

autofile

Finance sector raises issues with guidelines

An industry organisation has flagged up wide-ranging concerns about the government's draft responsible lending code.

The document, which is at the centre of the clampdown on loan sharks, will offer guidance on lender responsibility principles included in last year's Credit Contracts and Consumer Finance Amendment Act (CCCFA).

The code's final version will be published by March "to give lenders time to adapt processes as necessary to comply" after

considering submissions received by December 23.

However, the Financial Services Federation (FSF) – which has 47 members, including many in the automotive industry – has drawn attention of the Ministry for Business, Innovation and Employment (MBIE) to what it feels are serious flaws.

These include the timeframe for developing the code and costs to industry.

In addition, loan and default fees providers can charge are up in the air because the Commerce

Commission's court action against Motor Trade Finances (MTF) has yet to be resolved.

The government says a key feature of the reforms is introducing lender principles and responsibilities under the CCCFA.

These aim to reinforce and set good practices to protect consumers, and promote informed choices and effective competition in the market.

The principles require lenders to exercise care, diligence and skill when advertising credit, and before and after approving loans.

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Agency serves exemption warning

The NZTA is advising importers of modified and low-volume vehicles to follow the correct channels to ensure they are roadworthy in this country.

The agency recently issued exemptions from the low-volume vehicle (LVV) process for six of eight modified Skoda Yetis after ordering their removal from service in December 2013 because

of some "serious safety concerns".

The vehicles had been adapted by U-Drive Mobility (UDM) to transport people with disabilities.

They were deemed unroadworthy when the NZTA revoked their certifications after talks with the Low Volume Vehicle Technical Association (LVVTA), which alerted the agency to issues early in the process.

Ian Baggott, the NZTA's manager of technical support and motor vehicle certification, told Autofile this matter is a reminder for the industry to follow LVV rules from the outset – and before modifications are completed.

"The system and its LVV standards have been set up to guide people through the process using well-developed methods," he says.

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Sports car range expands



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Complex issues facing the industry

The government believes its responsible lending code will meet the purposes of the Credit Contracts and Consumer Finance Amendment Act (CCCFA).

The aim is for consumers to have access to information to make well-informed decisions about credit and be protected from underhand practices of loan sharks.

The code also aims to give finance providers certainty in complying with the law without being subjected to unnecessary compliance costs.

The changes are all part of enforcing updated legislation with many having to be in place by June 6.

But the finance and automotive industries will have to foot associated set-up and continued compliance costs, which in turn may result in lower margins and higher policy premiums.

The Financial Services Federation (FSF) raises many valid concerns in its submission on the draft lending code.

Why issues surrounding the loan-shark laws aren't attracting more media attention is bordering on incompetence – with a few exceptions, such as the Sunday Star-Times – because their implications are as far-reaching as the Consumer Law Reform Bill.

Perhaps they have been parked in the too-hard box, although some “journalists” appear content to trot out government press releases as gospel and virtually verbatim.

But back to the FSF – its 47 members include the finance divisions of BMW, Mercedes-Benz, Nissan, Toyota, Yamaha, Ateco, Enterprise Cars, Giltrap and the Aqua Group. Others include the fleets, Protecta, Provident, MTF, Autosure and Avanti.

There are many more and it's hardly a list of loan sharks or non-

compliant companies flouting the law.

A survey of FSF members in 2014 estimates compliance costs to date – outside the loan-shark laws – comes to about \$40 million over the past few years.

All of them will again have to plough hundreds of thousands of dollars into auditing processes and systems, revising documents, redeveloping websites, training staff and monitoring compliance.

FSF members will do what's required because they are already responsible lenders and have no choice.

But will the loan sharks? What's going to be done to force them into line or out of business? After all, it's these shady operators the government's guns have in their sights.

This issue of Autofile also features a thought-provoking article on the Kiwi fleet penned by Kit Wilkerson, policy analyst and adviser at the Imported Motor Vehicle Industry Association.

“What's safer than a new car? How about a safer car? I ask because I hear concerns about our ageing fleet,” he writes.

While many people think modern cars are safer and more efficient, other issues include the health and social costs of accidents.

Then there's how much cars pollute the environment – not only through tailpipe emissions, but also during the manufacturing process.

There is an argument for using more than a white line in the sand – vehicle age – as a proxy.

We all want a cleaner, safer and more efficient fleet, but how we get there may well be more complicated.

Wilkerson would like to hear the views of Autofile readers on this issue, so get scribbling.

Darren Risby, editor

autofile

EDITOR

Darren Risby
editor@autofile.co.nz
021 137 5430

JOURNALIST & ONLINE PRODUCER

Cameron Carpenter
cameron@autofile.co.nz

ADVERTISING

Brian McCutcheon
brian@autofile.co.nz
021 455 775

DESIGNER

Adrian Payne
arpayne@gmail.com

Autofile magazine is also available online as a readable file or downloadable as a PDF. Subscriptions are available at Autofile Online – www.autofile.co.nz. Back copies are also available on the website.

Copyright: Published twice monthly by 4Media Ltd, PO Box 6222, Dunedin 9059.

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Compliance costs mount up

They also require compliance with specific rules.

The purpose of the lending code is to expand on the principles and responsibilities, and set in stone guidance on how finance providers implement them.

"The code isn't binding, nor is it a safe harbour," says the MBIE. "However, evidence of compliance is to be treated as compliance with lender responsibility principles."

BRINGING IN THE CHANGES

The FSF says a significant area of concern is compliance with the lending code as soon as it's issued.

It warns there will be gaps in policies and procedures even for already responsible lenders between what they do and what will be required.

Executive director Lyn

McMorran says issues have been identified in proposed disclosure regulations, which – depending on what the final version will look like – will lead to substantial and expensive changes.

"The FSF has many members who operate in Australia and New Zealand," she says.

"Australian divisions are undergoing major upgrades to systems to accommodate demands from commercial developments and government changes. These must proceed despite changes to New Zealand laws.

"It also means it is likely – due to lack of resources – that their New Zealand documents and systems may not comply with local law.

"It's impossible to overemphasise the concern of

More online

Visit www.autofile.co.nz to find out more about the draft responsible lending code.

The website also has more on the Financial Services Federation's concerns about the proposals.

They cover policy documents, advertising, assessing applications and the lack of definition for "substantial hardship". It has also flagged up issues in the guidelines about what happens when borrowers default.

the FSF and its members. They are willing to comply with what's required, but may be unable to do so as a result of the impossible timeframe."

McMorran warns just conducting an analysis when the code and regulations are finalised to determine what gaps exist will take time they don't have – let

alone what may be required to fulfil them.

"The FSF urges regulators to take account of the timeframe and ensure changes to responsible lenders' systems and processes are mostly minor unless a significant consumer benefit will result.

"We ask the Commerce Commission be given flexibility to delay enforcement action against a lender showing willingness to comply but unable to achieve this within the timeframe."

The federation also questions the lending code being described by the MBIE as not a "safe harbour" even though its draft introduction says proof of compliance will be treated as evidence of complying with responsibility principles.

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◀ The FSF believes these statements contradict each other and compliance with the code should – and effectively does – provide a safe harbour for lenders.

“Certain aspects of the code are vague and open to interpretation,” adds McMorran.

“The regulators need to state how they intend to enforce it, such as working with the industry towards compliance rather than seeking test cases to obtain precedents.”

STACKING UP THE COSTS

The FSF believes it is difficult to quantify the cost of compliance or break it down based on the lifecycle of loans, particularly when it's still unclear what lenders are expected to comply with.

Some of the fine print in the CCCFA, lending code and disclosure regulations will create costly systems issues.

It says these include a

requirement for lenders to provide six-monthly statements to borrowers regardless of anything changing since the previous statement, or when the loan has a fixed interest rate and the borrower has been provided with a repayment schedule at the outset.

“Six-monthly statements provide no useful information to borrowers they don't already have,” says McMorran.

“However, one FSF member estimates the cost of postage alone to send them out is about \$50,000 each time, so that's a \$100,000-plus per annum cost for no consumer benefit.

“It is estimated creating a systems change that allows lenders to provide individualised information, such as the exact date on which the right to cancel expires, will cost between \$100,000 and \$200,000 per lender.”

Proposed disclosure regulations suggest credit-card issuers provide holders with



Lyn McMorran, executive director of the FSF

personalised calculations as to how long it will take to repay balances and interest costs if they only make minimum monthly repayments.

It is estimated this systems build will cost between \$200,000 and \$600,000 per lender, while analysis of this in Australia where such calculations are needed suggests they have had no effect on how people pay off debts.

“Beyond specific examples, the FSF believes it's difficult for

lenders to quantify the cost of changing systems, processes and policies to comply until the code is finalised.

“Once that happens, most members believe they will at least incur the cost of one further staff member at a relatively senior level to monitor systems for compliance and manage the change process.”

The FSF stresses the CCCFA's requirements and lending code aren't the only regulatory or compliance issues finance companies have faced in the past few years.

They have already had to comply with the Financial Service Providers (Registration and Disputes Resolution) Act, Financial Advisers Act, Anti-Money Laundering and Countering Financing of Terrorism Act, as well as regulations for non-bank deposit-taking lenders.

A 2014 survey of FSF members estimates the cost of compliance

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Getting up to speed

Previous issues of Autofile have covered the government's loan-shark laws in depth with more associated information posted online at www.autofile.co.nz.

Back copies of the magazine can be downloaded from the “magazines” section of website.

Below is a small selection of excerpts from articles on the legislation and related matters from 2014 with their issue dates for ease of reference.

February 10: The Credit Contracts and Financial Services Law Reform Bill could affect the way car dealers carry out the finance side of their businesses unless changes are made to proposed legislation.

The Financial Services Federation (FSF) has raised serious questions on how vehicle finance may be hit. The bill includes a code of responsible lending and bans for non-compliance.

June 7: The FSF is delighted the government took on-board its concerns just before the loan-

shark laws passed their third reading with supplementary order paper amendments.

These addressed industry disquiet about capping commission on some credit-related insurance products, such as guaranteed asset and payment protection, under certain circumstances.

November 7: MTF says it's unable to establish ultimate liability in relation to loans after the Sportzone case was released.

The Commerce Commission says the decision clarifies rules lenders must comply with when charging fees.

November 21: Issues have been raised about a discussion document on improving the information finance providers supply to people taking out loans.

The government has put out the proposals for consultation. However, the FSF has highlighted issues around the timescale and costs involved.

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Loan fees and charges still in limbo

to date – outside the amended CCCFA and lending code – comes to nearly \$40 million.

This has been spent on areas such as auditing processes on changes, new systems and documents, web development, staff training, advice to ensure compliance and monitoring compliance.

The \$40m excludes time and human resources FSF members have had to commit internally to ensure they comply.

McMorran adds lenders operating responsibly will continue to do so and will do what they have to.

“[But] it should be remembered the more responsible lenders are forced to change processes, the higher is the cost passed onto the consumer through interest rates or fees.”



“Achieving balance between consumer protection and industry flexibility is difficult.”

– Paul Goldsmith, Minister of Commerce and Consumer Affairs

CONSUMER PROTECTION ISSUES

The FSF says credit-related insurance (CRI) is vital to responsible lending by offering borrowers loan protection.

Consumer credit insurance (CCI) and repayment waivers allow them to avoid defaulting – through illness, for example.

This has implications for

repossession, bankruptcy or other enforcement action, so the FSF supports ensuring these products are easy to sell and buy.

However, one paragraph of the draft code states lenders should inquire and consider if premiums – including interest when financed through loans – are excessive compared to what has been advanced.

McMorran stresses the code applies to two products – CCI and asset insurance.

Loan terms affect premiums paid for CCI and waivers in that the longer the lending periods, the higher premiums are.

“It isn’t clear what is meant by ‘excessive in comparison to the amount of the credit advanced or available’, so the code needs to provide more clarity in this respect,” she says.

For instance, asset insurance is paid annually. Car insurance can vary depending on the driver’s age, vehicle and claims history. However, if the loan is settled, the policy continues until annual renewal.

With regard to giving borrowers sufficient opportunity to consider terms, the FSF points out contracts have 15-day cooling-off periods.

The FSF supports the idea that if borrowers are fully employed, they can be offered full and comprehensive CRI or repayment waiver, whereas a person getting income by way of a benefit may only be offered term-life cover.

Providing the right cover for the right person is important, but it is unclear what’s expected of lenders to ensure borrowers provide enough information on hazardous pursuits that may void policies.

With regard to borrowers being informed of key exclusions, the FSF says this should apply to CRI only and not asset insurance because they are so different.

ASSESSING BORROWERS’ NEEDS

The FSF is calling on the government to provide more guidance on “complex or uncommon” credit products.

If these are solely buy-backs or reverse-equity mortgages, it has no issues.

If, however, some transactions – such as contracts with options of returning cars during the term of loans – are deemed too complex, the FSF suggests such products shouldn’t need more extensive information.

The draft code states consumers will be required to determine the timeframe for which credit is sought.

The FSF suggests this doesn’t make clear if lenders need to check borrowers’ likely time for keeping vehicles against loan terms.

It wants clarification if consumers have to be made aware of extra costs, such as premiums for insurance related to credit, payment for extended warranties or waivers.

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◀ As total interest costs are already being disclosed, McMorran adds borrowers are being provided with sufficient information without having to separate costs for all loan components.

"To do so would be challenging from a systems perspective, and costly to implement."

REASONABLE LENDING FEES

The CCCFA's lender responsibilities require finance providers to ensure fees charged avoid being "unreasonable".

The draft code states practices to be followed are subject of the Commerce Commission's ongoing proceedings against MTF and Sportzone.

Previously covered in-depth by Autofile, this case has been appealed. Once settled, the MBIE intends to review this part of the lending code.

"A lender should, in the meantime, refer to the judgement for case law interpreting the relevant provisions together with the commission's draft guidelines," the document states.

But the FSF submits lenders are awaiting the outcome of this case's appeal hearing to provide certainty "as to how they can set fees since the draft guidelines seem no longer able to be relied on".

McMorran says: "We don't believe the draft code provides any useful guidance on which a lender can rely on with regard to setting fees. Lenders are in limbo because of this appeal."

"The FSF looks forward to the outcome of the case, and hopes it will provide precedent and certainty the industry is looking for."

TAKING REPOSSESSION ACTION

The FSF has taken umbrage with lenders having to consider less intrusive means of enforcing contracts before starting repossession.

"While this is what responsible lenders do, sometimes their actions need to be pragmatic and timely as failed alternatives can result in the borrower's situation worsening as interest and costs

mount up," explains McMorran.

"Often borrowers under stress avoid communication with lenders and there's no other choice but repossession."

"The lender allowing the borrower to voluntarily sell a car is often acceptable to FSF members."

"However, it can result in the lender being put in a loss position due to the vehicle's value having decreased below the loan balance leaving a shortfall once sold."

"Also, lenders don't have control of the proceeds of voluntary sales and cannot ensure they receive the full benefit of proceeds to apply to loans."

For this reason, the FSF wants voluntary sales to be at the lender's discretion.

VIEW FROM THE BEEHIVE

The main changes in consumer credit laws have come about because of the CCCFA, which is the primary legislation that regulates the industry and sets out finance providers' obligations.

The act is being expanded to include the Credit (Repossession) Act, which is being repealed.

The Private Security Personnel and Private Investigators Act and Personal Property Securities Act are being amended.

All of the current changes are being made through the Credit Contracts and Consumer Finance Amendment Act, which was passed in June 2014, while the draft responsible lending code was released in November.

"Achieving the right balance between consumer protection and industry flexibility is difficult," says Paul Goldsmith, Minister of Commerce and Consumer Affairs.

"Most lenders already act responsibly when lending money. But a percentage engages in irresponsible or predatory practices that may put customers in difficult situations. The act and code will look to curb them."

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Sound engineering design crucial

“When a modification doesn’t meet standards, the system – through its technical committees and network of specialists – enables alternative methods of compliance by reviewing documented evidence with supporting material data and test results.”

