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Industry in Japan faces tough times

The automotive industry in Japan is putting pressure on its government to tackle issues around taxation amid a sustained drop in the number of cars being made and sold there.

Sizeable decreases over the past fiscal year have mostly come on the back of a hike in consumption tax – the country's equivalent of GST – in April last year.

On top of that, an increase in the rate of taxation on mini vehicles came into effect on April 1 this year, while another rise in sales tax is scheduled for a few years' time.

Even as the weaker yen boosts the value of exporters' earnings from overseas sales, some analysts estimate Japan's annual automotive output may shrink by more than 1.6 million units over the coming decade.

Production of cars, trucks and buses there plummeted by 7.5 per cent during the financial year to March 31, marking the 10th consecutive month of falls, reports the Japan Automobile Manufacturers' Association (JAMA).

The association believes the outlook for the country's domestic vehicle market is "tempered by concerns about the adverse impacts" of past and future tax increases.

"A crucial activity for JAMA will be to continue lobbying the government for further revisions to taxes related to the automotive industry to reduce their burden on vehicle owners," says chairman Fumihiko Ike.

Shinzo Abe's government raised consumption tax from five to eight per cent on April 1, 2014, and will probably increase it again – to 10 per cent – in April 2017.

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Summit progress despite stalemate

The inaugural Tyre Industry Summit has been described as successful despite the lobbying for a regulated end-of-life tyres (ELTs) stewardship programme ending at an impasse with the government.

Adele Rose, chief executive of the 3R Group, told Autofile aside from the Ministry for the Environment (MfE) withdrawing its long-held support to regulate the industry, the conference was "fantastic".

She says 87 people from every part of the supply chain spent two days in Auckland talking about what has got them to this point and how to move forward.

"There they were, all in the same room, with one intention and that was to keep conversations going that have occurred as a result of everybody getting together in the first place," says Rose.

Delegates included Liezel Jahnke, environmental and fuel services manager at the Motor Trade Association, who says her organisation was pleased to support the summit.

"It provided a timely and important opportunity to reinvigorate the industry and other

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Feeling the need for speed

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Sun struggles to rise over Japan

It's interesting to see the Japan Automobile Manufacturers Association (JAMA) has called on Shinzo Abe's government to promote bold economic policies, including growth strategies to accelerate business recovery.

Before consumption tax – the country's equivalent of GST in New Zealand – was raised by three per cent in April last year, Japan's domestic vehicle market saw a last-minute surge in demand.

The situation was covered by Autofile at the time as people swamped dealerships there to save some yen on purchase prices.

Since then, however, the new-vehicle market in Japan has been hit hard by the tax hike with consumer spending on big-ticket items falling.

"We thought [sales momentum] would come back after the summer, but it's not coming back at all," says Fumihiko Ike, JAMA's chairman.

It is still unclear if the coalition government will reform taxes related to Japan's automotive industry, which he says pose a heavy burden on car owners.

Any tax changes will affect sales projections, although Ike thinks "this tough situation will continue".

On top of the sales tax increase, he says that while the Abe administration is trying to achieve an inflation rate of two per cent, workers' salaries have failed to keep pace.

"Those benefiting from the weak yen need to distribute [money to employees] to increase disposable income," he adds.

On top of all this, Japan's currency further dropped in New York on May 28 and temporarily dipped to a cross-rate of 124.40 with the US dollar. At the time, this tumble was to its lowest level in 12 years and five months.

It has benefits for export-orientated companies in Japan, but places burdens on other businesses due to the rising costs of imported materials. For manufacturers there, prevailing exchange rates are "obviously a tailwind", according to Ike.

The US dollar-denominated prices of Japanese exports drop when the yen is weak, making such products competitive abroad and raising corporate earnings there.

So what does all this mean for New Zealand? The kiwi being strong against Japan's currency is an important factor for importers and buyers of all consumables.

Back in 2011 and 2012, our dollar's cross-rate with the yen was mainly in the 60s and early 70s. It then climbed into the 80s in 2013, where it has mostly remained.

The yen's weakness means distributors of new Japanese-made vehicles here can – and some have – reduced sticker prices, while used-car importers may get more bang for their buck at auction houses there.

On the flip side and even though the yen has weakened against key currencies, JAMA believes it's unrealistic to close overseas plants and move that production back to Japan.

It says Japanese marques can ramp up production at factories and increase exports, with some appearing ready to do so.

Looking at other automotive markets, North America showed steady growth in 2014 and this momentum will probably continue next year, but the outlook for Asia is less positive.

Even China's economy is slowing down, whereas Japan's has been flat for some time now, which may have downstream effects on New Zealand further down the line when comes to the supply of stock for our automotive market.

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Sales and production plummet

Automotive sales in Japan fell for 21 straight months the last time the sales tax was raised in 1997.

Decreases in the production of new vehicles in Japan can put strains on other countries accessing stock as it comes off production lines there.

If fewer new vehicles are made and sold there, downstream effects can be felt on mature used-imports markets, such as New Zealand's.

STACKING UP THE NUMBERS

Production of motor vehicles in Japan during the country's 2014/15 fiscal year, which ended on March 31, dropped by 3.2 per cent when compared to the previous reporting period.

A total of 9,590,644 cars, trucks and buses came off production lines there between April 1, 2014, and the end of March this year.

This was a decrease of 321,759 units – or 3.2 per cent – compared to 9,912,403 in 2013/14 and was the country's first annual drop in manufacturing new vehicles after four years of increases.

Figures published by JAMA also show the export total accounted for a 46.8 per cent share of factories' output compared to 46.7 per cent in the previous year.

Fumihiko Ike, chairman of JAMA

Overall production of passenger cars dropped by 4.2 per cent, or by 355,483 units to 8,087,895, with this part of the market split into three segments.

The number of standard cars – those with engine sizes in excess of 2,000cc – fell by 104,877 units, or 2.2 per cent, to 4,613,278.

Small cars coming off Japanese assembly lines fared worse with a decline of 13.3 per cent, or by 255,409 units to 1,662,282, although mini-car production went up by 0.3 per cent by 4,803 units to 1,812,335.

Truck manufacturing went up by 30,284 units to 1,364,229, or by 2.3 per cent, while 2.5 per cent more buses were made, or up by 3,440 units to 138,520.

There was a noticeable drop in the domestic sales of passenger cars over the past financial year.

They nosedived by 7.9 per cent to 4,453,509 units mainly because of last year's consumption-tax hike and Japan's economic conditions.

Truck registrations dropped by 1.4 per cent to 831,464, but those for buses rose by 3.1 per cent to 12,137.

Toyota was Japan's top marque with 3,185,473 units manufactured in the country in 2014/15. Its total consisted of 2,829,240 cars, 247,722 trucks and 108,511 buses.

Suzuki placed second with 1,055,078 units, of which 823,792 were cars and 231,286 were trucks.

Third on the ladder was Mazda. It sold 903,612 cars and 15,793 trucks for a combined total of 919,405.

Nissan was fourth with 870,608 sales, of which 752,908 units registered were cars, 103,684 were trucks and 13,836 were buses.

Fifth spot went to Honda. It sold 835,007 cars and 32,678 trucks for a total of 867,685.

Meanwhile, the number of new vehicles exported from Japan during the past fiscal year came in at 4,490,724 units.

Compared with 4,632,178 exports in the previous year, this represented a decrease of 141,454 units – or 3.1 per cent.

The number of passenger cars exported dropped by 4.3 per cent, which was a decrease of 173,864 units to 3,852,178.

However, trucks went up by 29,136 units, or 6.2 per cent, to 498,061 and buses rose by 2.4 per cent and 3,274 units to 140,485.

The value of new vehicles exported from Japan came in at US$102,223.864 million and parts were worth US$39,272.821m.

The combined total of US$141,496.685m was down by US$6,235.879m, or 4.2 per cent, compared to the 2013/14 financial year.

Most of Japan's new vehicle exports went to North America, although the total of 1,671,597 units was a drop of 10.3 per cent compared to the previous reporting period.

Europe scored a 3.3 per cent increase to 735,048 and exports to the Middle East jumped by 11.6 per cent to 649,926, but the total to Oceania dropped by 4.6 per cent to 378,087.

The top five marques for new exports were Toyota on 1,784,173 – down by 3.8 per cent, Mazda with 737,869 – down by 6.7 per cent, Subaru on 545,609 – up by 6.3 per cent, Nissan with 501,507 – down by 8.3 per cent, and Mitsubishi on 383,525 – up by 10.8 per cent.

LOOKING TO THE FUTURE

JAMA says the automotive industry needs to manufacture cars with "ever-increasing value while promoting their appeal to consumers" to revitalise consumer demand in Japan.

Its chairman, Fumihiko Ike, views this as essential in order to reverse more than two decades of "sluggishness" in the country's domestic vehicle market.

"Improving our business environment is pivotal to maintaining production and employment, and securing the foundation of Japanese manufacturing," says Ike in his outline of JAMA's business activity for the current fiscal year up to March 31, 2016.

"To revitalise industry and increase international competitiveness, we will appeal to the government for a sustained reduction in Japan's corporate tax rate, improvements in research and development investment, and expanded negotiations on establishing economic agreements with other countries.

JAPAN'S TOP CAR MARQUES

1st TOYOTA 2,829,240

2nd MAZDA 903,612

3rd HONDA 835,007

4th SUZUKI 823,792

5th NISSAN 752,908

*Source: JAMA – passenger cars produced in Japan during the 2014/15 financial year

"In view of the automobile industry's deep commitment to global-scale development, it's important progress is achieved in liberalising trade and investment based on forming common rules.

"We will advocate accelerating talks to reach early accords on treaties, such as the Trans-Pacific and European Union-Japan agreements."

As for the worldwide market outlook for this financial year, Ike says "continued robustness" in the US, a firm recovery in Europe and growth in emerging markets are expected.

But he warns: "Optimism in regard to the overall business environment is mitigated by risks of downturn prompted by uncertainty in the global economy and intensified international competition."

Japanese marques are advancing the wider use of on-board automated driving-support systems for the greater safety of road users, including pedestrians.

"This is in line with the industry's central mission of creating safer, more comfortable and sustainable mobility," explains Ike.

"JAMA and its members will continue to conduct road-safety awareness campaigns and educational programmes, as well as lobbying for improvements in the road-use environment."

Ike stresses safety and quality are of "crucial importance", so the association is addressing the "massive-scale issue" of airbags made by Takata to restore consumer confidence.

He says the industry in Japan continues to advance the development and market introduction of next-generation vehicles that will make a significant contribution to efforts to counter global warming and improve air quality.

"To optimise that, necessary infrastructure for the widespread use of fuel-cell and electric vehicles must be established in a timely way," says Ike. "JAMA and its members are not only working with related industries, but also petitioning the government for its support in expanding the infrastructure required.

"With projected growth in ownership in emerging markets in coming years, increased fuel efficiency in vehicles equipped with conventional internal combustion engines will also be a factor in reducing CO_2 emissions."

One of the highlights on Japan's calendar this year will be the 44th Tokyo Motor Show, which opens on October 29 and should provide a much-needed boost for the industry there.

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Tyre industry calls for meeting

stakeholders around the need for concerted action on ELTs in New Zealand," she says.

"With inspiring examples of best practice and lessons from other parts of the world, it confirmed we're on the right track and reinforced the need for us to continue working to make the Tyrewise product stewardship scheme happen to achieve better outcomes than the status quo."

Jo Knight, facilitator of the New Zealand Tyre Recyclers and Collectors Association, says the conference brought a focus to the "very uncertain future" for ELTs in this country.

With so much open support for the national stewardship programme – and the industry doing most of the leg work itself – nobody can understand why Environment Minister Nick Smith has had such a turnabout in his backing of the self-funding scheme.

"Our members feel there is a real need to develop markets for products from tyres," says Knight.

"This is a difficult task given the news, during the summit, of no commitment to priority-product status for tyres from the government."

It was this announcement – first reported by Autofile Online – that has resulted in the Tyrewise Working Group penning a letter to Smith requesting a meeting to explain why the MfE has withdrawn its support.

Rose says the group wants to understand the reasons for the government's change in focus because, as far as it was concerned, it was working towards regulating the industry.

"Now the process has hit a full stop, they want to know why and want an urgent meeting."

She says the MfE and the minister have acknowledged the letter, and the working group is waiting for a response.

In spite of much-hoped-for government support, Rose says the summit did move ELT issues forward and achieved several outcomes.

These included a decision to draft national policy guidelines for councils regarding tyre storage while delegates took away a wealth of knowledge from speakers, all of whom came to New Zealand with decades of experience in their fields.

The summit's first speaker was Veena Sahajwalla, founding director of NSW's SMaRT Centre – an acronym for "sustainable materials research and technology".

Her presentation focused on complex waste products that can be transformed into raw material resources by taking them back to their elemental forms,

"No sector of the industry will move forward on a voluntary basis."
– Adele Rose, the 3R Group

The government's views

The Ministry for the Environment (MfE) deciding against progressing with giving tyres priority status under the Waste Minimisation Act was announced at the industry summit in Auckland.

In a nutshell, such status would have enabled tyres to be tracked from when they are imported to the time their useful lives finish to give end users surety of supply and ensure their correct disposal.

The news was delivered by Mike Mendonça, director of operations for the MfE.

"With respect to tyres, the obvious issues are risk of fires, vermin and air quality in these areas," he told delegates.

"With regard to fires, it seems to be the risk really isn't so much spontaneous combustion. It's arson we're really talking about.

"Leaching is often touted as the big issue for tyres and waterways. There's not a lot of evidence to support that.

"Tyres can be a problem in landfills, but not a significant problem. Most landfills accept about 2.5 million tonnes of waste.

"In terms of tyres, it's about 60,000 or 70,000 tonnes. As a percentage – and I'm not saying we don't have a problem with tyres – less than one per cent of our waste is tyres.

"Tyres in New Zealand are probably as safe in a landfill as they are anywhere else."

Mendonça acknowledged the tyre industry's push for regulation has been made clear to the government over the past few years with it being discussed with Amy Adams, Minister for the Environment before Nick Smith took on the portfolio.

"We did consult last year on more priority products and whether or not we should put priorities in place," he added.

"Feedback was supportive,

such as carbon, oxygen and hydrogen, for use in different manufacturing processes.

Sahajwalla is also the inventor of a process that recycles plastics and tyres for use in the steel-making process, which is now known globally as "green steel".

"The purpose of doing that at the start of the conference was to get people away from the fact we are in a holding pattern right now and we feel we've been like that for many years," says Rose.

"She talked to the industry about, while we aren't at that stage now, this is what the future looks like when you will invest in taking that base ingredient in tyres and changing it so it's more useful in other applications, as opposed to burning it for energy.

"Attendees were able to see there is light at the end of the tunnel and there is actually a future here in New Zealand, but we have to get past the regulation place first to be able to do it."

Rose says a valuable outcome of

Representatives of the tyre industry are calling for a meeting with Environment Minister Nick Smith to discuss the way forward for a product stewardship scheme

the conference on June 2 and 3 was Glenn Maidment sharing his top 10 dos and don'ts when it comes to regulation.

