



# ANNUAL REPORT

## 2014

### MOTOR TRADE ASSOCIATION (INC.)

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A scenic landscape featuring a winding asphalt road with yellow double lines. A white SUV is driving on the road, slightly blurred. The background shows a range of mountains with some snow-capped peaks under a blue sky with wispy clouds. The foreground and middle ground have dry, yellowish-brown grass and shrubs.

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# President's Report

***This year we have defined a new strategy to take MTA through to 2020, refocusing all activities, on every level, to achieve this. We've realigned the entire organisation, to bring greater efficiencies and benefit to our members.***

The Board has reviewed how the branches operate, to create an organisation with the same opportunities for members to connect, while getting rid of the unnecessary bureaucracy. The Board also significantly realigned the corporate structure of MTA, to bring the focus directly onto member advantage, and services and products for members to use. On behalf of the Board, I'd like to thank outgoing Chief Executive Rob MacGregor for his great work, and welcome the incoming Chief Executive Warwick Quinn.

We've been making some major moves to strengthen MTA financially. We've carried out major repairs to MTA's Wellington building and completed the sell-down of VTNZ. We're working to make MTA the undisputed leadership organisation in New Zealand's automotive sector.

MTA has brought opportunities for members to pick up new skills – not just technically, but managerially and financially as well. In particular, we brought over United States workshop profitability expert Dan Gilley, for the first time. More than 300 attendees came to hear this industry-leading speaker, with many reports from members who have made small changes, resulting in big increases to the bottom line.

Also, our foresight work has proven we are reading market shifts correctly. Major regulatory changes have come to pass. The Collision Repair sector has changed significantly. Government changes to Warrants of Fitness have resulted in 12,000 fewer warrants per week with many workshops around the country reporting quieter times. This further validates the tough decisions we've made this year, in repositioning MTA to bring new products and market opportunities to members.



David Storey





# MTA Board of Directors 2013/2014



Left to right: Andre Hopman, Richard Punter, Peter Farmer, David Harris, David Storey, Mark Darrow, Judy Lange, Jim Gibbons, Bob Boniface



# Chief Executive's Report

***Refocusing MTA by going back to its core purpose of creating sustainable business advantage for members has put the organisation in a very strong position heading towards its 100th year.***

I have been privileged to work with the Board in an interim capacity as MTA's Chief Executive for the last nine months in implementing significant changes to place MTA in a strong position for the future.

In times of change, we quite naturally experience resistance and reluctance, often driven by a fear of the unknown. In my time at MTA, the willingness of members and staff to reposition MTA has been exceptionally well supported, which has greatly assisted the speed of change.

During my time with MTA I have been privileged to meet many of the members who dedicate their time to ensuring the association holds a strong local presence in their respective areas around the country.

The Branch Presidents and their Committees have made me feel welcome and I have made many new friends. I want to thank you all sincerely for the hospitality and words of encouragement and support throughout my tenure.

MTA's Board, Branches and Committees have reviewed the current governance structure, to remove complexity, improve efficiency and reduce costs. The incoming Chief Executive, Warwick Quinn, commences in August 2014. MTA will be in very capable hands: Warwick is an experienced leader, with vast experience in membership organisations.

As I leave MTA, I am heartened that the motor industry is in a healthy position, with the highest level of new and used motor vehicle sales recorded in New Zealand for 25 years.

Finally, I want to thank the President of MTA, David Storey, and the entire MTA Board for their support throughout the reorganisation process and for having the courage to undertake the changes necessary to position MTA as the 'go-to' organisation among industry winners.



Rob MacGregor





# Strategy set, Structure defined, Change initiated, Future focused

MTA has defined its strategic direction through to 2020. This sweeping programme of work came after the MTA Board had examined results from the significant and detailed foresight research into future trends for each sector carried out in 2013.

Adapting to the needs of MTA members is of paramount importance right now; never has the automotive industry undergone so much change, so quickly.

The foresight research and organisational auditing carried out established the requirement for a new, sharper focus on member needs. Resulting from this, the entire operating structure of the organisation has been re-examined, and rebuilt to accomplish these ends.

