

autofile

Used import industry's past revealed in book

After 25 years, the history of New Zealand's used motor vehicle industry is finally being revealed in a book.

From the Rising Sun to the Long White Cloud has been written to celebrate the silver anniversary of the used vehicle import association.

It covers the early days of used Japanese cars arriving in New Zealand and the tight controls that faced the trade back then.

The book also charts the industry's development and issues along the way, such as seatbelt standards and rule changes including frontal impact and exhaust emissions, as well as shipping, logistics, finance and insurance, and much more.

The project has been taken on by 4 Media Ltd – the publisher of Autofile, which was approached because of the magazine's respected presence in the industry for more than 25 years.

The first organisation representing New Zealand's

used imports industry was the Licensed Motor Vehicle Dealers Import Association.

Three of its founders – Rod Milner, Peter Johnston and Phil Pacey – formed the nucleus of the book's advisory panel along with Marty McCullough and Ron Brown.



The book – written by Jackie Russell – is a non-for-profit venture with 4 Media being the publisher.

This has involved managing the writing and editing process, as well as raising the majority of the funding required for researching, writing and editing the publication through sponsorship.

Proceeds from sales will benefit the Imported Motor Vehicle

Industry Association (IMVIA) and two charities, Angel Flight NZ and Cure Kids, which were selected by the advisory panel.

The book's 19 industry sponsors have nominated how their contributions will be distributed.

Their generosity means they have primarily funded the project, so nearly all proceeds from sales of From the Rising Sun to the Long White Cloud will go the three organisations.

Angel Flight co-ordinates non-emergency flights to assist financially disadvantaged people with medical conditions and long distances to travel by flying them to an airport near where they need treatment. All transport is provided free of charge by a team of dedicated volunteers.

Cure Kids' researchers are driven to find cures for life-threatening illnesses affecting many children. It focuses on raising money to fund its vital

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Champions for industry or consumer?

Governments rise and fall because of their policies – and their impacts may be economic, legislative or regulatory.

The left-wingers are often viewed as backing higher taxation and being anti-business, those on the right as the opposite.

In reality, there is little substantial difference between the two with New Zealand's "horseshoe politics".

In times past, the two major parties sat on the widest parts of the hoof because their ideologies were far apart. Now they're almost perched on the inside edges of the horseshoe's two tips.

The days of the Labour being commandeered by unions on behalf of the proletariat and National being a haven for business interests have gone as is the case in other western countries.

Many people will remember the Clark government for its final term – clinging onto power, courting controversy and the "nanny state".

Many in the motor vehicle industry will also recall Labour pushing the emissions rule through with its partner, the Greens.

What of National in the two terms that followed – champion of business or the people? For the automotive sector, it may not be black and white.

There has been the Vehicle Licensing Reform with changes to warrants and certificates of fitness.

It could be argued consumers, or vehicle owners, are the winners while businesses – from transport service delivery agents to small mechanics – have lost out.

Then there's been the Consumer Law Reform with more Consumer Guarantees Act protection for car buyers – although no one will ever sneer at legislation that snares illegal traders.

The loan-shark laws had a wobble. Eleventh-hour clauses could have seen lenders banned from being paid commission on consumer-related insurance funded by loans.

A political bun fight erupted in the corridors of power with those additions turfed out.

But there is general support for electronic stability control becoming mandatory on imported light vehicles in the future.

Next up will be the Commerce Amendment Bill, which will probably see the Shipping Act canned and cartel behaviour criminalised.

It's six of one and half a dozen of the other, with some shipping organisations opposing the legislation and some service users backing it.

The shippers say the current system works fine, and enables rates to be set to ensure services and routes are secure.

Vessel-sharing agreements mean they can operate at, or close to, capacity, for example.

Supporters of the bill believe exemptions from competition law the shipping lines enjoy must go.

The impact on businesses in the import-driven motor vehicle industry remains to be seen, but this bill raises important issues relating to the supply chain.

If shipping is no longer exempt from competition laws, will all operators be able to continue offering current route frequencies?

If its concession is canned, will cheaper rates come about by more competition in what is a relatively small market?

With politics, perhaps nothing is ever black and white when it comes to business and consumer interests. And can it ever be?

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Cartel laws steaming ahead

The government is pushing forward with laws to ban cartel conduct with the legislation to be phased in so businesses have time to adapt.

It hopes the Commerce (Cartels and Other Matters) Amendment Bill will boost competition, and help companies innovate and tap into overseas markets.

It's also taking a stance against hard-core cartel conduct, such as price-fixing and bid-rigging, which will be criminalised.

The changes also mean a competition regime set up under the Shipping Act 1987 will be repealed so all international shipping in and out of New Zealand is covered by the Commerce Act.

All services carrying motor vehicles – be they pure car carriers or roll-on, roll-off vessels from

Asia, or container ships from the UK – will have to comply with the new legislation when it's passed.

The bill has passed the select committee stage and its second reading, is now sitting before the committee of the whole house and Autofile understands it will quickly progress after the general election.

Commerce Minister Craig Foss warns that when it becomes statute, cartel and anti-competitive behaviour will no longer be tolerated.

He says anyone involved in

cartels "will be treated the same way as other white-collar criminals".

Essentially, the government believes hard-core cartels are formed when rival companies agree to not compete with each other by fixing prices, restricting output or rigging bids. It says cartel agreements allow businesses to "raise prices above the competitive level without fear of losing customers to rivals" and this "increases profits of participants, but doesn't benefit consumers".

The commerce select committee has recommended a

two-year transition for the new legislation's provisions and says "we don't believe there is good reason for treating international shipping differently".

It also wants a transition period in regards to price-fixing with no criminal proceedings for nine months after any regime starts so practices can be adjusted.

DIFFERENT INDUSTRY VIEWS

The select committee considered 41 submissions and supplementary submissions – and heard 16 – before recommending the Commerce Amendment Bill be passed with amendments.

The shipping industry's submissions were split between some operators and users.

The International Container Lines Committee (ICLC) lists its members as including Mitsui

At a glance

The Commerce Amendment Bill will amend the Commerce Act 1986 to allow pro-competitive collaboration between firms and deter anti-competitive conduct. In relation to cartels, it will clarify banned behaviour, introduce new exemptions and bring in criminal sanctions for "hard-core cartel behaviour".

The bill will also shift international shipping and civil aviation into Commerce Act competition regimes.

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This working committee of Shipping New Zealand and the NZ Association of Shipping Agents believes there are no problems with the status quo.

"The existing system with a broad exemption and sector-specific intervention powers works adequately."

It says arguments put forward by the Productivity Commission to remove part of the industry's concession "lack an empirical base."

"The proposal to remove the shipping exemption will be detrimental to economic interest," says the ICLC.

"[It] will put New Zealand at

odds with its Asia-Pacific partners. The changes will put at risk the quality, reliability and scope of services enjoyed."

Within international freight shipping, arrangements exist to ensure efficient levels of co-operation and logistical planning.

Discussion agreements collate supply and demand information on specific routes – perhaps motor vehicles coming from Asia to New Zealand, for example.

These allow guidelines on generic prices to be made on a voluntary basis with shipping lines then setting their own levels.

In its submission, the ICLC says individual customer or contract rates aren't discussed, and are

confidentially. Discussion is on a commodity basis with individual freight rates not agreed.

Shippers' rates remain confidential between them and their carriers, while two discussion agreements operate in New Zealand.

Trade-share agreements range from formal revenue-cost pooling and sharing operations on volumes to trade access arrangements.

They depend on carriers' agency and geographic scope, and operate mainly with the Pacific Islands.

Vessel-sharing agreements occur between two or more carriers.

They are widespread and should be efficient, says the ICLC.

Consortia agreements are operational and technical-based for sharing capacity and hardware on routes.

They can also cover port calls, ship sizes and, on occasion, container swapping.

Almost all trade routes into and out of New Zealand operate joint services and need operational co-operation.

Joint service agreements are, in principle, the same as consortia agreements but generally involve only two parties.



"Anyone engaging in cartels will be treated the same as other white-collar criminals."

– Craig Foss,
Commerce Minister

confidential between shippers and carriers.

"Discussion agreements aren't the same as shipping conferences, which no longer exist in New Zealand. When parties wrongly accuse the industry of cartel behaviour, they have conferences in mind."

There are also vessel-sharing agreements (VSAs) when two or more carriers share capacity or operations.

"VSAs and operational arrangements are the core of what the Productivity Commission agrees should remain exempt," says the ICLC.

"Many submitters suggested discussion agreements should remain exempt – subject to greater disclosure."

The Tokyo-based Japanese Shipowners' Association (JSA) – of which Mitsui OSK Lines and Nissan Motor Car Carrier Ltd are listed as members – represents more than 100 companies.

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Shipping agreements

The International Container Lines Committee (ICLC), in its submission on the Commerce Amendment Bill, outlines different arrangements in the shipping industry.

Conference agreements haven't operated in New Zealand for at least eight years.

They were established for carriers to negotiate with producer boards set up in the 1970s to manage Kiwi exports.

They worked under constitutions and might have included several carriers serving different countries in one region.

The main feature was agreement between boards and carriers on services – frequency, port range and capacity – and set rates. Common pricing and freight surcharges were applied in some trades.

Discussion agreements are general in operation, but more specific in geographic scope.

They collate trade supply and demand features and discuss – on a non-binding basis – generic pricing, expected capacity and other issues that lead to guidelines or recommendations.

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Competition regime 'outdated'

It feels the cartels bill will create greater rate volatility and less stable markets, which isn't in the interests of shippers or their customers.

"It would put New Zealand's regulatory system at odds with most trading partners," says Mitsuo Nakamoto, the JSA's director-general.

"With anti-trust immunity providing greater legal certainty and reduced rate volatility, carriers are better able to make capital commitment in vessels, port facilities and infrastructure."

As a minimum, the JSA would like the New Zealand government to conduct studies similar to those in Japan, Singapore, China and the US on potential negative impacts of any changes.

OTHER SIDE OF THE FENCE

The New Zealand Shippers Council (NZSC), which represents cargo



The government is pushing ahead with changes to laws governing shipping through the Commerce (Cartels and Other Matters) Amendment Bill

owners, supports the legislation.

Its affiliate members include New Zealand ports, including Auckland, Hamburg Sud NZ and Mainfreight.

The council says the Productivity Commission's inquiry into

international freight found no reason for Commerce Act exemptions to remain in place for shipping.

"Carriers have co-operated operationally for many years to the benefit of themselves," says Greg Steed, chairman of the NZSC.

"VSAs and slot-sharing have been competitive for shippers, so it's important legislation allows co-operation relating to [these] that may provide benefits to shippers in cost and capacity."

The NZSC says EU law distinguishes between capacity-limiting and capacity-sharing agreements.

It draws a distinction between hard-core cartel conduct, which isn't permitted, and capacity sharing that's allowed under certain conditions if pro-competitive.

The NZSC believes legislation needs to enforce penalties should cartels form.

"Cartel behaviour isn't acceptable in this era and we see no reason why risks cannot be managed," says Steed.

The council believes the Commerce Commission is best placed to assess and monitor non-ratemaking agreements, and investigate and prosecute breaches of the legislation.

The Global Shippers' Forum (GSF) – of which the NZSC and the Australia Peak Shippers' Association are members – believes there is a lack of economic evidence to justify

exempting rate-making agreements.

It also says collaboration agreements, which are non-ratemaking, should be exempt from competition law.

"An OECD report concluded it hasn't found 'convincing evidence discussing or fixing rates and surcharges among carriers offer more benefits than costs to shippers and consumers,'" it states.

"Safeguards in this bill should provide flexibility for lines to collaborate to provide maximum capacity and frequency.

"It's necessary to remove the exemption for discussion agreements, as well as price-fixing and capacity-limiting agreements."

In regards to non-ratemaking agreements, the GSF believes they can impact on price through capacity restrictions designed to support higher prices.

The NZ Shipping Federation also opposes price-fixing and setting capacity through cartels and in other ways.

It says: "The playing field is far from level and we support any move to redress the imbalance."

The commerce select committee insists the "outdated competition regime" for international shipping in the Shipping Act should be abolished.

