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## Call to delay review of financial sector

The Financial Services Federation says products supplied to the automotive industry shouldn't be banned by the government

An organisation representing responsible lenders in the non-banking sector is lobbying for changes in the way financial institutions operate to be postponed.

The Ministry of Business, Innovation and Employment (MBIE) has published an options paper in response to reports from the Financial Markets Authority (FMA) and Reserve Bank of New Zealand (RBNZ) highlighting failures in managing conduct risk.

It aims to "ensure conduct and culture in the sector delivers good outcomes for customers".

But the Financial Services Federation (FSF) says other reviews are already under way, so the conduct of financial institutions options paper should be put on the backburner for now.

"We think discussion of further legislation regarding 'conduct' should be deferred until others have run their course," says Lyn McMorran, the FSF's executive director.



Lyn McMorran, the FSF's executive director

These include amendments to the Credit Contracts and Consumer Finance Act (CCCFA) and the insurance contract law review.

McMorran stresses such a postponement "would avoid regulatory overlap and confusion, as well as addressing any gaps left to regulate conduct" after these two are completed.

The MBIE's new options paper identifies ways financial institutions conduct themselves, such as there being an imbalance of power between them and consumers.

It adds sales are being prioritised over good customer outcomes and what consumers

need from some products aren't being taken into account.

"There are weak systems and controls to manage conduct risk, and a lack of accountability to ensure good conduct."

The government sought feedback on a range of options before submissions closed on June 7, including a "robust enforcement package".

Also on the table are overarching duties to govern how institutions do business and executive accountability for breaching any new legal duties. Other MBIE proposals include:

- ▶ A legal duty regarding how insurance claims are handled.
- ▶ Measures to address conflicted remuneration.
- ▶ Action to ensure products are suitable for consumers.

However, in addition to calling for any outcomes to be delayed, the FSF says the options paper lacks clarity as to who it is aimed at and who it's trying to protect.

For example, it refers to "financial institutions", which the

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## GUEST EDITORIAL

# Ban on 'old unsafe imports' required

A rolling age ban can help stop New Zealand being a 'disposal bin for bangers', says David Crawford

There's a long overdue need for a discussion on sensible policies to prevent old and unsafe used vehicles from coming into New Zealand as part of the government's new road-safety strategy.

For far too many years, vehicles that aren't designed for this country's conditions have been imported.

This has significantly added to the fleet's old average age, and slows down the rate of penetration of new, safer and cleaner technologies.

We have a huge number of used cars coming through our ports that don't meet the modern standards of NZ-new vehicles – not by any stretch of the imagination. This country has become a disposal bin for others' old bangers.

With vehicles being imported at 10-14 years of age, many are at the end of their use-by dates in their countries of origin. Why we allow them in when most of their useful economic lives have expired is a mystery to many. It just shouldn't happen.

And it's getting worse in the lead-up to the electronic stability control (ESC) rule, which will impact on class MA used imports from March 1, 2020.

As everyone already knows, ESC can reduce the risk of crashes due to loss of control by 30 per cent, and has been hailed as the biggest step towards reducing serious



DAVID CRAWFORD  
chief executive officer  
Motor Industry Association

injuries and fatalities since the compulsory wearing of seatbelts.

It's my view that used-vehicle importers should be avoiding stock without ESC.

Sadly, some are instead rushing to bring them in ahead of

the ban, leaving the used sector exposed to accusations of valuing a quick buck over life. Let's call it how it is – cars without ESC can be death traps in accidents.

The new-vehicle sector adopted a voluntary agreement not to import new passenger and SUVs without this safety system fitted in the lead-up to ESC requirements applying to our sector.

This agreement was in place for two full years prior to the ESC changes impacting on the new-vehicle industry.

Coming back to old and unsafe vehicles being imported – and how to prevent this – the MIA doesn't support having the star-rating system for used cars as the mechanism for achieving this.

The used-car ratings don't apply to all vehicles and there's considerable confusion on how these relate to safety ratings for new cars.

We think a rolling age ban, in conjunction with standards, remains the best way to achieve a sensible balance for importing used vehicles, which remain safe, and offer benefits to making our fleet younger, safer and cleaner. ☺

**"There's considerable confusion on how used-car ratings relate to safety ratings for new vehicles"**

## autofile

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Autofile magazine is also available online as a readable file or downloadable as a PDF. Subscriptions are available at Autofile Online – [www.autofile.co.nz](http://www.autofile.co.nz). Back copies are also available on the website.

