

autofile

Suggestions on table to cut emission levels

The uptake of emerging technologies and a review of taxation systems relating to motor vehicles can play a major role in reducing harmful emissions from New Zealand's transport sector.

The Motor Industry Association (MIA) also suggests increasing emissions trading and having a carbon tax on fuels to encourage drivers to update to more fuel-efficient cars may help tackle the issue.

And it has called on Tim Groser, the Minister for Climate Change Issues, to consider introducing

penalties – for example, through higher registration fees – to influence consumers' choices when they change vehicles.

The MIA's ideas are outlined in its submission on a discussion document as part of New Zealand's contribution to climate change.

Groser has announced a new target to reduce the country's greenhouse gas emissions to 30 per cent below 2005 levels by 2020.

He wants to review the emissions trading scheme (ETS) as part of this and describes the target as a "significant increase" on the current one of five per cent below

1990 emission levels up to 2020.

This is equivalent to a reduction of 11 per cent below this country's 1990 levels by 2030, and is similar to the approaches being taken in the US and Canada.

The target is economy-wide so it includes agriculture and forestry, and covers all greenhouse gases, including those emitted from motor vehicles and other transport.

The government's policy – in the form of an intended nationally determined contribution – will be submitted to the United Nations Framework Convention on Climate Change, and will stay provisional

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Industry dismay over tribunal ruling

Ford New Zealand is "looking at all of its options" in the wake of a Disputes Tribunal ruling into an application focusing on fuel-economy figures.

The company is taking legal advice following a decision in favour of a couple who bought a car from one of its dealerships.

They have been awarded \$6,000 in compensation after trying to

claim \$8,250 from the franchise.

The application has also resulted in industry organisations raising concerns about the ruling, how it was reached and the wider implications for fuel-economy statistics, which vehicle manufacturers are legally obliged to submit to the government.

The buyers were supplied with a 2014 Ford Kuga Titanium

Ecoboost in April last year.

It has an official rating of 7.7l/100km and this information was given on the label displayed at point of sale as part of a system that's enforced by the Energy Efficiency and Conservation Authority (EECA).

However, the tribunal ruled in favour of the purchasers after it was claimed they decided

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Simply shocking state of affairs

The fact that employees at the NZTA have been caught speeding in work cars at least 8,500 times in nine months is disturbing.

A three-month data sample shows at least 45 of its 139 vehicles were driven "consistently at speeds over 110kph and sustained high speed over a number of kilometres".

The information, which has been released under the Official Information Act (OIA), shows 910 instances of cars being driven at more than 120kph and 130 times in excess of 130kph.

There is a bottom line and that's the NZTA is responsible for road safety. It repeatedly pushes adverts stressing "speed kills" and many people are aware of the government's Safer Journeys initiative.

This strategy's vision is a "safe road system increasingly free of death and serious injury". One strand is safer vehicles, which automotive organisations have been involved with, and another is safer speeds.

"Research shows moderating mean and excessive speeds could significantly reduce road deaths and serious injuries," the project's website extols.

"In 2008, speed contributed to 34 per cent of New Zealand's fatal crashes and 20 per cent of serious injury crashes."

La pièce de résistance is: "We will strengthen efforts to inform road users about the risks and consequences of speeding."

Few people would disagree with Simon Bridges, the Minister of Transport, over this fiasco. "To say I'm unimpressed would be a big understatement," he comments.

The NZTA's press release in the wake of releasing the data is surely a case of "the horse has bolted".

"Our expectation is our people will drive at safe speeds at all times," remarks outgoing chief

executive Geoff Dangerfield.

"When our own people drive at unsafe speeds it not only compromises their own safety, it also put other road users at risk, and potentially undermines our role as a road-safety advocate.

"That would be a serious concern for any employer, but it is simply unacceptable for an organisation like ours with a mandate to promote road safety and safer speeds."

He adds the agency will ensure it sets realistic work schedules, and allow adequate time for employees to travel between different locations and provide its staff with opportunities for driver training.

The information released under the OIA was gathered via GPS units, which were installed last year for health and safety reasons.

None of the cases highlighted have resulted in any infringement notices because "it's not right thing for us to hand this over to the police", says Dangerfield, while the police add the GPS data alone will not stand up in court.

For further action to be taken with this type of offending, it needs to have occurred within six months of the alleged offence.

Also, the GPS units installed in the NZTA's fleet vehicles "do not allow for recording of travel speeds in comparison with speed limits lower than 100kph and data reported is limited to speeds in excess of 100kph", which isn't a particularly good advert for intelligent transportation systems.

The agency says it will publish the same data on a six-monthly basis going forward "to encourage safe driving by its staff, and to demonstrate transparency and accountability for the organisation's role in road-safety advocacy".

Let's just hope it does.

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Technology to lead the way

until approaches to account for the land sector and access to carbon markets are confirmed.

However, all countries are expected to table targets towards a new climate-change agreement to be finalised at the COP21 meeting in Paris in December.

The MIA believes mandated CO₂ or fuel-efficiency targets should only be part of New Zealand's approach to cut emissions.

David Crawford, chief executive officer, says: "Complimentary policies should be pursued that detail approaches in our source markets."

He highlights co-operative intelligent transport systems (C-ITS) as an emerging technology that enables vehicles to exchange information about the location, speed and direction of other road users, and infrastructure also using them.

"C-ITS offer opportunities to

reduce crashes and improve travel times thereby reducing overall levels of emissions – both harmful and greenhouse gases."

He cites the 2012 Austroads' C-ITS strategic plan, which estimates such systems may reduce crashes across the Tasman by 25-35 per cent and cut congestion levels by managing traffic.

C-ITS operate via wireless communication between vehicles or devices fitted on infrastructure and in vehicles with systems that have been allocated different spectrum bands in global regions.

Japan currently uses the 5.8GHz band but has more recently set aside part of the 700MHz band for C-ITS, while the US and Europe are on the 5.9GHz band but have different channel allocations within it.

Crawford adds: "Given Japan will operate on a different spectrum

Emissions targets

THE government has set national targets for reducing New Zealand's medium and long-term greenhouse gas (GHG) emission levels. They are:

- ▶ A provisional post-2020 target of 30 per cent below 2005's GHG levels by 2030.
- ▶ An unconditional target of five per cent below 1990's by 2020.
- ▶ A long-term target of 50 per cent below 1990's by 2050.
- ▶ A conditional target range of 10-20 per cent below 1990's by 2020 if a comprehensive global agreement is in place.

New Zealand's target will remain provisional until a new international agreement is ratified.

Visit www.climatechange.govt.nz to find out more.

to the proposed New Zealand spectrum, it is unlikely devices in vehicles made for the Japanese domestic market will be able to be retuned to suit our environment.

"There is also a licensing issue in that Japanese used imported vehicles with 5.8GHz or 700MHz dedicated short-range communications [DSRC] will not be covered by an appropriate radio licence in New Zealand and could interfere with existing users"

The MIA is also advocating for a review of the way in which road taxes are obtained.

"Currently this is a dual policy of fuel excise duty on petrol, and road-user charges [RUC] for diesel-powered, electric and plug-in hybrid electric vehicles. In time, we advocate manual RUC and excise duty are replaced by an electronic RUC [e-RUC] system."

Crawford says e-RUC would

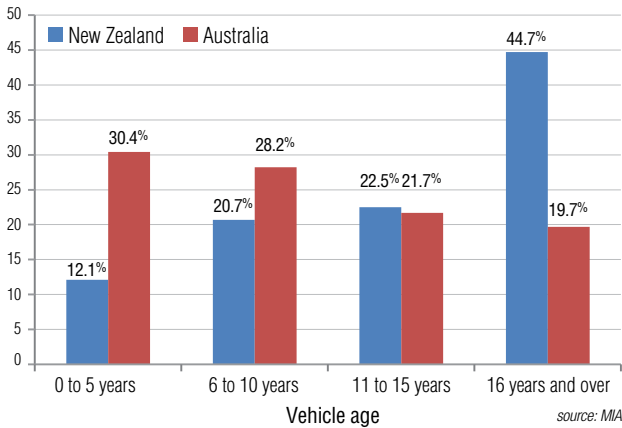
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Comparison of 2013 fleet age profile - NZ v Australia



enable the government to:

- ▶ Charge differential rates by the time of day to manage congestion and reduce emissions.
- ▶ Impose differential rates by vehicle type to influence purchases and incentivise more fuel-efficient models.
- ▶ Price roads to encourage better decisions between private and public transport.

The MIA points out New Zealand's major source markets have policies to cut emissions and or improve fuel economy, and this country is a "technology taker".

"As long as vehicles destined here meet relevant standards in the source market, New Zealand will – as is the case – see a continuing reduction in emissions," says Crawford.

"Looking forward, source and most other major vehicle markets are tightening requirements around emissions and CO₂."

"The industry is spending billions of dollars to improve fuel efficiency, as well as developing new ones, such as hybrid and fully electric cars and – into the future – zero-emission hydrogen-powered vehicles."

He notes Europe and Japan have tough requirements on fuel specifications to ensure New Zealand-new importers can continue sourcing fuel-efficient vehicles while regulations governing fuel-specification follow European standards.

Issues raised in the MIA's submission "endeavour to place into a global context New Zealand's market and fleet make-up", and where the new vehicle industry sees itself as fitting into this.

"A unique set of circumstances

has developed as a result of government policies towards the opening up of borders, the market to parallel-imported new vehicles and, more importantly, used vehicles."

The MIA stresses an important factor for the government to take on board when considering policies to reduce emissions is the make-up of New Zealand's fleet.

Crawford says its age structure is the opposite of Australia's with most of this country's vehicles – 44.7 per cent – being more than 16 years old. In Australia, 30.4 per cent of the vehicles are five years and under compared to 12.1 per cent in New Zealand.

The MIA notes the average age of used imports at the time of first registration in this country is 8.4 years.

It recognises government interventions – especially standards for frontal impact, emissions and electronic stability control – directly impact on the age profile of used imports.

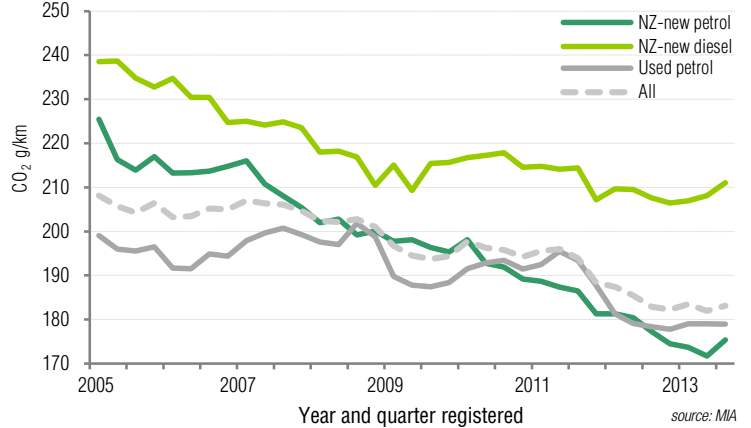
"Our fleet is old and getting older, and used imports are the cause," says Crawford. "It has a unique age profile unlike similar countries, such as Australia and the UK where new vehicles entering the fleet are the largest yearly segment."

"Almost 45 per cent of our passenger car fleet is aged 16 years or older. This compares to Australia where only 19.7 per cent is 16 years or older. For New Zealand, the largest yearly segment is 18 years, which has 192,071 vehicles, compared to those aged up to one year with 91,029 units."

He adds CO₂ emissions across New Zealand-new and used imports are reducing year on year.

The MIA views the most important objective in the government's

Light vehicle registrations - average CO₂ emissions



discussion document on a new target for emissions as managing costs and impacts, and for targets to affect different sectors fairly.

"To ensure average CO₂ emissions reduce, policy should be focused on the total fleet and age profile of used imported vehicles, not just on requirements for new vehicles," says Crawford.

"We support a policy direction that sees the cost of fuel increasing to steer owners towards more fuel-efficient vehicles when a change of vehicle occurs."

He adds: "We are effectively importing used vehicles made with an average certified Japanese fuel consumption of 14.9km/l based on data from 2007, whereas New Zealand-new vehicles in 2013 had a certified average consumption of 21.3km/l."

"We do not favour policy to mandate minimum blending requirements for biofuels, such as ethanol or biodiesel, as this may restrict the New Zealand-new industry's ability to source specific models." ☺

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Emissions solutions 'long term'

The government says it is too early to highlight policies that will directly impact on the automotive industry as a result of its new targets to cut harmful emissions.

Tim Groser, Minister for Climate Change Issues, has announced the aim is to lower greenhouse gas emissions to 35 per cent below 2005 levels by 2030.

Replying to an Official Information Act request filed by Autofile, he says: "New Zealand's transition to a low-emissions economy will require long-term solutions.

"This includes considering the cost of policies and where they fall. The government will engage stakeholders further in coming years."

He confirms, however, the first step will be a review of the emissions trading scheme (ETS), which will start later this year.

