

# autofile

## Global airbag recall affects Kiwi market

**B**MW New Zealand is the latest marque to investigate how many of its vehicles in this country are equipped with potentially defective airbag inflators made by Japan's Takata Corporation.

The recall affects 1.6 million 3-Series BMWs worldwide made between 2000 and 2006.

The marque has identified 360 E46s here but, because of the model's popularity as a used import, the distributor believes there may be more.

Other marques in New

Zealand are also affected, with the total coming in at about 20,000 units.

BMW is now completing free checks on airbags fitted in its vehicles and will replace parts as required without charge as other manufacturers are doing, or have already done.

"The 360 E46s we have captured in our database are vehicles that have predominately been sold or serviced by our dealer network," says Edward Finn, of BMW NZ.

"With recalls of this nature,

it's more than just New Zealand that's affected. We are still receiving parts and, considering the size of the recall, it's not something we can do in one go."

The situation means the marque is liaising with the NZTA and going through the government agency's database to get in touch with more owners of used E46s.

BMW NZ says its recall is precautionary and it has had no issues with airbags in other vehicles.

It has decided to act because other manufacturers use similar systems from the same supplier –

[continued on page 4]

### In this issue

p3 Book on history of imports

p9 Spotlight on latest SUVs

p10 Commercial market boom

p12 Dealers' East Coast views

p16 Japanese marques in EU

p18 Traders' repair obligations



### Adding Value to Your Business

see article on page 17

## Industry monitoring case

**T**he chairman of Motor Trade Finances Limited (MTF) has dismissed speculation a court case could end up costing it \$30 million and believes its outcome may affect the wider industry.

Stephen Higgs says the finance company is keen to move forward after ordinary

shareholders discussed the way the action brought by the Commerce Commission has so far been handled.

The special meeting at Dunedin's Forsyth Barr Stadium was called by nine shareholders with a holding of about 8.1 per cent.

They put forward seven resolutions, which were voted

down, questioning the management of the case into alleged breaches of the Credit Contracts and Consumer Finance Act (CCCFA) and Fair Trading Act.

Sportzone, which is now in liquidation, had an agreement with MTF allowing it to write 39 loans for motorbike customers.

[continued on page 7]



### Driving dynamics reach new level

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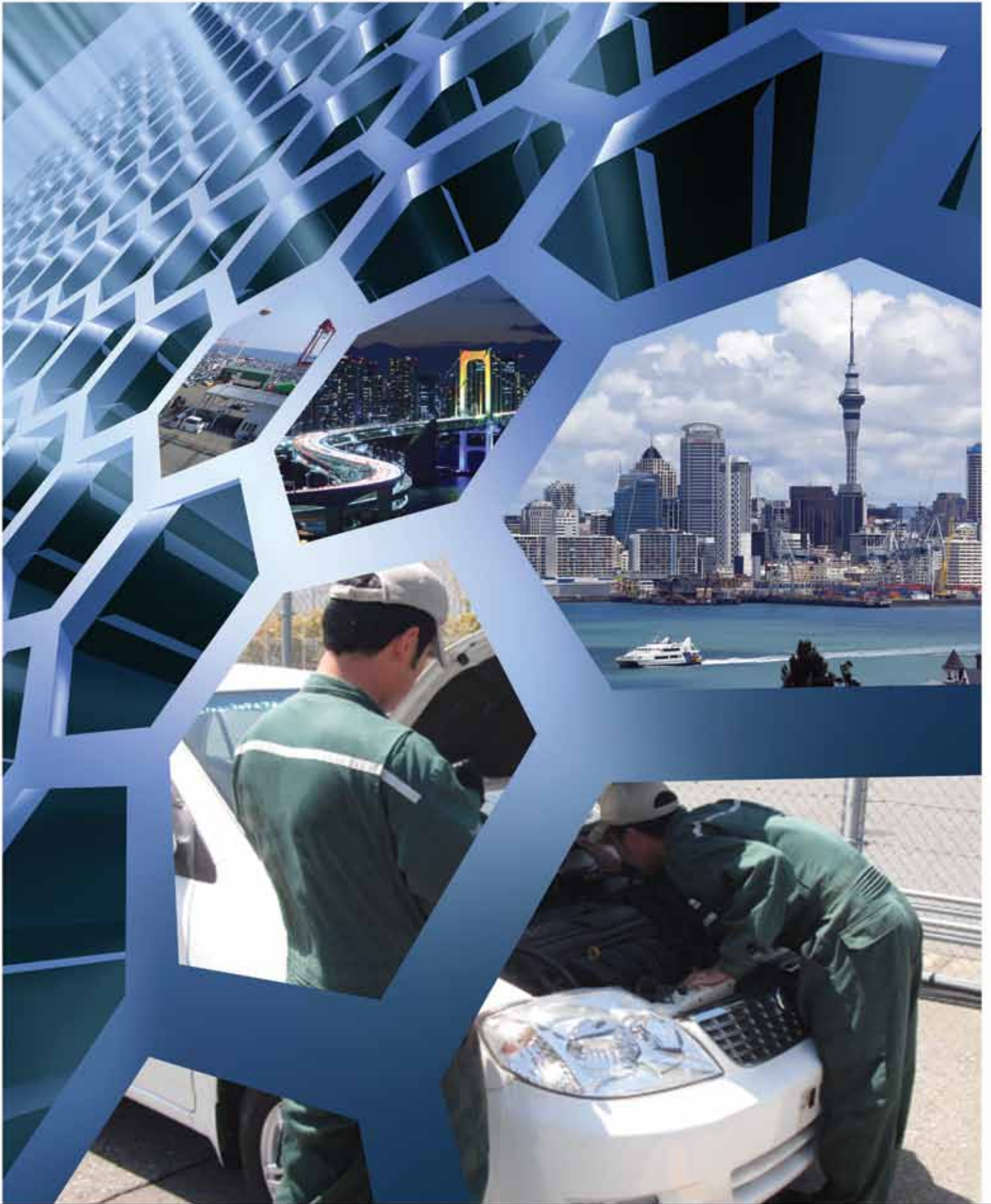


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## From rising sun to long white cloud

**I**n case you hadn't noticed, there's a bit of a baby-boomer culture going on right now, writes Jackie Russell.

This 60-plus generation bulge is gazing back at the past, perhaps through rose-tinted bifocals, and reminiscing about the good old days and the fun times they had at work and play.

So, when a few menfolk were shooting the breeze over a brew they realised no one had written down the stories and shenanigans that brought about a revolutionary change to New Zealand's vehicle fleet.

Thus, the notion of a book – From the Rising Sun to the Long White Cloud – became a reality and I started travelling down memory lane with people who shaped the industry of importing used cars.

Many of these pioneers were pacing yards when there were so few vehicles for Kiwis there were waiting lists and customers hoped they would be privileged enough to be able to buy a car.

This was an era of tight government control and there were all sorts of under-the-radar antics, such as buying cheap stereo equipment in Fiji and selling it to mates to pay for the tropical holiday.

By the mid-1980s, the government was determined to open the country to worldwide economic forces and, for better or worse, reforms meant new importing opportunities were ripe for the picking.

Car dealers discovered the changes allowed for an international supply channel of used vehicles and the industry experienced a boom. Vehicles from Japan were bargains and had features previously only well-off Kiwis could afford.

Some cars were unbelievably cheap – well, dealers were actually paid to take some away.

I discovered someone was possibly compensated to import the Mazda Familia in which my newborn son was cocooned when we drove all over the countryside.

Still, that car never needed a dollar spent on maintenance and went well if you turned off the air conditioning when driving up hills.

Before those early pioneers could blink, challenges were before them and they gathered to keep this new venture going.

In 1988, the Licenced Motor Vehicle Dealers Importers Association (LMVDIA) formed and gave these business people the power of unity.

A quarter of a century later, it continues to represent the broader sector and is now known as the Imported Motor Vehicle Industry Association.

A story that could have been all about cars, truck, vans and ships became the story of people – determined battlers and speculators.

The foundation for the book was established during interviews with John Nicholls, who became the LMVDIA's chairman and executive officer. Although he wasn't at the association's first meetings in Auckland and Christchurch, he had worked in the motor vehicle industry since the mid-1940s and was recognised as having a leading role.

More than 35 interviews, as well as hundreds of emails and phone calls, were conducted to unravel the facts and fallacies behind the history.

The individuals recounted the story from their perspectives.

As the saying goes, "history is written by the victors". Dealers who survived the industry's ups and downs should feel their conquest is worthy of the unapologetic celebration told in the book, From the Rising Sun to the Long White Cloud. ☺

### autofile

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# Challenge to source new airbags

as previously revealed by Autofile.

The issue with the airbag inflators means if they rupture, they may not work properly and metal shards could fly out and injure people in vehicles.

More than 19,000 new vehicles and used imports sold in New Zealand have now been called back due to the faulty systems supplied by Takata, the world's second-biggest car safety parts company.

The current global total of about 10.5 million units means it's one of the biggest recalls in automotive history.

Mazda's Atenza and Mazda 6 built from 2002 to mid-2003 are the models most affected by its additional recall – 1,202 were sold new in New Zealand and 3,955 were imported used.

Less than 20 RX8s are also affected here, of which two are

used imports, says John Van Der Velden, national service manager of Mazda NZ.

He is unable to confirm a timeframe for remedial work because marques around the world are trying to secure replacement airbags.

"Obtaining them is going to be a challenge," he told Autofile. "That's being co-ordinated by Mazda Motor Corporation in Asia, which will organise the parts and then dispatch them.

"We're not privy to what the company is negotiating, but it is trying its best to obtain the parts as quickly as possible."

Honda has already recalled 5,856 units in New Zealand needing new airbag inflators. The models in question are the 2003 Accord and CRV, and the Civic and

## More with Autofile Online

Takata is one of three key suppliers – along with American company TRW and Stockholm-based Autoliv, which is Swedish and US-owned – that dominate the global airbag market.

The airbag recall will cost the Japanese corporation hundreds of millions dollar and may force it into the red, but it's likely to survive as a major player.

Visit [www.autofile.co.nz](http://www.autofile.co.nz) to find out why.

Jazz built between 2002 and 2003.

Nissan has 2,308 vehicles made from 2001-03 on Kiwi roads affected, including the N16 Pulsar, D22 Navara, Y61 Patrol, T30 X-Trail and A33 Maxima.

Based on new information received from Takata in June, Nissan is adding vehicles not included in a 2013 global recall.

Toyota says its recall update issued in June affects about 5,400 New Zealand-new units, or about 3,000 fewer than first thought, and include the Avensis, Corolla and Picnic built between 2000 and 2005.

"As vehicles become more technologically advanced, recalls will remain a fact of life for car manufacturers," says Spencer Morris, general manager of customer services at Toyota NZ.

"We proactively take steps to remedy all and any known issues – even in cases such as this where there are no reported incidents."

Although, Subaru is recalling 8,557 older models in the US – including the 2003-04 Legacy, Outback and Baja, 2004 Impreza and some WRXs – none sold in New Zealand have faulty airbags.

Nick Langdon, the marque's

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parts support manager, told Autofile Subaru's supplied to this country are unaffected because different batches were used for certain markets.

Globally, Hyundai Motor Company doesn't use Takata airbags.

Andy Sinclair, the marque's New Zealand's general manager, says although an investigation has started in the US, where the Korean marque has its own production lines, that's in relation to seatbelt buckles and doesn't affect this country.

Dan Stowers, of Kia Motors NZ, confirms none of its Kiwi models have faulty airbags, while Fords, Holdens and Mitsubishi's sold here are also unaffected.

#### ON THE GLOBAL STAGE

Car makers have recalled about 10.5 million vehicles worldwide because of Takata's potentially explosive passenger and driver-side airbag systems.

The company says: "We will aim to strengthen our quality control systems and work to prevent problems from happening again."

The total is likely to increase with Takata willing to support marques to replace some inflators made in 2000-07 for cars in high-humidity regions.

In the US, the National Highway Traffic Safety Administration (NHTSA) is probing if the parts are prone to failure and if high humidity contributes to the risk of explosions.

In a letter to the NHTSA last month, Takata suspects the airbags in question were supplied for BMWs, Chryslers, Fords, Hondas, Mazdas, Nissans and Toyotas sold there.

"For the past several months, we have been co-operating with the NHTSA and will continue to do so," adds the company.

"Takata is committed to ensuring the safety and functionality of its airbag inflators, and strives to avoid malfunctions.

