

autofile

Call for lending code to target loan sharks

The Financial Services Federation (FSF) wants responsible lending rules being brought in by the government as part of its crackdown on loan sharks to be strictly enforced.

The Credit Contracts and Financial Services Law Reform Bill passed its final reading on May 27, when a proposal to scrap commission on credit-related insurance (CRI) products was canned following industry pressure.

Now the government is taking another step forward by

publishing a document on what's likely to be included in the lending code that all finance providers and their agents, such as car dealers, will have to follow.

It will cover how providers must behave towards borrowers – and how charges, fees, commissions and extended warranties will be administered and work in the real world.

The FSF is gathering views of its members, many of which operate in the automotive sector, before coming up with a draft submission for sign-off before

lodging it with the government.

"It's the usual situation in that our members are already responsible lenders and will comply with the responsible lending code," Lyn McMorran, the federation's executive director, told Autofile.

"But it will all come down to lenders who aren't members. How are they being informed about the changes so they can have input into them? How prepared will they be when the code comes into force?"

"Even when the responsible lending code is in place, some irresponsible lenders may not

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Government defines ESC changes

The Ministry of Transport (MoT) has outlined why amendments have been made to the roll-out of a safety system on vehicles when they are imported into this country.

Michael Woodhouse, Associate Minister of Transport, has revised the timetable for mandatory electronic stability control (ESC)

following public consultation.

Earlier this month, he signed a land transport rule for the staggered phase-in of ESC for all new and used light passenger and goods vehicles entering the fleet.

"I'm confident it will ensure consumers receive maximum safety benefits from the new technology without choking

supply from the imported used car market," says Woodhouse.

Two changes have been made to the used imports schedule, while an industry request to extend the deadline for new utes and light vans has been rejected.

The public consultation draft of the Land Transport Rule:

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Sporty image for activity coupe



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Rules and technology come to fore

Two things seem certain in the motor vehicle industry, and they may be as predictable as the sun rising in the east and setting in the west – unless our star explodes, of course.

There will always be regulations to contend with and new technology to take on-board.

There's always a sense of the unknown with new rules, but what isn't written down in black and white may be influenced.

For example, take the staggered roll-out of electronic stability control (ESC).

The one element that could be have been the subject of leverage was when and how it was going to happen – not if, because the government had already decided it was going to be mandatory on light vehicles crossing the border.

The automotive industry is unlikely to always be able to convince the powers-that-be to take all of its views on-board.

There are, after all, two competing sectors within it – new and used – to balance up.

Then the government, its departments, ministers and agencies always have a point from where they start out.

It comes down to the industry lobbying the authorities and sometimes – as in the case of ESC – the outcomes are mixed.

No one in New Zealand wants to see a shortage of light commercials next July when the single-date deadline kicks on.

In the past, there have been normally been two dates and this is what the Motor Industry Association – backed by the Imported Motor Vehicle Industry Association and Motor Trade Association – called for.

That's to say for new utes and light vans to comply from July 1,

2015, for new vehicle models and February 1, 2017, for all models.

Many marques are also of the opinion the government's one-date deadline is too soon for such a significant rule change.

In about nine months' time, it will be intriguing to see if there is a shortage of light commercial vehicles with ESC fitted for sale in this country.

After all, this sector is performing excellently at the moment, and that's of benefit to everyone and our economy.

So onto new technology and it's interesting to read Malcolm Yorston's views on intelligent transportation systems (ITS) in this issue.

While driverless cars are some way off – Brian Gibbons, chief executive of the AA, recently predicted they are unlikely to be seen on our roads on a commercial basis in his lifetime – more important matters are looming large.

Some of the issues facing the industry were covered in the July 5 issue of this magazine, and among them will be overcoming problems with radio spectrum and global navigation satellite systems.

The graphic with Yorston's article shows the US and European Union will use one bandwidth, and Australia may follow suit.

But Japan and Korea will utilise a different frequency that's already been allocated for general use here, so it appears major jurisdictions are disparate in this area.

How high-tech systems of the future communicate with each other is an essential element of ITS.

And the issues with radio frequency spectrum are likely to dwarf those relating to ESC, so governments and industry need to get tuned in.

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Clear guidelines needed for fees

behave. That means we need to know what will be done about that if and when it happens.

“There really needs to be some teeth in the code’s enforcement – otherwise what’s the point of it?”

“The code should provide a safe harbour for lenders that comply with the rules, so it creates certainty for those who adhere to it and the new legislation.”

McMorran says many aspects of the lending code shouldn’t be too difficult to comply with.

Some areas – such as responsible behaviour, dealing with hardship applications fairly and carrying out repossessions correctly – should be straightforward when it comes to the standards demanded.

This is especially the case with FSF members because they already adhere to the federation’s code of

practice and will comply with the new lending rules.

In addition, much of the government’s proposed code is based on FSF guidelines.

But concerns remain about how the rules will be enforced in the lower end of the market where loan sharks tend to operate because these are the lenders the new legislation aims to bring to task.

CHARGES FOR CONTRACTS

The FSF believes one of the key areas the responsible lending code needs to be clear on is the way in which providers can set reasonable fees.

The industry is asking for clear guidelines about what can and cannot be included in a lender’s fee structure, and for these rules to then be able to provide a safe harbour.

New rules for charges

Regulations about the type and amount of fees lenders can charge will be tightened through the Credit Contracts and Consumer Finance Amendment Act.

It will be made clear the main test is whether the fees reasonably compensate the lender for its actual costs or losses.

If consumers default, lenders will only be able to charge default interest on that amount – not on the entire unpaid balance.

“The Commerce Commission is keen to ensure lending fees can be justified and has investigated many finance providers, which have had to show how fee structures have been developed,” explains McMorran.

“They have basically carried out

expensive cost accounting exercises to be able to justify how their charges have been arrived at.

“The point the FSF will make is the cost of doing business and providing the loan should be able to be included in the fee for a loan – that’s one element.

“The interest rate is something else. It should cover the cost of funds and risks inherent in loans.

“Charges need to relate to the cost of doing business, but the commission doesn’t seem to agree. If companies cannot recover their costs through fees, costs may end up being loaded into interest rates.”

TIMESCALE FOR LENDING CODE

The proposed roll-out of the lending code includes a

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reasonable amount of time for consultation and submission, which is a good thing but may create a double-edged sword.

The FSF says the first step is the information recently released by the government forming its discussion document, which is a precursor to the new rules.

"The whole process around the code will take time," says McMorran. "In about four weeks, we will have to make our submission on the document that will then inform the code's first draft."

After that first draft is released, there will be further opportunities for consultation and submission.

The code must go live in 12 months from when the bill was enacted, so that's early June next year.

But the longer the consultation period, the shorter the period will be to implement any changes brought about by the actual code itself.

McMorran says: "Lenders might have to alter working

practices, even if only in small ways if they are already responsible lenders.

"This could impact on the way they issue loans, their documents and computer systems – and how they all operate at the back end.

"Then there's staff training to consider in terms of what they will have to do and say in the future,



"Charges need to relate to the cost of doing business, but the Commerce Commission doesn't seem to agree."

– Lyn McMorran, executive director, Financial Services Federation

and making sure that's all correct.

"The June 6 deadline includes the consultation process as well as implementation for lenders, so we need the government to come up with the finished article as soon as possible."

THE RULES IN MORE DEPTH

The responsible lending code will affect how finance providers operate.

For instance, the government says advertising must not be misleading, deceptive or confusing.

This is because advertising that doesn't accurately describe loans "can cause consumers to make poor decisions".

be clear and in plain language, while information must not be presented in a misleading way because "it is essential consumers understand the effects of agreements before they sign".

The lender must make reasonable inquiries so it's satisfied funding will meet the consumer's requirements and objectives, and

Providers will have to help borrowers and guarantors reach informed decisions, and for them to be reasonably aware of contracts' implications.

The government says terms and any changes to them must

repayments can be made without substantial hardship.

A financier may rely on information provided by a customer unless there are reasonable grounds to believe it's unreliable.

The code will ensure

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Increasing protection

The Credit Contracts and Consumer Finance Amendment Act aims to tackle unethical loan sharks operating in the market.

"Rewriting the consumer credit laws was a leap forward for lending practices," says Consumer Affairs Minister Craig Foss.

"Lenders must now operate with skill, care and diligence in dealings with borrowers throughout the life of contracts.

"The responsible lending code will increase protection for borrowers without imposing unnecessary compliance costs on lenders who already have good systems in place.

"I look forward to feedback on what guidance to include in it to establish best practice."

All finance providers must comply with lender responsibility principles.

These include helping borrowers reach informed decisions about agreeing to loans and making enquiries so

consumers can make repayments without "substantial hardship".

Borrowers and their property will have to be treated reasonably, with respect and ethically.

Contract terms and the exercise of powers by lenders cannot be oppressive, while all legal obligations to borrowers must be met.

Submissions on the responsible lending code close on August 13 and the government expects it to be in place by March.

Visit www.consumeraffairs.govt.nz/legislation-policy/changes-to-credit-laws to find out more and take part in the consultation process.

Meanwhile, the maximum penalties for any offences committed under the act will become similar to those now in the Fair Trading Act.

The Commerce Commission will be able to issue notices requiring the payment of an infringement fee for minor breaches and some straightforward issues. ☺

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Lenders must exercise diligence

At a glance

The government will use feedback on its discussion document and draft responsible lending code before coming up with the final guidelines for consumer credit contracts.

In making that assessment, key criteria will be considered.

They include protecting consumers' interests, promoting confident and informed participation in credit markets by borrowers, and facilitating fair, efficient and transparent markets.

Another aim is to promote certainty for lenders and the Commerce Commission on how responsible lending obligations can be complied with.

The government wants to minimise compliance costs and avoid restricting consumer access to credit.

credit fees charged aren't "unreasonable" and are explained.

Lenders will have to treat customers and their property reasonably. This will apply when agreements are breached or problems arise, when debtors suffer unforeseen hardship and during repossessions.

"From time to time, consumers may find it hard to make repayments," says the government. "It's important borrowers are treated ethically.

"If a lender uses a debt collection or repossession agent, it is responsible for ensuring agents treat borrowers ethically.

"New rules from June 2015 will help protect consumers from irresponsible practices.

"For example, essential goods such as beds and fridges cannot be repossessed – except those purchased on credit – and consumer

goods subject to repossession must be identified in contracts."

The code's underlying theme will be for providers to exercise the care, diligence and skill of responsible lenders.

The government recognises most loans are provided responsibly, while assessing borrowers' abilities to repay and helping them understand their obligations will help ensure finance is repaid.

However, some practices mean people are provided with credit that doesn't meet their needs or they cannot pay back.

"The objective of responsible lending obligations is to reinforce and set good practices to protect consumers, and promote informed choices and effective competition in consumer credit markets.

More with Autofile Online

Autofile's in-depth coverage continues online with reports on what's in the discussion document for the responsible lending code and what structure it may take. We explore the lender principles in more detail, along with what legislative changes are in place now and what the June 2015 deadline entails.

Log onto www.autofile.co.nz to get up to speed on the issues affecting finance providers and car dealers.

"Principles will require lenders to exercise the care, diligence and skill of a responsible lender when advertising credit, and before and after providing it.

"The principles will also require lenders to comply with specific responsibilities." ☺

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Brakes put on marques

More manufacturers need to be fitting autonomous emergency braking (AEB) to new vehicles, say the AA and ANCAP.

The two organisations say marques are doing a good job on the safety front "but must try harder".

Nissan's Qashqai and Mercedes-Benz's C-Class have been awarded five-star ratings.

The German sedan has AEB fitted, but it's only available on Qashqais sold in Europe and is unavailable on models sold in this country and Australia.

The SUV does, however, have dual frontal and curtain airbags, anti-lock brakes, electronic brake distribution and electronic stability control as standard.