"Making in-roads into reducing emissions from transport will take time," says Groser.

"Electric vehicles [EVs] could play a role over the long term in reducing emissions in the transport sector along with low-emission technologies.

"To recognise the role new technology will play in assisting with the reduction of greenhouse gas emissions from transport, the government has decided to extend the exemption for light electric vehicles from road-user charges to 2020."

The government is investing about \$100 million over four years to improve cycling infrastructure in major urban centres, while land-transport funding for this year has been boosted by 3.5 per cent for walking and cycling improvements.

"This increase, together with



Tim Groser, Minister for Climate Change Issues

the urban cycleways package, will provide up to \$193m for walking and cycling improvements between 2015/16 and 2017/18," Groser told Autofile.

"These increases will ensure there are sufficient funds to make a material difference to urban cycling facilities over the next three years.

"The government is also lifting its investment in public transport by almost \$2 billion – a 21 per cent increase."

While New Zealand's levels are small on a global scale, the government is keen to make a "fair and ambitious" contribution to international efforts to cut greenhouse gas emissions.

Eighty per cent of this country's electricity is already renewable. About half of its emissions come from food production and there are no cost-effective technologies to reduce them yet.

Groser says this means there are fewer opportunities for New Zealand to reduce its emissions at the moment.

However, he is optimistic about the future with investment in agricultural research, while electric and plug-in hybrid vehicle costs are falling. ▶

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Issues with Kiwi fleet

THE submission made by Motor Industry Association (MIA) on the new emissions target comes in response to a discussion document published by the government.

Consultation closed on June 3 before which 15 public meetings were held across New Zealand and 17,023 written submissions were received.

The MIA's submission recognises the global impact if emissions of greenhouse gases are not limited and that the automotive industry has a part to play.

The association says New Zealand does its "fair share" to reduce emissions and it needs to be recognised this country is a technology taker.

"Emissions are reducing for new models in line with what's happening overseas, so policies that enable New Zealand to be a fast follower should be considered."

The transport sector can play its part in reducing emission levels

if the right government policies are put in place, adds the MIA.

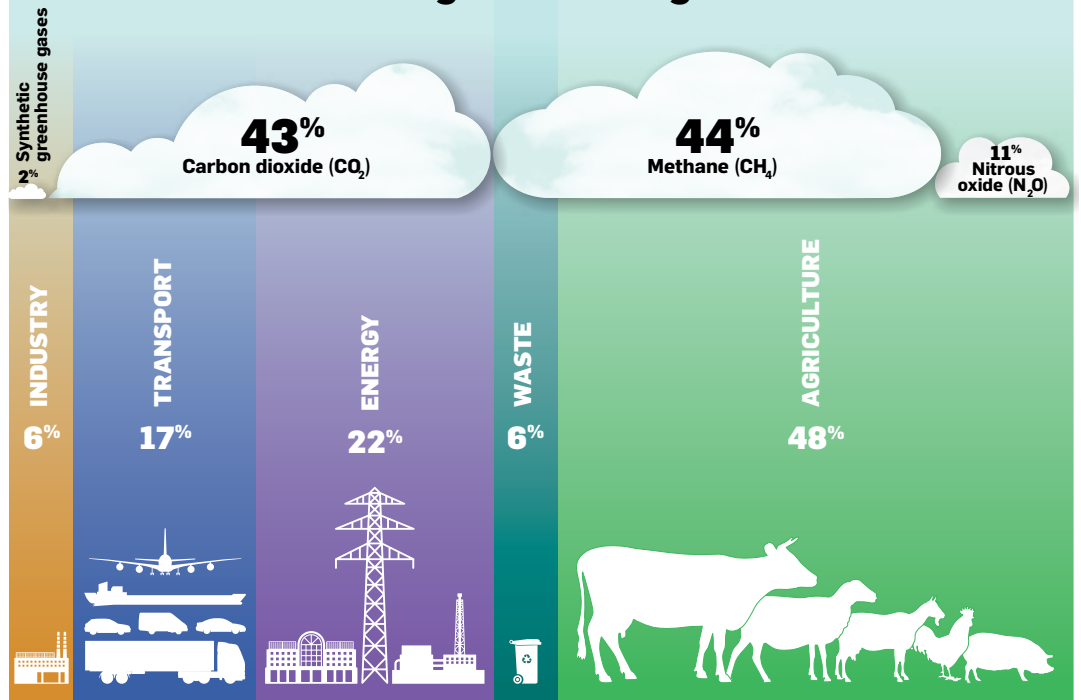
These include strategies to speed up the uptake of new technology. "Just as important are those that limit the age at which used imports come into the country as this slows down penetration rates for new technology."

It adds tax policies that cost the government little revenue – but which influence fleets to buy low-emission vehicles – will also help, such as exemptions from fringe-benefit tax and accelerated depreciation rates.

Then there are policies that address the total fleet's emissions, including vehicles with more savings than initiatives that only focus on a segment of the market. As an example, the MIA cites new vehicles being added to the fleet.

The association stresses policies that influence how vehicles are used and driven also need to be considered. ☺

New Zealand's greenhouse gas emissions



Source: New Zealand's Greenhouse Gas Inventory for 2013. Emissions from forestry are excluded. Percentages do not add up to 100 due to rounding.

“In five to 10 years, we will be in a good position to reduce emissions in agriculture and transport,” he says.

“In setting the new target, the government needed to ensure it was achievable and avoid unfair costs on any particular sector or people.”

It will remain provisional until a new international agreement is ratified with detailed guidelines likely to be set after a United Nations meeting in Paris in December.

These will cover rules on accounting for the land sector and ensuring international carbon markets meet high standards with a mix of policies adopted to ensure the target is met.

The government's discussion document on climate-change targets states fuel and energy efficiency can reduce business and household costs.

The country's high level of renewable power creates opportunities, including greater use of renewables and through new technology, such as EVs.

“If New Zealanders respond to opportunities from new technologies, we may see significant reductions in carbon-dioxide emissions,” states the document.

“For example, some companies are moving to EVs as part of their fleet-purchasing decisions. Nevertheless, it's difficult to predict what effect such take-up will have on emissions over time.”

The government notes progress in EV and biofuel technology offer potential to reduce emissions while supporting economic growth.

“EV technology is advancing quickly. Costs are expected to decrease in the next decade. New Zealand is well-placed to uptake EVs with enough renewable electricity generation capacity to meet extra demand.

“In addition, the standard 230-volt power supply in homes is suitable for charging EVs overnight.”

Biofuel, which can be made from inedible tallow and whey, crops and woody biomass

from forestry, may become an alternative to oil – and the government is investing \$42m in research.

“Much of the fleet can already use biofuel blends. Biofuel could be an option for long-distance travel and to reduce emissions as the light-vehicle fleet transitions to electric technology.”

The government says the next step is deciding what domestic policies to put in place.

To date, a key tool for cutting emissions has been the ETS, which puts a price on each tonne of greenhouse gas emitted. Other measures include boosting renewable electricity to 90 per cent by 2025 and encouraging permanent forestation.

The government is investing about \$10m annually in research for new agricultural mitigation technologies. It has also introduced fuel-economy labelling for vehicles.

Its new targets are likely to be met by reducing domestic emissions, establishing new forests and using international carbon markets.

Actual costings will depend on emission-reduction levels, access to international carbon markets, the availability of new technology and rules in the new Paris agreement to replace the Kyoto Protocol.

Other factors will be the international carbon price and

what government policies are put in place to meet New Zealand's target.

Given this uncertainty, setting a target will need “careful consideration about the extent of action to reduce emissions while managing affordability”.

New Zealand's gross emissions are currently about 21 per cent above 1990 levels.

The bulk of efforts are required to bring them back to those levels because costs increase more rapidly for greater reductions than 15 years ago. ⊕

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[continued from page 1]

Marque working with dealer

to buy the SUV based on their understanding of information supplied by Wanganui Motors, which was refuted by the dealership.

The Disputes Tribunal, sitting at Marton District Court, heard the best figures the buyers were able to achieve were 9.4l/100km. The vehicle was driven for about 11,000km before it was traded in.

Tom Clancy, of Ford NZ, told Autofile: "We believe there are fundamental misunderstandings in the ruling because the official fuel-consumption figures for this vehicle are 7.7l/100km.

"These have been based on an internationally agreed testing regime, which we are required by law to follow.

"All vehicle manufacturers and distributors are governed by the same rules on fuel-economy figures and we are legally bound to display those on our vehicles.

"We will be working with our dealer to see what options are available."

The Disputes Tribunal referee in this application ruled: "The evidence of Ford NZ that the expected fuel economy of the Kuga was 9.4l/100km persuades me – even taking into account factors that could contribute to fuel economy – that the [dealer's] statement it was 7.7l/100km was incorrect irrespective of factors that could contribute to lower fuel economy."

To summarise, the referee was satisfied this was an "innocent

misrepresentation" by Wanganui Motors based on "incorrect information provided by Ford" as stated in the order, which was made on August 7.

Clancy insists: "Ford did not provide the 9.4l/100km figures. I'm not sure where they came from.

"It sounds like it was a conversation on site taking into account the customer's driving style and where he was going to use it. The buyer did then actually achieve 9.4l/100km.

vehicles when it comes to fuel-economy labels, which must be displayed at the point of sale.

"The testing regime is internationally agreed. It is a legal obligation for all manufacturers to put their vehicles through it and display the results.

"The aim of the regime and figures is to put vehicles through exactly the same test so consumers can view those results and make fair comparisons.

"Most importantly, the results are

misunderstanding of those laws."

The Disputes Tribunal operates differently from the Motor Vehicles Disputes Tribunal (MVDT).

The former may deal with applications about the work a plumber has done and then a disagreement between neighbours, while the latter specialises in one field.

An expert in mechanical issues – known as the assessor – sits with the adjudicator at MVDT hearings.

This is not the case with Disputes Tribunal, which also has a much bigger pool of adjudicators compared with just two specialists at the MVDT.

The Disputes Tribunal's ruling in this application has prompted three organisations – the Motor Trade Association (MTA), the Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (IMVIA) – to raise concerns.



A 2014 Kuga Titanium

"We will be working with our dealer to see what options are available." – Tom Clancy, Ford NZ

"The only official numbers Ford provided were those we were legally bound to provide, just like every other manufacturer, and as stated on the EECA sticker. In this case, they were 7.7l/100km.

"These figures were derived in a controlled testing environment as is the case with all manufacturers'

only used an indicator and actual results for drivers will vary according to a variety of factors.

"These include driving conditions, driving styles and the vehicle's condition. That disclaimer is also a legal obligation for all of us to display.

"The tribunal ruling appears to show a fundamental

ADVICE FOR CAR DEALERS

The MTA's position is that it's important to disclose fuel-economy information as required by the EECA.

"These official figures are based on international standards, and tests are carried out in controlled conditions through a mixture of urban and rural use," says Warwick Quinn, chief executive officer. "Dealers have no input in the make-up of these figures.

"This is the only way we have at the moment to compare



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◀ like for like and we think using this information is fine to help consumers make choices."

However, Quinn says figures on fuel-economy labels should not be viewed by customers as what they can expect to achieve in everyday use because real-life results depend on how individual vehicles are operated and driving conditions.

He adds issues may arise at points of sale when dealers are discussing such statistics with prospective buyers and points out the disclaimer on the bottom of fuel-economy labels clearly sets out limitations.

"These include what the official figures mean and how they should be interpreted," says Quinn. "That's the bit the industry needs to get good at."

"We may need to explore the banding system further so it has more flexibility built into it to show those figures may not be reached, perhaps with vehicles put into ranges.

"This is no different to how

fridges are rated by stars to show how efficiency varies."

For example, if a fridge is owned by one person opening the doors a few times each day, it's likely to use less power than one in a household of five with children forgetting to close it.

A similar principal applies to cars in that how people use them affects how many kilometres they can get out a tank of fuel.

"It is important dealers communicate better to consumers what fuel-economy figures mean. Enabling buyers to make informed choices is an important piece of the puzzle."

As for differences between the MVDT and Disputes Tribunal, which heard the Ford Kuga application, Quinn says the latter may rule on the impression someone is left with instead of the actual representation.

"It might have been a different outcome if the conversation between the two parties had been different or undisputed."



Warwick Quinn, chief executive of the MTA

Whether the result of this case will have repercussions in principal will be a matter of "wait and see".

If there is a more rigorous investigation by the courts, then this application's facts may have wider implications, but Quinn stresses "the jury is still out" on that.

Looking forward, the MTA's first move is to advise and confirm with its members what fuel-economy labels and figures are all about. In the meantime, it is essential they know and adhere to their obligations in respect to buyers.

"The MTA offers an advice service to talk people and dealers through the process, and we can help both parties to try to find a resolution when there is an issue."

Quinn adds the Disputes Tribunal doesn't have assessors and specialist adjudicators as the MVDT has, so the latter may have a better understanding of issues relevant to the automotive industry.

Either party can appeal decisions from both tribunals to the district court, but that is when the costs and time involved can mount up.