Exemptions from the LVV standards have to be applied for and the current owners of the two remaining Yetis have yet to do this.

“But remedial work has been done on both, so we will be able to consider exemptions when their owners apply. It also means they cannot be on-sold to third parties unaware of the situation.”

The NZTA is pleased the LVVTA’s auditing regime identified incorrect decisions made by the certifier about the Yetis early in the process.

It advises the modification sector when innovative methods

and materials are being considered that discussion with the LVVTA should take place.

Baggott stresses: “They must be supported by sound engineering design and evidence of safety performance.”

Before certifications for the

commissioned an independent engineering review in June 2014 to determine if the vehicles could be assessed as fit for purpose.

Carried out in conjunction with UDM, it determined this would only be the case after structural issues were addressed.

broken, but UDM and the LVV certifier involved didn’t follow the correct process.

“These vehicles didn’t satisfy standards, so our exemption process covered safety requirements and methods of alternative compliance.”



“The LVV system and its LVV standards have been set up to guide people through the modification process.”

– Ian Baggott, of the NZTA

eight Yetis were revoked, the NZTA and LVVTA worked with UDM to encourage it to address issues that gave rise to safety and compliance concerns.

To try to provide certainty for their owners, the agency

The NZTA says the report outlined one matter as being the bonded joints between new aluminium floors and the vehicles’ existing structures. It concluded extra fasteners had to be fitted.

“In addition, the floors in four of the eight vehicles had to be replaced because of insufficient strength of the material used,” explains Baggott, while protective structures had to be fitted to the fuel tanks to prevent damage due to their closeness to the ground.

Other design issues needed resolving before the six exemptions were approved with several conditions, one of which is a customised inspection regime to address ongoing durability concerns.

This means that at three, six, 12, 18 and 24-month intervals, the NZTA will reinspect them at no cost.

“Since June, UDM has been waiting to get the results of a new design tested in Europe,” adds Baggott. “Details of a successful pass of these tests will allow the agency to review the exemptions issued.”

“The European testing was due to be completed by June 2014 but, as of December, this still hadn’t been provided.

“Once this report is received, the NZTA will review its decision to issue these exemptions – as it will be the base if concerns are raised through ongoing inspections.

“The LVV system as it was wasn’t

If UDM or Rod Milner Motors, which was appointed sales, marketing and distributor for UDM’s Skoda Yeti for New Zealand in November, want to import similar vehicles in the future, “successful testing in France could be used as evidence of alternative compliance or they can follow the current system as it stands”.

INCORRECT CERTIFICATION

The LVVTA published an updated position statement on December 22, with chief executive officer Tony Johnson confirming it identified problems in June 2013 with the Yetis.

“We inspected the eight vehicles, and established engineering and mechanical faults,” he says.

“Because unproven materials and methods had been used, the LVVTA requested material information and test documentation to support them.

“The impact on owners and users of the vehicles wasn’t taken lightly and, to ensure our initial concerns were well-founded, we involved more than 30 industry experts and specialists.”

During the second half of 2013, Johnson says UDM was unable to rectify them to acceptable standards, and was unable to provide evidence to support the use of materials and construction methods.

The NZTA also investigated the vehicles and developed the same concerns.



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◀ He says the review commissioned by the agency last year identified structural issues that had to be fixed.

In addition to those already mentioned, the LVVTA says they included structurally reinforcing the front floor to ensure that in the event of a crash the seats and seatbelt anchorages wouldn't become detached.

The rear of the floor on some Yetis had to be reinforced and the rear suspension was redesigned to get its geometry within an acceptable tolerance of the manufacturer's specifications, while load-testing was needed on other aspects.

Johnson adds: "As of late November 2014, some re-engineering work has been undertaken by UDM relating to the main points to reduce the concerns of the NZTA."

He is pleased remaining faults and durability concerns will be dealt with by monitoring each vehicle so any deterioration of modified areas can be identified.

"The LVV system has a smooth and simple path for vehicles modified in ways that employ conventional and time-proven materials and construction methods," he says.

"It also has processes to cater for new products and ideas, provided the modifier or constructor provides supporting evidence. This would include specifications and test results to show they are appropriate, safe and durable.

"The LVVTA and NZTA have worked through this complex issue during the past year-and-a-half.

"The NZTA has expressed its appreciation to the LVVTA for its form-set review process – a desktop auditing regime that forms part of the certification plate-issuing process, which identified problems early.

"The certifier who incorrectly certified the vehicles has worked co-operatively with the LVVTA and NZTA, and has tried to be a part of the solution."

The NZTA suspended the certifier's authority for six months, and he will undergo LVVTA training and mentoring before his certification authority is reinstated in March.



One of the Skoda Yetis being inspected; inset, Tony Johnson, of the Low Volume Vehicle Technical Association

The LVVTA has introduced new safeguards into its processes and systems to identify serious incorrect decisions made by certifiers "at vehicle number one, rather than with the fourth vehicle as happened in this case".

IEWS OF COMPANIES

Roger Phillips, director of UDM, which is based in Waiuku, south of Auckland, told Autofile he is unable to go into specifics.

"I have given the NZTA an undertaking that I would make no public statements on the issue until the current LVVTA situation has been reviewed by the NZTA, which indicated it would be calling for submissions from interested parties in the new year," he says.

"If the NZTA is unable to provide a satisfactory certification solution following that review, then I will be prepared to make a statement on the issue at that time."

Rod Milner Motors in Auckland was appointed sales, marketing and distributor for UDM's Skoda Yetis in November 2014.

Milner says: "The vehicles have been tested in France, but that information isn't freely given out in much the same way Toyota doesn't hand over its test results, except to say they have been homologated.

"It's important these vehicles come to the market because disabled people want them. These Yetis fit into people's garages, under car ports and in spaces at shopping malls.

"We have made a big investment

in them. They work well and will continue to do so with interest in them being phenomenal, so we need harmony in getting Yetis to clients who want them."

Milner is trying to get ACC to look at them openly, while he says new vehicles are being produced to best engineering

standards but improved based on NZTA information.

RECAPPING BACK STORY

In March last year, Autofile Online reported the NZTA was confident it could bring the eight modified Skoda Yetis into compliance again after revoking their WOFs in December 2013.

Celia Patrick said the agency, while sympathetic, had a responsibility to prevent potentially unsafe vehicles from being on the road.

She added a solution had been put to UDM to consider and the NZTA was confident it could bring the vehicles into compliance.

Tony Johnson, of the LVVTA, posted a comment online at www.autofile.co.nz in respects of that article.

"The LVVTA has steered away from making statements over the past eight months or so," he said. "However, we are now at a point where circumstances have forced us to withdraw from discussions." ☺

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Sights set on compliance market

Vehicle Inspection NZ (VINZ) is aiming to increase its market share, looking at relocating an existing testing facility and the opportunity of opening a new one – along with various satellite sites.

Gordon Shaw, who was appointed as the company's permanent chief executive officer last month, says: "We have got entry certification and certificate of fitness [COF] business knocking at our door, and we're aiming to grow in compliance because that's where VINZ's history is in.

"We are getting good gains in the COF B market and are looking for more customers in that area, along with COF A with the likes of taxi operators.

"As chief executive, I will be focusing on profitability, returns for shareholders and growing the

business strategically."

Part of his plan is to be more innovative in the COF B space, such as by having mobile inspections, and building relationships with key compliance partners and creating added value for customers.

"We have also been looking at new product offerings for some time and recently committed to having a dedicated IT manager work through some back-end issues," Shaw told Autofile.

"This may result in us being able to offer customers mechanical breakdown insurance, for example."

On his appointment, he says



Gordon Shaw

it was good to get this sorted out at the start of 2015 "because customers and staff have been asking questions about what's happening".

He adds: "I took on this role on an interim basis on August 1 when the former

CEO left for personal reasons, so it's great to get it permanently because there are some matters to attend to.

"These include looking at moving the testing station in Te Rapa, Hamilton. It may be relocated about 2.5km away closer to some customers with a purpose-built facility created.


"We are also looking at the possibility of opening a new facility in one of the South Island's major cities."

Shaw's appointment took effect on January 5. He previously held senior management positions in the government sector before becoming an independent consultant.

He also completed consulting assignments in the regulatory inspection sector and used to be a senior manager with Land Transport Safety Authority, which is now the NZTA.


Damon Jackson and Euan Philpot, directors of VINZ, say: "We are looking forward to continuing to work closely with Gordon and his senior leadership team as the business enters a significant growth and development phase in 2015." ☺

Massive year for used imports – page 28



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Finance firms charged

The Commerce Commission has started criminal proceedings against two companies claiming they have breached the Fair Trading Act (FTA).

Budget Loans and Evolution Finance have been charged with misleading debtors, including by repossessing or threatening to repossess property without having the right to do so, and adding interest and costs to loan balances after selling repossessed property.

It also alleges customers were told they had to make payments at higher rates than set by a court, and telling them they had a shorter time to remedy defaults before goods were repossessed than the legislation permits.

Mary-Anne Borrowdale, general counsel for competition, says it is concerning Budget Loans is again facing action after admitting to FTA charges about five years ago, as first reported by Autofile Online.

She adds: "All finance companies should be aware we are paying

close attention to conduct and won't hesitate to act if we believe they are misleading debtors."

The directors of Budget Loans, which provides motor vehicle, personal, business and home loans, and Evolution Finance are Allan and Wayne Hawkins.

They bought old loan books from failed firms – including National Finance, Western Bay Finance and Equality Finance – with most originating between 2001 and 2006.

In July 2010, Budget Loans admitted to 34 FTA breaches by charging interest and fees after it had repossessed and sold items of security on National Finance loans. It made repayments and was fined \$30,750.

The commission started its current investigation into Budget Loans and Evolution Finance in 2012.

It issued stop-now letters in November 2013 with regard to one aspect of conduct while its investigation continued. ☺

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Car sales in Japan plummet

The Japan Automobile Manufacturers Association (JAMA) has made fresh calls for the government to tackle the country's economic issues.

Prime Minister Shinzo Abe was re-elected in December's snap general election he called to endorse his policies.

It came with sales of cars and other consumer goods nose-diving because of last April's hike in consumption tax.

There was a last-minute surge in registrations of new vehicles before the sales tax was increased by three percentage points to eight per cent, but since July the monthly tallies have plummeted compared to 2013.

"We thought [sales momentum] would come back after the summer, but it has not," says Fumihiko Ike, chairman of JAMA.

He believes it's unclear whether the ruling coalition will now pursue reforms regarding automotive-related taxes, which will affect sales projections, but "I think this tough situation will continue".

Ike says that on top of the tax increase, the government is trying to achieve two per cent inflation



"The domestic vehicle market remains sluggish against stagnant consumer confidence." – Fumihiko Ike, chairman of JAMA

but salaries have failed to keep up.

"I think firms benefiting from the weak yen need to distribute [money to employees] to increase workers' disposable incomes."

Although the yen has dropped,

Ike says closing overseas plants and moving production lines back to Japan is unrealistic, but output from those in the country can be ramped up to bolster exports.

"Japan's domestic vehicle market remains sluggish against a backdrop of stagnant consumer confidence," adds Ike,

three lower-house seats to finish with 291, while the ruling coalition was returned thanks to a two-thirds majority.

This will allow it to pass laws without the upper house's approval should the coalition lose its slimmer majority in upper-house elections.

who is also Honda's chairman.

"The situation – which prompted the decision to delay a second increase in consumption tax [until April 2017] – underscores the need for measures to promote a recovery in demand and sustained growth.

"With discussions under way on a package of tax revisions for the 2015 fiscal year [starting on April 1], we request policies to lower the burden on automobile owners.

"We also advocate reducing corporate tax, as well as expanded tax provisions promoting increased activity in research and development to bolster competitiveness and expedite long-term growth.

"Because the automobile industry is committed to global development, we consider it vital to achieve freer trade and investment."

Looking at the wider picture, the ingredients were there for opposition parties to make gains in the election on December 14.

The economy sank into recession in the third quarter, households are struggling to keep pace with higher inflation and Abe's government was losing favour.

But the democratic party, Japan's biggest in opposition, only added 11 seats to reach 73 – below the 100 needed to have a hope of securing a majority at the next election in four years' time.

Abe's liberal democrats lost

KIWI DOLLAR CLIMBS ON YEN

The New Zealand dollar rose to a seven-year high against the yen after the Japanese government voted for a stimulus package that further weakened its currency.

The kiwi touched 94.05 yen – its highest level since July 2007 – before trading at 93.91 in Wellington at 8am on December 30.

The yen dropped back after Abe's government approved spending worth 3.5 trillion yen to try to boost gross domestic product by 0.7 per cent.

The measures came within weeks of his re-election gave him a mandate to push through his policies. Currency experts in New Zealand are predicting continued weakness in the yen.

MORE WITH AUTOFILE ONLINE

Despite car sales in Japan dropping, some companies based there are reporting record profits thanks largely to the yen's decline.

Toyota, for example, has taken advantage of the weaker currency by boosting incentives to new buyers in overseas markets.

Nevertheless, the country's car industry is set to make more vehicles overseas than at home during 2015.

Visit www.autofile.co.nz for more on this story, and sales statistics and analysis of Japan's new vehicle market. ☺

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Learning basics of social media

As consumers, we all like to get a good deal, but part of deciding who we part our dollars with is identifying businesses we trust and others trust as well.

The Facebook phenomenon continues to spearhead marketing companies' strategies, so it's no surprise top-performing automotive businesses in New Zealand have excellent exposure on the site.

Their success is no coincidence with part of their advantage being they tap into an audience of up to 2.4 million Kiwis who have Facebook accounts.

Having a social-media strategy allows you to keep in touch with potential and existing customers before their next purchases, and communicate in a forum that allows a connection to take place between them and dealerships.

Their interaction with you is "engagement" and, critically, this is what it all comes down to.

The engagement rate typically defines your return on investing time and money with Facebook.

For example, if you have 1,000 fans and you post something, if 10 of them "like" you, comment or share your post, then you have an engagement rate of one per cent.

As a target, successful businesses in this country have engagement rates up to about three per cent. Some are much higher.



This graphic shows how Facebook engagement rates are worked out

Visit www.socialbakers.com/statistics/facebook/pages/total/new-zealand/brands/auto/ to review the figures on New Zealand's motor vehicle industry.

As a guide, the following steps will set your Facebook strategy in place.

1: Resources. Expectations about the time it will take must be established. Facebook is free in concept, but requires someone capable and inclined to be responsible for managing this resource. Thirty minutes a day, half at the start and end, is ample.

2: Set objectives. You won't know your return on investment without having initial objectives and long-term goals. How many friends and likes are you chasing, and how many leads are you looking to generate? What's your budget for this?

3: Great design. Visual content



DARREN MARMONT
Motorcentral

has a lasting effect – whether it's status updates, landing pages or Facebook adverts. Ensure the design is memorable and brand-focused.

4: Solid content strategy. Focus on building trust through the brand, what makes you unique and why people should buy from you. It's important to build trust via posts.

The following examples are great places to start:

- ▶ Focus on community activity or local sponsorship. We love feel-good stories, such as kids' sports teams, school and community projects, and sausage sizzles and auctions to raise funds for worthy causes. Anything related to children can be a clear winner.
- ▶ Sport and general trivia, games and competitions.
- ▶ Get some discussions going by asking for opinions to get audience members talking

about topics. Have back-up comments and questions to keep the conversation going, and incorporating video may help your brand go viral.

- ▶ Run specials and promotions, perhaps just for Facebook friends. It's fine to promote genuine promotions, but avoid saturating content with sales posts. If content is only about specials and testimonials, low engagement rates may follow. If the calibre of likes is low, the level of brand trust built may also be low.

Remember the number-one rule with Facebook is for content to be aimed at building trust through engagement.

In that way and when it's time to buy, consumers will hopefully remember your brand and give you a chance to sell them vehicles. ☺

Darren Marmont has a passion for Facebook marketing content. For help in communicating strategies, email darren@motorcentral.co.nz. His next article will cover using video in social media.