## PURPOSE

MTA's purpose is to create sustainable business advantage for its members.

## VISION

MTA is a leadership organisation with a respected voice, a 'must join' organisation among industry winners, focused on helping members adapt to a changing world, being a 'go-to' organisation with members for service support, having the right debates (advocacy), and being a champion of consumer insights for its members' businesses.

## VALUES

Member empathy, 'can do' attitude, honesty, integrity, pride and respect.



The team from Mayne Automotive, Onehunga, Auckland

# GOALS AND KEY STRATEGIES

The MTA Board has defined seven key goal areas for MTA's strategic focus through to 2020.

Progress towards these will be continually measured in terms of: member engagement and satisfaction, service, benefit and product activation and utilisation, the financial sustainability of the organisation, and the extent of the governance simplification and evolution.

## 1. ENGAGEMENT

To be a valued organisation for its members, resulting in a high level of engagement in its activities, and the use of its services and products.

**Key Strategy:** member 'roadshows', improved direct member communications, focused value/high appeal events, innovative approaches.

## 2. BRANDING

To ensure the MTA brand is recognised and understood as a quality mark.

**Key Strategy:** brand awareness programmes, set high standards, build member accreditation, tactical level member support.

## 3. MEMBER SERVICES AND 'SERVICE'

To be the 'go-to' place for members to improve their business practices and success.

**Key Strategy:** offer 'revamped tool box', monitor sector technical change/develop training, front-line staff up-skilled.

## 4. MEMBER PRODUCTS

To offer products that drive business exclusively to members (traffic, revenue, contribution).

**Key Strategy:** grow gift cards and vouchers, develop innovative products/services.

# GOALS AND KEY STRATEGIES

## [CONTINUED]

### 5. ADVOCACY

To be recognised and respected as the voice of the industry.

**Key Strategy:** industry intelligence re:key issues, targeted influencing, re-establish relationships with stakeholder and industry groups.

### 6. PARTNERSHIPS

To develop strong relationships with key industry stakeholders to deliver benefits directly or indirectly to members.

**Key Strategy:** build strong working relationships with key industry stakeholders, identify joint business opportunities that deliver direct benefits to Sponsors and MTA members.

### 7. FINANCIALS

To be an efficient organisation that is financially sustainable.

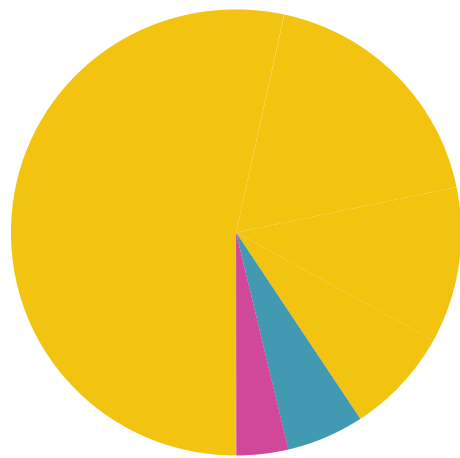
**Key Strategy:** valued proposition for members, aligned membership fee and product service pricing, sponsorship for key events, organisational efficiency.



# HIGHLIGHTS OF THE YEAR

## The MTA Brand: strong recognition and improved sentiment

Awareness of MTA remains very high: 94 percent of New Zealand motorists know and recognise the brand.



**94% of the motoring public recognises the MTA brand**

**2% are not sure**

**3% don't**

- Specific gains are seen in professionalism, trust, respect, and quality.
- MTA is regarded as showing more leadership and being a more progressive organisation – although there is considerable room to develop these further.

## Branch Review

MTA Branch, Board and Committee members have examined ways Branches can stay relevant and offer high value proposition for members to connect with.

The ongoing MTA Branch Review project has discussed how to organise MTA's Branch Network for the future, while removing cost and inefficiency in Branch operations and increasing benefits to members.

The first stage of this project has been completed, and all stakeholders have been consulted.

## Consumer Law Reform

MTA provided implementation and guidance to inform members of the impacts of this industry-changing package of legal amendments.