"The key message the MTA wants to get across is the industry and public need to understand standard tests for fuel economy are carried out under controlled conditions to enable like-for-like comparisons," Quinn stresses.

"However, there needs to be a conversation between the dealer and purchaser as to how a vehicle is operated in real-life conditions."

The IMVIA advises dealers to stick to official figures when providing consumers with

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[continued from page 9]

Ruling's 'double jeopardy' fears

statistics and other information about fuel economy.

David Vinsen, chief executive of the IMVIA, says: "It's all about the need for the industry to understand issues around fuel-economy labels.

"If the information a consumer is supplied with comes from an official database, then the dealership should be covered because it is indemnified by the government against claims.

"Our advice to traders is to stick to information available on the RightCar website when it comes to fuel-economy figures.

"It's also worth explaining to customers, especially when they show an interest in such figures, that calculations on fuel-economy labels come from the EECA and are based on laboratory conditions.

"It should be stressed most people will never achieve those

figures unless vehicles are driven very carefully."

TRIBUNAL GOT IT 'WRONG'

Returning to the tribunal ruling affecting Wanganui Motors, David Crawford, the MIA's chief executive officer, believes the adjudicator's decision is wrong.



"Distributors will be concerned about this ruling because it is a case of double jeopardy." – David Crawford, MIA

He says the association has had talks with the MTA and EECA about it, and what possible action to take next.

"In our view, this decision is not a sustainable position when it comes to the law," Crawford told Autofile.

He emphasises distributors

in New Zealand have to supply official fuel-economy figures from overseas source markets as part of their legal obligations.

"They need to give figures to the Motor Vehicle Registry and they are then provided to the EECA for use on its labels.

"The consumption rate for this

Liz Yeaman, general manager of transport at the ECCA, says it is "investigating all options at this stage" in regards to the Disputes Tribunal's decision.

"We have written to Ford NZ about the reasons behind the difference between the figures it is obliged to report and the

vehicle of 7.7l/100km is correct based on official data derived from appropriate protocols and as laid down in the fuel-consumption rule.

"Distributors in New Zealand will be concerned about this ruling because it is a case of double jeopardy."

Kuga's actual fuel consumption," she adds.

"We are investigating our options and working with the MTA to contact dealers to remind them the fuel-economy label is a tool for comparative purposes and not a guarantee for performance." ☺

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Labels and the law

FUEL-ECONOMY labels tell buyers how much it costs to run vehicles, and dealers have to display them on vehicles for sale and provide information on website listings.

The label includes the make and model, and its star rating – up to six for the most efficient vehicles. It also has:

- ▶ Running costs per year based on the stated average fuel price and driving 14,000km. For diesel vehicles, this cost also includes road-user charges.
- ▶ The fuel economy in litres per 100km based on the performance of a new model.
- ▶ A reference number to confirm the label refers to the vehicle it's displayed on.

It's a legal requirement to display labels on vehicles weighing less than 3.5 tonnes being sold by registered traders – except electric vehicles and motorbikes.

Members of the public or dealers

selling online must ensure the fuel economy in litres per 100km, running costs per year and the star rating are provided. This can be in text format in the absence of a label.

Distributors can use a voluntary fuel-economy badge for new cars being advertised in print, online and on television with the figures and star rating listed on it.

This doesn't replace fuel-economy information that must be displayed on trading websites and cars under the Energy Efficiency (Vehicle Fuel Economy Labelling) Regulation 2007.

Labels must be displayed where they can be read easily from a reasonable distance.

They should be attached in the same way as consumer information notices. They can go in the car window, on its dashboard or on an information stand next to it.

For more information, email fuel.economy@eeca.govt.nz or phone 0800 749 782. ☺

Minimising lost opportunities

How many customers do you come into contact with and not sell vehicles to each month?

This is an interesting question I've posed to many car dealers when spending time with them discovering what their true potential is and how many opportunities come up on a monthly basis.

The exciting aspect of exploring missed opportunities is there's so much to gain from the exercise.

The first steps to measuring customer activity is to ensure every opportunity is loaded into your dealer management system (DMS) – or at the very least recorded on an old-school piece of paper.

To be honest, I prefer the discipline of having a good process around entering information into a system because you can then track activities against a vehicle and determine actions relating to these activities, or the lack of them, a lot more efficiently.

Key activities that should be recorded as opportunities are phone inquiry, email inquiry, physical appointment, walk-in, test drive and the sale.

To go one step further, I also suggest recording the referral method or medium from which each activity came, such as website, Trade Me, repeat customer, referral from a friend, walk-in and so on.

This information then allows you to establish returns on investment in each area and the effectiveness of what you are doing in those spaces.

Once you can establish how many unique opportunities – that's to say individual customers – present themselves each month to your dealership, you can quickly establish what the opportunity-to-sale ratio is and use this as a benchmark to track performance against.



MARK GREENFIELD
Motorcentral

For example, 300 unique opportunities for a month resulted in 30 vehicle sales to provide a ratio of 10 per cent.

Yes, there will be monthly carry-over depending on where customers are at in their buying process.

However, this simple measurement is a basic starting point all dealerships should deploy and be aware of, and the key is to start off with the basics.

In this example, there are 270 customers who didn't buy from the trader. Measuring this over three months will start providing a good average to work

from, to benchmark against and improve on.

By customers making some form of contact with your dealership, they have indicated they are somewhere in the buying cycle. This cycle may be 10, 30 or 60 days, or even as many as 90.

Therefore, doesn't it make sense to make a plan as to how you can retain, engage and sell to the 270 people who haven't bought? It's essential to be proactive with those customers and act now.

Having a good DMS or customer relationship system, which allows you to record, track, communicate to, and monitor opportunities, is important.

The chance to increase sales is in front of many dealerships, but it's essential to measure activity, quantify opportunities and do something about it.

Another area of lost opportunities

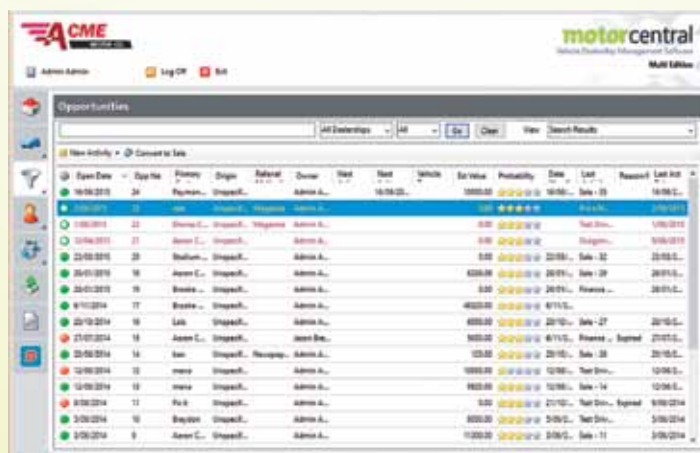
worth thinking about is: How many existing customers from more than three years ago are out there buying vehicles from other dealerships each month?

I will cover that in next month's article and provide a simple equation to identify the biggest opportunity for increased sales within your reach.

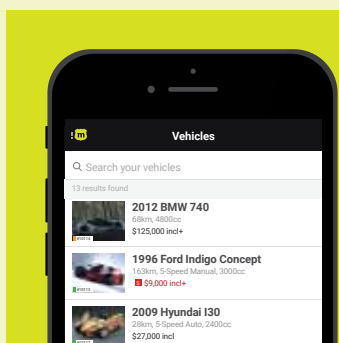
If you want to learn more about maximising your opportunities and how best to track and record them, please give the team at Motorcentral a call today.



Data obtained from a DMS can be used to monitor sales performance



This screenshot shows how a dealer management system can track opportunities to sell vehicles



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Town boosted by good growth

Masterton is defying national economic trends by punching above its weight with car dealers saying a perfect mix of business and lifestyle is driving growth.

The town had one of the best-performing economies in the Wellington region last year, according to a report by Business and Economic Research.

The Wairarapa district expanded in several indicators in 2014, including population growth, gross domestic product (GDP), GDP per capita, employment, productivity, and the number and size of businesses.

Breaking the growth down, there was a six per cent jump in GDP while the number of jobs there grew by 4.4 per cent during the reporting period.

"GDP growth was six times higher than the regional average and close to double that of the national average," says Lyn Patterson, Mayor of Masterton.

"This rise is predominately in primary industries, manufacturing and the business services sector, which shows the most growth.



A scene from the Wairarapa Balloon Festival

“Our labour productivity growth is the highest in the Wellington region.”

- Lyn Patterson, Mayor of Masterton

"This is a clear indicator we are developing into a smart business community, which is contributing to the attractiveness of Masterton as a place for people to come to live and work.

"There is a confidence building throughout our district and exceptional growth in GDP – together with our employment growth – is contributing to that.

"Our labour productivity growth is also the highest in the Wellington region. In other words, we are working smarter."

Nevertheless, the town is still not immune from the effects of the volatile dairy market with car dealers telling Autofile this is having an impact on sales projections moving forward.

Pat Long, dealer principal of Waggs & Harcombe, which holds the franchise for Holden, says: "Personally, I don't think there is a sector that will fill the gap made by dairy, so we're not expecting to increase sales in the short term.

"But we are not solely reliant on one industry here, which could be a saving factor as the dairy prices drop. We've been through droughts and a global recession so we know how to get through hard times."

Mike Eastwood, dealer principal of Eastwood Motor Group, which holds the franchises for Isuzu, Kia and Hyundai, agrees.

"I feel the farming community is a hell of a lot more switched on than it has been in the past," he says.

"There will always be troughs, and ups and down, but we're very confident we will get through this year and this spell.

"Dairy has certainly had an impact, but we're positive about the market moving forward. The opportunities are still there and our company has had four buoyant months."

Used car sales for Masterton - July 2014 to July 2015				
	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL
Jul '14	88	358	154	600
Aug '14	103	328	146	577
Sept '14	103	354	157	614
Oct '14	90	330	181	601
Nov '14	101	373	184	658
Dec '14	95	385	180	660
Jan '15	96	336	174	606
Feb '15	97	349	156	602
Mar '15	92	352	150	594
Apr '15	87	353	167	607
May '15	74	359	161	594
Jun '15	103	413	146	662
Jul '15	110	417	182	709
Annual total	1,151	4,349	1,984	7,484
Change on July 2014	25.0%	16.5%	18.2%	

Masterton vehicle sales - July 2014 to July 2015				
	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
Jul '14	60	39	6	34
Aug '14	59	56	3	26
Sept '14	49	55	1	42
Oct '14	53	52	4	30
Nov '14	47	32	1	34
Dec '14	52	37	5	33
Jan '15	50	52	3	27
Feb '15	48	57	5	38
Mar '15	56	60	4	29
Apr '15	52	40	5	34
May '15	59	52	6	42
Jun '15	67	60	4	57
Jul '15	63	47	4	34
12-month total	655	600	45	426
NZ sales - past 12 months	141,950	92,869	8,669	37,850
% of national sales	0.5%	0.6%	0.5%	1.1%
Change on July 2014	5.0%	20.5%	-33.3%	0.0%
POPULATION	NEW ZEALAND	MASTERTON	%	
	4,242,051	41,115	1.0	

POSITIONED FOR GROWTH

As house prices in Auckland reach astronomical highs, Masterton is targeting those living in New Zealand's biggest



Part of Eastwood Motor Group's premises



Auto Imports and Wholesale in Masterton

◀ city to make the move south.

Recently, its council distributed a showcase magazine in the national press highlighting the town's ease of living, space for families and education options.

"The brilliant thing is that you are only five minutes away from work," says Eastwood. "You can go tramping in the Tararuas or fly planes in South Wairarapa – there are just so many awesome things to do here.

"We can offer people a pretty good work-life balance and I don't think we put as much pressure on our staff as what some of the metropolitan dealerships do."

Masterton's population is growing at a faster rate than the national average and one of the reasons for that is the comparatively low cost of housing. It's also less than a two-hour drive from Wellington.

"We have certainly been experiencing a shortage of well-qualified technicians, but we offer a pretty good lifestyle in the Wairarapa and we're able to target them based on that," adds Eastwood.

There are also projects on the horizon that could boost the local economy.

Recently, Wellington District Council selected two water-storage options for a multi-million-dollar irrigation project. The dams could irrigate almost 30,000 hectares of land from Masterton to Lake Wairarapa in the region's south.

Finding a solution to the lack of water over summer has been an ongoing concern for the area since the 1997-98 El Nino drought.

Eastwood says: "In our region, irrigation is going to be the big issue moving forward.

"If the project goes ahead, it will have an effect on our agriculture industry because the mere fact that we can manage the water a bit better means we will not be so dependent on the seasons.

"That will flow through to our primary producers as well as service sectors, such as the automotive industry."

With these opportunities in mind, Eastwood is already planning to expand his dealership for the future by building a new showroom and service facility in addition to his current site in Masterton's CBD.