"Don't give up, you are so close – don't give up, but don't proceed without that critical piece of regulation you need," Rose paraphrases.

She stresses this is why government regulation is so important.

"Every report recommends it needs to say that tyres are regulated and the easiest way at the moment is through product stewardship.

"It is about regulation of ELTs. They don't have to be declared priority products. It just has to be this product, when it is imported into or manufactured in New Zealand, then the importer or manufacturer has to participate in a product stewardship scheme. That is all it needs to say."

With such a seemingly simplistic way forward, Rose cannot fathom why Smith has shifted his focus – especially as one of the stewardship models, which has been proposed by Tyrewise, comes at almost no cost to the government.

She says with support lacking, it will be difficult to implement such a scheme as no member of the industry is likely to volunteer to self-regulate.

"No sector of the industry – the entire supply chain – none of them will move forward on a voluntary basis," says Rose.

"All around the world, schemes that have that critical piece of legislation. This has then enabled an industry programme to develop. All of them reinvest a significant portion of the fund into market development.

"Countries that don't have that critical regulation don't. All they do is manage the flow of tyres."

As it stands, the fate of the stewardship scheme for ELTs is in the government's hands. Either it agrees to regulate the industry, tells stakeholders to regulate themselves or assists them in looking for other ways forward.

"The industry already has its scheme developed, which is the Tyrewise scheme," says Rose.

"It won't be implemented without regulation. Every participant in the programme wants to move forward in some way, shape or form.

"But none of them will do it on a voluntary basis though, so they will keep lobbying until they get that regulation in place. It is at a stalemate until that happens."

but there was some qualification about ensuring it was economically sustainable.

"As a result, we have been asked by the cabinet to do some economic analysis led by KPMG.

"One of the key things for tyres and all waste streams is a focus on end markets and disposal rather than on processing."

Mendonça stressed the importance of ensuring markets are available upfront when it comes to processing waste.

"The KPMG report analysed three options. The first one was managed product stewardship. The second was an enhanced status quo with a bit more regulation. The third was a halfway house.

"There isn't much difference economically between the three. In terms of benefits, the numbers are $15 million for the status quo, $14m for the enhanced version and $16m for stewardship.

"There isn't a clear case for any of them, but managed product stewardship does come out in front."

KPMG's report will go to Smith before being made available to the public after he has been advised about it.

"I acknowledge progress is slow for regulating this industry," said Mendonça. "The reality is we don't have regulation of the tyre sector on our work programme for the next 12 months, so it's not something we are looking at. That's not to say it's not going to happen."

Some comments were also made on other issues. Mendonça said about half of New Zealand's emissions come from agriculture, with road transport responsible for about 20 per cent.

"There's a lot of noise at the moment about the switch to electric vehicles," he added.

"Something we are focused on is the future of our fleet and how we're going to deal with that over the next 30 or 50 years."

Visit www.autofile.co.nz to read an extended edited version of Mendonça's speech.

Plug-in uptake needs boost

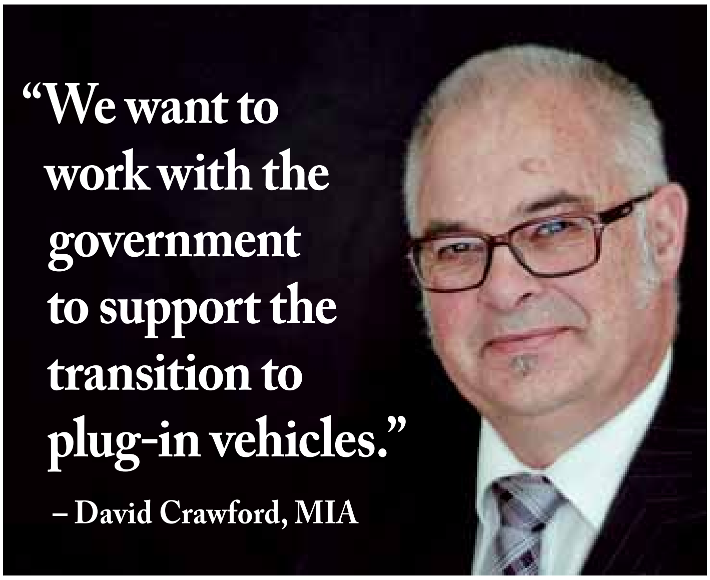
The government is being urged to consider a raft of measures to accelerate the shift to hybrid and electric vehicles (EVs).

The Motor Industry Association (MIA) and Sustainable Business Council (SBC) have welcomed the Minister of Transport's support for the increased use of plug-ins.

However, both organisations believe more focus is needed to encourage their uptake, particularly among business fleets, to build strong demand.

They are now calling on the government to create a fringe-benefit tax holiday for such vehicles when they are bought by businesses and continue to exempt EVs from road-user charges (RUC) beyond the current deadline of 2020.

The two organisations would also like action to address residual vehicle values – their market values at the end of leases – by adjusting depreciation rates for hybrids and EVs.



"We don't want subsidies for business vehicle fleets, but short-term incentives could create significant change over relatively short timeframes," says Penny Nelson, executive director of the SBC.

"Plug-ins are already coming into New Zealand. What we need are incentives that speed up the number of fleets that are hybrid electric or electric."

Simon Bridges, who met with the MIA on June 9, has signalled the government is exploring how to encourage more manufacturers to import hybrids and EVs.

"We want to work with the government to support the transition to plug-in vehicles," says David Crawford, the MIA's chief executive officer.

"We don't think the issue is at the distribution end. At this stage, it's at the demand end and that's something it can address through smart policies to support businesses to switch fleets to become more sustainable."

Nelson believes transport is the biggest opportunity to address climate change and achieve emission-reduction targets.

"Forty-eight per cent of New Zealand's emissions come from agriculture and, while there is research under way, we are still years away from being able to make significant emissions reductions in this area," she says.

"Likewise, in energy, renewable generation already sits at about 80 per cent.

"Our biggest short-term opportunities will come from reducing emissions from transport. Supporting the switch to hybrid and EVs is an important part of that."

Crawford adds: "New Zealand is unique in that each year businesses purchase about 70 per cent of new vehicles. With the right conditions to support the uptake of plug-ins, we can quickly shift the make-up of fleets."

When a business compares the costs of different makes and models, they consider different factors. Being able to avoid costs, such as RUC, adds to incentives along with reduced fuel bills.

When a car is part of an employee's salary package and is also used for personal use, companies are charged a fringe-benefit tax.

TAKING POSITIVE ACTION

The SBC has highlighted a range of issues in its submission on a climate change target discussion document published by the government.

The last time the council surveyed its members in October 2014, they prioiritised a resource-efficient economy. Within three years, want to see:

- Businesses and the government collaborating to come up with a shared understanding of what a low-carbon economy looks like, a clear plan for moving to one and the first steps under way.
- More urgency in providing analysis and discussion on the role pricing should play to reflect the true value of resources, and subsequent action.
- The government focusing on frameworks to encourage businesses to be more resource-efficient.
- Businesses working strategically with the government on issues of

Council's work

The Sustainable Business Council is an executive-led group of companies that advocates a better way of doing business, one which creates a sustainable future for New Zealand.

It provides a platform for collaborating on solutions and enables its members to be leaders in sustainable practice. The council does this "because businesses can only be successful in the long term when people live well and within the limits of the planet".

infrastructure and funding to incentivise sustainable freight and transport options.

The SBC has provided officials and ministers with its members' experiences of using EVs, and its position on what the business sector can do and the government's role in accelerating uptake.

It supported a recent event in Auckland that Drive Electric, the Energy Efficiency and Conservation Authority, Mighty River and Contact Energy ran to provide fleet managers from some of the country's largest companies with opportunities to test-drive EVs and find out more about them.

"Our members consider business has a critical role to play in lowering New Zealand's emissions and accept there is a cost associated with that," says Nelson.

She adds that as the government considers the appropriate level of cost for New Zealand to reduce greenhouse gas emissions, it needs to take into account:

- The current realities of New Zealand's economy and its emissions profile.
- The country's strengths and associated potential to leverage these to make a contribution to reductions in emissions reductions elsewhere.
- The impact imposing costs now – for example, on methane emissions – would have on overall global emissions reductions.

The SBC says about 65 per cent of New Zealand's emissions come from agriculture and transport.

"There are opportunities in the transport area," says Nelson.

"The SBC strongly supports the Motor Industry Association's submission, which outlines the policy settings that contribute to substantially reducing emission levels in the transport sector."

This includes policies to

Penny Nelson, executive director of the Sustainable Business Council

accelerate the uptake of new technology and influence people to buy low-emission vehicles, and influence how a vehicle is used or driven – such as by reviewing fuel excise duty and RUC rates, and increasing the uptake of fast-emerging co-operative intelligent transport systems.

"New Zealand needs to play to its strengths," stresses Nelson. "We have a high level of renewable energy, so fully exploring the potential of EVs and whether we can export our renewable energy makes sense."

When SBC members looked at the country's emissions profile and saw those from energy use are increasing – and that tonnage from freight will increase by about 58 per cent over the next 30 years – they decided to collaborate on a freight-efficiency project.

They are now exploring opportunities to reduce emissions from the transport sector and assist with its more sustainable growth.

The working group is a cross-section of freight-industry players, including freight operators, businesses, Ports of Auckland, Auckland Airport and KiwiRail.

"With this range of perspectives we are identifying opportunities to engage freight operators, to look at freight movement through Auckland, to increase the use of rail freight and exploring customer willingness to be flexible with delivery times," says Nelson.

Action taken over advertising

Honda New Zealand may have gained some traction in its legal action against an importer of used vehicles with the trader involved altering some of its online advertising.

Late last month, the manufacturer issued a "cease and desist" letter to 2 Cheap Cars saying that marketing the Honda Fit as a Jazz may confuse Kiwi buyers.

In an updated statement to Autofile, the marque has clarified its stance on the issue – that it believes what the registered motor-vehicle trader is advertising and what it's selling are different vehicles.

"As the technical specification of Japanese domestic Honda Fit vehicles and the Jazz – exported as a new car to New Zealand – are not the same, we believe vehicles should be advertised as badged to ensure there is no customer confusion," says Nadine Bell, Honda NZ's national sales and marketing manager.

Fairfax reported on May 29 that the notice "threatened legal action if Honda's demands over pulling the advertising were not met by 5pm on June 2".

The marque's national service manager, Bryan Davis, says there are some key differences between the two models.

> **"They are different vehicles albeit some parts are virtually the same." – Bryan Davis, Honda NZ**

"First and foremost, whether it is a Fit or a Jazz, Honda builds extremely reliable vehicles," he says.

"I'm just talking broadly because Fits have several different models, so depending on the specifications of imports into New Zealand there may be major differences between a Fit and Jazz."

Davis says, as a general rule of thumb, the Jazz is Honda's export version of the sub-compact car, while the Fit is its domestic model for the Japanese market.

He adds variations between them may range from seat and safety-belt configurations to engine differences.

In regards to more specific variances, Davis cites speed limits set for each model.

"Vehicles are limited to 180kph in the domestic market in Japan, while the limit is much broader on export models – typically 220kph," he explains.

"Clearly, you don't drive at those speeds, but whether that has an impact overall on acceleration or other issues could be a limiting factor."

Davis highlights towing ability as another difference between the Jazz and Fit.

"Particularly with Japanese domestic vehicles, no tow-testing is comprehensively done by Honda," he says. "But extensive tow-testing is carried out on vehicles before they are released as export models.

"Therefore, we have always maintained you cannot recommend towing with imported used vehicles because we [Honda] have no specifications to go by of what the limits are."

This is another indicator of "how different things can be", while another is specific parts for the Jazz and Fit aren't the same. For this reason, Honda will not

FANTASTIC FEEDBACK ON FINANCIAL TOOL

CAR DEALERS are impressed by a new finance and insurance (F&I) calculator made available by Provident Insurance.

The company developed its PICAL tool with its authorised traders in mind to maximise opportunities and profitability when quoting loan repayments.

At the touch of a button, business managers can quickly display, save and print clients' loan quotes, and – under a "private office" view – they can see the profit opportunity for each one.

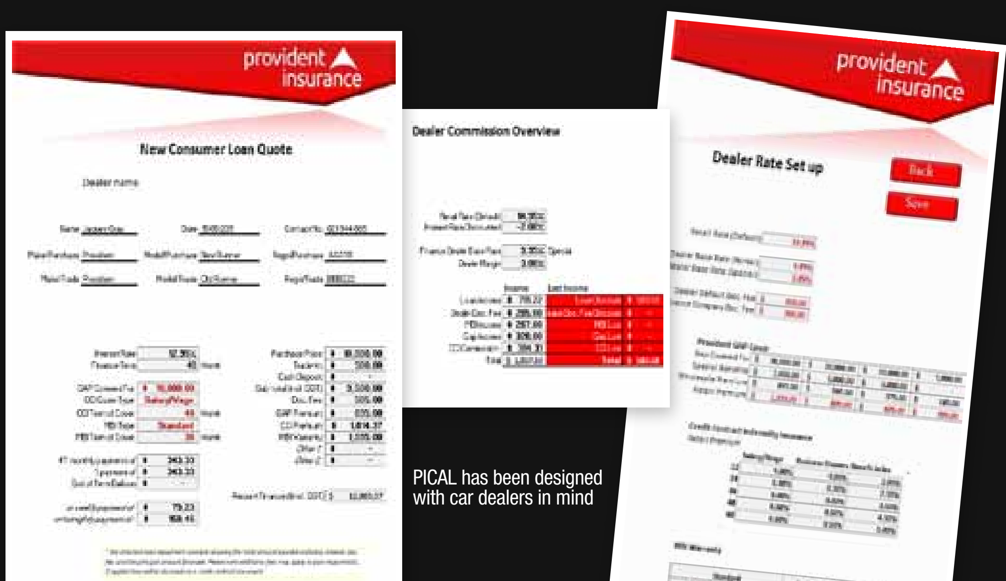
Business managers and senior management can also view how commission will be affected when discounts have been applied or insurance products withdrawn.

Jaques Gray, Provident's national sales manager, says: "Feedback has been fantastic and a lot of our dealers are using it. It's important they ensure basic F&I disciplines are practised to maximise profitability from every car sold.

"PICAL works well in conjunction with our make profits grow programme. It further delivers on our promise to support our dealers with innovative products and systems."

Setting up PICAL – an acronym for "Provident insurance calculator" – is simple but unique to each dealership, which determines its own products, rates and discounts.

Provident's dealers can subscribe for a free licence to use it by calling Gray on 021 944 885.



PICAL has been designed with car dealers in mind

2 Cheap Cars has altered its online advertising, above left, by crossing out references to the Honda Jazz and replacing it with "Fit", while this billboard in Auckland, above right, was unchanged on June 16

release Jazz repair information if someone is trying to fix a Fit.