You can review engagement rates for New Zealand's motor vehicle industry online at www.socialbakers.com/statistics/facebook

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Sports car range to expand

Jaguar believes its all-aluminium F-TYPE sports car will set new standards for dynamics and driver involvement.

Additions included intelligent all-wheel-drive (AWD) and six-speed manual transmission options, while electric power-assisted steering (EPAS) is standard across the range.

Enhancements broaden the range from the 250kW coupé and convertible with supercharged V6 engines driving the rear wheels through a manual gearbox to the 404kW F-TYPE R with its supercharged AWD V8 and eight-speed transmission.

Using all four wheels to get the V8's 680Nm to the road helps the R models accelerate from 0-100kph in 4.1 seconds and on to a maximum speed of 300kph.

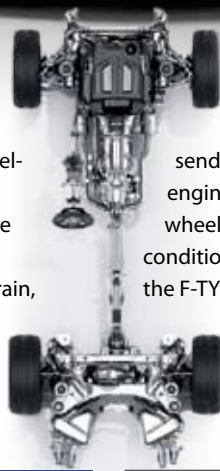
The aluminium clamshell



Jaguar's new F-TYPE R and, below, its all-wheel-drive system

bonnet gains a deeper central power bulge. Distinctive vents are further apart and forward than on rear-wheel-drive (RWD) models.

The intelligent driveline dynamics system is networked to the powertrain, rear differential and centre coupling, while dynamic stability control provides



optimum torque distribution.

The AWD system sends 100 per cent of the engine's torque to the rear wheels under normal driving conditions. This maintains the F-TYPE's RWD handling characteristics and cuts drivetrain loss.

If the system determines the rear

wheels are approaching the limit of available grip, the centre coupling transfers torque to the front axle to improve traction.

In addition to Jaguar's eight-speed Quickshift, the marque has developed a six-speed transmission for the V6 and RWD configuration.

The F-TYPE is its first sports car to use EPAS and because the system's electric motor provides power only when needed, fuel consumption and CO₂ emissions are cut by up to 4g/km.

Torque vectoring by braking was first developed for the R Coupé is now available on all models. It selectively brakes inside wheels to mitigate understeer for ideal lines through bends.

The 2016 model year F-TYPE range goes on sale in mid-2015 with pricing to be confirmed. ⊕



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Engine moves midship

A Veloster concept has been created by Hyundai's high-performance team, which also developed the i20 World Rally Championship car in its initial form that's raced by Hayden Paddon.

The two-seater Midship is fully driveable and boasts the marque's latest performance technologies.

Powered by a turbocharged two-litre Theta GDI engine generating 220kW, it has a lightweight aluminium suspension, high-rigidity chassis and mid-engine layout.

The engine is located behind the occupants and within the wheelbase for ideal weight distribution and handling balance.

The Midship explores possibilities for the Veloster's chassis and is unrelated to any future production model.

Meanwhile, Hyundai says

its new large sedan underlines its position as a "manufacturer of premium and distinctively-styled vehicles".

The AG continues the interpretation of the marque's Fluidic Sculpture 2.0 design language with a long nose and line running the length of the wheelbase.

The front-wheel-drive flagship offers quiet driving comfort while adopting advanced convenience features.

It was released in Korea in the second half of last year with a decision yet to be made if it will be sold in overseas markets. ⊕

The Veloster Midship concept



Company eyes up more mergers

Dorchester Pacific is predicting net profit before tax for its financial year ending March 31 to come in at about \$14m.

That's up on previous guidance of \$11.5m as a result of including four months of full-profit contribution from the Turners Group. There will also be abnormal profits of \$3.5m-\$4m after bringing in Dorchester's previous 19.85 per cent holding in the auction house at a market value of \$3 per share – the takeover price – and writing off the deal's acquisition and transaction costs.

The final consideration mix and capital raise for the buy-out means the balance sheet has headroom for further merger and acquisition activity, report Dorchester's chairman Grant Baker and chief executive officer Paul Byrnes.

"The company will continue to remain active in the evaluation of opportunities that could add further growth for the Turners business or Dorchester Group."

In its half-year report to September 30, 2014 – released to the NZX on December 22 – Dorchester announced net profits after tax of \$5.06m for the six months to November 26 compared to \$1.85m in 2013.

This includes an equity-accounted contribution from the 19.85 per cent of Turners held over the interim period, while the group's trading result for the period beat forecasts.

All operating businesses – Dorchester Finance, Oxford Finance, DPL Insurance and EC Credit – contributed positively, with Oxford Finance performing 20 per cent ahead of its acquisition forecast.

New lending for Dorchester Finance has been slightly below forecast recently with a competitive market for motor-vehicle loans, particularly in Auckland, resulting in more relaxed criteria for dealers and borrowers.

Its focus remains on a quality book rather than chasing market share, while growth strategy includes loan-book expansion with partners to achieve more control over origination.

New Zealand revenues for EC Credit have stayed in line with forecasts and ahead of last year. Australian sales, which make up 50 per cent of its profits, have picked up but growth is "patchy".

"The indications of a lower New Zealand dollar are a welcome forecast", say Baker and Byrnes. "Securities registration has produced extra sales in both markets, while the final earn-out payment for the business has been made."

There is a deferred settlement for about half of Levin-based Oxford Finance's purchase price due by March 31.

There were about 5,400 shareholders on Dorchester's register before the takeover with more than 2,000 holding less than 4,000 with the total worth about \$1m.

The company proposes to offer the acquiring holdings of less than 4,000 shares at \$0.25 – the same price as the capital raising and price offered to Turners' shareholders.

Directors also want to set up a share plan for its staff, which numbers about 550 following the buy-out of Turners, with an issue price of 25 cents.

"A significant number of holders of under 4,000 shares are original debenture holders, who were issued shares as part of the 2010 capital reconstruction plan," say Baker and Byrnes.

"They haven't had an opportunity to cash up, other



Paul Byrnes, chief executive officer of Dorchester Pacific

than on the market, so this is a simple and cost-effective way to do so. There is no compulsion to sell.

"It is in the interests of the company and shareholders to acquire shares from holders who may not be willing holders, and reissue them to staff, who will be motivated holders."

Dorchester is planning to consolidate its interests into a single-listed entity that will carry the Turners name from February 1, with Byrnes saying it makes no sense to maintain two listed companies.

As has been the case with other acquisitions, the auction house will operate independently.

Byrnes says: "Although proud of the achievements of Dorchester and its successful turnaround, we also recognise the value and goodwill in the Turners name, which has a lot of history and affection attached to it."

As has been the case with other acquisitions, such as EC Credit and Oxford Finance, Turners will continue to be run as a standalone company but share some back-office functions.

The Dorchester brand will remain an important banner for the group with Dorchester Finance continuing in the motor vehicle and consumer lending market.

Visit www.autofile.co.nz for more on the name change and Dorchester's half-year report. ☺



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Business booming down south

A strong rural sector in Southland and a consistent base of returning clients means car dealers in and around Invercargill are positive about where the industry is heading.

Unlike the big centres, the city hasn't seen big surges in net migration.

Over the past 10 years, the region's net migration figure was -10 meaning dealers have had to rely on existing connections with locals as the population remains relatively static.

"Most of our customers are local businesses and farmers – provincial and rural towns have to rely on the existing market," explains Michael Mason, dealer principal of Southern Automobiles.

Invercargill's economy centres on the rural sector in Southland, which is home to 11 per cent of New Zealand's dairy cows.

Despite the fluctuating dairy prices, dealers there say this has had little effect on farmers' purchasing patterns.

Richard Murrell, dealer principal of Southland Vehicle Sales, says:



The X Factor Cars dealership; inset, director Grant Williamson

"I know people talk about dairy prices, but the actual effect of these is not too dramatic."

"The farming community is replacing its vehicles on a planned cycle instead of when they are exhausted and they continue to trade no matter what the market is doing," says Mason.

"The milk price going down in the latter half of last year didn't seem to have an impact."

Tourism in the region is seeing

strong growth, with Invercargill being the gateway to the lower South Island and Stewart Island.

Guest nights increased by 6.6 per cent in the December quarter to come in 16 per cent higher than a year ago.

Grant Williamson, director of X Factor Cars, has benefitted from the increasing number of tourists heading south.

"We're getting more people passing through Invercargill on

holiday," he told Autofile. "For example, a guy who had driven down to go cage-diving in Foveaux Straight checked out the dealership and came back with a mate who bought a vehicle."

However, the deep-south location also poses some issues for dealers.

"You are challenged ordering new vehicles for stock," says Murrell. "Transport costs have increased and it's hard to swap new stock with other dealers because there's a big gap between us and the next dealer, so you have to be smart with your ordering."

EXPANDING ECONOMY

Southland's economy is recording steady growth with employment, retail transactions and house prices all rising during the September quarter. Consumer confidence is also up and new car franchises are seeing the benefits.

Mason says the new vehicle market has been incredibly strong this year with Southern Automobiles, which holds franchises for Nissan, Honda, Mitsubishi, Subaru and Suzuki, ▶

Used car sales for Southland - Dec 2013 to Dec 2014

	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
Dec '13	373	875	472	1,720	21.7%	50.9%	27.4%
Jan '14	281	892	396	1,569	17.9%	56.9%	25.2%
Feb '14	313	919	426	1,658	18.9%	55.4%	25.7%
Mar '14	346	910	448	1,704	20.3%	53.4%	26.3%
Apr '14	296	855	405	1,556	19.0%	54.9%	26.0%
May '14	366	991	420	1,777	20.6%	55.8%	23.6%
Jun '14	323	875	424	1,622	19.9%	53.9%	26.1%
Jul '14	326	990	501	1,817	17.9%	54.5%	27.6%
Aug '14	295	887	424	1,606	18.4%	55.2%	26.4%
Sept '14	342	935	434	1,711	20.0%	54.6%	25.4%
Oct '14	296	887	410	1,593	18.6%	55.7%	25.7%
Nov '14	243	912	393	1,548	15.7%	58.9%	25.4%
Dec '14	325	912	417	1,654	19.6%	55.1%	25.2%
Annual total	3,752	10,965	5,098	19,815	18.9%	55.3%	25.7%
Change on Dec 2013	-12.9%	4.2%	-11.7%				
	National YTD average						
	18.4%	56.4%	25.2%				

Michael Mason, dealer principal of Southern Automobiles



Southland vehicle sales - Dec 2013 to Dec 2014

	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
Dec '13	92	79	9	77
Jan '14	108	105	4	51
Feb '14	105	154	4	81
Mar '14	117	121	4	143
Apr '14	108	98	3	83
May '14	116	118	5	106
Jun '14	123	118	8	123
Jul '14	122	116	8	113
Aug '14	112	108	6	110
Sept '14	126	118	6	92
Oct '14	125	100	11	90
Nov '14	102	91	5	105
Dec '14	135	83	8	117
12-month total	1,399	1,330	72	1,214
NZ sales - past 12 months	129,925	90,615	7,927	36,612
% of national sales	1.1%	1.5%	0.9%	3.3%
Change on Dec 2013	46.7%	5.1%	-11.1%	51.9%
POPULATION	NEW ZEALAND	SOUTHLAND	%	
	4,242,051	93,342	2.2	

◀ benefitting from the boom times.

"For us, 2014 was a fantastic year. For example, our Mitsubishi franchise saw a 40 per cent increase and the overall market was up by 30 per cent.

"The commercial market was up significantly. We sold one passenger vehicle for every light commercial. That's the main growth and it comes from the farming community."

Murrell agrees the market has been strong, especially in the commercial segments.

"Our new Isuzu sales were up 400 per cent on the year before and Kia has been constant," he says.

"We were a bit behind the eight ball on used car sales, but overall 2014 was a strong year. The SUV market is about one-third of our sales total and we sell more Sorentos than anywhere else in the country."

X Factor Cars' year was pretty much on par with 2013 with the local economy remaining consistent, reports Williamson.

"I guess in terms of the local economy, the Tiwai smelter seems to be secure and while there have been significant drops in the dairy pay-out, prior to that it was very strong.

"Sheep and beef prices are up, and exchange rates are helping considerably."

Williamson says the drop in petrol prices is helping drive people back into larger vehicles, which suit Southland conditions.

"I live in Central Otago and will not drive on the road down there in a small vehicle," he says. "You want to be able to pull out and pass something in half the time you would in a small car, while the braking and handling are much better."

Steve Dryden, owner of Steve's Autos, says customers in the \$2,000 to \$6,000 used car market are finding it tough.

"Money has got a lot tighter," he says. "Auckland and Wellington can absorb a lot more, but with a population in Invercargill of 55,000



Steve Dryden, owner of Steve's Autos, with the Kergozou Trophy he has won for three consecutive years at Riverside Speedway. Photo: Fairfax Media

as soon as the farmers get hit with milk prices they don't hire more farm workers – it's a big round circle.

"You have a good month, then a bad one. For instance, October was weak, but it was busy leading up to Christmas.

"Those at the bottom end of the scale just don't have the money and more people are getting turned down for finance."

In October, the gavel at Invercargill's only car auctioneer came down on the block for the last time.

Lisa Withington, co-owner of Todds Vehicle Auctions, says it's now a lot harder than it used to be to sell vehicles by auction, particularly because of the increase in online sites for sales.

Richard Murrell adds the closure of the auction house has made it harder to place older trade-ins.

UNREGISTERED TRADERS

The amount of roadside traders

continues to increase around the country and it's also a problem in Invercargill.

Dryden says many of them are unregistered and believes the authorities should

be doing more to stop them.

"We know they are doing more than six vehicles a year. They replace their cellphone sim cards every few weeks, so they are nearly impossible to track down."

He says these unregistered traders are also advertising vehicles on some Facebook pages, which are followed by thousands of people in Southland.



Car dealers say a number of unregistered traders operate on Invercargill's Dee Street

"It costs nothing to advertise on these pages and, unlike Trade Me, the seller is almost untraceable," says Dryden. "It seems to be in the too-hard basket for the authorities.

"A consortium of 16 used car dealers has been battling it for 16 years and no one is interested.

"We buy a car for \$2,000 and Joe Bloggs can purchase and on-sell it with no tax and laws applied. It's just cash in the pocket for them."

Williamson says the city council "has been redundant" when it

comes to helping registered dealers.

"It has been inept in helping car businesses making a living and doing their jobs properly – they have got the blinkers on and their heads buried in the sand," he says.

"The council has initiatives about trying to promote Southland businesses, but it's doing nothing about unregistered traders."

A city council bylaw states:

"No vehicle may be parked on any public road displaying any sign or notice for the purpose of sale, exhibition or demonstration or for advertising goods, services or businesses without written permission of the council."

But where most of the vehicles are located came under the NZTA's authority.

Area manager for Southland, Peter Robinson, says the bylaw is intended to protect safety, while the agency has worked with the council by putting warning letters on the cars of repeat offenders. ☺



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NEWS in brief

Motor vehicle traders call for names to be revealed

Law-abiding car dealers want to dissociate themselves from the Citifleet scandal in Dunedin, saying businesses involved in it should be named to prevent suspicion falling on all of them.

An investigation by Deloitte's has identified three traders in the city were involved in buying and selling council cars supplied by fleet manager Brent Bachop in a \$1.59 million fraud stretching over a decade.

Names were blacked out in the report's public version "to protect privacy", but it has since been revealed two dealers were examined and a third one may have been investigated.

In some cases, Deloitte reported money for council-owned cars was paid by dealers to Bachop and some were on-sold to traders.

John Marsh, of Cooke Howlison, told Autofile: "My concern was suspicion has been cast on all Dunedin dealers and it was important the public knew who was implicated in the investigation."

The outcome of a police investigation into matters arising from the report is expected later this year.

German marque scoops online poll run by Autofile

The BMW M3/M4 has topped a poll voted run by www.autofile.co.nz.

Ten vehicles made the final of this year's NZ Car of the Year Award and visitors to



Autofile Online could vote for one of them.

