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The voice of the auto industry

15 December 2010

CGA on all Trade Me sales

THE MINISTRY of Consumer Affairs (MCA) has released a supplementary paper on Auctions, as a part of the Consumer Law Reform process, in which it recommends that the Consumer Guarantees Act (CGA) should apply to all sales on online auction sites such as Trade Me.

It also recommends that ordinary auctions be overhauled, with the CGA applying to all auctions when the seller is in-trade. One importance difference

however is that the guarantee of acceptable quality will not apply to used goods. According to the paper, if recommended approach is adopted, it will continue to provide an "as is, where is" sale mechanism for the disposal of older, second-hand goods.

One consequence of the proposed changes is that motor vehicle dealers will be required to identify themselves as dealers when selling on sites such as Trade Me, in order to alert the public that the CGA applies.

At the time of printing, Trade Me were unwilling to comment on the proposed changes, saying they were still awaiting further information from the MCA. However spokesman Paul Ford was able to say that Trade Me has been in favour of a regulatory requirement for dealers to disclose that they are dealers when they



market a vehicle, and would be pleased to see this become law. One additional change to ordinary auctions will see a one day period after an auction concludes during which the auctioneer can negotiate a sale that will be considered as sale by auction. A Bill with these recommendations is expected to be drafted early next year.

See further coverage on page 8

SPECIAL REPORT

The aging of the NZ fleet

WITH USED imports a significant presence the New Zealand light vehicle fleet is unique in the developed world.

One thing that sets our fleet apart is its average age, over 12 years and climbing. With fewer safety features and higher emissions late-life vehicles are troubling, both from a public health and an environmental perspective.

In this issue we present

information from a presentation by Iain McGlinchy, Principal adviser – Environment at the Ministry of Transport, one of the policy makers tasked with preparing a report on the IMVIA's request to defer the exhaust emissions rule.

The research was obtained by Autofile through an Official Information Request sent to the Ministry, though the presentation carries with it a disclaimer.

MoT spokeswoman Lesley

Reidy said of the presentation: "The disclaimer reflects the fact this presentation was developed to generate discussion and raise issues as part of our ongoing stakeholder engagement. It is based on the views of the author and contains unpublished in house research that has not been peer reviewed. For these reasons this presentation does not reflect official ministry policy."

Continued on page 10



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To scrap or not to scrap

THE MOTOR Trade Association's proposal for in-fleet testing is admirable, and would see many vehicles run cleaner as a result of basic tuning. It would also remove the worst offenders from the road, as well as provide an incentive for owners of clunkers to upgrade to a cleaner, newer, safer car.

For owners of old vehicles, WOFs are a basic exercise in accounting, where the costs of getting the car fixed are compared with the cost to replace the vehicle. At what point is a person likely to upgrade – when the cost required to obtain a warrant is 20%, 50% or even 70% of the value of the car?

Along with cleaning the air, emission screening of older vehicles creates incentives to upgrade, and keep the fleet ticking over. Only through scrappage will the fleet get any younger.

Unfortunately, the exhaust emission rule has the reverse

effect, and creates economic incentives to keep the worst polluters on the road for longer.

It's simple supply and demand. If newer stock is limited, meaning an overall decrease in supply, this pushes up the average cost of vehicles and older cars are worth more. At the same time repair costs remain static, creating incentives to refurbish and repair rather than upgrade.

Yet the more obvious problem with restricting imports is the subsequent impact on scrappage rates. As Iain McGlinchy's work shows there is a correlation between the number of drivers, and the numbers of cars.

Given that the number of drivers isn't likely to change, nor is the number of cars.

Simply put, it's a case of one in, one out: one new vehicle enters the fleet, and one old vehicle is scrapped, since there's no driver for it.

Effectively, the larger the number of vehicles entering

the fleet, the quicker the old clunkers are off our roads. And if newer cars aren't entering the country, the old ones aren't going to get chucked away.

With increasing competition for vehicles in Japan from Russia and their domestic market, it's clear that sourcing stock will continue to be difficult. Yet government in its wisdom believes that limiting the number of vehicles entering is good for the country, and good for our health.

No strong case has yet been made for restricting vehicles from the perspective of emissions. And even the Labour government recognised it wasn't worth damaging business for half-baked policy.

In this context a refusal by Transport Minister Stephen Joyce to defer the exhaust emissions rule would be nothing short of perverse. ☹

Stian Overdahl
Editor

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Timeline announced for SGG/ETS review

A REVIEW of the synthetic greenhouse gas portion of the emissions trading scheme is underway, as a part of the wider ETS review taking place in 2011.

According to the Ministry for the Environment's Scott Gulliver, one issue that will be explored is whether the current scheme creates "perverse incentives to import or continue use of ozone depleting substances."

Other issues are difficulties in ensuring full compliance, the possibility of slowing energy efficiency improvements through reducing appliance turnover, as well as administrative costs for participants and the Crown. However it is believed that this last issue has been mitigated by the use of thresholds and exemptions, which means that the majority of low-volume importers won't be captured.

MFE will produce a paper outlining policy options in February, after which officials

will meet with industry. To be examined is whether the issues identified can be managed by refining the ETS, but also to reappraise the overall inclusion of SGGs in the ETS. It is likely that industry will lobby for any impost on SGGs to be collected at the border, at the time of entry.

One question still unanswered is whether any changes will be brought in before the ETS mandatory reporting period for SGG begins on January 1, 2012.

A final technical paper, as informed by submissions and evidence, will be prepared in April, and will be received by the ETS Review Panel in June, however the panel will not release its findings until December 2011, which is, some cynics have noted, after the 2011 General Election.

MTA's Dougal Morrison remains hopeful that if any changes are decided upon, they will be released before the reporting period begins. ☺

Bridgestone announces price rise

BRIDGESTONE NEW Zealand Limited has announced price increases across its commercial and consumer tyre ranges, as demand for rubber, particularly in China and India, sees costs climb worldwide.

The changes will take effect from February 1, 2011, and Bridgestone, Firestone and associate brand passenger, light truck, truck, bus, agricultural and off-road tyre prices will all experience price increases of up to 8 per cent.

Ken Oyama, Director – New Zealand Business says that the increase has been driven by a variety of factors.

"Both globally and locally we continue to face a number of market pressures including increased costs for energy, transportation and raw materials.

"While we are constantly working to balance costs and deliver a premium package of value to our customers, we have reached a point where things are no longer sustainable as they are - this price increase has therefore become a necessity," he said.

A spokesperson for Goodyear said that there are no plans at present to raise prices, but wouldn't rule out future rises.

"There are global pressures on raw materials, and that's certainly something that everyone's aware of. From a Goodyear perspective, it's just a matter of keeping an eye on costs. We haven't made any decisions on changes in price at this point in time, and like any business it's a constant review process. We'll see where things go in the New Year." ☺

Second exemption for dealers

THE FINANCIAL Services Providers Act has been passed into law, with a second exemption for dealers who provide finance announced.

The Financial Services Federation CEO Kirk Hope says that the original piece of legislation would have required thousands of point of sale retail staff around the country, as well as motor vehicle dealers, to register as financial advisers.

An exemption was granted for cases where the financial service was incidental to the good or service provided.

However the original exemption applied to dealers who were distributing someone else's credit, says Hope, and the problem was that people who were writing a contract in their own name, and assigning it back to a financier, were not covered. The second exemption covers these cases.

The Motor Trade Association's Tony Everett commended the work of Kirk Hope in getting across the viewpoint of MTA and the Retailers Association.

"It was Kirk's work that highlighted the real relevance and consequence to industry of the law as it stood at that point. Through our figures, and the Retailers Association's figures, he was able to demonstrate that you weren't talking small numbers, you were talking quarter of a million financial adviser registrations.

Everett says that despite the legislation being in the works for several years, it wasn't until the eleventh hour that the consequences were realised, and the changes made. "What it demonstrates is that there certainly is relevance in industry representing the issues for industry, and lobbying for industry needs." ☺

Firmer market in November

NOVEMBER WAS one of the better months for vehicle sales this year, with both new and used import sales up on the previous month.

New passenger sales in November were 5,869 units, 31% ahead of November 2009, and 79 units ahead of October 2010. This was the first time since 1993 that November sales exceeded October noted MTA's Ian Stronach.

Of course, October was predictably weak following the September pre-GST splurge, and a shift in rental purchasing, which normally sees rental companies finish their buying in October, were important factors behind the figures.

1,386 passenger vehicles were purchased by rental companies in November, compared with just 632 in November 2009. See page 22 for

discussion of whether next year's Rugby World Cup is a factor.

Many dealers also report a good month for used imports, with some consumers coming out of the woodwork looking to replace older vehicles. Nevertheless for many the market remains fickle.

Customs arrival stats showed a big month for used import arrivals, with 8,627 passenger vehicles offloaded. This was the strongest month for arrivals since May, (8,979), and ended the decline of arrivals across June through to October, with 6,549 arrivals last month. November arrivals were 15.6% down on arrivals in November 2009, 10,223, nevertheless year to date arrivals are up 37.4%, at 82,559, against 60,025 in November 2009.

For full market coverage, see pages 20 - 27 ☺

POAL announces wharf extension

PORTS OF Auckland has announced it will spend around \$8 million enlarging its berth capacity in preparation for the visits of next generation container ships.

The investment will see the deepening of the northern berth at the Port's Fergusson Container Terminal, and the construction of a mooring "dolphin" that will extend the maximum combined length of vessels able to be serviced simultaneously by approximately 40 metres.

Ports of Auckland's chief executive Jens Madsen says the investment is a crucial step to meet the future needs of its customers, and will allow the Port to accommodate two vessels in the 3500-5500 TEU (twenty-foot equivalent unit) range simultaneously.

A recent report by the New Zealand Shippers' Council, titled 'The Question of Bigger Ships', predicted that larger, 7000 TEU ships would start visiting New Zealand within five years, and that at present, none of the four major ports (Auckland, Tauranga, Lyttelton and Otago) have capacity to handle ships larger than 4500 to 5000 TEU.

It suggested it would be logical for two ports, one in the North and one in the South Island to focus on being able to receive 7000 TEU within five years, and reasoned that Tauranga and Lyttelton were the best candidates, warning that if New Zealand ports are not 7000 TEU-ready within five years, there is a risk shipping companies may increasingly hub

through Australian ports.

However Madsen said that the idea of 7,000 TEU sized vessels regularly visiting New Zealand by 2015, the timeframe suggested in the report, seemed optimistic, which is why Ports of Auckland was taking a step-by-step approach.

"A number of stakeholders in the supply chain, including shipping lines, do not think it unreasonable to see ships of around 5,000-5,500 TEU calling on a regular liner service within the next five years. That is the immediate scenario we are planning for.

"This trend will result in the requirement for major ports to be able to accommodate two such vessels simultaneously. This need is now considered to

be more pressing than the need to accommodate the arrival of single larger vessels of 6000TEU and above."

Madsen said the investment that has been announced will ensure sufficient depth along the full length of the Fergusson terminal to reliably accommodate vessels as draughts deepen.

The 'dolphin' construction – a mooring structure separate from the main wharf – will ensure vessels can be safely moored on the outer berth with a greater overhang than is allowable currently.

The berth deepening, which already has consents in place, will begin in the first quarter of 2011, followed by the construction of the 'dolphin', with works scheduled for completion by the end of 2011. ☺

Merry Christmas from MotorWeb

IT SEEMS to have been a rather unspectacular year for the motor industry, as everyone seems to creep ever so slowly out of the Global Financial Crisis, or "GFC" for those who prefer three letter acronyms.

MotorWeb would like to thank all our customers and partners who have supported us and worked with us over what has been pretty trying times in the industry, and things aren't over yet.

2011 will present yet another raft of challenges and changes that affect the way we do business, the trick is to be able to quickly adapt and where possible improve the way things are done, something we at MotorWeb always strive to do.

Changes to name and address

availability, compounded by a lemming like reaction to 'opt-out' by thousands of consumers will kick in next year, with still unknown implications for the way the industry buys and sells vehicles.

Those in the financial sector are preparing for the introduction of 'anti-money laundering' legislation, which also has the potential to turn what is currently a simple financial transaction to borrow money on its head, all in the name of putting the brakes on global terrorism.

The biggest challenge ahead however is how your organisation responds to the inevitable changes that are coming your way.

So make sure you relax and enjoy the fine weather with your family and friends, and we look

forward to working with you all in 2011. Merry Christmas and RTS (Remember The Sunblock). ☺



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In-service testing "a must" says MTA

THE MOTOR Trade Association has called for the introduction of emission testing for all vehicles in the New Zealand fleet, following a NZTA report which detailed dangerous levels of nitrogen dioxide in various locations around the country.

MTA's marketing and communications general manager Ian Stronach says that there is a groundswell of evidence suggesting that government needs to consider seriously the benefits of a screening programme.

The information on air pollution from NZTA came as it reported for the first time on its air quality monitoring programme introduced in 2007.

Stuff.co.nz reported that pollution was monitored by NZTA at sites chosen for their

proximity to hospitals, schools, and residential areas.

It showed three North Island places where the World Health Organisation's guidelines for the amount of nitrogen dioxide in the air were breached.

Nitrogen dioxide, produced by the combustion of petrol, has been linked to increased instances of asthma, respiratory problems and deteriorating lung development and function.

Monitoring showed safety guidelines were being exceeded at Lorne St in Hamilton, at an area close to shops and motels; at Auckland's New North Rd, at a point surrounded by cafes, and at Canada St in Auckland, just off Upper Queen St and beside the Northwestern Motorway.

The results also revealed 12

sites in Wellington, Auckland, Hamilton and Tauranga, where issues are being flagged. This included Wellington's Basin Reserve, where there are three schools, the sports ground, shops, motels and apartments.



Stronach says that an in-fleet emission testing programme is the logical solution to combat air pollution. He believes not having a programme is out of step with our 'Clean, green' image, and also inconsistent when there is policy that restricts vehicle imports based on emissions.

"Most first world countries do these checks on an ongoing basis, but we don't, and that makes us stand out. In terms of an effective solution, we just don't see how enough progress will be made only by addressing what's coming across the wharves, new and used.

"It's a relatively simple exercise, I think most people agree on that, and it's not like we would be breaking new ground from a world automotive industry perspective, we'd really just be following on from other countries that are doing this already."

With vehicles possessing an array of technology to ensure engines run smoothly, some of the worst polluters are often vehicles requiring only-minor adjustments, says Stronach. "Travelling on the motorway, it's hard not think that some of those gross polluters must be doing the same output as five well-tuned vehicles. Just from a visual perspective, some of them certainly do pour it out."

He concedes that in some cases where vehicles have serious issues, costs to comply vehicles would see

owners being forced to take them off the road. However he believes that in the vast majority of cases, a failed vehicle would need only a simple tune-up.

"In a lot of instances it's tuning relative to either old carburettor cars without engine management systems on them, or then those more modern, fuel injected vehicles which may have problems such as poor air filter quality or poor plug adjustment."

Stronach believes that for these cases, the money saved from running a more efficient engine will outweigh the costs associated with a minor tune up.

"If your average driver does 12,000 kilometres a year, using 10 litres of fuel per 100 kilometres, with fuel at two dollars a litre, that's \$2,400 a year. If he manages a 10% increase in fuel economy as a result of a tune up and they've cut their fuel bill by 10%, that's \$240. I'd say he should be able to get his car tuned for a bit less than that, in which case overall the car is cheaper to run, the air is a little bit cleaner, and we appear to be a first-world country to outsiders."

Stronach says that there would need to be some consideration of practical details, including whether vehicles need to comply with their original manufacturer's specification, where testing should take place, and how often.

Saying that while the MTA doesn't have a firm view on how regularly vehicles should be tested, or where this should take place, he says that there is a certain logic to having tests done at the same time and location as a WOF, with emissions being tested yearly.

In some overseas emission screening programmes, such as that run by the Greater Vancouver Regional Council, the emissions criteria are set by year, fuel, and engine size, resulting in a matrix of test criteria that runs to several hundred values. ☺

See page 11 for NZ studies on in-fleet emission testing



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Buyers struggle as Russia returns to market

DEALERS ARE finding it increasingly difficult to source quality stock in Japan, due to competition from the Japanese domestic market and the re-emergence of Russia as a major buyer of used vehicles.