If the bill is passed, competition in shipping will – in future – be regulated through the Commerce Act as other industries are. ☺

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Car sales nose-dive in Japan

The registration of new motor vehicles in Japan dropped to a three-year low in August.

It's the latest sign that consumer spending is slumping in the world's third-largest economy after a tax increase.

Vehicle deliveries tumbled by 9.1 per cent from a year earlier to 333,471 units – their lowest since August 2011.

Industry statistics show sales increased for seven straight months before the Japanese government increased consumption tax on April 1.

The latest decline comes with data showing weakness in the economy. Household spending in July dipped by 5.9 per cent from a year earlier, more than double the expected 2.9 per cent decrease.

Further drops may counter Prime Minister Shinzo Abe's efforts to revive the economy, which contracted the most in the last quarter since the earthquake and tsunami struck three years ago.

Looking at dealer orders, some commentators say it's difficult to see sales rising even after September – and they were expected to rebound from July with many workers receiving bonuses.

Deliveries of mini cars nose-dived by 15.1 per cent to 126,865 units in August, while sales of other vehicles fell five per cent to 206,606.

Abe's government raised consumption tax by three per cent to counter national debt and its effect on car sales was softened temporarily by some back orders.

These included Honda's new Fit and Vezel, which were delayed because of recalls for transmission problems.

Japan's domestic automotive sales fell for 21 straight months the last time consumption tax was raised in 1997.

This year's hike may have a smaller effect, says Fumihiko Ike, chairman of the Japan Automobile Manufacturers Association (JAMA).

Sluggish demand is expected to affect earnings of car-makers including Toyota, which reported record profits in the last fiscal year as the weaker yen boosted overseas earnings.



“We call for measures to reduce the excessive tax burden imposed on automobile owners and users in Japan.” – Fumihiko Ike, chairman of JAMA

Toyota's net income will probably fall by 2.4 per cent to about NZ\$20.8 billion this fiscal year, the company predicted in May, which may result in Japan becoming the only major market where vehicle sales will decline.

Among issues at hand, JAMA wants Japan's corporate tax rate reduced and economic partnership agreements (EPAs), including the Trans-Pacific Partnership and EU-Japan EPA, promoted.

Ike adds: “We also call for measures to bolster the competitiveness of domestic industries, and reduce the excessive tax burden imposed on automobile owners.”

JAMA says encouraging factors include the global economy's recovery, driven by an upswing in the US and increased business activity in Japan resulting from economic policies.

“As a central player in manufacturing, the automobile industry will take every possible action to support economic recovery,” it says.

“JAMA and its members will address issues including revitalising the domestic market, enhancing the business environment, and achieving safe and environmentally sustainable mobility.

“Sustaining the industry's foundation of excellence in manufacturing requires a halt to the two-decades-long stagnation in our domestic vehicle market.

“JAMA is determined to see

the abolition of the automobile acquisition tax at the time of the second hike in the consumption tax from eight to 10 per cent scheduled for October 2015.

“It will also work to ensure a

have been made since late 2012.


“Other issues – including securing further free trade and economic partnership agreements, a safe and affordable electric power supply, and a

new environmental performance tax will alleviate the burden on vehicle owners.”

JAMA believes a long-standing obstacle to improving Japan's business environment is the yen's excessive appreciation against other currencies, although corrections


reduction in corporate tax – still need to be addressed.

“Nevertheless, the business environment is expected to be favourably impacted by the government's new growth strategies and its next-generation vehicle industrial policy.”



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Written history covers 25 years

work so cures can be discovered and youngsters treated.

David Vinsen, chief executive of the IMVIA, says: "The book is a cracking read and is an essential purchase for anyone working in or connected to the industry.

"There's a lot of information in the book I hadn't been aware of. I also discovered the full details about certain issues – and even some of the people featured in it – because so much happened before my time with the association.

"It's also great for people new to the industry so they can find out about how it all started, and how it has progressed and grown.

"For the IMVIA, it's absolutely appropriate to have a written history of the first 25 years of used imports coming into New Zealand and the association's history is closely interwoven with it.



Some of the images in the book *From the Rising Sun to the Long White Cloud*

"It's also appropriate that many characters down the years and their contributions are properly mentioned and recorded in this publication."

Brian McCutcheon, director of 4 Media, adds: "Producing this book has been a great experience.

"Autofile has been part of the

motor vehicle sector for more than 25 years now and has recorded so much of this history over that time.

"The history of used imports is finally being told and needed to be told. 4 Media and Autofile are pleased to have been involved in the process from inception to publication. It was a real privilege for us."

SNIPPETS FROM THE BOOK

The foreword to *From the Rising Sun to the Long White Cloud* has been penned by David Caygill, Minister of Trade and Industry from 1984-88 and deputy leader of the Labour Party from 1993-96.

"In the early 1970s, the UK announced its intention to join Europe and things had to change," he writes. "In the absence of a guaranteed market for farm produce, we had to compete with the rest of the world.

"That meant addressing our costs. Sooner or later that was going to have to include the high cost of our motor vehicles.

"Adjustment took the form of the removal of high protective tariffs and import licensing.

"Greater opportunities to import encouraged the purchase of second-hand vehicles from Japan.

"This transformed the New Zealand market. In the 1990s, the last assembly plant closed and import tariffs were phased out.

"Although all this is now history, it represents an important chapter in the story of our adaptation and growth as a nation."

Author Jackie Russell carried out more than 35 interviews, and hundreds of emails and phone calls, to unravel some of the facts and fallacies behind the industry's history.

"The individuals recounted the story from their perspectives and as the saying goes, 'history is written by the victors'."

In her introduction to book, Russell writes: "The stories of pioneers determined to change the way Kiwis travel are illuminating.

"Some people fought to retain their jobs in the protected manufacturing sector, while others saw opportunities to develop enterprises that offered employment that didn't rely on trade barriers. The power to make changes came from unity and a trade organisation a handful of businesses gave their time to." ☺



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From the *Rising Sun to the Long White Cloud* – the history of used car importing to New Zealand – is priced at \$59.50, including post and packaging.

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You can also print off the form on the website and

post it to 4 Media Ltd, PO Box 6222, Dunedin 9059 or phone 021 455 775 for more information.

The book will be launched at 7pm immediately before the IMVIA's 25th anniversary black-tie gala dinner and dance at Auckland's Pullman Hotel on October 17.

The function has been well-subscribed but a few tables are still available. If you haven't booked yours yet, call Deborah Baxter on (09) 309 2444.

New team members sign up

MyFinance has two new members of staff to introduce to the market.

The business – a standalone division of Instant Finance – was launched in Auckland late last year with a solid base and is again expanding.

The company aims to provide second-tier finance to motor vehicle dealers and the broker market – and two more people have just joined the team.

Craig Peach became dealer representative at MyFinance in July. He aims to help traders access consistent and profitable finance approvals by drawing on a wealth of experience from both sides of the desk.

He entered the automotive industry in the early 1980s in franchise sales with Ford, Mitsubishi and Toyota before becoming new vehicle sales manager at Auckland Motors.

Craig then joined a former colleague in Takanini, who was importing direct from Japan, and started his own yard selling used stock.

Over the past 15 years, he has been finance and business manager for a range of marques, including Land Rover, Ford, Mazda and BMW.

Kendyll Strange, MyFinance's new dealer approvals officer, has more than 10 years' experience in the sector.

She has worked with companies such as Western Bay Finance, Performance Finance and Prime Finance.

In the past four years, Kendyll was employed by Yes Finance in Manukau as a senior lender. She is looking forward to working with dealers and brokers in her new role.

Kendyll joins Leone Boysen (dealer approvals officer) with 20 years' experience in the industry.

Leone has specialised in



Members of MyFinance's dealer support team. From left, Craig Peach, Kendyll Strange and Leone Boysen

consumer credit insurance, warranties and finance. For the past six years before joining MyFinance, she was a finance and insurance account manager with IAG operating in the used car dealer market in Auckland, Northland and the South Island.

"The team at MyFinance has got enormous industry experience from its management through to our great staff working with car dealers on a daily basis," says John Webber, business development manager.

"All of us know the industry's ins and outs, and we look at deals from different angles so they happen.

"We don't have pigeon-hole criteria and try to be open with car dealers and customers.

"This approach gets an

excellent response, while our dealer support team is here to help ensure your deals come together."

John says MyFinance, which utilises a custom-built computer system to facilitate online

"We care about our dealers and brokers. It's not just about the bottom line – it's also about building relationships."

John has 20 years' automotive experience, including finance and insurance manager at dealerships. He spent several years as an independent broker and time with Monetary Matters, which became Senate Finance where he was general manager.

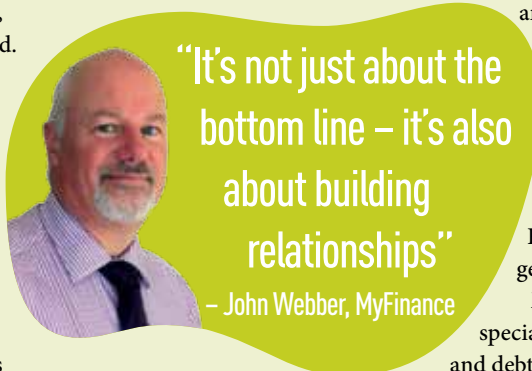
MyFinance, which also specialises in personal loans and debt consolidation, is headed by Richard de Lautour.

He became chief executive of Instant Finance in January 2003 after 20 years with Allied Finance mostly as general manager.

While there, he established BMW Financial Services NZ and Nissan Finance NZ, and is now in his second term as Financial Services Federation chairman.

Another senior manager is Catherine McCarthy, area manager for the South Island.

She started her career with Marac and was there for eight years before joining Gold Band Finance in 2005, and was instrumental in setting up the South Island operating arm of MyFinance.



processing of finance applications, is ideal for car dealers because it's small enough to be flexible and big enough to be competitive with commission.



Catherine McCarthy



Richard de Lautour

Sportback gets more definition

Audi has honed the RS 7 Sportback with the large five-door coupé boasting new headlights and enhanced infotainment features.

With 412kW of power and 700Nm of torque, its four-litre TFSI engine has a fuel consumption rate of 9.5l/100km and CO₂ emissions of 221g/km.

The revised model has a long engine hood, sporty c-pillars and a sloping rear end.

New design details include a Singleframe grille with a black honeycomb typical of RS models with sharper corners, while the central front air inlet has quattro lettering.

The headlights come with LED

technology as standard. Audi can provide the lights with Matrix LEDs, which are available on the RS 7 with darkened trims.

At the rear they are generally standard. The tail-lights have a new interior design finished in metallic silver, white and black or pearl-effect blue.

The black interior has RS sport seats, the instrument cluster has been revised and shift paddles are located behind the steering wheel.

The four-litre engine makes the 0-100kph dash in 3.9 seconds and the eight-speed tiptronic is tuned for sporty performance.

As an option, Audi can combine quattro

all-wheel-drive with sport differential on the rear axle.

The RS adaptive air suspension and adaptive damping lower its body by 20mm, and there's optional offers sport suspension plus with dynamic ride control as an alternative.

The revised model is fitted with 20-inch forged lightweight alloys as standard, while 21-inch

cast-aluminium wheels in three colour versions are options.

The four internally ventilated brake disks have a weight-saving design and carbon-fibre ceramic disks can be installed.

The new Audi RS 7 Sportback goes on sales in Germany in the third quarter of 2014. Its base price is NZ\$176,400 with global markets to follow. ☺



The revised Audi RS 7 Sportback

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Mediation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Market analysis - regular, accurate and detailed		
HR Advice <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Advocacy - pushing the causes for your industry		
MTA stationery <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Benefits - save money with key business partners		
IT Advice <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Business Managers	Range of newsletters	Need a mentor <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Industry research	Specialist training <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Business Advice <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

FURTHER INFORMATION ABOUT MTA

Website www.mta.org.nz	Events / get together	Free phone <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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CONTACT US

Tony Everett 04 381 8827

Road and race fun

Lotus has boosted its club-racing experience with the supercharged Elise S Club Racer.