And the Qashqai's standard safety-assist technologies (SATs) include hill-launch assist, reverse-collision avoidance and lane support on some variants.

Stella Stocks, the AA's general manager of motoring services, says it makes little sense for AEB to be omitted from the local market.

"This technology can save lives

by helping to prevent crashes and I'm not sure why we're missing out," says Stocks, pictured.

"All manufacturers should do their utmost to bring AEB to the market," adds ANCAP chairman



Lauchlan McIntosh.

"The lack of it cannot be a matter of cost because it's available on other inexpensive cars.

Mercedes-Benz's C-Class also boasts a range of SATs in addition to AEB, which include an "active bonnet" for improved pedestrian head protection.

Meanwhile, SsangYong's Stavic – a two-wheel-drive seven-seat people mover – failed to shine in the offset frontal crash test and received four stars. Visit www.autofile.co.nz to find out why. ☺

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New dates beat 'mad rush'

Light Vehicle Brakes Amendment 2014 proposed using dates of registration as cut-off points.

But these reference dates will now be when a new vehicle is certified for entry into service and from when a used import is inspected at the border.

The Ministry of Transport (MoT) says these amendments have been made following industry "feedback noted this could require dealers to register unsold vehicles to ensure they complied with the rule".

A spokesman told Autofile: "Although this would only be an issue around the implementation dates of the rule, we wished to avoid unnecessary expense or paperwork."

The deadlines for different classes of used vehicles have moved out to March 2016, 2018 and 2020. Originally, they were January 1 for each of those years.

"We listened to feedback from stakeholders, which suggested the beginning of January is a disruptive time to introduce new requirements," explains the MoT.

The deadlines for used imports inspected at the border are now:

- ▶ March 1, 2016: Used class MC vehicles – four-wheel-drive SUVs and off-road vehicles.
- ▶ March 1, 2018: Used class MA vehicles – passenger cars – with engine capacities of more than two litres.
- ▶ March 1, 2020: All other used class MA, MB and NA light passenger and goods vehicles.

Meanwhile, all new class MA, MB, MC and NA light passenger and goods vehicles must have ESC fitted from July 1, 2015.

But this deadline fails to take into account a submission made by the Motor Industry Association (MIA), which was backed by the Motor Trade Association (MTA) and Imported Motor Vehicle Industry Association (IMVIA).

That was for the final date for new NA class vehicles – light commercials – to be pushed back to February 1, 2017.



The IMVIA asked for new ESC dates on used imports to avoid undue pressure on compliance shops, such as this one, around Christmas

The MIA says this will tie in with the mandatory ESC date in Japan and cites possible supply issues arising with a July 2015 cut-off point.

The government, however, says that New Zealand will now join the US, Canada, Japan, South Korea, Australia and European Union in introducing mandatory ESC for new light passenger vehicles.

BORDER INSPECTIONS KEY

David Vinsen, chief executive of the IMVIA, describes the ESC timetable as "sensible and pragmatic, and more or less what we requested".

As long as used imports are in the border-inspection system – either here or in Japan, for example – before March 1 of the relevant year, they will qualify to enter the fleet if ESC systems are fitted and working.

"This removes the problem of dealing with a mad rush to get vehicles complied by December 31," Vinsen told Autofile.

"It means implementing mandatory ESC will be much smoother and there will be less pressure on service providers, while importers and dealers can take more time to get their vehicles here and complied.

"It's basically the same as the exhaust emissions rule and substantially based on that procedure being successful, so we're pleased the minister has accepted that.

"There will always be some fudging around implementation dates, but the new rule will be in

place and its overall aims achieved."

Vinsen says the IMVIA requested the changes to avoid undue pressure on compliance shops from mid to late November caused by vehicles yet to be processed.

"These changes even that out. We're pleased the ministry realises there is a good precedent for this

and it has worked well in the past.

"We're also pleased with the way the ESC rule has been developed in collaboration with the industry and officials have listened to our concerns."

DEADLINES ARE 'PRAGMATIC'
The MTA, while recognising

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a fresh approach to dealer finance





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Biggest advance since seatbelts

mandatory ESC on all imports will improve the fleet's safety, has some reservations about deadlines for its implementation.

Tony Everett, manager of dealer services and mediation, says: "Globally, the technology is recognised throughout the industry as a significant contributor to vehicle safety with the potential to reduce accidents and save lives."

"The decision to make it mandatory follows many other countries and will bring New Zealand into line with industry best practice."

The MTA regards ESC timeframes for used imports as a pragmatic solution – although it cautions they may create issues with delivery of government plans to reduce the age of vehicles on Kiwi roads.

"The door is open for bringing in old cars for a few years yet," warns Everett.

"The MTA supported the government's proposed timings for used imports.

"That said, it still means without changes in entry standards – for example, around emissions – some very old vehicles could still be imported in the next five years.

position, part of which is based around encouraging newer vehicles."

Another part of the legislation the MTA supports – and one that will have much wider effects on repairers and car owners – is the requirement for light vehicles fitted with ESC to have it fully operational

safer speeds, safer road use and safer vehicles".

Zollner says: "Having more vehicles on our roads equipped with ESC will greatly reduce the risk of crashes resulting from a driver losing control."

The system has been described



“Having more vehicles equipped with ESC will reduce the risk of crashes resulting from a driver losing control.”

– Ernst Zollner, road safety director, NZTA

"We may still be seeing some 2004 models coming in at the end of 2019, which seems contrary to good sense by bringing in cars close to scrapping age.

"It also doesn't quite line up with the government's Safer Journeys

from July 2015.

"We anticipate this will become part of the standard warrant of fitness check from this time next year," says Everett.

The MIA is disappointed with the government's approach for used imports.

"The extended timeline afforded to them makes a mockery of tough requirements for new vehicles," says David Crawford, chief executive officer.

"Japan has been producing cars with ESC in volume since 2011, so why the government is waiting until 2020 to require passenger vehicles with engines of less than two litres in capacity to have it is a mystery.

"It's a step backwards in not taking the opportunity to quickly advance lifesaving technology in the New Zealand fleet.

"As a result of this decision, it will continue to be dominated by older used imports lacking the advanced safety technologies of new vehicles."

as the most significant advance in vehicle safety since the seatbelt.

The government says the increase in ESC fitment over the next two decades is expected to prevent 432 deaths and 1,992 serious injuries, including 22 deaths and 102 serious injuries prevented as a result of mandating it.

NEW COMMERCIALS ISSUE

The Motor Industry Association (MIA) has been calling for ESC to be mandatory on all vehicles crossing the border – new and used, passenger and commercial – for some time.

For example, it tabled a staggered roll-out in 2012. Those timings have long been superseded by events, so fast forward to July 2014 instead.

The association called for the government to push out the date for mandatory ESC in new light commercials – essentially vehicle class NA.

This would have meant this country falling in line with jurisdictions that supply utes and vans to New Zealand.

Instead, all new light passenger and goods vehicles certified for entry must have the system fitted from July 1, 2015.

The MIA submitted – and was supported by the Motor Trade Association (MTA) and Imported Motor Vehicle Industry Association (IMVIA) – for light commercials to comply from July 1, 2015, for new

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SAFER JOURNEYS ASPECT

The NZTA has welcomed ESC being phased in as a mandatory feature in light vehicles crossing the border.

The agency's road safety director, Ernst Zollner, says the Safer Journeys initiative seeks to create a transport system that's increasingly free of deaths and serious injuries.

It aims to improve safety by creating "safer roads and roadsides,



The deadline for new light commercials to comply with mandatory ESC requirements is July 1, 2015.

More with Autofile Online

Electronic stability control is a crash-prevention system that intervenes if it detects a vehicle is about to skid or lose traction. It's able to independently control the braking of each wheel to correct a vehicle and pull it back into line if it's out of control.

Log onto www.autofile.co.nz/tag/esc/ for more in-depth coverage on this issue. Visit www.transport.govt.nz/ourwork/land/electronic-stability-control for more information on the land transport rule.

vehicle models and February 1, 2017, for all models.

It says this would have been in line with the way in which Europe is implementing mandatory ESC for light commercials and the way in which Australia and Japan will be.

Also, many marques believe the government's deadline is too soon for a significant rule change.

The ESC rule provides no extra time for utes and vans to comply. While its uptake in new cars has been high, that's not the case with commercials.

There are also industry concerns about how the 2015 deadline will be viewed overseas, especially in markets that supply New Zealand essentially as an add-on to Australia.

Manufacturers worldwide are working to avoid regulations unique to one country and for the global harmonisation of standards.

VIEW FROM THE MINISTRY

The Ministry of Transport (MoT) says ESC "has been around for a long time now" and is widely available.

"The reason for mandating ESC is to realise benefits for road users sooner than would otherwise happen," it told Autofile.

"Its safety benefits are at least as great for class NA as for passenger vehicles, so we would have needed a good reason to recommend delaying the requirement for new class NA vehicles to have ESC.

"Furthermore, while almost all new passenger vehicles already have ESC, this isn't the case for class NA."

The MoT considered the possible supply of light commercials with July 2015's deadline.

"Taking account of sales figures, the market's recent quick response to increased demand and information from distributors

via the MIA among other factors, we do not expect any significant shortages in class NA vehicles resulting from the requirement," says a spokesman.

"It has been reported ESC will be required for light commercials in Japan from 2017.

"But our information from the Japanese Ministry of Land, Infrastructure, Transport and Tourism is that it will be required for new models from 2019 and all light commercials from 2021."

Autofile understands two local distributors also made ESC submissions in addition to the MIA.

One will be affected by 2015's cut-off point for new vans and utes and the other will be able to meet the deadline for vans, while most MIA members wanted it put back to 2017.

ADVOCATING FOR ESC

"The government has taken a step forward by requiring vehicles entering New Zealand to be fitted with ESC," says David Crawford, chief executive officer of the MIA.

"However, there are concerns some new light commercial models will be restricted for a period from July 2015, which will result in more used vehicles without ESC being sold.

"The MIA has been advocating for mandatory ESC for years because studies have shown significant reductions in single-vehicle crashes with improved results for four-wheel-drive vehicles over passenger cars.

"Fitting ESC in the Australasian fleet is associated with a 32 per cent drop in the risk of single-vehicle accidents in which the driver was injured.

"Various American and European studies have shown

similar outcomes, so mandatory ESC is an important step forward."

Crawford points out the system's adoption for cars and SUVs has been mandated in markets MIA members source stock from for some time.

"ESC in vans and utes has been mandated in the US, is being mandated in Europe, and will be mandated in Australia from 2015-17 and in Japan from 2019-21," he says.

"Given New Zealand sources new vans and utes primarily from Australian and Japanese manufacturers, the decision to require ESC to be fitted from July

2015 may restrict some supply.

"Several manufactures will not have replacement models available by then."

There has been a good uptake among marques for ESC to be fitted in cars but when the government has introduced other standards, there have been different dates for new vehicle models and all models.

"Europe has a two-date system for commercials and Australia will have one," explains Crawford.

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MTA stationery	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Benefits - save money with key business partners			
IT Advice	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Business Managers	Range of newsletters	Need a mentor <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Industry research	Specialist training <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Business Advice <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
FURTHER INFORMATION ABOUT MTA					
Website www.mta.org.nz		Events / get together		Free phone <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
CONTACT US					
Tony Everett 04 381 8827					

[continued from page 9]

Support of extended deadline

"Japan has a three-date system, but effectively it is two dates as the February 2017 requirement is for vehicles to continue to have ESC.

"The MIA feels it would pay to follow source countries by having introduction and close-off dates.

"That hasn't been done with light commercials having ESC and mandates cannot favour some manufacturers over others.

"Regulations should create fixed minimum standards and a level playing field. Distributors can only accept models from one manufacturer, whereas used importers can find another vehicle with ESC fitted.

"Australia is a bucket in the ocean when it comes to supply and sales, and New Zealand is like a drop from that in terms of volume.