Copyright: Published monthly by 4Media Ltd,  
PO Box 6222, Dunedin 9059.

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federation takes to mean the entire financial-services sector.

"This is huge and covers everyone who is a registered financial-services provider, so when the paper refers to such institutions we take that to mean everyone, but it then says it will apply only to banks and life insurers," McMorran told Autofile.

"Also its use of the term 'customers', which we take to mean everyone who is a customer of a financial institution – whether that be a consumer, business or the government – and then the options paper talks about 'consumers', which is individuals transacting on a retail basis."

The FSF is concerned the paper fails to make clear what regulator would take responsibility for enforcing any new regime.

"There's a real risk of regulatory overlap if, for example, the FMA was charged with enforcing conduct responsibilities for credit providers and the Commerce Commission with enforcing



Some products sold by car dealers, such as payment protection insurance, are on the government's radar

responsible lending obligations," says McMorran.

"When the MBIE talks about intermediaries, it has failed to consider the Financial Services Legislation Amendment Act, which regulates the conduct of intermediaries, and the accompanying code for financial advisers.

"Indeed, this legislation deals with most issues arising out of the mis-selling of financial products, so the FSF believes it should be allowed to be implemented and

bedded in before any further review of legislation is carried out."

The FSF says there's a bottom line – it doesn't support developing further codes or licensing regimes because there are enough of them and more would only add to confusion. The key is in enforcing existing codes and legislation.

A strong objection has been sounded by the FSF to a claim in the options paper that payment protection insurance (PPI) and add-on car insurance are poor-value products.

"There's no evidence for this assertion and we believe the opposite is the case," stresses McMorran.

"PPI policies are of great benefit to consumers when sold responsibly. If they're not being sold responsibly, the government needs to enforce legislation in place.

"The FSF believes cover provided by payment protection or car insurance is an essential part of responsible lending.

"To provide debt to consumers without offering a way to repay that debt if something goes wrong – other than falling into default, hardship, bad debt, poor credit history, bankruptcy or repossession – is highly irresponsible."

According to the MBIE, PPI and add-on car insurance "often have limited benefits for customers or are commonly misunderstood".

The options paper states the advantages of invoking bans would mean customers are less likely to be sold unsuitable products.

On the flipside, bans are



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## Conduct and culture

The government places the purpose and context of its options paper into the conduct of financial institutions back to the GFC of 2008.

Since then, it says, there has been a shift from only looking at the prudential standing of financial institutions to investigating conduct and culture.

"Regulators around the world have been addressing broader issues, such as banks' market conduct, suitability of financial products and repercussions of an institutional culture that rewarded excessive risk-taking with little accountability," states the options paper.

In mid-2018, the MBIE consulted on its insurance contract law issues paper, which including regulating conduct.

Since then, it has seen growing evidence that gaps in insurer conduct regulation also

apply more generally to financial institutions.

Recent developments and findings in Australia – stemming from a royal commission into misconduct in the banking, superannuation and financial-services sectors – have highlighted failings.

New Zealand's four largest banks are Australian-owned, so problems across the Tasman have raised questions here.

The FMA and RBNZ investigated the conduct and culture of banks and life insurers from late 2018 to early this year.

While no widespread conduct and culture issues have been uncovered, they highlighted failings in how conduct risk is managed. The New Zealand government says this emphasises the need to have a robust regime in place and it holds a view to introduce legislation by the end of 2019. ☺

◀ usually reserved for things that are “unequivocally bad, which isn’t necessarily the case here”.

McMorran says: “All consumers would suffer greater hardship without such insurances if they suffer an event that leaves them unable to repay debt or keep vehicles on the road in the case of accident, theft or something similar. This particularly applies to those whose circumstances make them more vulnerable.

“If, as a result of the introduction of a conduct regime, an unintended consequence was to make access to responsibly sold credit-related insurance harder, this would be a retrograde step and counter-productive in terms of good consumer outcomes.

“It should be remembered all insurances are taken out in the hope nothing will go wrong to cause a claim to be made.

“Unfortunately, that’s not always the case and to restrict or ban products that help consumers in some unforeseen circumstances

should not be contemplated.

“If there’s an issue with product design, such that genuinely poor outcomes are being created for consumers, the answer lies in applying existing law against providers.”

The FSF points out the Fair Trading Act (FTA) prohibits misleading or deceptive conduct, unsubstantiated and false

of credit-related insurance to ensure products are suitable for individuals, sold responsibly and are reasonably priced.

On this basis, the FSF submits sufficient consumer protection against poor product design and further prescriptions for financial institutions would be unfair.