Figures from the Japanese Customs and Tariff Bureau show that New Zealand's overall market share of used passenger vehicles has dropped slightly, from 10.9% to 10.2% (YTD September), although the total number of vehicles purchased has increased. Meanwhile Russia's market share has increased from 8.7% to 14.1%, on the back of particularly strong buying since April. At the current rate, the number of passenger vehicles bought by Russia in 2010 could be double that in 2009.

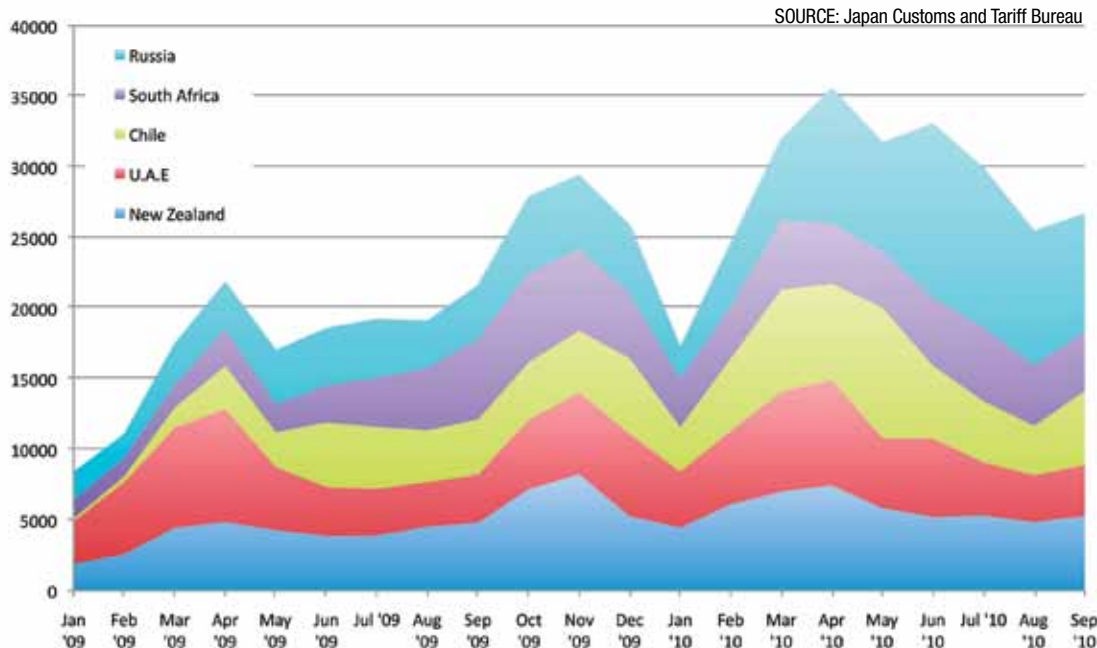
Japanese domestic buyers are also retaining vehicle for longer, meaning that there is a shortage of low-mileage, quality stock. Japanese new vehicle sales in November were down 30.7% on November last year, as a government subsidy programme for eco-cars came to an end, capping three months of declining sales. Sales in October were down 26.7% on the previous year.

One prominent buyer says it's very hard to purchase vehicles out of Japan at the moment, especially low-k vehicles suitable for our market.

He says that the effects of Russian purchasing are being felt, coupled with a strong domestic market for used vehicles.

"Normally the prices in Japan soften through the winter, but it's mid-winter there now and the prices are very firm. There's no magic wand and vehicles are just too dear in Japan at the moment."

While Chile has also increased its purchasing volume, he says that Chile and Africa tend to purchase mostly commercial vehicles, with Russia and the



domestic market being the two most likely candidates for directly affecting New Zealand buyers, since they target vehicles with similar age and price profile.

"It affected us three-four years ago when Russia were buying, and then the rules changed and they stopped buying, but obviously it's opened up again. It really is hard work at the moment, especially trying to buy tidy low-kilometre vehicles."

With the squeeze already on, he says that if the exhaust emissions rule is implemented in 2012 it will be devastating to the industry. "It will cut imports down by about 50% or 60%. I've got my fingers cross that they're going to push it out for another year. It's already the hardest it's been in many years, and if this new rule does come in it will be the end for a lot of people in the industry."

AutoTerminal general manager Darryl McGifford says the flatness of the Japanese new market has meant extra pressure on stock. He expects that with the end of Government purchasing subsidies, and the subsequent mini-collapse of the new market will mean more domestic buyers chasing stock.

"The locals are bidding, and they're willing to take a higher price, so it does make it harder."

McGifford says that until the Japanese domestic market turns, buying will remain tough. ☹

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DEDICATED TO BETTER MOTORING

continued from page 1

Competitive tenders versus auctions

SALES ON Trade Me are not, legally speaking, auctions, but are instead classed as competitive tenders, which are exempt from the Consumer Guarantees Act.

And with the definition of an auction written in 1928, it's perhaps not surprising.

The Ministry of Consumer Affairs' paper recognises that the current definition of an auction is out-dated, and proposes working towards a 'technologically neutral' definition. However online selling forums such as Trade Me are careful to clarify that they are not auction sites, and are not auctioneers, and will continue to be classed as competitive tenders.

The paper notes that the rationale for excluding auctions and competitive tenders from the Consumer Guarantees Act when it was written in 1993 included:

- ... auctions and tenders were at that time thought to be too removed from the consumer context to justify extending the protection of the guarantees to those forms of sale;
- ... it was thought that arguably there should be some opportunity to continue to sell items on an "as is, where is" basis and auctions and tenders were viewed as legitimate outlets for such sales.

While it's clear that the first condition is no longer applicable, it's also clear that the second condition still is. Nevertheless, the paper argues, "Where someone is 'in trade' the same protections should apply whether that person sells in-store or online."

Two main lines of reasoning can be seen behind the Ministry's decision that the CGA should apply to used goods on Trade Me, but not at an ordinary auction.

The first relates to the nature

of auctions: "When secondhand goods are sold at traditional auction, there may be numerous lots of secondhand goods and a limited time for the auctioneer to assess the quality of the goods. Also, often the auctioneer will not be an expert in the goods that are being sold, and it may be impracticable for the auctioneer to assess the quality of the goods."

This is contrasted with the case of a trader selling a limited number of goods online: "The time and practicality of assessing defects is likely to be less of an issue than is the case for traditional auctions. The seller is more likely to be familiar with the goods and is better able to find the time to examine the goods and include

a description of defects within the internet listing."

The second line of reasoning relates to the importance of sellers using a 'as is, where is' forum for selling older vehicles.

According to the paper, competitive tenders are sometimes used to sell damaged goods. However should the CGA apply to these sales, it sees no reason that this practice should not continue, "provided the goods comply with their description and defects are drawn to the consumer's attention."

The same view is held for high-mileage vehicles, namely that traders are not likely to face comeback if they describe the vehicle adequately. The paper refers to one motor vehicle dealer who put forward

a submission on the original document. He stated that placing CGA on Trade Me sales would result in traders being unable to sell, or even accept trade-ins, due to the risks of selling a high-mileage vehicle with an uncertain service history.

"One trader stressed the need for an "as is, where is" sale mechanism (for older, secondhand goods). However, we consider that traders may be overstating the extent of the quality guarantee in relation to secondhand goods. In our view, it is implicit that secondhand goods may be at a lower quality than new goods."

Nevertheless the paper then goes on to say that traditional auctions will continue to provide an 'as is, where is' sale mechanism. ☺

Sound logic or flawed arguments?

ONE VIEWPOINT that has been consistent among the proponents of applying the CGA to Trade Me sales is that in terms of selling goods the internet is no different to an ordinary store. If a couch, a car, or computer is sold at a store with consumer protections, then it should also have those same consumer protections when sold online, so the logic goes.

This view was in evidence when MP's spoke on Dr Jackie Blue's private member Bill earlier in the year. The 'same good, same protections' argument was also used by Trade Me's Mike O'Donnell during his debate with Graeme Macdonald on Fair Go. The fact that items sold at auction are generally sold for less does not seem to be recognised.

The Motor Trade Association has also asked the question of whether the average consumer actually sees a Trade Me-style auction as being any different to an ordinary auction, arguing

that it's a case of the consumer having his cake and eating it too.

Consistent too is the view that dealers are over-stating the problem of selling late model vehicles. The paper claims that dealers should be able to sell high-mileage vehicles without too much problem, so long as they accurately describe them, a view expressed as well by Mike O'Donnell.

One question to be asked is whether there is any evidence of widespread problems resulting from non-CGA sales of used goods on Trade Me to justify a law change.

A problem noted by Jackie Blue was a computer being sold via auction for \$1 less than the Buy Now, with the motor industry equivalent being the 'no reserve' car with the starting bid of \$9,975, and a Buy Now of \$9,995. Most people in the industry see this practice as dishonest, but many believe it could be stamped

out if there was a requirement for Trade Me to clearly notify buyers when consumer guarantees apply and when they do not, rather than through an elaborate law change.

An issue debated in submissions is whether buyers have a better opportunity to examine a vehicle at an auction house, or when it is listed online. While buyers may physically examine a car if they're at the auction, in the case of a Trade Me sale the buyer is able to visit the yard, or arrange for a professional mechanical inspection to take place. They're also able to ask the seller questions, and if the trader answers incorrectly the purchaser can argue misrepresentation under the Fair Trading Act (See this week's disputes pages.)

If you'd like to share your views on the proposed changes, email us at editor@autofile.co.nz ☺

Serving the Industry, proudly sponsored by **Autohub**, provides an opportunity for people within the automotive industry to recognise a small to medium sized company that provides excellent service.

Taking it all on in Christchurch

IAN HODGKINSON from Transworld Motors in Christchurch nominated Vantage Automotive, citing their vast knowledge base and professional service.

Owner Chris Banks has been in the industry for 25 years and purchased Vantage 13 years ago. The previous business was the same size with a staff of 6, but focused on tuning and servicing. Straight away Chris introduced auto-electrics, air conditioning and diagnostics – he brought the first scan tools in Christchurch. It is the continual enhancement and expanding of their services which

he feels has led to their ongoing success. They are now essentially a one-stop-shop, catering to all models of car and offering services that range from a cam-belt change; through to full rebuilds, ABS servicing, fuel injection and all manner of electrics. They are also an approved warranty repairer to boot.

The team has a number of tools available, in terms of diagnostics alone they have a range of scanners such as; Hanatech, Launch, BMW gt1, Mercedes Star Tool, VAGCOM and a four channel Picoscope. "We've had a recession yet we ended up



spending a considerable amount on upgrading. We lost business like everyone else but we didn't run and hide; the last 12 months have been flat out." Vantage has around a 60/40 split of dealer

– retail work, but also sees jobs from rental companies, panel beaters and franchise dealers who need work done on older vehicles.

Ph: 03 377 9650

They've got Palmerston North covered

PETER DAY from Peter Day Motors was quick to plug Auto Interiors Ltd, citing their instant service and competitive pricing as the reason for 25 years of repeat business.

Peter Garth has worked at Auto Interiors for over 30 years; investing in the business over that time and becoming its sole owner 5 years ago. While it starting out with just trimming the workshop has diversified and now tackles all manner of jobs, including canopies, tonneau covers, roof racks, fibreglass mouldings, seat belt fitting and tinting, to name a few. The team of ten caters to a

variety of outlets such as marine, residential and commercial; they've also had long-term work from most dealers in town, including all the franchise dealers. "We have a big advantage in the way we can take on urgent jobs, the big team means dealers often don't have to book stuff in," says Peter. If there is a job they can't take on then they'll advise on who can, that way they've still connected with potential future customers, adding to their vast return client base.

A lot of the staff are long-termers as well, their foreman has been around since 1978. Apprentices also stick around



after their training, 14 years in the case of one of their mechanics. With Peter's business philosophy it's not hard to see why, "everyone knows exactly what is happening within

the company, it's got to be straight up or no one would have any pride. If we want to make changes we have an open discussion."

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To nominate a company or tradesperson, email us at editor@autofile.co.nz or call **021-247-7782**

continued from page 1

SPECIAL REPORT

The aging of the NZ fleet

THE AVERAGE age of the New Zealand fleet has increased from 10.58 years in 2000, to 11.59 in 2009. The age of the New Zealand fleet far exceeds any other developed nation; for most of Europe the average age of scrapping is around 11 years.

Nevertheless, increasing average ages of fleets is a global trend, in part reflecting better rust protection and improved mechanical reliability. In the past five years most vehicle fleets have got older, apart from Australia. In some respects the increase in age of the New Zealand fleet is in line with international trends, we just happen to be starting from a higher base.

However there is one important difference that makes New Zealand's fleet unique, namely the huge numbers of vehicles in our fleet with a year of manufacture falling in 1995, 1996 and 1997. 22%

of all light vehicles on NZ road in 2009 were 1995 – 1997 model year, while 36% of all the Japanese-used vehicles were 1995 – 1997 model year. (Figs. 1 & 2)

This influx of vehicles was the result of concentrated purchasing of vehicles in that age band in 2003, 2004, and in 2005, prior to frontal impact standards. Those three years are the highest on record for used imports, with 169,700, 169,300 and 166,500 registrations respectively. Registrations in 2000, 2001 and 2002 were also large. McGlinchy believes a number of factors created a 'perfect storm' for used imports in 2000-2005, one which isn't likely to be repeated.

The factors were cheap credit, a strong exchange rate, little competition from other buyers in Japanese market for used vehicles, and no restrictions on types or ages of vehicles able to be imported.

McGlinchy doesn't believe these circumstances will repeat, in part because of economic circumstances, including the collapse of some 30 finance companies. Purchasing in Japan is also a lot more competitive, with New Zealand making up a much smaller percentage of the market. Indeed the drop-off in imports in 2006-08 also coincides with Russia's entry into the market. The exchange rate is also no longer as favourable.

Policy makers are left with both the question of how the fleet will develop, and what the consequences will be as this 'bulge' ages. Currently, vehicles in this bracket are 15-13 years old.

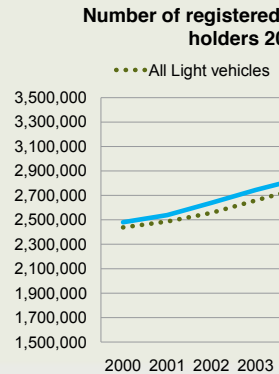
One uncertainty is the age at which these vehicles will be scrapped. Scrapage rates of light vehicles in 2006-08 were running at approximately 160,000 a year, before falling to 140,000 in 2009. The 2009 MoT fleet report explains this drop as being caused by the recession, though it's likely that the used import exhaust emissions restrictions that came into effect from 1 January 2009 were also a factor.

According to that report, used imports are being scrapped at an ever increasing rate: in 2000 there were 35,863 used imports scrapped, 26.7% of the total light vehicles scrapped; in 2009 there were 83,691 scrapped, 58.4% of the total.

Figures show that when scrapped, New Zealand-new vehicles tend to be older, and higher mileage, with the average age fairly static at slightly above 18.5 years.

The average age of used imports when scrapped is trending upwards, from 15 years in 2000 to 17 years in 2009. (Fig. 3)

An important influence on scrappage rates is ownership levels. New Zealand has one of the highest rates of motorisation in the world, with approximately 700 vehicles per 1000 population. There is a relatively static



Although slight drop in the number of license holders, and the number of vehicles in the country, and McGlinchy believes that is unlikely that the number of vehicles will grow on a per capita basis.

correlation between the number of license holders, and the number of vehicles in the country, and McGlinchy believes that is unlikely that the number of vehicles will grow on a per capita basis.

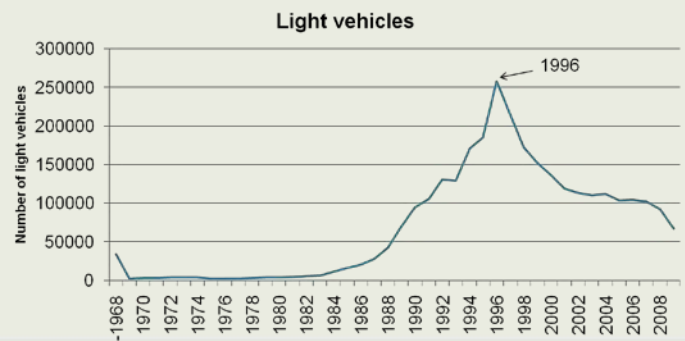
In terms of the size of the fleet, it is possible we will maintain a "one vehicle –one driver" ratio. Such a ratio would result in scrappage rates being essentially similar to the number of vehicles arriving each year.