"ESC is widely available. It will take more time for it to be built into

new NA models, but the industry will make this rule change work."

Several distributors are now in talks with overseas principals to try to find models to meet the tight deadline for light commercials.

TALKING WITH SAME VOICE
Support for the MIA's case has



"Regulations should create fixed minimum standards and a level playing field." – David Crawford, MIA

been voiced by the IMVIA and MTA, with the latter concerned franchises may be left without suitable stock for some buyers.

"With the rules around new cars, we are a bit surprised because the government's deadline timing

is in advance of supply," says Tony Everett, of the MTA.

"It's achievable in most sectors but we see potential issues in the NA category, which is on a roll here. Utes and vans are selling well right now, but there could be some gaps."

David Vinsen says the IMVIA supported having the date for new


The requirement was only known a few months later, but this may not have provided a good opportunity to consider supply there at that stage.

"We felt this compliance date could have been at a later stage and that's what we said in our submission," says Vinsen.


light commercials pushed back because of insufficient research available on compliance.

There was little in the shape of firm plans for ESC being mandated in Japan's commercial fleet back in October.








"In regards to the 2020 deadline for used commercials, we don't know what the supply in Japan will be like then. But we have five years' notice, almost six, to remind people to work around this new rule." ☺



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The end for Wheedle

Online auction site Wheedle is closing about two years after its launch with its sole funder, Mainfreight co-founder Neil Graham, deciding against further investment.

"Our aim was to create a commercially successful site where people could buy and sell online without costing users an arm and a leg," he says in a message to the website's members.

"More than 80,000 members backed us and we're proud of that achievement."

Graham was the largest of three shareholders in the Christchurch-based company where employees have been given notice.

Launched in October 2012, the site charged a flat-rate \$1 fee on items selling for more than \$20.

Soon after its launch, Wheedle was shut due to system problems before being relaunched in April 2013.

An "important notice to our loyal members" has been posted on the website's home page.

It states: "It is with regret we announce Wheedle is winding down. To recover funds in your account, please go to the refund page and provide appropriate information.

"The \$5 closure fee will be waived. If you have an item listed, the auction will run its term and outstanding transactions can be completed.

"Please contact us if you have any questions. Thank you for your support and best wishes from the Wheedle team."

Graham has invested millions into the venture and faced "doubters from the start, but we've given it our best shot," he says.

He's "sad to see it go," but believes he has taken the idea as far as it could go.

Ongoing health issues also contributed to his decision, says Graham, who has undergone brain surgery.

He had to learn to walk again after a benign tumour was removed in late 2011. ☺

Sporty look for activity coupe

BMW says hallmark features and elegance blend in its sports activity coupe for the premium mid-size segment.

The X4 range has high-performance engines and the xDrive all-wheel-drive system – as well as standard equipment features, such as variable sport steering, and performance control.

It's based on the X3's technical blueprint but is sportier. Large air intakes are positioned on the front end's outer edges and character lines in the front apron allow the X4 – with twin headlights and front fog lamps – to maximise its visual presence.

Swage lines along the flanks are split into two. The first section rises from the front-wheel arches to the rear-door handles, while the second part has rear-wing sculpting.

The X4 has space for up to five people with its standard 40-20-40

split rear-seat backrest.

Buyers can choose from petrol and three diesel e output ranging from 13!

The flagship petrol u the X4 xDrive35i develops 225kW and peak torque of 400Nm. It requires 5.5 seconds to get from 0-100kph.

Efficiency in the xDrive35d ranges from 6.7, 5.5 and 6l/100km with combined CO₂ emissions of 157g/km.

Its three-litre six-cylinder in-line engine generates 230kW and peak torque of 630Nm.

The two-litre diesel engine in the xDrive20d with eight-speed Steptronic transmission sets a benchmark for economy and emissions. Its four cylinders produce 140kW and peak torque of 400Nm.



The new BMW X4

Features include automatic start-stop when an eight-speed automatic gearbox is fitted, brake-energy regeneration and on-demand operation of ancillary units. Options include reduced rolling-resistance tyres, which cut the emissions on selected variants by another 7g/km.

BMW's ConnectedDrive features

include anti-dazzle high-beam assistant, driving assistant plus including lane-departure warning, active cruise control, preventive pedestrian protection and a collision warning system.

Information on the new model's local launch, such as its range, specification and pricing, will be released later this year. ☺

Concept to reality

Jaguar has revealed more details about its new premium sports sedan, with the XE being the first aluminium monocoque product in the segment.

The new model will also be the first user of the marque's Ingenium engines in four-cylinder two-litre petrol and diesel variants.

Jaguar says its new powertrains boast high output and fuel efficiency across petrol and diesel units.

The full line-up will enable the marque to offer vehicles with

Jaguar's new XE

"class-leading performance", including top speeds of more than 300kph and CO₂ emissions of lower than 100g/km.

The XE is the first product with advanced aluminium architecture that was showcased in the C-X17 concept car in 2013.

Jaguar says this brings lightness and stiffness for unbeatable handling, performance, refinement and efficiency.

Utilising the most flexible engine architecture produced by Jaguar Land Rover, it has an advanced design configured to suit in-line and transverse installations for rear-wheel-drive and all-wheel-drive configurations.

The marque says the XE name follows a logical progression, and the model is positioned alongside the XF and XJ sedans in the range.

Full technical and range details will be announced later this year with the global roll-out starting in mid-2015. ☺

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Small-town feel, big city services

Otago is a leading region for tourism, wool production, winemaking, design and specialised manufacturing, according to its profile published by Economic Development Minister Steven Joyce this month.

And the region's hub, also home to the University of Otago, is creating "investible opportunities in advanced manufacturing and health technologies".

Dunedin's biggest industry is tertiary education with students accounting for about 21.6 per cent of its population of 119,100.

City planner Glen Hazledine says: "Dunedin is more comfortable with itself than it has ever been. People are moving back who appreciate what it delivers – a small-town feel and big city infrastructure."

Like much of New Zealand, the city has been hit by manufacturing closures in recent years, and Lloyd Wilson, owner of Lloyd Wilson Motors, says the region has been under pressure for a while.

"We have all sorts of areas that are under pressure, including some government jobs," he says.

"We just lost a wood-products business and a mill has gone into receivership. I feel our city council needs to be more proactive in attracting jobs and manufacturing."

On the flip side, Neil Videler, dealer principal of Carbase Autovillage, describes Dunedin as "very resilient" and there are other provincial areas that have had worse happen.

"There are a lot of great reasons to come here and we're still largely undiscovered," he says. "We would like to have more jobs and that has always been a challenge here."



Otago University

"There are a lot of great reasons to come here and we're still largely undiscovered."

– Neil Videler

Employment and growth in Dunedin have generally been below average.

The council's economic development unit says this can be partly explained by its slow rate of population growth, which was about half the national average between 2000 and 2010 and below other New Zealand cities.

While the population is expected to increase, it's anticipated this will be at a rate behind the national average.

"Things have steadily improved since 2012 and they will continue to do so as long as we get some growth in our population," says Videler.

"Dunedin is about stability and lifestyle – and even the weather pattern has improved."

Muir Gold, dealer principal at Armstrong Prestige Dunedin, agrees that the city needs more residents.

"We can definitely do with a stronger population," he says. "The students tend to go back home a lot, but Dunedin slowly ticks away with a strong farming community while building activity is picking up again as well."

Earlier this month, the University of Otago unveiled plans to spend more than \$650 million on upgrading its campuses, which is set to spark a building boom.

Stephen Duff, dealer principal of Stephen Duff Mitsubishi, says the well-respected education establishment is a strong supporter of local businesses.

"The university is loyal and it purchases locally. Three or four different dealerships go to tender for its vehicle contracts and the best deal wins.

"Students, though, don't make a big difference for franchises

Used car sales for Dunedin - June 2013 to June 2014

	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
Jun '13	446	1507	656	2609	17.1%	57.8%	25.1%
Jul '13	470	1642	631	2743	17.1%	59.9%	23.0%
Aug '13	502	1647	738	2887	17.4%	57.0%	25.6%
Sept '13	467	1488	614	2569	18.2%	57.9%	23.9%
Oct '13	514	1554	685	2753	18.7%	56.4%	24.9%
Nov '13	485	1582	663	2730	17.8%	57.9%	24.3%
Dec '13	455	1486	665	2606	17.5%	57.0%	25.5%
Jan '14	464	1681	677	2822	16.4%	59.6%	24.0%
Feb '14	444	1604	664	2712	16.4%	59.1%	24.5%
Mar '14	490	1750	673	2913	16.8%	60.1%	23.1%
Apr '14	467	1707	610	2784	16.8%	61.3%	21.9%
May '14	492	1812	690	2994	16.4%	60.5%	23.0%
Jun '14	460	1618	688	2766	16.6%	58.5%	24.9%
Annual total	5710	19571	7998	33279	17.2%	58.8%	24.0%
Change on June 2013	3.1%	7.4%	4.9%	6.0%	18.7%	56.6%	24.6%
	National YTD average				18.7%	56.6%	24.6%

City vehicle sales - June 2013 to June 2014

	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
Jun '13	249	187	12	138
Jul '13	280	188	17	120
Aug '13	247	200	14	122
Sept '13	222	197	17	92
Oct '13	216	163	19	117
Nov '13	251	215	18	120
Dec '13	250	161	12	103
Jan '14	249	215	20	84
Feb '14	238	211	21	103
Mar '14	253	287	23	149
Apr '14	255	223	21	116
May '14	313	228	22	158
Jun '14	279	246	16	176
12-month total	3053	2534	220	1460
NZ sales - past 12 months	113687	86980	7051	33994
% of national sales	2.7%	2.9%	3.1%	4.3%
Change on June 2013	12.0%	31.6%	33.3%	27.5%
POPULATION	NEW ZEALAND	DUNEDIN	%	
	4,524,000	126,000	2.8	





because they tend to go for budget-end cars."

Duff says take-up rates for finance in the city tend to be lower compared to other centres because buyers in Dunedin are "conservative".

He adds: "There's a lot more equity ownership and not a huge finance penetration. It's way less than the North Island by comparison."

"The average house price here is about \$290,000, so it means people don't have the same level of debt to try to service."

'IT'S A SCOTTISH THING'

Between July 2013 and June 2014, there were 7,998 trader-to-public transactions in Dunedin.

There were also 3,053 used imported cars and 2,534 new cars sold – an overall increase of 21 per cent on the previous 12 months.

Wilson says the market has been better than last year. "We've seen it settle down, it's been a bit patchy and we're still having job losses, which causes uncertainty."

"This means there's hesitation in making decisions and the slower market is a reflection of that."

Greg Scott, of Scotts Auto Sales, says: "Things are ticking along with our catchment covering the whole region from central Otago to Timaru."

"Finance is a mixed bag here

because you get a lot of people buying outright. We can do a better finance rate than the banks, but take-up has been a bit less compared to previous years.

"The amount of cars sold is consistent. It's a Scottish thing, never too many highs or lows, and it has always been the same game in that some models surprise you."

Videler believes there are still more buyers out there, but the market share per dealer is incredibly hard to get a gain on.

"The new car market is busy and trades of less than \$10,000 are healthy but competitive," he says.

"Dealers in Dunedin have to have a strong focus on relationships because it often takes three visits for a customer to buy a car and you have to win his or her confidence."

"Everyone has a bit more time to take a bit more care over their purchasing decisions."

SOLID COMMERCIAL SALES

There were 1,460 sales in the new commercial vehicle segment between July 2013 and June 2014. Registrations of used commercials came in at 220.

This was a 24 per cent increase for sales of light commercial vehicles over the previous year.

"Nationally, the new vehicle market is strong and there is confidence in the economy, which is driven by the rural sector," says Duff.

"There is a wide cross-section of farmers in Otago and many are trading in vehicles that are overdue, and the majority purchase in Dunedin because it's the biggest centre."