The M3/4, pictured, secured 20.78 per cent of the votes. The Mazda3, which took out the AA's title, came second with 14.72 per cent, while Mitsubishi's Outlander PHEV was third on 13.42 per cent.

The other percentage results were Toyota's Highlander on 11.69, the Range Rover Sport with 9.52, Nissan's Qashqai on 8.66, Honda's Jazz with 7.79, the Mercedes-Benz C-Class on 6.49, Jeep's Cherokee on 3.9 and Nissan's X-Trail with 3.03.

Meanwhile, the Mazda3 took out the people's choice award in a social-media survey run by the AA, which included all cars launched last year. With 14 per cent, the sedan won with more than double what its closest rival, Honda's Jazz, polled.

The other cars in top 10 were the Holden Trax, Ford EcoSport, Suzuki S-Cross, Outlander PHEV, Ranger Rover Sport, Subaru WRX/STI, Cherokee and Lexus ES.

Report into quad bike and farm vehicle safety

A Health Quality and Safety Commission report into child mortality from using motorcycles, quad bikes and other farm vehicles has been welcomed by the Motor Industry Association.

It confirms many manufacturers' consistent advice on their use – that six to 16-year-olds should only operate quad bikes and side-by-side vehicles designed for their age, and under-16s must never operate adult-sized quad bikes.

The report adds helmets must always be worn, passengers shouldn't be carried on quad bikes unless designed for that purpose and children should be supervised by adults. Visit www.autofile.co.nz to find out more.

EDITOR'S NOTE: Our popular reports on Motor Vehicle Dispute Tribunals have been omitted from this issue of Autofile due to space. They will return in the next magazine. ☺

Crossover refined for off-road



The 2015 Subaru Outback

Subaru describes its Outback as “the original crossover SUV that has led to dozens of imitations”.

Now its fifth-generation symmetrical all-wheel-drive (AWD) model will arrive on these shores in February with new technology and Boxer engines with low centres of gravity.

The infotainment system introduces an array of functions with speech recognition, and

satellite navigation-equipped models feature real-time traffic updates and rerouting ideas.

Other innovations with the 2015 Outback include an active shutter grille that aids fuel efficiency by improving aerodynamics.

It also has a more spacious cabin and noise insulation is designed to produce premium comfort. There's a larger cargo area along with a rear-door space step

for easier roof-rack loading.

The three powertrains with Subaru's lineartronic transmissions include the 3.6RS for the first time.

There are two 2.5-litre four-cylinder petrol Boxer-engine models with 129kW and 235Nm.

A single 3.6RS six-cylinder petrol variant has 191kW and 350Nm – the identical torque produced by the four-cylinder diesel, which has 110kW and will be available in two models.

EyeSight driver assist has features to help reduce fatigue and the chance of collisions, as well as adaptive cruise control, pre-collision braking, lane-

departure warning and brake-light recognition of the vehicle in front.

X-Mode offers superior off-road capability on steep hills and rough trails, while fuel-saving automatic stop-start is fitted to all 2.5-litre models.

“The Outback led the global crossover trend in 1995 and this latest generation is proof it remains a class leader,” says Wallis Dumper, managing director of Subaru of NZ.

“It now offers the traditional Legacy wagon driver an SUV-capable vehicle with superior dynamics.”

Pricing for the 2015 Subaru Outback will be announced at the start of next month. ☺

Suspension gets update

Significant changes to Holden's Colorado include comfort suspension on the LTZ truck, a premium interior upgrade across the LTZ range and an acoustic package to cut powertrain noise across the range – all at 2014 prices.

The new suspension comprises of a revised spring rate and damper tuning in addition to a new stiffer front stabiliser for a better ride and balance.

The LTZs also receive heated leather-appointed seats and are optional on the Crew Cab.

Inside there's an upgraded black instrument panel, centre

console, and soft-touch door trims and armrest, while the centre stack and steering wheel trims are now black.

The range benefits from wind-noise improvements after intensive testing, while there are also refinements to hill-start assist and descent control.

The acoustic package reduces powertrain airborne noise making highway and urban driving quieter.

The model year 2015 Colorado Crew Cab and Colorado 7 maintain their five-star ANCAP ratings, while the range has satin steel grey as a new exterior colour. Prices start at \$39,990. ☺

The new Colorado Crew Cab and Colorado LTZ 7



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More to safety than vehicle age

What's safer than a new car? How about a safer car? I ask, because in my position as policy analyst at the IMVIA, I hear concerns about our ageing fleet.

The justification is decreased safety and efficiency – or, more accurately, the inability to take advantage of the increased safety and efficiency of newer vehicles.

Safety refers to the ability to avoid or mitigate not only the cost of accidents to people in vehicles, but also those outside – such as pedestrians.

The Ministry of Transport estimates that in 2013 vehicle accidents cost New Zealand about \$79 million in healthcare, and that excludes other social costs.

Discussion of efficiency often confuses several different ideas. The most accurate definition of efficiency is the amount of work one gets out of the amount of fuel put in, but it's often used to refer to emissions produced – more efficiency, fewer emissions.

While the terminology may not be as accurate, the concerns are real and there are real benefits to decreasing emissions. This is because:

- ▶ Greenhouse gases contribute to global warming and climate change, so decreasing them reduces their impact. With vehicles, this issue is more complicated than we usually consider.
- ▶ Air pollution affects our health. The OECD estimates the healthcare cost of New Zealand's road-transport

emissions at about \$560m. Also, the World Health Organisation recently stated there is now sufficient evidence to reclassify air pollution from "contributes negatively to health" to "carcinogenic to humans".

In light of these points, it's hard to deny a safer, cleaner and more efficient fleet is desirable.

Age is used as a proxy for these three metrics as statistical evidence suggests newer vehicles are on average safer and more efficient.

However, what that statistic is really saying is slightly more than 50 per cent of vehicles manufactured tomorrow will be safer than the ones made today and slightly less than half of them will be worse.

This means that depending on the improvement rate, there should be some vehicles, which entered the fleet years ago, that are safer, more efficient and or greener than the average modern one.

Since details are lost in the maths, it's possible many new vehicles are actually better in one area and worse in another.

I question whether decreasing age is the best – or particularly useful – way to



KIT WILKERSON
IMVIA policy analyst and adviser

improve our fleet. Why would we use age when we have the ability to identify the worst offenders?

Getting benefits doesn't even need to be a matter of removing them from the fleet.

For instance, in-service emissions testing for

identified gross emitters could mitigate concerns by catching and fixing engine degradation.

Also, vehicles are lasting longer. Many of today's cars are designed to last more than 400,000km with routine maintenance. Considering those in New Zealand travel an average of 14,000km per year, some should last 26 years.

Finally, returning to the topic of greenhouse gasses, we rarely take manufacturing costs into account.

What follows are these costs for three vehicles by comparing carbon-dioxide equivalence (CO₂e) with actual CO₂ emissions. The latter's estimates do not consider methane, nitrous oxide or ozone, whereas CO₂e does.



The IMVIA says the manufacturing of a basic-spec one-litre Citroen C1 produces six tonnes of CO₂e

▶ The manufacturing of a basic specification one-litre Citroen C1 produces six tonnes of CO₂e. The vehicle uses an estimated 4.6l/100km and produces 106g of CO₂/km. Its manufacturing process produces as many emissions as driving 56,600km.

▶ Making a medium-spec Ford Mondeo produces 17 tonnes of CO₂e. It uses an estimated 9.3l/100km and produces 214g of CO₂/km, so the manufacturing produces the same emissions as driving 79,500km.

▶ Manufacturing a top-of-the-range Land Rover Discovery produces 35 tonnes of CO₂e. It uses an estimated 14.1l/100km and produces 324g of CO₂/km, and emits as many emissions as driving 108,000km.

Were we to spread environmental effects across the expected lives of some of these cars, it would cut their reported efficiency.

While New Zealand doesn't make vehicles, global warming isn't a local concern. My point is not to demonise new vehicles, rather just inform the debate.

If we are concerned about how safe, clean and efficient our fleet is, and worried about the effect our fleet has on the environment and health, there are many points to consider concerning our fleet that are at least as relevant as average age.

If you have any views, please get in touch via kit@imvia.co.nz. ☺



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Keep in touch by working database

What an industry this is to be involved in. In previous years, you could predict how the month was going to shape up.

But that isn't the case today because the trends have pretty much gone out the door.

This can be seen as a positive as it keeps us on our toes and it means what we did in 2014 won't necessarily work this year.

We have to try different things and be prepared to look at the trends – and not just depend on history.

There is one thing we all can do to ensure we are getting people onto car yards and it isn't anything new – that's work your database and regularly keep in touch with your clients.

The more you contact your customers, the more opportunities you have to sell a car.

You need to ensure your communication is relevant and that you sell the benefits of your dealership.

Do you follow up on customers whose finance is about to expire or when you are notified by the finance company the customer has settled early?

These are great opportunities to make contact. Don't be afraid to contact someone after he or she has purchased a car from your business to check everything is going okay. If it isn't, you want to know, don't you?

You can easily turn potential problems into reasons for the customer to sing your praises, and recommend you to their friends and family.

Listening to the commentators,



RAY MEHARG
National sales manager
Protecta Insurance

2015 should be another growth year for our industry.

Are you ready? Do you have your staff in place? Are your sales people fully trained? Are your business managers up to date with new legislation and the latest sales techniques?

Protecta Insurance offers two-day business manager courses to upskill or refresh people in these positions because improving their performances directly adds profits to dealerships.

Now is the time to have a look at your business with fresh eyes. Think about getting a friend to do a mystery shop at your dealership to see what your customers are seeing.

If you have a business manager, is your sales team turning the

customer over to this person correctly?

Have you ever watched the television programme Undercover Boss? It's quite amazing what people at the very top find out about their companies.

Sure, it is hyped up for the small screen, but there are some bosses who are genuinely surprised

at what they find out.

A mystery shopper may just be able to highlight things you think are happening but aren't – and vice-versa.

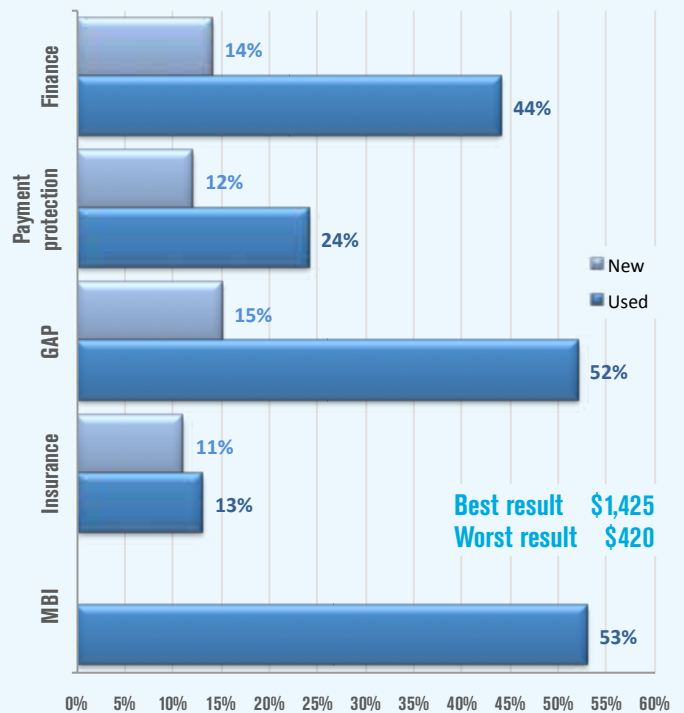
A friend of mine is a manager of a major retailer and that business mystery shops all the time to ensure its staff follow the correct procedures.

Finally, thank you for your support in 2014. We are looking forward to the rest of 2015 with excited anticipation of what the year will bring. ☺

“We have to try different things and be prepared to look at the trends – and not just depend on history.”

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NEW YEAR'S HONOURS

A NUMBER OF people connected to the automotive industry and associated sectors were recognised in the 2015 New Year's Honours List. Visit www.autofile.co.nz for more on these stories.

CHRIS MOLLER, chairman of the NZTA since 2009, has been made a Companion of New Zealand Order of Merit (CNZM) for services to business and sport.

He has been at the forefront of key industries since the late 1980s, such as sport, dairy, tourism, transport, renewable energy and infrastructure.

Moller's positions have included being CEO of the NZRU and he previously worked in the dairy industry for 15 years.

He also served on NZX Ltd's board for a number of years. He is the current chairman of Sky City Entertainment Group and was appointed as chairman of Meridian Energy in 2010.



JOHN BOYS, a professor at Auckland University, has been awarded a CNZM for services to business and philanthropy after contributing to science and engineering for more than 30 years.

He is well-regarded internationally for his research into inductive power transfer technology and its commercial impact, including for charging and powering electric vehicles, computer chips and LCD displays.

More than 20 years ago, Boys, of Takapuna, discovered a resonant self-tuning power supply and – with colleague Grant Covic – invented a floor-mounted system for car assembly since adopted by major marques.

They won the researcher entrepreneur award at the KiwiNet Awards 2013 for work on inductive power transfer. A video is available to view at Autofile Online.



JANINE SMITH, a previous chairwoman of Custom Fleet NZ, is now a Member of the New Zealand Order of Merit (MNZM) for services to corporate governance.

Currently chair of AsureQuality NZ, she is also principal of The Boardroom Practice. Smith, of Epsom, Auckland, has mentored and trained women in corporate governance over the past decade.



SUSIE STALEY, of Dunedin, has received the MNZM for services to governance. She has held a number of board positions over the past 20 years.

She is an ex-chairwoman of Maritime NZ. In 2007, she led a delegation that negotiated its election to the International Maritime Organisation.



BRUCE ANSTEY, who has achieved 10 championship victories at the Isle of Man TT road-racing circuit, has received the MNZM.

The former Wellingtonian battled cancer in the mid-1990s and continued to race during this time. He has appeared on Motorcycling NZ's roll of honour almost every year since 1999.



NZ labour market report

IT'S NO LONGER GOOD ENOUGH to base business decisions on intuition alone. On the flip side, there's no time for indecisiveness in an increasingly digital and data-driven environment.

Greg Doone, PwC's digital strategy and data specialist, says people who run companies can no longer rely on historical behaviour with consumers expecting more personalised and digital experiences.

"Big decisions change strategy and the long-term course is for businesses and retailers to make use of data for competitive advantage," he says.

A global PwC report – called *Guts & Gigabytes: Capitalising on the art and science in decision-making* – states 66 per cent of bosses have changed their approaches to making big decisions in the past two years as a result of data or analytics.

But 44 per cent say the quality, accuracy or completeness of data they have isn't high enough.

"New Zealand is behind global counterparts," says Doone. "The survey's findings affirm a balanced approach to using data and analytics for business-defining decisions."

As for the rest of this year, 41 per cent of business owners are "fully prepared" and 54 per cent "somewhat prepared" to make the most important decision they will ever need to.

Thirty-two per cent say this will be based on a new opportunity they can't ignore, 44 per cent expect to make at least one big decision a month and 56 per cent plan to revisit their most important decision within three to six months because of new information.

Corporate restructuring, collaborating with competitors and entering a new industry or starting a business are the top three goals among retail executives in the year ahead.

Meanwhile, a new employee cost calculator may be the ticket for small

business owners wanting to employ someone, but unsure of costs.

The government's tool enables bosses to estimate fixed and discretionary costs.

Using data from government agencies and Trade Me Jobs, the calculator tailors employment costs to the type of role required.

Employers can find out what they will be paying straight away and get a breakdown of the compulsory costs, such as ACC levies, KiwiSaver contributions and fringe benefit tax.

The tool also flags up the cost of employing someone in the first year. Different scenarios can be tried out with results emailed or saved as a file.

The calculator helped one small business owner to question assumptions about taking on staff.

Like many small business owners, he thought hiring staff was more trouble than it was worth and used contractors in busy times, preferring to pay top dollar than having the responsibility and ongoing costs of being an employer.