It extends into performance bordering on that of a supercar with a 0-100kph time of 4.6 seconds, while combined fuel consumption comes in at 7.5l/100km.

Based on the Lotus Elise S, the new Club Racer's weight drops by more than 20kg and has black alloys with high-performance Yokohama Neova tyres.

The variant comes with a sport setting for the dynamic performance management (DPM) system, which allows less-

experienced sports car drivers to feel at the top of their game.

The ability to switch it off will curry favour with more established track-orientated drivers.

DPM combined with improved agility – thanks to the finely tuned suspension and an adjustable anti-roll bar – make the car versatile for road and racetrack fun.

Component suppliers, such as Eibach for the springs and Bilstein for the dampers, ensure it has "substance as well as style".

The Elise S Club Racer has a price-tag of \$95,990, excluding dealer costs and delivery. It comes in blue, yellow, red, white, black and grey. ☺

Lotus' Elise S Club Racer



Understanding your audience

The success of any website is in its ability to draw an audience, give visitors what they want quickly and allow them to progress their own self-serve sales cycle – all at a time when you may not necessarily be available to assist them, such as late at night.

This has been the simple methodology followed by many car dealers since New Zealand's automotive industry started to embrace the internet in the early 1990s.

The introduction of Trade Me in 1999 and Trade Me Motors in 2003 changed the goal posts for anyone in retail and it's difficult to look back to a time when online selling wasn't the norm.

The internet has been evolving rapidly since then with new devices, technologies and platforms coming out every few months.

Smartphones allow us to connect anytime from anywhere, and telcos are bringing out better deals to attract younger audiences as some people move away from traditional landlines and PC-internet connections.

While technology has been evolving rapidly, so has the consumer's thirst for information and empowerment.

A revolution is upon us and this makes it important for retail businesses to understand the different audiences out there – and their different needs and expectations.

DIFFERENT PARTS OF MARKET

The so-called "baby boomers", born from 1946-64, have embraced smartphones, Facebook and the

internet well enough.

Things need to be simple and intuitive, but "non-friendly" websites risk losing their audiences completely.

Baby boomers generally rely on referrals from colleagues as introductions to new sites and tend not to self-discover. Large and readable fonts are musts – as is being "mobile friendly".

Members of "generation X" were born in the mid-1960s through to 1979-81. They generally advocate mobile technology and information.



DARREN MARMONT,
Motorcentral

"generation Y" – born from 1982 to the early 2000s – trust authority and institutions, and like brands.

They are also very connected having grown up with instant messaging, texting and social media, and form a disproportionate share of Facebook and YouTube users.

The majority of millennials have smartphones and 40 per cent don't even have landlines. They expect information to be at their fingertips, so mobile websites are musts.

It's important for car dealers to recognise the differences in customers' generations when planning websites and social media



When it comes to websites, they will persevere to find quality information. They are easy to impress and enjoy sites that engage them with solid content.

People in this generation have been bombarded with marketing all their lives, so it's important to provide lots of details and hide nothing that may make them sceptical.

"Millennials" or those in

KEY AREAS OF FOCUS

People in different generations have differing expectations, although it's my belief that concentrating on the following areas will help cater to most customers' needs.

Mobile friendly: Websites need to be easily viewable on smartphones. The majority of customers are now connected 24/7 and expect to be able to source information in a format

that suits their preferred devices.

Good user interface: Information needs to be easily accessible and quick. Navigation needs to be intuitive, while fonts must be readable on all platforms.

Quality information: Car dealers need to have enough good-quality information to avoid audiences going elsewhere. Key details should be summarised, but there also needs to be enough information for Gen-X users.

Testimonials and associations: You need to create trust with brand associations and have customer testimonials with photos.

Social-media presence: Our customers are active in social media. Having a Facebook and YouTube presence are musts – as is creating engaging content for both.

THE SUBTLE DIFFERENCES

Having an internet presence isn't difficult to achieve, but sometimes thinking about the person viewing your website is important.

If we can understand the subtle differences between them and cater for the majority, we may be able to give audiences what they want more consistently.

In turn, this should lead to better penetration and greater success overall.

TAMING THE INTERNET

Motorcentral's next article will cover what pages are important on car dealers' websites and why.

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Growth arrives late up north

Carl Johnson has been in the motor vehicle industry for more than 40 years.

Although his business has got through the tough times, he has seen many other used car dealers leave Whangarei because of challenges posed by the internet.

"There were once 40 used car dealers in Whangarei and now there are less than 10," the owner of Carl Johnson Auto Sales told Autofile. "I know that because I've written a list.

"In the early days, you used to be able to survive with 15 cars on the yard in order to make a good

living – today you need 100."

Despite increasing in size, he says New Zealand's northernmost city hasn't grown at the rate of other places, such as Tauranga and Auckland.

Currently, Whangarei's population sits at about 50,000 – or 86,600 if you include coastal and rural communities.

"I can remember when there were 30,000 people and Tauranga used to be the same, but we haven't increased at the same rate," says Johnson.

"It comes down to location. We have mountains on one side and

rivers on the other, so there's no room to expand."

Whangarei's unemployment rate of 8.6 per cent is higher than the national average of 6.2 per cent.

Johnson says this means the market's bottom end, which consists of stock priced between \$1,000 and \$1,500, tends to do well but he doesn't sell that, while buyers unable to secure finance elsewhere can be targeted by loan sharks.

"Some find money for a \$1,200 car while others are getting finance with interest rates as high as 50 per cent. The bottom end of the market

is almost impossible for a used vehicle dealer to be in."

This is a segment he would like to have seen given a foot-up as the election loomed.

Johnson says: "I personally would like to see the bottom end of the market helped, and that's possibly a Labour or New Zealand First ideal.

"The National government helps me to be better off, but that doesn't help my buyers. I would like to see the bottom bracket being able to pay \$6,000 for a car instead of \$1,200."

Before Motor Trade Finances became a listed company, he says dealers could lend to anyone as long as the trader could guarantee the payment.

"Now we send the data to Dunedin where they decide on who we can finance. Up until five years ago, I could lend to anyone as long as I could guarantee the payment."

With unemployment above the national average, Johnson says it makes it easy to find low-skilled workers locally.

"Because there are so many unemployed people, if you want labourers you only have to pay \$15 per hour."

Whangarei also has some of the highest youth unemployment rates in the country and he believes there aren't enough incentives to hire them.

"I would still take a 48-year-old with 30 years' experience in any other industry over a young fella off the street because the wages are the same within a few dollars."

Used car sales for Whangarei - August 2013 to August 2014							
	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
Aug '13	281	1758	546	2585	10.9%	68.0%	21.1%
Sept '13	253	1615	516	2384	10.6%	67.7%	21.6%
Oct '13	269	1625	605	2499	10.8%	65.0%	24.2%
Nov '13	279	1626	566	2471	11.3%	65.8%	22.9%
Dec '13	240	1636	549	2425	9.9%	67.5%	22.6%
Jan '14	247	1683	472	2402	10.3%	70.1%	19.7%
Feb '14	225	1554	445	2224	10.1%	69.9%	20.0%
Mar '14	262	1763	510	2535	10.3%	69.5%	20.1%
Apr '14	248	1675	492	2415	10.3%	69.4%	20.4%
May '14	279	1875	543	2697	10.3%	69.5%	20.1%
Jun '14	249	1692	496	2437	10.2%	69.4%	20.4%
Jul '14	256	1675	523	2454	10.4%	68.3%	21.3%
Aug '14	257	1675	519	2451	10.5%	68.3%	21.2%
Annual total	3064	20,094	6236	29,394	10.4%	68.4%	21.2%
Change on Aug 2013	-8.5%	-4.7%	-4.9%	-5.2%	National YTD average		
					18.6%	56.8%	24.6%

City vehicle sales - August 2013 to August 2014					
	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS	
Aug '13	169	136	17	79	
Sept '13	138	165	14	101	
Oct '13	144	126	12	82	
Nov '13	179	128	9	92	
Dec '13	175	122	9	92	
Jan '14	218	147	15	84	
Feb '14	191	139	12	105	
Mar '14	193	203	11	161	
Apr '14	183	130	10	75	
May '14	233	149	8	116	
Jun '14	222	168	12	151	
Jul '14	271	143	11	120	
Aug '14	234	157	12	108	
12-month total	2381	1777	135	1287	
NZ sales - past 12 months	118,750	87,521	7305	35,004	
% of national sales	2.0%	2.0%	1.8%	3.7%	
Change on August 2013	38.5%	15.4%	-29.4%	36.7%	
POPULATION	NEW ZEALAND	WHANGAREI	%		
	4,524,000	83,700	2.0		

Whangarei Harbour is a boatie's dream – photo by Jim Tucker



IT'S ABOUT OIL AND COWS
IC Motor Group holds franchises for Nissan, Hyundai and Volkswagen in Whangarei.

Henry Belt, director and vehicle sales manager, says various factors are driving the market in the city.

"The refining company is going through an expansion and that has been good for Northland," he says.

"With the dairy industry suffering a drop in its pay-out, it's important for us that forestry



Carl Johnson Auto Sales in Whangarei



IC Motor Group, which holds franchises in Whangarei for Nissan, Hyundai and Volkswagen

◀ continues to grow in conjunction with the refinery expansion."

Marsden Point is New Zealand's only oil refinery. It supplies about one-half of New Zealand's petrol and all fuel oil for ships.

Refining NZ, which operates Marsden Point, says it employs more than 300 staff and for every job at the refinery, it creates another two in Northland and six more across New Zealand.



"In the early days, you used to be able to survive with 15 cars on the yard – today you need 100."
– Carl Johnson

DEALERS EYE UP EXPANSION
There have been reports of dealers calling time on central Whangarei where some lease sites are regarded as expensive and restrictive, with the motor trade's hub moving to the city's outskirts.

Mark Cromie Holden is in the process of selling its site in the CBD so it's closer to this area, which will mean the service department and showroom will be under one roof.

Putting the dealership next to Northland Toyota, with Pacific

Motor Group's Ford, Mazda and Mitsubishi sales across the road, will emphasise the increasing importance of Porowini Avenue as the new base of the Whangarei's motor trade.

Another positive is that Stephen Moore, of Moore Cars with its franchises for Kia and Isuzu, has seen strong growth in the service side of the business and is also eyeing up expansion.

"I need more space," he says. "I'm looking to expand and we're in the process of securing a piece of land."

"Where the site is located is not much of a drama because a new car dealership is more of a destination now."

BOOM IN CAR SALES - AT LAST

In the eight-month period between January and August, there were 1,237 new cars sold in Whangarei compared to 1,078 in 2013.

"If you look at the numbers, we were behind the bulk of the country 12 months ago," comments Henry

Belt. "Our rise in volume has come on a little bit later."

New car sales in the city last month saw a 15.4 per cent increase on August 2013.

However, Stephen Moore saw the market quieten down during September.

He says: "We seem to be struggling with the new cars at the moment and this comes down to a variety of reasons."

"The weather hasn't been great recently – I think people have a lack of vitamin D – and then there's the election."

Sales of used commercial vehicles dropped in August by 29.4 per cent at 12 units, while new

commercial registrations shot up by 36.7 per cent.

"The new vehicles are so competitive in price now and you pay a bomb for second-hand stock," says Moore.

"I just keep what I trade, used commercials have been great and some of the used cars are a battle with lots of people watching, but nobody's buying."

"Utes are not necessarily going to farmers and it's generally contractors who are looking to make changes."

"Farmers seem to be waiting."

The pay-out was forecast to be exceptional and has dropped, but was still well above what they were getting a few years ago." ☺



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Getting charged up

Whangarei is home to New Zealand's first public electric-vehicle (EV) charging station. It's free to use and can provide 80 per cent charge capacity in 30 minutes.

This compares to a standard charger, which takes closer to eight hours to achieve the same result.

A study completed by Northpower on its grid's potential has found it has significant capacity for charging EVs – even at peak-load periods.



Minister for the Environment Amy Adams using the country's first EV fast-charge station with Northpower engineering manager Russell Watson earlier this year

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NEWS in brief

World congress recognises government's action plan

The Ministry of Transport (MoT) has been inducted into the Intelligent Transportation Systems (ITS) Hall of Fame.