"If you want to compare them part for part, it would be difficult to find a similar part and the repair information [for each car] is different," says Davis. "That is why we don't recommend using Jazz repair information on Fits.

"Obviously, we do recommend genuine parts, so that's the right part for the right vehicle."

At the end of the day, Davis says to inexperienced eyes the Jazz and Fit are similar, but to more experienced eyes there are clear differences between them.

He adds: "That is why this issue has been raised. They are different vehicles albeit some parts are virtually the same."

VIEWS OF IMPORTER

"Our belief is they are exactly the same cars," Eugene Williams, chief executive officer of 2 Cheap Cars, told Autofile.

"In America, it is called the Fit and in Australia they are Jazzes, but they are the same cars. One's got a Japanese stereo, one's got a New Zealand stereo and that's about it."

This is why, in a press release dated June 3, 2 Cheap Cars says it "is refusing to change the way it advertises some models of Honda vehicles it sells, in spite of threats of legal action from Honda NZ".

The company says some second-hand stock it imports is known in New Zealand as the Jazz and "in Japan the same vehicle is badged as a Fit".

General manager Garry Moore says to be clear with potential buyers about what they may be buying, the Jazz name is referred to in its advertising in this country and there have been dozens of billboards as well as print campaigns carrying the adverts.

"We are not trying to deceive people, actually it's the opposite," says Moore. "We are being clear these are imported Japanese used vehicles.

"If we called them Honda Fits, few people would know what we were talking about. We've had no complaints from any customer in the years we have been doing this."

The company adds it has taken legal advice and through its lawyers has replied to Honda NZ saying it will continue its advertising without changing it.

On June 4, the cover photo on 2 Cheap Cars' Facebook page reappeared with changes to its advert. "Jazz" was crossed out and "Fit" written above it.

Williams says this change was a bit of tongue-in-cheek on behalf of his company, and clarifies its print and billboard advertising campaigns will not be changing at this present stage.

He adds: "Our lawyers have advised us to keep doing what we're doing and we believe – that under parallel-importing laws in New Zealand – we are right."

ADVICE FROM COMMISSION

The Commerce Commission has issued a warning to all traders in regards to advertising.

"Car dealers, like any retailer, need to be careful their advertising is accurate and consumers aren't misled in any way – whether that's over price or the product or service they are offering," says a spokesman.

"Breaches of the Fair Trading Act are now up to $200,000 for an individual and $600,000 for a business, so the consequences can be serious."

The Ministry of Business, Immigration and Employment (MBIE) may get involved if a complaint is upheld by the commission.

"The Commerce Commission is the correct organisation for investigating these types of complaints," says a spokesman.

"MBIE, or to be precise its trading standards division, will only have a role – in its capacity as the registrar of motor-vehicle traders – if any complaint to the commission is upheld."

Moving more than just cars

One of Jacanna's logistics vans at Auckland Airport after the arrival of flight NZ1 from Los Angeles; inset, managing director Ken Quigley

JACANNA CUSTOMS & FREIGHT is well-known in the automotive industry, but it doesn't just deliver vehicles – it can move almost anything for anyone.

And the FIFA Under-20 World Cup 2015 proves the point with the company's logistical expertise being integral to the success of the planet's second-largest men's tournament featuring "the beautiful game".

Jacanna handled about 50 tonnes of products by air freight for FIFA and Adidas, and made deliveries to stadiums and hotels for staff, players and volunteers.

"It ranged from suits and sewing machines to kits, drinks bottles, and training and match balls," says Ken Quigley, managing director. "It goes to show we don't just do cars.

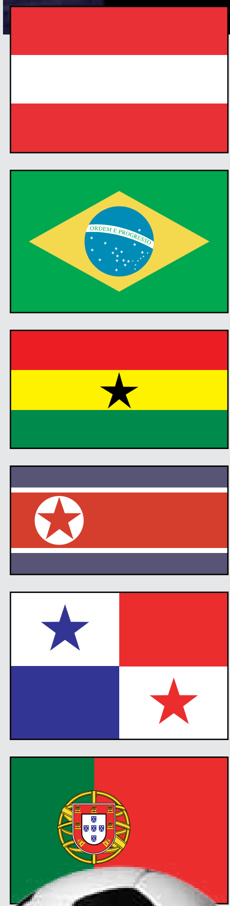
"For instance, we transported everything for the Brazilian and North Korean teams from the tarmac at Auckland International Airport to their hotel in New Plymouth where they were for group stages. We were also responsible for looking after Ghana, Portugal, Panama and Austria."

The logistics process for the world cup has been a tight ship. When stadiums closed as their involvement in the tournament ended, it was then a case of exporting everything back to countries around the world.

"The whole operation involved months of planning," says Quigley. "We needed about 300 cubic metres of space – the equivalent of about 12 20-foot containers – in storage just for FIFA and Adidas."

It was essential to be flexible 24/7 during the tournament, which ran from May 30 to June 20 and involved seven host cities – Whangarei, Auckland, Hamilton, New Plymouth, Wellington, Christchurch and Dunedin.

"Our warehousing team did an exceptional job and Blair Cosford, national operations manager for general cargo logistics, was on the ball throughout the whole process."



Jacanna flew different flags by looking after the cargo for six teams during the FIFA Under-20 World Cup – Austria, Brazil, Ghana, North Korea, Panama and Portugal

Jacanna's work included liaising with Customs, for instance, when it came to temporarily importing cargo to minimise duty and GST payable on equipment that needed to go back to source countries when the tournament ended.

"As a logistics provider, it has been demanding but if you prepare well as a business everything will go to plan," explains Quigley.

"There was no wiggle room with this competition. On one hand, there was the draw for the group stages, which meant everyone knew what country was playing where and when.

"Then the knock-out stages threw up unknowns. For example, Uzbekistan knocked out Austria, which meant a trip up to Whangarei to pick up the Austrians' gear, so that tied up staff and trucks."

"Jacanna has been great to work with," says Lisa Tyer, transport and travel manager for FIFA's local organising committee (LOC). "Ken and his team have been really accommodating and professional in their processes, and with warehousing, transport and logistic requirements as required by the LOC.

"With the nature of a world cup – from the pre-tournament phase, group play and knock-out stages up to and including the final – it is important to be proactive, flexible and have a detailed, planned process for each stadium and match scenario, and also to adapt quickly to the environment, weather, results and requirements a tournament brings.

"Jacanna assisted with local ground transport in some host cities, Customs clearances and provided Ministry for Primary Industries advice to our teams as needed, and also storage and warehousing pre-tournament as equipment, uniforms and freight arrived from around the world."

For football-mad Quigley, some perks came with the work. "It was great working on this project because I'm so passionate about football," he says. "It was exciting meeting teams and stars of the future."

"It's been brilliant being involved with such a professional organisation as FIFA. It did a great job, right down to ensuring triple-thick cartons were used for the return of items and limiting cargo damage.

"Along with the cricket and rugby world cups, this under-20s tournament has been massive for New Zealand."

From shore to shore and door to door

(09) 838-4944
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JACANNA
CUSTOMS & FREIGHT

Loan-shark laws start to bite

Lenders have to take more responsibility for their practices now changes to the Credit Contracts and Consumer Finance Act have come into force.

A key change is the introduction of responsibility principles, which require finance providers to make reasonable inquiries before entering into loans so they are satisfied they meet borrowers' needs.

The lender must also be satisfied the borrower or guarantor will be able to make payments without suffering substantial hardship.

The changes mean lenders must publicly display their interest rates and fees, as well as standard-form contract terms to enable consumers to shop around – whether online or on business premises.

These stricter regulations apply to all lenders who provide consumer credit, take security over consumer goods or enter into buy-back transactions, including car dealers.

"Lender responsibility changes the way loans are made," says Anna Rawlings, of the Commerce Commission.

"The new rules give consumers more protection and better information when borrowing money, and require all lenders to act responsibly. This is particularly important for vulnerable borrowers."

She adds lenders and their agents must ensure loan documents are clear, concise and intelligible so people can understand them and make informed decisions.

"Borrowers also need to be prepared for more thorough questions and provide evidence to ensure the loans are suited to them."

Repossession laws have also been updated with an increased focus on consumer protection.

Lenders can no longer take security over essential household goods, such as beds and fridges.

Repossession agents must be licensed or risk being fined up to $200,000 for individuals or $600,000 for companies.

The commission also acquires a new enforcement role in relation to unlawful repossession practices.

"The arrival of the responsible lending principles has set a benchmark for a more transparent and robust lending process all lenders must follow," says Rawlings.

"This allows us to better protect consumers, especially those who need it most."

The commission will be responsible for enforcing the new laws and will have a wider range of tools to better protect borrowers.

Most of the changes apply only to contracts entered into on or after June 6, but there are some exceptions. Log onto www.comcom.govt.nz for more information. ⊕

"The new rules give consumers more protection and better information when borrowing money."

– Anna Rawlings, Commerce Commission

Legislation in practice

This example shows how the new lending laws place responsibility on the borrower.

A man bought a second-hand vehicle from a dealer in South Auckland that he needed for a new job. He was already struggling to repay significant debt.

The car's purchase price was $14,000. But after nearly $5,000 in fees and the 28 per cent interest were added over a four-year term, it was going to cost him more than double – about $30,000.

He questioned this, but the lender reminded him of his less-than-ideal credit score, implying he would struggle to get a loan elsewhere.

With his existing debt problems, the weekly $140 payments were unsustainable. He soon defaulted, incurring further fees and interest, and was unable to catch up.

Eventually the car was repossessed and sold for less than $5,000. He still had a loan of more than $20,000 to pay off, no wheels and the prospect of losing his job.

In this situation, the lender didn't breach past law. However, new responsibility principles require finance providers to make reasonable inquiries about borrowers' abilities to make repayments without suffering substantial hardship. ⊕

Supercar's need for speed

New Zealanders will soon be able to experience the fastest and most powerful production Lotus on the market when the new Evora 400 is released next year.

The launch follows the supercar's debut in Switzerland last March, which showcased its high performance and handling.

The car is faster and dynamically more capable than the outgoing model. It boasts a maximum speed of 300kph and 0-100kph is achieved in 4.2 seconds, which is six seconds faster.

More than two-thirds of the Evora 400 is new including its supercharged and charge-cooled mid-mounted 3.5-litre V6 engine, which produces 400hp – up from 345hp.

Not only is the car faster than the previous version, it's also 22kg lighter, which has been achieved through clever design and attention to detail.

"It is the fastest road-going Lotus we've ever produced, possessing performance that can only be matched by cars costing significantly more," says Jean-Marc Gales, group chief executive officer.

"We have always said that to make a car better, you must make it faster and lighter."

The Evora 400 is set to enter production for European markets in that continent's summer with deliveries starting in August. New Zealand and Australia will follow in early 2016.

"It will make its mark as a significant milestone in the history of Lotus," adds Gales.

"Looking to the future, it will remain core to our product line-up for years to come with more exciting derivatives planned over the next few years."

Globally, the marque's dealer numbers are set to reach 200 by the end of year, while its sales volumes have jumped by 50 per cent in the past 10 months.

Prices for the Kiwi market will be announced closer to the Evora 400's arrival here.

The Lotus Evora 400

Luxury SUV unveiled

A high-end British marque has unveiled its take on the luxury SUV segment.

Aston Martin returned to the Villa d'Este Concorso d'Eleganza in Italy last month when its DBX scooped the design award for concepts and prototypes.

Marek Reichman, chief executive officer, says the DBX is designed to challenge the existing status quo in the luxury GT segment.

"It promises to make GT travel stylish and more comfortable, but also more practical, family-friendly and environmentally responsible," he says.

Capable of accommodating four adults, the concept also considers day-to-day practicality.

It boasts a generous luggage capacity, while the exterior metalwork emphasises the brand's approach of using authentic materials and is made of machined-billet aluminium with visible milling lines.

The chromium has been specially created to mimic the look of a genuine black pearl, and comprises a micro-fine layer of chrome to deliver a level of reflectivity unobtainable through normal paint finishes.

Inside, the luxury SUV makes the most of non-automotive standard materials.

While Aston Martin has confirmed the crossover concept will go into production, there is no word on when it will be seen here.

Aston Martin's DBX Concept

Website updates help car dealers

In light of recent changes to the Credit Contracts and Consumer Finance Act, the team at Motorcentral has been proactively working to provide an upgrade solution to both its dealer websites and its dealer management system (DMS), which is now used by more than 350 dealerships nationwide.

"While our recommendations are based on consultation with the major finance companies as well as our own legal advice, we maintain the onus on compliance with legislation still sits with the dealership," says Mark Greenfield, general manager of Motorcentral.

"We do still recommend they get their own legal advice on this matter and advise us on specific changes we need to make on their behalf.

"We have basically provided a solution that is a starting point for dealers, which to date has been very well-received.

"In addition to displaying disclosure information around fees, interest rates, total amounts repayable and so on, Motorcentral has also ensured websites are now configurable to allow financiers to display any relevant information they see fit around the government's recent reforms."

Mark Greenfield, general manager of Motorcentral

Each financier that a dealership is associated with has a section available on the dealer's website to display important information along with their respective branding.

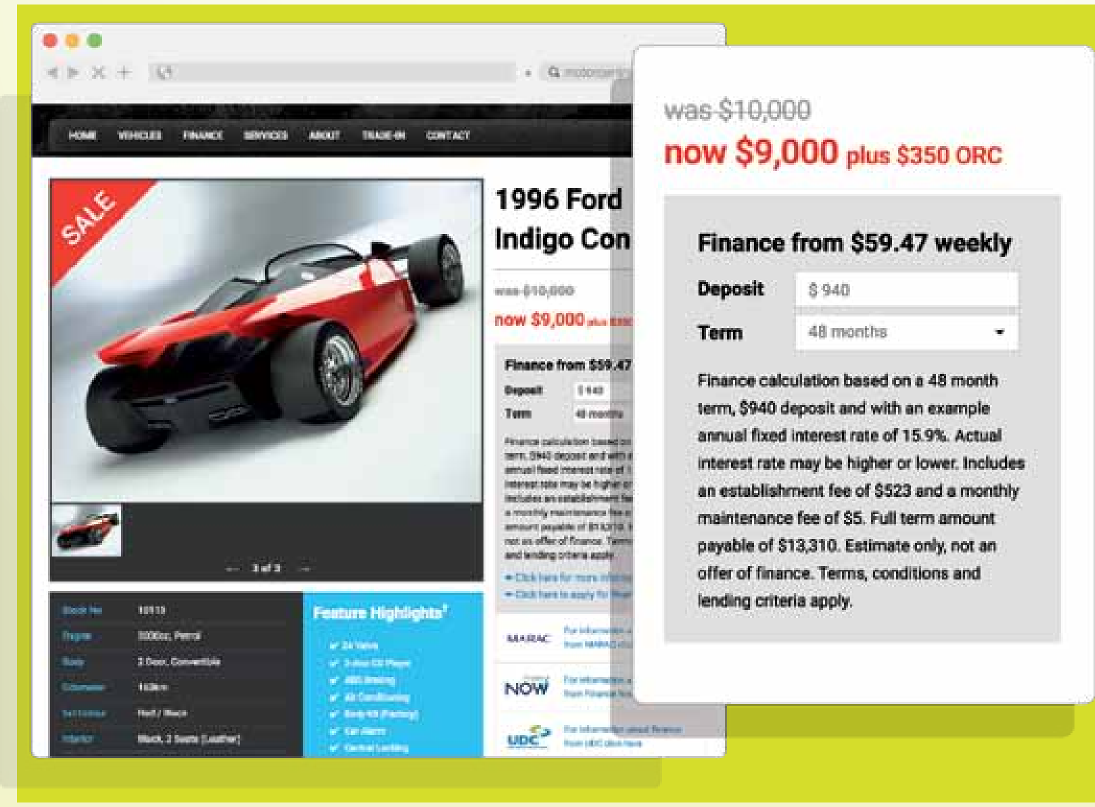
Motorcentral feels it was important to take the initiative for its dealer base when the proposed regulations were first brought to light – and, as such, has been able to make all necessary changes quickly and on such a large scale across the industry.