McGlinchy believes that imports volumes are likely to be driven by the rate at which we scrap vehicles as we are at "saturation." However it is unclear whether the reverse holds – that scrappage volumes are likely to be driven at the rate at which we import new and used vehicles. (Fig. 4)

In terms of the average age of the fleet, McGlinchy predicts that this will continue to rise over the coming years. Scrappage rates

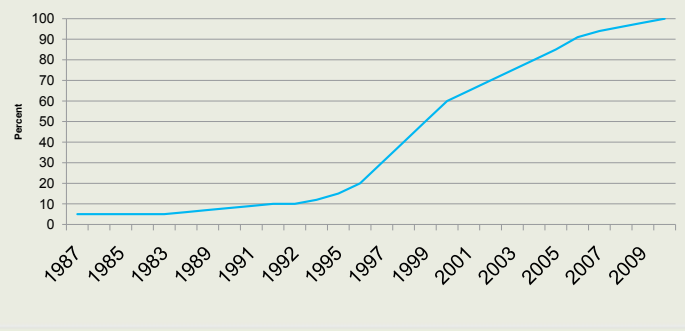
Age distribution of NZ fleet (Dec 2009)

Fig. 1



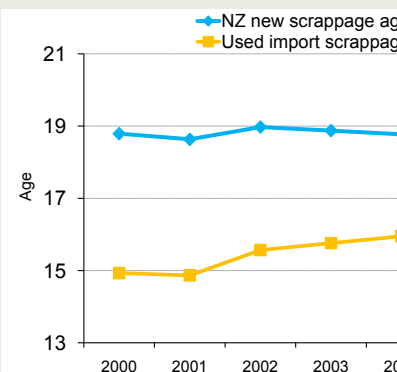
Theoretical age profile of a developed country vehicle fleet

Fig. 2



100% of vehicles enter new, then slowly leave due to accidents, then for mechanical reasons.

Average age when scrapped



Average age for scrapping J-used steadily rising. But NZ-New pret

NZ studies on in-fleet emission testing

THE CONCEPT of a vehicle fleet emission screening programme was examined by the first Covec report, commissioned by the Ministry of Transport, and finished in February 2005.

The report concluded that an emissions screening programme would have a long term impact on the vehicle market, and produce additional incentives to purchase newer vehicles. It predicted that faster fleet turn-over would result in a reduction in the average age of the vehicle fleet, with the increased demand likely to be met through increases in Japanese imports of mid-age vehicles.

Examining late-life vehicles, it believed that repair costs for a failed test would vary from practically nothing to over \$1,000, recognising that as a result of the required repair costs some vehicle owners would choose not to repair their vehicle and face either the cost of replacement, or of living without a vehicle. It argued that the costs involved would create incentives to operate a vehicle without a warrant.

It also noted that as a consequence of an emission screening programme, older

vehicles would tend to have their value reduced by the uncertainty created by the possibility of failing an emissions test.

The report also examined any potential social effects. Since logically the vehicles most likely to fail are those which are high mileage, and with there being a strong correlation between high mileage cars and low income, it concluded that much of the cost of such a policy would be borne by 'at-risk', low-income households.

The first Covec report cited a study that showed a significant increase in emissions for high mileage vehicles when compared with low mileage vehicles of the same year of manufacture. This increase was found for CO₂, nitrogen dioxide, as well as opacity, the measure of particulate emissions.

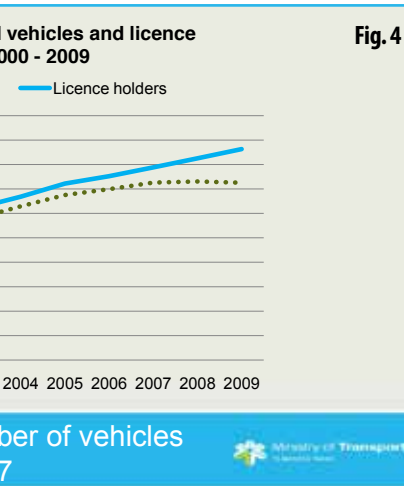
However more recently, the Ministry of Transport ran two vehicle scrappage trials, in Auckland in 2007 and in Wellington and Christchurch in 2009. And while the final report, released earlier this year, concluded that a scrappage scheme would not be cost effective, the trials did reveal a snapshot of the state of 'end-of-life'

vehicles in the fleet.

Testing of vehicles scrapped indicated that neither age nor mileage were good indicators of emissions, but rather that the best predictor of emissions was technology.

Most late-life New Zealand-new vehicles have carburettored engines, which wear over time and tend to provide imprecise amounts of fuel for combustion, resulting in more polluting emissions and higher fuel consumption.

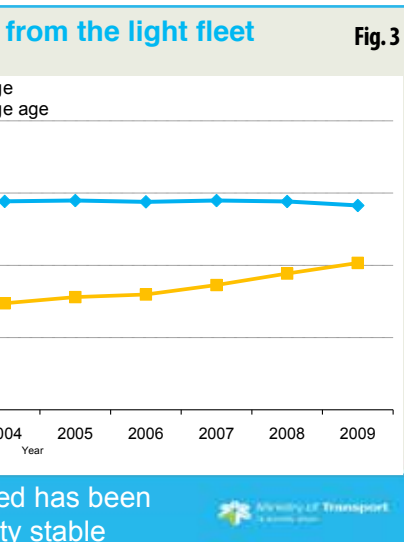
All Japanese used-imports were fitted with a catalytic converter at the time of manufacture, and this reduces pollutants significantly. The trials showed that nearly 70% of all used imports had had their converter removed, but despite this fact, New Zealand-new carburettored vehicles still produced more emissions than a used import vehicle with its catalytic converter removed. This was explained by the presence of other technologies to regulate engine function and fuel use. A Japanese used import with the catalytic converter still present will produce the lowest amount of emissions of any late-life vehicle in the light passenger fleet. ⊕



will have an important influence, however with the age of vehicles scrapped increasing, it's hard to know how long the 1995-1997 YOM vehicles will stick around for. The presentation states, "It is likely that vehicles in the "bulge" will stay in the fleet longer than their predecessors would have. [However], we don't know if there is some "upper limit" of this aging, or if the trend will continue in a linear fashion with vehicles getting ever older."

The presentation concludes:

- The average age of light vehicles on New Zealand's roads is not going to get any younger in the near term (ten years)
- It is unlikely the size of the fleet will grow and is more likely to stay static or even shrink slightly
- Imports volumes are likely to be driven by the rate at which we scrap vehicles as we are at "saturation" ⊕



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News in brief

Land Rover to sponsor RWC

Land Rover has announced its sponsorship of the Rugby World Cup next year as well as the 2015 Cup in England.

As part of the deal for both tournaments Land Rover will supply vehicles to support the organisers, teams and officials.

John Edwards, Global Brand Director, Land Rover, said that the sponsorship is an excellent chance for Land Rover to showcase their support for the sport. "The International Olympic Committee's decision to include Rugby in the Olympic Games from 2016 will have a hugely significant impact on the growth of the sport in emerging Rugby markets such as America, China and Asia. This growth offers Land Rover a fantastic opportunity to further engage with our customers, and general sports fans across the globe."

Kia and Hyundai confirm FIFA Worldcup to 2022

Kia and Hyundai have announced ongoing sponsorship of the next three Fifa Worldcups, the 2014 tournament in Brazil, the 2018 in Russia and the 2022 in Qatar.

Hyundai has been involved since 1997, while Kia

The decision has also been welcomed by Todd McDonald, General Manager of Kia Motors New Zealand, who says Kia's sponsorship will have flow-on benefits for both football fans and also Kia owners in this country.

"The success of the New Zealand team at the 2010 FIFA World Cup™ has not only lifted the international profile of our country, but also fostered a feel-good factor back home and we are keen to see that continue and build to the next World Cup in Brazil in 2014," he said.

The All Whites rode to their games in South Africa in a luxury coach provided by Kia Motors.

Fiat splits into two companies

Fiat Group has split into two separate companies, Fiat SpA and Fiat Industrial SpA. Fiat SpA will include the car brands of Alfa Romeo, Abarth, Fiat, Ferrari, Lancia and Maserati, as well as Fiat light commercial vehicles, along with the division of Fiat Powertrain Technology (FPT) responsible for cars and commercial vehicles, and the component companies Magneti Marelli, Teksid and Comau. Meanwhile, Fiat Industrial will contain CNH (which includes the Case, New Holland, Steyr and Kobelco brands with 11,600 dealers and 38 factories, Iveco commercial vehicles, and the Industrial and Marine division of FPT.

The split comes due to the differing activities of the Fiat Group, with differences in economic cycles, profit margins and capital requirements, as well as the

characteristics of their customers and markets. Listed as two separate companies, with the activities appropriately grouped together, it is hoped that their share value will be able to be a much more accurate representation of their actual value and market performance.

New logos replace the Fiat Group logo and will remain exclusively for the use of the parent groups, with Fiat badging on cars and commercial vehicles and for the use of the Fiat car and commercial vehicle brands remaining unchanged. ⊕





The IMVIA Technical Report is proudly brought to you by leading certification service provider, VINZ
from the trade and for the trade

Your responsibilities under the CGA for work done on your behalf

Are your repair trades suppliers up-to-date?

Recently I have had personal experience with a "reputable" garage recognised as being "experts" in the particular marque of vehicles they specialize in.

In my opinion they were floundering because they did not have the latest scanning equipment to correctly diagnose the problem with the car.

The car would just cut-out and stop. My thoughts were that the problem was a crank-angle sensor, their scanner brought up a fault code they could not understand, they investigated and said no it's the cam-angle sensor, which they then replaced.

On the way home the car stopped again with the same fault which was corrected by the fitting of a crank-angle sensor.

When challenged that their scanner was not up-to-date and should be upgraded the response was "when we can't get it right or have a tricky car the agents let us come and use their scanner".



With modern vehicles having OBD2 and fancier technology the technicians need to have the right equipment to be able to diagnose problems; they also need to be up-to-date with the latest technologies. Whilst franchise repair shops are keeping their technicians trained in the latest technologies it is a

sad comment on the industry that the general repair workshops are not keeping pace; this leads to many mis-diagnoses with extra unnecessary costs being passed on to the customer.

The same situation exists in the collision repair industry; whilst we have I-CAR NZ providing training courses for repairers and refinishers there are many in the industry who are floundering on using old technologies to repair modern vehicles.

There are still repairers out there who will carry out a repair on High Strength (HSS) or Ultra High Strength Steel (UHSS) using a gas torch!

This is a major NO-NO!

There are many repairers who do not know what a tailored blank is [a panel section that can be made up of Mild Steel (MS), HSS and UHSS all welded together by the manufacturer using laser welding].

Many manufacturers are requiring the use of inverter welders to complete repairs properly and ensure that the repaired vehicle still complies with the required standards (frontal impact, etc).

I wonder how many repairers have inverter welders?

I believe there is insufficient attention paid by the greater trade to training in new technologies; you wouldn't expect your surgeon to not have carried out post-graduate training.

Why would you accept repairers who don't keep up-to-date with the latest technologies?

When selling vehicle, you are guaranteeing any work that

has been done on the vehicle.

Therefore it's absolutely essential that any work is carried out to proper standards.

A competent mechanic is also indispensable when a customer returns a vehicle to you with a fault. If your mechanic isn't able to fix it, the consumer may try to reject the vehicle through the Disputes Tribunal, a rejection which may be upheld, since you didn't repair the vehicle 'in proper time.' Otherwise,




with MALCOLM YORSTON
IMVIA Membership and
Technical Services Manager

if the mechanic doesn't fix the fault correctly, this may lead to further costs down the track.

The views in this article are personal and may not necessarily reflect the views of the IMVIA, Autofile, or its advertisers. I must also declare my interest as a member of the board of the I-CAR NZ Trust. ☺

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Kia has high hopes for 6-speed hatch



TWO YEARS since the last Cerato hatchback was sold, Kia is back with a 5-door available in the compact segment.

When the previous generation Cerato hatchback was discontinued the company intended to source the Slovakian built Cee'd, a 5-door hatch, but the exchange rate

intervened, and company stuck it out with the Cerato Sedan and the Koup.

The new 6-speed hatchback is available in two trim levels, LX, and the higher specified SX, which receives a leather interior, larger rims and wider tires and tiptronic steering wheel shifters, among the

main options.

Like the Sportage, the Cerato hatchback has seen suspension refinement specific to New Zealand conditions, involving changes to the sway bars, springs and shocks.

Body-wise the Cerato gets a new roof, C-pillar, rear-glass, tailgate, rear bumper, rear lights and spoiler, with the grille in Kia's

new 'Tiger Nose' style.

A basic comparison between the Cerato hatchback and other base models of its C-segment competitors highlights Kia's bang for buck philosophy and its role as a serious competitor.

Kia expects that the hatch will account for nearly 15% of Kia sales in 2011, in a segment expected to grow 33% by 2012. ☺



HSV expands into Singapore

HSV WILL sell high-performance Holdens in Singapore in a joint venture with Singaporean firm, Harvest Automobiles.

Harvest will sell the highest-spec possible versions of HSV's new Commodore E3 range, all fully-optional with SV enhancements.

HSV boss, Phil Harding, says the venture into Singapore shows that an Australian-developed performance car can find niche markets "in a variety of international settings."

He says the venture, which has been 18 months in the planning shows "that we're beginning to overcome the export challenges that came about as a result of the global financial crisis. People are becoming more confident around starting new business ventures."

Harvest Automobiles

managing director, Daniel Au, says he has long been familiar with HSV. "When we were looking at expanding our line-up of brands I felt it was a great opportunity. I'm very confident that the car culture of Singapore will be very excited about this niche offering, and I have already sold my first allocation of vehicles."

Au won't say how many cars he expects to sell annually.

"For the first 12 months it will be all about getting the brand established and delivering great service. We believe there is significant scope to grow as long as we deliver a premium sales and service experience.

"Our clients know HSV is a niche vehicle, and expect the special attention that comes with this type of purchase." ☺

Improved Biante hits Japanese market

MAZDA HAS started selling an upgraded Biante MPV in Japan.

Seats are now upholstered in thick, Jacquard woven fabric, replacing the previous Jersey fabric, to give what Mazda calls an "improved quality feel."

The range-topping 23S now has as standard the previously optional Clean Air Package, which protects against allergens and viruses and includes a cabin deodorizer.

It also gets the Comfort Package which helps driving at night and in the rain.

It includes an auto-light system which switches on the headlights automatically, according to ambient light conditions, along with rain-sensing windscreen wipers, water-repellant front door windows and door mirrors,

and seats with an easy-wipe coating for easier cleaning.

Mazda is also marketing an Axela (Mazda3) Navi Edition which has a HDD navigation system, including a terrestrial digital television tuner and a rear view monitor.

Two litre Axela Navi Editions get an exclusive Bose sound system which was developed specially for the car, and an Adaptive Front Lighting System (AFS) that aids nighttime driving by automatically turning the headlights in response to steering wheel angle and vehicle speed. ☺





Martin Harcourt

MARTIN'S STORY is quite different to a lot of others who own their own dealership.

From a very young lad Martin wanted to be a car dealer however his parents (like all good parents) wanted Martin to have a trade. Martin wanted to be a motor mechanic, while at school Martin went on a work experience to a panel beater, where he decided he wanted to be a car painter.

So he started his working career as a car painter, he was getting to the end of his apprenticeship when the imports started coming into NZ. He saw car sales men come to the paint shop in suits and demand this and that, which made Martin's determination to become a car dealer stronger and stronger.

Martin's cars sales career started in 1992, a yard in Hornby with another dealer, Peter Hodge. Hodge was operating out of the yard after people told him that he wouldn't be able to make a yard work that far out of the city, to show them that he could. Martin says that Hodge taught him two important things: that a car dealer's word is their bond, and 'cowboys don't cry': if you buy a rubbish car off another dealer, don't complain.