Another idea being floated by the MBIE is for insurers to be

**“The FSF believes cover provided by payment protection or car insurance is an essential part of responsible lending”**

representations, and unfair practices.

Then there’s the Consumer Guarantees Act (CGA), which requires goods and services to be safe, fit for purpose and of an acceptable quality, and services to be carried out with reasonable care and skill.

On top of that, the CCCFA imposes obligations on providers

required to settle claims within set times, which is also opposed.

“We didn’t support the idea that every financial institution must belong to an industry body on the basis that we wouldn’t want everyone in the non-bank credit sector to be FSF members,” adds McMorran.

“But the regulators should recognise entities that belong to our

federation are responsible lenders. The MBIE should concentrate resources on enforcing the law on entities that aren’t FSF members.”

As for some objectives of the options paper, McMorran says it’s unclear they aren’t already taking place in financial institutions.

These include the review focusing on ensuring good customer outcomes over products’ lifecycles, retaining access to products and services that promote good outcomes, alleviating imbalance between customers and financial institutions, fairly managing conflicts of interest and taking responsibility for managing conduct risks across businesses.

#### REVIEW’S BACKGROUND

At the moment, the FMA focuses on the conduct of some financial-market participants, while the RBNZ maintains an efficient system through regulation.

However, neither has a direct legal mandate for regulating the conduct of providers of retail

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banking, and insurance products and services, says the government.

The FMA enforces fair-dealing provisions, but these are relatively narrow in nature and don't extend into consumer financial services.

As for legislation, the Financial Advisers Act promotes sound delivery of financial advice and broker services. It has recently been reviewed and the Financial Services Legislation Amendment Act introduces a regime around providing such advice.

The CCCFA protects consumers when it comes to credit contract. Then there's the FTA and CGA.

However, the MBIE says challenges with financial services include an imbalance of knowledge and power with consumers, weaknesses in managing conduct risks, and gaps in measuring and reporting outcomes.

While financial institutions and regulators have focused on addressing financial risk following the global financial crisis, insufficient attention has been

given to culture and governance until recently.

In particular, there has been a lack of focus on how they govern themselves, employees, related entities and intermediaries.

Looking forward, the government's approach to a new conduct regime would have a principles-based set of duties.

These include prioritising customers' interests in practicable ways, acting with due care and diligence, communicating with consumers clearly and timely, managing conflicts fairly and having systems to address poor conduct.

Directors and senior managers could be held liable if businesses fail to meet these duties, while there are options to improve product design so regulators can stop specific products being sold. The MBIE's options paper states the advantages of such actions would mean customers are less likely to be sold unsuitable products.

On the compliance side, tools may include more powers for



the FMA, entity licensing, strong penalties for non-compliance, whistle-blowing procedures, regular industry reporting and greater roles for industry bodies.

#### VIEW FROM THE BEEHIVE

Kris Faafoi, Minister of Commerce and Consumer Affairs, says improved protections are needed to ensure customers get fair deals and appropriate services.

"What we propose is a suite of measures to put the consumer at the heart of decision-making and to make good outcomes the bottom line," he says.

"These include a ban on target-based remuneration and incentives, imposing new legal duties on institutions, and ensuring products are fit for purpose and sold to the right people."

Faafoi says reports recently published by the FMA and RBNZ have highlighted problems, such as weaknesses in how issues are managed and a gap in how financial institutions are regulated.

"This makes it harder for regulators to deal with failings, such as sales taking priority over consumer outcomes, weak systems and controls to manage conduct risk, and a lack of accountability.

Faafoi believes the financial sector reforms fit well with a broader programme under way to improve the regulation of financial systems.

The government is also considering making the unfair contract terms protections in the FTA apply to insurance to provide extra safeguards for policy-holders. ☺

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## Making views known

The FSF, which has 58 members, represents responsible and ethical finance and leasing providers.

Its submission to the government represents companies in the automotive industry. These include BMW Financial Services, Mini, Al-phera Financial Services, Branded Financial Services, Community Financial Services, European Financial Services, Go Car Finance and Honda Financial Services.

Others are Mercedes-Benz Financial, Motor Trade Finance, Nissan Financial Services NZ, Mitsubishi Motors Financial Services, Skyline Car Finance, Onyx Finance, Toyota Finance NZ and Yamaha Motor Finance.