Websites are still progressively having these changes applied. However, a recent update release to Motorcentral's DMS has meant all its customers have been supplied with updated documentation in one fell swoop.

"Finance plays such an important role in the vehicle sales process, and dealerships need to continue to promote and offer finance as opposed to shying away from it due to fear of non-compliance," says Greenfield.

"Our DMS has been updated in light of these changes so our dealer network can be confident when providing customers with material that quotes finance repayments, for example."

Motorcentral is continuing to work on an automated workflow process via its software and website solutions all with the aim of taking both the customer and dealer on a finance and insurance journey to improve education, decision-making, recommendations, disclosure and compliance.



Motorcentral's recent CCCFA Reform website update:

The weekly amount is displayed based on a dealership's preferred finance terms, deposits, interest rates, documentation fees and monthly account maintenance fees.

The total amount payable including all interest and fees over the selected term is also automatically calculated and can be displayed.

The user of the website can also select their preferred term and deposit, and the calculations will automatically adjust to display a per-week price – plus the total repayments are adjusted accordingly.

motorcentral®

Small town embraces change

When it comes to rural New Zealand, Thames is no stranger to change. For this reason, the regional hub has learnt how to adapt. Those who live and work there turn it to their advantage.

Residents and business people alike love the area for what it is, according Glenn Leach, Mayor of Thames-Coromandel.

"It's a peninsula defined by water and a bit of land at the bottom," he says. "We have a lot of history, heritage, beautiful beaches and bush."

Part of that history lies in Toyota New Zealand. Its Thames operation once employed in excess of 300 people assembling completely knocked-down kits brought in from Japan.

However, the plant shifted its focus when the government abolished tariffs on second-hand cars crossing the border. The company downsized and started refurbishing used vehicles under its Signature Class range.

"We are fortunate the Toyota factory still operates out of Thames, which is a business that employs many locals," says Leach.


Thames township

"Our council has a policy that if we are purchasing a fleet car, we try to buy from one of our local, new car dealers."

THE REGION'S ECONOMY

Looking at the wider area's economy, ANZ's latest regional trends report states the Waikato is experiencing a boost in consumer confidence and house sales.

Retail spending rose by 2.7 per cent in the March quarter to be 7.2 per cent higher than in March 2014.

"House sales lifted by 11.5 per cent in the three months ending April and were up 56.3 per cent on 12 months ago," adds the report.

"Median house prices fell by 3.5 per cent during the quarter, [but] section sales are still up by a substantial 75.8 per cent on a year earlier."

In regards to employment, while the ANZ reports the Waikato has seen a strong lift, Thames-Coromandel has experienced a surge in tourism employment.

Infometrics, an economic analysis company, says: "The tourism-related industry employed an average of 1,378 people in Thames-Coromandel in 2014.

"This amounted to 12 per cent of the district's total employment. In tourism, [it] increased by 3.4 per cent in 2014 compared with a 1.4 per cent increase in New Zealand."

Leach says: "Without a major primary industry to rely on, the Coromandel has been about sustainability and looking after what industries it does have – tourism being one of the most predominant."

AUCKLANDERS MOVING IN

Perhaps this sustainability is what Aucklanders are looking for in Thames-Coromandel with house prices increasing because people from the country's biggest city are moving in.

"It is looking like we're getting a bit of spill over from Auckland," says Leyland Stowe, Thames Autos' ▶

Used car sales for Thames - May 2014 to May 2015

	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
May '14	89	525	223	837	10.6%	62.7%	26.6%
Jun '14	70	445	180	695	10.1%	64.0%	25.9%
Jul '14	101	497	200	798	12.7%	62.3%	25.1%
Aug '14	99	480	216	795	12.5%	60.4%	27.2%
Sept '14	94	474	222	790	11.9%	60.0%	28.1%
Oct '14	103	525	231	859	12.0%	61.1%	26.9%
Nov '14	94	482	217	793	11.9%	60.8%	27.4%
Dec '14	85	489	235	809	10.5%	60.4%	29.0%
Jan '15	77	468	172	717	10.7%	65.3%	24.0%
Feb '15	74	469	208	751	9.9%	62.5%	27.7%
Mar '15	84	541	266	891	9.4%	60.7%	29.9%
Apr '15	78	474	199	751	10.4%	63.1%	26.5%
May '15	64	468	184	716	8.9%	65.4%	25.2%
Annual total	**1,023**	**5,812**	**2,530**	**9,365**	**10.9%**	**62.1%**	**27.0%**
					National YTD average		
Change on May 2014	**-28.1%**	**-17.5%**	**-17.5%**	**-121**	18.4%	57.3%	24.4%

Thames vehicle sales - May 2014 to May 2015

	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
May '14	60	46	4	40
Jun '14	62	87	2	57
Jul '14	84	62	1	36
Aug '14	94	52	4	32
Sept '14	77	50	9	29
Oct '14	58	44	3	37
Nov '14	73	48	7	32
Dec '14	67	41	4	36
Jan '15	78	54	5	28
Feb '15	66	57	4	33
Mar '15	75	69	1	39
Apr '15	75	46	8	24
May '15	68	43	3	39
12-month total	**877**	**653**	**51**	**422**
NZ sales - past 12 months	**138,456**	**92,164**	**8,433**	**37,992**
% of national sales	**0.6%**	**0.7%**	**0.6%**	**1.1%**
Change on May 2014	**13.3%**	**-6.5%**	**-25.0%**	**-2.5%**

POPULATION	NEW ZEALAND	THAMES	%
	4,242,051	26,178	0.6


Completely knocked-down kits used to be assembled into vehicles in Thames. Toyota NZ established its Signature Class in the late-1990s.

The Valley Toyota dealership in Thames

The Whyteline dealership in Paeroa

sales manager. "We are only an hour away and you do a lot better buying here, that's for sure.

"We had a customer in here recently. He was looking at properties for a brother looking to shift from Auckland.

"He saw three houses, but before his brother could get to look they were gone, so he said it was pretty hard."

Mark Whyte, of Whyteline Ltd in nearby Paeroa, says Aucklanders are also looking at property there.

"Apparently there are quite a lot of people selling and buying down here," he says. "A house better than the one they have up there is one-quarter of the price down here. Then they put a heap of money in the bank."

> "We are fortunate the Toyota factory still operates out of Thames."
> – Glenn Leach

Infometrics reports a population growth of 200 people in the area as of June last year, derived solely from net migration.

And data released by QV in May this year places Thames' house prices at $300,000 cheaper by median average than those in Auckland, while people from the City of Sails wanting to buy in Paeroa could save about $575,000.

MILK, FARMERS & FIELDAYS

Although Thames-Coromandel may be experiencing a mini housing boom, data from Infometrics signals a decline in dairy farming.

It reports this downturn is second only to the finance sector in detracting from the district's growth in 2013/14.

Wayne Richards, chief executive officer of Valley Toyota, agrees that the rural sector has declined, which he believes is affecting almost all businesses in the area.

"It is reasonably quiet on our front," he told Autofile. "Farming is going through the restructuring of pay-outs. While we are fairly reliant on the rural sector, it's going to come right but it may be quiet for 12 months."

Despite the dairy industry's downturn, Richards says Fieldays has helped – especially with Toyota's new ute on the horizon.

"We have got the new Hilux coming out, which everyone seemed excited about at Fieldays. That's going to be a positive for us because the truck is 11 or so years old now."

REGIONAL SALES

Statistics published by the NZTA show there was a 13.3 per cent increase in used car sales for Thames between May 2014 and June this year, while the district experienced a drop of 6.5 per cent in new car sales.

However, Clive Linn, of Linn Motors, says used vehicles have been on the quite side for his business – something he cannot say about new car sales.

While trade is at about the same level as this time last year, his dealership has sold more used than new.

"Last year we probably did one-and-a-half used cars for every one new," says Linn. "So far this year, we are probably about one-to-one."

For Stowe, whose dealership sells second-hand vehicles with mid-range prices, business has been stable for the past 12 months.

"It's steady and a little bit up and down, but it averages out around eight to 10 sales a month," he says. "We have only been trading for five years and it's pretty static to within half-a-dozen units each year.

"We are mostly dealing across a broad range and smaller five-door hatchbacks for the ageing population here. SUVs are also popular in the $10,000 to $12,000 bracket."

Whyte says his business is experiencing the opposite. "We are selling more used cars. Getting second-hand stock lately has been a bit of hard work." He adds that while trade hasn't been as steady as it has been in recent years, "there have been peaks and troughs" and overall it's looking pretty good for this dealership at present.

"Utes are our biggest sellers, so that has been fairly consistent."

For Richards, while his used-car sales have been steady, it's all about the new Hilux and the fact Toyota has overhauled its passenger car range.

"The new and improved range is positive for the brand, so we are quite excited about that," he says.

High advance orders

More than 300 people have placed orders in New Zealand for the Mustang Fastback and Convertible, which arrive here late this year.

The marque says the profile of this country's order book is similar to those globally with enthusiasts wanting to be first to be behind the wheel.

The overwhelming choice among first orders is the GT fastback, pictured, with its six-speed automatic GT and a five-litre V8. In this country, it makes up about 60 per cent of first orders.

Corey Holter, managing director of Ford NZ, says: "Just like in America, we're seeing early demand for the V8 GT models.

"But we anticipate the EcoBoost model will be a bigger seller in the longer term as people see its performance and fuel economy."

The Mustang will retail from $56,990 for the six-speed automatic transmission fastback, which features a high-performance 2.3-litre EcoBoost engine, to $76,990 for the six-speed automatic GT five-litre V8 convertible.

NEWS in brief

Korean brand first to install Android Auto in cars

Google's operating system for cars will be available for the first time in a real vehicle in the 2015 Hyundai Sonata.

Android Auto runs on a smartphone connected to a dashboard touchscreen, and uses voice commands and steering-wheel controls so users can listen to music, reply to messages, make calls and get directions while driving.

However, it has only been launched in North America with "no timeline" for its roll-out internationally although Hyundai says it is working to make it available globally.

Unlike existing dashboard systems, Android Auto, pictured, runs entirely from a smartphone, which makes it easier to update. As well as working with car-modified versions of Google Maps navigation, voice search, messaging, calls and music, it also operates with some third-party apps including Spotify.

It requires a phone running Android 5.0 Lollipop or higher, which is then plugged into the vehicle's USB port, and replaces its built-in navigation and media system.

Hyundai is the first car maker to integrate Android Auto, which was previously only available on after-market radios. Over the coming months, it will be available in models from 28 marques including Audi, Fiat, Ford, Honda, Kia, Mazda, Nissan and Volkswagen.

French marque sets sights on German companies

The DS brand has broken away from Citroën and is now officially being promoted as a standalone premium line.

Five models are set to be launched by the marque with New Zealand expected to get the first three models – the DS3, DS4 and DS5 – early next year.

While major cities around the world will have separate DS showrooms, the brand will remain in Citroën dealerships in New Zealand for now.

Simon Rose, divisional manager of distributor Sime Darby Automobiles NZ, says the French marque's showrooms in Auckland, Wellington and Christchurch will be the first to include a "DS Salon".

This is a specialised area "with a different ambience and experience" for customers. He will also be working with franchises to "evolve services more applicable and in line with a premium brand and buyers".

DS is aiming to be competitive against the likes of BMW, Audi and Mercedes-Benz by 2020.

Registrations across Tasman take slight tumble

Australians bought 93,327 new vehicles last month, which was 1.3 per cent less than in May 2014. Year-to-date sales remain strong with 452,577 registrations – up by 2.5 per cent compared to the same period last year.

Light commercials were popular last month, which mirrored the Kiwi market. The Toyota Hilux was the top-selling vehicle with 3,173 sales. It was followed by the Mazda3 on 2,876.

Tool Blacks set for worldwide challenge in Brazil

WorldSkills NZ has announced its 15-strong Tool Blacks team to travel to an international competition in Brazil in August.

It will represent this country in 15 of the 45 or more trade skills to be contested with about 1,300 under 24-year-olds set to battle it out.

The Kiwis going include David Fox from Morrinsville for autobody repair, Wainuiomata's Luke Tahurangi in automotive refinishing and Chelcie Kuriger from Hamilton for automotive technology.

‘Ideal’ workspace for tradies

The latest evolution of the Fiat Ducato has arrived in New Zealand, combining a car-like design and features with the versatility, reliability and efficiency of a light commercial vehicle.

“The Ducato is the ideal workplace,” says David Smitherman, chief executive officer of Fiat Chrysler NZ.

“It delivers in all areas, not just with a wide, easily accessible and spacious load area, but also with a safe, comfortable and business-like cab for the driver and crew as well as low running costs and excellent durability.”

Optimised for the Kiwi market, it is the most powerful front-wheel-drive (FWD) van in its segment while its three-litre turbo-diesel engine sips just 8l/100km.

Further cost savings may be achieved with the van’s 45,000km service intervals.

Fiat’s new Ducato

The new Ducato is available with a six-speed manual or six-speed Comfort-Matic transmission, and retains its FWD configuration with a front McPherson-type suspension and rear rigid-axle suspension with leaf springs.

Inside, the functional cabin has new seats and technology upgrades, such as the Uconnect five-inch colour touchscreen infotainment unit.

Reversing sensors, and electronic stability control with rollover mitigation, load and centre of gravity detection and hill holder come as standard.

The Ducato is available in two vans and a cab chassis with variants, so it is ready to be put to a wide range of uses.

The three-seat cabin configuration is standard and the middle seat can transform into a work table.

The range is available with payloads from 2.05 to 2.11 tonnes and interior volumes of 13-15 cubic metres.

There are twin 270-degree opening rear doors and a wide-opening side sliding door, while gross vehicle masses come in at 3,500kg and 4,250kg respectively.

The new Ducato starts from $61,990, excluding dealer costs and delivery.

Hatchback refined

Honda has launched its 2015 Euro Civic five-door hatchback, which boasts sportier styling, infotainment technologies, and refined performance and handling.

The model introduces a range of suspension and safety technologies, including agile-handling assist.