"The six incidents that prompted the investigation occurred in Puerto Rico or Florida. We currently believe absolute humidity is a factor.

"Our engineers are analysing



BMW NZ has identified 360 E46s in this country affected by a global recall for some airbags supplied by Japan-based Takata Corporation

the impact humidity may have on potential inflator malfunctions and other possible contributing factors."

On August 7, the Japanese corporation published revised forecasts for the current fiscal year, which includes a special loss of 44.7 billion yen – or about NZ\$515m – as provision for product warranties.

In October 2013, Takata entered a plea agreement in the US for faulty car seatbelts. It agreed to pay about NZ\$84.42m in fines to resolve allegations it violated anti-trust laws.

"Takata and its subsidiaries co-operated with the investigation since February 2011 when its US subsidiary, TK Holdings, became the subject of an FBI investigation," it says.

"Its directors, except an outside director, voluntarily returned 15 per cent of their compensation for three months.

"Takata has taken steps to strengthen its compliance programmes to comply with laws and regulations.

"It has also strengthened internal control systems to prevent a recurrence and is committed to regaining the trust of stakeholders."

#### KIWI RECALL SYSTEMS

The NZTA is notified of vehicle safety recalls with steps put in place by the agency and marques to prepare for them.

The Motor Industry Association (MIA) is also informed by its

members with pending recalls for those sold in this country.

Local distributors may have to wait for parts before announcing recalls and they get in touch with current owners of affected vehicles to take them into dealerships for free repairs.

"Distributors can typically close out about 80-85 per cent of recalls within a few months,

but have issues contacting the remaining 15-20 per cent of affected owners," says David Crawford, chief executive officer of the MIA.

"This is due to a number of reasons including the Motor Vehicle Register not being accurate with all ownership details, which means it's difficult to track down some owners, while some people

[continued on page 6]

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[continued from page 5]

# Kiwi recalls 'managed well'

choose not to take their vehicles in for remedial action.

"We are still talking to the government for vehicles subject to safety recalls that aren't taken in for relevant repairs to fail their warrants and certificates of fitness until the remedial work is done.

"As an industry, we are managing recalls well with the systems we have in place.

"We will continue to look into different ways of closing out that remaining 15-20 per cent or so of vehicles. Banning them from the road

is a thorny issue, but makes sense."

The MIA has had a code of practice in operation since 1997, which its members are obliged to follow when undertaking a safety-related recall.

This covers the minimum requirements members have to follow in the event of campaigns undertaken on New Zealand-new vehicles they have imported and sold.

any repairs that are required.

However, MIA members rectify used vehicles imported by third parties in some circumstances as set out in a different code of conduct, which covers minimum

**"Distributors can typically close out about 80-85 per cent of recalls within a few months."** – David Crawford, MIA



Some Toyota Avensises built between 2000 and 2005 are affected by an airbag recall

The MIA says most used imports are brought into the country by someone other than the marque's official representative.

As such, the importer – and/or trader who sells them – is legally responsible for ensuring they are safe, and is responsible for safety recalls and costs associated with

standard they will meet in conjunction with the manufacturer.

If a vehicle – New Zealand-new or a used import – is affected by a safety recall, the MIA member or NZTA contacts registered owners to ask them to take their vehicles be taken to a franchise dealer for repair. ☺

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## Finance earnings update

Heartland New Zealand (HNZ) will continue to investigate potential takeover opportunities.

The company intends to announce its full-year results on August 25 for the year up to June 30.

It expects its net profit after tax (NPAT) for the period to be about \$36 million. This is preliminary, subject to finalisation and is at the upper end of \$34-\$37m previously advised.

"Heartland is focused on continuing earnings momentum achieved in 2014 with a specific focus on improving return on average equity [ROE]," it says.

"We will continue our product-centric strategy focusing on higher yielding products where a leading market position can be achieved.

"In addition, Heartland will continue to investigate potential acquisition opportunities that are ROE-accretive and assessing capital management options to improve ROE."

The improved earnings, which

are up by \$29m or 421 per cent on the previous year, are partially due to the one-off charges, the growth of operating income, and continued management of operating expenses and impairment levels.

The recently acquired New Zealand and Australian home-equity release mortgage businesses of Seniors Money International Ltd have contributed about \$1m of NPAT.

Indicative earnings for 2014 equates to a return on ROE of about nine per cent for the full year, which has improved during the year with around 9.7 per cent achieved in the past quarter.

Nine per cent ROE has improved when compared to two per cent and its adjusted 6.5 per cent for the prior year, HNZ reports in a statement to the NZX.

Adjusted ROE is calculated by excluding the one-off pre-tax expenses of \$24.3m incurred from changing strategy with respect to the non-core legacy property asset portfolio. ☺

[continued from page 1]

# 'Unreasonable fees' need defining

A trial was held in late 2012 and the high court found in favour of the commission last September that some fees were unreasonable.

However, it dismissed claims they failed to make proper disclosure of lending components.

Higgs told shareholders: "MTF will be required to refund the portion of fees found unreasonable for the 39 loans when determined by the court."

He said the court had not yet required MTF to pay any "unreasonable" fees to any party and the case could lead to principles being established for all future consumer credit contracts.

Higgs stressed the litigation only related to the 39 Sportzone loans written from 2006-08, while other claims under the CCCFA must be brought within three years of paying the relevant fee.

"Even when a formula is determined, uncertainties remain and a \$30m cost is speculative and misleading."

Higgs questioned if this figure came from tripling MTF's annual fees in its annual report, which included all fees as well as those not covered by the CCCFA, and described such calculations as bordering on being "irresponsible".

"We haven't even guesstimated what the liability may be," he said. "Until the judge rules on this case, we just don't know."

"The issue of fees being unreasonable is wider than MTF and may affect the whole industry. The Commerce Commission doesn't know the answer to this question."

"But we are confident we have complied with the law and our fees have been, and remain, reasonable. The commission has issued draft guidelines and we believe we comply."

He added no one, including the judge in the Sportzone case, knew how "unreasonable" was



**"If MTF has a liability, other lenders may have a similar problem."**

– Stephen Higgs, chairman

defined in relation to charges and there had been no indication three previous years' fees might be challenged.

The company has since reviewed its fees structure, which was part of "a regular process to ensure we comply with the law and didn't relate to this case".

Higgs told Autofile the law around fees was uncertain. "I don't think it's a good law because finance companies don't know if they are complying with it, so clarification of it is important for everyone in the industry."

"Until a finding and outcome to a possible appeal are known, we don't know the implications for MTF."

"Others in the industry are watching this case with interest. If you look at the fees some other companies charge, they could be affected. If MTF has a liability, other lenders may have a similar problem."

As far as reaching a settlement on the Sportzone litigation, he said this needed two sides willing to do so and there had been no indication from the commission in the past seven years that it wanted to.

"The commission is running this as a test case for the industry and will resist settlement not heavily weighted in its favour."

"At this stage, settlement will not give MTF any certainty about fees [because] quantification is due in the next few months."

"Settlement between the commission and MTF will not bind borrowers or protect

originators and, based on legal advice, the board believes there is strong merit in its appeal."

MTF and the commission have appealed a high court judgement following the trial in 2012, which is due to be heard in November.

## RESOLUTIONS AT MEETING

All seven resolutions tabled by the

nine proposing shareholders at the special meeting on August 13 questioned the management of the Sportzone case. They were rejected.

"While we were obliged under the Companies Act to hold the meeting, the MTF board didn't believe the resolutions were in the best interests of all shareholders," said Higgs.

"We see this vote as a strong endorsement of our board and management and of our handling of the case."

In total, 133,839,580 votes were cast, or 83 per cent of the amount available, which Higgs described as "significantly higher than normal".


The first six resolutions attracted between 15 and 17 per cent support, although the last resolution – calling on MTF's board to improve how shareholders were

[continued on page 8]



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# Extra products for car dealers

**T**rade Me Motors is retaining an "extremely strong market position", according to the company's annual report with vehicle advertising increasing by 29 per cent.

It says buying out Auckland-based MotorWeb "has gone very well" and it's looking to introduce bundled products to make the most of services offered to dealers.

In December, Trade Me acquired MotorWeb, which packages and sells information and reports to finance companies, insurers, traders and the public.

"It has lived up to expectations, has great growth prospects and is also contributing to our motors business," says chief executive officer Jon Macdonald and chairman David Kirk.

"The business was acquired with a combination of asset and 100 per cent share purchases to

complement and strengthen the group's motors business."

Revenue contributed by MotorWeb for the year ending June 30 was \$4.9 million, while earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to \$2.9m.

"Had the acquisition occurred at the start of the reporting period, consolidated income would have included additional revenue and EBITDA of \$4.2m and \$2.2m respectively."

Trade Me adds that revenue has gone up by 10 per cent year-on-year to a record \$180.1m and has been underpinned by strength in classifieds where revenue has



Jon Macdonald, Trade Me's CEO

increased by 23 per cent to \$85.6m.

Earnings growth has continued with net profits after tax of \$80.1m – a two per cent year-on-year jump, as reported by Autofile Online. Per-share earnings come in at 20.2

cents, which is up from 19.8 cents in the previous period.

Mobile and tablet usage continue to increase for Trade Me. In July 2014, more sessions took place via its touch site and native applications than via its main desktop site.

This follows on from January's milestone when more than half of all sessions to its official website pages and applications came from mobile devices.

However, this year's 1.9 per cent increase in profits lags behinds 2013's four per cent gain and 8.4 per cent in the previous year.

Trade Me expects revenue to increase in the low double-digits on top of expense growth as it adds more staff, faces higher costs and spends more on promotion to position the company for longer term expansion.

Macdonald says: "Over the coming year, our focus will be on improving products, strengthening sales and account management, and ensuring stronger growth in the medium to long term."

The company is also working on improving the functionality and design across its general marketplace, enhancing its mobile offering and increasing its online offering by bringing new overseas retailers online. ☺



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[continued from page 7]

## Industry 'watching case'

kept in the loop – found favour with 24 per cent.

Essentially, the first four resolutions called for auditors to review current fees and "calculate liability", to advise shareholders how it would be funded, direct advisers to calculate the correct amount of fees and amend the company's fee practice.

The next two were for MTF to appoint an "independent sub-committee" to manage the Sportzone case, remove its management from being involved and settle with the Commerce Commission.

Higgs said: "Seventy-six per cent of shareholders voted we had communicated appropriately with them, but all businesses need to focus on this area.

"We now need to have a conversation about how to do that on a more structured basis.

"We hope we can put this behind us, and work with all

shareholders and interested parties to maximise value for all shareholders."

**POSITION ON TAKEOVER BIDS**  
Autofile asked Higgs about MTF's current position following the rejection of a takeover proposal from Heartland New Zealand (HNZ) earlier this year.

"The board's view of HNZ, or any other party interested in buying MTF, is we are happy to work through a proper process of engagement with our board," he replied.

"The special meeting wasn't about HNZ but specific resolutions and no view was formed, informally or formally.

"However, it's the board's job to consider this and make recommendations to shareholders.

"In regards to any possible future takeover, some shareholders' considerations may be financial while there will be other factors as well." ☺



# Making tracks into market

Holden is hoping its new Trax will cement its position as one of the best small SUVs on the road with the introduction of its new 1.4-litre Turbo LTZ.

The refined iTi engine for the top-of-the-range model is coupled with a six-speed active-select transmission and premium features.

The new powerplant will be an optional upgrade from the 1.8-litre engine in the line-up. It has 103kW of power and 200Nm of torque, with fuel economy of 6.9l/100km.

The top model with the 1.4-litre engine introduces, as standard, rain-sensing wipers, a driver's arm rest, 18-inch alloys and a sunroof. The same will be rolled out in the current 1.8-litre LTZ except the sunroof.

A standard feature across the Trax range is the seven-inch touch-screen with MyLink



The Trax Turbo LTZ

embedded apps, including Pandora, Stitcher, SmartRadio, TuneIn and BringGo navigation.

There's also Bluetooth phone and audio streaming, Siri eyes-free mode, AM/FM radio with data-system display and USB

with iPod connectivity.

Other highlights are six airbags, an ISOFIX child-seat anchorage system, anti-lock brakes, rear-parking sensors and camera, automatic headlamps, daytime running lamps, and

electronic stability, traction and descent control.

The cabin has a leather steering wheel with audio controls and black cloth interior.

The LTZ's highlights over the LS include a new driver's arm rest, black Sportec trim, heated front seats, front fog lamps, trip computer and a storage tray under the front passenger seat.