Martin Matthews, Secretary of Transport, accepted the award on September 8 at the ITS World Congress in Detroit.

"The hall of fame recognises outstanding, ambitious and innovative use of ITS," says Matthews. "New Zealand's ITS action plan fits that description.

"It identifies 42 key areas in which the government has an essential role to play in advancing the adoption of ITS. Over its four-year horizon, the plan will help guide the MoT towards its purpose of ensuring our transport system helps New Zealand thrive.

Kiwis cross the Tasman in force to support Paddon

Hayden Paddon enjoyed plenty of support at Rally Australia with enthusiastic New Zealanders everywhere.

More than 100 fans, organised by the team and backed by sponsors including Vehicle Inspection NZ, expressed their allegiances at the event.

The self-styled Kiwi WRC Invasion grabbed the spotlight in distinctive dark-blue Paddon RallySport livery.

"Every spectator point, service and stop line was full of Kiwis and New Zealand flags," says Paddon. "The rally world knew we were in town."

Paddon and co-driver John Kennard came sixth. Visit www.autofile.co.nz for more on this story, and pictures of the action and fans.



Finance firm has 'solid base' for future sales growth

Motor Trade Finances (MTF) has revised its ordinary share dividend based on new loan performance and a recent medium-term note issue.

The company is confident it has a solid operating base of sustainable sales growth, funding certainty and enough capital for the future.

It will target distribution in a range of 40-50 per cent of underlying profit after tax "with payment subject to the medium-term trading outlook, prudential capital requirements and capital expenditure needs".

MTF intends to pay interim dividends at the end of January, April and July, with a final dividend to be paid in November.

Iconic model's production halted due to funding

National Electric Vehicle Sweden (NEVS), the Chinese owner of Saab, says it can still restart production of the 9-3.

It began building the model again last September in Sweden, but halted in May due to a lack of funds to pay suppliers.

NEVS is in talks with investors and its assets still outweigh debts of about NZ\$618,400. It ultimately plans to launch electric versions of the 9-3 in China.

Continental makes investment in autonomous cars

German automotive supplier Continental is expanding its presence in Silicon Valley so it can play a major role in driverless vehicle technology.

The company recently hired former Google executive Seval Oz, who used to work on the software company's self-driving car.

Since opening in California last November, Continental has launched an intelligent transportation unit.

Chief executive Elmar Degenhart says: "Objectives include eliminating accidents, minimising energy consumption, maximising the usability of vehicles and enabling them to exchange information in real time." ☺

Adjusted for Kiwi conditions

Kia says the European-built all-new Pro_ceed GT Turbo is its most sporting model to date and comes to the market as a stablemate for its Cerato Koup Turbo.

Both models feature the turbocharged version of its 1.6-litre Gamma direct-injection engine.

The Koup is an automatic, while the three-door Pro_ceed is a six-speed manual.

The GT, which has a recommended retail price of \$43,990 plus on-road costs, features a lower, broader bumper and air dam, and a wide central lower air intake underscored by red trim lines.

From the rear, the Pro_ceed has angled tailgate glass emphasised by a diffuser section separating dual sports-exhaust outlets.

The black five-seat cabin has three-way adjustable heated driver



Kia's Pro_ceed GT Turbo

and front passenger sports seats.

The heated leather steering wheel boasts perforated grip areas, while there are alloy pedals and non-slip rubber inserts.

Kia's three-dial instrument layout is enhanced by a multi-function display that allows

the driver to switch between analogue-type or GT performance digital information.

The latter shows the speed, torque, turbo-boost pressure, engine-coolant temperature and trip information.

The T-GDi engine develops

150kW at 6,000rpm and 265Nm of torque from 1,750-4,500rpm, and can accelerate from 0-100kph in 7.7 seconds to a top speed of 230kph.

A twin-scroll turbocharger integrates into the exhaust manifold to improve responsiveness, eliminate lag, improve gas flow and reduce heat losses for efficiency.

Combined fuel consumption is 7.4l/100km while CO₂ emissions are 171g/km.

The six-speed manual gearbox has revised ratios and a lower final drive to make the most of torque with minimal consumption.

The GT's sporting nature is enhanced with independent front and rear suspension refined for local conditions.

This includes increased damper rebound and compression rates, stiffer springs and bushes, and a larger rear anti-roll bar. ⊕

Sports coupe upgrade

Toyota says it has improved the handling and stability in its new 86 and GT variant by introducing increased suspension rigidity and retuned shock absorbers.

There are new fixation points and mounting bolts, while lower-friction oil, oil seals and guide bushings have also been adopted.

The result is a more stable damping action and improved friction control, which also reduce body roll.

Inside the cockpit, the GT86 gets a new carbon-fibre dashboard insert on the instrument panel, with the option of a black and red interior.

The red highlights functional areas, such as the steering knob,

parking brake lever, door-handle grips and steering wheel. Red is also used for main parts of the seat upholstery.

Both models have updated shark-fin antennae to improve the low-profile silhouette and aerodynamics.

Inside, the 86 now has the same meters as the GT86, including a digital speedometer.

The 86 manual's recommended selling price remains at \$42,586 and the GT86 starts at \$47,486. Both attract a \$1,000 premium for the automatic.

The 86 is still available in TRD 86 and TRD GT86 guise with locally sourced and Toyota Racing Development factory race components. ⊕

Toyota's new GT86



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Review into Australian car laws

It was interesting to read in the last issue of the magazine and on Autofile Online about the review of policies and regulations happening across the Tasman.

First, of course, there's the Productivity Commission's report, which recommends relaxing laws on the level of used imports when local car manufacturing ends there over the next few years.

The commission says this should happen no earlier than 2018 and initially be limited to stock no more than five years old when it crosses the border, while a standards-based system may also be adopted.

What can be imported into Australia is covered by the Motor Vehicle Standards Act (MVSA), which is subject its own review and may come up with changes to border controls.

The government recently published an options discussion paper for this review, which states "proposals to ease restrictions on used imports and on personally imported new vehicles require further assessment"

DISCUSSION PAPER OPTIONS

The commission recommends used import restrictions be eased in a framework of regulations, while changes to personal import provisions will look into the \$12,000 tariff on vehicles going into Australia without MVSA approvals.

"The impacts of opening up the importation of new and used vehicles were not assessed in the

commission's report," the MVSA paper states.

"Key issues include short and long-term impacts on the price of vehicles, possible effects on new vehicle availability, changes in distribution and service support networks, and depreciation."

The fleet's safety will be considered in respect to environmental performance and anti-theft measures. Factors will include the fleet's age – on average about 10 years.

The document says there may also be impacts on supply chains and the availability of vehicles overseas that meet Australian Design Rules (ADRs), although the Productivity Commission recommends accepting the US and Japanese standards, as well as those in EU, as equivalents, and consumer protection – such as warranties and recall mechanisms.

The cost of assessing vehicles'



MALCOLM YORSTON
 IMVIA membership and technical services manager

histories – so only those without structural damage, inadequate repair, theft or odometer tampering are imported – will be investigated.

"Any framework for increased importation needs to be considered in the context of current concessions, including the specialist and enthusiast vehicles scheme for used vehicle imports."

CONFORMITY & COMPLIANCE

Under current arrangements, most vehicles going into Australia conform to ADRs and enter under a type approval.

To ensure each model also satisfies the ADRs, there are compliance arrangements – such as inspecting manufacturing and test facilities.

The discussion paper says: "If models not previously approved for import were to enter, there would be reliance on the conformity and compliance framework of

the source market – illustrating the importance of imports being sourced only from markets with comparable standards."

USED CAR DIFFERENCES

The government says "nearly new" second-hand cars built to comparable overseas standards have satisfied requirements for registration in markets with similar rules – for example, three-year-old cars first registered in the UK or Japan.

It believes they are likely to have similar characteristics to those of Australian stock of the same age and without regulatory compliance, although there are some risks vehicles may have been involved in serious accidents or modified.

The discussion paper states other used vehicles could be older, may come from markets with different standards or indicate a greater risk of not satisfying existing safety, environment and anti-theft levels.

"The full cost recovery of a quality assurance system associated with other possible importation arrangements may act as a barrier to the entry of low value or poor-quality vehicles."

The federal government's legislative review into the MVSA involves consultation, which closes in October.

The IMVIA suggests its members considering Australia as a future market may wish to consider making submissions. Visit www.infrastructure.gov.au/vehicles/ for more information. ☺



Ports across the Tasman may benefit from higher vehicle import levels. Last year, Port of Melbourne handled more than 370,000 vehicles. It's set to take 600,000 units in 2025 rising to one million in 2040



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Superior customer service is critical

Isn't it amazing in this age and time how people expect immediacy in service and complaints, and – actually – in pretty much everything as well.

The availability and use of technology has a lot to do with this because you are expected to be available for more of the time.

Members of the public are often busy browsing on the internet looking at cars. They then send emails and expect fast responses.

Would-be buyers call the after-hours phone number late at night and they expect a reply.

We know it's sometimes unrealistic, but that is what the public is expecting more and more.

So how are you dealing with this expectation? Do you have an automatic reply then follow the inquiry up the next day?

Does it get followed through to its conclusion? Do you have processes in place to monitor this to ensure all of your inquiries are being followed up? And do you prioritise your call options?

Make sure your welcome message and most common inquiries are easy to find or hear on your options list.

Make it easy for your customers to speak to someone who can help them.

I am continually amazed at how people view purchasing a new item as so time sensitive – especially when they have been thinking about it for a while.

The old saying "strike while



RAY MEHARG
National sales manager
Protecta Insurance

the iron is hot" is truer now than it was ever before.

You need to follow up your inquiries quickly because the people who make them may be ready to go ahead and purchase.

People love talking to people and they don't want to talk to machines.

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The members of our customer services team are trained to qualify that initial inquiry and direct the customer to the correct

person to avoid any delays and frustrations.

Replying to customer inquiries is a priority and customer service is one advantage you can have over your competitors.

Superior customer service throughout your entire business is critical.

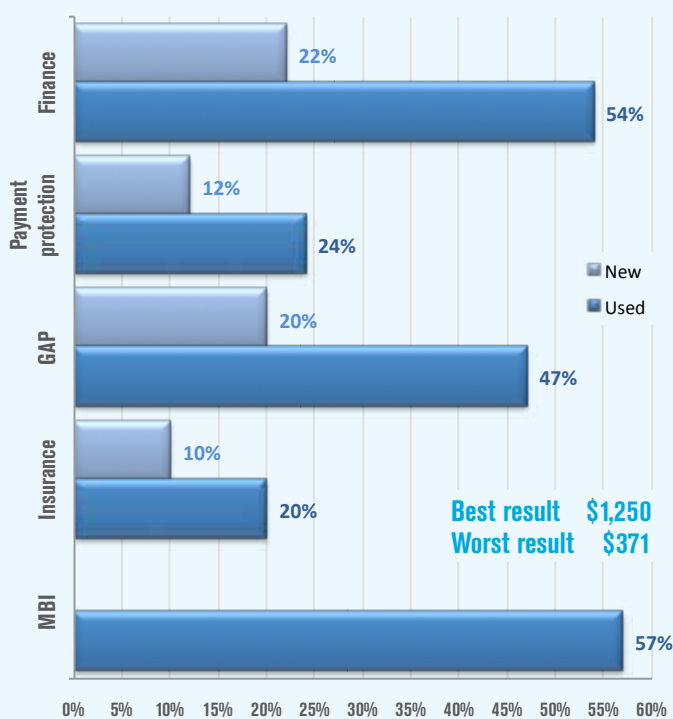
That is why Protecta Insurance has invested in putting most of its staff members through a Dale Carnegie "world-class customer service" training programme.

The course was great and the results have been fantastic. The result has been happier staff while more satisfied customers are important assets to your business.

So, what are you doing to take care of your prospects and current customers, and do you have the best customer service possible? ☺

"The old saying 'strike while the iron is hot' is truer now than ever before."

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Tribunal notes purchaser was still driving her vehicle at time of hearing

Background

Kaye Wannan bought a 2002 Nissan Primera from SGT Holdings Ltd for \$5,895 on September 14, 2013.