When required, this system applies a light braking force to individual wheels during cornering.

Easy to use, Honda’s new display audio runs on a clear seven-inch display, which can be customised to suit individual preferences.

It gives rapid access to everything from vehicle information to the rear-view parking camera with dynamic guidelines, music and Bluetooth connectivity for smartphones.

The marque’s motion-adaptive electric power-steering system has been retuned to improve the car’s response at high speed.

Front and rear dampers have been revised to provide a sportier drive, reduce body roll and improve response without compromising comfort.

The rear-seat assembly folds down in one easy movement, while the 60-40 split in the seat base offers more options for carrying people and cargo.

Honda’s 1.8-litre i-VTEC petrol engine remains available mated with automatic or six-speed manual transmissions.

Prices for the 2015 Euro Civic range, which is on sale now, start at $31,900 plus on-road costs.

Honda’s 2015 Euro Civic

Industry movers

SPENCER MORRIS has been appointed general manager of product planning at Toyota New Zealand in addition to holding the same position for customer services.

Morris, pictured, joined the marque as a product engineer in 1984 before rising to managing the engineering department when the company had an assembly operation in Thames.

During his three decades with Toyota NZ, he has also gained management experience across various areas including corporate planning, new-vehicle operations, product planning and after-sales.

He has taken over his extra role from Neeraj Lala, who is moving to Toyota USA's head office on secondment.

Meanwhile, the marque's public-relations team is now supported by ex-journalist John Coker, of Auckland-based Wright Communications, who has more than 20 years' industry experience.

BRYAN ANDREWS, president for seven years of the Auctioneers Association of NZ, has been awarded the Queen's Service Medal.

He has helped charitable organisations raise about $6 million for the community. This includes more than $1m for children's charities in Canterbury via the Rotary Club's ball.

Andrews, of Christchurch, has been a trustee of the Halberg Disability Sport Foundation since 2007 and its fundraising auctioneer for 22 years.

His honour in the Queen's birthday list was bestowed for services to the community and sport.

TESSA PRICE has been appointed chief of staff to the office of ANZ Group's chief executive.

Price, who has been chief executive officer of UDC Finance since June 2012, will be responsible for overseeing group strategies and initiatives, operations and issues on behalf of group CEO Mike Smith.

She has 17 years' experience in financial institutions in Australasia, including American Express and the Commonwealth Bank.

Price will be based in Melbourne and starts in her new position on July 14.

WENDY COUTTS has been awarded the Queen's Service Medal for services to motorsport and people with disabilities.

Coutts, of Blenheim, initially joined Blenheim Eastern States Speedway Club before being elected as a board member of Speedway NZ with which she has been active for more than 30 years.

ARTHUR RUTHERFORD is now a director of Kilburn Cars in Manukau, South Auckland after buying a significant shareholding in the business, which includes Budget Car Sales and AutoAngels.

He was previously dealership manager at Auckland City Toyota and his career in the industry has spanned more than 21 years.

HARALD KRUGER has been elected chief executive officer of BMW. He has replaced Norbert Reithofer, who is now company chairman.

TO FEATURE IN INDUSTRY MOVERS
EMAIL EDITOR@AUTOFILE.CO.NZ

NZ labour market report

SKILLED JOB VACANCIES advertised online increased by 0.3 per cent in April and by 6.3 per cent since this time last year, according to the latest Jobs Online report published by the Ministry of Business, Innovation and Employment (MBIE).

Over the past year, they increased across skilled and all vacancies, which were up 6.3 and 4.6 per cent respectively.

This growth year is consistent with the latest household labour force survey results, which found employment grew by 3.2 per cent, or by 74,000 positions, over the year ending March 31, 2015.

David Paterson, MBIE's labour market and business performance manager, says strong growth reinforces the expansion as well as improved employment and participation.

The slight month-on-month increase for skilled job vacancies in April saw growth in five out of eight industry groups.

The biggest increase was in the hospitality and tourism industry, which went up by 0.9 per cent. In contrast, online advertising for engineering and construction dropped by 1.1 per cent.

According to MBIE, the increase for professionals was almost offset by decreases in managers, and technicians and trades.

Looking to year-on-year figures to April, skilled job vacancies increased in seven out of eight industry groups.

Job vacancies increased in all occupation groups with the biggest increase for professionals – up by 6.3 per cent.

This was followed by managers, up by 6.2 per cent, while technicians and trades workers saw a 5.7 per cent growth.

Advertised skilled occupations that presented with the highest annual percentage increases online were café and restaurant managers, university lecturers and tutors, and electricians.

According to the Jobs Online report, the biggest increases in the skilled vacancies by industry group were in the education and training industry, which spiked at 23.8 per cent.

Next up were accounting, human resources, legal and administration with a boost of 14.1 per cent, while hospitality and tourism rose by 11.4 per cent. The only annual decrease was in IT, which fell by 5.2 per cent.

In regards to annual percentage changes in advertised job vacancies, café and restaurant managers enjoyed a 59 per cent increase.

Other industries that saw significant bumps to their numbers were architects and landscape architects at 50 per cent, and engineering managers at 40 per cent.

While there was a modest increase for retail managers, there was a two per cent drop in demand for motor mechanics.

For the most part, the finance industry didn't fair too badly with this sector's managers, and investment advisers and managers, recording increases of 21 and 29 per cent respectively.

However, there was a 40 per cent decline in the number of online adverts for financial brokers.

Regionally, skilled vacancies increased in six out of 10 regions over the past month, with the largest increases in Manawatu-Wanganui and Taranaki, which rose by 2.3 per cent.

The largest falls for the same period were seen in Nelson, Tasman, Marlborough and the West Coast, down 1.5 per cent.

Skilled vacancies in Canterbury during April fell by 0.5 per cent. The largest decreases in this region were in construction and engineering, and education and training, which dropped by 2.8 and 1.3 per cent respectively.

Over the year, the Bay of Plenty had the biggest increase in skilled vacancies, up by 21.1 per cent, while Canterbury enjoyed a 5.4 per cent bump.

Take notice of lending code

Protecta Insurance had the privilege of having Lyn McMorran, executive director of the Financial Services Federation (FSF), speaking at seminars in Wellington and Christchurch – with another being held in Auckland next month.

The FSF had direct input into new responsible lending legislation before it was referred to the select committee and – because of this – we have far more workable guidelines than what was first presented.

The responsible lending code originates from the FSF's own code of practice, which is available to it members.

The FSF and NZ Federation of Family Budgeting Services (FFBS) have now produced a brochure for all borrowers so they can also understand their responsibilities.

We always feel it's our industry that's targeted and not the consumer, and because of the close relationship between FSF and FFBS, they are working to educate lenders and borrowers.

The meetings have been well-attended by motor-vehicle traders, and finance companies and brokers.

McMorran presented the subject in plain English so all could understand their responsibilities. She identified four areas that directly impact car dealers' businesses – advertising, disclosure, loan assignment, and guarantors and hardship.

All subjects created good debate, but advertising generated the most interest with examples of adverts no longer compliant under the new laws passed around. If you are unsure about your adverts, check the lending code because it's specific about what's acceptable.

Another area that created interest was guarantors, who must now be treated the same as borrowers for affordability and hardship. Both need to be able to make payments without suffering substantial hardship.

To do this, ask and never assume. Gather all relevant information about your client to ensure the lender has a full snapshot of his or her current financial situation. This includes disclosing all children, loans, credit cards and so on.

Some car dealers incorrectly thought that if they didn't advertise payments, they didn't need to disclose all financiers on their websites.

If you offer finance products to customers, you must disclose all finance companies, their range of interest rates, fees and charges on your website. Once again, refer to the lending code. It's available on the Commerce Commission's website.

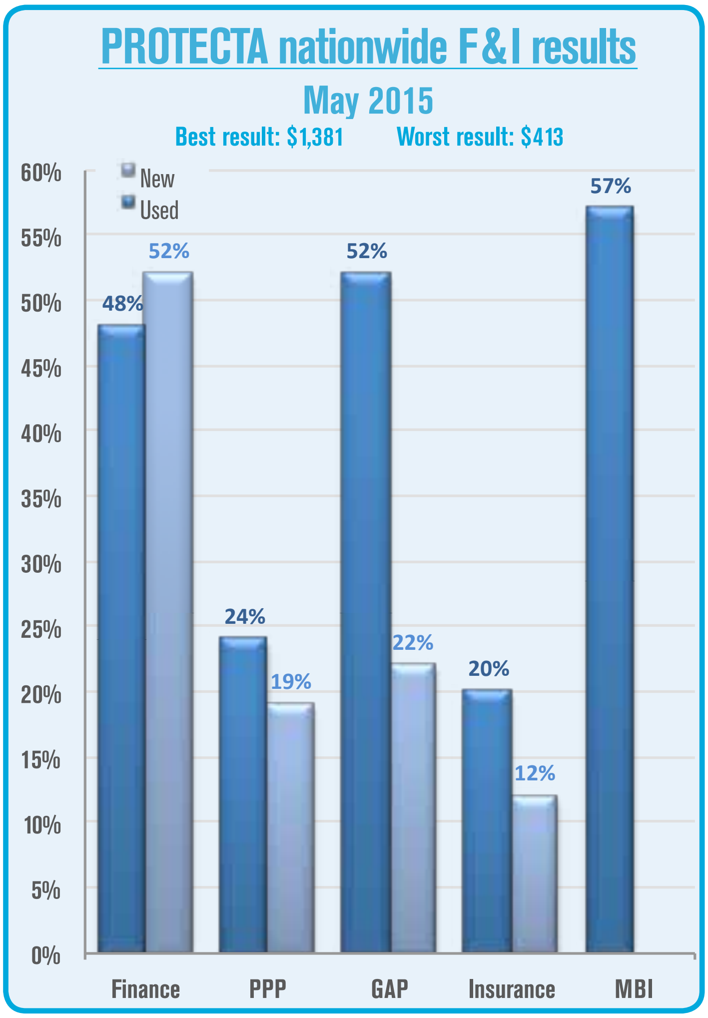
If at any time during a consumer credit contract, the borrower is referred to a budget adviser because he or she cannot afford to pay back the loan, the first question the adviser will ask is if the client has payment protection insurance (PPI).

If the client doesn't have some form of PPI and it wasn't offered at the loan's inception, this could be deemed as irresponsible.

Ensure PPI is offered to all customers. If they choose not to take insurance to protect their loans, ensure they sign disclaimers. These are available from Protecta Insurance, so ask your local sales consultant.

Please email me at erin.mills@protecta.co.nz if you are interested in attending the responsible lending breakfast meeting in Auckland with Lyn McMorran on July 6. It's free for Protecta agents with a small charge for others.

Erin Mills, business coach, Protecta Insurance



Tribunal takes dealer to task for refusing to consider mediation with purchaser

The case: A second-hand car broke down six weeks after it was bought. After several attempts to have it fixed, the trader refused to do so and claimed consumer protection laws didn't cover electrical faults. The purchaser had a letter of rejection delivered to the dealer.

The decision: The buyer's rejection of the vehicle was upheld and the tribunal ordered the trader to pay her almost $5,000.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Lyall Baird bought a 2003 Saab 9-3 from Graeme Giles, who trades as CMG Wholesale and Giles Wholesale, for $4,400 on November 26, 2014.

Its engine stopped on January 6, 2015. The dealer tried to remedy the problem, but the buyer rejected it under the Consumer Guarantees Act (CGA) when the trader failed to return the repaired vehicle by February 27.

Baird wanted the tribunal to uphold her rejection, and order the trader to refund her purchase price and the $429 she spent on a rental vehicle.

The dealer said his repairer let him down by failing to fix the car as quickly as it should have been done.

The case

Baird bought the vehicle from the trader after taking it for a test drive and obtaining a pre-purchase inspection that identified several minor faults.

The receipt for the car was signed by the dealer and it was "sold with a three-month mechanical warranty".

The trader failed to have Baird sign a vehicle offer and sale agreement and didn't supply a signed copy of a consumer information notice (CIN), which amounted to a breach of the Consumer Information Standards (Used Motor Vehicles) Regulations.

It is an offence under the Fair Trading Act and punishable by a fine not exceeding $60,000 for a person to supply, or advertise to supply, a vehicle in respect of which a CIN has been prescribed unless that person has complied with the regulations, which are enforced by the Commerce Commission.

Because of this breach, the tribunal sent a copy of its decision to the commission for its action.

According to the hearing's transcript, it was Baird's son, Mr C Young, who was driving the car near Pokeno when its engine suddenly cut out.

Baird phoned the trader, who – although on holiday at the time – took the vehicle to his workshop in Tuakau and promised to repair it after the holiday period.

However, although Giles tried to fix the car, he failed to do so and had it transported to Pukekohe Auto Air and Electrical on February 2.

Mr Roberts, of Pukekohe Auto, said in a letter that the vehicle had no ignition and wouldn't turn over.

He said that while his company repaired the ignition system, it found out that the fuel pump had failed.

The trader said he would deal with the pump and returned with one that the repairer installed, but the car still wouldn't start.

During this time, Baird said she repeatedly tried to contact Giles, but he wouldn't answer her phone calls or text messages.

Finally, Young made contact with the trader and delivered a letter of rejection to him after he refused to pay to have the vehicle repaired. Giles didn't respond to the letter of rejection, so Baird decided to file an application with the tribunal on March 16.

A copy of this was sent to the trader asking him to engage in mediation with the buyer, which he didn't do.

The dealer told the tribunal he was disappointed with the work done by Pukekohe Auto and he believed, incorrectly, that the relevant consumer legislation didn't cover electrical faults and that was why he had refused to repair the vehicle.

The finding

The tribunal considered that the failure of a fuel pump was not unusual in an 11-year-old car that had travelled more than 133,000km.

The fact that it failed in this instance, after only six weeks of use, meant it was not as durable as a reasonable consumer would regard as acceptable.

The trader appeared to have decided it was either too expensive or too hard to replace the pump and stopped repairing the vehicle, which was still in his possession.

The tribunal believed Baird gave the trader a reasonable time to replace the part before she exercised her right to reject the car under the CGA.

Her letter of rejection stated her grounds for rejecting the vehicle and thus complied with the requirements of the act because it was delivered to the trader within three months of the date of the car's supply.

In essence, the buyer had required the dealer to repair the vehicle, but the trader failed to do so within a reasonable time. Hence, under the CGA, the purchaser became entitled to reject the car.

The tribunal upheld the rejection and ordered the dealer to make an immediate and full refund of the purchase price of $4,400 in addition to $429 for the cost of the buyer hiring a vehicle.

The tribunal believed this matter should have been reasonably settled by the trader before the hearing.

But the dealer, after receiving notice of the hearing, failed to take part in mediation discussions referred to in the Motor Vehicle Sales Act without reasonable excuse.

Orders

The buyer's rejection was upheld. The trader had to pay the purchaser $4,829 in addition to $500 to the tribunal for its reasonable hearing costs.