The 1.8-litre engine will remain available on the model in LS and LTZ trim levels.

"The Trax generated great traction when launched last year and brought our small SUV to customers for the first time," says Jeff Murray, managing director of Holden NZ.

"With the 1.4-litre iTi engine and added features, we're confident this car will appeal to more people."

Recommended retail prices will range from \$32,990 to \$36,990. ☺

## Into design terrain

The refreshed Territory will arrive in New Zealand early next year boasting a more modern look with extra functionality.

As SUV sales have increased nationally, Ford has bolstered its line-up with the Kuga compact and EcoSport sub-compact models.

The marque has released images of the 2015 Territory's exterior, which includes a new grille and headlight cluster that point to its global SUV styling.

"Customers appreciate the seven-seat capability of the turbo-diesel, but we also wanted to deliver a new visual appeal with the 2015 model," says Nima Nourian, exterior design manager.

"The new Territory gains a more robust, yet refined, design. Visually the surfacing is more architectural, and achieves a

Ford's 2015 Territory



cohesive and sophisticated look."

Bob Graziano, president of Ford Australia, believes the model will set the benchmark for family-friendly SUVs when it's launched.

"The new-look Territory will carry this on," he says. "Customers love the comfort, space and fuel efficiency. The refreshed design will provide another reason to buy."

Buyers will be able to choose from a six-cylinder petrol engine and the V6 TDCi diesel.

Visit [www.autofile.co.nz](http://www.autofile.co.nz) to find out more about Ford's "product onslaught", including news about the Falcon, Focus and its ST, Mondeo, Mustang and Everest SUV. ☺

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# Boost for commercial market

Sales have shot up since Ateco Automotive New Zealand took over Foton, with the distributor aiming to boost its dealer network from 10 in May to 15 by the end of this year.

Last month, 48 new commercial vehicles bearing the Chinese brand's badge were sold compared to 18 in July last year, which was up by 127.8 per cent.

This brought Foton's year-to-date registrations to 225 and a 1.1 per cent market share.

There were 34 Tunlands sold last month, up by 88.9 per cent from 18 in July 2013 for a year-to-date total of 202 and two per cent of the market.

When it comes to commercial vehicles, only Toyota and Ford break double digits for market share – with 23.7 and 17.5 per cent respectively. The Hilux and Ranger

More than 200 new Foton Tunlands have been sold so far this year



account for 31.3 per cent of sales so far in 2014.

"Previously, Foton sales averaged about 20 per month, but we have been doing 45-plus in the first two months since we took over in May," says Lawrie Malatios, general manager of Ateco Automotive NZ.

"Our next target in 2015 is going to be closer to 80 or 100 per month."

The figures have been achieved through various initiatives, such as improved national television marketing marketing and repositioned price-points.

There has also been a focus on recruiting dealers where the marque hasn't been represented, such as in South Auckland and Dunedin, while New Zealand Trucks Ltd has been appointed in Christchurch.

"It's down to good dealers and stronger marketing," Malatios told Autofile. "The future for Foton is good and we're hopeful of reaching 400 sales this year.

"We have two-wheel-drive and four-wheel-drive [4WD] double cabs and, as per our philosophy, we've collected two products that are better value with better specs.

"Previously the unit was \$38,000, but our new product is \$33,990. It's the best-value 4WD and high-spec."

Malatios predicts Foton's growth will compete with Great Wall – another Chinese marque Ateco distributes – and used imports, while he expects overall continued growth across the commercial market.

Ateco is also looking to offer a Foton SUV in New Zealand, as well as two new utes next year. Alongside its light commercial line-up, the marque sells four trucks here.

"The growth in the truck market is seeing a higher percentage growth than light commercials," he adds.

Foton buyers have included

those who usually purchase used imports, it is starting to attract some fleet buyers, and it's aiming to add an automatic and a tipper unit to its line-up.

An example of sales growth in this country is reflected by the performance of Andrew Simms in Newmarket, Auckland.

It has only held a franchise for the marque since May, but Tunland sales have doubled month on month.

"It hasn't been a hard sell," says brand manager Edrik van Tonder. "Having been with Great Wall and Chery from the start, Foton has been easy purely because it has big names behind it. It's certainly got more with its Cummins ISF engine."

The Tunland's drivetrain components include Dana axles, a Getrag gearbox and Borg Warner transfer case.

Buyers have been a mix of contractors and private individuals, but Van Tonder says some people prefer to stick to bigger name brands.

"You still have people who don't buy Kia or Hyundai, but once they've taken the plunge they go back for the third one.

"Then there are people who you will never be able to convince to buy newer brands on the market."

Ateco Automotive NZ took over distributing Tunland utes, in addition to its pre-existing position with Foton's light trucks, on May 1.

The marque was founded in 1996 and has since produced more than five million units.

It has been the number-one manufacturer of commercials in China for about a decade and is now the largest maker of such products globally.

Ateco is now solely focused on importing Foton, Great Wall and Chery in New Zealand.

"In 2005, we became convinced China would one day export millions of cars," says Malatios. "Its domestic car market is expected to top 20 million cars this year. It dwarfs every other country." ☺

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# *From the rising sun to the long white cloud*

tells the stories of innovators and pioneers who identified business opportunities and jumped at the chance to be in at the ground level.

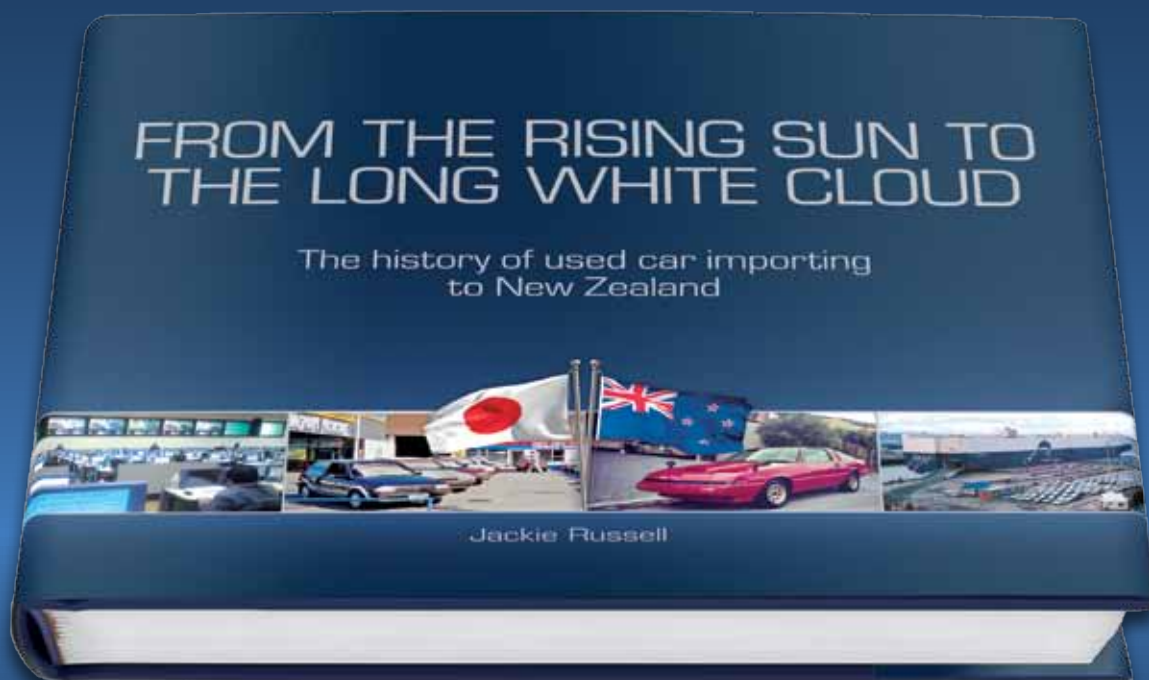
Travelling to a foreign land in pursuit of decent used cars was uncharted territory. And just when Kiwi car dealers thought the most challenging thing about the venture was developing trustworthy international relationships and establishing a reliable supply chain, it was back home in New Zealand where the barriers went up.

Confronting well-connected lobby groups, as well as unravelling political red tape and law changes, created a moving target and an ever-changing entrepreneurial environment.

Given the difficulty of the roadblocks used car importers encountered, it seemed inconceivable that they went on to establish a significant, sustainable industry with every link of the supply and distribution chain recognised as professional and innovative.

The imported used vehicle industry created a market that has contributed billions of dollars to the New Zealand economy every year, and continues to do so.

Written to celebrate the silver anniversary of the  
used vehicle import association



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# Coastal lifestyle holds the key

As the motor vehicle market flourishes in bigger cities, business in Gisborne remains steady.

"It's just ticking along and we really want the place to move up a gear," says Brian Watts, dealer principal of Watts Motors in Gisborne. "There's nothing different to what has been going on for the past 10 years.

"I don't see anything on the horizon that will make the city boom. In 1910, there were 10,000 people and 100 years later there are around 40,000 people."

"The population isn't growing and there aren't the industries starting up that are going to create employment," adds Brian Read, Gisborne Motors' dealer principal.

Nevertheless, the economy is

not the main reason why everyone lives and works there.

"For me, it's all about family and lifestyle," Tom Crosby, sales manager of the Enterprise Motor Group, told Autofile.

"Then there's the weather and where else can you get seafood only five minutes from home."

Crosby is optimistic about growth in the city despite census results showing a drop in population since 2006 from 44,560 to 43,653 in 2013.

"We are seeing a lot of guys coming back from Australia and there are many new people from overseas coming to live in the region," he says. "We're selling about five or six cars to new migrants every month."

He says the city is the port



Tom Crosby, sales manager of Enterprise Motor Group

of call for the entire East Coast and his dealership benefits from seasonal industries operating across the region.

"Gisborne is predominately seasonal," explains Crosby. "When one cog clogs up, there's another industry that seems to be taking off. Gisborne is resilient in that way –

people take the good with the bad."

Seasonal work includes tomato processing, which employs between 600 and 700 people per year for seven months, as well as shearing.

"The meat industry here is strong, especially in Wairau where they work 10 months of the year. People here learn to survive by doing two jobs. There are jobs out there if you are willing to look for them."

Nevertheless, one of the town's key industries – forestry – has been slowing down recently.

Log prices are at their lowest point since early 2012 after a strong run of being higher over the 12 months to March because of a build-up in supply that led to a rapid expansion in inventories in China.

"Forestry workers are on three- or four-day weeks and the port has reduced its staffing levels," says Watts.

"This has a flow-on effect into the city and for our market because groceries and rent come first."

The unemployment rate in Gisborne is also higher than anywhere else in the country and the number of people in work is also down compared to what it was a year ago.

"It's in the used market where we notice it most," says Read. "It's harder for people to get finance and many leave because of the lack of work."

## MIXED BAG FOR SALES

New vehicle sales in Gisborne over the past 12 months have dropped by 18 per cent compared to the same period between 2012 and 2013.

"It has been a little bit stop start," says Read. "We have a good run, and then business just

Used car sales for Gisborne - July 2013 to July 2014							
	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
Jul '13	120	374	173	667	18.0%	56.1%	25.9%
Aug '13	94	409	160	663	14.2%	61.7%	24.1%
Sept '13	86	348	131	565	15.2%	61.6%	23.2%
Oct '13	105	364	165	634	16.6%	57.4%	26.0%
Nov '13	100	362	182	644	15.5%	56.2%	28.3%
Dec '13	126	375	192	693	18.2%	54.1%	27.7%
Jan '14	87	341	199	627	13.9%	54.4%	31.7%
Feb '14	86	338	193	617	13.9%	54.8%	31.3%
Mar '14	111	356	174	641	17.3%	55.5%	27.1%
Apr '14	86	345	151	582	14.8%	59.3%	25.9%
May '14	108	363	181	652	16.6%	55.7%	27.8%
Jun '14	98	335	155	588	16.7%	57.0%	26.4%
Jul '14	86	364	166	616	14.0%	59.1%	26.9%
<b>Annual total</b>	<b>1,173</b>	<b>4,300</b>	<b>2,049</b>	<b>7,522</b>	<b>15.6%</b>	<b>57.2%</b>	<b>27.2%</b>
<b>Change on July 2013</b>	<b>-28.3%</b>	<b>-2.7%</b>	<b>-4.0%</b>	<b>-7.6%</b>			
	<b>National YTD average</b>						
	<b>18.7%</b>	<b>56.7%</b>	<b>24.7%</b>				

City vehicle sales - July 2013 to July 2014				
	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
Jul '13	49	40	4	26
Aug '13	29	40	3	28
Sept '13	41	25	3	36
Oct '13	34	41	4	35
Nov '13	34	43	3	31
Dec '13	54	22	3	26
Jan '14	42	35	2	20
Feb '14	69	27		19
Mar '14	46	40	3	36
Apr '14	58	38	4	27
May '14	56	27	2	26
Jun '14	64	33	5	54
Jul '14	59	33	8	27
<b>12-month total</b>	<b>586</b>	<b>404</b>	<b>40</b>	<b>365</b>
<b>NZ sales - past 12 months</b>	<b>116,110</b>	<b>87,283</b>	<b>7,200</b>	<b>34,604</b>
<b>% of national sales</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>1.1%</b>
<b>Change on July 2013</b>	<b>20.4%</b>	<b>-17.5%</b>	<b>100.0%</b>	<b>3.8%</b>
	<b>POPULATION</b>			
	<b>NEW ZEALAND</b>	<b>GISBORNE</b>	<b>%</b>	
	4,524,000	43,653	1.0	





**“We have got more involved in the community to build trust.”** – James Woochuk, Eastland Toyota, Gisborne



◀ seems to slow down and stop.”