She applied to recover from the dealer the cost she had been quoted to fix its engine of between \$1,442 and \$1,841, but the trader denied it was liable for this under the CGA.

The case

Wannan test drove the car before agreeing to buy it when its odometer reading was recorded as 159,060km.

She said the vehicle drove well until about February 2, 2014, when its temperature gauge started to fluctuate.

Wannan said she immediately took it to Maungatapu Motors in Tauranga, which noted its odometer was on 164,616km showing it had been driven 5,556km since purchase.

Maungatapu Motors wrote a report dated May 26, which stated the vehicle was taken into its workshop to have its temperature gauge checked.

The cooling system was found to be low on water, so it was topped up. The engine started on three cylinders when it was cold and a pressure check on the cooling system revealed no external leaks.

The spark plugs were removed and refitted after checks were made for water in number three and four cylinders.

Wannan said she went to Melbourne on February 3 and didn't return to New Zealand until the end of that month.

She phoned the trader on March 4 and spoke to Mr S

Townsend, director, about the car being faulty.

She proposed – and said she thought Townsend agreed – for the dealer pay half of the cost of repairing the engine.

Wannan sent an email the next day asking Townsend to confirm to Maungatapu Motors that the trader would pay 50 per cent.

Townsend replied by email the same day saying he hadn't agreed to do so, and she emailed the dealer on March 7 setting out her understanding of her rights as a buyer and threatened proceedings if he didn't reply within three days.

The trader replied on March 10 by email saying it wanted the purchaser's mechanic to give it a "worst-case price" to fix the head gasket.

It would then make its decision to pay one half of the costs or go to the tribunal.

Maungatapu Motors had not – and still hadn't by the day of the tribunal hearing on May 20 – stripped the vehicle down and didn't know if the engine fault required the replacement of the cylinder head gaskets or cylinder head.

It supplied the purchaser with two quotes on March 13. One was to replace the cylinder head gasket of \$1,442, and another for that work and a second-hand cylinder head of \$1,841.

The trader sent Wannan an email on March 17 offering to contribute \$700 including GST towards the repair costs, but she refused that.

The buyer said she hadn't had the vehicle repaired, was still able to drive the vehicle and did so. The dealer added the odometer reading at the time of the hearing was about 169,000km.

Townsend said the car was free of minor faults and fit for purpose when it was sold.

The vehicle was driven more than 5,600km by Wannan before she experienced and informed the trader of an issue with its engine.

Having regard to the vehicle's age of 11 years at the time of sale, its moderately high mileage and the price paid for it, he believed it had been proven to be as durable as a reasonable purchaser would expect.

The finding

The tribunal believed certain issues required consideration. They included if the car complied with the guarantee of acceptable quality under the CGA and, if not, whether Wannan was entitled to recover reasonable repair costs.

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

The expression "acceptable quality" is defined in section seven as the goods being fit for all the purposes for which they are commonly supplied, acceptable in appearance and finish, free from minor defects, safe and durable as a reasonable consumer views as acceptable.

The nature of the goods, when relevant the price paid, any statements made about them on packaging or labels, representations made by the supplier or manufacturer and all other circumstances of their supply are taken into account.

The tribunal, as it was required to do by section seven of the CGA, took into account – in deciding

The case: The buyer wanted to claim the reasonable costs involved in repairing her car's engine, but the dealer said the vehicle was free of minor faults and fit for purpose when it was supplied to her.

The decision: The tribunal considered – on balance – that the Nissan Primera had been as durable as a reasonable person would regard as acceptable having regard to the conditions of the Consumer Guarantees Act (CGA).

At: The Motor Vehicle Disputes Tribunal, Hamilton.

if the vehicle complied with the guarantee of acceptable quality – the nature of the car.

In this case, the New Zealand-new 11-year-old Nissan Primera had travelled 159,060km when sold for \$5,895.

The tribunal agreed with the trader that the vehicle appeared to have been fit for its purpose and free from minor defects when supplied.

The issue with the fluctuating temperature gauge indicated a probable blown cylinder head gasket first appeared five months after Wannan bought the car and she had travelled 5,556km in it.

The tribunal noted the Primera was still driveable and the buyer gave evidence its odometer was on about 169,000km.

This indicated she had driven about 10,000km in the eight months she had owned it.

It considered, on balance, that it had been as durable as a reasonable consumer would regard as acceptable having regard to the age, mileage, price and distance the buyer had driven in the car from the time she bought it until the overheating issue first surfaced.

Order

The tribunal decided it had to dismiss the application because the vehicle complied with the guarantee of acceptable quality. ☺

GET THE LATEST IN AUTOMOTIVE NEWS

Trader's right to remedy faults doesn't apply when failures are substantial

Background

Debra Billington bought a 2011 Suzuki Swift from Just Right Marketing Ltd, trading as Just Right Cars, for \$13,900.

The transmission developed a fault five days after she took delivery of it and she was quoted \$18,150 plus GST to rectify it, which involved replacing the transmission.

She claimed the vehicle failed to comply with the guarantee of acceptable quality under the Consumer Guarantees Act (CGA) and the failure was of substantial character, so she rejected it and wanted a full refund.

The trader acknowledged the transmission had a fault caused by leaking oil seals, but said it could be repaired for \$3,950. It was willing to pay for this, but the buyer refused.

The case

Billington test drove the vehicle before buying it on March 14, 2014, when the odometer was on 38,226km.

On March 19, she drove it from Auckland to Hampton Downs. On the way back, the transmission warning light lit up and she noticed the accelerator became a little less responsive.

On the same day, she took the car into Winger Motors, which found a sensor switch was faulty.

A technician told her it was safe to carry on driving and it would get a price for a new switch.

Billington emailed the trader to notify it of the fault and that she wanted it fixed at the dealer's cost.

The trader asked her to take the vehicle in for an inspection. She wanted to speak to Mr S L'Amie,

director, but was told he wouldn't be available.

Winger Motors told Billington on March 21 that the transmission fluid pressure sensor was faulty and the switch was part of the transmission, so the complete transmission needed replacing.

The email advised her that a new transmission was \$18,150 plus GST although another option, which wasn't recommended, was to fit a second-hand part.

Billington sent the trader an email dated March 22 rejecting the vehicle for a serious fault, namely the transmission fluid sensor, and sent the dealer Winger's email to prove the fault existed and its replacement cost.

L'Amie contacted Billington on March 24 and offered to have the part repaired, but she wasn't comfortable with that because she wanted a reliable vehicle.

She believed a repair to the transmission would impact on its value and said Winger Motors told her the part couldn't be repaired.

Billington said she asked L'Amie to contact her regarding a refund by March 26.

She emailed Auckland Automatics on March 26 asking if it was possible to replace the faulty pressure sensor.

The next day, the company said it had tried Japan and Korea, and had been told the sensor was only available as a complete transmission.

Billington also emailed CVTNZ 2010 Ltd asking it if a faulty transmission fluid pressure sensor switch could be repaired and if so at what cost.

It replied the next day and said

it could be remedied for \$3,950 including GST.

Its email explained the problem was caused by leaking oil seals inside the transmission causing a loss of pressure, which sent a signal to the car computer to go into limp mode.

At the time of the hearing on April 30, the odometer was on 39,220km or 994km more than at the time of sale.

L'Amie, the trader's director, offered Billington the use of a loan car while her vehicle was being repaired at the dealer's cost, but she said no and wanted a refund.

He confirmed the price quoted to the trader to repair the car was the same as that quoted to the buyer.

The repaired transmission would have come with a 12-month or 30,000km warranty.

The tribunal noted L'Amie "apparently" didn't understand the right of a trader to remedy a fault didn't apply when the failure was one of substantial character.

The finding

In deciding if the vehicle was of acceptable quality when sold, the tribunal had no doubt it wasn't because of the leaking rubber seal around the valve body piston.

Having regard to the age, low mileage and price paid, it ruled the car didn't comply with the CGA's guarantee of acceptable quality.

This was because its transmission was probably faulty when supplied and the problem appeared only five days after sale on the first long run the buyer had taken the vehicle on.

The transmission wasn't as durable as a reasonable person

The case: The purchaser rejected a car and claimed a full refund after its transmission failed. However, the trader said it offered to pay for this fault to be repaired and the buyer refused.

The decision: The tribunal said the vehicle was probably faulty when supplied and what went wrong with it was of substantial character under consumer law, so it ordered the purchase price had to be refunded.

At: The Motor Vehicle Disputes Tribunal, Auckland.

paying \$13,900 for such a car would regard as acceptable.

Section 21 of the CGA defines circumstances in which a failure to comply with this guarantee is regarded as being a failure of a substantial character.

The tribunal didn't think the vehicle would have been acquired by a reasonable consumer aware of the nature and extent of its transmission fault.

In coming to this decision, it had regard to the estimated cost of curing this fault of \$18,150 plus GST for a new Suzuki transmission or about \$3,950 to repair it. The latter was 28 per cent of the car's cost price.

The repair involved replacing the transmission or repairing it, which involved removing and disassembling it, a valve body piston being machined and seals being replaced, which would take between eight and 14 days.

The tribunal found, for these reasons, the failure was substantial.

Orders

The rejection was upheld with effect from March 22, 2014.

The trader had to pay \$13,960, which was the purchase price plus a Winger Motors technician's fee of \$60. The buyer then had to return the car to the dealer. ☺

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AROUND THE COUNTRY

August 2014

BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR

(AUGUST 2014 vs AUGUST 2013)

BIGGEST INCREASES

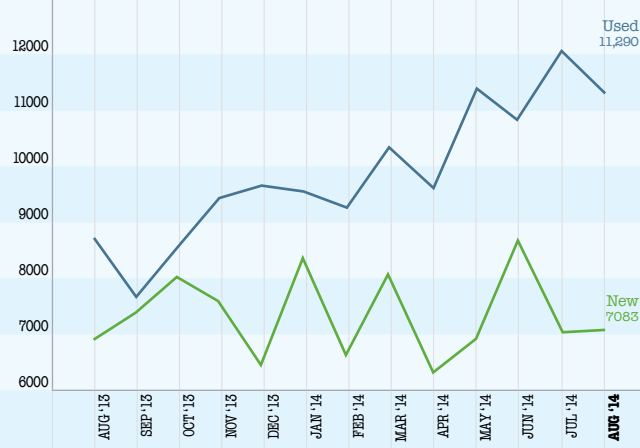
NEW		USED	
Greymouth	▲ 100.0%	Westport	▲ 300.0%
Invercargill	▲ 20.5%	Rotorua	▲ 98.3%
Masterton	▲ 19.1%	Nelson	▲ 78.7%