He is aiming to operate an extra franchise from the new premises, while its service facility will have an



"Dairy has certainly had an impact, but we're positive about the market moving forward."

– Mike Eastwood



A 1972 Camaro lines up against a twin-turbo V8 Ford Courier at Masterton's Motorplex drag strip

emphasis on pre-delivery inspections, and selling parts and accessories.

POSITIVE NEWS FOR SALES

As Masterton's overall economy experiences strong lifts, so has the vehicle market.

In July 2015, 47 new cars were sold in the town. This was up by 20.5 per cent on the same month in 2014.

Meanwhile, new commercial vehicle registrations came in at 34 units – the same as what they were in July 2014.

"We have been very well-represented with our marques, especially in the months leading up to Fieldays," Eastwood told Autofile. "With Holden's products, we are fortunate to cover a varied

range to meet the needs of a wide spectrum of buyers."

Meanwhile, 63 sales of used cars were up by five per cent on the same month of 2014.

"I would say 2015 will be up numbers-wise on last year," says Lawson Hoggard, of Auto Imports and Wholesale. "We've seen growth every month so far this year apart from February when I was away.

"In saying that, while we're up in numbers that doesn't necessarily mean we have grown our turnover or profit.

"The dairy prices are a bit concerning, but they may help used car dealers as some customers remain cautious about spending big." ☺



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Deal struck for old tyres

Bridgestone has agreed to collect and recycle waste tyres from its 60 North Island outlets after reaching an agreement with Pacific Rubber.

Managing director Andrew Moffatt, pictured below, says the company is "committed to leading the way" in dealing with end-of-life tyres (ELTs).

"Unlike other jurisdictions in which we operate, the industry in New Zealand is self-regulated in the way it deals with waste tyres," he says.

"There is no legislated system for their collection and recycling, which is why we have taken a leadership position on this issue. Bridgestone is committed to

lowering its impact on the environment,

and waste tyres are a critical part of that approach.

"This agreement with Pacific Rubber is an important first step towards an integrated approach to collecting and recycling ELTs."

Pacific Rubber has a depot in the Waikato and tyre-recycling facility in Auckland.

It produces rubber crumb and buffing products for civil construction, synthetic sport fields, landscaping, mats, non-slip pavements, adhesives and resins.

There is currently no such collection and recycling service for Bridgestone's 14 South Island outlets, but it is the company's intention to replicate what it's doing in the North Island there.

Bridgestone is a signatory to Tyrewise, the industry-led initiative

to responsibly deal with ELTs. ☺



NEWS in brief

Company moves to minimise chances of car hacking

Tesla has addressed security flaws in its Model S that allowed hackers to take control of it.

Cyber-security researchers commandeered the sedan and turned it off at low speed – one of six flaws they found – with the marque confirming it has issued software patches to owners.

Kevin Mahaffey, chief technology officer of cyber-security firm Lookout, and Marc Rogers, principal security researcher at Cloudflare, hacked the Tesla because they say the company has a reputation for software that's better than other manufacturers.

"We shut the car down when it was initially doing 5mph," says Rogers. "All screens go black, the music turns off and the handbrake comes on to lurch it to a stop."

They gained partial control only after having access to the car in the US and plugging a laptop into its computer.

Tesla says it has deployed an over-the-air update for Model S owners and stresses the hackers didn't turn off the car remotely, but from inside.

"Our team works with the security-research community to ensure we continue to protect systems against vulnerabilities by stress-testing, validating and updating safeguards," it adds.

The hack follows an attack on a Jeep Cherokee last month that prompted Fiat Chrysler Automobiles (FCA) to recall 1.4 million vehicles in the US.

Engineering and construction company goes electric

A company has introduced electric vehicles (EVs) as pool cars in Auckland and Hamilton.

Downer NZ has made the change to support its clients and partners with a focus on transport solutions better for the environment.

It believes New Zealand can optimise EV usage with almost 80 per cent of energy coming from renewable sources and the country's high level of off-street parking.

It adds Auckland Transport will soon be releasing an EV car-share programme and Downer is keen to support that by basing an EV at its Penrose office for use on network contracts.

The company and Hamilton City Council will operate two EVs for network inspections. In addition, the local body is evaluating how these vehicles can be brought into its own use.

The EVs Downer has introduced to its fleet are second-generation Nissan Leafs. Their charging units are attached at the front, so it has bought long cables to ensure employees stick to its reverse-parking requirement.

It will also introduce a plug-in EV for staff travelling greater distances. "This option to staff with company cars is another initiative to minimise our carbon footprint, reduce fuel costs and support partners to grow the EV market," says Cos Bruyn, chief executive.



Sports utility on track to challenge German marques

Alfa Romeo has finished preparation work on the launch of its first SUV next year.

Sergio Marchionne, chief executive of parent company FCA, says a second new model from the marque after the Giulia will go into production in the mid-2016.

He declines to say what type of vehicle that will be, but sources believe it will be a mid-sized SUV to rival Audi's Q5 and BMW's X3. ☺

Signs of aesthetic continuity

The exterior and interior designs of the new Fiat 500 have been refreshed to make the range “even more attractive”, while it also boasts more technology, engine versions and customisation ideas.

Available as a sedan or convertible, it has three trim levels – Pop, Popstar and Lounge.

The first includes seven airbags, auxiliary input and USB ports, steering-wheel controls and LED daytime running lights as standard.

The Popstar adds a manual climate-control system, chrome-plated mirror domes and vintage-style steel hubcaps.

The Lounge includes a panoramic glass sunroof, 15-inch alloy rims, a chrome-plated front grille, touchscreen infotainment system and leather steering wheel with controls for smartphone integration.



The new Fiat 500 cabriolet

The steering columns have concentric circle analogue instruments, which provide information to the driver at a glance.

The speed is shown on the outer rim of the cluster and the odometer is placed underneath, while the on-board computer information – with the digital fuel gauge and coolant thermometer

– is displayed in the middle.

An optional seven-inch liquid-crystal display has been developed with Magneti Marelli, which specialises in designing and making high-tech car systems and components.

This device enables the motorist to monitor data from the speedometer, odometer and trip

computer simultaneously.

Its central section can be configured by choosing which trip data to show.

Warning messages – such as doors open, temperature and so on – are highly visible, while the gear-shift indicator advises when to change gear to maximise fuel efficiency by switching on a specific symbol.

The new 500 has ABS with electronic brake distribution, advanced electronic stability control, an anti-slip regulation system and hydraulic brake assistance to assist with emergency stops.

The engine line-up includes a 0.9-litre TwinAir, a 1.2-litre and a 1.2-litre LPG bi-fuel.

More specifications and pricing for the Kiwi model will be announced when the range arrives here next year. ☺

Muscles more refined

The all-new Pajero Sport is set to join Mitsubishi's New Zealand line-up in early 2016.

The muscular variant has sporty yet refined exterior lines, powerful performance and sculpted seats.

The SUV has a 2.4-litre MIVEC turbo-diesel engine mated to an eight-speed automatic transmission in what is a first from Mitsubishi, and it boasts less than 200g/km in CO₂ emissions.

The marque's “reinforced impact-safety evolution” body design and seven airbags provide passive safety.

Active safety features include a blind-spot warning system, forward-collision mitigation braking and four-camera all-round monitoring.

Significant advances to the super-select four-wheel-drive system include off-road mode, which allows the driver to dial in snow, rocks or gravel to achieve maximum traction, and hill-descent control.

Daniel Cook, the marque's head of sales and marketing strategy, says while the new SUV will be sold in 90 countries, “it's absolutely tailor-made” for this country.

He adds: “With its shared Pajero heritage and significant off-road advancements, the Sport will have major appeal for Kiwi drivers.”

Pricing and more specifications will be released closer to its arrival on these shores. ☺



The Pajero Sport

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Industry movers

ANDREW SHERLIKER has been appointed to the new position of Manheim's general manager for New Zealand. He reports directly to Campbell Jones, managing director for Australasia.



Sherliker, pictured, has been with the company in this country for seven years after joining as business development manager for truck and machinery.

He then became national operations manager and, more recently, assistant general manager. Before coming to New Zealand, he held senior roles with Manheim and dealer groups in the UK.

GEOFF DANGERFIELD has resigned as chief executive of the NZTA after holding the position for seven years. He leaves in December and the process to replace him has started.



Dangerfield was appointed when the agency was established in 2008 after Land Transport NZ and Transit NZ merged.

His public-service career has included being chief executive of the Ministry of Economic Development and deputy secretary to the Treasury.

SIMON MOORE has joined Protecta Insurance as motor-trader development manager.



His previous roles in vehicle sales have included dealer account manager with Nissan Finance, corporate relationship manager with Esanda Fleet Partners, account manager with GE Money and business manager with Winger Motors.

DAVID BOSHIER has joined AutoPlay in the newly established role of general manager after two years away from the automotive industry.



He was previously general manager with AutoBase, which was purchased by Trade Me.

Boshier was in that role for eight years and takes up his new position after finishing a contract merging Orcon into the CallPlus Group.

DARRYL GATWARD has been appointed national sales manager of VTNZ.



He joins the company after working across New Zealand in health, education, technical training and software as a service.

JASON JERVIS is the new dealer principal of Jerry Clayton BMW in Takapuna, Auckland.

He previously worked for other dealerships in the Sime Darby Group, including West Auckland Nissan, City Nissan and lately Continental Cars in Greenlane.

MARK BERNHARD has begun his tenure as chairman and managing director of GM Holden.



He started his career with Holden in 1986 and has held senior finance roles with GM globally during his 19-year career.

NZ labour market report

SUSPENDING AN EMPLOYEE IS not as straightforward as many employers may think because of the legalities that need to be considered.

People commonly think of suspension as sending a member of staff home from work.

Directing an employee to remain away from the workplace for a period of time is one type of suspension, but directing one to not perform some or all of their duties can be an alternative form.

To suspend an employee, the boss needs to have a right and reason to propose this form of action.

The right to suspend can be a contractual term in the employment agreement or a statutory right, for example during a strike. Only in very limited circumstances can an employer lawfully suspend an employee without a contractual or statutory right to do so.

The employer also needs a reason to take this form of action. Possible reasons include allegations of serious misconduct when the employee's presence at work could compromise an investigation or cause further problems, such as when allegations involve violence or harassment, or for health and safety reasons.

However, the mere fact there are allegations of serious misconduct doesn't justify a suspension, which requires its own reasons to avoid the employee compromising a probe if there is a reasonable likelihood of that occurring.

If the employment agreement or a company policy details situations in which suspension can occur, the employer must also comply with the contractual term or policy.

If a boss has the right and a reason to suspend, a procedurally fair process must be followed. A lawful decision cannot be predetermined and must follow consultation with the employee.

Once again, if the employment

agreement or policy details a process, it should be followed to avoid a breach.

The allegations or concerns – usually matters that may amount to serious misconduct – should be put to the employee together with the proposal to suspend and reasons why.

The employee should be given a reasonable opportunity to respond, and discussion should include whether or not the suspension should occur, alternatives, the proposed length, possible implications and whether it will be on pay.

"We note the ability to suspend without pay is limited," say Jim Roberts and Jodi Sharman, of Hesketh Henry's employment team.

"The employer must genuinely consider the response before a decision is made on whether to suspend or not and, if so, on what basis.

"As a suspension will impact on employment, an employee should be advised of the right to take legal advice and have a legal representative or support person at meetings.

"The courts have held suspension to be a drastic measure that almost always has a devastating effect on the worker concerned and some cases have noted it is rare for an employee to return from suspension.

"Therefore, as with any other action that may affect employment, the legal test is whether the employer's actions, and how the employer acted, were what a fair and reasonable employer could have done in all the circumstances at the time."

If an employer breaches its legal obligations with regard to suspension, it could give rise to a breach of contract or policy, breach of statute or the employee could raise a personal grievance for unjustified disadvantage.

All these situations may result in a remedy being awarded to the member of staff. ☺

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

Offer all products, all the time

Over the past 12 to 18 months, we have worked closely with a large number of dealerships throughout New Zealand and we're seeing an increase in insurance strike rates.

This, therefore, means more profits for dealers and customers are leaving car yards with peace of mind.

So as far as transactions go, it's a win-win for all concerned especially when it comes to dealerships' bottom lines. When we think about the bottom line, a good question to ask is this. Does your business offer all of the products all of the time? This is an easy way to increase profit.

There has also been a lot of talk in the industry recently about laws introduced to restrict loan sharks taking advantage of borrowers, which leads to another good question. Are you being a responsible lender?

If you are offering insurance products that will be of benefit

at the time of a claim, that's an important element of being a responsible lender.

We are starting to see a higher incidence of claims, and it appears customers are starting to feel the effects of a slowing economy and a drop in business confidence.

We're receiving more calls inquiring about our loan-repayment products as speculation of further job losses increases across the regions, while this winter has been severe and the cause of an upswing in illness-related claims.

Like all other drivers on the road, our collective customers believe they are competent and extremely unlikely to have an accident.