Watts says there is no single reason why the new vehicle market in the city hasn't been as buoyant as some other centres across the country.

“It comes down to the isolation, socio-economic groups and school levels,” he says.

“We have two big retirement villages, but there's not the same sort of money that's floating around in Tauranga and Auckland.”

Meanwhile, the new commercial vehicle market has increased over the past year by four per cent – or 58 vehicles.

“The Ford Ranger is certainly one of our major sellers and there are quite a few farmers buying trucks

– we haven't seen any noticeable drop-off from them,” says Read.

“When you go to a rugby game, there's going to be at least 20 Hiluxes in the crowd,” says James Woochuk, of Eastland Toyota. “It has been number one here for a long time.

“The past seven months have been better for us than the past three years.

“One-in-three cars is a Toyota and they have good resale values across the marque's entire product range.

“One thing we have done here is to get more involved in the community to build stronger trust.”

This had been achieved through various sponsorships of Gisborne sports teams and charities.

“The community is buying

local again,” says Woochuk. “A few years ago, a lot of people bought outside Gisborne.

“Since then, they have found

out they're getting the same and better deals on new and used cars at home.”

Meanwhile, sales of used cars in Gisborne have increased by 33 per cent on the previous year.

“The market is going alright,” says Crosby. “We're holding about 80 cars and selling 50 used vehicles per month, and business is very price-orientated.

“We have also introduced a better marketing plan and a much stronger website, which we are promoting strongly.” ☺

### Festival takes over

Every year, about 30,000 people flock to Gisborne for the Rhythm and Vines music festival. That's more than half of the district's usual population.

The event in 2010 injected almost \$12 million into the local economy and organisers say that has only increased in recent years.

Car dealers in the area welcome the festival, but say it has little effect on the motor vehicle industry.

“We see little direct benefit,” says Brian Watts, of Watts Motors. “We get the odd person in with



an overheated engine and mum has then got to send the money to get it fixed.

“The businesses that really benefit are the booze shops, accommodation providers, food outlets, petrol stations and The Warehouse.”



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## NEWS in brief

### Lightweight version of racing car to burn wallets

Jaguar has revealed the prototype of its Lightweight E-type, with six more to be built. Each will be handcrafted to specifications originated from the 1960s version.



Pricing has yet to be confirmed, but speculation in England puts it upwards of NZ\$2 million. They will be sold as period competition vehicles suitable for historic motorsport racing.

The Special GT E-type Project, which started in February 1963, aimed to build 18 of the original models, but only 12 were made. They achieved worldwide fame and are worth millions.

Specifications for the new cars include aluminium shells and six-cylinder XK engines that mirror the original power units.

A prototype called Car Zero, pictured, was revealed on August 14 at Pebble Beach Automotive Weekend, California.

### Fees for breaches of fair trading laws introduced

The Commerce Commission can now issue infringement fees of up to \$1,500 for clear-cut offences under the Fair Trading Act, including overlooking consumer information standards and disclosure requirements.

A motor trader who fails to attach a completed consumer information notice to a used vehicle, for example, can be fined \$1,000.

The new fees are in addition to court fines for serious offending going up to \$200,000 per offence for an individual and up to \$600,000 for a company.

Visit [www.autofile.co.nz](http://www.autofile.co.nz) for more on this story.

### More than 3,500 vehicles called back in New Zealand

Holden has recalled late-model Commodores and Caprices built in South Australia – with about 3,700 units in this country being affected.



A Commodore Evoke

It says a welding fault on the front-seat assembly could result in it separating from the seat track in an accident. If the weld is incomplete, under certain conditions – such as crashes – the hook may separate from the seat track, increasing the risk of injury.

Worldwide, the recall affects 25,000 VF Commodores and WN Caprices made between February 2013 and May 2014.

### Swedish marque sets sights on safety in new model

Volvo is aiming for its 2015 XC90 to be one of the safest cars on the market. It will come with a system that tightens seatbelts and it has an energy-absorbing seat for spine protection.

The car will also guide motorists through the process of crashing into a ditch as gently as possible should the need arise and will debut automatic braking, which kicks in if the driver turns in front of an oncoming car.

Other features in the XC90 are rear-impact detection, protective seats, blind-spot coverage, and radar-based automatic braking and steering functions useful in city traffic. ☺



# Powering on with more performance



Subaru's WRX STI

Subaru says the dynamics of its fourth-generation WRX STI reach a new level thanks to changes to its body, chassis and suspension.

Extra specifications include a D-shaped steering wheel, push-button start with smart-key technology, active torque vectoring and a driver's knee airbag.

Other standard features are factory-fitted satellite navigation, reversing camera, daytime running lights, dusk-sensing LED headlights with halogen high beam, rain-

sensing wipers, shark-fin radio antenna, extra cabin space and dual-zone air conditioning.

The 2014 model has 18-inch alloys and STI badging differentiates it on the road.

The rear wing is a deleteable option, while the bonnet scoop sits lower and wider to benefit efficiency and driver visibility.

The wing mirrors are fixed on the doors to reduce blind spots and give better forward visibility, while the Brembo brakes have a white STI logo on the black painted callipers.

The turbocharged 2.5-litre horizontally opposed boxer engine produces 221kW at 6,000rpm and 407Nm of torque at 4,000rpm.

The multi-mode driver's control centre differential can vary power and torque fed to the front and rear axles, while a turbo-boost pressure gauge in the multi-function display highlights performance.

The STI comes only as a sedan with a six-speed manual gearbox. Its drivability was honed in testing under demanding conditions in several countries, including

at high speeds on Germany's Nurburgring circuit.

Driving is enhanced thanks to the symmetrical all-wheel-drive, the retuned suspension, stiffened structure and quicker steering ratio.

There are soft-touch surfaces inside, while the entertainment system powers through Harman Kardon speakers, subwoofer and amplifier with access via the satellite-navigation screen.

The WRX STI costs from \$59,990 with the premium model tagged at \$64,990. ⊕

## SUV line-up expands

With the introduction of two more CRVs – the Sport Limited and AWD Limited – Honda says it's bringing aggressive styling to the SUV market at competitive prices.

Both models add a honeycomb sports grille, aerodynamic front and rear bumpers, tailgate spoiler and metallic side running boards.

There are also 10-spoke alloys – the Sport boasts 19-inch Orions while the AWD has 18-inch graphite wheels.

The former comes with roof racks and the latter has roof rails, while both models have limited badging.

The Sport Limited is available from \$53,600 and the AWD Limited costs from \$48,500, plus on-road costs.

Honda also has a higher grade model, the SN, with two-wheel-drive. It offers superior

performance, increased fuel efficiency and advanced features.

It takes styling cues from the top-end CRV Sport with fog lights, privacy glass, daytime running lights, chrome door handles and 17-inch alloys.

It adds automatic headlights, active cornering lights, a blind-spot parking mirror, heated windscreen wipers, navigation and smart-entry with push-button start.

Honda's new two-litre CVT transmission in the SN provides more responsive acceleration than the five-speed automatic in the CRV S. ⊕

The CRV AWD Limited



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# Japanese car makers in Europe

In 1971, Toyota started manufacturing at Ovar in Portugal in a joint venture that was 27 per cent owned by the Japanese marque.

Nissan followed with Nissan Motors Iberica – 99 per cent owned by the company. It commenced making vehicles in Cantabria in 1980 and then in Barcelona in 1983.

Subsequent to this, Nissan started manufacturing operations in Sunderland, England, in 1986 then at Avia in Spain in 1987.

In 1992, Toyota expanded its operations to Burnaston, Derbyshire, and Deeside, North Wales, with Honda getting off the ground in Swindon.

Suzuki was also in the race during the same year when it opened in Esztergom, Hungary.

Mitsubishi Fuso started making trucks at Tramagal in Portugal in 1996, while Toyota began manufacturing at Valenciennes in France in 2002.

Toyota began making transmissions and engines in Walbrzych in Poland followed with another engine plant at Jelcz-Laskowice in the same country in 2005, while a joint-venture plant with PSA – Peugeot/Citroen – at Kolin in the Czech Republic opened in the same year.

There are now 14 manufacturing facilities either wholly owned by Japanese automotive manufacturers or owned by joint-venture companies.

In 2013, these facilities produced about 1.38 million units, which amounted to around two-thirds of all Japanese-branded vehicles sold

in the European Union (EU), while 243,415 were exported to other markets.

More than 161,000 people are now employed by Japanese-owned and joint-venture plants across the EU.

As well as manufacturing operations, Japanese automakers have 16 research and development (R&D) and design facilities in five EU countries, which are aimed at meeting the needs of the European market.

In the UK, there is Honda R&D at Swindon, with a Nissan design centre in London and technical centre at Cranfield.

In Germany, Honda R&D can be found in Offenbach with Isuzu at Gustavsburg, Mazda in Oberursel, Mitsubishi at Trebur, Toyota Motorsport in Cologne, Subaru at Ingelheim am Rhein and Nissan in Bruhl.

France hosts Toyota in Nice and Belgium has Subaru and Toyota at Zaventem, while Nissan has a presence in Brussels. Spain has Nissan in Madrid and Barcelona.

Member companies of the Japanese Automobile Manufacturers' Association (JAMA) have committed



**MALCOLM YORSTON**  
IMVIA membership and technical services manager

to expand and deepen ties with not only European vehicle manufacturers but also other EU stakeholders.

This will be achieved through partnership projects targeting the promotion and distribution of "next generation and clean energy" vehicles.

Many have already entered into partnership projects with various EU member-state governments and non-government organisations.

In September 2009, Honda and Toyota announced their H2 Mobility Project in Germany, which is a collaboration with European energy companies, global oil companies, other global car makers and European R&D companies.

This is in preparation for the planned launch of fuel-cell electric vehicles (FCEVs) and to establish a hydrogen refuelling station network.

In January 2012, Honda, Nissan and Toyota partnered with three UK government departments – as well as participants from the utility and gas infrastructure, and automotive manufacturing industries – to evaluate the potential for FCEVs to provide economic and

environmental benefits to the UK.

February 2012 saw Suzuki partnering with Intelligent Energy to establish a joint-venture company to develop and manufacture a fuel-cell system.

In March 2013, Toyota partnered with the City of Grenoble, Grenoble-Alpes Metropole Cite Lib and Electricite de France on a collaborative zero-emission, ultra-compact urban EV car-sharing project.

Nissan entered into a memorandum of understanding with the City of Barcelona in September 2013 with the aim to support the deployment of EVs there.

April 2014 saw Honda and Toyota team up with BMW, Daimler, Hyundai, hydrogen fuel supply companies and others in the HyFIVE – Hydrogen For Innovative Vehicles.

This aims to demonstrate in Austria, Denmark, Germany, Italy and the UK that hydrogen is a viable option by deploying a number of FCEVs and developing a refuelling infrastructure at several European locations.

JAMA is promoting the early adoption of an EU-Japan economic partnership that would facilitate expanded trade and investment opportunities between the EU and Japan, which would also promote employment creation.

The implementation of such a partnership would also contribute to the growth of the world economy, JAMA anticipates, and help to accelerate sustainable growth for European and Japanese automotive manufacturing industries. ☺



Production of Toyota's Hiace in Portugal getting under way in 1980



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These monthly reports highlight how business managers track against their targets and measure monthly benchmarks.

The report highlights each individual salesperson by finance and insurance income turnover.

