

5. Events occurring after Balance Date

There are no subsequent events occurring after balance date requiring any adjustments to these consolidated financial statements. (2016 : nil)

6. Directors fees

Fees paid to Directors for services during the year are as follows:

	NZ\$'000
David Harris	59
Bob Boniface	52
Mark Darrow	42
Jim Gibbons	52
Judy Lange	34
Samantha Sharif	40
Tony Allen	42
	321



Independent Auditor's Report on the Summary Consolidated Financial Statements

To the Members of Motor Trade Association Incorporated

Opinion

The summary consolidated financial statements of Motor Trade Association Incorporated and its subsidiaries (the 'Group'), which comprise the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' funds, summary consolidated balance sheet as at 30 June 2017, and the summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 30 June 2017.

In our opinion, the accompanying summary consolidated financial statements, on pages 10 to 15, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 13 September 2017.

Directors' responsibilities for the summary consolidated financial statements

The directors are responsible on behalf of the Group for the preparation of the summary consolidated financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): *Engagements to Report on Summary Financial Statements*.

Our firm carries out other assignments for the Group in the area of taxation compliance. These services have not impaired our independence as auditor of the Group's. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.

Restriction on use

This report is made solely to the Group's members, as a body. Our audit has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wellington, New Zealand
13 September 2017

This audit report relates to the summary consolidated financial statements of Motor Trade Association Incorporated and its subsidiaries (the 'Group') for the year ended 30 June 2017 included on the Group's website. The Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the summary consolidated financial statements since they were initially presented on the website. The audit report refers only to the summary consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary consolidated financial statements and related audit report dated 13 September 2017 to confirm the information included in the summary consolidated financial statements presented on this website.