But it got to a point where working with contractors didn't give the business any continuity. He wanted to grow it and the only thing stopping him was a mental block about hiring permanent staff.

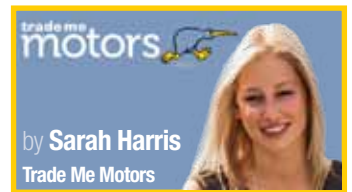
After running the numbers through the tool, he found if he employed an experienced part-timer it would cost \$46,000 in the first year.

The tool helped him see KiwiSaver costs were less than he thought and to be realistic about the cost of finding the right person.

He also estimated the employee could take on 18 hours of work a week bringing in \$68,000 a year at standard industry rates.

After salary and set-up costs, the business would be \$22,000 better off in the first year with the owner's time freed up to expand it.

Visit www.business.govt.nz to find out more about the employee cost calculator. ☺



Meet the motors team

Looking around the Trade Me Motors team, it's fair to say there have been some changes over the past 12 months.

In fact, we have grown exponentially. Having sadly said goodbye to some and eagerly welcoming a substantial number of new employees, we've grown from a team of 12 to 36.

Transparency is natural at Trade Me HQ and we want to ensure customers receive an experience in-line with this.

So given all of the changes, we think it's high time to introduce our sales team through some questions and answers.

It's an ever-changing one because no two days are the same. I have some great clients coming from many varied walks of life all with their own interesting and often colourful stories of how they came to be in this industry.

What do you like most about your job?

The feeling of being an important part of my clients' businesses and being able to confidently impart great advice on looking their best online.

What do you like most about the industry?

Being able to help dealers maximise their online exposure.

What do you like most about your job?

Working in an industry I'm passionate about.

ANGELA HUMBLE

AUCKLAND ACCOUNT MANAGER



Where are you from?

Auckland.

How long have you worked at Trade Me?

Three years.

What's your dream car? I don't have just one.

I prefer old classics and would love a 1969 Mustang 429 Boss, but I'd also love a 1969 Chevy Chevelle SS. If I had endless money, I'd probably buy a Bugatti Veyron just because I could.

What do you like most about the industry?

I love watching the trends in the market.

What do you like most about your job?

Being out and about.

ANNEKA STEVENSON

BUSINESS DEVELOPMENT MANAGER



Where are you from?

Auckland.

How long have you worked at Trade Me?

Seven-and-a-half years.

What is your dream car? The DeLorean, so I can travel in time.

What do you like most about your job? Travelling around our beautiful country meeting all my wonderful customers and the awesome team I work with.

EMMY SWIFT

SALES CO-ORDINATOR



Where are you from?

Devon in the UK.

How long have you worked at Trade Me? Nine months.

What is your dream car? Porsche 911 Carrera Turbo in silver.

What do you like most about your job?

It's very busy and fast-paced, and I'm working with a great team.

BEN OXNAM

DEALER SUPPORT SPECIALIST



Where are you from? Levin.

How long have you worked at Trade Me? Two months.

What is your dream car? I would love to own one of the original Group B Rally Cars.

What do you like most about the industry?

The constant change and innovation.

What do you like most about your job? Working with a dedicated bunch of people who are always looking to improve things.

NORMAN SAMUELS

UPPER NORTH ISLAND ACCOUNT MANAGER



Where are you from? Matauri Bay in the sunny Far North.

How long have you worked at Trade Me?

Four years starting at AutoBase.

What is your dream car? Chevrolet's Camaro.

What do you like most about the industry?

Working with a variety of different people.

What do you like most about your job? Getting out and working with dealers to get better results.

DAVERN ARONA

SOUTH ISLAND ACCOUNT MANAGER



Where are you from? I'm a born-and-bred Aucklander

now residing in beautiful North Canterbury.

How long have you worked at Trade Me?

I started with AutoBase in November 2009, so I've just passed my fifth anniversary.

What is your dream car? It's a close-fought

battle between the Lamborghini Sesto Elemento and Citroen Survolt.

What do you like most about the industry?

ANDREW WILLS

LOWER NORTH ISLAND ACCOUNT MANAGER



Where are you from?

Auckland.

How long have you worked at Trade Me?

Two years.

What is your dream car? The Ferrari FXXK.

JODIE BUCKLAND

DEALER SUPPORT SPECIALIST



Where are you from?

Paremata, Wellington.

How long have you worked at Trade Me? Five weeks.

What is your dream car? Nissan's Skyline

GT-R Godzilla.

What do you like most about the industry?

Seeing what cars and bikes are on the market.

What do you like most about your job? I love

talking to clients and solving their inquiries. It's really rewarding ensuring everything is running smoothly and chatting with happy clients.

DECEMBER
statistics

Most popular car makes searched*

- 1 Toyota
- 2 Nissan
- 3 Ford
- 4 BMW
- 5 Mercedes-Benz

Most popular car models searched*

- 1 Hilux
- 2 Falcon
- 3 Corolla
- 4 Commodore
- 5 Golf

Most popular body styles searched*

- 1 RV/SUV
- 2 Ute
- 3 Sedan
- 4 Station wagon
- 5 Hatchback

Most popular makes of motorbike searched*

- 1 Honda
- 2 Harley-Davidson
- 3 Suzuki
- 4 Yamaha
- 5 Kawasaki

An AJS 7R 4V McIntyre Special has been listed for \$42,000. The 350cc motorbike is the only known one of its kind in New Zealand, apart from one with a G50 Matchless motor. It was built about 10 years ago by Lindsay Urquhart, who is well-known on the racing circuit.

*in December on Trade Me Motors

AROUND THE COUNTRY
December 2014

Total New Cars
6,797
2013: 6,371 ▲ 6.7%

Total Used Imported Cars
12,448
2013: 9,534 ▲ 30.6%

Whangarei
NEW: 143 2013: 122 ▲ 17.2%
USED: 257 2013: 175 ▲ 46.9%

Auckland
NEW: 3,156 2013: 2,981 ▲ 5.9%
USED: 6,327 2013: 4,767 ▲ 32.7%

Hamilton
NEW: 340 2013: 323 ▲ 5.3%
USED: 742 2013: 585 ▲ 26.8%

New Plymouth
NEW: 121 2013: 99 ▲ 22.2%
USED: 198 2013: 162 ▲ 22.2%

Wanganui
NEW: 93 2013: 37 ▲ 151.4%
USED: 68 2013: 71 ▼ 4.2%

Palmerston North
NEW: 161 2013: 158 ▲ 1.9%
USED: 275 2013: 247 ▲ 11.3%

Nelson
NEW: 76 2013: 75 ▲ 1.3%
USED: 244 2013: 163 ▲ 49.7%

Westport
NEW: 5 2013: 2 ▲ 150.0%
USED: 17 2013: 3 ▲ 466.7%

Greymouth
NEW: 12 2013: 12 ■ 0%
USED: 54 2013: 28 ▲ 92.9%

Thames
NEW: 41 2013: 56 ▼ 26.8%
USED: 67 2013: 53 ▲ 26.4%

Tauranga
NEW: 220 2013: 229 ▼ 3.9%
USED: 521 2013: 319 ▲ 63.3%

Rotorua
NEW: 49 2013: 51 ▼ 3.9%
USED: 116 2013: 80 ▲ 45.0%

Gisborne
NEW: 25 2013: 22 ▲ 13.6%
USED: 59 2013: 54 ▲ 9.3%

Napier
NEW: 162 2013: 126 ▲ 28.6%
USED: 207 2013: 162 ▲ 27.8%

Masterton
NEW: 37 2013: 42 ▼ 11.9%
USED: 52 2013: 42 ▲ 23.8%

Wellington
NEW: 487 2013: 465 ▲ 4.7%
USED: 909 2013: 757 ▲ 20.1%

Blenheim
NEW: 45 2013: 55 ▼ 18.2%
USED: 53 2013: 37 ▲ 43.2%

Christchurch
NEW: 1,350 2013: 1,213 ▲ 11.3%
USED: 1,679 2013: 1,399 ▲ 20.0%

Timaru
NEW: 36 2013: 50 ▼ 28.0%
USED: 125 2013: 73 ▲ 71.2%

Oamaru
NEW: 12 2013: 13 ▼ 7.7%
USED: 34 2013: 15 ▲ 126.7%

Dunedin
NEW: 143 2013: 161 ▼ 11.2%
USED: 309 2013: 250 ▲ 23.6%

Invercargill
NEW: 83 2013: 79 ▲ 5.1%
USED: 135 2013: 92 ▲ 46.7%



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LATEST SCHEDULE

Port Calls	Morning Miracle V14	Liberty V10	Dream Diva V3	Morning Miracle V15
Osaka	2 Jan	17 Jan	1 Feb	15 Feb
Nagoya	3 Jan	18 Jan	2 Feb	16 Feb
Yokohama	4 Jan	19 Jan	3 Feb	17 Feb
Auckland	20 Jan	6 Feb	18 Feb	6 Mar
Wellington	27 Jan	13 Feb	25 Feb	13 Mar
Lyttelton	6 Feb	8 Feb	21 Feb	8 Mar

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Imported Passenger Vehicle Sales by Make - December 2014

MAKE	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 TOTAL	2014 MKT SHARE
Toyota	2,842	2,261	25.7	22.8%	30,683	23.6%
Nissan	2,476	1,925	28.6	19.9%	25,065	19.3%
Mazda	2,035	1,712	18.9	16.3%	21,098	16.2%
Honda	1,147	890	28.9	9.2%	13,346	10.3%
Suzuki	734	493	48.9	5.9%	7,826	6.0%
Subaru	549	372	47.6	4.4%	5,404	4.2%
Mitsubishi	523	358	46.1	4.2%	4,877	3.8%
BMW	504	282	78.7	4.0%	5,249	4.0%
Volkswagen	469	327	43.4	3.8%	4,648	3.6%
Audi	256	205	24.9	2.1%	2,554	2.0%
Mercedes-Benz	221	146	51.4	1.8%	2,242	1.7%
Ford	147	137	7.3	1.2%	1,484	1.1%
Volvo	90	57	57.9	0.7%	769	0.6%
Hyundai	49	18	172.2	0.4%	466	0.4%
Chevrolet	46	62	-25.8	0.4%	585	0.5%
Mini	46	24	91.7	0.4%	444	0.3%
Jaguar	41	24	70.8	0.3%	423	0.3%
Land Rover	35	30	16.7	0.3%	360	0.3%
Lexus	34	29	17.2	0.3%	461	0.4%
Holden	26	28	-7.1	0.2%	298	0.2%
Peugeot	20	9	122.2	0.2%	172	0.1%
Daihatsu	18	18	0.0	0.1%	190	0.1%
Chrysler	15	5	200.0	0.1%	73	0.1%
Porsche	13	8	62.5	0.1%	141	0.1%
Dodge	12	16	-25.0	0.1%	162	0.1%
Seat	9	0	900.0	0.1%	9	0.0%
Pontiac	7	3	133.3	0.1%	39	0.0%
Alfa Romeo	6	3	100.0	0.0%	50	0.0%
Jeep	5	6	-16.7	0.0%	70	0.1%
Kia	5	2	150.0	0.0%	38	0.0%
Bentley	4	4	0.0	0.0%	29	0.0%
Buick	4	1	300.0	0.0%	26	0.0%
Cadillac	4	3	33.3	0.0%	33	0.0%
Citroen	4	4	0.0	0.0%	39	0.0%
Ferrari	4	4	0.0	0.0%	17	0.0%
Others	48	68	-29.4	0.4%	555	0.4%
Total	12,448	9,534	30.6	100.0%	129,925	100.0%

Imported Passenger Vehicle Sales by Model - December 2014

MAKE	MODEL	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 TOTAL	2014 MKT SHARE
Nissan	Tiida	702	546	28.6	5.6%	7,212	5.6%
Suzuki	Swift	634	428	48.1	5.1%	6,540	5.0%
Mazda	Demio	518	499	3.8	4.2%	5,293	4.1%
Mazda	Axela	516	405	27.4	4.1%	5,940	4.6%
Honda	Fit	321	291	10.3	2.6%	4,087	3.1%
Subaru	Legacy	309	212	45.8	2.5%	3,056	2.4%
Mazda	Atenza	305	254	20.1	2.5%	3,030	2.3%
Volkswagen	Golf	291	199	46.2	2.3%	2,811	2.2%
Mazda	MPV	286	236	21.2	2.3%	2,507	1.9%
Toyota	Wish	272	253	7.5	2.2%	3,232	2.5%
Toyota	Vitz	261	227	15.0	2.1%	3,047	2.3%
Mitsubishi	Outlander	255	137	86.1	2.0%	2,032	1.6%
Toyota	Estima	238	170	40.0	1.9%	1,940	1.5%
Honda	Odyssey	200	155	29.0	1.6%	2,159	1.7%
Toyota	Corolla	197	249	-20.9	1.6%	3,115	2.4%
Nissan	Dualis	189	84	125.0	1.5%	1,442	1.1%
Mazda	Premacy	185	133	39.1	1.5%	1,794	1.4%
Nissan	Note	150	185	-18.9	1.2%	2,079	1.6%
Nissan	Skyline	144	64	125.0	1.2%	1,391	1.1%
Nissan	Bluebird	143	132	8.3	1.1%	1,603	1.2%
Nissan	Murano	141	89	58.4	1.1%	1,387	1.1%
Honda	Accord	139	98	41.8	1.1%	1,526	1.2%
Honda	CR-V	137	49	179.6	1.1%	1,198	0.9%
Toyota	Blade	132	90	46.7	1.1%	1,268	1.0%
Nissan	Wingroad	132	79	67.1	1.1%	982	0.8%
Toyota	Ist	130	131	-0.8	1.0%	1,722	1.3%
Nissan	Teana	129	127	1.6	1.0%	1,399	1.1%
Toyota	Auris	128	84	52.4	1.0%	1,498	1.2%
Toyota	Avensis	122	109	11.9	1.0%	1,186	0.9%
Nissan	March	119	192	-38.0	1.0%	1,649	1.3%
BMW	320i	115	64	79.7	0.9%	1,279	1.0%
Nissan	Presage	108	134	-19.4	0.9%	1,149	0.9%
Mitsubishi	Colt	103	98	5.1	0.8%	1,336	1.0%
Toyota	Mark X	102	64	59.4	0.8%	1,124	0.9%
Subaru	Impreza	97	54	79.6	0.8%	843	0.6%
Others		4,498	3,213	40.0	36.1%	46,069	35.5%
Total		12,448	9,534	30.6	100.0%	129,925	100.0%

Tiida wins top model race

The total number of used imported cars sold last year outstripped 2013 by 31 per cent after increasing to 129,925 units from 98,971.

Registrations in December, which made up the biggest month of last year, rose by the same percentage – from 9,534 in 2013 to 12,448 last month.

Nissan's Tiida was the best-selling model on 7,212 registrations with Suzuki's Swift and Mazda's Demio taking out the next two spots.

Toyota was top brand on 2,842 units. It was followed by Nissan and Mazda.

Lloyd Wilson, managing director of Lloyd Wilson Motors in Dunedin, says 2014 was on a par with the previous year, although trade started to tail off over the past few months.

"But business hasn't been bad, although November was a bit flat," says Wilson, who is also chairman of the South Island branch of the Imported Motor Vehicle Industry Association.

"We had plenty of stock for December because we were a bit short at the same time in 2013."

His business has opened another yard just across the road, which can take about 30 cars.

"We are looking at more volume to ensure continuity, and to take some of the peaks and troughs out of stock levels.

"If you change something you expect a different result, but that's not always the case.

"Trade can always be patchy through the winter, but the exchange rate with the yen has bounced back over the past few weeks."

Wilson had quite a few vehicles on their way over from Japan before Christmas, "although every man and his dog

seem to be buying at the moment and that doesn't always mean stock is cheaper".

He notes 2014 was a step up on 2013, and he will be looking for a 20 per cent increase in sales this year.