This not only helps the business manager, but the dealership as a whole as it shows any salesperson who potentially may need extra turnover training.

Recently, we received a testimony from Jeremy Spicer, dealer principal at Manukau Nissan.

He says: "We use Protecta for the great products, excellent online system and the friendly customer service staff who are willing to help at all times.

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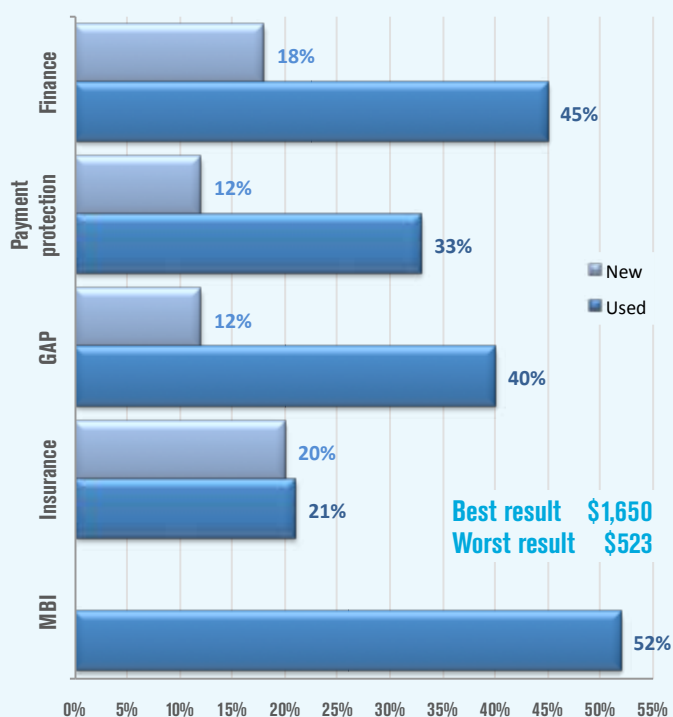
Our customers also choose Protecta because of superior products that have unique and market-leading benefits, such as the accident management service that's included in our motor vehicle insurance, as well as the ability to pay weekly or monthly premiums at no extra charge.

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# Rules on notification for trader to repair faults only partially followed by owner

## Background

On August 13, 2013, Kato Transport bought a 1990 Chevrolet pick-up from Lefthand Rides for \$14,000.

The buyer wanted to recover costs to replace parts and obtain a WOF because it claimed the truck wasn't free of minor defects.

The trader failed to appear at the hearing. Sole director Bryce Raymond Oliver said he was now in Australia, but denied liability.

## The case

Mrs T Henry, manager of Canterbury-based Kato Transport, said the company bought the truck sight unseen from Warkworth to use as a pilot vehicle.

She received it on August 26. Its odometer was on 112,452 miles or about 181,000km.

Although the truck was a Japanese import, there was no certification to verify its odometer and the tribunal thought the reading was probably unlikely to be accurate given its age.

The vehicle performed well for about seven weeks during which it was driven about 1,310km.

On October 8, it was coming back in snow from Redwood to Darfield – about 35km – when its heater failed.

On the same day, it overheated.

Henry's husband, who was driving it at the time, called Jason Storer, of Williams Auto Spares and Repairs in Kaiapoi, for advice.

Mr Henry checked the oil and coolant levels. Both were satisfactory although the coolant was a little low, but the vehicle couldn't be driven without overheating. It was towed to Kaiapoi on October 15.

Mr Henry phoned the trader on November 3 to inform it the head gasket had blown and ask it

to accept responsibility for that.

Mrs Henry produced cellphone records to show dates she claimed calls were made to the trader and its mechanic.

Storer did a flow test on the radiator and determined one of the head gaskets had failed.

The engine's disassembly started on October 21. A technician discovered the gasket on the left-hand bank had blown between two cylinders.

A machine-shop engineer measured the engine's bores and observed dusting.

It was decided to rebuild the engine, and the cylinder heads were crack-tested and machined. It was refitted before a road test on about December 12. The buyer was invoiced \$9,217.

Storer didn't have the repair costs of each item, but estimated machining the heads and crack-testing them was \$600-\$800, there was about 12 hours' labour to replace the two heads and \$250-\$300 for the gasket set.

The tribunal calculated replacing the gaskets cost \$2,010 plus GST.

On December 13, Williams carried out an inspection similar to a WOF and found some faults.

They included a frayed driver's seatbelt, left-hand front seatbelt buckle, excessive brake pedal travel, an insecure headlamp, window washers and wipers not operating correctly, a leaking shock absorber and the front tyres were sticking out past the guards.

A front-wheel bearing dust cover was missing, a front top ball joint was needed, the left-hand tray mounting bolt was broken, a front brake hose was rubbing on the suspension and front brake pipes were insecure.

The buyer spoke to the trader and its mechanic in December and January, and records confirmed calls were made.

Henry said the trader promised to send her parts to pass a WOF but, apart from an incorrect seatbelt, it didn't.

A WOF was completed on April 1. It failed because the front tyres were outside their guards, seatbelt webbing was damaged, and there was play in the right top ball joint and right-hand steering idler.

Four nuts on steering connections were the wrong ones, the front brake hoses weren't secured properly and the foot brake travelled.

Six days later, the buyer had the faults repaired by Williams for \$1,080.

## The finding

The truck's engine overheated 48 days and 1,300km after supply probably because the heater core was, according to Storer, "rotten" and the radiator was in poor condition.

This probably caused the vehicle to overheat, which caused the gasket to blow.

The tribunal thought it probably didn't have a leaking gasket when sold and the cooling system's condition wasn't apparent until the truck was on its first rural trip when the radiator overheated.

It ruled the truck lacked the durability a reasonable consumer would regard as acceptable.

It thought other faults found on December 13 and repaired in April shouldn't have been present when it was sold.

The tribunal was surprised AA Compliance in Portage Road, New Lynn, passed the truck for compliance and issued its WOF.

It sent a copy of its decision to

**The case:** The purchaser wanted to be repaid the cost of replacing a head gasket and obtaining a warrant of fitness (WOF) after claiming his truck failed the Consumer Guarantees Act (CGA).

**The decision:** The buyer didn't request the dealer to replace the gasket before starting to have it replaced. But it did require the supplier to fix the WOF defects and within a reasonable time.

**At:** The Motor Vehicle Disputes Tribunal, Auckland.

the NZTA for it to consider auditing the compliance shop to ensure other oversights were not occurring.

The tribunal ruled the truck wasn't of acceptable quality because its engine and its radiator were not durable. Other faults caused it to fail a WOF.

Storer said repairs didn't start until October 21. "Somewhat surprisingly", the buyer didn't notify the trader when the vehicle overheated on or soon after it did.

It failed to notify the dealer until 10 working days after repairs started. It appeared work had probably started when the trader was told of the fault.

The tribunal wasn't satisfied the buyer complied with section 18(2) of the CGA to require the trader to fix the gasket before having it repaired, so the purchaser was unable to recover the cost of replacing the gasket.

But the tribunal was satisfied the trader had adequate knowledge of, and had been asked to remedy, the WOF issues found on December 19.

The dealer made promises to supply parts but, apart from a seatbelt, nothing eventuated from those pledges.

## Order

The trader had to pay the buyer \$1,080 for fixing the WOF faults. ☺

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# Buyer fails to convince tribunal it was misled by dealer's advert on Trade Me

## Background

Nicholas Leef agreed to buy a 2001 Audi Allroad from Vortex Motors sight unseen for \$4,000 on January 28, 2014.

He believed its Trade Me advert misled him about repairs needed for compliance, but the dealer denied it misrepresented the car.

## The case

Leef claimed he was misled into thinking the car was ready to be complied undamaged and would cost no more than \$600 for this and registration.

After buying it, he found it was water damaged and compliance would be about \$3,700.

Leef produced a copy of the advert that described the station wagon as being imported with no warrant of fitness, on-road costs were excluded and 150,000km were on the odometer. It added it was in good condition inside and out.

"The car was deregistered due to an electronics issue, the comfort control module has been replaced, and the car is now working fine and is ready to be recomplied," the dealer's advert stated.

"I would put this back on the road if I didn't have too much money tied up in other assets.

"If not sold, I will sort out a repair certificate and comply the vehicle myself and the price will go up. Viewings, inspections and test drives are welcome."

Under questions and answers, more information appeared. Question: "How much to have the car certified?" Answer: "The last car cost me \$1,500 to put back on the road."

Leef collected the car on February 3. Vortex Motors didn't supply an agreement for sale and

purchase but supplied a tax invoice, which stated "sold deregistered".

The trader didn't display or have Leef sign a consumer information notice because Mr P Naylor, director of Vortex Motors, thought deregistered vehicles didn't need them.

Leef knew from the advert the car would need certification and repairs, but expected the total cost to be about \$600 excluding registration.

He hadn't asked the NZTA or trader about the damage before buying it. He first lifted the bonnet when he collected it and knew then there was water damage.

Leef then took the car to Penrose Compliance Centre, which charged \$540 for an MR2A certificate on February 7.

Six days later, he learnt from David Dickey, a damaged vehicle sales consultant at Turners that – from what Dickey had been told by an insurance company – rain had gone through the left air vent.

A report by PK Auto Electrical confirmed water damage to the interior in the left-front passenger foot well.

It added "engine bay shows signs of high-water tidal marks and silt contamination on engine panels".

It quoted \$750 including GST for an inspection, costs in stripping the car down and 60-90 hours' labour at \$60 plus GST an hour.

Leef produced photos of the engine bay and electrical connector box apparently taken by PK Auto Electrical. They showed discolouration around the box's terminal pins, but were of poor quality.

He decided the car would cost him too much to repair to make a profit from its resale.

In April, Leef advertised it on Trade Me for \$5,500 and six weeks later on-sold it for \$3,500.

At that stage, he stated the cause of the "rain water" damage was clogged tree leaves, which caused water "to flow down the firewall and into the central-locking module".

Leef's advert stated the module had been replaced, but its loom and connections would, at least, need replacing with new or certified parts. The minimum cost was an automotive electrician fee of \$750 and \$800 in parts.

Naylor, Vortex's director, said it was disclosed in the dealer's advert placed on Trade Me to sell the car to Leef that it was deregistered, needed to be recomplied and – if it wasn't sold – it would "sort out a repair certificate".

He said a reasonable buyer would understand it needed a compliance inspection and repair certificate after being deregistered.

Naylor said Vortex Motors didn't represent compliance would only cost \$600 – a figure apparently provided by someone else.

With regard to getting the car on the road, the trader stated \$1,500 as the cost it incurred for the last car it complied.

TJ Price certified the vehicle on April 22. He said there was no damaged flag and the scuttle panel vent had been blocked with leaves so water got into the left-hand foot well.

The electronic control unit had been replaced and all components inspected.

Wanganui Auto Electrical checked the anti-lock braking and supplemental restraint systems, and certified neither as faulty.

**The case:** The buyer wanted to be paid \$1,132 in damages under the Fair Trading Act (FTA) after claiming he was misled about the damage his vehicle needed repairing to pass compliance.

**The decision:** The tribunal ruled the purchaser appeared to have acted "precipitously" in buying the car without first finding out why it had been deregistered and what it would cost to get it on the road.

**At:** The Motor Vehicle Disputes Tribunal, Auckland.

## The finding

Leef appeared "to have acted precipitously" in buying the car without finding out why it had been deregistered and costs to get it on the road.

The trader's reference to an electronic issue as the reason "had the potential to be misleading".

It appeared the reason the car had been deregistered was because it was thought to have been water damaged.

However, even allowing for this, the tribunal ruled it was unlikely a reasonable person reading Vortex Motors' advert would have been misled by the words "ready to be complied" into thinking the car only needed a compliance inspection.

This was because the trader disclosed it needed a repair certificate and it also said the last car it had "put back on the road" had cost \$1,500.

This was almost exactly what it cost the person Leef on-sold it to, and allowing for the car to be prepared for inspection and taken to Wanganui.