In 1993 Hodge left and Value cars started trading. Martin soon got the option of moving on to a flasher site, but chose in addition to keep the original yard going, which proved to be a wise decision.

At that point current partner Peter Cullen joined Martin, and operated the original site. In 2002, Mitre 10 purchased the lease on his yard, and Martin and Peter decided it was hard to be a smaller operation, and pooled resources to try the supermarket-style model, selling a larger variety of stock.



After spending some time leasing the NZ Post warehouse, they moved to their current site in the central city, the old Turners Auction site.

Value Cars entire team have longevity with Martin and Peter. The sales team and groomers have been with them a long time, and Martin says staff turnover is virtually nil.

Regular customers love recognising their faces. Value Cars has a lot of repeat business, which is due says Martin to the quality of the cars that are sold, the service the customers receive and the sales structure. His sales team are paid commission on the total of vehicles sold, not on their own individual performance

(sure he still monitors individual performances as do the rest of the sales team). This way they deliver better customer service, the sales team are not as in your face as some dealerships, they are more willing to help each other, cover for each other as they are all participating in the rewards, as they have the same

goal to sell good quality cars and to have a satisfied customer.

Martin has had a long association with the IMVIA, and says that it's important for all dealers to join, as the Association has an important role to play in keeping the door open for imports.

He says that the 2012 exhaust emission controls this will have an enormous impact on all dealerships, especially with increased competition for vehicles in Japan from Russia and the domestic market. But the real worry says Martin, and one that has the potential to really deal a blow to the import industry is the 2015 Safer Journeys proposal, which would require every vehicle imported has to have electronic stability control. "Joining the Association means that you're informed of possible changes and problems, but also that you've got a voice to lobby against them."

F & I are very important to Value Cars. "We would like to do more of it, and it is important to know where your profits are coming from. We use Protecta Insurance e-Logs (reporting system), and we find that the e-Logs are the best reporting system we've seen, and far superior to what we used previously."

He also says they have a good relationship with Protecta, which is friendly and like a family. That Protecta is NZ-owned also played a part in his decision to go with Protecta. ☺

PROTECTA Nationwide November 2010 F & I results

| | |
|--------------|---------|
| Best result | \$1,898 |
| Worst result | \$332 |

| AVG STRIKE RATES | USED | NEW |
|-------------------------|-------------|------------|
| Finance Contracts | 54% | 28% |
| Payment protection | 49% | 13% |
| GAP | 28% | 21% |
| Motor Vehicle Insurance | 20% | 14% |
| Mechanical breakdown | 58% | |

"Protecta Insurance e-Logs is by far the best reporting system I've seen"
Martin Harcourt at Value Cars Warehouse, Christchurch

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Industry Farewell | Phil Bothamley

PHIL AND Suzanne Bothamley have enjoyed operating the Kapiti Kia franchise, and Phil recently completed a one year term as MTA President. Nevertheless says Phil they felt it was time to do something different.

They moved to Cairns at the end of last month, and Autofile caught up with Phil on the eve of his departure. He said they're excited by the thought of doing something new.

"We haven't decided what we'll do yet, but we thought it was time for a bit of a change. I've been in the car business for thirty years already, I'm only 45 years old, so I started straight out of school cleaning cars and worked

my way up to this, doing some work for MTA along the way."

With a twin living in Cairns who runs a trucking business, Phil says the plan is to head over there and stay with him until they decide what they want to do, but says they are very open-minded as to what the future will bring.

Phil says 2010 has been a good year for them. "Kia has been a good brand. My background has been in used cars, but having a franchise definitely gives you another string to your bow, and Kia has been a fantastic franchise. The product's great, and the people are really good."

Phil says that keeping their overheads down has been the key to a successful year. "Numbers are

down for all dealers, we're just concentrating on retaining margin now.

There's always going to be a quid to be made in the car business, it's just a matter of getting up everyday and going to work."

Phil says that it's not just a matter of luck, but it is a matter of timing and getting it right. "We were pretty fortunate we were able to get our overheads down to a level that was sustainable.

Two years ago we had two yards going, a warehouse and a retail yard, massive overheads, and if we had those overheads today I'd be pretty concerned. I was actually driving past the warehouse the other day and it's been empty for two years, so we were very fortunate that we'd sold it, cutting down significantly on costs. We've had a pretty healthy year."

Phil agrees that a lot of 'sunshine' dealers are likely to have left the industry, but will be back when volume numbers are up. And when they return they're likely to deal through the internet, without yards in order to maintain low overheads, something which will put pressure on the pricing of traditional dealers.

"I know of one case of nine wholesalers working out of a single warehouse, they just sell on Trade Me, their overheads are as low possible, they don't have all the infrastructure of having a full on yard.

"There are guys who just come in when things are good and are gone when things are bad, but realistically the guys that stick around will keep on going. You have to pay for it in the bad times to get the upswing. There's an old saying that when the market's down is the easiest time to get market share, or to buy your competitors, so the guys that have been in a good position and able to buy their competitors out, or take over businesses that have failed are going to come out of this a whole lot stronger."

One way to tidy up the industry says Phil is to change to the law to require sellers to specify whether or not they're a licensed dealer. The absence of such a

requirement can only encourage dodgy trading believes Phil.

"Part of the issue that you don't have to advertise as a dealer, there's no legal requirement. I'd love to see that law come in like it used to be. At the moment you don't have to – yes you have to put a window card in your car, but if you haven't got a window card how do people know if you're a dealer or not?"

Phil says that while traders who sell exclusively online will make sales, there will always be a market for the service and guarantees offered by yarded dealers.

"There's not a lot of repeat business done on the internet, whereas if you've got an traditional, established yard, yes it costs you more, but for a start you get better margins and you do get repeat business.

"I think there will always be a percentage of people who will go and buy off a yard because they want the security, they want the service, and they want the ease of doing a deal. We just need to make sure that we can back ourselves, by giving them the service, providing the back up when things go wrong, and some one to go to if it does go wrong, such as the mediation line at the MTA. And that's the way we're going to go forward, because people will pay for that security and that service, especially if they get burnt once or twice by fly-by-nighters on Trade Me, or through car fairs, a lot of them will decide to spend a little bit extra money and have the back-up."

Phil says that while heading overseas is exciting, it's sad to leave behind something that they're a part of. "We love the industry and it's been fantastic to us, it's just time to change, and to do something personally different. So that's why we've decided to go."

He's not ruling out a return at a future date. "Never say never, I might come back, but it's just the time to look at different things." ☺



Foreign-held debt continues to climb

www.interest.co.nz is the market-leading resource for interest-rate comparatives in New Zealand. In addition David Chaston directs a number of professional analysts, who generate a range of research and economic news. The managing editor of **www.interest.co.nz** is market commentator Bernard Hickey.

DESPITE TALK of deleveraging, it remains just that – talk – as household credit and foreign held private sector debt continues to grow, says Interest.co.nz's David Chaston.

New Zealand household credit is approximately \$183 billion and climbing. Contributing \$11.8 billion to this is consumer credit, which peaked at \$12.7 billion in December 2008. The total amount of consumer credit fell during 2009, with a spike in the October-December period, and has decreased slightly this year as well.

The remainder of this \$183 billion is made up by mortgage credit, which in December 2008 was \$162 billion, and has since risen to \$171.8 billion. And while the rate of growth in mortgage credit has dropped, after being above 10% from January 2003 to April 2008, down to 2.2% in October this year, the total amount of debt is still increasing.

The \$183 billion of mortgage credit compares with rural credit of \$48.5 billion, and business credit of \$72.1 billion. Of the three, business credit is the only one to have decreased, down \$8 billion since December 2008.

Chaston says that while there are some sections in the community, especially around business, who are paying down debt, housing and rural debt are still being added to.

"We are deducting from our consumer debt, and our business debt, but the net result is that we are borrowing more, even if you ignore the Government, who are borrowing quite a bit more, but from a lower base.

"There's no way that you can say de-leveraging means anything

yet. People are talking about it, and some people are doing it, but as a community it's making no impact."

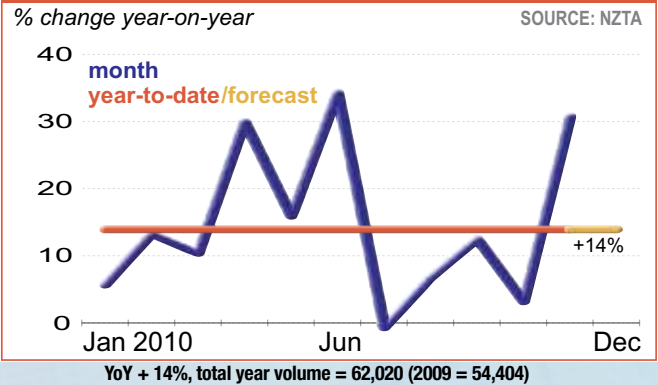
Significant too is the amount of public sector debt that is held overseas. Interest.co.nz has a debt clock that tracks New Zealand's foreign debt in 'real time', and shows it to be \$223.2 billion, equivalent to 130.2% of New Zealand's GDP. This debt belongs in the main part to the private sector, SOEs (state-owned enterprises) and local government organisations, as well as Government, which has seen its total amount of debt increase dramatically since 2008, though from a very low level.

Chaston says that the amount of the private sector debt that is in foreign hands, approximately two thirds, is a real problem, with New Zealanders exposed to any increase in foreign interest rates.

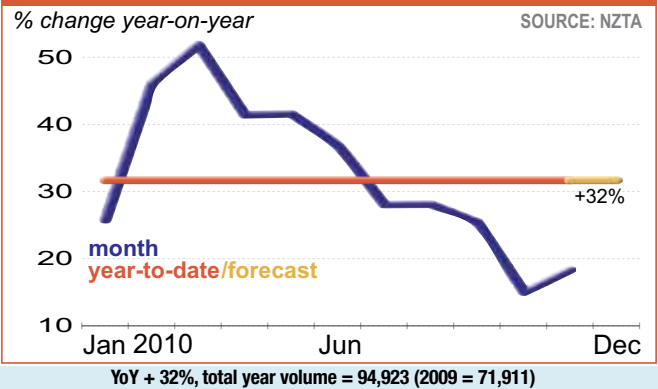
"If the humungous money printing exercises on both sides of the Atlantic results in high inflation, with a lot of money chasing a fixed number of goods and services, that means that international interest rates will rise precipitously, and we'll have to pay the price along with everybody else. We may be forced to play the inflation game to get rid of debt we can't afford, which would be disastrous. Inflation penalises savers, rewards borrowers, and basically just reinforces the problem.

"What would be sensible, when we only have a \$170 billion economy, just to get it down to 100% would be a humungous effort - \$50 billion deleveraging. It's a monumental problem, and it's not going to be done by nickel and diming it." ☺

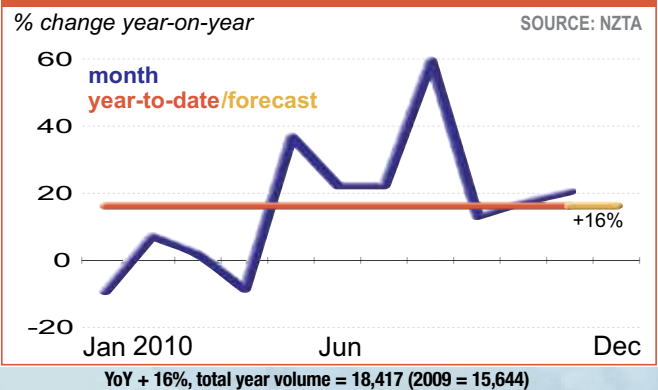
New cars sold



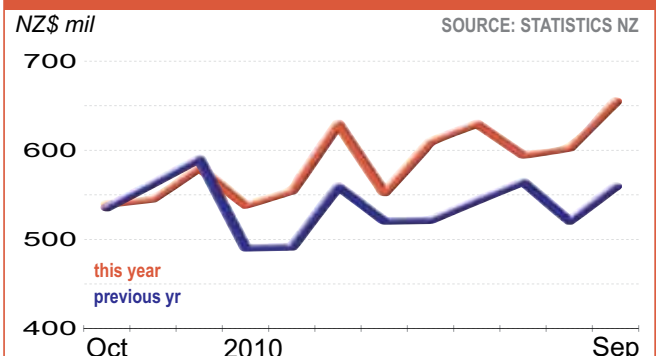
Used imports sold



New commercials sold



Motor vehicle retailing, past 12 mths



Trader to pay out for incorrect description of stereo

Background

On 7 June 2010 the purchaser was the highest bidder at \$23,800 for a 2004 Toyota Lexus auctioned for sale by the trader. The purchaser claims that the trader's advertisement was misleading in describing the vehicle as having a Mark Levinson 240 watt premium audio system, as well as in describing the condition of the vehicle. The trader acknowledged that it made a mistake in describing the vehicle's stereo, but says that all other claims were accurate to the best of the trader's knowledge.

The case

The vehicle was imported from Singapore by the trader, complied in April 2010, and initially offered for sale for \$38,995. The asking price was reduced to \$32,995 after one month and from 26 May was listed by the trader for sale by \$1 reserve auction.

The trader's advertisement described the vehicle of having a high standard, including, "*Beautiful Lexus in pristine condition[...] immaculate.*" It also described the vehicle as having a "*High performance 240 watt Mark Levinson premium audio system 6cd front loading CD player*"

The purchaser says was attracted to the vehicle because he had previously owned a Lexus IS430 and saw from pictures supplied by the trader with the advertisement that it was the facelift model. He says he was also attracted to the vehicle because it had a Mark Levinson sound system, and because it was described as being in pristine condition.

The purchaser says he read the various questions asked by other potential bidders and sent

a question to the trader on 30 May asking it to clarify when the cambelt was due and saying in his question that he had previously owned a Lexus IS430 which required the cambelt to be changed at 100,000kms not 100,000miles (160,000kms) as the trader had stated in reply to another potential bidder. The trader replied to him on 31 May: "*Hi there, its 100,000miles or 10 years, Have spoken to Lexus & that is what they recommended, Thanks*"

In reply to another question from a potential bidder on 26 May as to whether there was anything not working electronically or mechanically as it should the trader replied on 26 May: "*Everything is working on car as it should.*"

The purchaser who lives out of town did not inspect or test drive the vehicle before bidding for it or have anyone else do so on his behalf. The purchaser said that everything about the vehicle looked fine when he went to collect it. However on the trip back and over the days following his collecting of the vehicle he discovered a number of faults with it. These included problems with the suspension, a smell from the air-conditioning unit, an intermittent idling problem, problems with the telescopic function on the steering wheel, and damage to the rear of the vehicle under the wheel arches. He also discovered that the vehicle did not have Mark Levinson 240 watt premium audio system. Contrary to his evidence of the trader's response to the question, the cambelt should have been replaced at 100,000kms. The purchaser produced a quote for \$2825 to repair the vehicle's faults, and \$5,000 to fit a Mark Levinson stereo.

The trader's representative said that this was the first Lexus the trader had sold and his boss Googled "Lexus LS430" and wrote the specification from the information he read, including the Mark Levinson audio system, without checking if the vehicle did in fact have such an audio system fitted to it, and that he had "mucked up."

He says the trader did not know if the cambelt had been changed and did not claim that it had, but did state from advice he had received that the cambelt did not need to be replaced for 100,000 miles (160,000kms) or 10 years.

The finding

The Tribunal considers that whilst some of the statements made by the trader in its Internet advertisement to describe the vehicle such as "immaculate," "fully optioned," "beautiful" and a "fine example of pure luxury" are merely puffery, the trader's advertisement was misleading in describing the vehicle as having a "High performance 240 watt Mark Levinson premium audio system 6cd front loading CD player." The Tribunal considers the trader's advertisement and the information supplied by the trader was misleading in two other aspects; first in stating in reply to a specific question from a potential bidder on 26 May that "*everything is working on car as it should*", and second, in advising the purchaser, in reply to his specific question as to when the cambelt is due to be changed that it was "*100,000miles or 10 years.*"

The Tribunal considered that the trader should pay the

The Case:

Purchaser claims that trader misrepresented a car sold by auction, including incorrectly describing the stereo

The Decision:

The trader was ordered to pay for some repairs, and a new stereo

At: the Motor Vehicle Disputes Tribunal, Auckland

Case under appeal at time of publication

purchaser damages equivalent to the cost of supplying and fitting a Mark Levinson audio system as quoted of \$5,000 and the cost the purchaser will incur in having the various defects on the vehicle remedied, quoted as \$2,887 plus a further \$60 for the wheel alignment; a total of \$7,947.