Vehicle's fuel-consumption rating for comparative purposes only

The case: The buyer claimed the trader acted illegally by supplying misleading information about a new Mitsubishi ASX's average fuel consumption figures when it was sold to him.

The decision: The tribunal dismissed the application because it found the purchaser lacked any real evidence that the vehicle's fuel consumption was as high as he had claimed. It added that the dealer had no influence over the car's fuel-consumption rating.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

On May 22, 2014, JT Lang Ltd bought a new Mitsubishi ASX 2.2D Auto Sport from Landseer Motor Investments Auckland Ltd, trading as Andrew Simms Newmarket, for $36,800.

The purchaser claimed the dealer supplied it with false or misleading information about its average fuel consumption of 5.8l/100km in breach of the Fair Trading Act.

The buyer claimed the car was unable, on its method of measuring fuel consumption, to achieve anything more than 6.1l-6.8l/100km although its computer regularly showed 5.6l-5.8l/100km.

The tribunal directed Mitsubishi Motors NZ be a party because it had sufficient connections with the proceedings.

The trader denied its conduct was misleading or deceptive. It acknowledged it advertised a fuel-economy rating of 5.8l/100km.

In doing so, it followed "normal industry practice" of promoting this because it was established by the Energy Efficiency and Conservation Authority (EECA).

The trader said it had no input into determining information on the fuel-saver label or rating.

However, it said 5.8l/100km was achievable depending on a range of factors on the energy-efficiency label attached to the vehicle when it was sold.

The case

Mr T Lang, representing the buyer, produced two pieces of paper he had been given by the trader.

Both noted the car's fuel-economy rating of 5.8l/100km. He couldn't recall if he was given them before or after buying it.

When he calculated the vehicle's fuel consumption, Lang reached a figure of 6.6-6.8l/100km.

He drove the car in wet and windy conditions during which fuel consumption was 7.1l/100km, but realised wind could have caused the increase.

Lang produced a letter dated December 9, 2014, from his neighbour Mr Kistemaker, an NZTA-appointed specialist certifier. Lang asked him to do a fuel-consumption check.

The letter stated: "I drove [the vehicle] 353km in a mixture of city and open-road use. I used 24.88l of diesel to cover the 353km, which equates to 14.19km/l or 7.05l/100km."

No empirical details about testing methods, calibrations of measuring devices or any objective measure were provided.

Kistemaker said he wasn't regularly asked to do fuel-consumption tests and had never performed them except on his own vehicles.

Andrew Simms, the dealer's general manager, explained the trader had no input into the content of EECA labels, nor determining fuel-efficiency ratings.

Simms said Lang contacted him in August 2014 regarding the ASX's fuel economy, after which he arranged for the car to be taken into the dealership for testing.

The trader was satisfied it was performing to the manufacturer's specifications and wasn't using excessive fuel as a result of any mechanical setting or software update.

Simms said factors out of the dealer's control – such as driving style, weather, temperature, road type and conditions and traffic density – would affect the fuel-economy rates achieved by different drivers.

He thought Lang's complaint was more about the accuracy of the EECA's fuel-economy rating rather than any fault of the dealer's.

Stuart Trist, after-sales manager, said Lang returned the vehicle for a service on August 19.

He scanned the car for faults and lagging software updates that might affect fuel economy. The test indicated it was tuned and operating to specifications with no faults.

Trist test-drove it over three days in different weather. The best fuel economy achieved was 5.1l/100km and the worst was 5.8l/100km.

Mr L Robinson, Mitsubishi Motors' technical services manager, gave evidence about EECA fuel-consumption ratings.

He said they were calculated at a laboratory in Germany and each vehicle was tested on a rolling road to determine the urban, "extra urban" and combined fuel-consumption figures.

Robinson produced documents showing the ASX's urban, or city, fuel consumption under test conditions was 7.1l/100km, extra urban was 5.1l/100km and the combined figure was 5.8l/100km.

He also produced information from the EECA's website.

This stated: "On-road fuel consumption... [is] unlikely to reflect test results due to vehicle use being different from the drive-cycle test."

The finding

The tribunal wasn't persuaded the buyer was misled about the vehicle's fuel economy or any reasonable purchaser would have been misled by the claim of 5.8l/100km.

It was clear from the energy-efficiency label that measurement was "provided for comparative purposes".

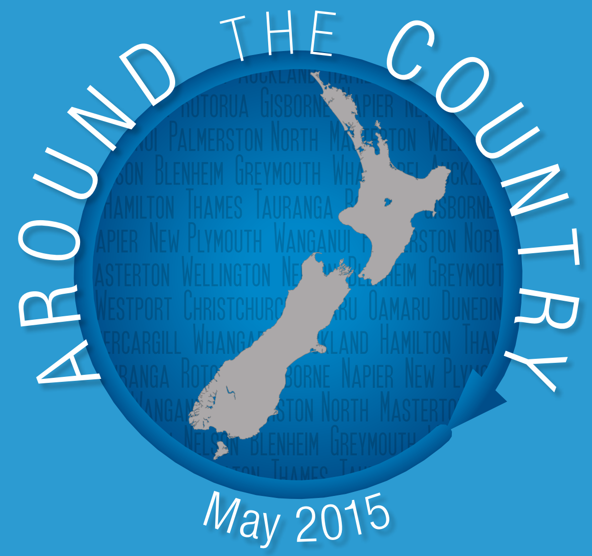
Also, a motorist's actual cost per year and fuel consumption would vary from that shown on the label for factors such as vehicle condition, modifications, driving style and traffic conditions. Significantly, the label stated: "You should not expect to meet exactly what this label says."

The tribunal added the dealer had no control over the fuel-economy rating process and there was a lack of empirical evidence for Lang's testing method.

Order

The application was dismissed by the tribunal.

AUTOSURE NEW ZEALAND



BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR

(MAY 2015 vs MAY 2014)

BIGGEST INCREASES

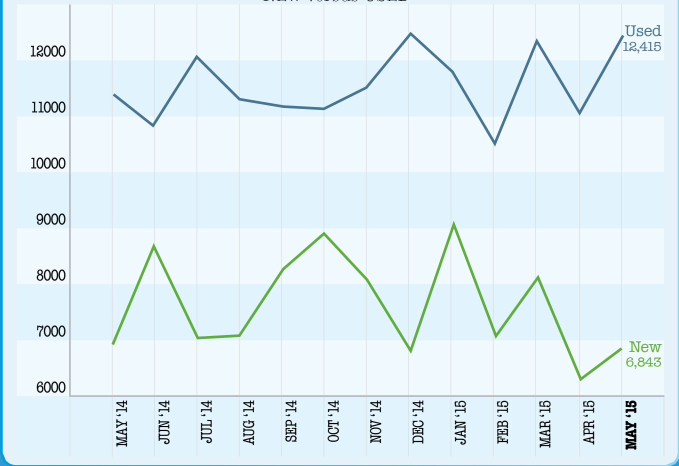
NEW		USED	
Greymouth	▲91.7%	Blenheim	▲39.0%
Rotorua	▲56.6%	Wellington	▲18.2%
Blenheim	▲20.5%	Invercargill	▲15.5%

BIGGEST DECREASES

NEW		USED	
Nelson	▼32.4%	Timaru	▼11.0%
Oamaru	▼33.3%	Rotorua	▼12.9%
Westport	▼40.0%	Oamaru	▼20.0%

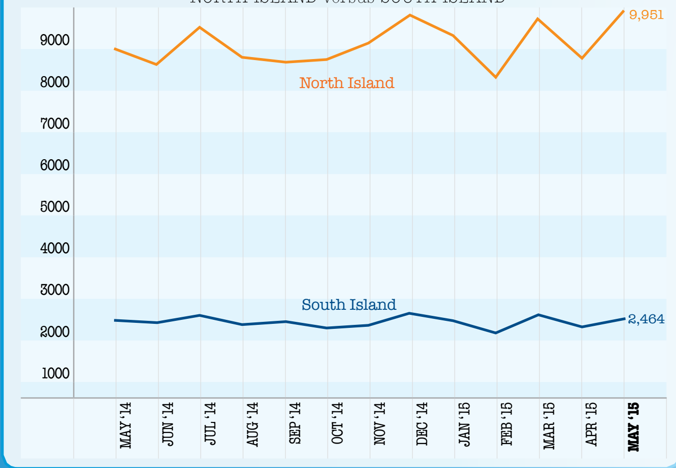
PASSENGER VEHICLE REGISTRATIONS

NEW versus USED

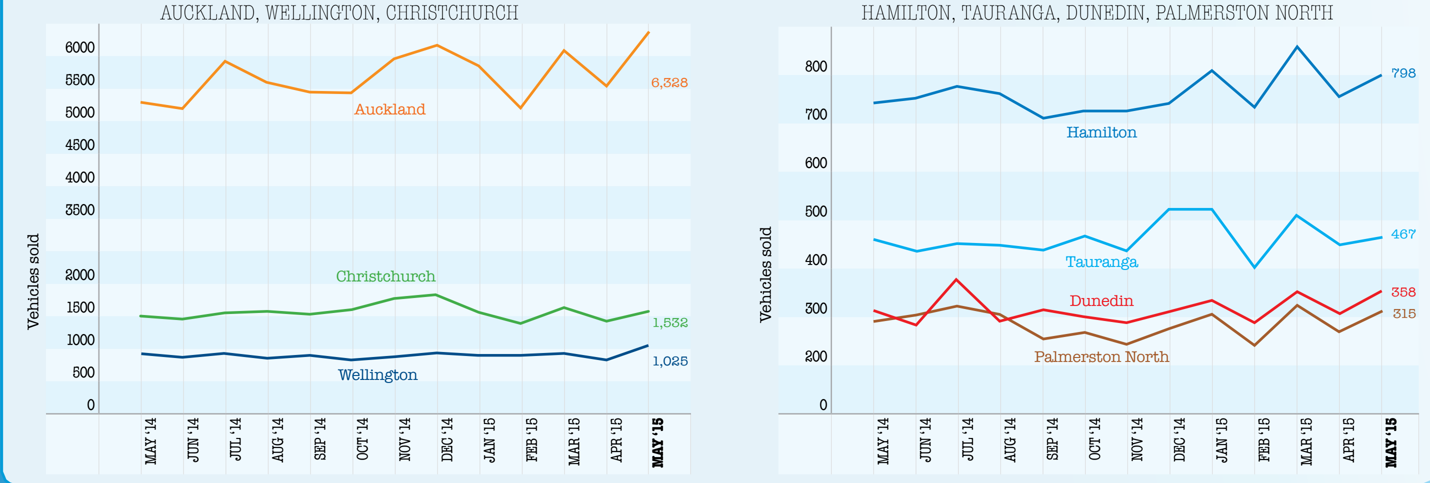


USED VEHICLE REGISTRATIONS

NORTH ISLAND versus SOUTH ISLAND



USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY



Japanese market truly global

An importer of used vehicles describes the demand for stock from Japan as creating a market that's "globally orientated".

Neil Carter, of Warehouse Cars in Mount Maunganui, imports about 100 per cent of his stock and takes buying trips there about once a month.

He says the amount of different markets now sourcing second-hand vehicles from Japan is "quite amazing".

"You have a lot of new countries popping up here, there and everywhere in Japan," Carter told Autofile. "For example, Russia is a big player and that market has been buying a bit more stock.

"As different governments make different regulation changes, it could close off for a while and then they are back on when a new regulation comes in.

"And when Australia comes online, which I think will definitely happen, that will also change the market."

Carter believes the secret to purchasing good stock from Japan is being on the ground there.

"We still only buy so many vehicles and stay reasonably firm on what we are bringing in, but because of the strong market we have probably picked up an extra 10 units a month.

"I buy more than 80 per cent of my stock while I'm over in Japan, especially when it comes to commercial vehicles.

"I put my overalls on and check them to ensure they are in line with our standards. We ensure they are all good, clean, tidy and presentable.

"A lot of people think that with the kiwi's exchange rate with the yen being so low, we can just pay less.

"We may be able to buy some specific vehicles that we wouldn't have been able to afford before, but the profit margin is still the same."

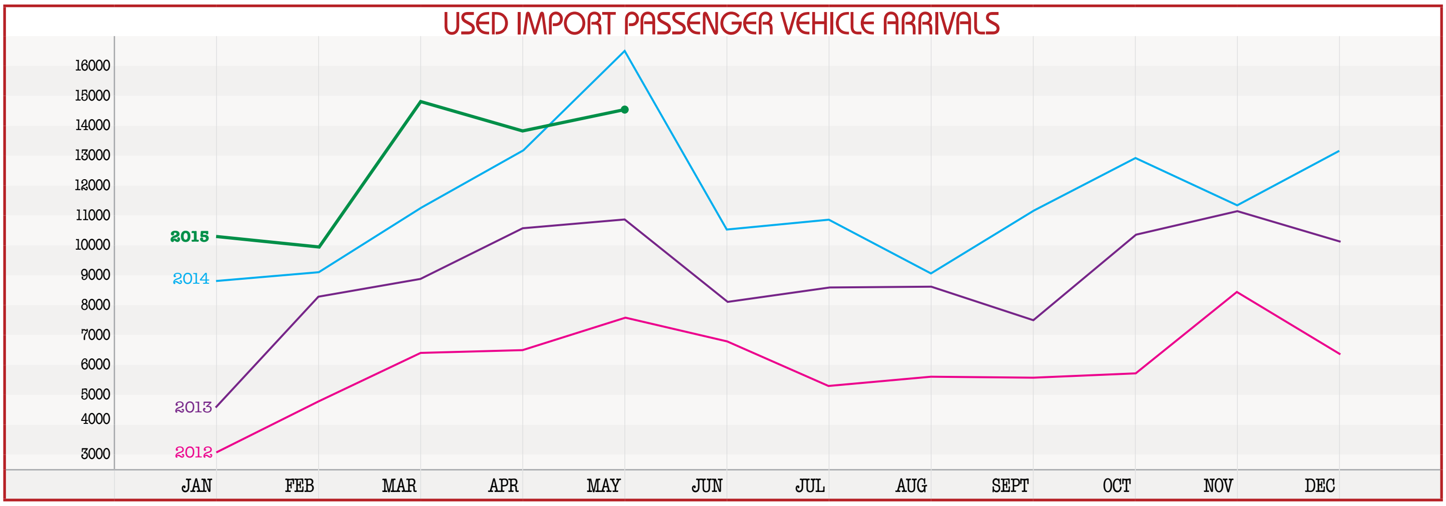
May was another strong month for imports of used passenger vehicles into New Zealand with the total of 14,478 being this year's second highest.

It was also the second biggest month of 2015 for arrivals from Japan, which came in at 13,826 units.

May was the biggest month of the year for used imports from Australia and Singapore, with the totals coming in at 429 and 59 respectively.

Arrivals from the UK have only broken through the three-figure barrier once this year with 114 in January and its total for last month came in at 77 – its second-lowest of 2015 after April.

May was also the second-lowest month for used imports from the US with 77 crossing the border, while the overall market's year-to-date total now stands at 63,242 units.