MTA's consumer law experts also held a number of events and seminars across New Zealand, to discuss the requirements of and mitigation for these sweeping legal changes.

## Vehicle Licensing Reform

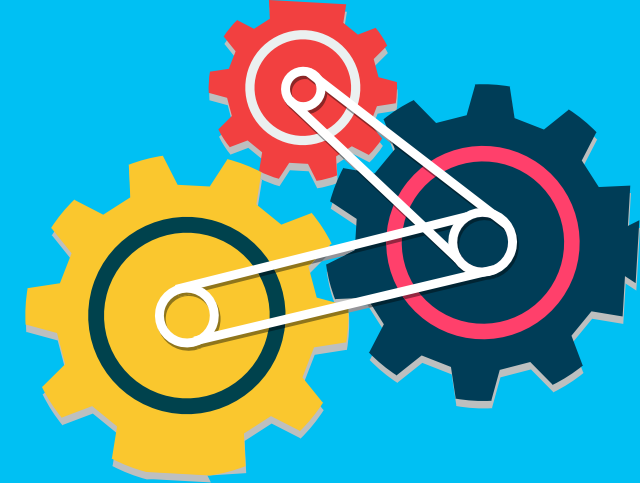
MTA guided members through the second phase of the government's implementation of the overhaul of the vehicle safety compliance system.

We provided comment and submissions to NZ Transport Agency, which contributed to the regulator's introduction of phasing arrangements for the revised Warrant of Fitness intervals.





# KEY FACTS FOR THE YEAR



- 51.54 percent of members are saving thousands on the merchant services deal on electronic payments.
- Members transacted an average of 761 MTA Gift Card transactions per day.
- Gift Card sales generated \$261,173.35 in commissions for members.
- 397 members saved money when they crossed Cook Strait with Interislander.

## Our Online Community Profile

In July 2013, MTA launched its organisation Facebook page. We are still developing how we use this technology, but, so far, it has provided a useful medium for engaging with the public – especially those 18-34 years old.



Increase in page likes: +3,260 (1 July 2013: 0, 30 June 2014: 3,260)