Bruce Dell's Comment (Case under appeal)

Claim by the Purchaser that the ad was misleading in description in that the vehicle was in immaculate, beautiful and pristine condition and that everything was working on the car as it should. There is also some representation concerning the cambelt age. The dealer made some concessions concerning the description.

It was noted that The Consumers Guarantees Act did not apply because of sale by auction and therefore, the issues were whether the trader misrepresented the vehicle and if so, what remedies were available under The Fair Trading Act.

It was held that the advertisement was misleading in a number of aspects and held that the Purchaser was misled and the Purchaser should have been able to accept the advert as accurate and reliable. The Tribunal only had the power to award costs which was quantified at \$7,947.00. Nothing of any great note here except that Dealers should be more careful. ☺

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autofile are delighted to have Bruce as part of the Autofile team advising our readers on past Motor Vehicle Disputes Tribunal cases. If you require legal advice give Bruce a call on **09 570 5036**

Nine months after sale, not trader's responsibility

Background

On 1 October 2009 the purchaser bought, sight unseen, a 2003 Mazda RX8 from the trader for \$18,300. The purchaser rejected the vehicle on 30 July 2010, saying the vehicle was so noisy it does not comply with the NZTA requirements for a warrant of fitness, and the trader has refused to remedy the fault with the vehicle's exhaust system which causes the vehicle to be noisy.

The trader says that it sold the vehicle with a current warrant of fitness ("WOF") and had also passed compliance testing when imported from Japan. On that basis the trader says that at the time of sale the vehicle did not have a noise fault.

The case

The purchaser agreed to purchase the vehicle for \$18,300 from the trader who is in Auckland on 1 October 2009 without first inspecting it. Its odometer at the date of purchase was 96,598kms. The trader's salesman informed the purchaser that the vehicle's exhaust system had been modified.

The purchaser says that when he received the vehicle its air conditioning did not work and it was too noisy. He contacted the trader's salesman who told him to have the vehicle's air conditioning repaired at the trader's cost and that if the vehicle was too noisy he could buy another exhaust system from a Mazda wrecker and sell his one on TradeMe.

While the air-conditioning fault was repaired, in February 2010 the purchaser says he again raised with the trader his dissatisfaction with the noise made by the vehicle. The trader promised to consider the matter but subsequently

advised the purchaser that it was not prepared to pay the cost of replacing the exhaust system or any of the mufflers of about \$1600.

At a WOF inspection at 30 July 2010 when its odometer was 103,747kms or 7,149kms more than at the date of sale, the vehicle failed its WOF because the noise from its exhaust was 97db and it is not permitted to exceed 92db. Immediately after the vehicle failed its WOF the purchaser sent an email to the trader rejecting the vehicle for excessive muffler noise. The purchaser also obtained an estimate dated 2 August 2010 of \$1,891.69 for labour and parts and GST to replace the exhaust and rear muffler.

The trader refused to pay to replace the exhaust pipe, saying it considers it has no obligation to do so because at the time it sold the vehicle to the purchaser the vehicle had been tested first when it entered as part of the compliance process, and again shortly before it was sold to the purchaser when the vehicle was issued the vehicle with a WOF.

The finding

The Tribunal understands that when when the vehicle was WOF tested before sale the standard for noise the vehicle had to meet was 95db. To further complicate matters the noise level was reduced on 1 December 2009 from 95db to 92db. However it is not mandatory for a WOF issuer to either carry out a measurement of the noise level emitted by a vehicle's exhaust or even to have the noise testing equipment available to do so.

The Tribunal has no way of knowing what noise the vehicle emitted at the time it was sold to the purchaser, since it does not know

if the noise the vehicle made was measured either as part of compliance or at the time when the WOF was issued. The vehicle's noise level may have been 97db at the time the vehicle was complied.

What the Tribunal does know from the VINZ WOF check sheet submitted by the purchaser is that as at 30 July 2010; some 10 months and 7,149kms after the vehicle was supplied to the purchaser, its noise level was 97db and that at that time it did not meet the WOF noise standard of 92db; a standard that the vehicle did not have to meet at the time it was complied or issued with a WOF before it was supplied to the purchaser. There is still no requirement to use test equipment but the VIRM has been amended and contains a more stringent test.

The purchaser gave evidence that he was sure the vehicle had not become any noisier since he had purchased it however that was his subjective opinion. The Tribunal's Assessor has advised the Tribunal that it is possible that through impact damage and degradation the muffler and/or exhaust system could have become noisier over the course of the 10 months since the vehicle was supplied and driven by the purchaser. The Tribunal did not consider that this degradation while driven over 7,000kms by the purchaser would amount to a breach of the guarantee of acceptable quality.

The conclusion the Tribunal has reached is that whilst it accepts that as at 30 July 2010 the vehicle did not meet the current noise standard for a WOF, it is not satisfied, on a balance of probabilities, that the purchaser proved that at the time of sale, the vehicle was not of acceptable quality.

The Case:

The purchaser purported to reject a vehicle after it failed a WOF for being too noisy

The Decision:

Tribunal ruled that deterioration across nine months allowable, and change in WOF requirements also a factor

At: the Motor Vehicle Disputes Tribunal, Auckland

The trader cannot be held responsible for the changes in the legislation pertaining to exhaust performance. The Tribunal therefore concludes that the purchaser is unable to reject the vehicle because there has been no breach by the trader of the guarantee of acceptable quality in so far as the exhaust system is concerned, and the application was therefore be dismissed.

Bruce Dell's comment

The vehicle was rejected some 9 months later because it was noisy and did not comply with NZTA requirements for a warrant of fitness and the Dealer evidently refused to remedy with the fault with the vehicle's exhaust system which was causing the noise.

Basic arguments of acceptable quality under The Consumer Guarantees Act and if breached, what were the remedies?

The Tribunal had no way of knowing what noise the vehicle omitted at time of sale. The Tribunal concluded it was not arguable on the balance of probabilities so the vehicle was not of acceptable quality on sale and the claim was dismissed – logically. This case should probably have never reached the Tribunal as how would anybody sensibly should try and make such a claim some 9 months later, seems illogical. ☹

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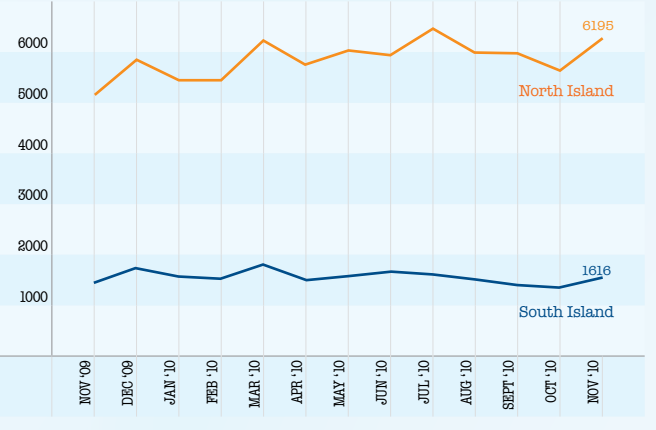
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Around the country

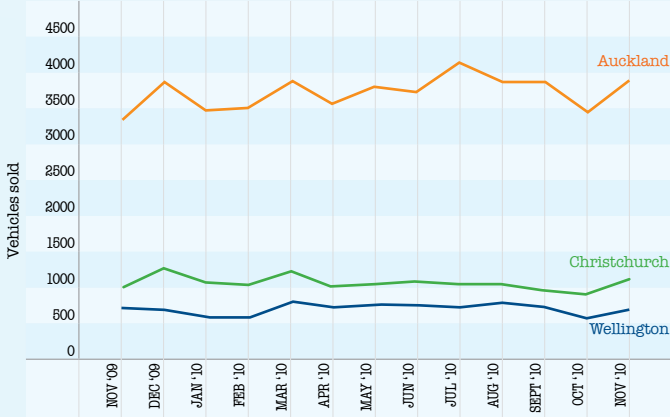
Car sales - November 2010



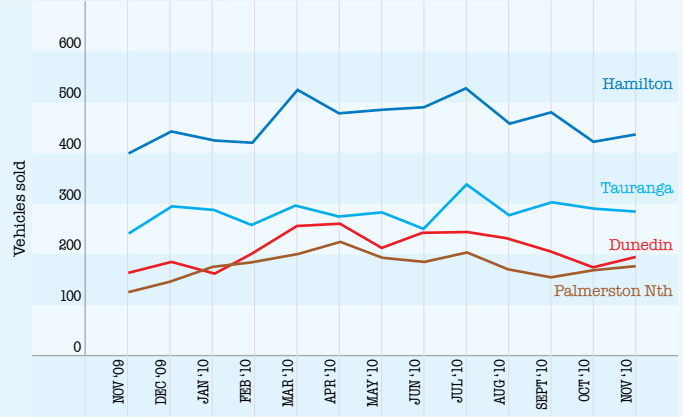
VEHICLE SALES - NORTH ISLAND VERSUS SOUTH ISLAND (LAST 12 MONTHS)



USED IMPORTS PASSENGER SALES IN AUCKLAND, WELLINGTON, CHRISTCHURCH



USED IMPORT PASSENGER SALES IN HAMILTON, TAURANGA, DUNEDIN, PALMERSTON NORTH



BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR (NOVEMBER '10)

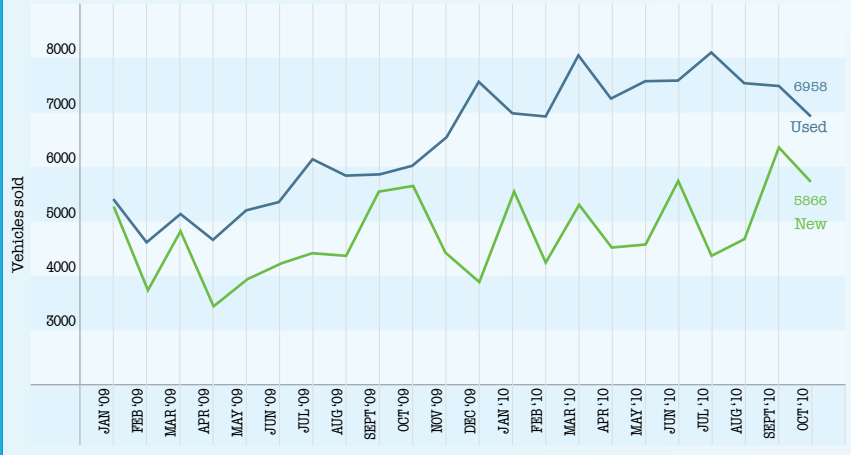
Biggest Increases

| New | | Used | |
|--------------|----------|-----------|---------|
| Westport | ▲ 200.0% | Thames | ▲ 84.6% |
| Greymouth | ▲ 137.5% | Masterton | ▲ 56.0% |
| Christchurch | ▲ 68.2% | Greymouth | ▲ 45.8% |

Biggest Decreases

| New | | Used | |
|--------------|---------|--------------|---------|
| New Plymouth | ▼ 46.5% | Oamaru | ▼ 26.7% |
| Wanganui | ▼ 31.4% | Blenheim | ▼ 21.2% |
| Oamaru | ▼ 31.3% | Invercargill | ▼ 8.9% |

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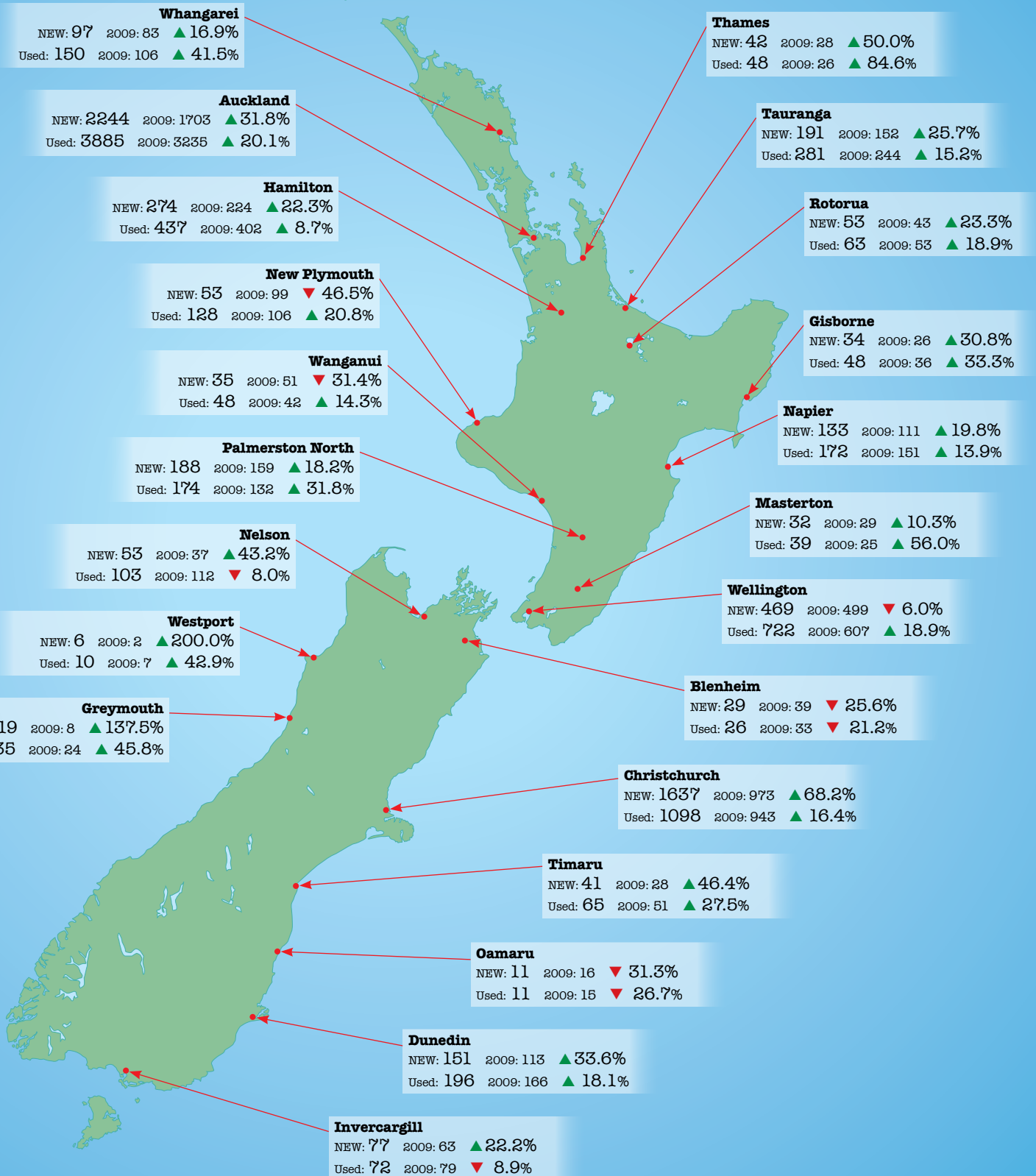
www.autoterminal.com