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2015 JAN '15	FEB '15	MAR '15	APR '15	MAY '15	MAY SHARE %	2015 TOTAL	2014 Q1	Q2	Q3	Q4	2014 TOTAL	MRKT SHARE	2013 2013 TOTAL	MRKT SHARE
Australia	258	397	400	356	429	**3.0%**	**1,840**	710	811	729	917	3,167	2.3%	1,990	1.9%
Great Britain	114	83	79	66	77	**0.5%**	**419**	483	441	450	511	1,885	1.4%	2,908	2.7%
Japan	9,650	9,357	14,157	13,273	13,826	**95.5%**	**60,263**	27,562	38,446	29,306	35,456	130,770	95.0%	100,784	93.9%
Singapore	30	30	17	47	59	**0.4%**	**183**	53	64	62	73	252	0.2%	146	0.1%
USA	80	59	119	90	77	**0.5%**	**425**	289	298	368	323	1,278	0.9%	1,205	1.1%
Other countries	23	24	25	30	10	**0.1%**	**112**	57	50	49	130	286	0.2%	251	0.2%
Total	**10,155**	**9,950**	**14,797**	**13,862**	**14,478**	**100.0%**	**63,242**	**29,154**	**40,110**	**30,964**	**37,410**	**137,638**	**100.0%**	**107,284**	**100.0%**

Steady month for used car sales

Registrations of second-hand cars remained constant during May compared to the same month of last year.

Dealer-to-public transactions came in at 17,269 last month, which was a drop of 1.7 per cent from 17,562 in May 2014.

The decrease in trade-ins was slightly more pronounced at 2.4 per cent – from 14,348 to 14,004 – while sales between members of the public rose from 40,983 to 41,343, or by 0.9 per cent.

Rotorua topped the ladder with a 19 per cent jump in trader-to-public sales, which rose from 242 units to 288. Wanganui took out second spot with an increase from 175 to 199 – or by 13.7 per cent.

When it came to public-to-dealer transactions, Greymouth came first with a 16.7 per cent rise from 42 to 49 units. Next up was Oamaru, where trade-ins climbed by three to 25, an increase of 13.6 per cent.

"We're lucky in that we have strong volumes of new vehicles and they pretty much always come with trade-ins," says Grant Ward, of Grant Ward Nissan in Alexandra.

"We also supplement our stock from other areas, and do a small amount of imports and some more niche vehicles."

Ward adds the used-vehicle market has been performing on a similar level to new.

"Economic strength cascades down the food chain," he told Autofile. "If there is strong growth in the new-car sector, eventually it filters down into wages and translates into more sales of used cars."

Torrential rain hit Dunedin in early June causing flooding, and forcing homes and businesses to be evacuated and streets closed.

James Mitchell, of Mitchell Motor Court, says: "We sold one car because someone drove into a massive puddle, which wrote off the vehicle on the Burnside turn-off on the motorway.

"We didn't suffer any damage, but closed a bit earlier and there were less people around than usual.

"A few cars have been written off due to the flooding and most yards will pick up a couple more sales because of that."

The largest drop in second-hand car sales by dealers to members of the public was recorded in Greymouth where they tumbled from 98 in May 2014 to 79 last month, or by 19.4 per cent.

Thames had the country's second-highest decrease, which was 17.5 per cent from 223 to 184.

When it came to trade-ins, the biggest drop was in Thames – 28.1 per cent from 89 to 64.

Whangarei came next where the numbers fell from 279 to 207, or by 25.8 per cent.

SECONDHAND CAR SALES - May 2015

	DEALER-TO-PUBLIC				PUBLIC-TO-PUBLIC			PUBLIC-TO-DEALER		
	MAY '15	MAY '14	+/- %	MARKET SHARE	MAY '15	MAY '14	+/- %	MAY '15	MAY '14	+/- %
Whangarei	553	543	1.8	3.2	1,866	1,875	-0.5	207	279	-25.8
Auckland	5,703	5,840	-2.3	33.0	14,279	13,785	3.6	5,033	4,776	5.4
Hamilton	1,472	1,441	2.2	8.5	3,136	3,275	-4.2	1,254	1,271	-1.3
Thames	184	223	-17.5	1.1	468	525	-10.9	64	89	-28.1
Tauranga	944	927	1.8	5.5	2,058	2,060	-0.1	569	675	-15.7
Rotorua	288	242	19.0	1.7	734	721	1.8	119	146	-18.5
Gisborne	191	181	5.5	1.1	349	363	-3.9	117	108	8.3
Napier	579	593	-2.4	3.4	1,476	1,409	4.8	431	418	3.1
New Plymouth	454	440	3.2	2.6	1,028	1,029	-0.1	258	269	-4.1
Wanganui	199	175	13.7	1.2	463	436	6.2	126	147	-14.3
Palmerston North	813	873	-6.9	4.7	1,590	1,601	-0.7	1,352	1,410	-4.1
Masterton	161	164	-1.8	0.9	359	370	-3.0	74	85	-12.9
Wellington	1,550	1,465	5.8	9.0	2,805	2,834	-1.0	1,213	1,221	-0.7
Nelson	307	320	-4.1	1.8	954	953	0.1	245	251	-2.4
Blenheim	177	196	-9.7	1.0	419	399	5.0	130	151	-13.9
Greymouth	79	98	-19.4	0.5	200	229	-12.7	49	42	16.7
Westport	19	20	-5.0	0.1	98	77	27.3	0	0	0.0
Christchurch	2,321	2,386	-2.7	13.4	5,416	5,460	-0.8	1,835	1,954	-6.1
Timaru	221	262	-15.6	1.3	570	576	-1.0	160	176	-9.1
Oamaru	71	63	12.7	0.4	207	203	2.0	25	22	13.6
Dunedin	625	690	-9.4	3.6	1,901	1,812	4.9	429	492	-12.8
Invercargill	358	420	-14.8	2.1	967	991	-2.4	314	366	-14.2
NZ total	**17,269**	**17,562**	**-1.7**	**100.0**	**41,343**	**40,983**	**0.9**	**14,004**	**14,348**	**-2.4**

Passenger Car Sales by Private/Business split

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	3	100.0	0	0.0	3
Aston Martin	0	0.0	2	100.0	2
Audi	68	39.1	106	60.9	174
Bentley	5	83.3	1	16.7	6
BMW	54	40.6	79	59.4	133
Chery	9	81.8	2	18.2	11
Chrysler	0	0.0	2	100.0	2
Citroen	13	61.9	8	38.1	21
Dodge	21	60.0	14	40.0	35
Ferrari	2	100.0	0	0.0	2
Fiat	39	83.0	8	17.0	47
Ford	142	31.4	310	68.6	452
Holden	229	29.5	548	70.5	777
Honda	190	73.1	70	26.9	260
Hyundai	198	30.7	446	69.3	644
Isuzu	6	37.5	10	62.5	16
Jaguar	1	16.7	5	83.3	6
Jeep	32	41.6	45	58.4	77
Kia	135	61.1	86	38.9	221
Lamborghini	0	0.0	1	100.0	1
Land Rover	44	55.7	35	44.3	79
Lexus	19	39.6	29	60.4	48
Lotus	1	50.0	1	50.0	2
LDV	0	0.0	6	100.0	6
McLaren	0	0.0	1	100.0	1
Maserati	4	100.0	0	0.0	4
Mazda	361	51.9	334	48.1	695
Mercedes-Benz	64	40.3	95	59.7	159
MG	3	100.0	0	0.0	3
Mini	25	51.0	24	49.0	49
Mitsubishi	124	29.0	303	71.0	427
Nissan	143	43.6	185	56.4	328
Peugeot	29	45.3	35	54.7	64
Porsche	36	80.0	9	20.0	45
Renault	4	22.2	14	77.8	18
Skoda	46	45.5	55	54.5	101
SsangYong	42	39.3	65	60.7	107
Subaru	49	28.2	125	71.8	174
Suzuki	222	67.7	106	32.3	328
Toyota	266	27.8	691	72.2	957
Volkswagen	111	36.3	195	63.7	306
Volvo	5	35.7	9	64.3	14
Other	0	0.0	1	100.0	1
TOTAL	**2,745**	**40.3**	**4,061**	**59.7**	**6,806**

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

Japanese marque is well-positioned

May was another big month for Toyota when it came to passenger vehicle registrations with it cementing its place at the top of the ladder by beating second-placed Holden by 180 sales.

The Japanese manufacturer sold 957 units last month with its 691 business transactions coming in at 72.2 per cent.

Holden recorded a higher share of private sales – 29.5 per cent, or 229 of its 777 registrations.

Mazda, in third place for sales of new cars and SUVs, had the highest split in favour of private buyers in the top three with 361, or 51.9 per cent, of them in its 695-unit total.

Hyundai secured 644 sales in May with its 198 private transactions making up 30.7 per cent of its aggregate.

Ford took out fifth spot with 452 registrations during May, according to Motor Industry Association statistics. Of those, 310 were business transactions – or 68.6 per cent of its total.

Popular with fleet and private buyers alike, Toyota's Camry and Camry Hybrid sedans have been redesigned for 2015 and go on sale at dealerships in New Zealand on July 1.

"With increased specification and choice, we will successfully build on the customer-driven reputation of this car's predecessor," says Steve Prangnell, Toyota NZ's general manager of sales and operations.

"Adding more depth to the Camry Hybrid range is a signal to our customers that we remain serious about introducing all the benefits of hybrid drive technology to a greater audience.

"This technology is becoming ever-more commonplace for fleet customers and private buyers alike."

In 2014, the marque sold 275 Camry Hybrids. Prangnell says more private buyers opted for hybrids than non-hybrids in the range last year.

"This tells us our customers are increasingly comfortable owning and running advanced hybrid technology and are looking to reap the fuel-efficiency rewards it offers."

He says the Hybrid Atara SL provides the "perfect middle ground" for private buyers and fleet managers looking for executive transport.

Toyota NZ sees the new range as sustaining the nameplate and giving the marque an opportunity to target more private customers because the Camry has always been seen as more of a fleet car.

Sales of sedans have taken a hit in recent years as more SUV options emerge.

However, the marque says it still has a large bank of customers who prefer a sedan hence it retaining the line-up and not reducing the count of models, but instead trying to enhance its offering.

Nevertheless, it can almost be taken as read that the Camry will remain the first choice among the fleet and rental sector.

As for the premium segment, Audi sold 174 new vehicles during May, of which 60.9 per cent were to businesses. Mercedes-Benz came second on 159 units.

Commercials dominate new market

The market for new vehicles held steady in May with 10,033 registrations recorded. This was a slight decrease of 17 units when compared to May 2014.

But year-to-date sales are up by 5.9 per cent and 2,938 units compared to this time last year.

New passenger car registrations of 6,821 last month were up by 68 units on May 2014's numbers.

And sales of new commercial vehicles totalled 3,170 in May – a decrease of 88.

Last month saw utes occupying the top four spots on the ladder in this order – Ford's Ranger, Toyota's Hilux, Nissan's Navara and Holden's Colorado – before a passenger vehicle model – the Corolla – could get a look-in.

Year to date, the top-selling models are the Ranger on 2,310, the Hilux with 2,104, the Corolla on 1,963, the Navara with 1,532 and the Colorado on 1,327.

SUVs remain the dominant vehicle segment with a 34 per cent share of May's market and 32 per cent so far this year. Eight of the top 15 passenger vehicle models registered last month were SUVs.

The pick-up and chassis-cab segment continues to increase its market share with 23 per cent last month and 21 per cent year to date.

Small passenger vehicles make up the third biggest segment, but slipped to a 13 per cent share of May's market and 14 per cent year to date.

"While sales of new commercials dropped slightly for the month of May compared to May 2014, New Zealanders' love affair with utes continues to see these models gaining market share," says David Crawford, chief executive officer of the Motor Industry Association.

Martin McFelin, new car sales manager of the North Otago Motor Group in Oamaru, says: "Toyota's Hilux and the Holden Colorado are our two big sellers, but other than that the Commodore still sells well here.

"The market for new vehicles in the town has grown, and the Yaris and Barina are going well.

"Mechanics and trades people are in short supply because the government's apprentice schemes haven't been going for a long time.

"Once again, some people are staunch and local, while others are trying to shop around so you have to be competitive."

NEW VEHICLE SALES BY BUYER TYPE - May 2015

	MAY '15	MAY '14	MTH %	2015 YTD	2014 YTD	% YTD
Passenger	**3,445**	**3,744**	**-8.0**	**20,339**	**20,780**	**-2.1**
Private	1,415	1,502	-5.8	8,283	8,266	0.2
Business	1,675	1,885	-11.1	9,261	10,071	-8.0
Gov't	216	185	16.8	981	1,009	-2.8
Rental	139	172	-19.2	1,814	1,434	26.5
SUV	**3,376**	**3,009**	**12.2**	**16,758**	**14,841**	**12.9**
Private	1,337	1,177	13.6	6,700	5,954	12.5
Business	1,527	1,503	1.6	8,198	7,955	3.1
Gov't	61	80	-23.8	311	287	8.4
Rental	451	249	81.1	1,549	645	140.2
Light Commercial	**2,779**	**2,841**	**-2.2**	**13,289**	**11,958**	**11.1**
Private	739	690	7.1	3,379	2,809	20.3
Business	1,873	1,911	-2.0	9,069	8,456	7.2
Gov't	90	133	-32.3	481	481	0.0
Rental	77	107	-28.0	360	212	69.8
Sub Total	**9,600**	**9,594**	**0.1**	**50,386**	**47,579**	**5.9**
Private	3,491	3,369	3.6	18,362	17,029	7.8
Business	5,075	5,299	-4.2	26,528	26,482	0.2
Gov't	367	398	-7.8	1,773	1,777	-0.2
Rental	667	528	26.3	3,723	2,291	62.5
Heavy Commercial	**391**	**417**	**-6.2**	**1,862**	**1,841**	**1.1**
Other	**42**	**39**	**7.7**	**313**	**203**	**54.2**
Total	**10,033**	**10,050**	**-0.2**	**52,561**	**49,623**	**5.9**

NEW VEHICLE MARKET SEGMENTATION - May 2015

	MAY '15	MAY '14	MTH% DIFF	2015 YTD	2014 YTD	% YTD
Passenger	3,445	3,744	-8.0	20,339	20,780	-2.1
SUV	3,376	3,009	12.2	16,758	14,841	12.9
Light Commercial	2,779	2,841	-2.2	13,289	11,958	11.1
Heavy Commercial	391	417	-6.2	1,862	1,841	1.1
Other	42	39	7.7	313	203	54.2
TOTAL MARKET	**10,033**	**10,050**	**-0.2**	**52,561**	**49,623**	**5.9**
Micro	111	108	2.8	754	631	19.5
Light	1,003	1,081	-7.2	6,309	5,248	20.2
Small	1,260	1,553	-18.9	7,613	9,315	-18.3
Medium	551	530	4.0	2,815	2,880	-2.3
Large	375	318	17.9	1,862	1,724	8.0
Upper Large	14	17	-17.6	113	138	-18.1
People Movers	60	67	-10.4	394	360	9.4
Sports	71	70	1.4	479	484	-1.0
SUV Small	1,125	733	53.5	5,129	3,932	30.4
SUV Medium	1,118	1,211	-7.7	6,334	5,620	12.7
SUV Large	1,107	1,024	8.1	5,109	5,061	0.9
SUV Upper Large	26	41	-36.6	186	228	-18.4
Light Buses	45	50	-10.0	295	213	38.5
Vans	400	563	-29.0	2,123	2,293	-7.4
Pick Up/Chassis Cab 4x2	791	818	-3.3	4,016	3,708	8.3
Pick Up/Chassis Cab 4x4	1,543	1,410	9.4	6,855	5,744	19.3
Heavy Commercial	391	417	-6.2	1,862	1,841	1.1
Other	42	39	7.7	313	203	54.2
TOTAL MARKET	**10,033**	**10,050**	**-0.2**	**52,561**	**49,623**	**5.9**

Stock level continues to rise

There were 9,586 new cars registered in New Zealand during May compared to 6,483 being imported to increase stock at hand by 2,743 units.