Duff says the weather has also played its part in pushing up sales of commercials, with no major drought or extreme cold that can hurt



Neil Videler, dealer principal of Dunedin Kia, with his global Platinum Prestige Award. It's given to Kia dealers for excelling in customer relations, standard of facilities, service and sales

farmers' confidence and pockets.

"Our current customer base appears to be loyal," he says. "You can't beat good service over a few dollars."

Gold says the luxury marques are strong in the city. "We have a lot of farming clients and business people, and also sell a lot of vehicles throughout New Zealand."

"There seems to be quite a bit of money around and a lot of businesses are doing well."

"Dunedin is such a good place to live, average house prices are affordable and you can fly straight into Auckland, which is only two hours away." ☺

Did you know?

The University of Otago is New Zealand's oldest university and it was the first to admit women to all its classes.

The Otago Daily Times is the country's first daily and oldest surviving independent newspaper.

Dunedin has the highest concentration of postgraduate qualifications of any New Zealand city.

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NEWS in brief

Review into annual vehicle licensing continues

The NZTA is investigating ways to encourage people to pay annual vehicle licensing on time, such as "smarter ways of communicating" via email and text-message reminders.

New payment options and channels may give motorists more choice and, for those financially constrained, a greater ability to manage how they pay.

The agency is also looking at making online payments "more attractive, intuitive and easy to access", and introducing mobile-device capability. In future, online customers may be able to print temporary licence labels.

About 82 per cent of rego payments goes to ACC and the rest is for the National Land Transport Fund, but infringements cost about \$45 million to enforce.

Some submissions during the Vehicle Licensing Reform's consultation process suggested the ACC levy and land transport charges should be collected by other means, such as a petrol tax or road-user charges.

But fundamental reforms weren't considered because the government and ACC have been investigating other ways to collect vehicle levies.

Ford powers to hat-trick of worldwide engine awards

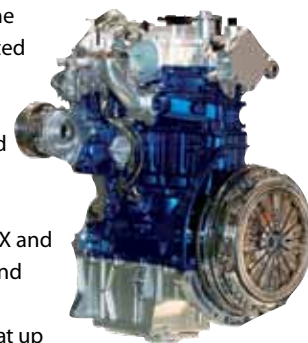
A powertrain fitted to some Fords, including the new Fiesta Sport in New Zealand, has been voted international engine of the year for the third consecutive year.

The one-litre EcoBoost, which was launched in Europe in 2012 with the Focus, is now available in nine more Fords.

They are the Fiesta, B-MAX, EcoSport, C-MAX and Grand C-MAX, Tourneo Connect and Courier, and Transit Connect and Courier.

The engine's low-inertia turbocharger spins at up to 248,000rpm, which is almost twice the maximum in Formula One cars, while the cast-iron block can fit in a plane's overhead luggage compartment.

It has an aluminium cylinder head with an integrated exhaust manifold that lowers exhaust temperatures for optimised fuel-to-air ratio.



Four-ringed marque announces record global sales

Audi has achieved the best first half-year in its history with year-on-year sales growth of 11.4 per cent amounting to about 869,350 units.

In June, it delivered around 155,450 cars globally, exceeding the figure in the same period last year by 10.8 per cent.

The marque's sales went up by 14.6 per cent to 60,000 in Asia-Pacific last month with the year-to-date total rising by 11.7 per cent to 318,750 units.

In New Zealand, the S and RS make up 24 per cent of its total purchasing mix, which was the highest figure worldwide.

"We've always been aware of the attraction Kiwis have to our S and RS performance vehicles, but to be acknowledged at the highest level for our sales share is validation of that," says Dean Sheed, general manager of Audi NZ.

"Feedback on our sports models has never been better, with the fleet now covering our SUV family through to the high-end RS6, RS7 and S8."

Visit www.autofile.co.nz for more on this story.

Correction – Celia Patrick and the NZTA

Autofile acknowledges Celia Patrick has not departed the NZTA as stated in the hard copy of the July 5 issue.

Ms Patrick has been at the agency since late 2011 and continues in her role as general manager of access and use. Autofile apologises to her and the NZTA for this error, which has been corrected in the magazine's online version. ⊕

Interior space boosted by design

Volvo believes its XC90 revolutionised the SUV segment with its combination of space, versatility and safety when it was launched in 2002.

Now the 2015 model will be the first to use Volvo's scalable product architecture (SPA).

This creates more design possibilities, improves driveability and allows the inclusion of latest safety features and connected technologies, while also increasing interior space.

The seats free up interior space for passengers in the second and third rows to make the XC90 a seven-seater.

Standard seats are available with smooth power operation, including adjustable side bolsters, cushion extension, multi-directional lumbar support and vertical adjustment of the headrests.

Three settings can be stored in



Inside Volvo's all-new XC90

the memory, while ventilation and massage functions are optional.

The SUV, which will be released next year, can be specified with a four-zone climate system with individual settings for front-seat and second-row occupants.

A separate unit for the third row will be standard or optional depending on the market.

The interior combines soft leather and wood with hand-crafted details, such as a gear lever made from crystal glass and

diamond-cut controls for the start-stop button and volume control.

A tablet-like touchscreen control console forms the heart of the in-car control system, which is virtually button free.

Under the bonnet, there will be up to 400hp and CO₂ emissions of about 60g/km, which is an unprecedented ratio in the SUV segment.

The manufacturer says this is possible due to new Drive-E engine options that will gradually

be rolled out across Volvo's line-up.

The D5 twin-turbo diesel engine produces 225hp and the D4 turbo-diesel engine is rated at 190hp. The petrol T6 is super and turbocharged for 320hp horsepower, and the T5 turbo generates 254hp.

The plug-in hybrid variant will combine a two-litre, four-cylinder supercharged and turbocharged Drive-E petrol engine to power the front wheels with an 80hp electric motor for the rear wheels. ⊕

Storm in three forms



Holden's VF Storm sedan

Holden has launched a VF Commodore Storm special edition with sedan, ute and sport wagon versions.

The Storm is based on the SV6 and SS models that offer high-tech standard equipment, such as auto-park assist, blind-spot alert, rear-view camera with traffic alert, and the marque's MyLink infotainment system with an eight-inch colour touchscreen display.

"The SV6 and SS have always been our sporty models while also doubling as cars for all occasions," says Marnie Samphier, Holden's general manager of marketing.

"The Storm takes that appeal to

another level and is an attractive option for customers.

"VF sales are up 27 per cent so far this year, which is more than 134 units, and we believe this special edition will add to that success."

Its extras include satellite navigation, alloys with a dark finish on the wheel ports and front fog lamps with chrome highlights.

There are also unique interior touches, such as red stitching on seats and Storm embroidery on the dash, and exterior badges.

The special edition costs an extra \$1,000 above the recommended retail price of the VF SV6 and SS – \$55,490 and \$61,490 respectively. ⊕

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Intelligent vehicles and roads

Much is now coming out about “intelligent” vehicles and our road network, so what is it all about?

What we are seeing is “artificial intelligence” being used more and more in automotive applications.

We started off with on-board computers running engine management systems that handled the basics and were interrogated by hand-held scanners.

Now we have sophisticated computer systems in vehicles that operate not only the engine management, but also emissions, brakes, transmissions, electronic stability control and supplementary restraint systems.

Other applications include adaptive cruise control whereby sensors at the front of the car locate vehicles ahead and adjust the speed to ensure it travels at a safe distance behind the vehicle or vehicles in front.

Many of these vehicles incorporate CAN-bus – or controller area network – systems.

These involve multiple electronic control units (ECUs) operating many systems.

They share a common bus – or wire – whereby you may, for instance, put an indicator switch to turn right and the ECU will send an electronic pulse at a frequency that will only be picked up by the indicator lamps on the right-side of the car to set them flashing.

In the very near future, we will see cars that will use telematics to communicate with other vehicles

in close proximity on the roading network, as well as communicating with a central controller of the network to identify road hazards.

These will include roadworks and crashes while interfacing with GPS in-car navigation systems to suggest alternative routes so drivers can avoid these hazards.

Intelligent transportation systems (ITS) are a group of new technologies designed to improve road safety and to support the more efficient use of transport infrastructure.

Dedicated short-range communication (DSRC) is an emerging wireless ITS technology developed to transmit safety and traffic



MALCOLM YORSTON
IMVIA membership and technical services manager

information over short distances.

One of the issues we will face in the future is that of radio frequency spectrum.

The European Union (EU), US and Canada have allocated frequency in the 5.9GHz range.

Japan and Korea have allocated 5.8GHz as the spectrum for intelligent vehicle systems, which in New Zealand has already been allocated for equipment in the existing general user radio licence (GURL) band, including garage-door openers.

It appears the 5.9GHz band might, in general, be suitable for ITS applications in this country, although co-ordination with

satellite uplink stations – and possibly adjacent fixed links – would be required.

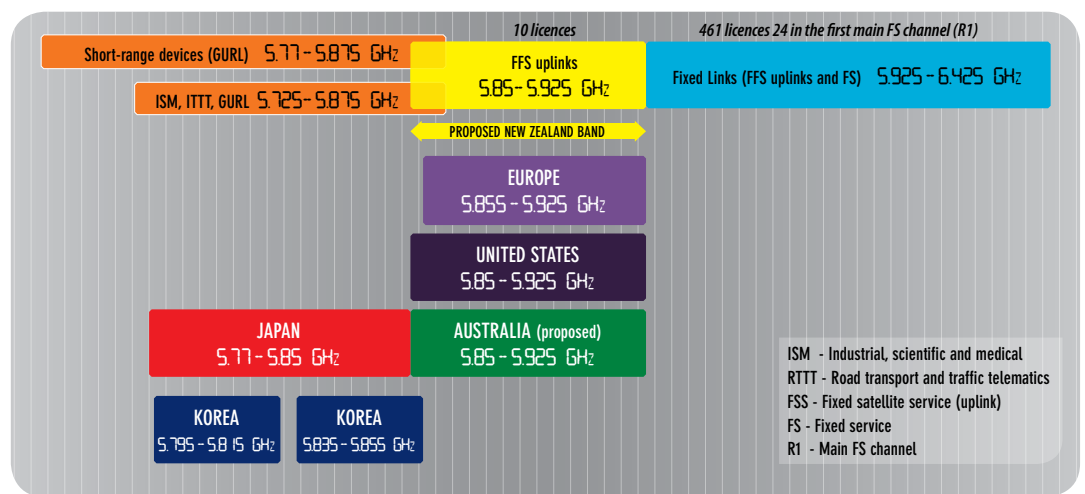
The Ministry of Transport (MoT) has drafted a discussion paper on the allocation of spectrum for DSRC.

However, it has decided to delay the release of that document in light of uncertainty about the outcome of ongoing work to harmonise EU and US standards.

If compatible with other uses, New Zealand may be likely to favour a joint US/EU standard for its own use, but until the details of this standard are clear it may be difficult for users of adjacent bands to judge the possible impacts on them.

The MoT, therefore, plans to release the discussion document for consultation when there is more clarity about long-term ITS standards. ☺

Short-range devices general user radio licence (GURL) band



This graphic shows the current New Zealand allocations and major international dedicated short-range communication proposals

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How to protect vehicle buyers

The simple truth is that most of us are underinsured because we neglect to update our insurance to match our current liabilities.

Most of us believe we will get around to evaluating our insurance needs later – when we have more time, more money or more possessions.

But “later” seldom comes until illness, injury or death meets us head on.

Don’t try to sell an insurance product – instead share a plan to protect the new loan in the event the customer cannot make his or her payments due to injury, illness or redundancy.

Describe this protection as something that will provide freehold title for a loved-one if the client meets St Peter before the loan term is up.

You can do this by offering your customers a payment protection plan, which is tailor-made to safeguard their good credit in the event of untimely illness, injury, redundancy or death.