## Order

The application was dismissed because the tribunal wasn't persuaded the dealer's advert was misleading. ☹

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# AROUND THE COUNTRY

July 2014

## BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR

(JULY 2014 vs JULY 2013)

### BIGGEST INCREASES

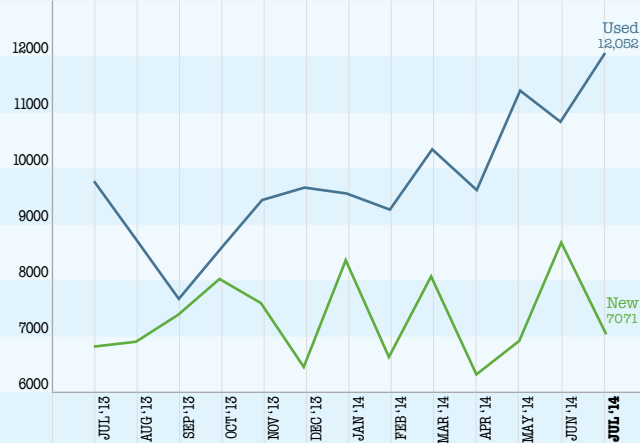
NEW		USED	
Greymouth	▲ 87.5%	Greymouth	▲ 109.1%
Invercargill	▲ 28.9%	Oamaru	▲ 100.0%
Dunedin	▲ 25.5%	Thames	▲ 86.7%

### BIGGEST DECREASES

NEW		USED	
Westport	▼ 80.0%		n/a
Oamaru	▼ 53.6%		
Rotorua	▼ 38.8%		

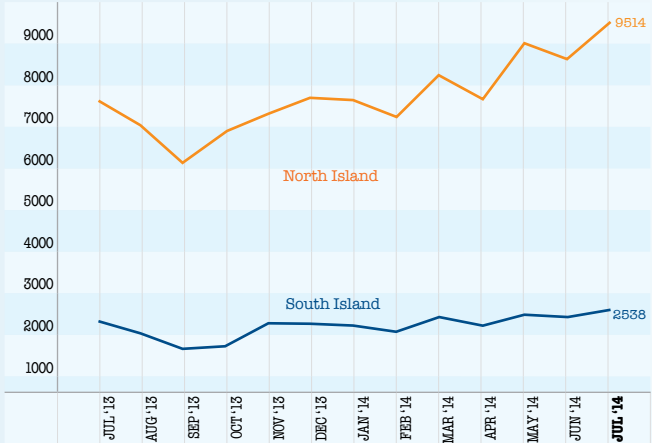
### PASSENGER VEHICLE REGISTRATIONS

NEW versus USED



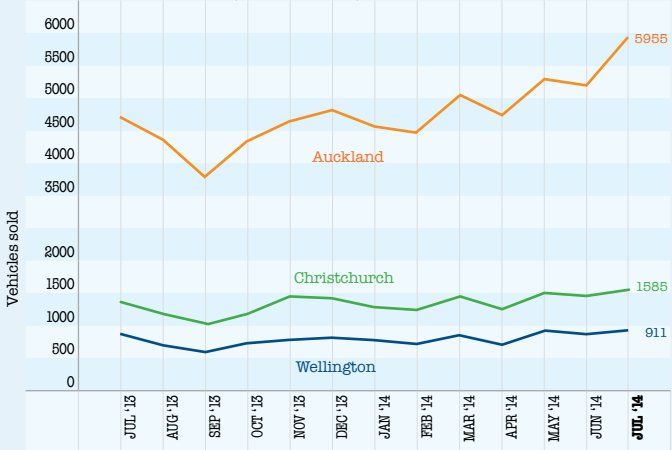
### USED VEHICLE REGISTRATIONS

NORTH ISLAND versus SOUTH ISLAND



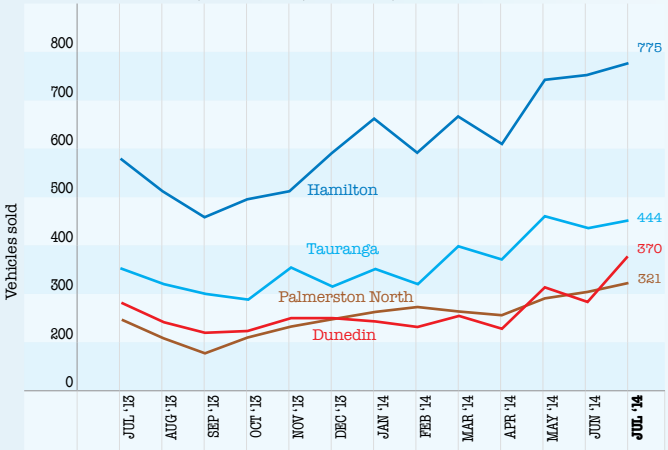
### USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY

AUCKLAND, WELLINGTON, CHRISTCHURCH



### USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY

HAMILTON, TAURANGA, DUNEDIN, PALMERSTON NORTH



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Port Calls	Morning Miracle V11	Liberty V7	Sepang Express V16	Morning Miracle V12
Osaka	18 Aug	2 Sep	15 Sep	2 Oct
Nagoya	19 Aug	3 Sep	16 Sep	3 Oct
Yokohama	20 Aug	4 Sep	17 Sep	4 Oct
Auckland	6 Sep	20 Sep	4 Oct	19 Oct
Wellington	13 Sep	27 Sep	11 Oct	26 Oct
Lyttelton	9 Sep	3 Oct	7 Oct	31 Oct

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# Japan has big long-term issues

New Zealand's used imports industry is likely to be quite solid in the short term, especially with no major rule changes coming up in this country.

"What can be bought in Japan will slowly change and in time we will be looking at different kinds of vehicles, while electronic stability control [ESC] may affect what's available there," says John Davies, managing director of AUTOHUB NZ.

"For New Zealand, it will always be Japan with the UK being limited to later-model European marques, while England will also be a good supply market for Australia."

Davies, who is also president of AUTOHUB Company Ltd, believes Japan has some big and long-term monetary issues.

"Some of these are around that country's ageing population, while

young people are not marrying and having children until later in life," he told Autofile.

"Japan now has an average of 1.2 children per family, which means a decreasing population taking care of a growing elderly section.

"Also, other countries – such as Malaysia, China, Mexico and even Spain – are keeping up with changes in car manufacturing.

"But Japan can be a bit slow to react and it can take a while for change to be accepted there."

With Ford, Holden and Toyota exiting domestic car manufacturing across the Tasman over the next few years, the federal government is reviewing its border policies for the wholesale importation of used vehicles there.

Davies believes regulations and processes in Australia aren't geared

up for multiple imports because this is done on a car-by-car basis at the moment.

"I think there will be market changes there in time, but there won't be a groundswell for new imports and some wholesalers will make up a few of the players," he says.

"I can see the Australian government regulating the importation of used cars there in the future – and probably through a standards-based approach, such as ESC.

"But I can't see the older stock from Japan being in direct competition with New Zealand."

As for July's industry statistics, the used imported passenger vehicles total of 10,861 was ahead of June's by 292 units.

This was substantially behind this year's high of 16,514 in May

and, so far in 2014, 80,200 used cars have crossed the border.

The top country of export was Japan on 10,304 used imports, which compared to 10,051 in June and took its year-to-date total 76,377.

Meanwhile, 238 passenger vehicles were imported from Australia compared to 266 in June, while 138 came from the UK – up from 126 in the previous month.

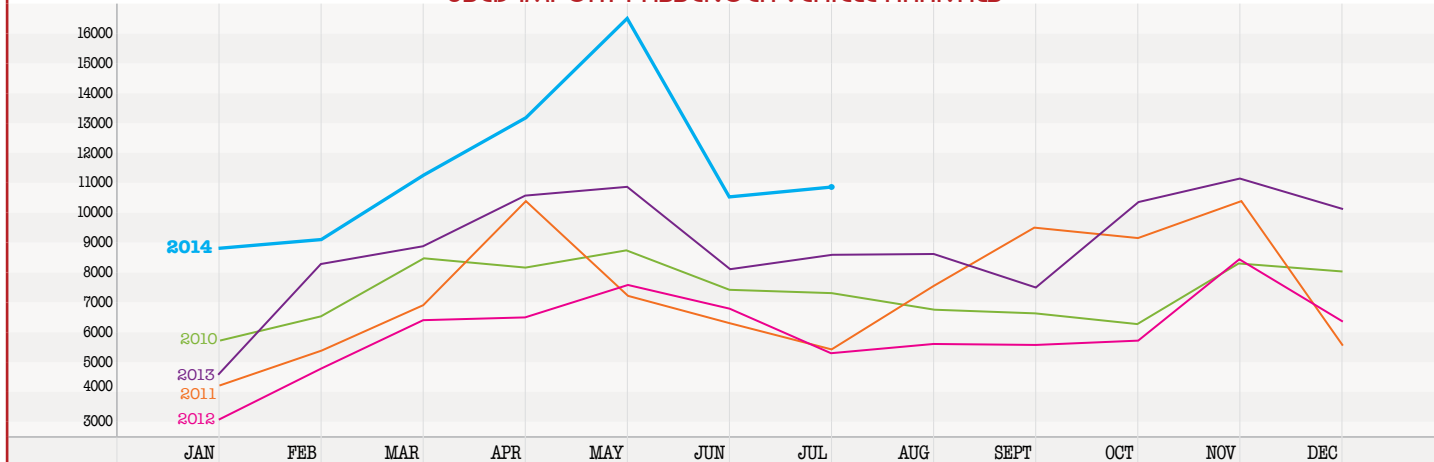
There were 141 arrivals from the US in July, which was that country's second highest total after 148 in March.

Used commercial vehicles saw their strongest importation month so far this year.

There were 561 units imported in July for a year-to-date total of 3,068.

The top country of export was Japan on 516, followed by Australia on 28 and the UK on 11.

USED IMPORT PASSENGER VEHICLE ARRIVALS



## Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2014									2013					2012		
	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUL'14	JUL SHARE%	2014 TOTAL	Q1	Q2	Q3	Q4	2013 TOTAL	MRKT SHARE	2012 TOTAL	% TOTAL
Australia	208	264	238	263	286	266	238	2.2%	1763	385	464	503	638	1990	1.9%	1199	1.6%
Great Britain	208	133	142	151	169	126	138	1.3%	1067	664	716	737	791	2908	2.7%	2730	3.7%
Japan	8268	8599	10695	12544	15916	10051	10,304	94.9%	76377	20148	27869	23072	29695	100784	93.9%	67442	92.6%
Singapore	15	19	19	29	17	18	22	0.2%	139	31	26	41	48	146	0.1%	154	0.2%
USA	81	60	148	104	105	90	141	1.3%	729	266	248	307	384	1205	1.1%	976	1.3%
Other countries	27	18	12	11	21	18	18	0.2%	125	65	64	63	59	251	0.2%	336	0.5%
<b>Total</b>	<b>8807</b>	<b>9093</b>	<b>11254</b>	<b>13102</b>	<b>16514</b>	<b>10569</b>	<b>10861</b>	<b>100.0%</b>	<b>80200</b>	<b>21559</b>	<b>29387</b>	<b>24723</b>	<b>31615</b>	<b>107284</b>	<b>100.0%</b>	<b>72837</b>	<b>100.0%</b>



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# Used car sales remain firm

Sales of second-hand cars by dealers to private buyers remained steady last month, while the number of trade-ins dropped slightly.

Nationally, there were 17,750 trader-to-public transactions in July compared to 17,709 in the same month of last year – down by only 0.2 per cent.

Public-to-dealer sales fell back by 4.5 per cent from 14,021 in July 2013 to 13,386 last month, while private sales from 40,241 to 40,720, or by 1.2 per cent.

Gregory Scott, of Scotts Auto Sales in Dunedin, says trade-ins are getting more difficult for his business to deal with.

“There needs to be some sort of law to protect dealers when they sell cars between \$1,500 and \$2,000 because it’s a buyer-

beware scenario,” he told Autofile.

“Something may not work, such as a power window or the air conditioning, with a lot of the older vehicles.

“If you miss something like that, you can be liable to fix the issue under the Consumer Guarantees Act.

“We are finding finance companies are very strict with what we have to supply and legislation means we have to explain the cooling-off period for warranties.”

Ian Gibson, dealer principal of the Mini Garage in Newmarket, Auckland, says: “The used Mini market seems to be one of those situations where you have to wheel and deal.

“There’s a huge private market, but we’re hoping to grow our used vehicle penetration.

“People pass them down to family members and a large portion of our buyers are long-term owners.”

“There are more people seeing vehicle purchases on the same level as consumer items such as fridges, rather than as things to make statements with,” says a Hutt Valley trader.

“They are getting good runs out of their cars. They may not be things you aspire to owning, but they don’t fall to bits.

“The average age of the fleet is about 14 years, but are the cars people driving now better than what they were?”

“The market seems to be going through a period of readjustment. A lot of that’s due to the fact there are more cars being put on the road as people replace their vehicles.”