Well, that's only half of the equation and our recoveries



SIMON MOORE
Motor-trader development manager
Protecta Insurance

department is often busy trying to recover monies from uninsured drivers involved in accidents.

With the options currently available to our customers for well-priced protection, there shouldn't be people on the road without insurance.

So the questions we need to be asking ourselves are:

- ▶ Is your dealership protecting your customers as much as possible?
- ▶ Is your business acting as a responsible lender?
- ▶ Is your dealership offering all of the products all the time?

Protecta Insurance has been working hard behind the scenes in enhancing our car insurance to give customers

more options and better deals.

We are continually improving our products to offer the best value for money.

We train dealership staff to understand products so each customer receives the correct policy and to ultimately make dealerships more profitable.

Protecta has the support, knowledge and understanding of the industry, which we have been proudly serving for 30 years.

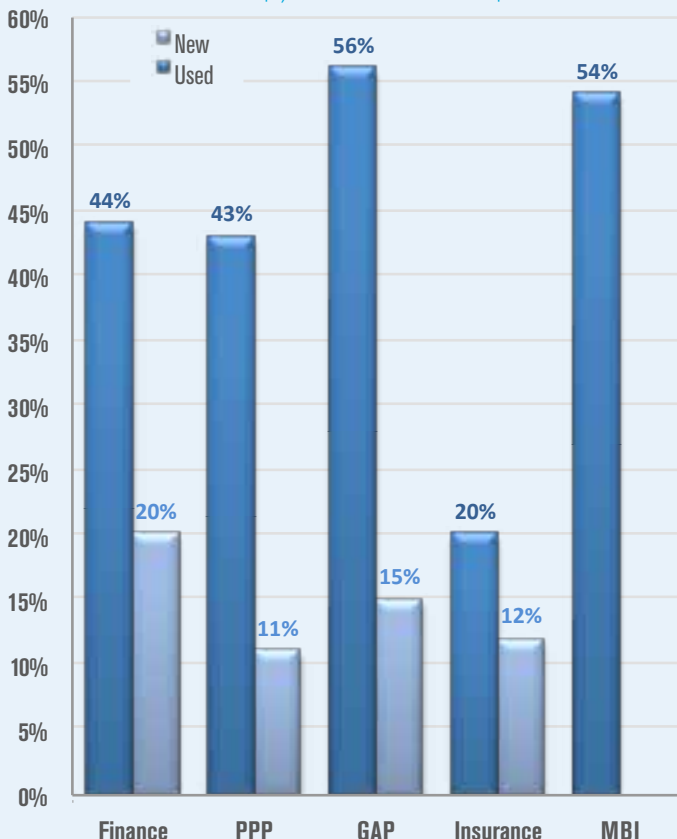
We have a great team of sales people, which has combined experience and service in the industry of more than 200 years. Together with our business coach, they cover all parts of New Zealand.

Everyone at Protecta is happy to share his or her knowledge. All you need to do is contact us and we will start the process to your increased profitability and more customer satisfaction. ☺

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Tribunal orders buyer to allow trader's mechanic to assess and repair faults

Background

Peniel Fa'amausili bought a 2007 Toyota Highlander on February 12, 2015, from Turners Group NZ, which sold it on behalf of Elgin Motors for \$15,200.

The buyer said the rear brakes shuddered and there was an intermittent fault with the starter motor, which ran on after the SUV was started.

Fa'amausili wanted the trader to pay the repair costs under the Consumer Guarantees Act (CGA).

But the dealer said the buyer failed to return the vehicle to its premises or to a mechanic to allow it to assess the faults, and it was entitled to have it inspected before agreeing to carry out remedial work.

The case

When Fa'amausili bought the SUV, it had 183,200km on the clock and was last serviced on April 9, 2013, when it had 153,957km on its odometer.

Its warrant of fitness (WOF) had been issued on May 8, 2014 – nine months before it was supplied and not within one month prior to the date of sale as stipulated under legislation.

The purchaser took the vehicle for a short test drive before buying it, and detected no faults with its brakes and starter motor.

However, as soon as he drove the car after it was delivered on February 13, he noticed the rear brakes shuddered and the starter motor made an intermittent clicking noise.

Three days later, Fa'amausili sent Turners a claim form outlining these two faults, which was acknowledged on February 19.

On February 23, Turners asked the buyer for an estimate to repair the two faults.

A day later, Fa'amausili emailed Turners stating his mechanic had looked at the vehicle and the rear brakes needed machining and new pads, and the starter was overriding and had to be replaced.

The tribunal understood from evidence given by the trader that the purchaser's mechanic hadn't inspected the car, but had provided an estimate of \$1,060 for a starter motor, and rear-brake machining and pads.

On February 27, Turners declined the purchaser's claim on the grounds of the age, high mileage and price paid for the vehicle and, on March 4, provided him with the name of the trader as the vendor of the SUV.

Fa'amausili said he emailed Elgin Motors on March 4. It replied on March 7 and asked that the vehicle be taken to its mechanic so it could be assessed.

The buyer said he responded by saying he would take the SUV to the trader's mechanic, but later he decided not to.

On March 10, he sent an email to the trader asking it when it had first received notice of his claim.

Nine days later, he notified the trader he would be

proceeding with the claim against the business and lodged an application with the tribunal on April 17.

The trader was provided with a copy of that and, on April 21, the dealer emailed the buyer asking that he take the vehicle to the trader's mechanic.

The email stated that if the mechanic confirmed the brakes were unsatisfactory, the trader would post a \$600 cheque towards the cost of any repairs the purchaser wanted to make. Fa'amausili declined to do so.

The finding

The tribunal – in deciding whether the vehicle that was supplied complied with the guarantee of acceptable quality in section six of the CGA – considered the Highlander's age, mileage, that its WOF was current but nine months old and Fa'amausili was aware it was overdue for a service.

The purchaser told the tribunal the issue with the starter motor occurred about three times a week.

The tribunal ruled the squealing rear brakes probably didn't comply with the CGA's guarantee of acceptable quality.

But the intermittent clicking noise from the starter motor had not resulted in the starter motor failing.

It added a reasonable consumer buying an older and high-mileage vehicle, which had not been serviced for 22 months,

The case: The buyer wanted the trader to pay repair costs to fix shuddering brakes, and replace the starter motor, in an eight-year-old and high-mileage Highlander. The dealer asked the purchaser to allow its mechanic to inspect the faults, but the buyer declined and took the matter to the tribunal.

The decision: The purchaser was ordered to take the car to the dealer for assessment and repairs at the trader's cost.

At: The Motor Vehicle Disputes Tribunal, Auckland.

would probably expect some minor faults of this nature.

The starter motor might have required a new Bendix unit, but the tribunal wasn't satisfied the vehicle needed a new starter motor.

The tribunal ordered that Fa'amausili should comply with his obligation under section 18 of the CGA and take the SUV to the trader for it to assess and fix the shudder from the rear brakes.

The buyer sent a copy of section 18 of the CGA to Turners with an email on February 27, but the tribunal noted it was regrettable he didn't read it carefully before doing so.

Had he done so, he would have discovered he had an obligation when – as was the case with the rear-brake shudder – the failure could be remedied that he needed to take it to the trader and require it to fix the fault within a reasonable time.

Order

Fa'amausili was ordered to take the car to the dealer for assessment and repairs at the trader's cost. ☺

CONNECT & ENGAGE

Buyer's application to reject vehicle dismissed after dealer fixed problems

Background

Andre Visagie bought a 2007 Mazda MPV from Buy Right Cars on January 17, 2014.

He wanted to reject it because of split CV boots and obtain a refund under the CGA.

The trader said it had carried out repairs, but the buyer failed to collect the MPV.

The case

Visagie bought the Japanese import with 93,200km on the clock for \$17,380.

Soon afterwards, he said it needed a wheel alignment because its steering was vibrating so he returned it to the trader on January 27.

The vehicle was sent to T-Rex, which recommended rotating the tyres. The alloy wheels needed to be changed back and – on January 31 – the car was sent to Manukau Auto and Tyre to have the rotation reversed.

In February, Visagie experienced vibration when changing from first to second gear. He returned the vehicle to the trader, which sent it to Transmission Solutions to have the transmission flushed.

On February 20, both axles were swapped with those from another MPV and this resolved the driveline vibration.

However, five months later, the buyer again returned the MPV because vibration was occurring at about 40kph. The cause was thought to be the condition of the vehicle's tyres.

The trader had the tyres

checked by Beaufaures, which reported they were in good condition.

On October 28, when the MPV had 102,681km on its odometer – and had travelled 9,481km since it was supplied – Visagie took it to South Auckland Motors because he was still experiencing driveline vibration at 20-30kph.

It found both inner CV boots were split. Visagie asked the trader to replace them, but it said they weren't split at the time of purchase or the vehicle wouldn't have passed a warrant of fitness (WOF).

It added Visagie should claim the repair costs on his mechanical breakdown policy.

The buyer continued to drive the vehicle until February 2015 when he returned to the trader and again asked it to repair the CV boots.

The dealer had the MPV inspected by South Auckland Motors, which advised it felt the vibration was coming from the drivetrain – either the driveshaft, inner CVs or inside the transmission.

Its email stated: "For further diagnostics, we will require to remove the driveshaft and inspect the inner CVs.

"If they are okay, we will then sub-let the vehicle to a transmission shop for a diagnostic of the final drive system as we do not deal with import gearboxes or transmissions."

The dealer had the CV boots replaced by its workshop at its own

cost and, on April 17, sent the vehicle back to South Auckland Motors to be checked.

"Our foreman has tested vehicle after your workshop replaced the joints," it stated in an email. "No vibration was felt from the driveline at that time."

While the MPV was being repaired, the trader provided Visagie with a loan car, which he still had in his possession.

The dealer said it had gone beyond its legal requirement to ensure Visagie was happy. It had emailed him asking him to uplift the MPV and return the loan car, but he hadn't replied.

The finding

In determining the first issue, whether the vehicle complied with the CGA's guarantee of acceptable quality at the time of sale, the tribunal noted the MPV's age, mileage and purchase price.

It said Visagie's evidence of the faults was vague and imprecise, and it relied on a timeline of events from the trader.

However, the tribunal found the MPV – although supplied with a new WOF when it was sold – had a driveline vibration issue.

Initially, this was thought to be a wheel-alignment problem, but a wheel alignment didn't stop the vibration.

The buyer returned the vehicle to the trader a number of times to be repaired and the problem didn't appear to be identified until nine months later when Visagie took it to South Auckland

The case: The buyer wanted to reject his Mazda MPV because of split constant velocity (CV) boots discovered nine months after purchase. The trader repaired the fault and asked for the return of its courtesy vehicle.

The decision: The tribunal dismissed the buyer's application to reject the vehicle under the Consumer Guarantees Act (CGA). The purchaser was told to collect it from the dealer and return its loan car.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Motors, which found the CV boots were split.

The tribunal said the CV boots might have been split at the time of sale and the trader's WOF issuer missed that fault.

However, the fault was not found until after the vehicle had clocked up 9,400km over a nine-month period.

The dealer said it didn't have an obligation to pay to have the CV boots replaced after such a long period of use, but the trader decided in February to do just that at its own cost. The vehicle passed a second WOF on January 25, 2015.

The tribunal decided it was probable the vehicle didn't comply with the guarantee of acceptable quality at the time of sale because of the vibration issue.

However, that issue had been fixed by the trader and the tribunal considered the purchaser had no grounds to reject the MPV.