Total New Cars

5869 2009: 4486 ▲ 30.8%

Total Used Cars

7811 2009: 6596 ▲ 18.4%



New Commercial Vehicle Sales by Make November 2010

| MAKE | NOV '10 | NOV '09 | +/- % | NOV '10 MKT SHARE | 2010 YTD | YTD MKT SHARE |
|-----------------|-------------|-------------|-------------|-------------------|---------------|---------------|
| Toyota | 428 | 480 | -10.8 | 28.4% | 5,140 | 30.2% |
| Nissan | 174 | 135 | 28.9 | 11.5% | 2,207 | 13.0% |
| Ford | 166 | 115 | 44.3 | 11.0% | 2,419 | 14.2% |
| Mitsubishi | 125 | 109 | 14.7 | 8.3% | 1,331 | 7.8% |
| Holden | 101 | 126 | -19.8 | 6.7% | 1,365 | 8.0% |
| Volkswagen | 93 | 25 | 272.0 | 6.2% | 344 | 2.0% |
| Mazda | 63 | 55 | 14.5 | 4.2% | 974 | 5.7% |
| Mercedes-Benz | 56 | 40 | 40.0 | 3.7% | 554 | 3.3% |
| Hyundai | 47 | 13 | 261.5 | 3.1% | 375 | 2.2% |
| Isuzu | 45 | 27 | 66.7 | 3.0% | 430 | 2.5% |
| Fiat | 35 | 6 | 483.3 | 2.3% | 180 | 1.1% |
| Hino | 34 | 31 | 9.7 | 2.3% | 291 | 1.7% |
| Mitsubishi Fuso | 31 | | | 2.1% | 327 | 1.9% |
| Great Wall | 23 | 12 | 91.7 | 1.5% | 197 | 1.2% |
| Factory Built | 20 | 3 | 566.7 | | | |
| Scania | 12 | 5 | 140.0 | | 143 | |
| Iveco | 10 | 7 | 42.9 | | 76 | |
| Suzuki | 10 | 12 | -16.7 | | 95 | |
| Freightliner | 5 | 3 | 66.7 | | 41 | |
| Nissan Diesel | 5 | | | | 75 | |
| Daf | 3 | 2 | 50.0 | | | |
| Kenworth | 3 | 3 | 0.0 | | 58 | |
| Other | 18 | 40 | -55.0 | 1.2% | 406 | 2.4% |
| TOTAL | 1507 | 1249 | 20.7 | 100.0% | 17,028 | 100.0% |

New Commercial Vehicle Sales by Model - November 2010

| MAKE | MODEL | NOV '10 | NOV '09 | +/- % | NOV '10 MKT SHARE | YTD | YTD MKT SHARE |
|---------------|----------|-------------|-------------|-------------|-------------------|---------------|---------------|
| Toyota | Hilux | 275 | 347 | -20.7 | 18.2% | 3,380 | 19.8% |
| Nissan | Navara | 154 | 102 | 51.0 | 10.2% | 2,094 | 12.3% |
| Toyota | Hiace | 141 | 123 | 14.6 | 9.4% | 1,571 | 9.2% |
| Ford | Ranger | 97 | 52 | 86.5 | 6.4% | 1,606 | 9.4% |
| Mitsubishi | Triton | 75 | 54 | 38.9 | 5.0% | 991 | 5.8% |
| Holden | Colorado | 73 | 94 | -22.3 | 4.8% | 1,081 | 6.3% |
| Ford | Transit | 60 | 55 | 9.1 | 4.0% | 664 | 3.9% |
| Volkswagen | Crafter | 60 | 8 | 650.0 | 4.0% | 160 | 0.9% |
| Mazda | Bt-50 | 56 | 47 | 19.1 | 3.7% | 782 | 4.6% |
| Mercedes-Benz | Sprinter | 49 | 35 | 40.0 | 3.3% | 475 | 2.8% |
| Mitsubishi | L300 | 48 | 26 | 84.6 | 3.2% | 332 | 1.9% |
| Hyundai | H1 | 47 | 11 | 327.3 | 3.1% | 371 | 2.2% |
| Fiat | Ducato | 33 | 5 | 560.0 | 2.2% | 179 | 1.1% |
| Volkswagen | T5 | 30 | 11 | 172.7 | 2.0% | 158 | 0.9% |
| Other | | 309 | 279 | 10.8 | 20.5% | 3,184 | 18.7% |
| TOTAL | | 1507 | 1249 | 20.7 | 100.0% | 17,028 | 100.0% |

Late rental to new mar

WHETHER RENTAL purchasing is being influenced by the Rugby World Cup, to be held in September-October outside of high tourist season, is open for debate.

Dave Pederson, procurement manager at LeasePlan, believes that rental companies have purposively bought later, with the intention of carrying these vehicles for longer due to the Cup. "Instead of keeping their vehicles for nine to fifteen months as typically many of them do, they're going to go eighteen months or 24 months, because they believe there's going to be a seven month spin off from the RWC, so running right through summer next year."

Toyota's Steve Prangnell believes that the RWC isn't a big factor for rental companies, with visitors travelling between cities by aeroplane, and travelling locally on coaches in group tours. Prangnell says that rental companies are picking a slight lift across the Cup, but nothing substantial, picking that the later purchasing by rental companies is a consequence of seasons arriving later in New Zealand.

Year to date rental purchasing is at 8,475, compared with 2009's 7,665 units. Interestingly, virtually none of this growth has been in passenger vehicles per se, which are only 100 ahead, while SUVs are 300 units ahead, and the number of light commercials has almost doubled, from 476 to 821.

Fleet purchasing has also been strong, and fleet companies are reporting big orders for Q1 2011. Many SMEs are also back in the market for fleet vehicles, as companies which deferred purchasing across the downturn now finding their hand forced, as due to Fringe Benefit Tax (FBT) regulations a passenger car can only legally be



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buying adds ket numbers

operated for 45 months, and light commercials for 60 months.

Vern McLaren, national customer service manager at FleetPartners, says that enquiry and orders placed in November has built a substantial pipeline for the next two or three months, with medium term business confidence looking very positive.

Pederson says one change noticed is the involvement of HR in fleet purchasing decisions. "Whereas for the last 24 months it's been price and nothing else, companies are now starting to think about how they reward and retain their key staff again."

He says that while they've seen an increase in purchasing, he's expecting many distributors to announced increased prices from the January 1, which will likely have an impact on purchasing. ☺

New Passenger Vehicle Sales by Model - top 20 - November 2010

| MAKE | MODEL | NOV '10 | NOV '09 | +/- % | NOV MKT SHARE | YTD | YTD MKT SHARE |
|--------------|------------|-------------|-------------|-----------|---------------|---------------|---------------|
| Toyota | Corolla | 658 | 190 | 470 | 11.2% | 4353 | 7.6% |
| Suzuki | Swift | 268 | 205 | 65 | 4.6% | 2585 | 4.5% |
| Ford | Falcon | 259 | 188 | 73 | 4.4% | 2266 | 3.9% |
| Holden | Commodore | 258 | 166 | 94 | 4.4% | 2321 | 4.0% |
| Ford | Focus | 241 | 73 | 169 | 4.1% | 1248 | 2.2% |
| Mazda | Mazda3 | 227 | 177 | 52 | 3.9% | 2062 | 3.6% |
| Toyota | Highlander | 167 | 67 | 101 | 2.8% | 989 | 1.7% |
| Toyota | Camry | 157 | 179 | -20 | 2.7% | 1286 | 2.2% |
| Toyota | Yaris | 141 | 79 | 63 | 2.4% | 1244 | 2.2% |
| Mazda | Mazda6 | 139 | 147 | -7 | 2.4% | 1574 | 2.7% |
| Hyundai | Getz | 129 | 91 | 39 | 2.2% | 770 | 1.3% |
| Ford | Fiesta | 120 | 56 | 65 | 2.0% | 899 | 1.6% |
| Honda | Insight | 117 | | | 2.0% | 153 | 0.3% |
| Hyundai | I30 | 116 | 79 | 38 | 2.0% | 1421 | 2.5% |
| Mitsubishi | Outlander | 95 | 105 | -9 | 1.6% | 1034 | 1.8% |
| Holden | Cruze | 94 | 120 | -25 | 1.6% | 1518 | 2.6% |
| Toyota | Rav4 | 86 | 91 | -4 | 1.5% | 1254 | 2.2% |
| Ford | Mondeo | 83 | 139 | -55 | 1.4% | 1122 | 2.0% |
| Holden | Captiva | 82 | 85 | -2 | 1.4% | 393 | 0.7% |
| Hyundai | I45 | 82 | | | 1.4% | 358 | 0.6% |
| Other | | 2347 | | | 40.0% | 28631 | 49.8% |
| TOTAL | | 5866 | 4486 | 31 | 100.0% | 57,481 | 100.0% |

New Passenger Vehicle Sales by Make - November 2010

| MAKE | NOV '10 | NOV '09 | +/- % | NOV MARKET SHARE | YTD 2010 | 2010 MARKET SHARE |
|---------------|---------|---------|-------|------------------|----------|-------------------|
| Toyota | 1421 | 855 | 66.2 | 24.2% | 11,015 | 19.2% |
| Ford | 748 | 507 | 47.5 | 12.7% | 6,299 | 11.0% |
| Holden | 550 | 438 | 25.6 | 9.4% | 5,877 | 10.2% |
| Hyundai | 480 | 372 | 29.0 | 8.2% | 4,909 | 8.5% |
| Mazda | 473 | 426 | 11.0 | 8.1% | 4,917 | 8.6% |
| Suzuki | 418 | 315 | 32.7 | 7.1% | 4,170 | 7.3% |
| Honda | 269 | 217 | 24.0 | 4.6% | 2,284 | 4.0% |
| Nissan | 235 | 199 | 18.1 | 4.0% | 2,677 | 4.7% |
| Mitsubishi | 228 | 174 | 31.0 | 3.9% | 2,738 | 4.8% |
| Kia | 182 | 204 | -10.8 | 3.1% | 1,928 | 3.4% |
| Subaru | 156 | 160 | -2.5 | 2.7% | 1,870 | 3.3% |
| Volkswagen | 135 | 143 | -5.6 | 2.3% | 1,883 | 3.3% |
| Audi | 102 | 96 | 6.3 | 1.7% | 1,228 | 2.1% |
| Bmw | 74 | 64 | 15.6 | 1.3% | 1,098 | 1.9% |
| Mercedes-Benz | 53 | 51 | 3.9 | 0.9% | 783 | 1.4% |
| Peugeot | 47 | 43 | 9.3 | 0.8% | 664 | 1.2% |
| Lexus | 40 | 41 | -2.4 | 0.7% | 356 | 0.6% |
| Dodge | 30 | 17 | 76.5 | 0.5% | 259 | 0.5% |
| Geely | 25 | | | | 25 | |

New Passenger Vehicle Sales by Make - November 2010

| MAKE | NOV '10 | NOV '09 | +/- % | NOV MARKET SHARE | YTD 2010 | 2010 MARKET SHARE |
|---------------|-------------|-------------|-------------|------------------|---------------|-------------------|
| Jeep | 24 | 14 | 71.4 | | 269 | |
| Land Rover | 21 | 29 | -27.6 | | 308 | |
| Mini | 21 | 19 | 10.5 | | 241 | |
| Volvo | 20 | 10 | 100.0 | | 138 | |
| Skoda | 17 | 7 | 142.9 | | 238 | |
| Daihatsu | 16 | 29 | -44.8 | | 191 | |
| Alfa Romeo | 15 | 9 | 66.7 | | 109 | |
| Ssangyong | 15 | 1 | 1400.0 | | 109 | |
| Citroen | 10 | 6 | 66.7 | | 136 | |
| Fiat | 9 | 3 | 200.0 | | 78 | |
| Factory Built | 8 | 4 | 100.0 | | 8 | |
| Great Wall | 7 | 7 | 0.0 | | 89 | |
| Jaguar | 7 | 5 | 40.0 | | 70 | |
| Porsche | 7 | 5 | 40.0 | | 123 | |
| Chrysler | 3 | 8 | -62.5 | | 79 | |
| Aston Martin | 1 | | | | 25 | |
| Fraser | 1 | 1 | 0.0 | | 1 | |
| Renault | 1 | 2 | -50.0 | | 14 | |
| TOTAL | 5869 | 4486 | 30.8 | 100.0% | 57,481 | 100.0% |



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Used Commercial Vehicle Sales by Make - November 2010

| MAKE | NOV '10 | NOV '09 | +/- % | NOV MKT SHARE |
|---------------|------------|------------|---------------|---------------|
| Nissan | 98 | 96 | 2.04 | 35.3% |
| Toyota | 77 | 78 | -1.30 | 27.7% |
| Mazda | 34 | 19 | 44.12 | 12.2% |
| Isuzu | 28 | 36 | -28.57 | 10.1% |
| Chevrolet | 10 | 8 | 20.00 | 3.6% |
| Ford | 9 | 29 | -222.22 | 3.2% |
| Hino | 6 | 8 | -33.33 | 2.2% |
| Mitsubishi | 5 | 14 | -180.00 | 1.8% |
| Fiat | 3 | 2 | 33.33 | 1.1% |
| Holden | 2 | 1 | 50.00 | 0.7% |
| Volkswagen | 2 | 15 | -650.00 | 0.7% |
| Dodge | 1 | 1 | 0.00 | 0.4% |
| Gmc | 1 | | | 0.4% |
| Mercedes-Benz | 1 | | | 0.4% |
| Suzuki | 1 | 2 | -100.00 | 0.4% |
| TOTAL | 278 | 317 | -14.03 | 100.0% |

Used Commercial Vehicle Sales by Model - November 2010

| MAKE | MODEL | NOV '10 | NOV '09 | +/- % | NOV MKT SHARE |
|--------------|-----------|------------|---------|-------|---------------|
| Toyota | Hiace | 62 | 48 | 29.2 | 22.3% |
| Nissan | Caravan | 44 | 32 | 37.5 | 15.8% |
| Mazda | Bongo | 31 | 19 | 63.2 | 11.2% |
| Nissan | Vanette | 29 | 47 | -38.3 | 10.4% |
| Isuzu | Elf | 23 | 22 | 4.5 | 8.3% |
| Nissan | Elgrand | 11 | | | 4.0% |
| Nissan | Atlas | 9 | 10 | -10.0 | 3.2% |
| Hino | Dutro | 4 | | | 1.4% |
| Chevrolet | Silverado | 3 | | | 1.1% |
| Mazda | Titan | 3 | | | 1.1% |
| Mitsubishi | Delica | 3 | 6 | -50.0 | 1.1% |
| Nissan | Civilian | 3 | | | 1.1% |
| Toyota | Toyoace | 3 | 8 | -62.5 | 1.1% |
| Other | | 50 | | | 18.0% |
| TOTAL | | 278 | | | 100.0% |

November sales third strongest

WHILE THE November sales figures for used passenger vehicles were 7,811 units, a reversal of three months of month-on-month decline, and the third best selling month of 2010, many dealers spoken to said the market remains flat, or at best patchy.

Graeme Thomas at Central Vehicle Broker in Masterton says sales are still average. "Volume has not reduced in the last 12 months, we got down to a level and we've maintained that, which is about a third down from what we've done in previous years. We've been able to maintain those –albeit low– numbers, and cut our costs comparatively."

Thomas says while he thought that November was a bit of a spike for the new and used markets as a whole, he doesn't feel it's part of a general trend. "November was one of our better months of the year, whether that's a general increase it's hard to know. December so far has been fairly mediocre."

One swallow doesn't make a summer, and Thomas says that the good November came off a below average October, and December is trending weak.

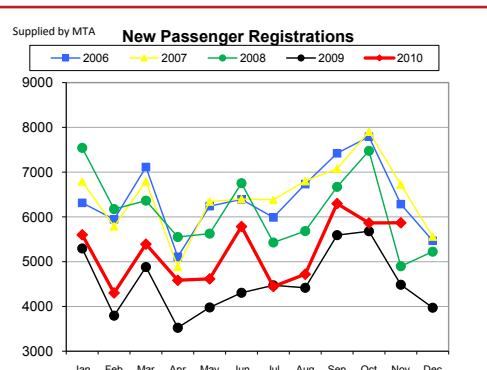
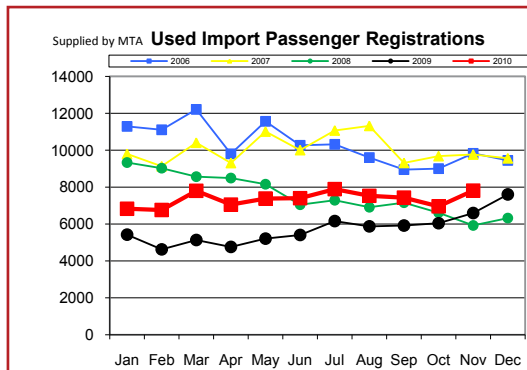


"I guess it's fair comment that if you bolt the three together and get a quarter, the quarter activity is about standard for the year."

"The last several years have been very similar in their trading patterns, but in previous years there weren't any extreme highs and lows, certainly not for us. Indeed in terms of registration numbers in this area [Masterton], there weren't any highs or lows. There was no particular selling month or quarter that was better than the other."