It pays out in addition to other insurances customers may have through their work or other providers.

Present the benefits of this valuable plan to everyone who

qualifies for the coverage because your clients have the right to make the choice for themselves.

But how can they make informed decisions without knowing all the facts about the benefits?

It’s estimated that 97 per cent of New Zealanders have their ability to work as their only source of income.

If the new loan they are incurring would be a burden to their families following an accident, illness, redundancy or death, this protection would come in very handy.

Your goal is to ensure you offer this to 100 per cent of your customers 100 per cent of the time.

You must keep your presentation of payment protection plans consistent and simple.

Customers will not want to default on finance and potentially have a car repossessed, so they will want protection if they become unable to make their finance payments.

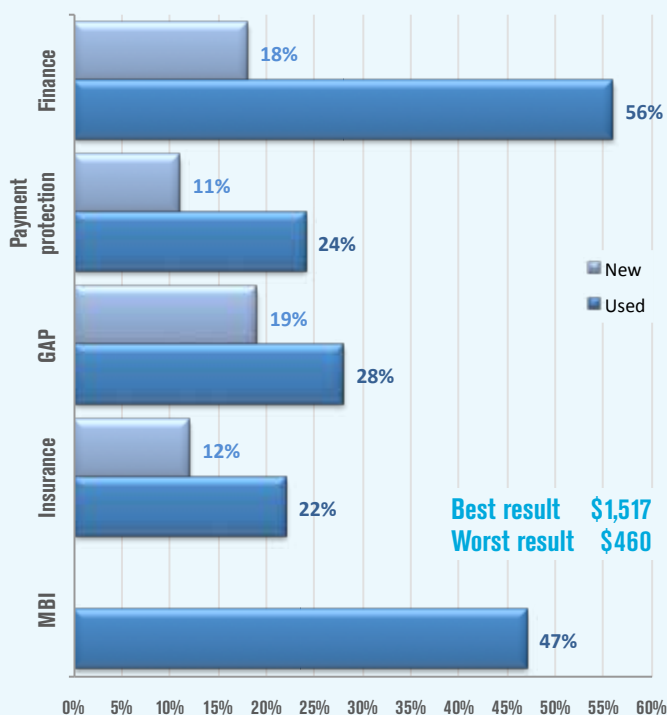
You just need to offer the benefits of the policy and let them decide. It doesn’t make a significant difference in the payments, but it could have a significant impact on their lives.

“Customers will not want to default on finance and potentially have a car repossessed, so they will want protection if they become unable to make payments.”

– Erin Mills, business coach, Protecta Insurance

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Dealers' claims new clutch was fitted to car ruled 'untruthful and misleading'

Background

Jannine Parbery bought a 1998 Nissan Sentra sight unseen on December 22, 2013.

The invoice stated the sellers were Jacinda Buzzard, trading as J&S Motors, and Shane Boote, trading as Shane Boote Motors. The two registered dealers operated as a sole trader from the same address.

Parbery produced a copy of the Trade Me auction advert, which described the car as having a new clutch.

After taking delivery, she experienced a fault with the clutch and found out the car didn't have a new one, but simply had a new clutch plate fitted six months before she bought it.

Parbery sought compensation for the cost of having a new clutch fitted.

The issues raised were whether the traders misrepresented the vehicle.

Section nine of the FTA states: "No person shall, in trade, engage in conduct that is misleading or deceptive or is likely to mislead or deceive."

The case

The advert described the car and listed its features. It included the words "new clutch", "average condition" and "I am a motor vehicle trader licensed".

Parbery was attracted by the new clutch claim because she had to replace one in another vehicle and knew it was costly.

She was also attracted because it was being sold by a registered trader and not a private seller.

Parbery didn't inspect the car before buying it and was the highest bidder at \$2,260.

She texted Buzzard to pick it up and asked for the paperwork, including the receipt for the clutch.

Buzzard said she was selling the car for her partner, who was in Australia because a family member had died.

Her reply stated the new clutch's papers were in the glove box and her partner obtained it.

Parbery collected the vehicle on December 23. Buzzard invited her to test drive it but she declined.

She wasn't supplied with a consumer information notice signed by Buzzard or asked to sign a copy of it as traders are required to in the Consumer Information Standards (Used Motor Vehicles) Regulations.

The invoice given wasn't a GST invoice, but one bearing a stamp with Buzzard and Boote's names, and an email address for J&S Motors.

Buzzard also gave Parbery J&S Motors' business card, which had both traders' names on.

Parbery said the car's interior was in poor condition and below the traders' description of "average condition".

But she accepted it because she didn't inspect the vehicle before buying it and didn't seek a remedy for any misrepresentation of the interior.

Parbery texted Buzzard about the interior's trim after she collected the car. That message made no reference to its clutch, which she said she noticed was faulty when she first drove it.

She produced an invoice found in the glove box. It was from Clutch Systems (NZ) Ltd, was dated June 26, 2013, and was for a clutch plate sold for \$55.

Parbery was unable to describe the nature of the fault but was sufficiently concerned to take the

vehicle to her mechanic – Mike Grove-Merritt, of Millstone Mechanical.

He confirmed test driving the car on December 23. The clutch jerked and didn't engage gears smoothly. He estimated \$650 to \$750 to replace it, including GST and oil.

Grove-Merritt said the clutch cable was new but fully adjusted. From examining the gearbox's bell housing, suspension and driveline fasteners – which have to be removed to change the clutch – he believed the clutch hadn't been replaced.

Boote said he bought the car for \$2,000 on June 25, 2013, and the clutch was so badly worn it was undriveable.

He purchased a clutch plate and had it fitted by Brendon Pycrofr, of Rex Russell Automotive.

Boote agreed fitting a clutch plate didn't amount to a new clutch, and its cover and bearing hadn't been replaced.

When he bought the car, he said it had a new clutch cable fitted by the previous owner.

Boote said Parbery bought the vehicle cheaply in a \$1 reserve auction after seeing it had been previously advertised for \$3,440.

He thought she brought her claim to get a further reduction off an already cheap price.

Pycrofr fitted the clutch cable and plate, test drove the car and said the clutch worked well. He didn't replace the clutch cover or bearing because they appeared to be alright.

The finding

The tribunal was satisfied – after listening to Boote and Pycrofr

The case: The buyer of a Nissan Sentra experienced a fault with its clutch immediately after taking delivery of it and later discovered that it didn't have a new clutch as advertised on Trade Me.

The decision: The tribunal ruled the two dealers involved misrepresented the car and in doing so breached section nine of the Fair Trading Act (FTA). Their advert was the effective cause of the purchaser's loss.

At: The Motor Vehicle Disputes Tribunal, Christchurch.

– that a new clutch hadn't been recently fitted.

All Boote had done was have a clutch cable and plate fitted six months before selling the car.

The tribunal didn't consider that constituted fitting a "new clutch".

To replace one, a full clutch kit comprising the cover, release bearing and plate should have been fitted after machining the flywheel.

That didn't happen so the traders' claims a new clutch had been fitted were deemed untruthful and misleading.

The tribunal was satisfied a reasonable buyer would have been misled.

It was satisfied the traders misrepresented the car and breached section nine of the FTA, and the advert was the effective cause of loss or damage.

For the tribunal to consider ordering damages, the person in whose favour the order is contemplated must have suffered – or be likely to suffer – loss or damage because of misleading conduct.

It ruled there was a clear nexus between the dealers' behaviour and Parbery's decision to buy.

Order

The traders had to pay the buyer \$620. The tribunal considered this to be the cost of a new clutch and for the flywheel to be machined. ☺

GET THE LATEST IN AUTOMOTIVE NEWS

Tribunal rules the purchaser failed to prove any faults existed with vehicle

Background

Upcycle Limited bought a new Nissan Juke for \$31,990 from Infinity Automotive Ltd, trading as West Auckland Nissan, in December 2012.

It rejected the car because it claimed it had an intermittent starting fault the trader failed to fix and wanted a refund.

The trader denied there was problem and said the buyer wasn't entitled to reject the vehicle under the Consumer Guarantees Act (CGA).

Section six of the CGA imposes on a supplier and the manufacturer of consumer goods "a guarantee that the goods are of acceptable quality".

The case

In this application, the purchaser was a company. Its owner, Mr A Hong, bought the car new in the purchaser's name on December 22, 2012, for use by his wife Mrs M Kim. He told the tribunal the vehicle was returned on a number of occasions after it was bought.

Unfortunately, neither he nor Kim could recall with any accuracy dates on which it had been taken back to the dealer and for what reasons it was returned.

The tribunal's understanding of the occasions the vehicle was returned and the reasons were based on work orders and invoices produced by the trader and evidence given by its service manager, Mr M Hailstone.

The car was returned on May 27, 2013, because of a noise made in reverse that sounded like the brakes. The front and rear pads were cleaned and lubricated before the vehicle passed a road test.

The dealer rechecked the vehicle on June 10 and a noise from the front disc brakes was heard. The brake rotors were skimmed and the shims re-greased before a road test.

Another noise was the cause for it to be taken back on November 27.

The key battery was reported as not always starting and the left rear window was making a noise when being opened.

No faults were found with the car, which passed another road test, and the battery in the key's remote was replaced. The temperature of the air conditioning was also checked.

On December 5, the buyer discussed his concerns with the trader.

These were an intermittent noise in reverse and a noisy back window, while it was reported the "start button locked itself" if the car wasn't being used.

The trader stripped and lubricated all brakes. It checked the window and the remote for the starter, and found both were okay.

On December 21, the purchaser sent a letter to the dealer saying the vehicle made a noise while reversing, which had eventually been fixed, but there was also a problem with the start button it hadn't repaired.

The buyer claimed the trader had many chances to fix the start-button problem, but had failed to do so and it wanted a replacement vehicle or a refund.

Mr Martin, branch manager, replied by email on January 9 saying the noise experienced while reversing wasn't uncommon.

He said it was generated by

the brake callipers moving backwards on their guides.

This could be improved by adding extra grease to the slide pins and skimming the disc rotors, both of which the trader had done, and Martin believed the issue was no longer present.

He said the dealer needed to experience the problem to identify if there was an issue with the start function and asked the buyer provide a detailed brief on what occurred when the car was attempted to be started and, if it successfully started, what had been done to achieve that.

The trader said it would provide the purchaser with a loan vehicle and keep his car at the dealership so it could be repeatedly tested.

The buyer filed an application with the tribunal for a replacement vehicle or a refund on March 13.

The application included what appeared to be a quotation from West Motors, of Henderson, for \$7,130 for a key set at a cost of \$3,500, and something referred to as a "master brake bag" of \$1,500 and "R&R parts" of \$1,200.

There was no explanation of the diagnosis or tests done to establish the need to replace the parts.

The buyer failed to produce any other evidence to support its claim the start function didn't work or was unreliable.

The trader, represented by dealer principal Mr J Jarvis and Hailstone, said the noise made by the vehicle in reverse had been fixed as had the window noise.

The only issue remaining was the claim there was an intermittent issue with the start button.

The case: A company wanted to reject a Nissan Juke by claiming it had an intermittent starting fault the trader failed to remedy within a reasonable time, but the dealer denied the vehicle was faulty.

The decision: The tribunal ruled that apart from noisy brakes, the car was probably free of minor faults at the time of sale as any reasonable consumer would expect so the application was dismissed.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Jarvis said the mechanism was designed not to operate unless the foot brake was depressed at the same time, otherwise the car wouldn't start and the procedure would have to be repeated.

The finding

The vehicle had been driven about 13,000km according to the buyer's application.

The tribunal considered on the basis of the evidence provided – apart from the noisy brakes when reversing, which wasn't an uncommon issue – the car was probably free of minor faults at the time of sale as a reasonable consumer would expect of a new Nissan Juke sold for \$31,990.

It wasn't satisfied the buyer established there was an intermittent fault with its starting system.