BIGGEST DECREASES

NEW		USED	
Rotorua	▼ 52.2%	Greymouth	▼ 3.1%
Thames	▼ 14.8%		
Wellington	▼ 14.0%		

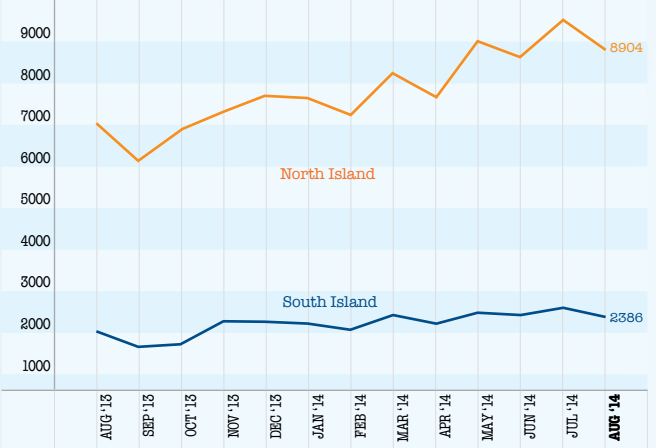
PASSENGER VEHICLE REGISTRATIONS

NEW versus USED



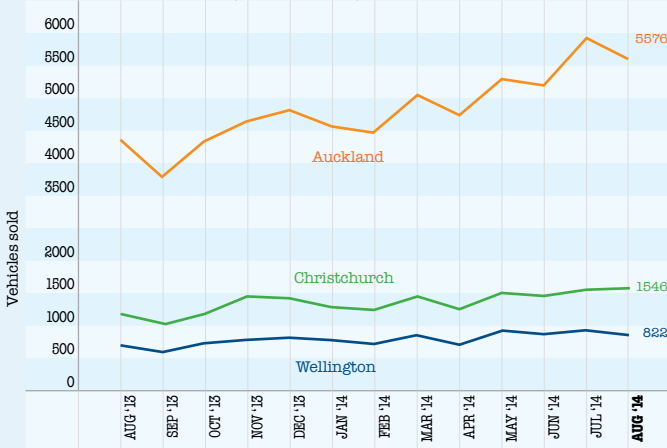
USED VEHICLE REGISTRATIONS

NORTH ISLAND versus SOUTH ISLAND

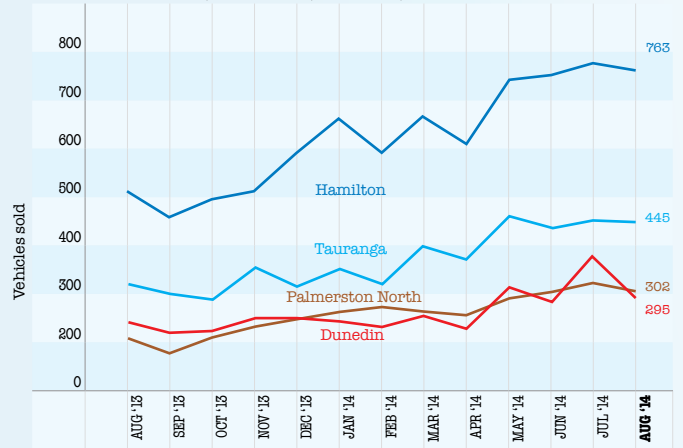


USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY

AUCKLAND, WELLINGTON, CHRISTCHURCH



HAMILTON, TAURANGA, DUNEDIN, PALMERSTON NORTH



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LATEST SCHEDULE

Port Calls	Sepang Express V16	Morning Miracle V12	Liberty V8	Sepang Express V17
Osaka	17 Sep	3 Oct	16 Oct	1 Nov
Nagoya	18 Sep	4 Oct	17 Oct	2 Nov
Yokohama	19 Sep	5 Oct	18 Oct	3 Nov
Auckland	6 Oct	20 Oct	5 Nov	19 Nov
Wellington	13 Oct	27 Oct	12 Nov	26 Nov
Lyttelton	9 Oct	31 Oct	8 Nov	28 Nov

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Price key to securing stock

Trading conditions in Japan are tight at the moment, says a company that imports large volumes of used vehicles.

AutoTerminal New Zealand Ltd, which deals with all operations from point of sale to delivering complied stock to traders, has one of its buyers based there at the moment.

"He reports it's relatively tough," says general manager Darryl McGifford.

"There are lots of vehicles to choose from but prices are quite firm, with a lot of people after the higher-end stock we specialise in.

"This has probably been one of his tougher trips out of the six or seven he has made so far this year and he's having to fight for them.

"It's also about 32 degrees

in Japan at the moment, which means it takes a lot of time and effort to check vehicles."

That said, everything is available with a good cross-section of cars to choose from, which means it's just a matter of what people are willing to pay.

McGifford says the market is relatively unchanged compared to the previous 12 or 24 months, but used cars now coming into New Zealand are later models.

"People don't want 2003-04 models so much and are looking at 2005 and upwards," he told Autofile.

"When mandatory electronic stability control kicks in, that will also push cars imported up to newer models.

"On the compliance side, there has been no tinkering with the system and that has allowed us

to get on with our job. Nothing's different – if a car is too rusty, it still gets pulled up."

McGifford describes current buying conditions in New Zealand as "very good".

He says: "Used imports dipped a bit last month compared to previous months, but there were still more than 9,000 cars imported.

"Overall, this year has been solid. The champagne corks are still in the bottles even though the trading environment has been good.

"Everyone seems to be taking a bit of a breather at the moment and keeping wallets in their pockets because of the election and we will be soon rolling into the school holidays.

"We are now on the run-in to Christmas with only eight to 10

shipments until December 24."

Looking at statistics for August, the level of used passenger cars crossing the border last month was the year's second lowest.

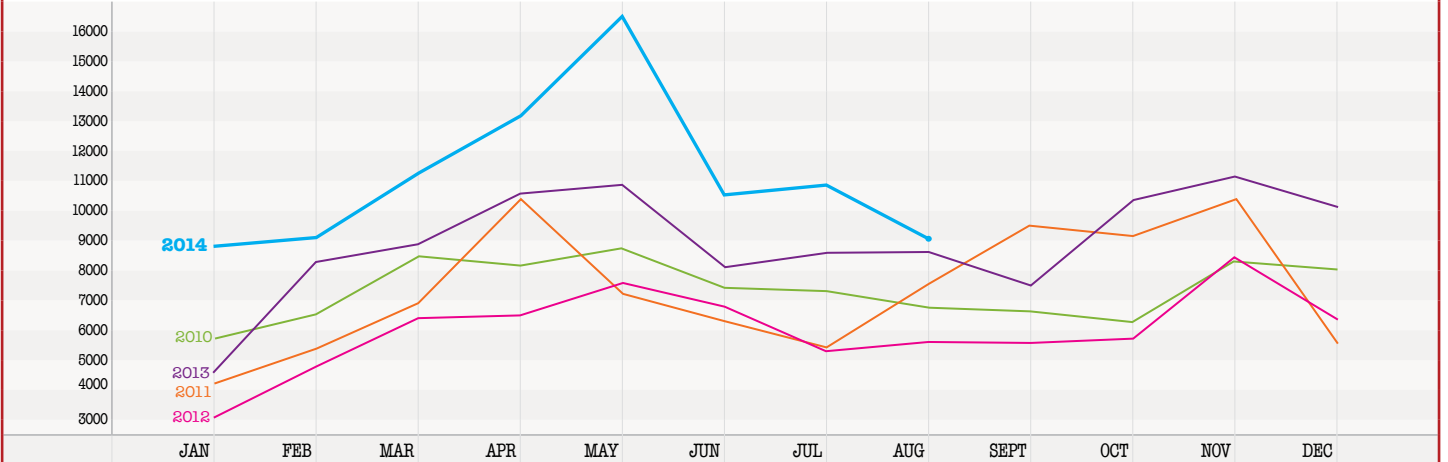
A total of 9,054 units were imported while there were 8,807 in January and 9,093 in February. The biggest month to date was May on 16,514.

The market share from Japan during August came in at 94.2 per cent with 8,527 units, while Australia was second on 233 and 2.6 per cent.

The UK came third with 133 and 1.5 per cent, with the US just 0.1 per cent behind on 124.

The year-to-date total stands at 89,254. There were 40,185 used imports in the second quarter, 30,484 in the third and 29,154 in the first. ☺

USED IMPORT PASSENGER VEHICLE ARRIVALS



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2014										2013					2012		
	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUL'14	AUG	AUG SHARE%	2014 TOTAL	Q1	Q2	Q3	Q4	2013 TOTAL	MRKT SHARE	2012 TOTAL	% TOTAL
Australia	208	264	238	263	286	266	238	233	2.6%	1996	385	464	503	638	1990	1.9%	1199	1.6%
Great Britain	208	133	142	151	169	126	138	133	1.5%	1200	664	716	737	791	2908	2.7%	2730	3.7%
Japan	8268	8599	10695	12544	15916	10051	10,304	8,527	94.2%	84,904	20,148	27,869	23,072	29,695	100,784	93.9%	67442	92.6%
Singapore	15	19	19	29	17	18	22	27	0.3%	166	31	26	41	48	146	0.1%	154	0.2%
USA	81	60	148	104	105	90	141	124	1.4%	853	266	248	307	384	1205	1.1%	976	1.3%
Other countries	27	18	12	11	21	18	18	10	0.1%	135	65	64	63	59	251	0.2%	336	0.5%
Total	8807	9093	11,254	13,102	16,514	10,569	10,861	9054	100.0%	89,254	21,559	29,387	24,723	31,615	107,284	100.0%	72,837	100.0%

Sales by dealers fall back slightly

There was a 3.5 per cent drop in the number of used cars sold by dealers to members of the public in August.

They decreased to 16,930 compared to 17,551 during the same month of last year.

Trade-ins also tailed off from 13,542 to 12,534 – down by 7.4 per cent – while public-to-public sales were steadier.

Carl Johnson, of Carl Johnson Auto Sales in Whangarei, says: “We stick with the simple deals. We take it on the nose if we pay too much and have to sell at a loss.

“It’s no good selling vehicles to customers and they end up with problems. If they do, we fix everything.”

He believes business is getting harder for used car dealers and easier for franchises.

“More people can borrow against their houses or lease new cars, which are becoming more affordable,” Johnson told Autofile.

“In the past, you had to pay to get a car. I bought a new Holden Caprice in 1970 and paid a \$300 premium to get it. That market has gone now because I can buy a new Commodore and get a discount.

“People used to ask their local dealers about imports and they would say ‘don’t buy one’.

“It was hard work selling them initially, but people realised after a while they were just as good as New Zealand-new.”

More than 500 motor vehicle traders are now registered in New Zealand compared to the start of 2014. There were 2,802 dealers in January with the total now coming in at 3,306.

The increase of online trading and people having to become registered may drive numbers up further with the government putting more resources into enforcement.

This hasn’t gone unnoticed by Michael Gapes, chief executive officer of Manukau Toyota, who says: “Used cars are flooding in.

“They still get sold because importers can’t keep them forever, but prices go down.

“When the currency is strong, it encourages people to bring in vehicles and the market gets flooded. However, the basket of buyers is no bigger.

“We have been focusing on selling through our normal channels and ensuring we’re sharply priced.”

The biggest proportional

gain in dealer-to-public sales last month was in Rotorua, where the market grew by 14.7 per cent from 258 to 296 transactions.

Gisborne secured a 12.5 per cent increase from 160 to 180, while the two biggest drops were in Westport and Masterton – 20.8 and 20.2 per cent respectively albeit on relatively small numbers.

When it came to trade-ins, business increased in Oamaru by 86.7 per cent, although transactions – 28 up from 15 – were limited. Thames was second, up by 19.3 per cent from 83 to 99.