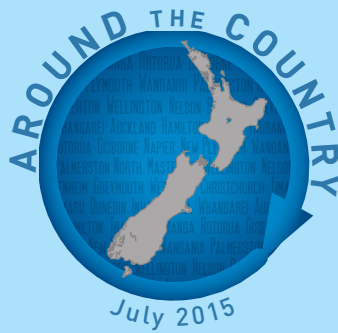
Order

The application to reject the vehicle was dismissed. The tribunal told the buyer to uplift the MPV and return the loan car to the dealer. ☺

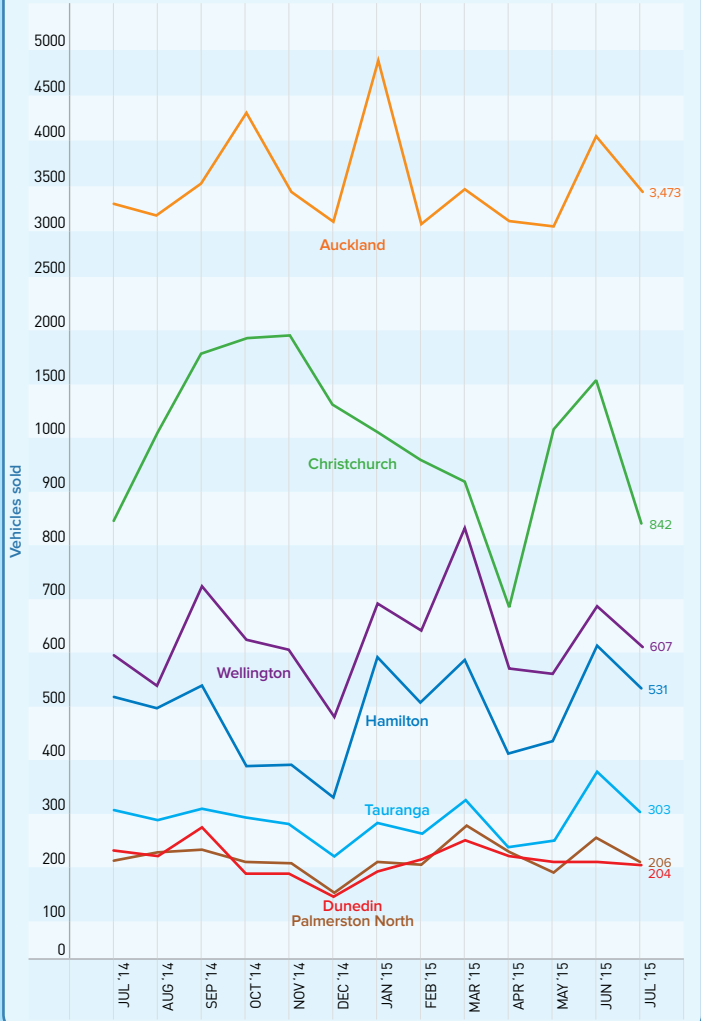
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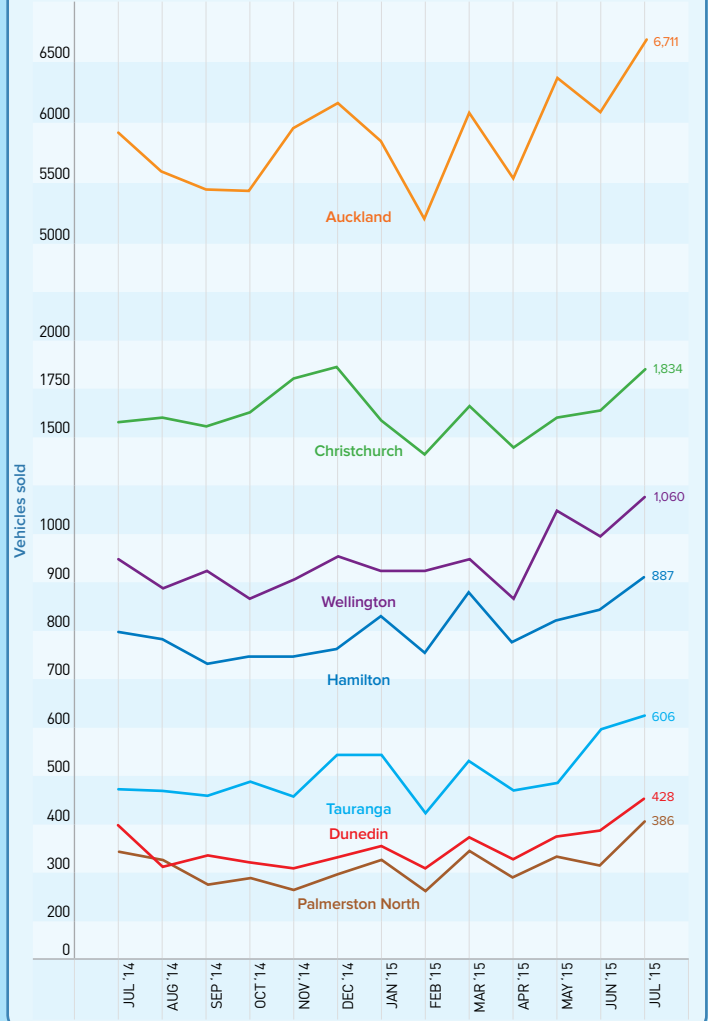




New passenger vehicle registrations by city



Used import passenger vehicle registrations by city



New and used cars registered in July 2015 by region

	WHA	AUC	HAM	THA	TAU	ROT	GIS	NAP	NEW	WAN	PAL	MAS	WEL	NEL	BLE	GRE	WES	CHR	TIM	OAM	DUN	INV	TOTAL
Used cars	339	6,711	887	104	606	135	45	300	223	93	386	63	1,060	230	67	45	14	1,834	129	29	428	163	13,891
New cars	168	3,473	531	53	303	65	31	181	148	61	206	47	607	84	45	29	3	842	54	25	204	112	7,272
Total cars	507	10,184	1,418	157	909	200	76	481	371	154	592	110	1,667	314	112	74	17	2,676	183	54	632	275	21,163

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LATEST SCHEDULE

Port Calls	Morning Miracle V19	Tokyo Car V3	Morning Midas V5	Morning Miracle V20
Moji	–	–	–	–
Osaka	19 Aug	2 Sep	15 Sep	2 Oct
Nagoya	20 Aug	3 Sep	16 Sep	3 Oct
Yokohama	21 Aug	4 Sep	17 Sep	4 Oct
Auckland	8 Sep	21 Sep	6 Oct	20 Oct
Wellington	11 Sep	28 Sep	9 Oct	27 Oct
Lyttelton	10 Sep	2 Oct	8 Oct	30 Oct

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Used hybrids 'harder' to sell

An importer of used cars from Japan reports tough buying conditions during his latest trip.

Paul O'Connor, manager of REM Wholesale cars in Christchurch, recently returned from there after purchasing nine vehicles, but was "appalled" with what's available in the market.

He says the high cross-rate of recent years in favour of the New Zealand dollar against the yen appears to have compounded this by creating "a false sense of security when we are buying the stock".

Although more hybrid models are now available in Japan, O'Connor told Autofile they remain a harder

sell when it comes to finding buyers on these shores despite their benefits, such as lower fuel economy and lower maintenance costs.

"It is hard to find stock at the nicer and lower-kilometre end of the market," he adds.

"As we can see from statistics provided by the Imported Motor Vehicle Industry Association, the number of new car sales in Japan is down dramatically and that's because the vehicles are just not being traded.

"What Japan is also seeing are younger consumers who are less likely to purchase a car because the public transport is so good over there.

"This is unlike New Zealand where you really have to own a vehicle.

Here in Christchurch, the average bus users tend to be school-aged children or those who are drunk and going home from the pub."

Looking at the statistics for July, there was a major dip in the number of used cars imported into New Zealand.

Last month's total came in at 11,780 units, which was the third lowest total of 2015 after 10,155 in January and 9,950 in February. The year-to-date total now stands at 87,594.

Japan accounted for 94 per cent of the used cars crossing the border with 11,072 units.

There were 470 used passenger vehicles imported from Australia for

that country's highest total of the year.

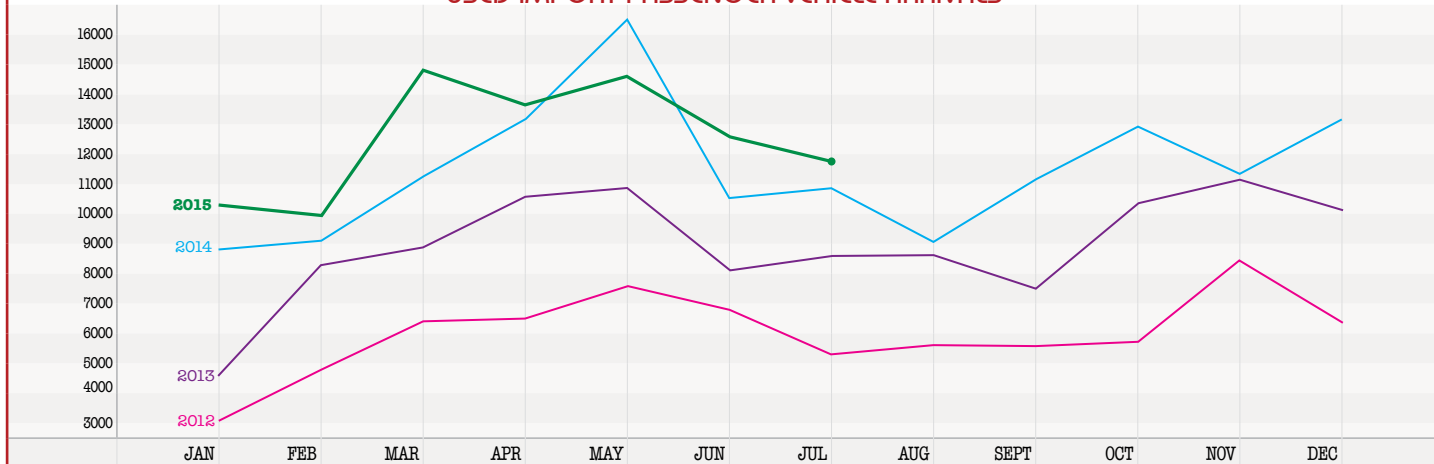
The US accounted for 92 units in July, which was that market's second biggest month of 2015 after 119 in March.

Only 63 used exports crossed our wharves from the UK for that country's lowest total of the year as the cross-rate with sterling continues to be felt.

On the flipside to used imported cars tumbling, 586 used commercials vehicles came into the country during July.

The total for this segment was 2015's best monthly figures by beating March's total by 26 units to bring the year-to-date total to 3,522. ☺

USED IMPORT PASSENGER VEHICLE ARRIVALS



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2015									2014		2013	
	JAN'15	FEB'15	MAR'15	APR'15	MAY'15	JUN'15	JUL'15	JUL MRKT SHARE %	2015 TOTAL	2014 TOTAL	MRKT SHARE	2013 TOTAL	MRKT SHARE
Australia	258	397	392	346	429	437	470	4.0%	2,729	3,167	2.3%	1,990	1.9%
Great Britain	114	83	79	66	77	106	63	0.5%	588	1,885	1.4%	2,908	2.7%
Japan	9,650	9,357	14,136	13,218	13,826	11,969	11,072	94.0%	83,228	130,770	95.0%	100,784	93.9%
Singapore	30	30	17	47	59	57	71	0.6%	311	252	0.2%	146	0.1%
USA	80	59	119	89	77	72	92	0.8%	588	1,278	0.9%	1,205	1.1%
Other countries	23	24	25	30	10	26	12	0.1%	150	286	0.2%	251	0.2%
Total	10,155	9,950	14,768	13,796	14,478	12,667	11,780	100.0%	87,594	137,638	100.0%	107,284	100.0%



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Dealers report buoyant market

There was a healthy increase in the number of second-hand cars sold by dealers last month.

July's total of trader-to-public transactions amounted to a 7.8 per cent jump compared to the same month of last year – from 17,750 units to 19,134.

There was also a slight increase in public-to-dealer sales. They rose from 13,386 to 13,511 over the same timescale, or by 0.9 per cent.

Transactions between members of the public went up from 40,720 to 46,031 – a rise of 13 per cent.

Thames saw the biggest proportional increase in dealer sales of 22 per cent and by 44 units, while

Greymouth recorded the biggest drop of 21.9 per cent from 96 to 75.

When it came to trade-ins, Oamaru's total in July climbed by 25.9 per cent from 27 to 34, while Greymouth's fell by 48.3 per cent from 58 to 30.

Autofile contacted three dealers in Masterton to get their views on the market.

"Cheaper models – such as Toyota's Corolla – are working, and we are seeing lower-priced stock priced between \$7,000 and \$10,000 going well," says Lawson Hoggard, of Auto Imports and Wholesale.

"This year, we have been chasing deals as much as we can, which has helped us boost our sales figures,

and we've been concentrating harder on buying more cars from Japan and lease companies.

"We've just been putting a whole lot more effort into pricing cars.

"The biggest change I have noticed over time is that we only sold to dealers when we first started.

"We had traders queuing up for certain models that they couldn't get enough stock of. Today, dealers seem to want 'on behalf' stock and to pay you when they sell it."

Mike Eastwood, dealer principal of Eastwood Motor Group, says: "We don't really get involved in imports, but occasionally we buy one.

"What has happened in the past two years is that buyers have been

switching to new vehicles. We are selling two new vehicles to every used vehicle sold. Two years ago, it was the other way around.

"Last year, we let go of the ball a bit and flopped in the used market, but we are confident this sector and the service side of the business will help us grow this year."

Howard Martin, used-vehicle sales manager at Manawatu Toyota, says: "We have just created a new wholesale division, so we sell trade-ins we get on the internet.