He's not expecting a large pick-up for the market. "As the market improves we're ready for it to happen, but at this moment in time we're able to sustain ourselves with the numbers we've got."

Thomas says that customers are now much more discerning, and wary of buying on extended credit. "We don't hear that directly, but they imply it when they buy. Whereas previously they looked at one option, finance, to purchase a car, they're looking at as many options as they can now, which is healthy, and we support that. But having said that, when we get down to a closing pattern of a sale, and we start to discuss finance, and the repayment terms and the length of terms, quite a number of



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Sales in rural servicing towns impacted by farmer's woes



them reverse off where ordinarily in previous years they may have pursued it."

Clive Linn, Dealer Principal at Thames Holden says that November was okay, but December is shaping up to be a slow month. Doing used and new vehicles at a ratio of about three to one, Linn says that Thames' economy is strongly related to the fortunes of farmers.

With three drought years in a row, and many farmers current struggling with water issues, those customers aren't buying. "These rural service towns are very dependent on the rural sector doing well.

"When the sector's doing well it has cash to update vehicles, but that really hasn't happened over the past three years. If we don't get some good rain soon we could have our fourth year of no farmers."

At nearby Saunders Mitsubishi, also in Thames, owner Paul Saunders says they saw a bit of a pick-up in November, mostly in the used market.

"We're pretty happy, as long as it keeps on going. It's just having the stock, and able to cover everything. I'd say it's just general buyers, people are starting to replace vehicles that they've been hanging on to for a while." ☺

Used Passenger Vehicle Sales by Make - November 2010

| MAKE | NOV '10 | NOV '09 | +/- % | MKT SHARE | YTD 2010 | YTD % |
|---------------|-------------|-------------|---------------|-------------|---------------|---------------|
| Toyota | 2207 | 1809 | 22.0 | 28.3% | 22148 | 26.7% |
| Nissan | 1454 | 1158 | 25.6 | 18.6% | 13225 | 15.9% |
| Mazda | 1009 | 689 | 46.4 | 12.9% | 10122 | 12.2% |
| Honda | 779 | 815 | -4.4 | 10.0% | 10180 | 12.3% |
| Subaru | 639 | 544 | 17.5 | 8.2% | 6985 | 8.4% |
| Mitsubishi | 429 | 356 | 20.5 | 5.5% | 4715 | 5.7% |
| Bmw | 305 | 225 | 35.6 | 3.9% | 3193 | 3.8% |
| Volkswagen | 179 | 177 | 1.1 | 2.3% | 2176 | 2.6% |
| Suzuki | 161 | 199 | -19.1 | 2.1% | 2145 | 2.6% |
| Ford | 132 | 122 | 8.2 | 1.7% | 1600 | 1.9% |
| Audi | 75 | 63 | 19.0 | 1.0% | 836 | 1.0% |
| Chevrolet | 64 | 44 | 45.5 | | 534 | |
| Mercedes-Benz | 51 | 42 | 21.4 | | 684 | |
| Peugeot | 48 | 39 | 23.1 | | 484 | |
| Chrysler | 35 | 26 | 34.6 | | 411 | |
| Hyundai | 35 | 58 | -39.7 | | 577 | |
| Jaguar | 24 | | | | 247 | |
| Volvo | 23 | 33 | -30.3 | | 341 | |
| Land Rover | 15 | | | | 143 | |
| Daihatsu | 14 | 15 | -6.7 | | 174 | |
| Isuzu | 14 | 15 | -6.7 | | 156 | |
| Alfa Romeo | 11 | | | | 149 | |
| Mini | 10 | | | | | |
| Opel | 10 | 23 | -56.5 | | 137 | |
| Holden | 9 | | | | 120 | |
| Jeep | 7 | | | | 102 | |
| Fiat | 6 | | | | | |
| Lexus | 5 | | | | | |
| Porsche | 5 | | | | 63 | |
| Other | 56 | | | | 56 | |
| TOTAL | 7811 | 6595 | -100.0 | 0.0% | 83,064 | 100.0% |

Used Passenger Vehicle Sales by Model - Top 10 November 2010

| MAKE | MODEL | NOV '10 | NOV '09 | +/- % | MKT SHARE | YTD 2010 | YTD % |
|--------|----------|---------|---------|-------|-----------|----------|-------|
| Subaru | Legacy | 394 | 282 | 39.7 | 5.0% | 3,945 | 4.7% |
| Toyota | Corolla | 354 | 282 | 25.5 | 4.5% | 3,936 | 4.7% |
| Toyota | Estima | 348 | 212 | 64.2 | 4.5% | 2,823 | 3.4% |
| Mazda | Demio | 273 | 176 | 55.1 | 3.5% | 2,341 | 2.8% |
| Toyota | Vitz | 269 | 249 | 8.0 | 3.4% | 2,450 | 2.9% |
| Mazda | Atenza | 263 | 157 | 67.5 | 3.4% | 2,640 | 3.2% |
| Nissan | Bluebird | 196 | 160 | 22.5 | 2.5% | 1,695 | 2.0% |
| Nissan | Primera | 187 | 173 | 8.1 | 2.4% | 2,130 | 2.6% |
| Nissan | Sunny | 182 | 225 | -19.1 | 2.3% | 656 | 0.8% |
| Honda | Odyssey | 175 | 175 | 0.0 | 2.2% | 2,044 | 2.5% |

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SECONDHAND CAR SALES - NOVEMBER 2010

| DEALER-TO-PUBLIC | | | | |
|------------------|--------------|--------------|-------------|--------------|
| | NOV '10 | NOV '09 | % DIFF | MARKET SHARE |
| Whangarei | 491 | 475 | 3.4% | 21.9 |
| Auckland | 5120 | 4591 | 11.5% | 27.4 |
| Hamilton | 1246 | 1215 | 2.6% | 29.7 |
| Thames | 196 | 156 | 25.6% | 29.3 |
| Tauranga | 816 | 788 | 3.6% | 29.4 |
| Rotorua | 250 | 253 | -1.2% | 27.0 |
| Gisborne | 183 | 186 | -1.6% | 34.4 |
| Napier | 482 | 479 | 0.6% | 27.2 |
| New Plymouth | 443 | 417 | 6.2% | 31.9 |
| Wanganui | 156 | 151 | 3.3% | 28.2 |
| Palmerston North | 728 | 678 | 7.4% | 32.6 |
| Masterton | 146 | 140 | 4.3% | 29.3 |
| Wellington | 1332 | 1229 | 8.4% | 30.6 |
| Nelson | 358 | 282 | 27.0% | 27.9 |
| Blenheim | 132 | 159 | -17.0% | 27.3 |
| Greymouth | 103 | 81 | 27.2% | 39.9 |
| Westport | 34 | 30 | 13.3% | 21.9 |
| Christchurch | 1828 | 1751 | 4.4% | 28.3 |
| Timaru | 229 | 199 | 15.1% | 32.3 |
| Oamaru | 67 | 65 | 3.1% | 28.0 |
| Dunedin | 668 | 663 | 0.8% | 29.7 |
| Invercargill | 475 | 428 | 11.0% | 36.1 |
| TOTAL | 15483 | 14416 | 7.4% | 28.7 |

| PUBLIC-TO-DEALER | | | |
|------------------|--------------|--------------|-------------|
| | NOV '10 | NOV '09 | % DIFF |
| Whangarei | 238 | 253 | -5.9% |
| Auckland | 3899 | 3517 | 10.9% |
| Hamilton | 982 | 1062 | -7.5% |
| Thames | 65 | 86 | -24.4% |
| Tauranga | 489 | 493 | -0.8% |
| Rotorua | 146 | 135 | 8.1% |
| Gisborne | 119 | 96 | 24.0% |
| Napier | 335 | 329 | 1.8% |
| New Plymouth | 258 | 254 | 1.6% |
| Wanganui | 123 | 136 | -9.6% |
| Palmerston North | 560 | 562 | -0.4% |
| Masterton | 69 | 66 | 4.5% |
| Wellington | 935 | 866 | 8.0% |
| Nelson | 189 | 184 | 2.7% |
| Blenheim | 96 | 99 | -3.0% |
| Greymouth | 50 | 57 | -12.3% |
| Westport | 1 | 7 | -85.7% |
| Christchurch | 1518 | 1437 | 5.6% |
| Timaru | 127 | 182 | -30.2% |
| Oamaru | 19 | 34 | -44.1% |
| Dunedin | 462 | 457 | 1.1% |
| Invercargill | 376 | 300 | 25.3% |
| TOTAL | 11056 | 10612 | 4.2% |

| PUBLIC-TO-PUBLIC | | | |
|------------------|--------------|--------------|-------------|
| | NOV '10 | NOV '09 | % DIFF |
| Whangarei | 1753 | 1549 | 13.2% |
| Auckland | 13547 | 13150 | 3.0% |
| Hamilton | 2943 | 2671 | 10.2% |
| Thames | 473 | 451 | 4.9% |
| Tauranga | 1956 | 1775 | 10.2% |
| Rotorua | 677 | 704 | -3.8% |
| Gisborne | 349 | 387 | -9.8% |
| Napier | 1291 | 1228 | 5.1% |
| New Plymouth | 945 | 954 | -0.9% |
| Wanganui | 397 | 402 | -1.2% |
| Palmerston North | 1505 | 1571 | -4.2% |
| Masterton | 353 | 303 | 16.5% |
| Wellington | 3020 | 2892 | 4.4% |
| Nelson | 926 | 915 | 1.2% |
| Blenheim | 352 | 362 | -2.8% |
| Greymouth | 155 | 197 | -21.3% |
| Westport | 121 | 93 | 30.1% |
| Christchurch | 4636 | 4263 | 8.7% |
| Timaru | 480 | 452 | 6.2% |
| Oamaru | 172 | 155 | 11.0% |
| Dunedin | 1582 | 1463 | 8.1% |
| Invercargill | 839 | 823 | 1.9% |
| TOTAL | 38472 | 36760 | 4.7% |

| TOTAL-TO-PUBLIC | | | |
|------------------|--------------|--------------|-------------|
| | NOV '10 | NOV '09 | % DIFF |
| Whangarei | 2244 | 2024 | 10.9% |
| Auckland | 18667 | 17741 | 5.2% |
| Hamilton | 4189 | 3886 | 7.8% |
| Thames | 669 | 607 | 10.2% |
| Tauranga | 2772 | 2563 | 8.2% |
| Rotorua | 927 | 957 | -3.1% |
| Gisborne | 532 | 573 | -7.2% |
| Napier | 1773 | 1707 | 3.9% |
| New Plymouth | 1388 | 1371 | 1.2% |
| Wanganui | 553 | 553 | 0.0% |
| Palmerston North | 2233 | 2249 | -0.7% |
| Masterton | 499 | 443 | 12.6% |
| Wellington | 4352 | 4121 | 5.6% |
| Nelson | 1284 | 1197 | 7.3% |
| Blenheim | 484 | 521 | -7.1% |
| Greymouth | 258 | 278 | -7.2% |
| Westport | 155 | 123 | 26.0% |
| Christchurch | 6464 | 6014 | 7.5% |
| Timaru | 709 | 651 | 8.9% |
| Oamaru | 239 | 220 | 8.6% |
| Dunedin | 2250 | 2126 | 5.8% |
| Invercargill | 1314 | 1251 | 5.0% |
| TOTAL | 53955 | 51176 | 5.4% |

Harley continues to roar



HARLEY DAVIDSON dealers say that despite the overall weakness of road bike sales, the brand is still selling well, and this month it was the best selling brand in the motorcycle segment (>60cc) with 60 sales (21.5% market share), two ahead of Suzuki (on 58), with Honda third on 47.

Speaking earlier in the year, Chris Elles, director of Rolling Thunder Motor Company in Christchurch said that things are a little easier for Harley dealers, as there are only five in the country, and all in distinct regions, so generally dealers are competing against other brands, rather than against other dealers selling the same product.

"Industry wide things have definitely softened, Harley has softened a bit as well, but we've been pretty fortunate, we've been quite

strong in terms of unit sales, and we are still on target with Harley."

Elles says that with the brand focusing on selling the lifestyle, repeat customers are a part of the business, not just for bikes but also accessories. "We're probably a little different to some of the other brands because we've got a lot of extras, Harley has such a vast range of motorclothes, and parts and accessories, so we've found things quite robust."

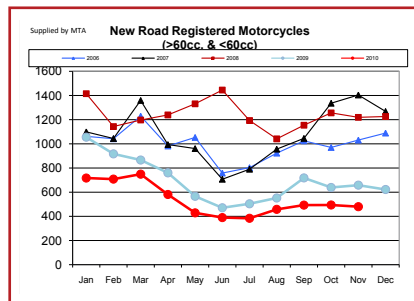
Auckland Motorcycle & Powersports CEO Ray Pratt says he's also happy with Harley's performance. Looking at sales in the >60cc segment, he says Harley Davidson achieved a 30.9% market share, with closest rival Suzuki on 18%. Triumph were at 14% and Yamaha at 12%.

Pratt agrees that regional

exclusivity makes a big difference for dealers, but doesn't believe it would be cost effective to be a Harley dealer if there were two in Auckland, due to the amount of investment required.

He says that the younger buyers are entering the Harley market, with 35 and up being the main demographic, and with the average age of a buyer being 41. But they're seeing buyers as young as 25 purchasing bikes.

Pratt too cites the lifestyle factor: "There's a lot of people out there who enjoy the Harley owner groups, and association, and that gains a fair bit of traction when people are buying the brand." ☺



NEW MOTORCYCLE SALES BY MAKE - November 2010

| MAKE | NOV '10 | NOV '09 | + / - % | NOV '10 MKT SHARE | 2010 YTD | YTD MKT % |
|-----------------|------------|------------|--------------|-------------------|-------------|---------------|
| Suzuki | 71 | 100 | -29.0 | 14.8% | 1033 | 17.6% |
| Moped | 68 | 113 | -39.8 | 14.2% | 1023 | 17.4% |
| Honda | 61 | 62 | -1.6 | 12.7% | 566 | 9.6% |
| Harley Davidson | 60 | 66 | -9.1 | 12.5% | 608 | 10.3% |
| Yamaha | 47 | 58 | -19.0 | 9.8% | 442 | 7.5% |
| Triumph | 28 | 33 | -15.2 | 5.8% | 432 | 7.3% |
| Kawasaki | 19 | 39 | -51.3 | 4.0% | 219 | 3.7% |
| Hyosung | 19 | 32 | -40.6 | 4.0% | 189 | 3.2% |
| Piaggio | 12 | 12 | 0.0 | 2.5% | 147 | 2.5% |
| Factory Built | 10 | 28 | -64.3 | 2.1% | 175 | 3.0% |
| Keeway | 9 | 10 | -10.0 | 1.9% | 112 | 1.9% |
| Vmoto | 8 | | | 1.7% | 82 | 1.4% |
| Ducati | 8 | 6 | 33.3 | 1.7% | 63 | 1.1% |
| Vespa | 8 | 3 | 166.7 | 1.7% | 62 | 1.1% |
| Ktm | 7 | 7 | 0.0 | 1.5% | 94 | 1.6% |
| Aprilia | 6 | 2 | 200.0 | 1.3% | 67 | 1.1% |
| Sym | 6 | 5 | 20.0 | 1.3% | 43 | 0.7% |
| Bmw | 5 | 13 | -61.5 | 1.0% | 132 | 2.2% |
| Moto Guzzi | 5 | 4 | 25.0 | 1.0% | 28 | 0.5% |
| Lifan | 4 | 3 | 33.3 | 0.8% | 27 | 0.5% |
| Pgo | 4 | 4 | 0.0 | 0.8% | 32 | 0.5% |
| Buell | 3 | 34 | -91.2 | 0.6% | 54 | 0.9% |
| Other | 12 | 16 | -25.0 | 2.5% | 253 | 4.3% |
| Total | 480 | 658 | -27.1 | 100.0% | 5883 | 100.0% |

USED MOTORCYCLE SALES BY MAKE

| MAKE | NOV '10 | NOV '09 | +/-% | NOV '10 MKT SHARE |
|-----------------|------------|------------|------------|-------------------|
| Harley Davidson | 40 | 46 | -13.0 | 18.8% |
| Honda | 31 | 27 | 14.8 | 14.6% |
| Suzuki | 24 | 20 | 20.0 | 11.3% |
| Yamaha | 23 | 25 | -8.0 | 10.8% |
| Ducati | 18 | 12 | 50.0 | 8.5% |
| Moped | 18 | 7 | 157.1 | 8.5% |
| Bmw | 14 | 10 | 40.0 | 6.6% |
| Kawasaki | 10 | 7 | 42.9 | 4.7% |
| Triumph | 10 | 17 | -41.2 | 4.7% |
| Victory | 4 | | | 1.9% |
| Aprilia | 4 | 5 | -20.0 | 1.9% |
| Ktm | 3 | | | 1.4% |
| Moto Guzzi | 2 | 2 | 0.0 | |
| Titan | 2 | | | |
| Bsa | 1 | | | |
| Buell | 1 | 1 | 0.0 | |
| Enfield | 1 | | | |
| Factory Built | 1 | 1 | 0.0 | |
| Kymco | 1 | | | |
| Moto Morini | 1 | | | |
| Piaggio | 1 | 1 | 0.0 | |
| Royal Enfield | 1 | | | |
| Pgo | 1 | | | |
| Vespa | 1 | 1 | 0.0 | |
| Total | 213 | 196 | 8.7 | 100.0% |

Going **topless** this

CABRIOLETS, SPYDERS, ragtops, droptops, convertibles, call them what you will, open-topped cars somehow epitomise summer.