The highest drop was seen in Westport from two trade-ins in August 2013 to one last month. The town was followed by a 25.9 per cent decrease in Wanganui from 143 to 106. ☹

SECONDHAND CAR SALES - August 2014

	DEALER-TO-PUBLIC			MARKET SHARE	PUBLIC-TO-PUBLIC			PUBLIC-TO-DEALER		
	AUG '14	AUG '13	+/- %		AUG '14	AUG '13	+/- %	AUG '14	AUG '13	+/- %
Whangarei	519	546	-4.9	3.07	1675	1758	-4.7	257	281	-8.5
Auckland	5542	5868	-5.6	32.73	13561	13432	1.0	4263	4666	-8.6
Hamilton	1433	1514	-5.4	8.46	3204	3208	-0.1	1134	1223	-7.3
Thames	216	221	-2.3	1.28	480	476	0.8	99	83	19.3
Tauranga	938	864	8.6	5.54	1982	1931	2.6	601	670	-10.3
Rotorua	296	258	14.7	1.75	711	700	1.6	130	129	0.8
Gisborne	180	160	12.5	1.06	347	409	-15.2	99	94	5.3
Napier	531	522	1.7	3.14	1364	1310	4.1	373	369	1.1
New Plymouth	467	465	0.4	2.76	994	1108	-10.3	287	309	-7.1
Wanganui	172	210	-18.1	1.02	437	431	1.4	106	143	-25.9
Palmerston North	766	845	-9.3	4.52	1651	1536	7.5	816	1072	-23.9
Masterton	146	183	-20.2	0.86	328	356	-7.9	103	95	8.4
Wellington	1426	1536	-7.2	8.42	2761	2803	-1.5	1173	1274	-7.9
Nelson	329	318	3.5	1.94	957	929	3.0	222	246	-9.8
Blenheim	179	172	4.1	1.06	404	332	21.7	116	119	-2.5
Greymouth	85	87	-2.3	0.50	198	216	-8.3	50	42	19.0
Westport	19	24	-20.8	0.11	106	89	19.1	1	2	-50.0
Christchurch	2286	2269	0.7	13.50	5342	5011	6.6	1765	1779	-0.8
Timaru	231	259	-10.8	1.36	557	540	3.1	132	143	-7.7
Oamaru	67	73	-8.2	0.40	198	162	22.2	28	15	86.7
Dunedin	678	738	-8.1	4.00	1560	1647	-5.3	484	502	-3.6
Invercargill	424	419	1.2	2.50	887	914	-3.0	295	286	3.1
NZ total	16930	17551	-3.5	100.00	39704	39298	1.0	12534	13542	-7.4

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

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Passenger Car Sales by Private/Business split - MIA statistics

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	1	3.2	30	96.8	31
Audi	71	44.1	90	55.9	161
Bentley	0	0.0	3	100.0	3
BMW	64	43.8	82	56.2	146
Chery	32	94.1	2	5.9	34
Chrysler	0	0.0	6	100.0	6
Citroen	12	36.4	21	63.6	33
Dodge	31	50.8	30	49.2	61
Ferrari	3	100.0	0	0.0	3
Fiat	46	80.7	11	19.3	57
Ford	130	26.9	354	73.1	484
Great Wall	4	57.1	3	42.9	7
Holden	201	24.0	636	76.0	837
Honda	296	79.6	76	20.4	372
Hyundai	213	35.6	386	64.4	599
Isuzu	3	37.5	5	62.5	8
Jaguar	8	61.5	5	38.5	13
Jeep	48	35.8	86	64.2	134
Kia	77	35.5	140	64.5	217
Land Rover	49	59.8	33	40.2	82
Lexus	18	45.0	22	55.0	40
Maserati	7	87.5	1	12.5	8
Mazda	171	35.1	316	64.9	487
Mercedes-Benz	52	31.7	112	68.3	164
MG	3	75.0	1	25.0	4
Mini	15	31.9	32	68.1	47
Mitsubishi	225	59.2	155	40.8	380
Nissan	196	57.6	144	42.4	340
Peugeot	41	36.9	70	63.1	111
Porsche	21	77.8	6	22.2	27
Renault	12	37.5	20	62.5	32
Skoda	18	25.7	52	74.3	70
SsangYong	31	36.9	53	63.1	84
Subaru	65	50.0	65	50.0	130
Suzuki	218	63.0	128	37.0	346
Toyota	238	20.4	931	79.6	1169
Volkswagen	124	44.6	154	55.4	278
Volvo	20	43.5	26	56.5	46
Other	2	33.3	4	66.7	6
Total	2766	39.2	4291	60.8	7057

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

SUVs drive up business sales

The business market has seen the most growth in sales of new SUVs so far this year with 39.6 per cent being registered in that sector.

The total is up from 31.7 per cent in 2011, 34.9 per cent in 2012 and 37.6 per cent in 2013 year to date to the end of August.

The private sales of SUVs sit at 47.8 per cent of the market total. They have decreased from 55.9 per cent in 2011, to 49.3 per cent in 2012 and 49 per cent last year.

Rental SUV sales come in at seven per cent, compared to 5.4, 7.3 and six per cent year-to-date in 2011, 2012 and 2013.

SUVs bought as company vehicles stand at 4.4 per cent – down from 5.8 per cent last year, 6.7 per cent in 2012 and 5.4 per cent in 2011.

The figures compare to 1.2 per cent government sales so far in 2014 and this proportion has remained steady from 2011-13.

There were 7,057 new passenger cars and SUVs registered during August with 60.8 per cent, or 4,291 units, sold to businesses.

The top two spots on last month's ladder went to Toyota and Holden on 1,169 and 837 registrations.

Toyota's total included 931 business sales, while Holden's split of 636 in favour of business sales was 76 per cent of its total, according to Motor Industry Association statistics.

Jeff Murray, managing director Holden NZ, says the marque accounts for new

vehicles sales to businesses with rentals and government transactions broken out.

"From looking at the buyer split over the past four years, business is by far the biggest buying sector in SUVs and it has grown in importance," he told Autofile.

"Year to date in 2013, Holden had 8.7 per cent of the total private market and 10.7 per cent of the total business market.

"Our total sales split was 28 per cent private and 55 per cent business with the remainder made up of government and rental sales.

"On a positive note, year to date in 2014 we have grown our private market share to 9.2 per cent and our business share to 11 per cent on the back of new product.

"Holden's sales split has increased to 30 per cent private and 56 per cent business with a lesser reliance on rental and government sales to grow our volume."

From an SUV perspective, the marque's share in private and business sales has increased year to date – up by 0.5 percentage points to 7.7 per cent and 10.9 per cent respectively.

"In comparison to the other leading marques, Holden sits fourth on this table but has a higher mix of sales to where the SUV market sits," says Murray.

"In the SUV market, private and business sales account for 87.5 per cent of the total segment. It accounts for about 92 per cent of Holden sales." ⊕

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Market looks at record year

Sales of new vehicles surged in August to suggest annual registrations may set a record this year, according to Motor Industry Association (MIA) statistics.

It says lower prices created by the strong Kiwi dollar and the buoyant economy are among the main drivers of demand.

Year-to-date sales of new vehicles across all segments are now 12.8 per cent ahead of the same period in 2013, with the MIA believing there's potential to break past 124,000 units by the end of 2014.

The combined sales of 10,189 new passenger and commercial vehicles last month rose by eight per cent compared to 9,422 in the same month of 2013 for the best August since 1984.

John Hutchinson, dealer principal at Team Hutchinson Ford in Christchurch, says last month was strong for sales although they weren't as good as in June.

He told Autofile: "The Ranger has been the strongest but right across the board we're selling everything – the Fiesta, Ecosport and Focus – and all model-line targets are being met.

"The new Ecosport is just starting to get some traction and, while there has been a shift to the SUV market, people still want something that's fuel efficient."

Hutchinson adds many more people are researching possible purchases through the dealership's website, which is constantly being upgraded, and also features vehicle

walk-around videos on YouTube produced in-house.

"We have a photo bay, so we get a really nice consistent look with our pictures," he says. "This has helped to increase sight-unseen sales."

Vern Walker, dealer principal of Nelson Bays Motor Group, says: "What we are seeing with Holden's Colorado is that the price point has been exceptionally sharp.

"Customers are purchasing the top-of-the-range LTZ model in automatic and we're spec-ing them up with leather and new wheels. When you're getting \$16,000 off a truck, people tend to spend more on accessories.

"There isn't really any one particular sector purchasing commercials at the moment."

Walker describes buyers as "diverse and across the board" with some sales coming on the back of smaller businesses, such as builders and plumbers.

Stephen Kelly, general manager of Volkswagen with Miles Continental in Christchurch, reports the middle to end of August was better than the start of the month for sales.

He says: "I wouldn't point the finger at the election though because you have tough months and good months."

The registration of 3,106 new commercial vehicles last month made for the best August since 1981, which was when the MIA first started collecting data in that segment. ☺

NEW VEHICLE SALES BY BUYER TYPE - August 2014

	AUG '14	AUG '13	MTH%	2014 YTD	2013 YTD	% YTD
Passenger	4,047	4,531	-10.7	33,471	33,128	1.0
Private	1,532	1,764	-13.2	13,014	12,626	3.1
Business	1,840	2,224	-17.3	15,940	15,576	2.3
Gov't	187	126	48.4	1,665	1,755	-5.1
Rental	488	417	17.0	2,852	3,171	-10.1
SUV	3,010	2,279	32.1	24,707	19,994	23.6
Private	1,234	914	35.0	9,790	7,527	30.1
Business	1,488	1,196	24.4	12,702	10,828	17.3
Gov't	90	43	109.3	494	431	14.6
Rental	198	126	57.1	1,721	1,208	42.5
Light Commercial	2,589	2,245	15.3	20,898	17,431	19.9
Private	498	493	1.0	5,031	3,642	38.1
Business	1,826	1,525	19.7	14,505	12,415	16.8
Gov't	130	164	-20.7	871	966	-9.8
Rental	135	63	114.3	491	408	20.3
Sub Total	9,646	9,055	6.5	79,076	70,553	12.1
Private	3,264	3,171	2.9	27,835	23,795	17.0
Business	5,154	4,945	4.2	43,147	38,819	11.1
Gov't	407	333	22.2	3,030	3,152	-3.9
Rental	821	606	35.5	5,064	4,787	5.8
Heavy Commercial	473	329	43.8	2,912	2,377	22.5
Other	70	38	84.2	631	335	88.4
Total	10,189	9,422	8.1	82,619	73,265	12.8

NEW VEHICLE MARKET SEGMENTATION - August 2014

	AUG '14	AUG '13	MTH% DIFF	2014 YTD	2013 YTD	% YTD
Passenger	4,047	4,531	-10.7	33,471	33,128	1.0
SUV	3,010	2,279	32.1	24,707	19,994	23.6
Light Commercial	2,589	2,245	15.3	20,898	17,431	19.9
Heavy Commercial	473	329	43.8	2,912	2,377	22.5
Other	70	38	84.2	631	335	88.4
TOTAL MARKET	10,189	9,422	8.1	82,619	73,265	12.8
Micro	79	237	-66.7	1,083	1,371	-21.0
Light	1,267	1,117	13.4	8,817	8,922	-1.2
Small	1,583	1,892	-16.3	14,370	13,033	10.3
Medium	525	715	-26.6	4,518	5,286	-14.5
Large	388	395	-1.8	3,017	2,850	5.9
Upper Large	33	16	106.3	218	154	41.6
People Movers	92	77	19.5	688	596	15.4
Sports	80	82	-2.4	760	916	-17.0
SUV Small	906	525	72.6	6,685	4,304	55.3
SUV Medium	1,038	1,009	2.9	9,218	8,101	13.8
SUV Large	1,030	713	44.5	8,475	7,309	16.0
SUV Upper Large	36	32	12.5	329	280	17.5
Light Buses	67	41	63.4	409	287	42.5
Vans	609	401	51.9	3,898	3,287	18.6
Pick Up/Chassis Cab 4x2	695	689	0.9	6,358	5,105	24.5
Pick Up/Chassis Cab 4x4	1,218	1,114	9.3	10,233	8,752	16.9
Heavy Commercial	473	329	43.8	2,912	2,377	22.5
Other	70	38	84.2	631	335	88.4
TOTAL MARKET	10,189	9,422	8.1	82,619	73,265	12.8

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New factory to boost Kiwi supply

Kia New Zealand is expecting a new NZ\$1.22 billion production line in Mexico to play a major role in alleviating supply issues globally and in this country.

Construction of the plant, which will be able to produce 300,000 vehicles annually, starts at the end of September. The marque expects it will bring the combined production capacity of its worldwide factories to 3.37 million units per year.

It will also help to boost stock supply to New Zealand and other markets by freeing up production from its plants in Korea.

Todd McDonald, general manager of Kia Motors NZ, says: "Supply constraints have held us back from achieving our potential in New Zealand in recent years and this new plant will enable us to realise plans for future growth here."

The Mexican factory will be Kia's

second on the American continent following the construction of one in Georgia to build Sorento and Optima models.

The company also has factories in Slovakia and China in addition to major facilities in Korea.

With the brand's growth in the past four years, Kia's production capacity worldwide has been at maximum with shift times extended.

"Increased global demand has seen some markets and countries take a higher priority than meeting local demand," McDonald told Autofile.

"Kia NZ has been restrained in its ability to consistently source products across the range, which has resulted in restricted growth.

"In the past, we have had waiting lists of up to 12 months to satisfy demand. Our average waiting list has been four to five months depending on dealers'

stock holding and total availability within New Zealand."

Kia NZ is now sourcing its Sportage from Slovakia instead of Korea, which has enabled the marque to post some gains.

McDonald says: "With restricted inventory, a different operating style is required for the business, such as balancing growth against retention."

A third production line in China is also being constructed and this will reduce demand for Kia's Korean-made vehicles being exported to that country.