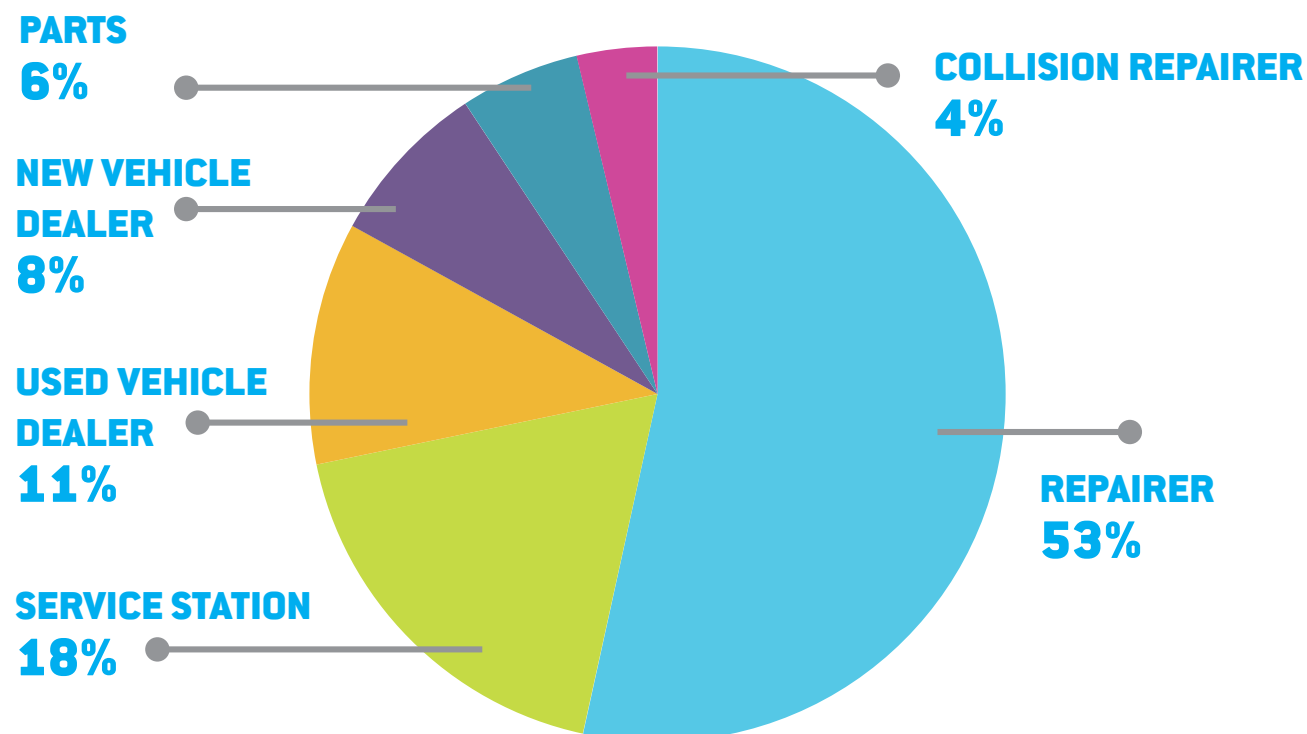


Most engaged-with Facebook post: Associate Immigration Minister Nikki Kaye allows Northland business owner and MTA member Martyn Payne to stay in New Zealand (153 likes, comments and shares; 12,300 people reached)



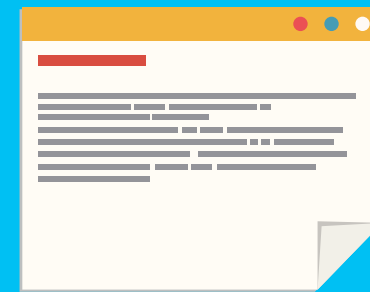
Average unique site visits per month: 13,233

## MTA MEMBERSHIP BY SECTOR





# SUBSIDIARY PERFORMANCE



## MTA Group Investments Ltd (MGIL)

MGIL continues to operate as the investment arm of MTA under a delegated authority from the MTA Board. MGIL is a shareholder in Vehicle Testing Group Ltd (VTG) and Motor Trade Offices Ltd (MTO), and has funds invested with investment managers.

During the year MGIL has worked hard to ensure MTA's dividend expectations have been met. As result of having signed off the Statement of Investment Policies and Objectives (SIPO) in December 2013 and receiving the proceeds from the sale of 60 percent of VTG, investments were made with three investment managers.

Harbour Asset Management, ANZ New Zealand Investments and Tyndall Investment Management were selected to manage some of MGIL's long-term funds plus any surplus MTA cash. Funds were invested during March 2014.

Investment of this nature gives the MGIL investment portfolio much greater liquidity and diversification than when 100 percent of VTG was owned. This is consistent with the objectives of the SIPO and also aims to reduce risk and maintain capital growth.

The remaining 40 percent investment in VTG remains locked in for a period and exercisable at the option of MGIL or Dekra SE. This investment has been valued at \$21.9m at 30 June 2014.

The MTO building at 79 Taranaki Street, Wellington remains fully tenanted. The value of this building is close to last year's value of \$8.9m.

The non-structural damage caused by the July 2013 earthquake in Wellington has been fully remediated, with work currently being completed on the stairwells to make them more usable in the event of a major earthquake.

A detailed seismic assessment has also been completed, which shows the building is not an earthquake risk and that the opportunity exists to raise the percentage against what is known as the New Building Standard by completing building strengthening works. The MGIL Board continues to assess if this work should be completed and other related options, including the future ownership of the property.