"It means we have the ability to pay a little bit more for people's trades, and get the opportunity to sell more new and used vehicles off the yard." ☺

SECONDHAND CAR SALES - July 2015

	DEALER-TO-PUBLIC				PUBLIC-TO-PUBLIC				PUBLIC-TO-DEALER			
	JUL '15	JUL '14	+/- %	MARKET SHARE	JUL '15	JUL '14	+/- %	JUL '15	JUL '14	+/- %		
Whangarei	590	523	12.8	3.1	2,082	1,675	24.3	252	256	-1.6		
Auckland	6,535	5,720	14.2	34.2	15,428	13,734	12.3	5,012	4,589	9.2		
Hamilton	1,637	1,517	7.9	8.6	3,756	3,373	11.4	1,245	1,313	-5.2		
Thames	244	200	22.0	1.3	559	497	12.5	115	101	13.9		
Tauranga	1,026	1,002	2.4	5.4	2,389	1,965	21.6	588	658	-10.6		
Rotorua	268	276	-2.9	1.4	847	801	5.7	101	102	-1.0		
Gisborne	178	166	7.2	0.9	422	364	15.9	98	86	14.0		
Napier	600	597	0.5	3.1	1,640	1,409	16.4	466	383	21.7		
New Plymouth	497	493	0.8	2.6	1,144	1,028	11.3	297	250	18.8		
Wanganui	203	186	9.1	1.1	516	474	8.9	153	130	17.7		
Palmerston North	944	828	14.0	4.9	1,955	1,724	13.4	684	792	-13.6		
Masterton	182	154	18.2	1.0	417	358	16.5	110	88	25.0		
Wellington	1,629	1,528	6.6	8.5	3,317	2,851	16.3	1,171	1,248	-6.2		
Nelson	345	348	-0.9	1.8	1,037	898	15.5	257	267	-3.7		
Blenheim	181	196	-7.7	0.9	449	375	19.7	114	156	-26.9		
Greymouth	75	96	-21.9	0.4	248	214	15.9	30	58	-48.3		
Westport	34	29	17.2	0.2	125	94	33.0	0	0	0.0		
Christchurch	2,452	2,307	6.3	12.8	5,785	5,369	7.7	1,843	1,870	-1.4		
Timaru	246	275	-10.5	1.3	632	568	11.3	151	160	-5.6		
Oamaru	82	79	3.8	0.4	233	237	-1.7	34	27	25.9		
Dunedin	769	729	5.5	4.0	1,968	1,722	14.3	504	526	-4.2		
Invercargill	417	501	-16.8	2.2	1,082	990	9.3	286	326	-12.3		
NZ total	19,134	17,750	7.8	100.0	46,031	40,720	13.0	13,511	13,386	0.9		

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Passenger Car and SUV Sales by Private/Business split

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	4	50.0	4	50.0	8
Aston Martin	1	100.0	0	0.0	1
Audi	43	33.1	87	66.9	130
Bentley	0	0.0	2	100.0	2
BMW	54	33.3	108	66.7	162
Chery	8	66.7	4	33.3	12
Citroen	9	52.9	8	47.1	17
Dodge	113	37.7	187	62.3	300
Ferrari	108	39.4	166	60.6	274
Fiat	90	46.6	103	53.4	193
Ford	196	38.6	312	61.4	508
Holden	200	30.9	447	69.1	647
Honda	257	71.8	101	28.2	358
Hyundai	170	31.5	369	68.5	539
Isuzu	8	40.0	12	60.0	20
Jaguar	2	11.8	15	88.2	17
Jeep	40	28.6	100	71.4	140
Kia	142	50.4	140	49.6	282
Lamborghini	0	0.0	1	100.0	1
Land Rover	40	54.1	34	45.9	74
Lexus	22	42.3	30	57.7	52
Maserati	2	66.7	1	33.3	3
Mazda	370	51.1	354	48.9	724
Mercedes-Benz	69	38.5	110	61.5	179
MG	1	100.0	0	0.0	1
Mini	20	50.0	20	50.0	40
Mitsubishi	231	56.1	181	43.9	412
Nissan	161	46.3	187	53.7	348
Peugeot	38	71.7	15	28.3	53
Porsche	42	67.7	20	32.3	62
Renault	10	41.7	14	58.3	24
Skoda	22	30.1	51	69.9	73
SsangYong	36	32.4	75	67.6	111
Subaru	103	51.8	96	48.2	199
Suzuki	227	64.1	127	35.9	354
Toyota	347	29.4	832	70.6	1,179
Volkswagen	132	43.4	172	56.6	304
Volvo	10	25.6	29	74.4	39
Other	0	0.0	1	100.0	1
Total	3,328	42.4	4,515	57.6	7,843

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

More SUV choices boosting demand

July was a positive month for sales of new passenger vehicles with the total coming in at 7,843. This represented a 2.8 per cent increase over total registrations of 7,071 for the same month of last year, according to Motor Industry Association statistics.

Last month, 4,515 new cars and SUVs were sold to businesses, which include rental and government purchases. These amounted to 57.6 per cent of the total.

Toyota topped the ladder thanks to 1,179 registrations with 70.6 per cent – or 832 units – being sold to business clients.

Mazda commandeered second place on 724 of which 370, or 51.1 per cent, were private registrations.

Third spot went to Holden on 647 units and 447 – or 69.1 per cent – were business transactions.

Hyundai notched up 539 sales to claim fourth with 68.5 per cent and 369 units being to businesses.

Fifth place went to Ford. Out of its 508-unit total, sales to businesses came to 61.4 per cent – or 312 units.

Meanwhile, Volvo notched up 39 sales of new vehicles. Of those 29, or 79.4 per cent, were business transactions.

Steve Kenchington, general manager, says the Swedish marque has seen big growth in SUV sales in this country.

Volvo sales in this segment are increasing at a faster rate in New Zealand than anywhere else in the world – more than 130 per cent per annum.

SUVs already account for 47 per cent of the total Kiwi new-vehicle market so far in 2015.

“While the passenger vehicle category is relatively flat at four per cent growth, SUVs are increasing at an average of 27 per cent per annum,” says Kenchington.

He notes that 37,000 new SUVs were registered last year compared to 53,000 passenger cars and, by 2018, as many as one-in-two vehicles sold in New Zealand are likely to be from this segment.

Improved fuel efficiency and safety features – combined with a greater range of SUV models, including a better-priced European offering – has helped drive consumer demand in this market.

“Ten years ago, there were only a handful of SUV models available in the New Zealand market, but today we have more than 60 small, medium, large and extra-large models,” adds Kenchington.

“Similarly, European brands have also become more accessible as economies of scale have improved local pricing and the availability of parts.”

Back to July’s statistics and Mercedes-Benz was last month’s best-selling prestige marque on 179 units, of which 61.5 per cent – or 110 transactions – were to businesses.

BMW had a higher proportion of business sales. They came in at 66.7 per cent, or 108 units, of its total of 162.

Audi took out third with 130 units, of which 87 – or 66.9 per cent – were to businesses. ☺

FROM THE RISING SUN TO THE LONG WHITE CLOUD

The history of used car importing to New Zealand



FROM THE RISING SUN TO THE LONG WHITE CLOUD

The history of used car importing to New Zealand

Marques 'showcasing' models

Overall sales of new vehicles across all segments have climbed by 4.8 per cent year to date compared to this time in 2014 – from 72,426 to 75,928.

So far in 2015, there has been a 4.5 per cent jump in sales of new cars, according to the Motor Industry Association, and a 5.9 per cent hike in commercial vehicles.

First-time registrations of SUVs account for 33 per cent of the market, and they are followed by the pick-up and chassis-cab segment on 21 per cent. Small passenger vehicles make up 14 per cent.

"We are finding manufacturers, with well price-pointed cars and effective marketing campaigns, are showcasing their models with Holden standing out," says Matthew Foot, dealer principal of Brendan Foot Supersite in Wellington.

He says his three most competitive sectors are utes, mid-range SUVs with Toyota's RAV4 and Hyundai's ix35, and "the smaller sector" with Suzuki's Swift and Kia's Rio. "These are the segments with the most inquiry."

Foot adds: "Brands such as Foton and Great Wall have had a

lot of competition from established brands coming down and meeting them on price, so – in this environment – an unestablished brand can struggle.

"Our highest-selling vehicle is Holden's Captiva 7 Equipe priced at \$35,000."

Neil Macfarquhar, managing director of Hoffman Ford in Pahiataua, says: "It's great to have the Ranger, which is now firmly established as the market leader in the commercial market.

"The ute has been good for us by captivating buyer attention based on its strong product features, value

for money and reputation as an all-round performer.

"We have been looking forward to the new model with increased safety and feature enhancements added by Ford to keep it ahead of growing and newer competition.

"More importantly, the Ranger has helped us increase the size of our customer base with buyers choosing it over previously owned vehicles from other brands."

As for the rural economy, Macfarquhar says: "It's not a downturn in exporting dairy goods, it's a downturn in commodity prices. At some stage, pricing will rebound." ☺

NEW VEHICLE SALES BY BUYER TYPE - July 2015

	JUL '15	JUL '14	MTH%	2015 YTD	2014 YTD	% YTD
Passenger	3,651	4,173	-12.5	28,119	29,392	-4.3
Private	1,580	1,583	-0.2	11,517	11,467	0.4
Business	1,697	2,039	-16.8	12,985	14,085	-7.8
Gov't	176	160	10.0	1,381	1,478	-6.6
Rental	198	391	-49.4	2,236	2,362	-5.3
SUV	3,586	2,866	25.1	25,169	21,752	15.7
Private	1,499	1,162	29.0	9,860	8,582	14.9
Business	1,780	1,589	12.0	11,746	11,241	4.5
Gov't	83	57	45.6	465	404	15.1
Rental	224	58	286.2	3,098	1,525	103.1
Light Commercial	2,681	2,836	-5.5	19,555	18,357	6.5
Private	637	713	-10.7	4,949	4,566	8.4
Business	1,782	1,954	-8.8	13,222	12,725	3.9
Gov't	146	120	21.7	786	731	7.5
Rental	116	49	136.7	598	335	78.5
Sub Total	9,918	9,875	0.4	72,843	69,501	4.8
Private	3,716	3,458	7.5	26,326	24,615	7.0
Business	5,259	5,582	-5.8	37,953	38,051	-0.3
Gov't	405	337	20.2	2,632	2,613	0.7
Rental	538	498	8.0	5,932	4,222	40.5
Heavy Commercial	372	387	-3.9	2,619	2,645	-1.0
Other	76	37	105.4	466	280	66.4
Total	10,366	10,299	0.7	75,928	72,426	4.8

NEW VEHICLE MARKET SEGMENTATION - July 2015

	JUL '15	JUL '14	MTH% DIFF	2015 YTD	2014 YTD	% YTD
Passenger	3,651	4,173	-12.5	28,119	29,392	-4.3
SUV	3,586	2,866	25.1	25,169	21,752	15.7
Light Commercial	2,681	2,836	-5.5	19,555	18,357	6.5
Heavy Commercial	372	387	-3.9	2,619	2,645	-1.0
Other	76	37	105.4	466	280	66.4
TOTAL MARKET	10,366	10,299	0.7	75,928	72,426	4.8
Micro	105	174	-39.7	1,000	1,004	-0.4
Light	1,182	1,227	-3.7	8,705	7,594	14.6
Small	1,327	1,608	-17.5	10,477	12,772	-18.0
Medium	545	545	0.0	4,082	3,967	2.9
Large	299	438	-31.7	2,429	2,629	-7.6
Upper Large	19	25	-24.0	154	185	-16.8
People Movers	111	70	58.6	646	596	8.4
Sports	63	86	-26.7	626	645	-2.9
SUV Small	986	850	16.0	7,400	5,834	26.8
SUV Medium	1,354	1,108	22.2	9,443	8,165	15.7
SUV Large	1,205	879	37.1	8,064	7,460	8.1
SUV Upper Large	41	29	41.4	262	293	-10.6
Light Buses	76	72	5.6	460	342	34.5
Vans	392	422	-7.1	2,954	3,229	-8.5
Pick Up/Chassis Cab 4x2	924	877	5.4	6,155	5,661	8.7
Pick Up/Chassis Cab 4x4	1,289	1,465	-12.0	9,986	9,125	9.4
Heavy Commercial	372	387	-3.9	2,619	2,645	-1.0
Other	76	37	105.4	466	280	66.4
TOTAL MARKET	10,366	10,299	0.7	75,928	72,426	4.8

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Sales environment 'very competitive'

The general manager of a vehicle manufacturer has expressed some concerns about the amount unsold stock in the country.

Todd McDonald, general manager of Kia Motors NZ, describes the current market as "probably the most competitive new-car sales environment in the past 25 years".

He told Autofile: "The biggest issue facing the automotive industry is the huge proliferation in discounting, and the subsequent lack of profitability among both dealers and distributors.

"The amount of discounting that has been going on in the past two years can only be described as stock dumping.

"Right now, there are more than 24,000 unsold new cars sitting in dealerships, in storage or on the wharves – all waiting to be sold."

McDonald believes the industry in this country needs to build

financial sustainability into its business model.

"My view is you need to adapt your business operating costs for today and not wait for it to improve," he adds.

"A challenging environment equals an opportunity while complacency in business is your fault, so fix it now."

Meanwhile, more than 1,000 new Rangers have been crossing our wharves this month.

Corey Holter, managing director Ford NZ, is excited the new model's launch is being accompanied by a "great supply and healthy mix of variants".

The stock arriving includes about 85 per cent of XLT and Wildtrak models, while 75 per cent are automatic.