FSF members that are leasing providers are Custom Fleet, Fleet Partners NZ, Orix NZ, SG Fleet and Lease Plan. Its finance companies and diversified lenders include Avanti Finance, Finance Now, Future Finance, Geneva Finance, Instant Finance, My Finance,

South Pacific Loans and Turners Automotive Group.

Other FSF members are Autoture, Protecta, Provident Insurance and Southsure Assurance.

In the options paper on the conduct of financial institutions, submitters were asked to provide details about remuneration and commission structures in use to assist the MBIE.

The FSF states: "Our members have various structures depending on business models. Many have networks of dealers or agents who provide products to consumers while others have in-house staff. Others use a mixture of both.

"There is no 'one size fits all' remuneration model that would be appropriate for all financial institutions. The FSF submits that the more principles-based the approach taken to incentives and remuneration, the better in ensuring affected organisations can offer products in the way appropriate to them." ☺

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# Calls to change policy on risks

The NZTA's consultation on "managing the integrity of vehicle certification inspections and inspection organisations – operational policy" has created some waves across the automotive industry.

Much focus has been on processes that allow used vehicles to enter the fleet with assessing and managing conflicts of interest (COIs) in the spotlight. The agency describes them as "unacceptable" in modern business practice.

Over recent years, the supply chain for used imports has become more integrated, so one business may be responsible for some or all of the system. As a result, the agency is considering banning entry-certification and inspecting organisations from certifying vehicles they have ownership interests in.

Autofile covered the submissions of the NZTA's three key service delivery partners (KSDPs) – VINZ, VNTZ and the AA – in its June issue.

This article investigates the views of two border-inspection organisations operating in Japan – Automotive Technologies Ltd (ATL) and Autoterminal Japan (ATJ). The third operator involved in this process, JEVIC, did not lodge a submission with the agency.



Importation processes are on the NZTA's radar

## COMPETITIVE MARKET

ATL has submitted all COIs – perceived or real – should be removed where possible.

Nigel Grindall, chief executive officer, says: "By implementing changes, the NZTA would ensure vehicles be border-inspected and entry-certified by approved organisations independent of each other. Should no changes be made, and it accepts organisations can provide multiple inspection services and have ownership interests in vehicles, it can only be expected this will become the normal model.

"If the outcome be stronger policy ensuring COIs regarding multiple inspections and ownership not being allowed, this will benefit road users."

Grindall believes that this would be the case because if no conflicts of interest exist in the entire process, the only factors for certifying vehicles are safety

and other requirements being adhered to.

"Should, however, the final policy determine strong COI management be sufficient to manage potential conflicts caused by significant integration, this would provide a benefit to all organisations in the supply chain as there will be clear policy on what parts of it can and cannot be integrated. This has the potential to benefit consumers by providing a competitive market."

Grindall says only operating models with greater integration than the NZTA had previously anticipated would be disadvantaged by its proposals.

"However, to provide a fair-trading environment, this conflict must be removed or policy developed to manage conflicts to enable additional integrated supply chains to be developed. The NZTA needs to define any application or approved organisation must fully declare ultimate ownership.

"All organisations should be required to declare any relationship in their business ownership or relationships that could influence the organisation."

Grindall calls for "severe penalties, including the suspension or removal of approvals", if any new requirements are breached.

During ATL's presentation to the NZTA's panel, it was stressed the company and Moana Blue, which Grindall also owns, are disadvantaged because they aren't vertically integrated with exporters, importers or entry certifiers.

He says ATL will have to consider entering entry inspection if the status quo remains – the company cannot discount cars to make up for freight rates and border-inspection fees, and cannot make a loss to compete in the market, so its own vertically integrated distribution channel would make things much easier.

Grindall adds while it isn't his intention to own compliance centres, become a KSDP or open retail yards, it may be necessary for ATL to have its own compliance centre so it can ship vehicles straight there – and even have a retail outlet – if the status quo with COIs is maintained.

The panel members were also

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advised the NZTA needs to develop a way of determining who the ultimate owner of an inspection entity is for both KSDPs and border-inspection organisations.

Grindall points out the current method of border inspection and entry certification is too wide and challenging to audit.

#### FUNCTIONAL SEPARATION

ATJ supports, in principle, the NZTA's proposed policy changes for setting out similarities and differences between models in the pre-export inspection, compliance and certification industry in Japan.

ATJ says the proposals "highlight the level of risk to consumers and the integrity of a system when a company operates a vertically integrated business model [VIBM] with multiple ownership interests".

It adds the NZTA's supply-chain proposals discuss risks related to increased COIs and safety for consumers, and propose suitable protections to reduce pre-border inspection risks.