The biggest proportional gain in dealer-to-public sales was seen in Greymouth, where registrations jumped by 24.7 per cent from 77 in July 2013 to 96 last month.

Blenheim came second with an increase of 22.5 per cent – from 160 to 196.

When it came to trade-ins, Blenheim recorded a 32.2 per cent jump from 118 to 156, while Oamaru dropped from 44 to 27 for the largest decrease of 38.6 per cent.

Rotorua saw the biggest increase in private transactions. They rose from 688 to 801 over the same timescale – a difference of 16.4 per cent.

It was followed by Timaru on 15.7 per cent, which was an increase from 491 to 568 units. ☺

## SECONDHAND CAR SALES - July 2014

	DEALER-TO-PUBLIC				PUBLIC-TO-PUBLIC				PUBLIC-TO-DEALER			
	JUL '14	JUL '13	+/- %	MARKET SHARE	JUL '14	JUL '13	+/- %	JUL '14	JUL '13	+/- %		
Whangarei	523	602	-13.1	2.95	1675	1724	-2.8	256	300	-14.7		
Auckland	5720	5757	-0.6	32.23	13734	13823	-0.6	4589	4722	-2.8		
Hamilton	1517	1602	-5.3	8.55	3373	3347	0.8	1313	1356	-3.2		
Thames	200	210	-4.8	1.13	497	495	0.4	101	102	-1.0		
Tauranga	1002	939	6.7	5.65	1965	1998	-1.7	658	679	-3.1		
Rotorua	276	281	-1.8	1.55	801	688	16.4	102	154	-33.8		
Gisborne	166	173	-4.0	0.94	364	374	-2.7	86	120	-28.3		
Napier	597	516	15.7	3.36	1409	1451	-2.9	383	400	-4.3		
New Plymouth	493	480	2.7	2.78	1028	1072	-4.1	250	298	-16.1		
Wanganui	186	189	-1.6	1.05	474	433	9.5	130	141	-7.8		
Palmerston North	828	861	-3.8	4.66	1724	1568	9.9	792	1066	-25.7		
Masterton	154	159	-3.1	0.87	358	353	1.4	88	101	-12.9		
Wellington	1528	1511	1.1	8.61	2851	2838	0.5	1248	1184	5.4		
Nelson	348	316	10.1	1.96	898	937	-4.2	267	262	1.9		
Blenheim	196	160	22.5	1.10	375	417	-10.1	156	118	32.2		
Greymouth	96	77	24.7	0.54	214	214	0.0	58	48	20.8		
Westport	29	27	7.4	0.16	94	93	1.1	-	1	-		
Christchurch	2307	2354	-2.0	13.00	5369	5102	5.2	1870	1879	-0.5		
Timaru	275	282	-2.5	1.55	568	491	15.7	160	185	-13.5		
Oamaru	79	84	-6.0	0.45	237	214	10.7	27	44	-38.6		
Dunedin	729	631	15.5	4.11	1722	1642	4.9	526	470	11.9		
Invercargill	501	498	0.6	2.82	990	967	2.4	326	391	-16.6		
<b>NZ total</b>	<b>17750</b>	<b>17709</b>	<b>0.2</b>	<b>100.00</b>	<b>40720</b>	<b>40241</b>	<b>1.2</b>	<b>13386</b>	<b>14021</b>	<b>-4.5</b>		

- ✓ Consumer Guarantees Act 1993
- ✓ Motor Vehicle Sales Act 2003
- ✓ Sale of Goods Act 1908
- ✓ Fair Trading Act 1986
- ✓ Energy Efficiency and Conservation Act 2000

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Passenger Car Sales by Private/Business split - MIA statistics

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	7	28.0	18	72.0	25
Aston Martin	0	0.0	1	100.0	1
Audi	80	47.6	88	52.4	168
Bentley	0	0.0	1	100.0	1
BMW	66	44.9	81	55.1	147
Chery	22	88.0	3	12.0	25
Chrysler	1	20.0	4	80.0	5
Citroen	4	26.7	11	73.3	15
Dodge	26	56.5	20	43.5	46
Ferrari	1	33.3	2	66.7	3
Fiat	54	80.6	13	19.4	67
Ford	141	23.8	451	76.2	592
Great Wall	5	41.7	7	58.3	12
Holden	210	26.1	595	73.9	805
Honda	289	68.6	132	31.4	421
Hyundai	195	34.3	374	65.7	569
Jaguar	4	40.0	6	60.0	10
Isuzu	1	16.7	5	83.3	6
Jeep	43	38.1	70	61.9	113
Kia	118	49.0	123	51.0	241
Lamborghini	0	0.0	1	100.0	1
Land Rover	22	31.0	49	69.0	71
Lexus	16	40.0	24	60.0	40
Maserati	3	50.0	3	50.0	6
Mazda	205	38.8	324	61.2	529
Mercedes-Benz	46	33.6	91	66.4	137
MG	6	66.7	3	33.3	9
Mini	18	52.9	16	47.1	34
Mitsubishi	218	53.8	187	46.2	405
Nissan	144	38.6	229	61.4	373
Peugeot	30	52.6	27	47.4	57
Porsche	12	60.0	8	40.0	20
Renault	3	25.0	9	75.0	12
Skoda	28	36.8	48	63.2	76
SsangYong	28	41.2	40	58.8	68
Subaru	59	38.8	93	61.2	152
Suzuki	243	61.4	153	38.6	396
Toyota	255	24.7	777	75.3	1032
Volkswagen	122	40.5	179	59.5	301
Volvo	20	43.5	26	56.5	46
Other	2	28.6	5	71.4	7
<b>TOTAL</b>	<b>2747</b>	<b>39.0</b>	<b>4297</b>	<b>61.0</b>	<b>7044</b>

\*Business sales include rental and government sales, and the totals include passenger cars and SUVs. SOURCE: MIA

# Rings climbing up sales ladder

**A**udi topped the luxury segment for passenger car and SUV sales during July, and is now closing in on BMW's year-to-date total.

The marque sold 168 units last month, which was up by 12.8 per cent on July 2013's total of 149.

BMW's registrations dropped by 13 per cent to 147 and Mercedes-Benz went up by 48.4 per cent to 138.

It means BMW heads the ladder with 1,274 year-to-date sales. It's followed by Audi on 1,257 and Mercedes-Benz with 1,098.

Dean Sheed, general manager of Audi New Zealand, says the marque is recognising local demand by providing the widest range of high-performance vehicles available to meet buyers' needs.

"This strategy is paying off," he says. "Customer feedback on our range of sports models has never been better.

"The fleet now covers our SUV family – with the RSQ3 and SQ5 – through to the high-end RS6, RS7 and S8 flagships.

"Not only are these models our highest-performing vehicles, they showcase Audi's technology.

"This includes our cylinder on-demand technology in the S6, S7 and S8, which dramatically reduces fuel consumption."

Sheed says the marque remains focused on providing Kiwis with a

wide selection of models to meet their lifestyles.

"Our S and RS ranges with quattro technology are perfectly suited to the New Zealand market.

"We have a clear understanding of what our customers are looking for and we've seen that performance is a key consideration. This highlights the relevance of high-performance models in this country."

Sheed is delighted that feedback from buyers shows the marque's RS vehicles are delivering on this aspect.

Last month, Audi secured the highest proportion of private registrations, which was 47.6 per cent of its total, or 80 units, of the top three luxury marques.

"Audi will continue bringing performance to the fore this year with some new arrivals, such as the newly landed S3 sedan, stylish S3 cabriolet and highly anticipated S1 sportback in September," he says.

"All of these will provide customers with new performance and quattro all-wheel-drive opportunities."

Mercedes-Benz had the biggest split for business transactions last month compared to the other two marques.

These made up 66.4 per cent, or 91 units, of its total, while 81 of BMW's sales – or 55.1 per cent – were to businesses. ☺

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With global growth of 11.4 per cent, Audi achieved the best first half-year in the company's history. The brand with four rings handed over about 869,350 units to customers in the first six months. Visit [www.autofile.co.nz](http://www.autofile.co.nz) for more on this story.

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# Best July for three decades

Last month's new vehicle sales were the best for a July in 29 years with 10,313 new passenger cars and light and heavy commercials registered.

This was up by 9.8 per cent compared to 9,392 during the same month of 2013.

July's sales figures brought the year-to-date total to 72,442. By this time last year, 63,843 units had been sold – a difference of 13.5 per cent.

The registration of 2,809 light commercials reflected continued strong demand and made up this segment's best July total since 1981.

They were up by 24 per cent on the same month of last year to bring 2014's total to 18,313 units, or 20.6 per cent ahead of this time in 2013.

Registrations of SUVs came in

at 2,863 last month, an increase of 14.4 per cent from 2,502. So far this year, 21,699 have been sold compared to 17,715 by the same time in 2013 – up by 22.5 per cent.

SUVs continued to make up the strongest-selling segment with 28 per cent of all new vehicle sales in July, followed by pick-ups and chassis cabs with 23 per cent, and small passenger cars on 16 per cent.

Simon Lucas is dealer principal of Simon Lucas North Shore in Auckland, which holds franchises for Great Wall and Mitsubishi.

"Since the realignment pricing of the Triton, it has become resurgent for us and was good for us during Fieldays," he told Autofile.

"The L300 is perfect for tradespeople. It's incredibly reliable

and we have vehicles that come through our service side with more than 400,000km on the clock.

"They are extremely cost-effective and much cheaper than the competition, so they are sensible tools of the trade."

Lucas believes the economy has picked up and there's now a greater degree of certainty, while buyers are more convinced the recovery will be sustainable.

He adds: "There's an element of catch-up, while some organisations are growing and are adding to their fleet."

Gary Periam, general manager of Giltrap Audi in Grey Lynn, Auckland, says: "Audi is performing very strongly.

"We are up on last year by about 11 or 12 per cent for sales and we're

happy with where we are at."

Periam isn't too concerned about the growth in the importation of used Audis.

"It does hit our used market a bit because they are sold to our potential clients," he says.

The business secures income from selling spare parts for and servicing used imported Audis, and "they will come here while the exchange rate is high".

Periam adds: "We are the largest RS market in the world and sell more RS product per head of population, and we've built a very strong performance arena around the Quattro over the past 20 years.

"We're aiming for sales growth of between 10 and 14 per cent each year." ☺

## NEW VEHICLE SALES BY BUYER TYPE - July 2014

	JUL '14	JUL '13	MTH%	2014 YTD	2013 YTD	% YTD
<b>Passenger</b>	<b>4,181</b>	<b>4,230</b>	<b>-1.2</b>	<b>29,430</b>	<b>28,597</b>	<b>2.9</b>
Private	1,584	1,665	-4.9	11,483	10,862	5.7
Business	2,046	1,826	12.0	14,105	13,352	5.6
Gov't	160	222	-27.9	1,478	1,629	-9.3
Rental	391	517	-24.4	2,364	2,754	-14.2
<b>SUV</b>	<b>2,863</b>	<b>2,502</b>	<b>14.4</b>	<b>21,699</b>	<b>17,715</b>	<b>22.5</b>
Private	1,163	1,037	12.2	8,558	6,613	29.4
Business	1,585	1,371	15.6	11,214	9,632	16.4
Gov't	57	63	-9.5	404	388	4.1
Rental	58	31	87.1	1,523	1,082	40.8
<b>Light Commercial</b>	<b>2,809</b>	<b>2,266</b>	<b>24.0</b>	<b>18,313</b>	<b>15,186</b>	<b>20.6</b>
Private	701	498	40.8	4,533	3,149	44.0
Business	1,940	1,606	20.8	12,683	10,890	16.5
Gov't	119	135	-11.9	741	802	-7.6
Rental	49	27	81.5	356	345	3.2
<b>Sub Total</b>	<b>9,853</b>	<b>8,998</b>	<b>9.5</b>	<b>69,442</b>	<b>61,498</b>	<b>12.9</b>
Private	3,448	3,200	7.7	24,574	20,624	19.2
Business	5,571	4,803	16.0	38,002	33,874	12.2
Gov't	336	420	-20.0	2,623	2,819	-7.0
Rental	498	575	-13.4	4,243	4,181	1.5
<b>Heavy Commercial</b>	<b>376</b>	<b>335</b>	<b>12.2</b>	<b>2,439</b>	<b>2,048</b>	<b>19.1</b>
<b>Other</b>	<b>84</b>	<b>59</b>	<b>42.4</b>	<b>561</b>	<b>297</b>	<b>88.9</b>
<b>Total</b>	<b>10,313</b>	<b>9,392</b>	<b>9.8</b>	<b>72,442</b>	<b>63,843</b>	<b>13.5</b>