# FINANCIALS



MOTOR TRADE ASSOCIATION GROUP

# Statement of Comprehensive Income

For the year ended 30 June 2014

		MTA Group	
		2014	2013
	Note	NZ\$'000	NZ\$'000
Revenue		7,471	7,003
Other gains and losses	3	564	50
Employee expense		(5,230)	(4,473)
Depreciation expense		(234)	(199)
Amortisation expense		(91)	(115)
Finance costs		(10)	(10)
Loss on revaluation of investment property		(68)	(115)
Other expenses		(5,412)	(6,029)
<b>(Loss) before income tax expense</b>		<b>(3,010)</b>	<b>(3,888)</b>
Income tax (expense) / credit		(306)	633
<b>(Loss) after income tax expense from continuing operations</b>		<b>(3,316)</b>	<b>(3,255)</b>
<b>Discontinued operations</b>			
Profit after tax from discontinued operations		3,464	4,191
Net profit on disposal of subsidiary		27,588	-
		27,736	936
Share of associate net profit		3,212	-
<b>Profit attributable to members' funds</b>		<b>30,948</b>	<b>936</b>
<b>Other comprehensive income</b>			
Available for sale investments: valuation gain taken to equity		111	-
<b>Other comprehensive income after tax attributable to members</b>		<b>111</b>	<b>-</b>
<b>Total comprehensive income after tax attributable to members</b>		<b>31,059</b>	<b>936</b>

# Statement of Changes in Members' Funds

For the year ended 30 June 2014

## MTA Group

### Balance at 30 June 2012

Total comprehensive income

Transfer between reserves - current year

### Balance at 30 June 2013

Total comprehensive income

Reversal on disposal group held for sale

Transfer between reserves - current year

### Balance at 30 June 2014

Special funds	Revaluation reserve	Available for sale investments revaluation reserve	Retained earnings	Total
NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
800	969	-	20,515	22,284
-	-	-	936	936
(79)	-	-	79	-
721	969	-	21,530	23,220
-	-	111	30,948	31,059
-	(969)	-	-	(969)
(118)	-	-	118	-
603	-	111	52,596	53,310



# Balance Sheet

As at 30 June 2014

**Current assets**

Cash and cash equivalents

Trade and other receivables

Other current assets

Assets classified as held for sale

**Total current assets****Non-current assets**

Investment in associate

Property, plant and equipment

Investment property

Other non-current assets

Non-current assets classified as held for sale

**Total non-current assets****Total assets****Current liabilities**

Trade and other payables

Other financial liabilities

Other current liabilities

Liabilities classified as held for sale

**Total current liabilities****Non-current liabilities**

Non-current liabilities

Non-current liabilities classified as held for sale

**Total non-current liabilities****Total liabilities****Total members' funds**

## MTA Group

	2014	2013
Note	NZ\$'000	NZ\$'000
6	9,531	13,387
	3,874	3,669
	201	202
	-	7,020
	<b>13,606</b>	<b>24,278</b>
	21,925	-
	524	513
	8,932	8,955
	29,662	823
	-	35,131
	<b>61,043</b>	<b>45,422</b>
	<b>74,649</b>	<b>69,700</b>
	3,505	3,806
	16,758	17,107
	434	417
	-	11,632
	<b>20,697</b>	<b>32,962</b>
	642	518
	-	13,000
<b>4</b>	<b>642</b>	<b>13,518</b>
	<b>21,339</b>	<b>46,480</b>
<b>5</b>	<b>53,310</b>	<b>23,220</b>

# Cash Flow Statement

For the year ended 30 June 2014

## Cash flows from operating activities

Receipts from customers

Payments to suppliers and employees

Other operating cash flows

## Net cash provided by operating activities

## Cash flows from investing activities

Payments for property, plant and equipment

Proceeds from sale of subsidiary

Purchase of investments

Other investing cash flows

## Net cash used in investing activities

## Net cash used in financing activities

## Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Net increase in cash included in a disposal group held for sale

## Cash and cash equivalents at the end of the year

MTA Group		
	2014	2013
Note	NZ\$'000	NZ\$'000
	5,965	5,891
	(10,845)	(10,410)
	1,337	1,122
	<b>(3,543)</b>	<b>(3,397)</b>
	(307)	(288)
	25,320	-
	(28,500)	-
	3,190	4,689
	<b>(297)</b>	<b>4,401</b>
	<b>(16)</b>	<b>(15)</b>
	<b>(3,856)</b>	<b>989</b>
	13,387	10,793
	-	1,605
<b>6</b>	<b>9,531</b>	<b>13,387</b>

Approved for issue for and on behalf of the Board:



DC Storey  
President



JP Gibbons  
Finance Director

21 August 2014



# Notes to the Summary Financial Statements

For the year ended 30 June 2014

## 1. Basis of preparation of the Summary Financial Statements.

The summary financial statements for the 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 21 August 2014. 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 the MTA on 0800 001 144 or email [mta@mta.org.nz](mailto: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 the 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).