"ATJ wishes to clarify it and JEVIC, now part of the Optimus Group, operate two distinct models," states ATJ's submission.

"ATJ has no ownership interest in any vehicle it inspects. Its supply-chain interest ends at the New Zealand border. ATJ's importers agents obtain entry certification from appointed companies – the AA, VTNZ, VINZ, Drivesure and Nelson Vehicle Testing Centre."

It considers any perceived COIs with shareholder ownership is manageable with ATJ's border-inspection appointment lying with KMA Ltd. The subsidiary was established for the appointment process because government departments can only have agreements with New Zealand-registered companies.

"In practice, this means KMA holds the appointment, and delegates technical and operational aspects to ATJ in Japan.

"All ATJ border-organisation inspections are independently audited via the entry-certification process. The New Zealand-end inspection, compliance and entry-certification provision are nothing to do with ATJ."

ATJ believes there is a hierarchy of risk in regard to protections the NZTA is trying to build into the system by managing COIs equal to any identified risks.

"Border-inspection work is the first step in the inspection and entry-certification process," it says. "It's focused on identification, structural integrity and damage-related inspections.

"In ATJ's case, there are more thorough and independent inspection and certification activities further in the supply chain that act as verification.

"Consequently, ATJ submits a high level of protection exists that's sufficient to maintain transparency, functional separation, independence and effective delivery of border-inspection requirements. However, inspection work for entry certification is more critical to end-user protection."

ATJ's states the NZTA's operational policy equates more directly to avoiding COIs and separating pre-export inspection from entry certification.

That said, ATJ questions if it's the agency's intention to change requirements or signal more protections to manage COIs, and if this will minimise risks.

"Any COI related to ATJ's business model arising from proposed policy changes can be planned for, effectively managed and monitored by the NZTA," states its submission.

"ATJ considers this will provide the transparency necessary to give confidence in ATJ's future operating model." This could include improved governance arrangements between KMA and ATJ, and formalised delegation arrangements.

ATJ stresses: "The highest level of organisational separation should only apply to an entity that has ownership interest in vehicles pre and post-border inspection and certification activities."

The NZTA plans to confirm any new appointment processes during September, as well as any impacts of policy changes. New appointments would be sought in October with successful applicants notified in November before becoming effective on December 31. ☺



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# 'Standout star' of compacts

The new S model of Audi's SQ2 stands out in the compact SUV segment with its output of 221kW and ability to make the 0-100kph dash in 4.8 seconds.

The marque says the two-litre turbo fuel-stratified injection engine is in its peak form with a constant 400Nm of torque between 2,000 and 5,200rpm.

As with all Audi S models, quattro all-wheel drive (AWD) is standard. Its central element is a hydraulically activated multi-plate clutch, which distributes torque continuously between the axles.

If the front wheels lose grip, the clutch can transfer up to 100 per cent of the force to the rear within a few milliseconds.

A sportier set-up in the S lowers the body by 20mm. Its frame is geared so the boost ratio changes the further the wheel is



The S model of the Audi SQ2

turned. This improves agility when manoeuvring in urban traffic and tight bends.

To customise the SQ2's looks, buyers can opt for Audi's black styling package for a sporty look with the front grille and rear diffuser finished in matt, and the front-grille frame in high-gloss black.

The marque's virtual cockpit comes as standard with controls for

the fully digital instrument cluster on the steering wheel.

The 12.3-inch display offers three views, including a screen that places the tachometer front and centre. The most important information is also visible in a head-up display, which is available as an option.

Driver-assistance systems come from Audi's full-size class with "pre-sense city" operational as standard.

This uses radar to recognise hazardous situations that can occur with pedestrians and other vehicles in front of the car, and warns the driver – acoustically and visually – before initiating emergency braking if needed to avoid impact or reduce crash severity.

"The Q2's launch in 2017 saw us venture into a new market segment, and bring a unique mix of style and technology to our Q family's smallest member," says Dean Sheed, general manager of Audi NZ. "It quickly became one of the highest volume sellers in the SUV segment."

"We welcome the Q2's sporty sibling. We're confident it will follow in its footsteps as another top-seller."

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## 'Authentic' off-roader

Interest in the Jimny has heightened since the new model broke cover in Japan during the second half of last year.

The versatile SUV wowed visitors to the Tokyo Auto Salon in January when 14 specially adapted interpretations were displayed.

Two were created in-house by the marque's factory, while the others were inspired by specialist companies in Japan.