There's a carefree feel to them, a wind-in-the-hair return to the essence of motoring, driver and passenger in touch with the elements.

Open-topped cars used to come largely in two very different styles – the two-seat British or European sports car and the American-style cruiser. What both had in common was the ability to lower the roof, usually a canvas affair though occasionally a retractable hardtop.

In British cars it was often a complicated process involving physically stretching the canvas roof over a detachable tubular frame. American cars usually opted for a roof that raised or lowered itself at the bush of a button.

The heyday of the affordable two-seat, droptop sports car was probably the 1960s, when British cars like the MG Midget, Austin-Healey Sprite, Triumph Spitfire, MGB, Sunbeam Alpine and specialist makers like Turner provided a wide choice.

In Japan, Nissan got in on the

act with the Fairlady, a two-seater open-topped sports car that was an MGB rival; in Italy, Fiat built the gorgeous, Bertone-styled, rear-engined 850 Spider.

Further up the market were the big Healey, the Austin-Healey 3000, the fabled Jaguar E-Type, Alfa Romeo spiders, and the magnificent Ferrari California which today commands prices in the millions of dollars at auction.

Open-topped sports cars have all but vanished, but Ferrari has a new California and has always had open-topped versions of its mid-engined two-seaters, Nissan has the 370Z, Porsche has several 911 models and the mid-engined Boxster, Jaguar the XKR and Mazda has the MX5, a sort of refined modern take on the traditional British-style sports car.

For a time convertibles were out of vogue, but nowadays most manufacturers have at least one in their line-up, ranging from grand tourers like the Maserati GranCabrio, Mercedes-Benz SLK roadster, Aston Martin, BMW 6-Series and Jaguar XK to open-topped versions of mainstream models

like the Peugeot 308CC and Volkswagen Golf. Then there are niche models, like VW's Eos and Beetle, Audi's TT roadster, the Mini Cooper, the BMW Z4.

Modern convertibles virtually all have electrically or hydraulically-operated tops, whether they're fabric or steel, and the coupe cabriolet with retractable metal hardtop is very much in vogue.

Peugeot built coupe convertibles in the 1930s and revived them in modern times with the 206CC.

In New Zealand, convertibles are regarded as summer cars, to be enjoyed when the weather is warm and the sun is shining brightest; it's rare to see a car with the roof down in autumn or winter, even if the weather is fine and sunny.

Compare that to Britain, a strong market for droptops despite the weather, where it's common for convertible owners to drive with the roof down any time the weather is fine – even in winter.

That's made easier nowadays by the standard fitting of air-conditioning to

open-topped cars, heaters that blow warm air on to the back of occupants' necks, and the introduction of wind deflectors which keep draughts from entering the cockpit from the rear of the car when the top is down.

There's a wide range of convertibles on the New Zealand market.

One that is missing, at least until the brand re-enters the New Zealand market next year, is the world's best-selling droptop, the Saab 9-3 which epitomises the modern boulevard cruiser with chic styling allied to brisk performance and tidy handling.

Convertibles tend to fall within the fashion-conscious segment of the New Zealand new-car market, new models selling strongly to people who want to be seen in the latest and greatest in the weeks after they're launched.

But some droptops sell to enthusiasts who like the feel of the wind in their hair and those cars attract a steady clientele. Porsche's 911 is a good example.

Convertible 911s sell in small



summer?



Mazda MX-5

Lotus Elise

numbers but form a significant portion of total 911 sales in New Zealand. So far this year, Porsche has retailed four droptop 911s here, Carrera 2s and four-wheel drive Carrera 4, from total 911 sales of 35.

"Convertible 911s are relatively low numbers for us," says Porsche's New Zealand boss, Greg Clarke. "But four out of 35 units is a reasonable number when we're an out-and-out sports car compared with some other brands."

Clarke says even the Boxster sells in relatively small numbers. Year-to-date to October 31, Porsche had retailed eight Boxsters compared with 11 for the same period of 2009.

He says there's always a sales increase when a new or facelifted model joins the Porsche range.

At the other end of the price spectrum to the Porsche 911 but also in the pure sports car segment, Mazda's MX5 roadster is another steady seller.

To October 31, Mazda had sold twelve MX5s, one more than for the same period of last year.

When it arrived here in 1990, the MX5 reintroduced the affordable sports car to the New Zealand market – indeed, it reinvented the genre globally – and with the advent of Japanese used imports on the NZ market,

the two-seat roadster became even more affordable.

It was a back-to-basics sports car in the tradition of the MGB, with a softtop you had to put up yourself, timeless styling influenced by the Lotus Elan and a finely-tuned chassis that was good enough for it to see off many more expensive rivals – some from illustrious sports car brands – in British Autocar magazine's annual best-handling car shootout. Its only shortcoming, like the MGB of yore, was a lack of real horsepower. In the MX5, the chassis always outperformed the engine.

Some people consider the current model – the first real redesign – has lost some of the original's flair, with its slightly larger dimensions, more creature comforts and a softtop roof that can be raised or lowered without leaving the driver's seat, though it remains a manual job in the roadster.

But the car retains the sharp handling of its predecessor, the Mazda engineers succeeding in their design brief of creating a car in which the driver and car are in tune like an expert rider on a thoroughbred horse.

As Mazda New Zealand's Maria Tsao puts it, the MX5 "is still iconic, still very popular" with keen drivers.

She admits it would be nice to sell more, "but we still sell between one and two a month."

The recession hit the car hard: 2007's total of 64 sales dropped to 23 in 2008 and 11 in 2009, the year in which the car celebrated its 20th birthday.

Its popularity with New Zealand drivers – its numbers boosted by used imports – saw the MX5 enter the Guinness Book of Records in 2005 with 249 taking part in a parade in Auckland.

Peugeot New Zealand's Simon Rose says convertible sales tend to be seasonal, with droptops selling better between January and April.

"While there are sales throughout the year, they tend to sell better in the first quarter."

Peugeot sells only one droptop, the steel-roofed, accomplished 308CC whose styling tends to polarise opinion. It's being relaunched with petrol power having been sold here only as a diesel.

Peugeot reintroduced the CC concept to the world and to New Zealand with the nippy 206CC, but has dropped its successor, the 307CC, from the NZ range.

Volkswagen has found good success locally with its stylish Eos coupe-convertible: to October 31 it had sold 55, thirteen fewer than in the same period a year ago.

High-end droptop sales are

strong. Ferrari had sold seven Californias to the end of October and Maserati retailed two of the new-to-the-market Grancabrio.

And 50 percent of the Jaguar XKs sold year-to-date in New Zealand were cabriolets.

Jaguar's Paul Ricketts says sales are slim at the moment – four XKs to October 31 – but in years where about 50 have been sold, around 20 percent were convertibles.

Where they sell depends on local weather patterns – "we don't sell as many in the South Island."

He says the high-end convertible market is affected by what's the "latest and greatest – every car has its day in the sun until the next one comes along. As long as you've got a new product, you're pretty sweet."

"Looking at my own area, sports cars rather than GTs, there were about 36 cars sold (to the end of October). Convertibles versus coupes it seems to be more convertibles, 19 versus 17."

If you want a new Jaguar XK or XKR droptop for next summer, you'll need to be thinking of top-down motoring this winter.

"Our cars have a five-month lead time, so you'll need to order one in winter, when it's cold and you're not feeling like being in a convertible."

But buyers wanting to experience wind-in-the-hair motoring this summer are pretty spoilt for choice. ☺



Suzuki wins big with new release

THE SUZUKI Kizashi was awarded the car of the year accolade at the 2010 AA Motoring Excellence Awards, with the 2.4 GLX Sedan Manual also winning the medium size car class.

60 vehicles were entered into the awards, described as the Oscars of the New Zealand motoring industry, and the judges spent five days examining the vehicles in order to determine the winners.

Suzuki sales manager Gary Collins says they're rapt with the award, especially given that Suzuki release fewer vehicles than many other new car distributors.

"It was excellent to see our car recognised by that group of judges, it's certainly a very good vehicle and it's great that it's got the accolades we think it deserves."

Collins says sales of the Kizashi are running at about 45 per month, in line with expectations, with 309 sales year to date since its May launch. The Kizashi has also won several other COTY awards, and Collins is hoping the awards will increase exposure, and help achieve extra sales volume in the New Year.

"Suzuki tends to have quite long

model life, so compared to some other brands we're not bringing out the same number of new models into the market, but it shows that the model we do release are very well researched, designed, and make an impact. Especially in a new segment, Suzuki have never been involved in the medium segment before, so to suddenly come out and design a vehicle as good as the Kizashi is great."

Volkswagen scooped up a host of awards on the night, the Polo winning Small Car, the Golf winning Compact Car, the Touareg taking out the Large Crossover class, and the Performance Car of the Year Award going to the Scirocco. Other winners included the Skoda Yeti with best Small Crossover, the Mercedes-Benz E250 was judged best Luxury/Executive Car, and the BMW 5 Series picked up the Safest Car award. Toyota Prius received best Environmental Car, while the Toyota Corolla was presented with the Car of the Decade award.

The editor of New Zealand Autocar, Kyle Cassidy, was presented with the award for best Motoring Journalist.



Honda were presented on the night with the Customer Satisfaction award, as a result of having come out on top in the JD Power Vehicle Ownership Satisfaction survey.

Now in its fifth year, and conducted in association with the AA, the study was based on responses from 3,001 new-vehicle owners and 8,345 used-vehicle owners during the month of September.

Out of a 1,000 possible points Honda ranked highest with 772. Volkswagen, Mazda, Kia and Mitsubishi respectively followed Honda in the rankings.

The study found that dealerships that provide highly satisfying service may also generate higher levels of loyalty toward the vehicle brand. Among owners who are highly satisfied with their authorized



dealer service experience (scores averaging 850 or higher), 52% say they "definitely will" repurchase the same make. In contrast, among owners who indicate they were highly satisfied with a service experience conducted by an independent dealer, only 28% say the same. The study also identified contacting vehicle owners to check that service work was performed to their satisfaction as having a considerable positive impact on overall satisfaction with dealership service. ☺



BMW'S NEW 5 Series range has racked up a number of wins on the local awards scene.

The National Business Review presented the BMW 5 Series with the Supreme Overall award in its annual ceremony for automotive excellence.

It also won at the AMI AutoCar COTY, where the 5 Series was awarded the Luxury Car of the Year title, and then winning Safest Car of the year at the AA awards. ☺



THE JAGUAR XJ has won the coveted Top Gear Luxury Car of the Year award for 2010, with the magazine's editor Jason Barlow saying "rarely has a new car slackened so many jaws." Judges described the vehicle, which is priced in New Zealand from \$189,990 to \$339,990, as a "blast from the future."

The XJ is also a finalist in the New Zealand Car of the Year Award, as judged by the New Zealand Motoring Writers' Guild, with the winner to be announced in early January. ☺

Social Media: Word of mouth on STEROIDS



autobase
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WE ARE always looking for ways for our dealers to maximize their online presence, and have had dealers ask us how they can integrate Social Media, particularly Facebook and Twitter into their digital strategy. That's why we have recently added some new features to our dealer services area which allows dealers to send vehicle listings to their Facebook or Twitter accounts. This is another 'arrow' that can be utilised to drive online traffic back to your stock. There's been a lot of talk amongst dealers lately about social media – what is it and do I need it? Is it a flash in the pan or is it actually relevant to my business? Here is a bit of a brief about what it all entails.

What is so important about Facebook and Twitter?

In the 2009 Nielsen Online New Zealand Automotive Search Report; "Friends and Family" were the most useful resource when buying a vehicle. Other studies support this and a 2010 report says "In terms of the impact of Social Media on advertising, word of mouth is the popular option with 78% of customers trusting peer recommendations on sites. While, only 14% trust advertisements"

Facebook and Twitter are word of mouth on steroids, giving businesses the ability to tap into these trusted networks of friends, family and followers, which ultimately leads to sales.

What is Facebook's business application?

Facebook was originally created for everyday people (in fact university students) to keep in touch and share photos. As an extension of this, individuals can also create a Facebook Page to share interests, or



in our case, business information. Individuals can "like" your business's Facebook page, so every time you post something they will get an update in their News feed on their personal wall. A post may be as simple as writing a comment or you can create links back to your listings and more in depth information on your website. You can manage the information posted on your Facebook page, and share it using the networks of friends and family already connected on Facebook.

How does Twitter work?

Twitter has also exploded in New Zealand. After setting up your free Twitter account you choose who to "follow". This means when you log into Twitter, you are kept up to date with the news & information from the people who you want to listen to ("follow"). Tweets are posts which are limited to 140 characters, are predominantly text-based and can include links to websites, articles, videos and images. Tweets should be timely and relevant to your audience of followers (people who follow you, to listen to what you have to say). 80% of Twitter users use Twitter on mobile devices

(Smartphones like an iPhone) which have become an essential tool to deliver high frequency conversations and keep up with the play.

Auto marketers and dealers are increasingly realising the value of Social Media and using it to increase their online presence, or 'digital footprint'. Today, almost half of all Kiwis using the Internet are interacting with companies via social networking sites.

Social Media can be used as an effective marketing tool to:

- make it easy for friends, family and followers to refer your business or vehicles
- engage in conversations about your business or product and reinforce your brand
- promote specials, events and information
- be aware of what your competitors are doing and discover trends

Like having a company website, using sites such as Twitter & Facebook needs to be well-executed and managed. So before you start,

ensure that you have a digital media strategy. A badly managed Facebook or Twitter account can do more damage than good. Look at corporate behemoth Nestlé, reduced to a vulnerable deer in the headlights due to their badly managed Facebook page in one of the year's most epic corporate blunders. Once Nestlé put up their Facebook page, it was lambasted with 'digital protests' and abuse from the public and Greenpeace for their use of palm oil and using companies accused of illegal deforestation of rainforests. Questions about Nestlé's products were being asked on the page by the public, but Nestlé were not answering them. The page became flooded with protests and negative comments about the brand. The furor rapidly grew from Facebook to Twitter and is now all over the media like a tumor. Given that Google now index Twitter and Facebook, all that negative publicity comes up when you type 'Nestlé' into Google. A Nestlé employee admitted 'The person responding for Nestlé seems to be junior. In future they need to look at the person who is responsible for monitoring the page and use someone more senior.'

Social Media is here to stay and is growing within the New Zealand automotive industry, but having a solid digital strategy in place before entering the social media arena is absolutely vital. As a business the way you engage should be quite different to your personal approach. When engaging be authentic and remember these 3 C's - Connect, Contribute, Converse. If you want to have a discussion about social media, give us a call, post a comment or send us a tweet; we'd be happy to hear from you. ☺



*The team at Autofile
would like to thank clients,
contributors and readers for
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*We wish you all, our very best
wishes for the festive season and we
look forward to working with you
again in 2011*

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