## 2. Changes in accounting policies

There have been no changes in accounting policies during the year.

## 3. Other gains and losses

Net gain/(loss) on sale of property, plant and equipment

Realised distribution from investment funds

MTA Group	
2014	2013
NZ\$'000	NZ\$'000
52	50
512	-
564	50

## 4. Borrowings

Included within liabilities classified as held for sale as at 30 June 2013, is an advance facility of \$11.00m held with the ANZ National Bank Ltd maturing at 29 July 2016.

## 5. Members' funds

Special funds

Asset revaluation reserve

Available for sale investments revaluation reserve

Retained earnings

**Total members' funds**

MTA Group	
2014	2013
NZ\$'000	NZ\$'000
603	721
-	969
111	-
52,596	21,530
53,310	23,220

Special funds are funds set aside by the Board to use for membership projects and Customer Promise. During the year \$118,000 (2013: \$79,000) was spent on membership projects.

## 6. Cash and cash equivalents

Cash on hand and term deposits

MTA Group	
2014	2013
NZ\$'000	NZ\$'000
9,531	13,387
9,531	13,387

## 7. Related party disclosures

Members of the MTA Group conduct transactions between themselves as described in Note 25 of the full financial statements.

All loans advanced to and payable by related parties are unsecured and subordinate to other liabilities.

Interest is not charged on the outstanding loan balance between MTA and MGIL. Interest is charged monthly on all other outstanding loan balances by the parent to subsidiaries at varying commercial interest rates linked to the 90-day bank bill rate.



## 8. Contingent liabilities and contingent assets

In 2013, subsidiaries had secured an amount of their borrowings in the form of guarantees secured against the assets of a subsidiary.

There are no other significant contingent liabilities as at 30 June 2014 (2013: nil).

## 9. Events occurring after Balance Date

There were no significant subsequent events occurring after balance date requiring any adjustment to these financial statements

## 10. Directors fees

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

	MTA NZ\$	Subsidiaries NZ\$	Total Group NZ\$
David Storey	89,550	22,500	112,050
Bob Boniface	23,600	-	23,600
Mark Darrow +	23,100	22,500	45,600
Malcolm Davison (resigned 18 October 2013)	7,775	-	7,775
Jim Gibbons (appointed MGIL 1 December 2013)	33,600	13,125	46,725
David Harris	29,100	-	29,100
Judy Lange	23,100	-	23,100
Richard Punter	23,100	-	23,100
Keith Webb (resigned 18 October 2013)	5,775	-	5,775
Andre Hopman (appointed 18 October 2013)	18,325	-	18,325
Peter Farmer (appointed 30 October 2013)	15,400	-	15,400
John Knowles (resigned MGIL 31 December 2013)	-	22,500	22,500
James Ogden +	-	22,500	22,500
	<b>292,425</b>	<b>103,125</b>	<b>395,550</b>
<b>Discontinued operations</b>			
James Hill *	-	26,667	26,667
James Ogden *	-	15,833	15,833
Vicki Taylor *	-	13,333	13,333
Michael Ahie *	-	13,333	13,333
Sturrock Saunders *	-	13,333	13,333
	<b>292,425</b>	<b>185,624</b>	<b>478,049</b>

Stephen Matthews was a director of Vehicle Testing Group. The fees for these director services are paid directly to MTA.

\* = resigned as a director of Vehicle Testing Group on 31 October 2013 following the sale of 60% of the shares to Dekra SE.

+ = appointed as a director of Vehicle Testing Group by MTA Group Investments Limited (MGIL) on 1 November 2013. Directors fees earned 1 November 2013 to 30 June 2014 from this appointment totalled \$53,333.



## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF THE MOTOR TRADE ASSOCIATION INCORPORATED

### Report on the Summary Financial Statements

The accompanying summary financial statements of the Motor Trade Association Incorporated and subsidiaries (collectively "the Group") on pages 17 to 21, which comprise the summary consolidated balance sheet as at 30 June 2014, and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' funds and summary consolidated cash flow statement 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 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 21 August 2014.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

This report is made solely to the members, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 30 June 2014. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

### Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of a summary of the audited consolidated financial statements, in accordance with FRS-43: *Summary Financial Statements*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *Engagements to Report on Summary Financial Statements*.

Our firm carries out other assignments for the Group in the area of taxation advice. 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. These services have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in, the Group.

### Opinion

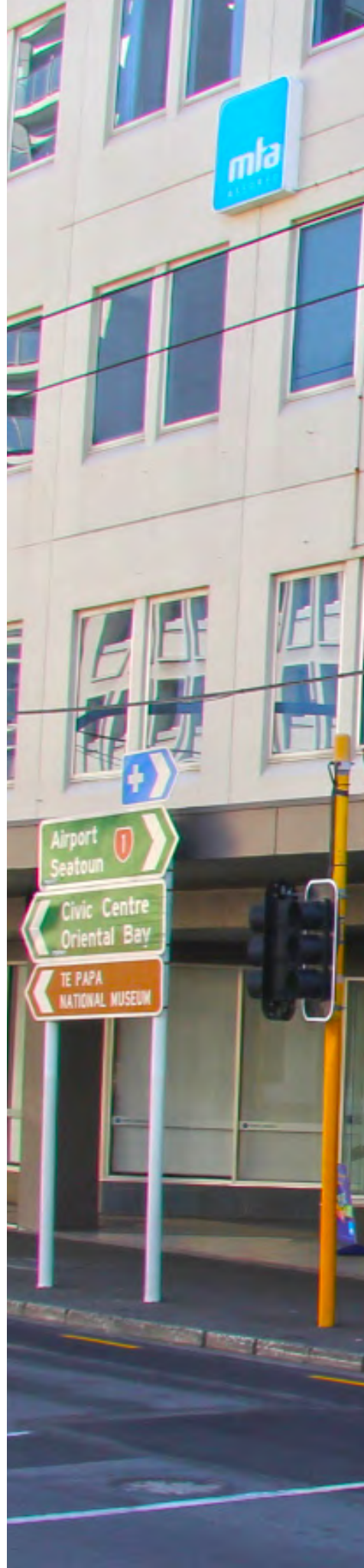
In our opinion, the summary financial statements derived from the audited consolidated financial statements of the Group and subsidiaries for the year ended 30 June 2014 are consistent, in all material respects, with those financial statements, in accordance with FRS-43: *Summary Financial Statements*.

### Chartered Accountants

21 August 2014

Wellington, New Zealand

This audit report relates to the summary financial statements of the Motor Trade Association Incorporated and its subsidiaries (collectively "the Group") for the year ended 30 June 2014 included on the Motor Trade Association Incorporated's website. The Motor Trade Association Incorporated is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the Motor Trade Association Incorporated's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary 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 audited summary financial statements and related audit report dated 21 August to confirm the information included in the audited summary financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.



## MTA Staff List (as at 30 June 2014)

Aaron Brooker

Alan Barr

Alex Komarovsky

Amber Muir

Bianca-Lucia Clark

Christine Lambie

Christoff Gibling

Craig Pomare

Danny Garrick

David Abbott

Felicity Wilson

Garry Williams

Graeme Swan

Hamish Stuart

Ian Lamont

Jennie Mills

Jeremy Marshall

Julian McMullan

Kaetrin Stephenson

Kerryn Foote

Kristin Scott-Smith

Kylie Robinson

Lionel Wong

Malcolm Whinham

Mary-Anne Martin

Matthew Chote

Michael Bradley

Michelle Findlater

Nathalie Galligan

Nicki Menzies

Noa Malaulau

Peter Nicholson

Peter Woodcock

Rebecca Watson

Rob MacGregor

Ross Cameron

Ruth Cook

Sue Bramley

Toa Love

Tony Everett