The trader's service manager gave evidence that although this claimed fault had first been drawn to its attention on November 27, 2013, and the battery had been replaced in the remote, the battery had 3.1 volts and was still working properly.

Order

The application was dismissed. The tribunal ruled the buyer failed to prove there was anything wrong with the car. ☹

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AROUND THE COUNTRY

June 2014

BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR

(JUNE 2014 vs JUNE 2013)

BIGGEST INCREASES

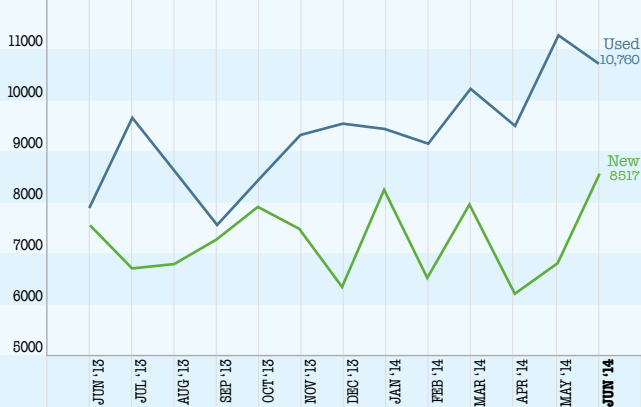
NEW		USED	
Rotorua	▲ 70.0%	Wanganui	▲ 86.0%
Oamaru	▲ 44.4%	Westport	▲ 80.0%
Tauranga	▲ 42.5%	Nelson	▲ 77.7%

BIGGEST DECREASES

NEW		USED	
Timaru	▼ 16.2%		
Palmerston North	▼ 14.1%		
Gisborne	▼ 2.9%		

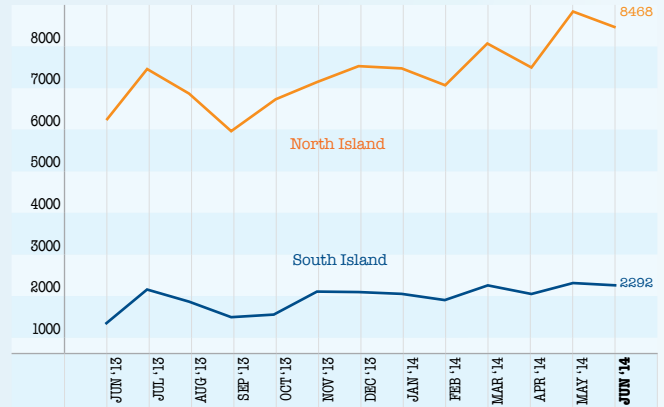
PASSENGER VEHICLE REGISTRATIONS

NEW versus USED



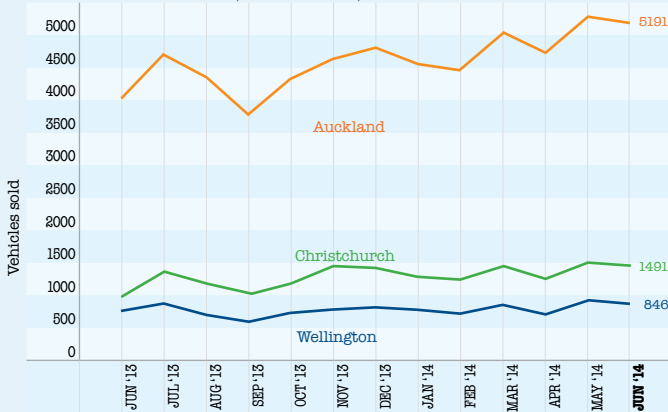
USED VEHICLE REGISTRATIONS

NORTH ISLAND versus SOUTH ISLAND

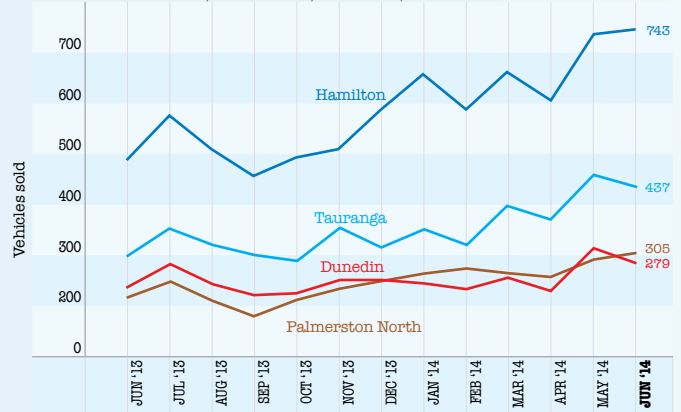


USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY

AUCKLAND, WELLINGTON, CHRISTCHURCH



HAMILTON, TAURANGA, DUNEDIN, PALMERSTON NORTH



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Nagoya	18 Jul	2 Aug	17 Aug	3 Sep
Yokohama	19 Jul	3 Aug	18 Aug	4 Sep
Auckland	6 Aug	19 Aug	6 Sep	20 Sep
Wellington	13 Aug	24 Aug	13 Sep	27 Sep
Lyttelton	9 Aug	22 Aug	8 Sep	4 Oct

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Used imports fall from recent high

The number of used passenger vehicles imported into New Zealand during June dropped substantially following this year's record high in May.

Last month's total came to 10,569, which was 5,945 less than the 16,514 units in the preceding period.

This brought the year-to-date total of used imported cars to 69,346 and, in doing so, ended a run of five consecutive monthly increases.

In the first quarter of this year, 29,154 units crossed the border compared to 21,559 in the same period of 2013.

The second quarter of 2014 has seen 40,192 used cars imported, which stacked up against 29,387 during the corresponding months of last year.

Gregory Scott, of Scotts Auto

Sales in Dunedin, says: "The past couple of months have been good for business and they picked up a lot when compared to April.

"There has been a big delay getting stock down here and the vehicles still have to go through compliance, so it's taking more than three weeks to get them onto the yard.

"It's really difficult to get a hold of light commercials and SUVs because the stock hasn't been readily available.

"Just looking at the fleet, a lot of people are driving older cars and repairing them, and they seem to be spending money at the mechanics."

Scott reports the prices that can be achieved for SUVs in New Zealand have gone up, while it's now a lot more viable to sell a car at \$7,995.

Shane Henderson, of Automania in Hamilton, says the strength of the New Zealand dollar has been favourable in making the importation of used cars easier and more affordable.

"We're in the process of trying to find a new site at this stage, but there seems to be a shortage of vacant dealer sites in Hamilton," he told Autofile.

"For everybody who gets out, there's always someone wanting to jump back in."

The number of used cars imported from Japan amounted to 10,051 in June – a drop of 5,865 compared to May.

The year-to-date total from Japan is 66,077, or 95.1 per cent of all pre-owned imported passenger vehicles.

June's total from Australia remained strong at 266, which was

behind 286 in May but joint second best for the year so far with April.

Used cars imported from the UK came to 126 – the lowest monthly total of 2014 and 43 fewer than May.

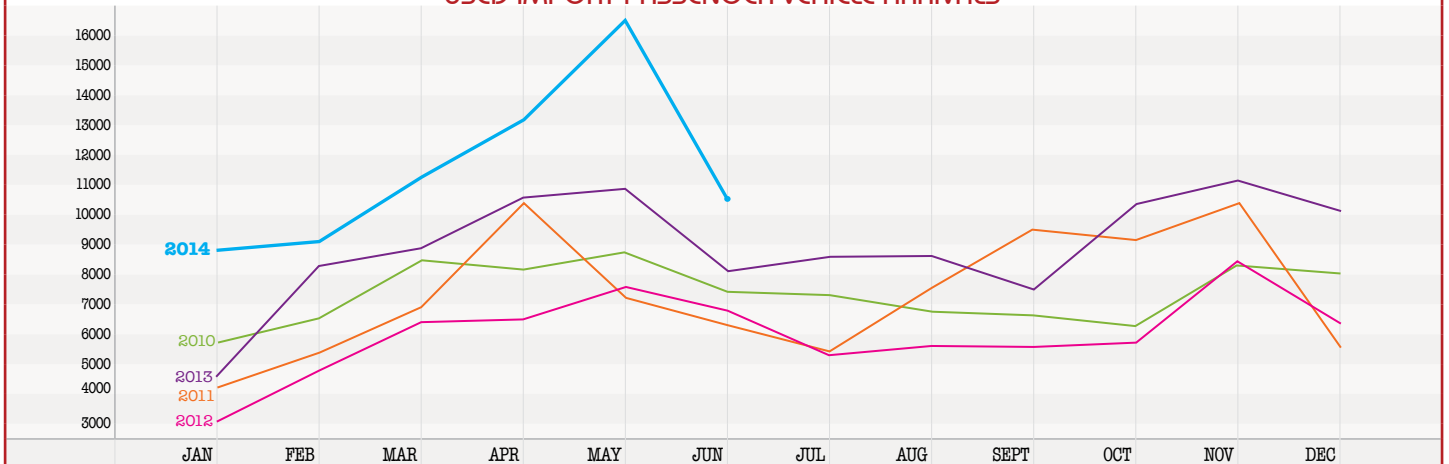
The US rounded off the top four with 90 units compared to 105 in the previous month.

The number of used commercial vehicles crossing the border last month came to 463. June was the third highest month of the year after May with 516 and 468 in April.

The year-to-date total is now 2,511 with 2,269 used commercials having been imported from Japan, 107 from Australia and 83 from the UK.

Meanwhile, Ports of Auckland's forecast is for 13 roll-on, roll-off vessels to berth this month, with the number dipping to 11 in August. ☺

USED IMPORT PASSENGER VEHICLE ARRIVALS



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2014								2013						2012	
	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUN SHARE %	2014 TOTAL	Q1	Q2	Q3	Q4	2013 TOTAL	MRKT SHARE	2012 TOTAL	% TOTAL
Australia	208	264	238	266	286	266	2.5%	1528	385	464	503	638	1990	1.9%	1199	1.6%
Great Britain	208	133	142	151	169	126	1.2%	929	664	716	737	791	2908	2.7%	2730	3.7%
Japan	8268	8599	10695	12548	15916	10051	95.1%	66077	20148	27869	23072	29695	100784	93.9%	67442	92.6%
Singapore	15	19	19	29	17	18	0.2%	117	31	26	41	48	146	0.1%	154	0.2%
USA	81	60	148	104	105	90	0.9%	588	266	248	307	384	1205	1.1%	976	1.3%
Other countries	27	18	12	11	21	18	0.2%	107	65	64	63	59	251	0.2%	336	0.5%
Total	8807	9093	11254	13109	16514	10569	100.0%	69346	21559	29387	24723	31615	107284	100.0%	72837	100.0%

Mixed views on used market

Sales of second-hand cars by dealers to the public last month went up compared to June 2013, but the overall units sold dropped compared to May 2014.

Traders sold 15,921 units to private buyers this June compared to 15,247 in the same month of last year – an increase of 4.4 per cent.

However, this was down on May's total of 17,563, which in turn was a 0.5 per cent drop on May 2013.

Oamaru recorded a 37.9 per cent increase in dealer-to-public sales – up from 58 in June 2013 to 80 last month, while the numbers in Napier jumped by 15.8 per cent from 461 to 534.

Allan Patterson, of Derwent Cars in Oamaru, says business

isn't too bad and on a par with this time last year.

"We're selling more of the smaller cars, while the bigger ones are on a downward trend," he told Autofile.

"You go like hell for a month and then the brakes come on again, so there's nothing consistent.

"I've been talking to a few dealers in Christchurch and they're saying the same thing, while I don't think the school holidays have a heck of a lot to do with sales trends.

"Imported cars are getting harder to buy and goodness knows how many wholesalers have dried up, so we buy directly from Japan.