"That's what I would like to see and what we have in stock is geared up for that," says Wilson "It's sometimes hard to tell whether you have the right stock or if the market has gone flat."

As for the high cross-rate with the yen, he notes: "It's the same for everyone and doesn't necessarily

"It has been a cost factor with the new ones and when we started importing they were \$64,000.

"Mitsubishi has a smaller car, which isn't practical for too much, while the other side of the range are Teslas and most people can't afford those."

The company's price-points for used imported Leafs come in between \$25,000 and \$30,000.

It has built up relationships over time in Japan, which it says have resulted in quality low-mileage used imports entering our fleet.

because there were mine closures and we are starting to recover from that now.

"Things dipped a bit in 2013 and now that we have come out that our sales figures support growth in the used vehicle market.

"We have just got to get on it. When a town or industry gets hit hard, there is a sort of going into a safety shield.

"I think that happened with our area. A lot of people went into a shell and found lower-paying employment than their mining jobs. They have now accepted they have got to go on."

However, the drop in some people's incomes on the West Coast hasn't meant Greymouth Car Centre has needed to focus on lower-priced vehicles.

Campbell says: "We have always been in the \$10,000 to \$20,000 price range.

"The higher-paying customers of the new car franchises might have moved on, but the \$10,000 to \$20,000 range tends to cover a large percentage of people.

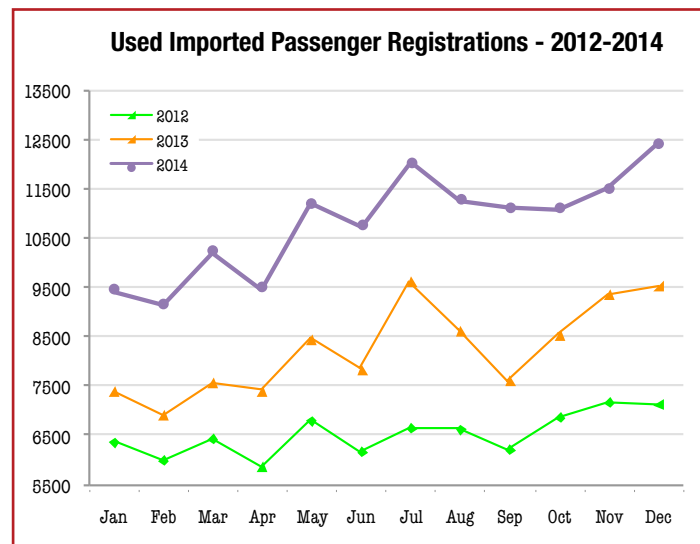
"We always stock a variety because you can't build a yard in Greymouth based on one particular type of vehicle.

"You have to have everything and a mix is important because in any one month what's selling can change."

On the New Zealand dollar's strength on the yen, Campbell says: "The Japanese are masters in being able to adjust their prices accordingly, but it does give us access to the cars we need though."

As for the future, he notes summer is normally a bit better for business.

"I think the market will remain fairly stable this year and Greymouth is a fairly stable sort of market." ☺



mean vehicles are cheaper, but the economy has started to turn."

Ross Baird, of Electric Vehicle Imports, which is based in Alexandra and specialises in Nissan Leafs, says: "We have seen a cross-section of buyers from across all sectors and fleets are now really starting to get motivated.

"We are proactive in the whole industry, including with the electricity companies, and we are not just in it to sell cars."

Baird believes the Leaf is the most practical electric vehicle (EV) available in Japan that can be imported here.

Its supply relationships extend to securing spare parts support from overseas in the unlikely event they are unavailable here.

Baird says current new EV price-tags are often seen as the biggest stumbling block to buying new, but having access to second-hand stock is facilitating their take-up in this country.

"We started the business about nine months ago and the growth has exceeded our expectations," he says.

Phil Campbell, of Greymouth Car Centre, says: "The year before last was probably quieter here

Ramp inspection before shipping

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Jason Robb
027 413 3222 jason@heiwa-auto.co.jp

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Massive year for used imports

The number of used passenger vehicles imported into New Zealand came in at 137,601 last year – an increase of 28 per cent on 2013's total of 107,284 units.

The amount that crossed the border in December was the second highest of the year at 13,131 behind 16,450 in May.

Japan accounted for 130,733 units in 2014 – up by 30 per cent from 100,784 in the previous year.

Australia bumped the UK into third place with 3,167 used cars crossing the Tasman, which was a 59 per cent jump over 1,990 in 2013.

The total from the UK fell by 35 per cent from 2,908 units to 1,885. The US came fourth on 1,346, which was an increase of 12 per cent from 1,205 in 2013.

Gordon Shaw, chief executive officer of VINZ, says there's an element of gazing into a crystal ball about how long current volumes of used imports from Japan can be sustained for.

"We are on the crest of a big wave in a perfect storm at the moment with all the conditions being right for importing vehicles," he told Autofile.

"The New Zealand dollar's cross-rate with the yen is very favourable and there are good shipping prices available because of this as well.

"But I do wonder if some guys may be caught out if the conditions change because those involved in finance have been forward-paying, so they have got their prices locked in.

"The bubble will have to

eventually burst with cars coming in from Japan but with the way forward-buying works, I cannot see that happening until after the first quarter of 2015."

Shaw adds VINZ is seeing continued large volumes of compliance inspections across its network and has more business than it can cope with at the moment.

"However, we are always better off when there's growth although it has caught us off-guard a bit," he says.

"If you have enough inspectors all working together, then it's a matter of simple economics, but finding and retaining them can be a challenge.

"We always have to be mindful of market conditions when starting growth in all of our product ranges."

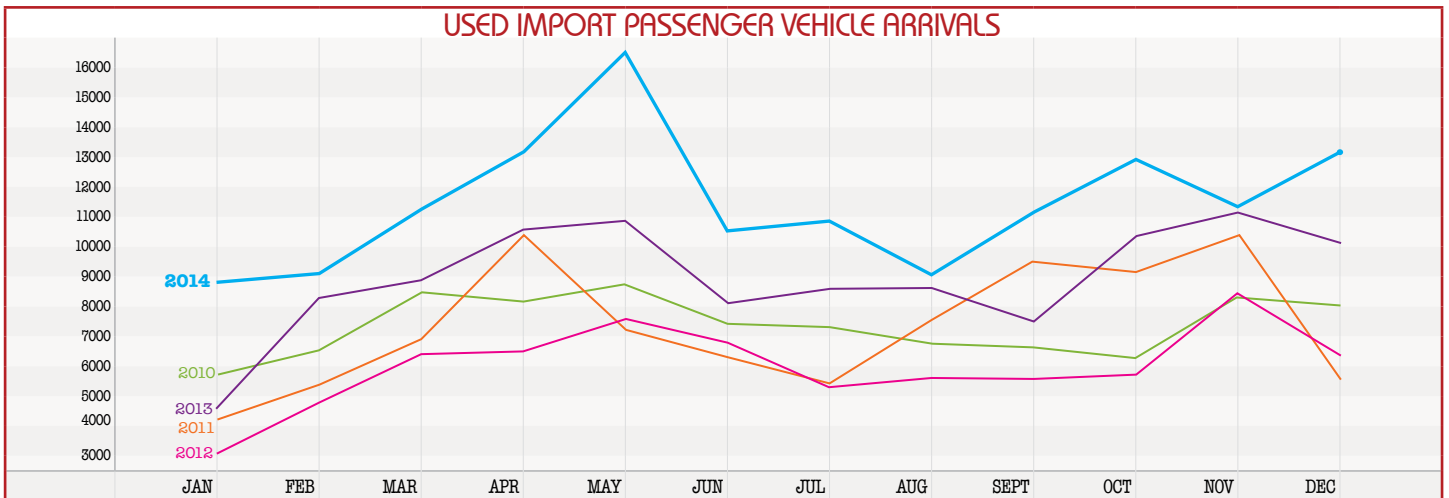
For now, VINZ is working to keep up with the huge volume of entry certification work coming through from Japan.

"We do an important job when it comes to entry certification because we take our role of ensuring safe cars enter the New Zealand fleet seriously."

Last year also saw 6,283 used commercial vehicles imported into New Zealand, which was an increase of 1,035 units on 2013's total of 5,198 – up by 20 per cent.

Used commercial imports from Japan made up 5,750 of the total, followed by the UK on 183.

The number of light commercial vehicles ended 2014 on 5,422, which was an increase compared to 4,288 units in 2013. Heavy commercials dropped from 910 units to 861. ☺



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2014												2014 TOTAL	2013		2012		
	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUL'14	AUG'14	SEP'14	OCT'14	NOV'14	DEC'14		DEC SHARE %	2013 TOTAL	% SHARE	2012 TOTAL	% SHARE
Australia	208	264	238	263	285	263	236	227	266	268	287	362	2.8%	3,167	1,990	1.9%	1,199	1.6%
Great Britain	208	133	142	151	165	125	136	133	181	172	156	183	1.4%	1,885	2,908	2.7%	2,730	3.7%
Japan	8,268	8,599	10,695	12,544	15,858	10,044	10,195	8,496	10,578	12,322	10,748	12,386	94.3%	130,733	100,784	93.9%	67,442	92.6%
Singapore	15	19	19	29	17	18	22	26	14	30	13	30	0.2%	252	146	0.1%	154	0.2%
USA	81	60	148	104	105	89	141	124	103	115	128	148	1.1%	1,346	1,205	1.1%	976	1.3%
Other countries	27	18	12	11	20	19	15	10	24	21	19	22	0.2%	218	251	0.2%	336	0.5%
Total	8,807	9,093	11,254	13,102	16,450	10,558	10,745	9,016	11,166	12,928	11,351	13,131	100.0%	137,601	107,284	100.0%	72,837	100.0%

Festive jump for used car sales

The market for second-hand cars ended on a good note during the last month of 2014.

There were 17,894 dealer-to-public transactions in December, which was a 6.3 per cent improvement on December 2013's total of 16,829.

Westport saw the biggest increase in sales, up by 65.2 per cent, followed by Oamaru on 34.3 per cent. The market in New Plymouth saw the biggest drop of 17.5 per cent.

Public-to-dealer trades also saw a strong increase of 9.3 per cent – from 11,974 in December 2013 to 13,084 last month – while private sales increased by 8.3 per cent from 36,992 in December 2013 to 40,044 last month.

Blain Thompson, of Discount

Cars in Auckland's New Lynn, says: "There was a bit of an increase in trade last year and clients with bad credit seeming to come out of the woodwork.

"It seems to be a periodic thing when you come across people who financed themselves a couple of years ago.

"We are generally able to finance them as long as they have made the opportunity to make good on their debts."

Thompson says bread-and-butter and later used models around 2008 and 2009 tend to be going well, as well as the cheaper stock, such as the Honda Fit.

"There is always a low in the market throughout the year and it is hard to pin exactly when that was," he adds.

"It looks like it's still going to be

just as tough this year, and money is still an issue for a lot of people out there with no increases in wages and the price of housing going up."

Warwick MacLachlan, of Holland's Suzuki Cars in Christchurch, says the dealership started importing vehicles about six months ago and has already seen a 40 per cent increase in registrations.

"We have done this to compete with other guys and boost the level of stock we have, plus the margins on new vehicles is not there as much," he says.

"I have just stuck to grade four at auction. It's cheaper to spend a little bit more money at auction and spend both dollars and time running a car around to the panel beaters, rather than getting a lower-grade vehicle.

"I would stay our used car stock

has gone up by about 40 per cent in the past six months."

Matthew Downing, of Miles Toyota in Christchurch, says: "The strong new vehicle market has certainly released the price of used vehicles.

"Meanwhile, the residual values of used vehicles have dropped making late-model and low-mileage stock less attractive to buy, especially on finance offers.

"In our business we continue to trade a lot of vehicles. We work very hard to remain competitive and that has required us to work harder this year."

Trent Ingham, dealer principal of Ingham Mitsubishi in Hamilton, says: "Everything is getting more competitive and the used vehicle market is very tough at the moment." ☺

SECONDHAND CAR SALES - December 2014

	DEALER-TO-PUBLIC			MARKET SHARE	PUBLIC-TO-PUBLIC			PUBLIC-TO-DEALER		
	DEC '14	DEC '13	+/- %		DEC '14	DEC '13	+/- %	DEC '14	DEC '13	+/- %
Whangarei	564	549	2.7	3.15	1,844	1,636	12.7	269	240	12.1
Auckland	5,944	5,394	10.2	33.22	13,634	13,017	4.7	4,800	4,216	13.9
Hamilton	1,405	1,321	6.4	7.85	3,228	2,886	11.9	1,141	1,035	10.2
Thames	235	185	27.0	1.31	489	428	14.3	85	90	-5.6
Tauranga	969	812	19.3	5.42	2,003	1,776	12.8	632	533	18.6
Rotorua	285	272	4.8	1.59	695	645	7.8	105	129	-18.6
Gisborne	168	192	-12.5	0.94	367	375	-2.1	104	126	-17.5
Napier	579	566	2.3	3.24	1,374	1,213	13.3	394	381	3.4
New Plymouth	386	468	-17.5	2.16	912	920	-0.9	248	250	-0.8
Wanganui	178	148	20.3	0.99	444	410	8.3	102	127	-19.7
Palmerston North	850	765	11.1	4.75	1,602	1,430	12.0	885	584	51.5
Masterton	180	164	9.8	1.01	385	317	21.5	95	94	1.1
Wellington	1,501	1,449	3.6	8.39	2,773	2,619	5.9	1,176	1,053	11.7
Nelson	358	292	22.6	2.00	957	926	3.3	274	199	37.7
Blenheim	188	202	-6.9	1.05	398	331	20.2	116	143	-18.9
Greymouth	103	88	17.0	0.58	213	198	7.6	49	41	19.5
Westport	38	23	65.2	0.21	82	105	-21.9	1	3	-66.7
Christchurch	2,462	2,471	-0.4	13.76	5,282	4,681	12.8	1,632	1,734	-5.9
Timaru	241	261	-7.7	1.35	543	520	4.4	149	142	4.9
Oamaru	94	70	34.3	0.53	247	198	24.7	24	26	-7.7
Dunedin	749	665	12.6	4.19	1,660	1,486	11.7	478	455	5.1
Invercargill	417	472	-11.7	2.33	912	875	4.2	325	373	-12.9
NZ total	17,894	16,829	6.3	100.00	40,044	36,992	8.3	13,084	11,974	9.3

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New Passenger Vehicle Sales by Make - December 2014

MAKE	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 TOTAL	2014 MKT SHARE
Toyota	1,888	1,512	24.9	27.8%	16,257	17.9%
Holden	790	979	-19.3	11.6%	10,249	11.3%
Mazda	528	383	37.9	7.8%	6,675	7.4%
Mitsubishi	405	327	23.9	6.0%	5,251	5.8%
Hyundai	404	491	-17.7	5.9%	7,591	8.4%
Ford	370	621	-40.4	5.4%	6,976	7.7%
Suzuki	359	296	21.3	5.3%	4,738	5.2%
Nissan	352	303	16.2	5.2%	4,649	5.1%
Honda	190	136	39.7	2.8%	3,555	3.9%
Fiat	184	31	493.5	2.7%	640	0.7%
Volkswagen	184	242	-24.0	2.7%	3,900	4.3%
Kia	176	192	-8.3	2.6%	2,826	3.1%
Subaru	155	104	49.0	2.3%	1,823	2.0%
Jeep	122	70	74.3	1.8%	1,325	1.5%
BMW	119	49	142.9	1.8%	2,132	2.4%
Audi	96	73	31.5	1.4%	2,075	2.3%
Mercedes-Benz	94	84	11.9	1.4%	1,813	2.0%
SsangYong	58	88	-34.1	0.9%	988	1.1%
Peugeot	48	92	-47.8	0.7%	1,059	1.2%
Dodge	40	63	-36.5	0.6%	568	0.6%
Lexus	40	44	-9.1	0.6%	557	0.6%
Skoda	38	36	5.6	0.6%	854	0.9%
Mini	28	16	75.0	0.4%	569	0.6%
Land Rover	23	17	35.3	0.3%	807	0.9%
Chery	15	19	-21.1	0.2%	307	0.3%
Chrysler	15	5	200.0	0.2%	98	0.1%
Citroen	14	16	-12.5	0.2%	381	0.4%
Volvo	14	5	180.0	0.2%	421	0.5%
Renault	8	33	-75.8	0.1%	260	0.3%
Mahindra	6	5	20.0	0.1%	58	0.1%
Alfa Romeo	5	13	-61.5	0.1%	231	0.3%
Yamaha	5	0	500.0	0.1%	5	0.0%
Jaguar	4	2	100.0	0.1%	122	0.1%
Can-Am	3	3	0.0	0.0%	53	0.1%
McLaren	3	0	300.0	0.0%	16	0.0%
Porsche	3	7	-57.1	0.0%	289	0.3%
Ferrari	2	1	100.0	0.0%	15	0.0%
Great Wall	2	6	-66.7	0.0%	180	0.2%
Isuzu	2	0	200.0	0.0%	81	0.1%
Morgan	2	1	100.0	0.0%	9	0.0%
Others	3	6	-50.0	0.0%	229	0.3%
Total	6,797	6,371	6.7	100.0%	90,632	100.0%