As a result of this, the number imported has risen by 13.5 per cent over the past 12 months.

Over the same reporting period, registrations of new passenger vehicles have gone up by 0.6 per cent with the stock level jumping by 23.8 per cent.

There have been 101,726 new cars imported over the past 12 months and 92,164 have been sold, which represents an increase in stock of 9,906 units for that period.

Based on a 12-month rolling average, daily sales increased by one to 253 during May compared to 252 in the two previous months.

The number of days' stock at hand increased by 11 to 204 last month from 193 in April.

Toyota New Zealand says there should be no shortage of stock to maintain Camry sales until production ends in Australia.

The marque unveiled the model's last version of the model – an update on the seventh-generation that went on the market in late-2011 – to be made there in April with inquiry being strong ahead of it going on sale here next month.

Despite this, the revision is seen as a "big minor change" because everything except its drivetrains has been revamped, says the marque.

The Camry and Aurion will ultimately become the last new vehicles to arrive on these shores that have been manufactured in Australia.

Ford is ending production across the Tasman of its Falcon towards the end of 2016 and Holden will be closing its factory there in October 2017. Toyota Australia will probably keep building up to the end of that year.

The initial aim is to ensure the Camry maintains its sales momentum, which has resulted in it becoming dominant in the medium-sized sedan segment.

Its big push started in 2013 when registrations of Ford's Mondeo dropped, although Camry sales have also decreased.

During 2014, it was the only contender to break the 1,000-unit mark and it went into this year with a two-to-one advantage over the Ford.

The Mondeo is unlikely to improve from second place in the near future, but it hopes to decrease the gap on the Toyota.

The Camry's present line kicks off with a GL. Next up are the Atara S and SX. The marque introduced the RZ last year and is offering a two-tier battery-assist line thanks to hybrid and hybrid i-Tech.

The new exterior, interior upgrades and all-new Atara and Hybrid Atara S make the 2015 line-up the most comprehensively packaged yet. The hybrid range now includes the GL, new Atara S and flagship Atara SL.

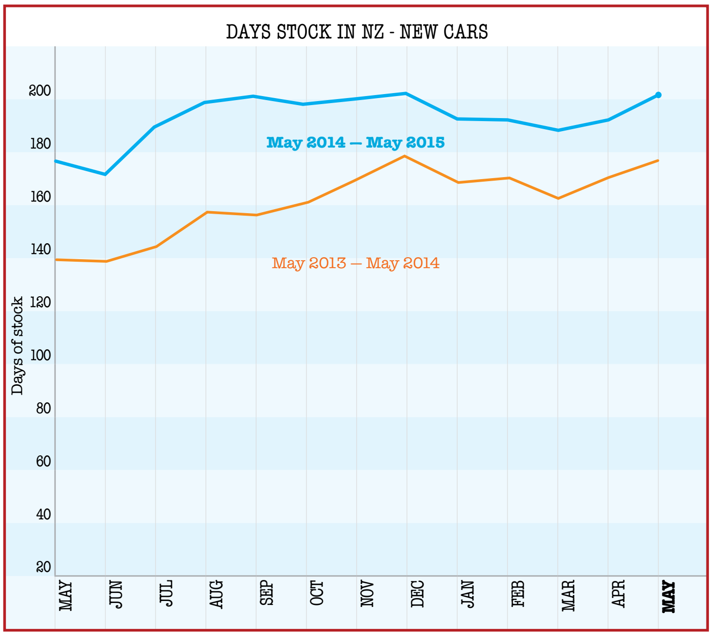
Meanwhile, the Aurion's run to the production finish line will be changed, but to a lesser extent. It doesn't enjoy Camry-like dominance in the large-car segment because of Holden's Commodore, but the marque says it remains committed to the Aurion.

Toyota Australia expects to make about 90,000 Camrys per year for the remainder of its life, which equates to around 420 units per day, with approximately 70 per cent shipped offshore.

In addition to New Zealand, the plant supplies the Middle East, South Pacific Islands and Thailand, which is widely tipped to take over production from the operation across the ditch.

Dealer stock of new cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
May '14	8,447	6,802	1,696	41,571	236	176
Jun '14	7,620	8,517	-569	41,002	238	172
Jul '14	11,106	7,071	4,035	45,037	239	188
Aug '14	9,649	7,066	2,599	47,636	240	199
Sep '14	9,602	8,382	1,220	48,856	243	201
Oct '14	8,297	8,910	-613	48,243	245	197
Nov '14	9,075	8,063	1,012	49,255	247	199
Dec '14	8,248	6,797	1,451	50,706	248	204
Jan '15	6,739	9,010	-2,271	48,435	250	194
Feb '15	7,173	7,057	116	48,551	252	193
Mar '15	6,907	8,075	-1,168	47,383	252	188
Apr '15	7,724	6,373	1,351	48,734	252	193
May '15	9,586	6,843	2,743	51,477	253	204
Year to date	**38,129**	**30,515**				
Previous 12 months	**101,726**	**92,164**	**9,906**			
Change on May 2014	**13.5%** MORE	**0.6%** MORE SOLD		**23.8%** MORE STOCK		



MARAC

Cross-rate boosts import options

Importers of used cars report that buying conditions are providing access to good stock for their yards.

James Mitchell, of Mitchell Motor Court in Dunedin, believes decreases in vehicle prices have helped to boost the market, while there has been a better pick of stock for Kiwis to choose from in Japan.

"Prices for good quality used imports have come down a bit and, with the yen being quite strong, it has been easy to import better stock," he told Autofile.

Mitchell's stock mix is generally made up of vehicles priced between $10,000 and $20,000.

"We have a lot of fresh imports and second-time around imports alongside New Zealand-new Falcons and Commodores," he says.

"We try to stick with better spec-ed, models such as Holden's SV6 and SSS, or buy sport models as a point of difference for our imports.

"Things are growing here and we think we're growing. We introduced another 20 per cent in stock last year and we plan to the same in another few years.

"Last year was quite good for us and this year has been much the same."

Paul Butler, of Merit Cars in New Plymouth, also says the market in Japan is providing good stock for his dealership.

"The yen is still sitting at about 88 per dollar and that's still holding reasonably good values for vehicles coming in," he explains.

"Our stock mix is priced from about $3,000 to $20,000 and we cover the range from small to large family vehicles, including people movers and SUVs.

"This has changed from some years ago when we stuck to a few models that sold well to now having to have a more extensive range."

Allan Patterson, of Derwent Car Sales in Oamaru, says: "I buy through one auction house and have a very good agent with Heiwa.

"If I bid on something, he will give me a call and say whether it's suitable for me or not. It's very important to get the contact over in Japan."

Certain stock, such as Nissan's Tiida and Teana, is performing well at his dealership.

"Over the years, the number of traders here in Oamaru has gradually dwindled down," says Patterson.

"I think a lot of guys may come into the industry without a motor-trade background. Everything may look easy from the outside, but a lot of mistakes can be made."

Some 14,478 used cars crossed the border in May while there were 12,415 registrations, so the difference between imports and sales came in at 2,063 units.

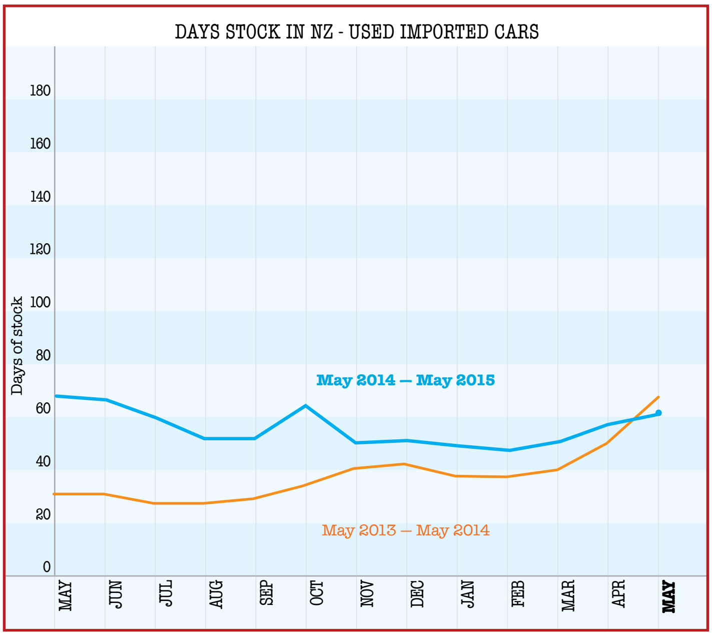
Compared to May 2014, the amount of second-hand passenger vehicles imported has dropped by 12 per cent and 10.6 per cent more have been sold. This has resulted in 15 per cent more stock on yards.

The national stock level by the end of May stood at 23,621 units compared to 21,558 in April.

If, for some reason, the supply chain stopped stock on hand would last for 62 days at current levels of sales – up by five days compared to April.

The average for daily sales of used imports over the past 12 months now comes in at 379 – an increase in three units compared to the previous month.

Year to date, 63,287 used cars have been imported and 58,129 have been registered in New Zealand for the first time.



Dealer stock of used cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
May '14	16,450	11,223	5,227	20,534	304	68
Jun '14	10,558	10,760	-202	20,332	311	65
Jul '14	10,745	12,052	-1,307	19,025	318	60
Aug '14	9,016	11,288	-2,272	16,753	325	51
Sep '14	11,203	11,142	61	16,814	335	50
Oct '14	12,650	11,105	1,545	18,359	342	54
Nov '14	11,284	11,532	-248	18,111	348	52
Dec '14	12,800	12,448	352	18,463	356	52
Jan '15	10,155	11,791	-1,636	16,827	362	46
Feb '15	9,995	10,572	-577	16,250	366	44
Mar '15	14,797	12,313	2,484	18,734	372	50
Apr '15	13,862	11,038	2,824	21,558	376	57
May '15	14,478	12,415	2,063	23,621	379	62
Year to date	**63,287**	**58,129**				
Previous 12 months	**141,543**	**138,456**	**3,087**			
Change on May 2014	**-12.0%** LESS IMPORTED	**10.6%** MORE SOLD		**15.0%** MORE STOCK		

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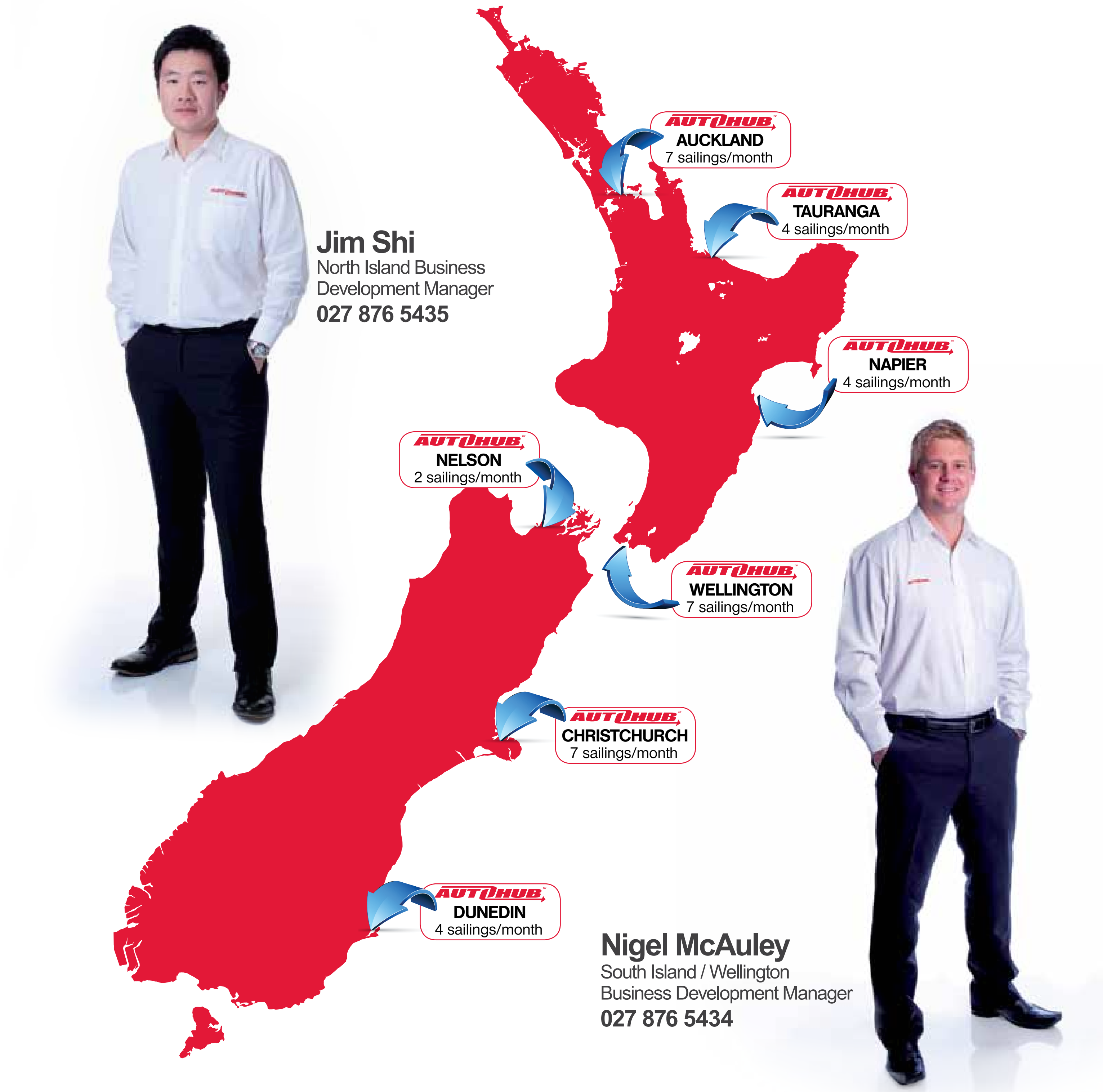

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