"It's fair to say we had challenges with initial supply of the current Ranger in New Zealand and across Asia-Pacific, and a lot has

come from higher demand than anticipated," says Holter.

"This might be a good problem for us, but not so good from a customer's perspective.

"It was frustrating for everyone to have a vehicle such as the Ranger only to tell many customers they had to wait. With that in mind, it's fantastic to be able to offer from launch what our customers want and have it on hand."

Despite initial supply issues in 2012 and early 2013, the ute went on to become this country's best-selling light commercial in 2014.

In year-to-date sales, the Ranger is New Zealand's overall number-one new vehicle – ahead of Toyota's Hilux and Corolla.

Ford says it has begun to extend success across other lines with a record number of new models in 2015.

Holter says: "We recently launched the all-new Mondeo, this month it's

the Ranger, and coming up are the Focus, Everest and Mustang."

As for the statistics, new car stock has increased by 16.1 per cent – or by 10,241 units – over the past year from 45,037 in July 2014 to 52,278 by the end of last month.

A total of 9,375 units were imported in July compared to 7,272 first-time registrations – a difference of 2,103.

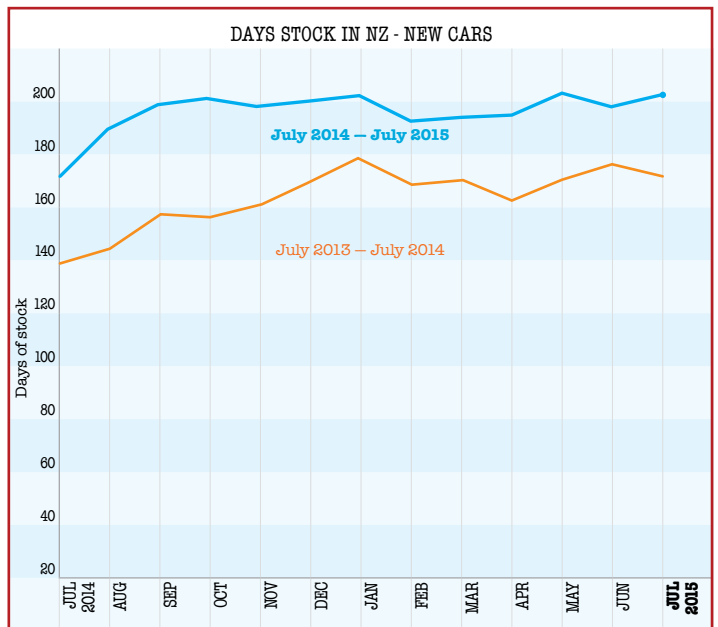
Looking at average daily sales provides an indicator of how new passenger vehicles have been performing at dealerships.

These came in at 239 in July 2014 and had jumped to 254 by the end of last month meaning 15 more new cars on average have been registered each day for the previous 12 months compared to a year ago.

The total days of stock at hand increased by seven days – from 198 in June to 205 in July – because of last month's rise in imports over the past year. ☺

Dealer stock of new cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Jul '14	11,106	7,071	4,035	45,037	239	188
Aug '14	9,649	7,066	2,599	47,636	240	199
Sep '14	9,602	8,382	1,220	48,856	243	201
Oct '14	8,297	8,910	-613	48,243	245	197
Nov '14	9,075	8,063	1,012	49,255	247	199
Dec '14	8,248	6,797	1,451	50,706	248	204
Jan '15	6,739	9,010	-2,271	48,435	250	194
Feb '15	7,172	7,057	115	48,550	252	193
Mar '15	6,900	8,075	-1,175	47,375	252	188
Apr '15	7,627	6,373	1,254	48,629	252	193
May '15	9,586	6,843	2,743	51,372	253	203
Jun '15	7,824	9,021	-1,197	50,175	254	198
Jul '15	9,375	7,272	2,103	52,278	254	205
Year to date	55,223	53,651	1,572			
Change on July 2014	-15.6% <small>LESS IMPORTED</small>	2.8% <small>MORE SOLD</small>		16.1% <small>MORE STOCK</small>		



Stock harder to find in Japan

Sales of used imported passenger vehicles outstripped the amount imported into the country during July for the first time since February.

There were 13,891 units registered compared to 11,780 crossing our wharves.

That was a difference of 2,111 to bring last month's stock level down to 21,622 units from 23,733 in June. It was still above 19,025 in July 2014, which represents a jump of 13.7 per cent in stock over the past 12 months.

There was a 15.3 per cent increase in first-time registrations last month compared to July last year when 12,052 were sold.

The amount of used cars entering New Zealand has also risen albeit at 9.6 per cent because 10,745 were imported last July.

Daily average sales for the past 12-month period to the end of July increased to 389 compared to the

corresponding period a year ago when there was an average of 318 sales in the previous 12 months from August 2013 to July 2014.

There is now 56 days' stock currently at hand – down from 62 in June and 60 compared to July 2014.

Over the past 12 months, 144,547 used cars have been imported and 141,950 sold – a variance of 2,597 in favour of imports.

"We've slowed back our buying to assess what has been happening in the market," says Tim Elliott, manager of Value Motor Cars in Hamilton.

"We have good stock on hand and used stock is staying on the yard for a longer period. This means we have enough to meet demand from customers and, therefore, we haven't had to order any more recently."

Elliott told Autofile dealers are selecting from a similar stocking mix, which is also making the

market much more competitive.

He adds: "These are vehicles such as the Honda Stream, and Subaru's Forester and Legacy, so there is less of an opportunity for dealers to find niches for themselves."

Neil Howard, of Value Vehicles in Nelson, says the majority of his stock is Japanese and drops in the yen often make it difficult for dealers.

"There is stock there, but you have just got to look a little harder for it," he says.

"With the dollar dropping and the stock we normally deal in now being quite expensive in Japan, we have had to shift our emphasis a little onto higher quality stock – but a little higher in kilometres – to fit into our price perimeter."

Howard says Toyotas and Mazdas are popular, as is Nissan's Tida, while there are lots of inquiries for double-cab utes.

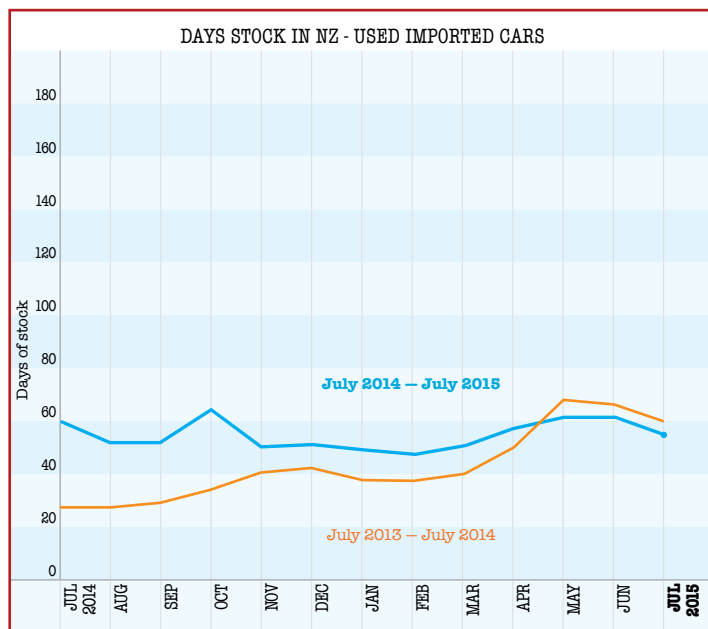
Gary Mitchell, of REM Wholesale Cars in Christchurch, describes trade as being "alright", but the problem has been "there's just not the margin in cars, so we are ticking over".

He adds: "The guys I'm talking to in the industry are saying the same thing and that's everyone is in the same boat and not making as much margin."

"Prices in Japan have firmed up and a lot of cars are not working at the moment. This is because prices there are not competitive with retail prices for new vehicles in New Zealand."

Mike Eastwood, dealer principal of Eastwood Motor Group in Masterton, says: "There's a huge opportunity with used vehicles because we have some good late-model stock available."

"We are constantly targeting that side of our business and we have so much good stock because of our strong sales of new vehicles." ☺



	CAR SALES			STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED	VARIANCE			
Jul '14	10,745	12,052	-1,307	19,025	318	60
Aug '14	9,016	11,288	-2,272	16,753	325	51
Sep '14	11,203	11,142	61	16,814	335	50
Oct '14	12,650	11,105	1,545	18,359	342	54
Nov '14	11,284	11,532	-248	18,111	348	52
Dec '14	12,800	12,448	352	18,463	356	52
Jan '15	10,155	11,791	-1,636	16,827	362	46
Feb '15	9,950	10,572	-622	16,205	366	44
Mar '15	14,768	12,313	2,455	18,660	372	50
Apr '15	13,796	11,038	2,758	21,418	376	57
May '15	14,478	12,415	2,063	23,481	379	62
Jun '15	12,667	12,415	252	23,733	384	62
Jul '15	11,780	13,891	-2,111	21,622	389	56
Year to date	87,594	84,435	3,159			
Change on July 2014	9.6%	15.3%		13.7%		
	<small>MORE IMPORTED</small>	<small>MORE SOLD</small>		<small>MORE STOCK</small>		

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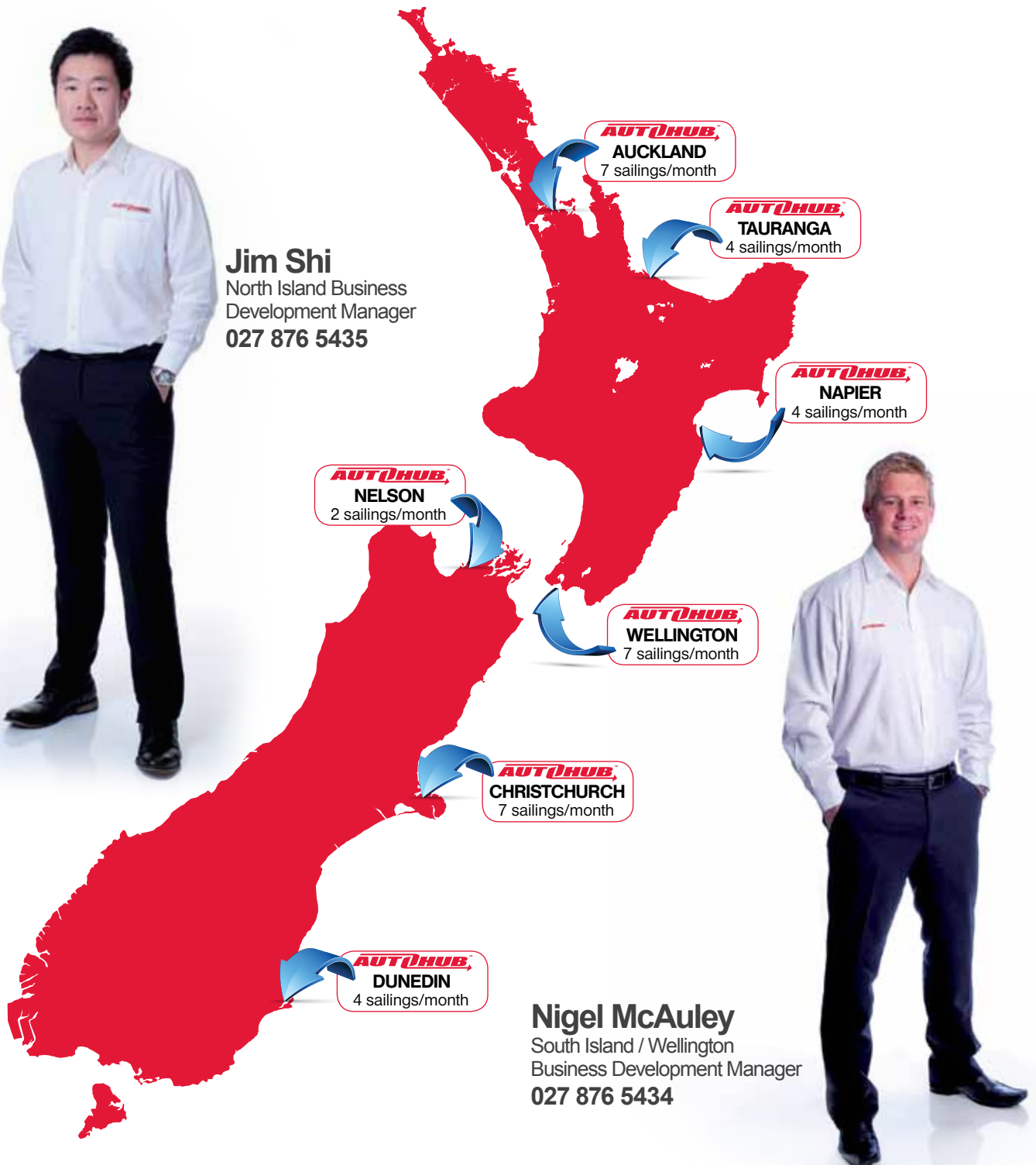
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