New Passenger Vehicle Sales by Model - December 2014

MAKE	MODEL	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 TOTAL	2014 MKT SHARE
Toyota	Corolla	773	712	8.6	11.4%	6,473	7.1%
Toyota	RAV4	309	222	39.2	4.5%	2,566	2.8%
Toyota	Highlander	270	185	45.9	4.0%	2,002	2.2%
Toyota	Yaris	251	149	68.5	3.7%	2,557	2.8%
Suzuki	Swift	229	222	3.2	3.4%	2,692	3.0%
Holden	Commodore	222	364	-39.0	3.3%	3,007	3.3%
Holden	Captiva	207	226	-8.4	3.0%	2,278	2.5%
Toyota	Camry	195	82	137.8	2.9%	1,043	1.2%
Mazda	CX-5	194	202	-4.0	2.9%	2,374	2.6%
Mitsubishi	Outlander	180	87	106.9	2.6%	1,661	1.8%
Fiat	Punto	171	0	17,100.0	2.5%	382	0.4%
Holden	Cruze	162	169	-4.1	2.4%	1,875	2.1%
Mazda	Mazda2	156	44	254.5	2.3%	969	1.1%
Nissan	Qashqai	138	94	46.8	2.0%	1,433	1.6%
Ford	Focus	129	173	-25.4	1.9%	1,832	2.0%
Mazda	Mazda3	127	72	76.4	1.9%	2,371	2.6%
Honda	Jazz	114	42	171.4	1.7%	1,863	2.1%
Hyundai	ix35	107	145	-26.2	1.6%	1,878	2.1%
Nissan	X-Trail	99	60	65.0	1.5%	1,403	1.5%
Hyundai	i30	86	45	91.1	1.3%	1,382	1.5%
Mitsubishi	ASX	83	27	207.4	1.2%	982	1.1%
Hyundai	Santa Fe	81	88	-8.0	1.2%	1,852	2.0%
Kia	Sportage	74	73	1.4	1.1%	901	1.0%
Holden	Barina	69	98	-29.6	1.0%	966	1.1%
Mitsubishi	Lancer	66	159	-58.5	1.0%	1,526	1.7%
Volkswagen	Golf	65	133	-51.1	1.0%	1,694	1.9%
Hyundai	i20	62	29	113.8	0.9%	716	0.8%
Ford	Kuga	62	123	-49.6	0.9%	1,330	1.5%
Ford	Fiesta	58	35	65.7	0.9%	970	1.1%
Ford	Territory	57	95	-40.0	0.8%	1,018	1.1%
Jeep	Grand Cherokee	53	45	17.8	0.8%	767	0.8%
Subaru	Legacy	44	26	69.2	0.6%	261	0.3%
Suzuki	SX4 S-Cross	41	0	4,100.0	0.6%	799	0.9%
Dodge	Journey	40	63	-36.5	0.6%	566	0.6%
Suzuki	Alto	39	17	129.4	0.6%	200	0.2%
Mitsubishi	Mirage	39	36	8.3	0.6%	601	0.7%
Ford	Ecosport	38	0	3,800.0	0.6%	386	0.4%
Volkswagen	Tiguan	38	52	-26.9	0.6%	759	0.8%
Holden	Trax	38	54	-29.6	0.6%	794	0.9%
Subaru	Outback	37	34	8.8	0.5%	515	0.6%
Others		1,594	1,889	-15.6	23.5%	30,988	34.2%
Total		6,797	6,371	6.7	100.0%	90,632	100.0%



FROM THE RISING SUN TO THE LONG WHITE CLOUD

The history of used car importing to New Zealand

Year ends with record high

The total number of new passenger cars sold in New Zealand last year went up by 9.9 per cent compared to 2013 – from 82,433 units to 90,632.

And the registration of 6,797 units last month meant it was the strongest December since 1976.

The top five passenger models finished in a similar order as 2013, although Holden's Commodore came second on 3,007 to swap place and push the Suzuki Swift into third on 2,692.

Toyota's Corolla predictably took out top spot with 6,473 registrations compared to 5,995 in 2013. The RAV4 was fourth on 2,566 with the Yaris fifth only five behind on 2,557.

Toyota also took out the manufacturers' title for passenger vehicles with 16,257 registrations – or 18 per cent of the market.

Holden came second on 10,249 and an 11 per cent market share, while Hyundai was third with 7,591 and eight per cent. Ford sold 6,976 units, while Mazda rounded off the top five on 6,675.

In the luxury passenger market, BMW topped the ladder for a third year in a row with 2,132 sales. It beat Audi's total of 2,075 by 57, while Mercedes-Benz was third on 1,813.

LOOKING AT WHOLE MARKET

The total of 127,227 new vehicles registered in 2014 was a record and was up by 12 per cent on 2013 when 114,062 units were sold.

The previous best year was 1984 when 123,247 were registered, while growth in the SUV market was also record-breaking to claim 29 per cent of sales or 37,013 units.

Toyota topped the overall market for combined passenger and commercial vehicles sales in 2014 with a 19 per cent share and 24,692 registrations. Ford came

second on 14,033 with Holden third on 13,422.

The Japanese marque also dominated rental car sales by having the top four models and a 50 per cent market share of the top 15.

The Corolla was again the runaway rentals leader with 23 per cent and 3,046 registrations. The Yaris was second with seven per cent and 933 units, with the RAV4 third on six per cent and 837 sales.

Meanwhile, combined sales of passenger and commercial vehicles came in at 9,594 units last month for the strongest December on record since 1976.

significant growth over 2014.

"It's more likely to be a small-to-modest increase. We are anticipating sales of new vehicles to be around 127,000 to 128,000 with continued strong sales in the light commercial sector."

Toyota notched up its 27th consecutive year as being the best-selling car brand in New Zealand with five of the 10 top-selling vehicle models.

Steve Prangnell, general manager of sales, says the Corolla's success in the overall sales race is emphasised by its dominance in the small car sector, in which it

best-selling model overall.

"The RAV4 is another iconic nameplate – it was the vehicle that invented the compact SUV category and continues to define it," says Prangnell. "It's a little bigger and more refined than the first RAV4, but the price has remained affordable."

Elsewhere, the Camry scored a win in the medium car segment, while the Yaris climbed to a close second in the light-car segment – it was also the ninth highest-selling vehicle in 2014's market.

"Last year was significant. We reached our targets and have returned to 20 per cent market share, which was a goal."

Meanwhile, BMW was New Zealand's most popular premium automotive brand for the third consecutive year with 2,132 new registrations in 2014 – 57 ahead of Audi.

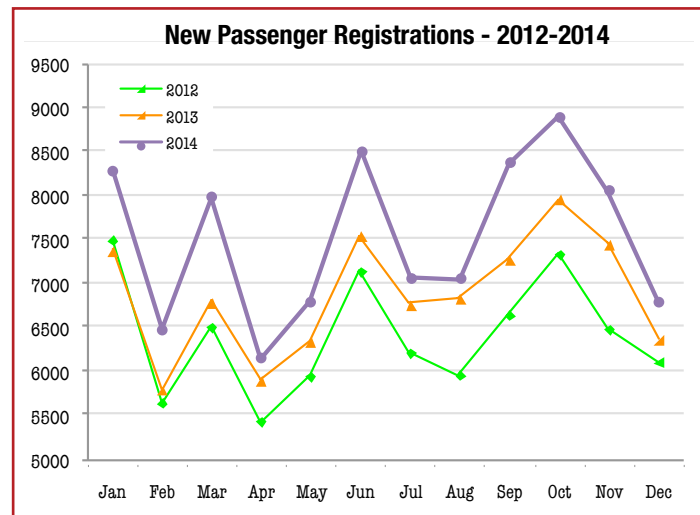
Managing director Nina Englert says: "It's a huge testament to our range that so many New Zealanders bought a BMW during the year.

"Our success is above all based on an attractive product range that has won additional customers, aided by the release of new models and variants, and the addition of a five-year warrant."

She says high points included the launch of the i8, 4 Series Gran Coupé, and revision and expansion of the X range with the BMW X4.

"This year is shaping up to be equally as busy with barely any let-up in terms of launch activity, events or partnership activity," adds Englert.

BMW was the first premium brand to achieve more than two thousand sales in 2014, and the most car of the year title and category wins in New Zealand. ☺



VIEWS ON STATISTICS

David Crawford, chief executive officer of the Motor Industry Association (MIA), describes the record-breaking year as "astounding".

He says: "The new vehicles registered in 2014 reflect the strong economy, competitive pricing made possible by the relative strength of the New Zealand dollar and a range of models introduced.

"The outlook for 2015 is for another strong year, but the MIA does not anticipate

finished 2014 about 3,500 units ahead of its nearest competitor – and with more sales than second, third and fourth places combined.

"It's the unsung hero of New Zealand motoring," he says. "Private buyers and businesses make this our most sought-after model. Even used Corollas remain in hot demand with strong resale values."

The other passenger vehicle stand-out for Toyota was the RAV4, which was the most popular small SUV with 2,566 registrations in 2014 to make it the sixth

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Light commercials spark market

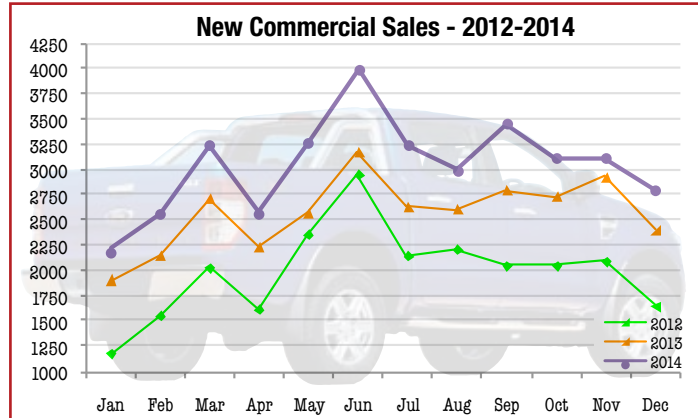
The segment for new light commercials was one of 2014's most exciting with records tumbling and Toyota's 32-year reign of having the country's best-selling ute ending – as anticipated in the November 21 issue of Autofile.

A closely fought battle ended with 6,342 Rangers sold compared to 5,778 Hiluxes.

The total of 36,716 commercial vehicles sold last year beat the previous record of 30,822 set in 2013 by 19 per cent.

Last month's 2,797 sales meant it was the strongest December since the Motor Industry Association started keeping records for this market in 1981.

Toyota topped 2014's marques ladder with a 23 per cent market share and 8,454 registrations, while



Ford came second with 7,081 and 19.3 per cent.

Corey Holter, managing director of Ford NZ, describes the Ranger's success as "fantastic".

He says: "A lot of attention was on the sales race this year, but we've always said it's about leaving it up to the customer. They have decided

and there's a new number one."

Marketing manager Chris Masterson adds: "It's a competitive segment and Kiwis are spoiled for choice for tough utes.

"However, the Ranger offers so much more than toughness. In addition to reliability and capability, customers appreciate

the technology, design and five-star safety ratings for all models – both two and four-wheel-drive [4WD]."

Steve Prangnell, general manager of sales at Toyota NZ, stresses the Hilux retained its crown as 2014's best-selling 4WD.

"The 4WD has gone from strength to strength," he says. "There might be newer utes out there with more bling, but our customers want a truck they know will deliver whatever they ask while holding an incredible resale value."

Toyota struggled last year by lacking some models in the 2WD category.

"Not being able to offer automatic left us fighting with one hand tied behind our back. However, we will address concerns by offering more model options for 2WD in our next generation." ☺

New Commercial Sales by Make - December 2014

MAKE	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 FULL YEAR	2014 MKT SHARE
Ford	761	619	22.9	27.2%	7,081	19.3%
Toyota	584	603	-3.2	20.9%	8,454	23.0%
Holden	228	171	33.3	8.2%	3,206	8.7%
Nissan	198	133	48.9	7.1%	2,522	6.9%
Mitsubishi	158	110	43.6	5.6%	2,287	6.2%
Isuzu	125	108	15.7	4.5%	2,110	5.7%
Mercedes-Benz	124	61	103.3	4.4%	783	2.1%
Mazda	101	89	13.5	3.6%	1,463	4.0%
Mitsubishi Fuso	73	51	43.1	2.6%	730	2.0%
SsangYong	73	35	108.6	2.6%	894	2.4%
Volkswagen	68	138	-50.7	2.4%	1,327	3.6%
Hino	57	36	58.3	2.0%	735	2.0%
Foton	49	8	512.5	1.8%	473	1.3%
Great Wall	29	64	-54.7	1.0%	739	2.0%
Hyundai	26	25	4.0	0.9%	723	2.0%
Fiat	25	25	0.0	0.9%	401	1.1%
UD Trucks	18	18	0.0	0.6%	262	0.7%
Freightliner	16	7	128.6	0.6%	162	0.4%
Mahindra	11	8	37.5	0.4%	170	0.5%
Volvo	11	7	57.1	0.4%	268	0.7%
Others	62	89	-30.3	2.2%	1,926	5.2%
Total	2,797	2,405	16.3	100.0%	36,716	100.0%

New Commercial Sales by Model - December 2014

MAKE	MODEL	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 FULL YEAR	2014 MKT SHARE
Ford	Ranger	704	573	22.9	25.2%	6,342	17.3%
Toyota	Hilux	438	458	-4.4	15.7%	5,778	15.7%
Holden	Colorado	205	152	34.9	7.3%	2,955	8.0%
Nissan	Navara	198	133	48.9	7.1%	2,522	6.9%
Mitsubishi	Triton	132	73	80.8	4.7%	1,599	4.4%
Toyota	Hiace	130	124	4.8	4.6%	2,447	6.7%
Mercedes-Benz	Sprinter	103	47	119.1	3.7%	618	1.7%
Mazda	BT-50	101	89	13.5	3.6%	1,462	4.0%
Isuzu	D-Max	78	58	34.5	2.8%	1,232	3.4%
SsangYong	Actyon Sport	73	35	108.6	2.6%	894	2.4%
Ford	Transit	55	43	27.9	2.0%	688	1.9%
Volkswagen	Amarok	47	41	14.6	1.7%	779	2.1%
Foton	Tunland	41	7	485.7	1.5%	416	1.1%
Hino	500	30	23	30.4	1.1%	361	1.0%
Mitsubishi Fuso	Canter	30	17	76.5	1.1%	245	0.7%
Mitsubishi Fuso	Fighter	29	11	163.6	1.0%	260	0.7%
Mitsubishi	L300	26	37	-29.7	0.9%	687	1.9%
Isuzu	N Series	25	13	92.3	0.9%	392	1.1%
Great Wall	V240	23	49	-53.1	0.8%	567	1.5%
Hyundai	iLoad	22	25	-12.0	0.8%	702	1.9%
Others		307	397	-22.7	11.0%	5,770	15.7%
Total		2,797	2,405	16.3	100.0%	36,716	100.0%



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Used vans dominate ladder

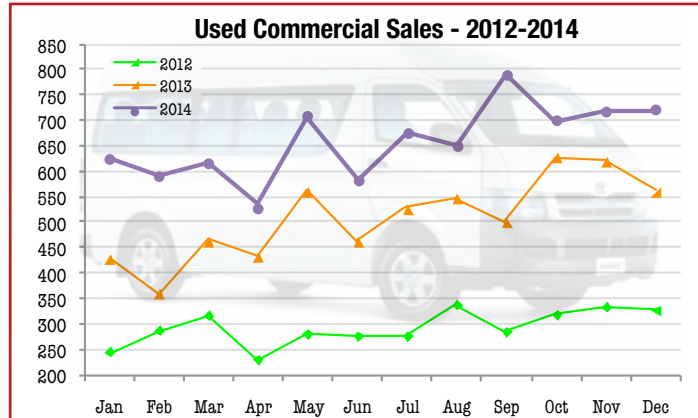
There were 7,943 used commercial vehicles sold in New Zealand during 2014, which was a 30.3 per cent increase over 2013's total.