"The yen's good and looking like it will stay there. Two or three

years ago, it was sitting between 65 and 69. Now it's in the late 80s.

"We sell a lot of Tiidas and I would say the main sellers are Nissans – the Bluebird and Teana, which is a damn nice car."

Muir Gold, of Armstrong Prestige in Dunedin, says: "We sell a lot of late-model second-hand cars.

"Most people buying a luxury car generally have a trade in and we're always buying New Zealand-new.

"We have 11 dealerships and tend to sell our used stock throughout the country. As a group, we're strong on pricing."

Neil Videler, of Carbase Autovillage in Dunedin, says: "Retail-wise, our focus is on vehicles priced from \$10,000 to \$18,000 and we tend to purchase Toyotas.

"At the moment growth has

been centred on SUVs, while the exchange rate has been very good for a long time and doesn't look like it's going to drop off in the near future.

"Those factors are good, but there's still competition for vehicles in Japan and getting really nice cars is difficult."

Nationally, public-to-dealer sales climbed last month – from 11,255 in June 2013 to 12,280, or by 9.1 per cent. May's increase was 1.6 per cent from 14,120 to 14,348.

Wanganui notched up a 33.6 per cent rise in trade-ins from 107 to 143. It was followed by a 33.2 per cent rise in Palmerston North – up from 774 to 1,031.

Public-to-public sales came to 37,531 in June, which was up by 5.9 per cent compared to 35,445 in the same month of last year. ☺

SECONDHAND CAR SALES - June 2014

	DEALER-TO-PUBLIC				PUBLIC-TO-PUBLIC				PUBLIC-TO-DEALER			
	JUN '14	JUN '13	+/- %	MARKET SHARE	JUN '14	JUN '13	+/- %	JUN '14	JUN '13	+/- %		
Whangarei	496	496	0.0	3.12	1692	1532	10.4	249	246	1.2		
Auckland	5104	5092	0.2	32.06	12497	12065	3.6	4146	3788	9.5		
Hamilton	1327	1241	6.9	8.33	2973	2931	1.4	1054	1036	1.7		
Thames	180	183	-1.6	1.13	445	433	2.8	70	85	-17.6		
Tauranga	893	820	8.9	5.61	1996	1762	13.3	584	563	3.7		
Rotorua	261	226	15.5	1.64	638	617	3.4	110	129	-14.7		
Gisborne	155	168	-7.7	0.97	335	291	15.1	98	96	2.1		
Napier	534	461	15.8	3.35	1261	1214	3.9	398	340	17.1		
New Plymouth	470	432	8.8	2.95	1002	939	6.7	272	237	14.8		
Wanganui	169	158	7.0	1.06	398	425	-6.4	143	107	33.6		
Palmerston North	767	709	8.2	4.82	1440	1425	1.1	1031	774	33.2		
Masterton	153	153	0.0	0.96	302	313	-3.5	100	82	22.0		
Wellington	1342	1250	7.4	8.43	2716	2482	9.4	1056	962	9.8		
Nelson	284	281	1.1	1.78	924	859	7.6	226	185	22.2		
Blenheim	185	161	14.9	1.16	334	334	0.0	118	128	-7.8		
Greymouth	89	91	-2.2	0.56	189	172	9.9	42	44	-4.5		
Westport	24	25	-4.0	0.15	89	79	12.7	-	-	-		
Christchurch	2104	2009	4.7	13.22	5082	4559	11.5	1666	1545	7.8		
Timaru	192	197	-2.5	1.21	523	470	11.3	114	140	-18.6		
Oamaru	80	58	37.9	0.50	202	153	32.0	20	29	-31.0		
Dunedin	688	656	4.9	4.32	1618	1507	7.4	460	446	3.1		
Invercargill	424	380	11.6	2.66	875	883	-0.9	323	293	10.2		
NZ total	15921	15247	4.4	100.00	37531	35445	5.9	12280	11255	9.1		

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

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Passenger Car Sales by Private/Business split - MIA statistics

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	3	25.0	9	75.0	12
Audi	78	39.8	118	60.2	196
Bentley	2	50.0	2	50.0	4
BMW	57	33.3	114	66.7	171
Chery	46	85.2	8	14.8	54
Chrysler	2	66.7	1	33.3	3
Citroen	11	25.0	33	75.0	44
Dodge	14	46.7	16	53.3	30
Fiat	13	43.3	17	56.7	30
Ford	183	25.8	525	74.2	708
Great Wall	12	70.6	5	29.4	17
Holden	282	31.4	616	68.6	898
Honda	103	62.4	62	37.6	165
Hyundai	322	34.3	618	65.7	940
Isuzu	7	58.3	5	41.7	12
Jaguar	4	33.3	8	66.7	12
Jeep	46	44.2	58	55.8	104
Kia	121	40.6	177	59.4	298
Land Rover	42	50.6	41	49.4	83
Lexus	25	53.2	22	46.8	47
Maserati	1	16.7	5	83.3	6
Mazda	205	37.8	338	62.2	543
Mercedes-Benz	78	42.6	105	57.4	183
MG	6	75.0	2	25.0	8
Mini	22	53.7	19	46.3	41
Mitsubishi	260	42.1	357	57.9	617
Nissan	134	43.6	173	56.4	307
Peugeot	58	56.3	45	43.7	103
Porsche	12	33.3	24	66.7	36
Renault	5	14.3	30	85.7	35
Skoda	28	31.1	62	68.9	90
SsangYong	55	45.8	65	54.2	120
Subaru	57	37.3	96	62.7	153
Suzuki	260	54.5	217	45.5	477
Toyota	259	17.9	1189	82.1	1448
Volkswagen	226	55.9	178	44.1	404
Volvo	12	48.0	13	52.0	25
Other	5	83.3	1	16.7	6
Total	3056	36.3	5374	63.7	8430

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

German marques in tussle for title

BMW has entered the second quarter of 2014 as New Zealand's number-one brand in the premium automotive segment.

But it's a tight race with only 167 sales across all vehicle classes separating it from Mercedes-Benz in third with Audi in between.

The figures were even closer last month for passenger vehicle registrations, which include SUVs, with only a 25-unit difference between the three German manufacturers.

Year to date, BMW has sold 1,127 new vehicles across all classes, while the numbers are 1,089 and 960 for Audi and Mercedes-Benz respectively.

Last month saw Audi top the passenger vehicle ladder with 196 sales, of which 39.8 per cent – or 78 – were private transactions.

Mercedes-Benz came second on 183 with the same number of private sales, which was 42.6 per cent of its total.

BMW claimed the highest proportion of business registrations with 114 making up 66.7 per cent of its 171 units.

Nina Englert, managing director, is confident the marque will still be top come the end of this year after claiming the honour for the full year of 2012 and retaining it in 2013.

"We are thrilled with this achievement and are confident we will have every opportunity to retain this position going forward," she says.

Englert highlights various factors for this year's success, including strong forward orders for new models such as the 4 Series Gran Coupe and X4, as

and the all-new M3 and M4.

"This is aided by a dealer network energised by a highly specified and value-enhanced line-up," she adds.

The German marque is experiencing growth year over year and so far in 2014 its sales are almost 10 per cent ahead of the same time in 2013, which was an all-time record with its new models.

"We have confidence the rest of the year will be as successful as the first half because we are still to launch five models during the balance of 2014."

Englert believes the marque's line-up is the best it has ever been, which is emphasised by its increased popularity among private and business buyers.

"BMW also offers peace of mind thanks to a best-in-class five-year warranty, service plan and roadside assistance."

Toyota was the highest-selling marque for car and SUV sales last month. Its 1,448 registrations included 1,189 business transactions – 82.1 per cent of its total.

Hyundai came second on 940, of which 65.7 per cent – or 618 – were business sales.

Holden rounded off the top three with 616 business sales, which was 68.6 per cent of its total of 898 units.

Nationally, 8,430 passenger vehicles were sold last month. Of those, 5,374 – or 63.7 per cent – were to businesses.

Overall, there was a 31.5 per cent rise in new cars, SUVs and light commercials sold to private buyers in June.

So far this year, these registrations have climbed by 21.5 per cent compared to this time in 2013. ☺

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Small SUVs' market share up

Sales of SUVs continue to dominate the new vehicle market in terms of market share by segment.

Last month, the overall number of new vehicles registered came to 12,519, up by 16.9 per cent on June 2013.

There were 4,018 SUVs sold last month – an increase of 31.6 per cent over the same month last year – while 4,412 cars were registered, which was a decrease of 1.1 per cent.

The year-to-date total for new cars is 25,185, which is a rise of 3.4 per cent, while 23.8 per cent more SUVs – or 18,832 units – have been registered.

Small SUVs have seen a 55.2 per cent increase in year-to-date sales from 3,185 to 4,944 units.

And medium-sized SUVs are the strongest in terms of volumes in this segment – 7,092 have been sold so far this year compared to 6,013 for the same period in 2013, a 17.9 per cent difference.

Light and heavy commercials have also recorded hefty sales jumps so far this year of 21.4 and 29.1 per cent respectively.

When it comes to percentages, sports and medium cars have recorded the biggest decreases – by 12.9 and 11.8 per cent.

There has been an 18.9 per cent increase in registrations of small cars from 9,500 to 11,297, while sales of people movers have jumped by 26.7 per cent to 526.

The overall year-to-date total for new vehicle sales now sits at

62,146 compared to 54,451 by this time last year, which is an increase of 14.1 per cent.

Paul Fisher, new vehicle sales manager at Waikato Toyota, reports the passenger segment as being on the up.

“We have sold about 23 more passenger vehicles than this time last year, and the SUV segment is going well for us with the Highlander and RAV4,” he told Autofile.

“Stock supply is an issue everyone is facing and Toyota is at production capacity worldwide.”

Simon Jackson, of Armstrong Prestige in Palmerston North, says: “The commercial side of the business is improving dramatically.

“The Amarok is a fantastic vehicle and we had some good

promotions going on with Fieldays, including an assistance package.”

Robin Kidd, dealer principal of Eurocar Suzuki, which is also in Palmerston North, says trade is going well but “good used Suzukis are hard to find – we do the odd import but mainly focus on New Zealand-new”.

When it came to buyers in last month's SUV market, the rental sector topped the percentages with a 53.8 increase over June 2013, followed by private buyers on 43 and businesses on 20.2 per cent. Government registrations fell by 41.7 per cent.