The Mexican plant will supply the American continent supporting continued consumer demand. It will also enable Kia to enter one of the few remaining major markets in which it has no historical sales presence.

The plant will be built on a 500-hectare site in Monterrey in the north-eastern state of Nuevo León and its range of compact

models has yet to be confirmed.

As for last month's industry stocking statistics in New Zealand, there was a difference of 2,599 between 9,665 new cars imported and 7,066 sold.

This increased the total stock being held across the country to 47,636 units.

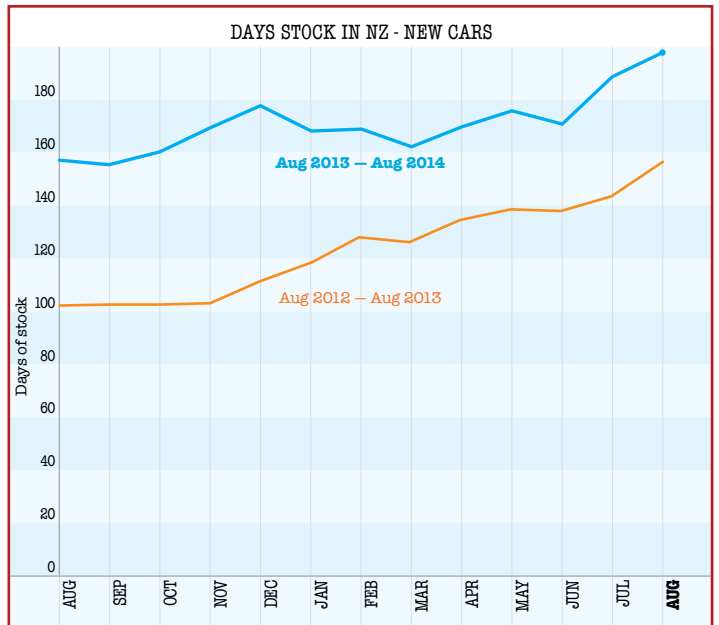
August was the second consecutive month when stock increased by large numbers – July's increase of 4,305 units added up to stock rising to 6,634 for that two-month period.

The number of days' stock on hand increased by 11 last month to 199 when compared to July and the daily sales rate increased by one to 240 based on a 12-month rolling average.

Footnote: The table and graph have been altered to better measure average days' sales and days of stock at hand. ☺

Dealer stock of new cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Aug '13	11,065	6828	4237	34484	219	157
Sep '13	6996	7272	-276	34,208	221	155
Oct '13	9362	7962	1400	35,608	222	160
Nov '13	9591	7453	2138	37,746	225	168
Dec '13	8826	6371	2455	40,201	226	178
Jan '14	6473	8293	-1820	38,381	228	168
Feb '14	6729	6572	157	38,538	230	167
Mar '14	7228	7992	-764	37,774	234	162
Apr '14	8251	6150	2101	39,875	234	170
May '14	8498	6802	1696	41,571	236	176
Jun '14	7948	8517	-569	41,002	238	172
Jul '14	11,106	7071	4035	45,037	239	188
Aug '14	9665	7066	2599	47,636	240	199
YTD total	65,898	58,463	7,435			
Change on Aug 2013	-12.7%	3.5%		38.1%		
Predicted sales for 2014		87,521				



Australia to have little impact

Two importers of used vehicles believe the market in New Zealand may be largely unaffected by developments across the Tasman when it comes to accessing overseas stock.

Martin Harcourt, of Value Cars Warehouse in Christchurch, says if the tight restrictions on the used imports going into Australia are eased, access to supply for stock from Japan bound for our shores is likely to continue unabated.

"I believe it will be more of a top-end thing over there," he told Autofile.

"From what I have seen while being in Australia, 99 per cent of the imports into New Zealand won't work because cars are so cheap there anyway."

On whether the Kiwi market will change, and if or when what can be sourced from overseas shifts, Harcourt says: "I don't know, but time will tell".

He adds: "Just because of the

car prices in Australia, I feel used imports costing less than \$20,000 won't work there.

"It will be in the top-end European market where it will work for them for a short time because of the tax duty on a lot of high-end vehicles."

Darryl McGifford, general manager of AutoTerminal New Zealand Ltd, says: "In regards to what's happening in Australia, I think everyone needs to take a breath and wait and see.

"Aussies tend to do stuff for Aussies first and that country also has a very protectionist economy.

"Also, I cannot see the likes of Mazda, Toyota, Honda, Mitsubishi, Volvo or BMW just rolling over so thousands of used imports can take market share."

McGifford describes buying conditions in New Zealand as being "very good" because there is a lot of stock around.

"Some people have backed up a bit and need to clear a little space."

Grant Blythen, of Honda

Cars North Shore, says there are unregistered imports that haven't been sold "everywhere you go in Auckland".

He adds: "It's affecting our used cars more, but buyers of new vehicles tend not to consider used Japanese imports.

"The amount of cars sitting around is phenomenal. A lot of those vehicles end up at a park and sells.

"Some guys are having reasonable success, but the possible comeback on what some customers have brought can sometimes be questionable.

"Also, now the new Jazz has come out, we've had to change the price position on some of our second-hand models that were priced around \$20,000."

Last month saw 9,054 used cars

cross the border with 11,290 being sold here to reduce the stockpile by 2,236.

August was the third month in a row when stock reduced. In July, 10,861 units were imported compared to 12,502 registrations – down by 1,191 – and June had 10,760 sales against imports of 10,569.

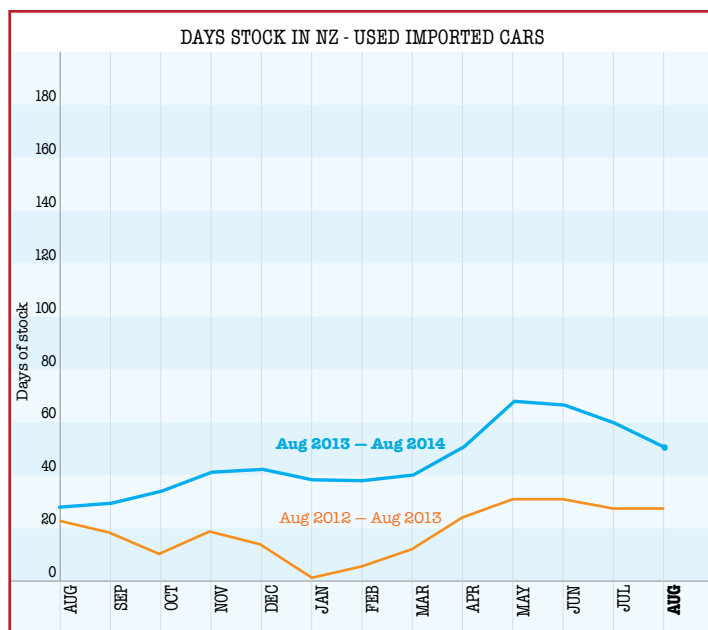
This contrasted to May when used imports were 16,514 against sales of 11,223, which increased stock levels by 5,291.

By the end of August, 5,574 more used cars had been imported than sold – 89,272 compared to 83,698.

Average daily sales, based on a 12-month rolling average, rose to an all-time high of 325.

There were 52 days of stock at hand, down from 60 in July.

Footnote: The table and graph have been altered to better measure average days' sales and, therefore, days of stock at hand. ☺



	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Aug '13	8,632	8,648	(16)	7,382	263	28
Sep '13	7,481	7,615	(134)	7,248	254	29
Oct '13	10,364	8,545	1,819	9,067	259	35
Nov '13	11,184	9,360	1,824	10,891	265	41
Dec '13	10,067	9,534	533	11,424	271	42
Jan '14	8,807	9,470	(663)	10,761	277	39
Feb '14	9,100	9,155	(55)	10,706	283	38
Mar '14	11,258	10,247	1,011	11,717	290	40
Apr '14	13,109	9,501	3,608	15,325	296	52
May '14	16,514	11,223	5,291	20,616	304	68
Jun '14	10,569	10,760	(191)	20,425	311	66
Jul '14	10,861	12,052	(1,191)	19,234	318	60
Aug '14	9,054	11,290	(2,236)	16,998	325	52
YTD total	89,272	83,698	5,574			
Change on Aug 2013	4.9%	30.6%		130.3%		
Predicted sales for 2014		118,752				

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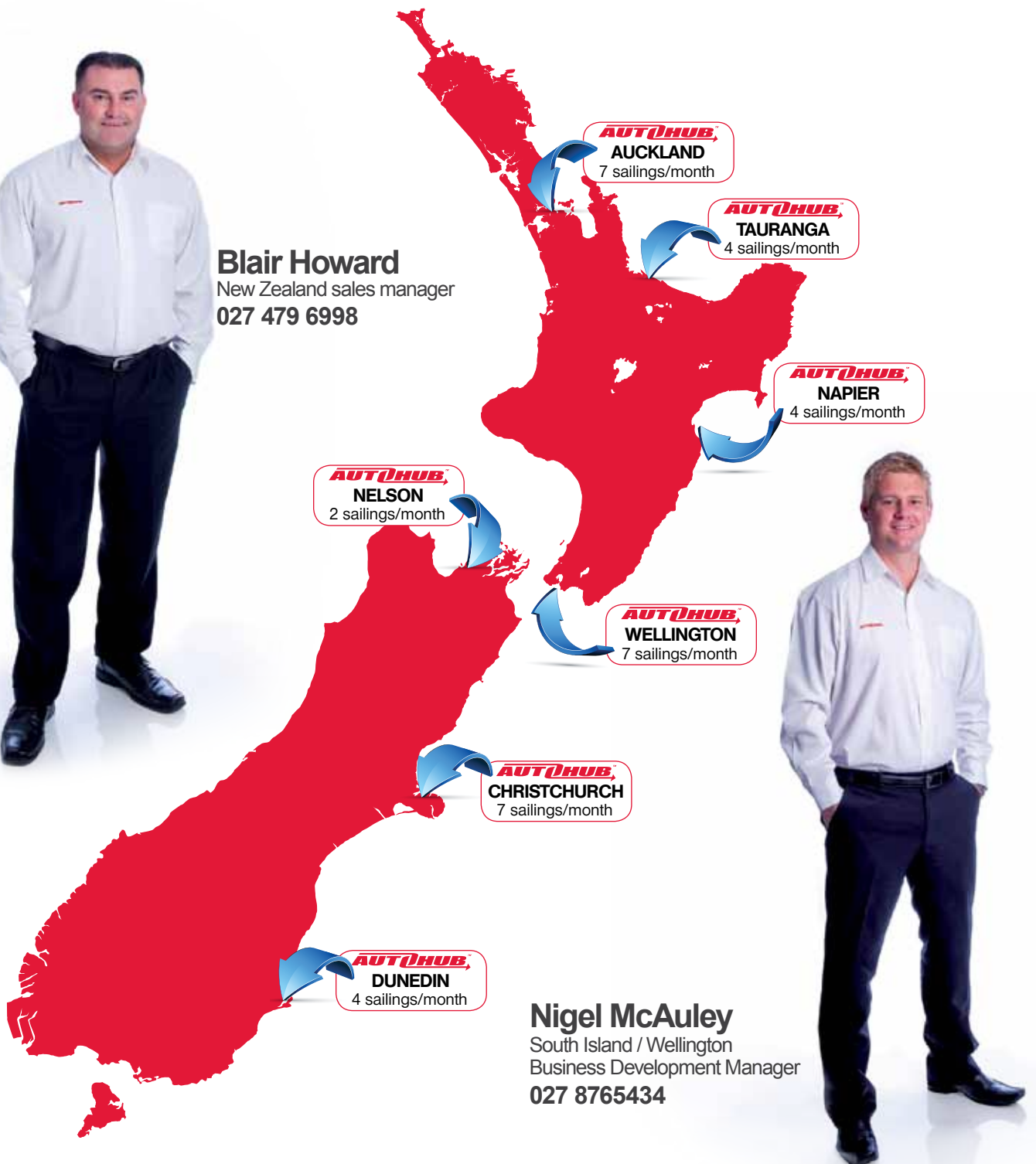
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