Toyota topped the marques table with 3,959 units for a market share of 49.8 per cent. Nissan was second with 1,607 and 20.2 per cent, with Ford third on 319 and four per cent.

The runaway top model was Toyota's Hiace, which claimed 37.1 per cent of the market with 2,944 sales. It was followed by two Nissans – the Caravan on 749 units and Vanette on 432.

Peter Clough, sales manager of Enterprise Motor Group's commercial centre, says: "I used to deal in cars, but we recognised the real need for commercial stuff in Gisborne.

"In the past, you might have



seen two or three utes on a yard, but we now have 35 on one site."

He says the business sells a lot of 10 to 12-seater vans for shearing gangs as well as empty trade vans.

"There has been a hole in the market that we have recognised," explains Clough. "All commercial stock is tough to get. When dealing

in cars, you can go to Auckland and purchase 30 vehicles in one day.

"But you can't do that with the utes. You are always hard at it looking for stock, although it tends to hold its value better than cars."

Stephen Dryden, of Steve's Autos in Invercargill, believes used commercial vehicles are generally

overpriced at the moment.

"The hardest to get are double cabs, decent utes and Hiace vans – they are out of this world overpriced," he says.

"You can pay \$10,000 for a 1990 Hilux double-cab ute. The damn vehicle is 24 years old and it can get that sort of price because it's tidy, but that's crazy.

"There is nothing at the lower end of the market because all of the cheap stock has gone. Some of it has been exported overseas and cut up in places such as Abu Dhabi."

Grant Williamson, of X Factor Cars in Invercargill, says: "While new car sales are strong, some customers have had to wait six to eight months for a new commercial and others just can't afford that wait because the vehicle is nine months old before it's with them." ☺

Used Commercial Sales by Make - December 2014

MAKE	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 FULL YEAR	2014 MKT SHARE
Toyota	365	274	33.2	50.6%	3,959	49.8%
Nissan	139	115	20.9	19.3%	1,607	20.2%
Ford	38	29	31.0	5.3%	319	4.0%
Isuzu	30	31	-3.2	4.2%	386	4.9%
Mazda	24	23	4.3	3.3%	385	4.8%
Fiat	18	10	80.0	2.5%	85	1.1%
Chevrolet	16	12	33.3	2.2%	181	2.3%
Mitsubishi	15	13	15.4	2.1%	236	3.0%
Dodge	10	8	25.0	1.4%	49	0.6%
Hino	9	8	12.5	1.2%	163	2.1%
Holden	9	12	-25.0	1.2%	116	1.5%
Volkswagen	9	5	80.0	1.2%	54	0.7%
Iveco	4	3	33.3	0.6%	25	0.3%
Land Rover	4	1	300.0	0.6%	20	0.3%
Peugeot	4	1	300.0	0.6%	15	0.2%
Mercedes-Benz	3	2	50.0	0.4%	49	0.6%
Ssangyong	3	0	300.0	0.4%	4	0.1%
Volvo	3	2	50.0	0.4%	21	0.3%
Daihatsu	2	1	100.0	0.3%	9	0.1%
GMC	2	0	200.0	0.3%	36	0.5%
Others	14	12	16.7	1.9%	224	2.8%
Total	721	562	28.3	100.0%	7,943	100.0%

Used Commercial Sales by Model - December 2014

MAKE	MODEL	DEC '14	DEC '13	+/- %	DEC '14 MKT SHARE	2014 FULL YEAR	2014 MKT SHARE
Toyota	Hiace	272	137	98.5	37.7%	2,944	37.1%
Nissan	Caravan	58	47	23.4	8.0%	749	9.4%
Nissan	Vanette	30	19	57.9	4.2%	432	5.4%
Toyota	Dyna	29	11	163.6	4.0%	247	3.1%
Toyota	Regius	21	14	50.0	2.9%	363	4.6%
Mazda	Bongo	20	9	122.2	2.8%	313	3.9%
Fiat	Ducato	18	9	100.0	2.5%	81	1.0%
Isuzu	Elf	17	10	70.0	2.4%	209	2.6%
Toyota	Hilux	17	8	112.5	2.4%	127	1.6%
Nissan	Navara	14	5	180.0	1.9%	116	1.5%
Nissan	NV200	14	0	1400.0	1.9%	63	0.8%
Toyota	Toyoyace	14	5	180.0	1.9%	157	2.0%
Dodge	Ram	10	8	25.0	1.4%	40	0.5%
Ford	Ranger	9	0	900.0	1.2%	88	1.1%
Nissan	Atlas	8	11	-27.3	1.1%	137	1.7%
Ford	F150	8	3	166.7	1.1%	41	0.5%
Ford	Transit	8	26	-69.2	1.1%	84	1.1%
Mitsubishi	Delica	6	4	50.0	0.8%	64	0.8%
Nissan	Patrol	6	1	500.0	0.8%	53	0.7%
Mitsubishi	Canter	5	4	25.0	0.7%	86	1.1%
Others		137	231	-40.7	19.0%	1,549	19.5%
Total		721	562	28.3	100.0%	7,943	100.0%

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Bumper month for new supply

A total of 100,571 new cars were imported into New Zealand in 2014 and 93,412 were registered to increase this segment's stockpile by 7,906 units.

As for December's statistics, there was a 1,346-unit reduction in stock with 8,248 new passenger vehicles crossing the border and 9,594 being sold.

The average daily sales rate – based on a 12-month rolling average – jumped by nine days from 247 in November to 256 last month. The number of days' stock at hand dropped by two to 188.

"We are finding that stocking levels for new cars are challenging," says Matthew Downing, general sales manager of Miles Toyota in Christchurch.

"Strong marketing campaigns are clearly putting a lot of pressure on having a lot of stock.

"Based on the competitiveness

of the market, new customers are prepared to wait for a month or two down the track if they have a preference for the type of vehicle transmission they want."

Downing describes last year as a challenging one due to production lines being under pressure because global demand is booming.

"It would be fair to say we have sold more cars, but it has been more competitive and there's certainly pressure on the profitability on new business in terms of total vehicle sales," he told Autofile.

"The growth in terms of sales generated by the distributors has been achieved in many cases with lower profit levels, and strong and aggressive retail campaigns.

"During the past three months, we have seen some of our lowest transaction prices.

"Generally, 2014 was good with more cars in terms of sales across

both used and new. Finance sales have also improved and in terms of profitability too.

"Last year was more challenging. The market has been more contemplative and we don't expect that to change much, but the nice thing is we have a variety of model changes coming up."

Michael Meyer, dealer principal of Autohaus Rotorua, says stock is holding its value exceptionally well and it's hard to find used Rangers.

He says: "For the standard Ranger, all supply constraints have been resolved. It's the speciality vehicles that people have to wait for."

Warwick MacLachlan, sales manager of Holland's Suzuki Cars in the Garden City, says: "Stock hasn't been a problem. The X-Cross did have a three-month waiting list, but we lost very few sales on the back of that.

"We find that people are prepared to wait and that has

surprised us, but the fuel economy of the X-Cross is extraordinary."

Craig Innes, dealer principal of Ebbett Tauranga, says: "The 2014-15 model year Colorado ran out a little bit, but come November stock was available.

"We are stretching the service intervals from 10,000km to 15,000km, but we're growing the car park as well so it should balance out.

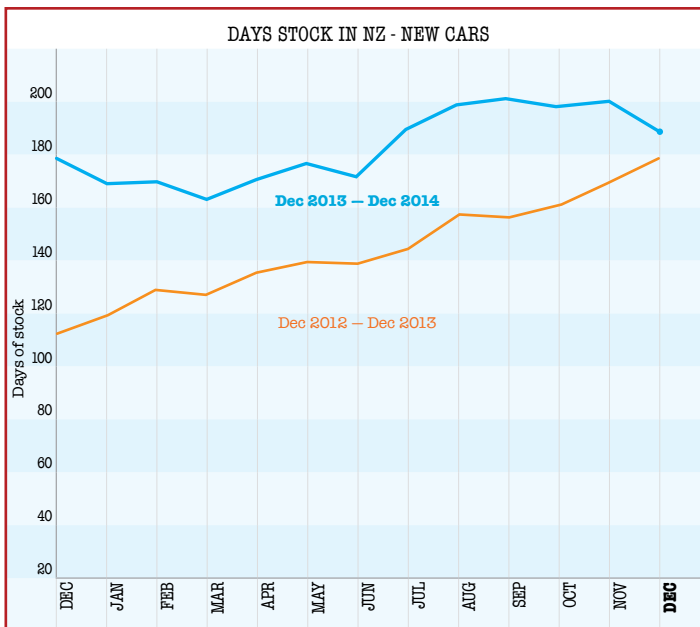
"With Holden we have lots of models that are selling well at the moment, so we are not relying on just one anymore."

Last month's national stock level of 48,107 units represented a decrease of 1,366 from 49,473 in November, while unsold stock came in at 40,201 in December 2013.

Looking back on 2014, the biggest month of the year for imports of new cars was July with 11,106, while March was the lowest with 7,174. ☺

Dealer stock of new cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Dec '13	8,826	6,371	2,455	40,201	226	178
Jan '14	6,437	8,293	-1,820	38,381	228	168
Feb '14	6,724	6,572	157	38,538	230	167
Mar '14	7,174	7,992	-764	37,774	234	162
Apr '14	7,994	6,150	2,101	39,875	234	170
May '14	8,447	6,802	1,696	41,571	236	176
Jun '14	7,620	8,517	-569	41,002	238	172
Jul '14	11,106	7,071	4,035	45,037	239	188
Aug '14	9,649	7,066	2,599	47,636	240	199
Sep '14	9,602	8,382	1,220	48,856	243	201
Oct '14	8,297	8,910	-613	48,243	245	197
Nov '14	9,273	8,063	1,210	49,453	247	200
Dec '14	8,248	9,594	-1,346	48,107	256	188
YTD total	100,571	93,412	7,906			
Change on Dec 2013	-6.5%	50.6%		19.7%		



Good conditions to source stock

A total of 13,131 used passenger vehicles were imported last month compared to 12,448 being registered.

This was a difference of 683 imports over sales, which increased the stock level to 19,137 units.

This meant the amount of unsold used cars in New Zealand increased by 683 units compared to November.

December was the third highest month of the year for unregistered stock – behind 20,534 in May and 20,332 in June.

There were 356 used vehicles registered for the first time every day in 2014 and based on that continuing stock will last for 54 days if no additional cars are landed from overseas.

For the whole year, 137,638 used cars crossed the border compared to 129,925 sales, which increased the stock holding by

7,713 units over the whole year.

Graeme Macdonald, chairman of the Imported Motor Vehicle Industry Association's North Island branch, says 2014 was a healthy year for the used imports industry with good availability of stock in Japan.

"Previous regulations, such as the exhaust emissions rules, have been working their way through the system with minimal effects," he told Autofile.

"The exchange rate between our dollar and the yen has been helping, and being around 92 to 93 is good news for importers. Importers and car dealers aren't just stockpiling vehicles – they are being sold as well.

"We still have a lot of older vehicles in the fleet that are aged 20 to 22, which means demand will be ongoing."

Macdonald adds: "I'm immensely proud to be one of

the people representing the used imports industry, which has such a diverse range of people and businesses looking to constantly change and reinvent themselves."

Steve McHugh, of Miles Limited in Auckland, says it's difficult to compare last year to 2013 because a major upgrade has been completed at its premises in Greenlane with 2014 being its first full year of operating from it.

The company was established in 2008 by Bruce Miles and is an integral part of the Miles Motor Group – one of New Zealand's largest. It has dealerships across the country, representing marques such as Toyota, Lexus, Mercedes-Benz, Volkswagen and Nissan among others.

McHugh says Miles Ltd concentrates on New Zealand-new stock from model years between 2009 and 2014.

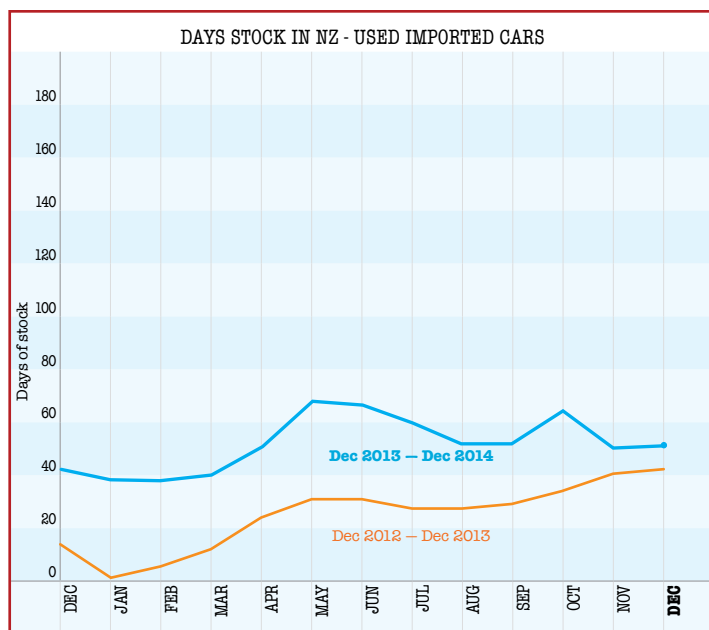
"The preregistration of new vehicles, and the ducking and diving of the manufacturers, has had a major impact on near-new vehicles," he says.

"It is having a devastating effect on the car market. Buyers are getting excellent prices, but margins are dropping."

The decline in margins isn't being accounted for in finance and insurance "because our demographics mean some reasonably well-off people are buying cars".

McHugh adds: "I think a huge number of cars are on the market for sale from new to used and used imports, and only so many people are able to buy them.

"All of the car dealers are competing for these buyers and it's causing a glut. I haven't seen this massive number of new cars sold before." ☺



	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Dec '13	10,067	9,534	533	11,424	271	42
Jan '14	8,807	9,470	(663)	10,761	277	39
Feb '14	9,093	9,155	(62)	10,699	283	38
Mar '14	11,254	10,247	1,007	11,706	290	40
Apr '14	13,102	9,501	3,601	15,307	296	52
May '14	16,450	11,223	5,227	20,534	304	68
Jun '14	10,558	10,760	(202)	20,332	311	66
Jul '14	10,745	12,052	(1,307)	19,025	318	60
Aug '14	9,016	11,290	(2,274)	16,751	325	52
Sep '14	11,203	11,142	61	16,812	335	51
Oct '14	12,928	11,105	1823	18,635	290	64
Nov '14	11,351	11,532	-181	18,454	348	53
Dec '14	13,131	12,448	683	19,137	356	54
YTD total	137,638	129,925	7,713			
Change on Dec 2013	30.4%	30.6%		67.5%		

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