## NEW VEHICLE MARKET SEGMENTATION - July 2014

	JUL '14	JUL '13	MTH% DIFF	2014 YTD	2013 YTD	% YTD
Passenger	4,181	4,230	-1.2	29,430	28,597	2.9
SUV	2,863	2,502	14.4	21,699	17,715	22.5
Light Commercial	2,809	2,266	24.0	18,313	15,186	20.6
Heavy Commercial	376	335	12.2	2,439	2,048	19.1
Other	84	59	42.4	561	297	88.9
<b>TOTAL MARKET</b>	<b>10,313</b>	<b>9,392</b>	<b>9.8</b>	<b>72,442</b>	<b>63,843</b>	<b>13.5</b>
Micro	174	210	-17.1	1,004	1,134	-11.5
Light	1,225	1,087	12.7	7,551	7,805	-3.3
Small	1,611	1,730	-6.9	12,789	11,141	14.8
Medium	540	614	-12.1	3,958	4,563	-13.3
Large	440	355	23.9	2,631	2,455	7.2
Upper Large	21	27	-22.2	170	137	24.1
People Movers	71	104	-31.7	597	519	15.0
Sports	99	103	-3.9	730	843	-13.4
SUV Small	845	594	42.3	5,779	3,779	52.9
SUV Medium	1,113	1,116	-0.3	8,180	7,092	15.3
SUV Large	876	744	17.7	7,447	6,596	12.9
SUV Upper Large	29	48	-39.6	293	248	18.1
Light Buses	72	37	94.6	342	246	39.0
Vans	429	409	4.9	3,291	2,886	14.0
Pick Up/Chassis Cab 4x2	879	737	19.3	5,664	4,416	28.3
Pick Up/Chassis Cab 4x4	1,429	1,083	31.9	9,016	7,638	18.0
Heavy Commercial	376	335	12.2	2,439	2,048	19.1
Other	84	59	42.4	561	297	88.9
<b>TOTAL MARKET</b>	<b>10,313</b>	<b>9,392</b>	<b>9.8</b>	<b>72,442</b>	<b>63,843</b>	<b>13.5</b>

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# Stock rises as imports increase

There was a difference of 4,035 between 11,106 new cars imported and 7,071 registered during July, bringing the monthly total of stock being held across New Zealand to 45,037.

The number of days' stock in hand increased from 167 in June to 186 last month, while average year-to-date sales dropped by three to 242.

So far this year, 56,233 new cars have been imported, which is 4,836 more units than 51,397 sold by the same time in 2013.

Grant Blythen, general manager of Honda Cars North Shore in Auckland, says: "The CRV has been tracking along really well and the 1.8-litre Civic has blown us away after it changed from being a two-litre.

"We made a few small changes and all of a sudden there has been a four-month wait for it."

Blythen report certain colours of the Jazz have been in short supply.

"The yellow Jazz is unavailable until October," he says. "It never used to be a popular colour

previously and given that we only ordered a few.

"Most of the other colours are available within a week because all of our cars are in Nelson."

Blythen told Autofile most customers are prepared to wait 90 per cent of the time "because there's nothing out there that's competing with the Jazz", but he's wary there is a new Mazda 2 on the horizon.

"We have ample stock of the rest of the cars and we're only ordering based on what's happening. With the slower-selling vehicles, we're not ordering that many."

Gary Bates, of Gary Bates Ltd, which holds franchises for Kia and Suzuki in Gisborne, says: "With new cars, you often get a strong run on the new stuff and sometimes you are held up.

"We used to get held up on Kia's Sportage and for years it has been in high demand around the world, but over the past 12 months this has come right.

"We tell people if you aren't in

a hurry, it will be here tomorrow.

At one stage, we had to wait six months for some new vehicles but this was two or three years ago."

Tony Bowater, chief executive officer of Bowater Toyota in Nelson, says there were some supply issues with the new Hilux when it was modified to bring it up to a five-star safety rating, but stock is now available.

Meanwhile, Simon Lucas, of Simon Lucas North Shore, says Mitsubishi and Great Wall have been able to meet most of his clients' demands, and many are willing to wait if there are issues with supply.

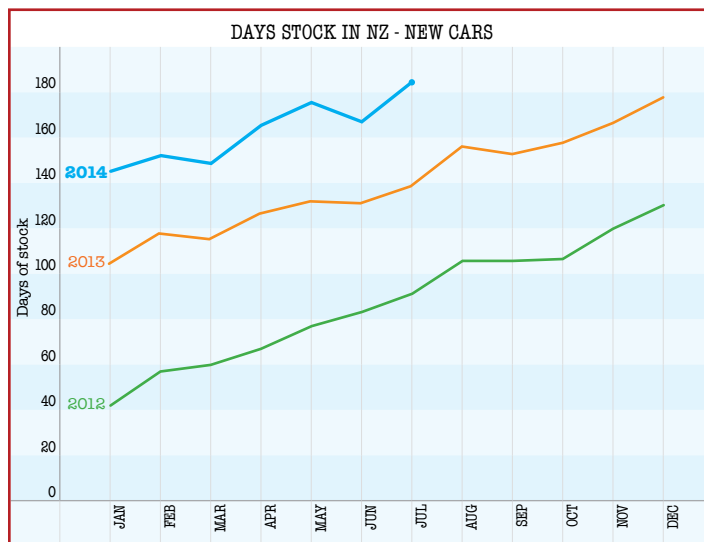
Paul Burborough, dealer principal of Winger Hamilton in Hamilton, reports few issues on the supply side.

"The market is strong, but because of its strength there are also lots of new players," he says.

"We're all experiencing great new car sales. Whether we are all experiencing them to the same level is a different matter." ☺

## Dealer stock of new cars in New Zealand

2013	NEW CARS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2012				26,867		
Jan '13	5,355	7,385	(2,030)	24,837	238	104
Feb '13	7,027	5,799	1,228	26,065	223	117
Mar '13	6,329	6,800	(471)	25,594	222	115
Apr '13	7,342	5,907	1,435	27,029	216	125
May '13	7,400	6,347	1,053	28,082	213	132
Jun '13	8,051	7,541	510	28,592	220	130
Jul '13	8,423	6,768	1,655	30,247	220	138
Aug '13	11,065	6,828	4,237	34,484	220	157
Sep '13	6,996	7,272	(276)	34,208	222	154
Oct '13	9,362	7,962	1,400	35,608	226	158
Nov '13	9,591	7,453	2,138	37,746	228	166
Dec '13	8,826	6,371	2,455	40,201	226	178
<b>Total sales in 2013</b>	<b>95,767</b>	<b>82,433</b>	<b>13,334</b>			
2014	NEW CARS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2013				40,201		
Jan '14	6,473	8,293	(1,820)	38,381	268	144
Feb '14	6,729	6,572	157	38,538	252	153
Mar '14	7,228	7,992	(764)	37,774	254	149
Apr '14	8,251	6,150	2,101	39,875	242	165
May '14	8,498	6,802	1,696	41,571	237	175
Jun '14	7,948	8,517	(569)	41,002	245	167
Jul '14	11,106	7,071	4,035	45,037	242	186
<b>YTD total</b>	<b>56,233</b>	<b>51,397</b>	<b>4,836</b>			
<b>Predicted sales for 2014</b>		<b>88,490</b>				





# Sales outnumber used imports

July resulted in 10,861 units crossing the border and 12,052 being sold in New Zealand.

The difference came in at 1,191 in favour of sales, which resulted in it being the biggest month of 2014 for used imports first registered in this country.

It was also the biggest month of the year for registrations outnumbering the amount crossing our wharves.

This compared to 10,569 units being imported in June and 10,760 being sold, which represented a much lower variance of 191.

So far this year, 7,810 more used cars have been imported than sold – 80,218 compared to 72,408.

The stock level now sits at 19,234 units, average sales come in at a daily rate of 342 used cars and there are 56 days of stock at hand.

Craig Wall, of Wall Motors in Grey Lynn, Auckland, says: "There is a lot of stock around."

"Everyone seems fairly well stocked up and there's no shortage

of cars, so we have to watch that we don't get an oversupply.

"Some dealers have slowed down their buying and we really don't want to have a backlog."

Wall told Autofile that the New Zealand dollar has dropped a little bit recently because of Fonterra's pay-out being reduced, but the cross-rate with the yen has hovered between 87 and 89 all year, which he describes as "pretty good".

On what's selling well, he says: "You never know. We could sell a car we've just landed and the next day might sell one we've had for four months. The key is having different stock available."

"We're going to have a strong second half of the year. People are going to start spending, so we've just got to be on our game and ready when they come. There has already been good inquiry through the internet."

A dealer from the Hutt Valley says: "You have to see a good number of vehicles that are

available in Japan before you end up buying something.

"The yen has been steady and relatively consistent, so that helps because most people in the marketplace look for consistency."

"The peaks and troughs aren't anywhere near as high or low as they used to be."

"When supply is up, the demand tends to be a bit softer and so are prices. We are in a resilient industry and people work hard to do the best they can."

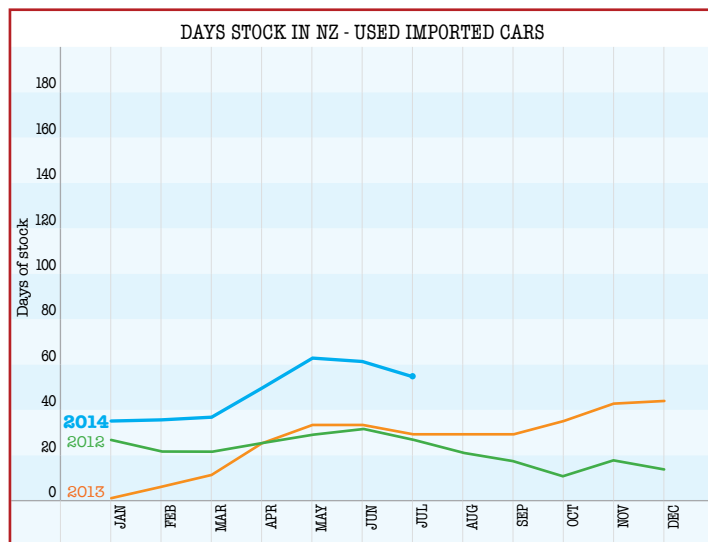
Lloyd Wilson, managing

director of Lloyd Wilson Motors in Dunedin, agrees there is plenty of stock around, "but prices are more expensive in Japan".

He says: "I don't think there's too much stock in the country and the market seems to be ticking along."

"The used cars that are coming in are a reflection of some really good buying that's available at the moment."

"When everybody has the same model with roughly the same cars, the best one for the customer is the lowest priced one." ☺



## Dealer stock of imported used cars in New Zealand

2013	USED IMPORTS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2012				3105		
Jan '13	4,467	7,397	(2,930)	175	239	0.7
Feb '13	8,246	6,922	1,324	1,499	243	6
Mar '13	8,845	7,581	1,264	2,763	243	11
Apr '13	10,531	7,418	3,113	5,876	244	24
May '13	10,945	8,460	2,485	8,361	250	33
Jun '13	7,919	7,862	57	8,418	252	33
Jul '13	8,609	9,629	(1,020)	7,398	261	28
Aug '13	8,632	8,648	(16)	7,382	263	28
Sep '13	7,481	7,615	(134)	7,248	262	28
Oct '13	10,364	8,545	1,819	9,067	263	34
Nov '13	11,184	9,360	1,824	10,891	268	41
Dec '13	10,067	9,534	533	11,424	271	42
<b>Total sales in 2013</b>	<b>107,290</b>	<b>98,971</b>	<b>8,319</b>			

2014	USED IMPORTS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2013				11,424		
Jan '14	8,807	9,470	(663)	10,761	305	35
Feb '14	9,100	9,155	(55)	10,706	316	34
Mar '14	11,258	10,247	1,011	11,717	321	37
Apr '14	13,109	9,501	3,608	15,325	320	48
May '14	16,514	11,223	5,291	20,616	328	63
Jun '14	10,569	10,760	(191)	20,425	333	61
Jul '14	10,861	12,052	(1,191)	19,234	342	56
<b>YTD total</b>	<b>80,218</b>	<b>72,408</b>	<b>7,810</b>			
<b>Predicted sales for 2014</b>		<b>124,665</b>				

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