For the year to date, there have been 9,622 SUVs purchased by businesses and 7,398 by private buyers – up 16.5 and 32.7 per cent respectively. ☺

NEW VEHICLE SALES BY BUYER TYPE - June 2014

	JUN '14	JUN '13	MTH%	2014 YTD	2013 YTD	% YTD
Passenger	4,412	4,461	-1.1	25,185	24,367	3.4
Private	1,599	1,444	10.7	9,864	9,197	7.3
Business	1,965	2,063	-4.8	12,030	11,526	4.4
Gov't	309	294	5.1	1,318	1,407	-6.3
Rental	539	660	-18.3	1,973	2,237	-11.8
SUV	4,018	3,054	31.6	18,832	15,213	23.8
Private	1,457	1,019	43.0	7,398	5,576	32.7
Business	1,681	1,399	20.2	9,622	8,261	16.5
Gov't	60	103	-41.7	347	325	6.8
Rental	820	533	53.8	1,465	1,051	39.4
Light Commercial	3,632	2,834	28.2	15,627	12,876	21.4
Private	1,075	678	58.6	3,901	2,651	47.2
Business	2,353	1,968	19.6	10,829	9,279	16.7
Gov't	130	133	-2.3	611	665	-8.1
Rental	74	55	34.5	286	281	1.8
Sub Total	12,062	10,349	16.6	59,644	52,456	13.7
Private	4,131	3,141	31.5	21,163	17,424	21.5
Business	5,999	5,430	10.5	32,481	29,066	11.7
Gov't	499	530	-5.8	2,276	2,397	-5.0
Rental	1,433	1,248	14.8	3,724	3,569	4.3
Heavy Commercial	418	329	27.1	2,279	1,765	29.1
Other	39	29	34.5	223	230	-3.0
Total	12,519	10,707	16.9	62,146	54,451	14.1

NEW VEHICLE MARKET SEGMENTATION - June 2014

	JUN '14	JUN '13	MTH% DIFF	2014 YTD	2013 YTD	% YTD
Passenger	4,412	4,461	-1.1	25,185	24,367	3.4
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Heavy Commercial	418	329	27.1	2,279	1,765	29.1
Other	39	29	34.5	223	230	-3.0
Total market	12,519	10,707	16.9	62,146	54,451	14.1
Light	1,293	1,238	4.4	7,041	7,545	-6.7
Small	1,875	1,699	10.4	11,297	9,500	18.9
Medium	549	857	-35.9	3,359	3,810	-11.8
Large	419	446	-6.1	2,182	2,247	-2.9
Upper Large	17	20	-15.0	147	123	19.5
People Movers	166	116	43.1	526	415	26.7
Sports	93	85	9.4	633	727	-12.9
SUV Small	1,040	647	60.7	4,944	3,185	55.2
SUV Medium	1,429	1,241	15.1	7,092	6,013	17.9
SUV Large	1,513	1,140	32.7	6,532	5,815	12.3
SUV Upper Large	36	26	38.5	264	200	32.0
Light Buses	57	48	18.8	262	150	74.7
Vans	515	404	27.5	2,816	2,492	13.0
Pick Up/Chassis Cab 4x2	1,139	816	39.6	4,884	3,679	32.8
Pick Up/Chassis Cab 4x4	1,921	1,566	22.7	7,665	6,555	16.9
Heavy Commercial	418	329	27.1	2,279	1,765	29.1
Other	39	29	34.5	223	230	-3.0
Total market	12,519	10,707	16.9	62,146	54,451	14.1

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New stock levels remain steady

There was a 569-unit difference between 7,948 new cars imported and 8,517 registrations during June, bringing a slight reduction in the stock holding.

The number of days' stock in hand last month reduced to 167 from 175 in the previous month. Average sales per day of new cars increased to 245 units from 237.

If average daily sales increase at this rate, passenger vehicles sales may break the 89,000 mark for 2014 – a nine per cent increase on 2013.

June's stock level came in at 41,002 units. It dipped slightly when compared to 41,571 in May, which was the highest total for the past 18 months.

So far this year, there's a variance of 801 more new cars in stock when comparing 45,127 imports to 44,326 units being sold here.

John Manley, managing director of Nissan NZ, reports the marque is experiencing some problems with its supply of the Navara, which is sourced from Spain and Thailand.

"The Navara has gone very well

all year and it's now outselling our ability to restock, while the X-Trail is also overselling," he told Autofile.

Manley points out that the overall new vehicle market is up by about 12 per cent compared to this time last year with utes performing particularly strongly.

"With any new model, we're not quite sure what variant will go well. We originally had some supply issues with the Navara Ti because we got the mix slightly wrong.

"The issue for us is that market growth is well ahead of expectations and popular-selling models are going above our ability to restock them to meet demand.

"But this is all a by-product of the strong market and the more vehicles we sell, the happier we are." Manley stresses it isn't just demand in New Zealand that has an impact on stock availability.

"The X-Trail is in demand globally," he says. "We cannot just ring up and order more because it's going exceptionally well overseas."

On new and upcoming models, he says the Qashqai is going to be fantastic and it's selling well in Europe.

"To put it in perspective, a market of 125,000 new vehicles is still not at the level it was in the 1970s or mid-'80s – and our population was lower in the mid-70s.

"This is because Japanese imports have come in, but the new vehicle market is competitive.

"Nissan has lots of attractive models with high specifications and many safety features.

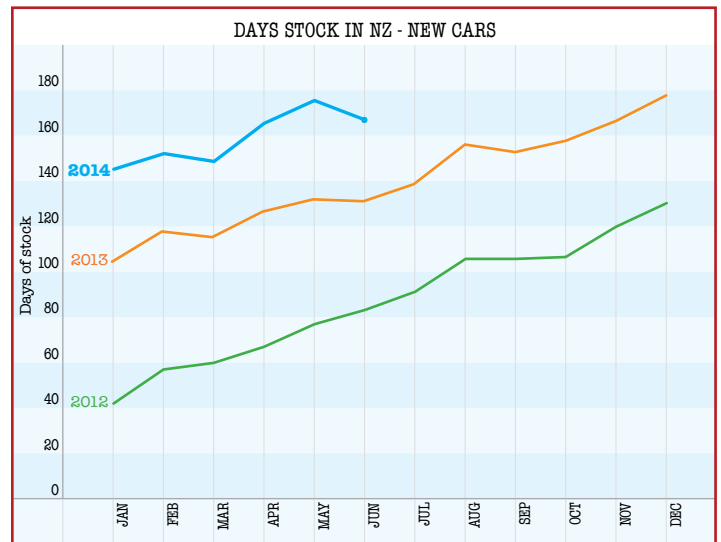
"There's no one thing that drives sales because it always come down to a suite of offers.

"It's an extremely competitive market between all manufacturers, while new vehicle sales are a barometer for the sentiments of consumers in New Zealand.

"The country seems to be confident and all the information is that economically it is positive. These are all things that could increase consumer confidence and demand for new vehicles." ☺

Dealer stock of new cars in New Zealand

2013	NEW CARS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2012				26,867		
Jan '13	5,355	7,385	(2,030)	24,837	238	104
Feb '13	7,027	5,799	1,228	26,065	223	117
Mar '13	6,329	6,800	(471)	25,594	222	115
Apr '13	7,342	5,907	1,435	27,029	216	125
May '13	7,400	6,347	1,053	28,082	213	132
Jun '13	8,051	7,541	510	28,592	220	130
Jul '13	8,423	6,768	1,655	30,247	220	138
Aug '13	11,065	6,828	4,237	34,484	220	157
Sep '13	6,996	7,272	(276)	34,208	222	154
Oct '13	9,362	7,962	1,400	35,608	226	158
Nov '13	9,591	7,453	2,138	37,746	228	166
Dec '13	8,826	6,371	2,455	40,201	226	178
Total sales in 2013	95,767	82,433	13,334			
2014	NEW CARS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2013				40,201		
Jan '14	6,473	8,293	(1,820)	38,381	268	144
Feb '14	6,729	6,572	157	38,538	252	153
Mar '14	7,228	7,992	(764)	37,774	254	149
Apr '14	8,251	6,150	2,101	39,875	242	165
May '14	8,498	6,802	1,696	41,571	237	175
Jun '14	7,948	8,517	(569)	41,002	245	167
YTD total	45,127	44,326	801			
Predicted sales for 2014		89,387				



Oversupply may hit margins

What a difference two months can make – a record number of used cars were imported into this country in May, but the total dropped to its third lowest of the year in June.

Last month resulted in 10,569 units crossing the border and 10,760 being sold on these shores – with the difference coming in at 191 in favour of sales.

In May, 5,291 more were imported than sold – 16,514 compared to 11,223.

That was the biggest variance of the past 18 months, while April's difference of 3,608 imports over registrations was the second highest.

Stock levels have remained relatively unchanged over the past two months – coming in at 20,616 in May and 20,425 in June.

Average sales have been steadily climbing for more than 18 months to the current high of 333 used cars sold each day.

If this continues at the present rate, Autofile predicts more than 121,000

used cars may be sold in 2014.

So far this year, 9,001 more used cars have been imported than sold – 69,357 compared to 60,356, so the stockpile continues to grow.

Bruce Stewart, owner of Coventry Cars in Lower Hutt, believes there is an oversupply of used imports at the moment although he describes trade as being “pretty strong”.

He anticipates there will be a period over the next three months when dealers will be selling cars and not making so much money.

“I think a lot of people are going to find it tough when there's an oversupply,” says Stewart.

“All of these cars that have come in have to go somewhere, but it isn't so good when guys have to cash up on them to pay the bills.

“Anything that has been on the yard for more than 90 days has to go and we're advertising stuff as soon as we buy it in Japan.”

Coventry Cars looks to sell station wagons and hatches – and “everything really” – but good

wagons have been in short supply.

“They don't seem to be in the Japanese marketing mix, so it's more about the bigger hatches,” says Stewart.

“There are now only three or four different brands of wagons we can source. There has been a general move away from sedans, but European sedans seem to be going okay.”

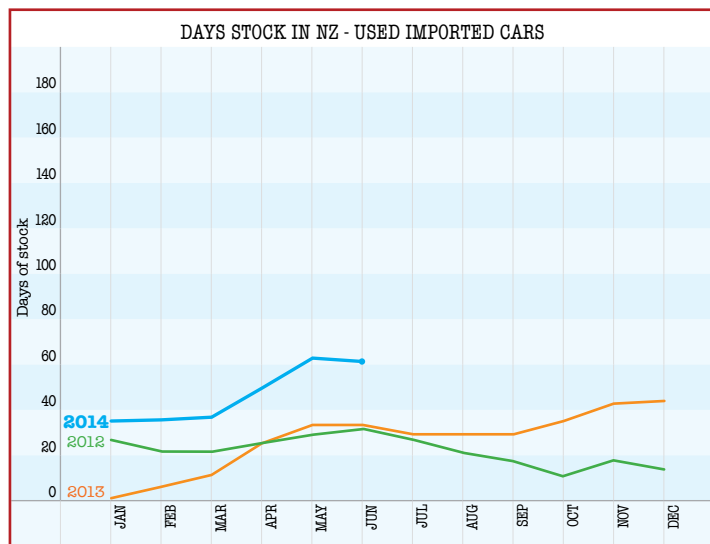
Martin Dunn, of Universal Imports in Warkworth, told Autofile: “When the dollar is quite high, vehicles should be cheaper but the

market doesn't usually reflect that.”

Gregory Scott, of Scotts Auto Sales in Dunedin, says: “With the exchange rate being so high, it has made a big difference.

“But what tends to happen is older stock sits on the yard with no margin in it. Some of the cars you end up selling at cost because that's just the reality.”

Scott believes it will be a while before dealers see the effects of May's record number of imports crossing the border and last month's downturn. ☺



Dealer stock of imported used cars in New Zealand						
2013	USED IMPORTS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2012				3105		
Jan '13	4,467	7,397	(2,930)	175	239	0.7
Feb '13	8,246	6,922	1,324	1,499	243	6
Mar '13	8,845	7,581	1,264	2,763	243	11
Apr '13	10,531	7,418	3,113	5,876	244	24
May '13	10,945	8,460	2,485	8,361	250	33
Jun '13	7,919	7,862	57	8,418	252	33
Jul '13	8,609	9,629	(1,020)	7,398	261	28
Aug '13	8,632	8,648	(16)	7,382	263	28
Sep '13	7,481	7,615	(134)	7,248	262	28
Oct '13	10,364	8,545	1,819	9,067	263	34
Nov '13	11,184	9,360	1,824	10,891	268	41
Dec '13	10,067	9,534	533	11,424	271	42
Total sales in 2013	107,290	98,971	8,319			
2014	USED IMPORTS		VARIANCE	STOCK	AVERAGE SALES PER DAY - YTD	DAYS STOCK AT HAND
	IMPORTED	SOLD				
Total stock at the end of December 2013				11,424		
Jan '14	8,807	9,470	(663)	10,761	305	35
Feb '14	9,100	9,155	(55)	10,706	316	34
Mar '14	11,258	10,247	1,011	11,717	321	37
Apr '14	13,109	9,501	3,608	15,325	320	48
May '14	16,514	11,223	5,291	20,616	328	63
Jun '14	10,569	10,760	(191)	20,425	333	61
YTD total	69,357	60,356	9,001			
Predicted sales for 2014		121,712				

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