It's now on sale on these shores with prices starting from \$25,900 for the manual four-wheel drive (4WD) and rising to \$28,000 for the two-tone Sierra automatic, plus on-roads.

Under the bonnet, the Jimny boasts a new 1.5-litre engine with a five-speed manual gearbox or four-stage automatic transmission.

A long model life has been a factor in

relatively low depreciation levels for the SUV, says Gary Collins, of Suzuki New Zealand.

"It's synonymous with our brand and a masterpiece of our 4WD technology," he adds. "It is still the one and only authentic off-roader that's small and lightweight while retaining core off-road ability."

Since 1970, 2.9 million Jimnys have been sold in 194 countries. This fourth-generation model is likely to enjoy a long production cycle like its predecessor that was launched in this country in 1998. ☎



The new two-tone Jimny Sierra

# Laundering laws affect dealers

**C**ar traders can be prosecuted for failing to follow anti-money laundering laws coming into effect next month.

The government is targeting the criminal underworld, which uses what's known as high-value dealers (HVDs) to "clean" proceeds of its illegal activities.

The Motor Trade Association (MTA) warns anyone selling expensive consumer items, such as vehicles and boats, is vulnerable to money laundering as are registered auctioneers.

"When the new law comes into force on August 1, registered motor-vehicle traders need to consider how they will comply," says Tony Everett, the MTA's sector manager for dealers. "Failure to comply can result in prosecution."

"Criminals target HVDs to launder proceeds of their crimes. They may buy expensive goods with cash for personal use, or may sell them later to 'clean' their money or fund more crime."

"The bottom line is if dealers buy or sell vehicles using cash above a threshold [to be announced as Autofile went to print] they must report it."

Cash is defined as physical currency, bearer-negotiable instruments – such as bills of exchange, cheques, promissory notes, bearer bonds, traveller's cheques, and money, postal or similar orders – and others prescribed by regulations.

All cheques, including bank drafts, are considered bearer negotiable for the purposes of the Anti-Money Laundering and Countering Financing of Terrorism Act.

The MTA says the easy option is to no longer accept or make large cash payments above the threshold, so car dealers avoid compliance obligations.

"You could ask the customer to pay a large cash amount directly into your account," says Everett. "It then becomes the bank's responsibility to ensure compliance

**"If car dealers are going to accept or make large cash payments, they must set up procedures to manage it"**

**– Tony Everett**

obligations are then applied.

"In some situations, you may want to accept a large cash payment. For example, people in some cultural groups like to use cash, or some customers without a credit card or internet ability might want to pay by bank cheque. You may not want to offend them or lose their business if you make life too hard for them."

"It might be convenient to pay by cheque when buying a used vehicle for stock, but using that will bring compliance obligations, including completing customer due diligence."

"If car dealers are going to accept or make large cash payments, they must set up the procedures to manage it correctly because compliance will be difficult to achieve after the event."

A trader accepting or paying large amounts above the threshold must identify the customer and every "large cash" event, including any series of related cash transactions.

If payment is in physical currency, a prescribed transaction report (PTR) must be submitted to NZ Police's financial intelligent unit (FIU).

For payments by cheque or other bearer-negotiable instruments, the event must be recorded but a PTR isn't needed.

Traders will also have to comply with any audit events requested by the Department of Internal Affairs (DIA).

If car dealers plan to accept or pay in large cash amounts

exceeding the threshold, they need verify the customer's identity.

Information must be collected about the customer, the beneficial owner and anyone acting on behalf of a client. This includes full name and date of birth.

Documents need to be collected and sighted, as well as data or information from a reliable and independent source.

The identity verification code of practice can be found online at [www.dia.govt.nz](http://www.dia.govt.nz). Acceptable documents include one form of specified photo identification, such as a passport.

Also permissible is non-photographic identity, such as a full birth certificate, with a secondary form of photo identification, or a New Zealand driver's licence and another approved form, such as a credit card.

If the person isn't the buyer, the relationship to the client is also needed – as is the company identifier or registration number if applicable.

Financial reporting must be in the FIU's provided format and dealers need to pre-register before reports can be lodged.

Registration includes declaring the business' name and staff who are nominated users. Search for

[continued on page 12]

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# Refunds ordered

An investigation of disclosure statements carried out by the Commerce Commission has resulted in a company reaching a settlement agreement with the watchdog.



Anna Rawlings

Finance Ezi Ltd, which trades as Ezi Finance, will now repay about \$400,000 to past and present customers.

The Whanganui-based company offers consumer loans of up to \$5,000, including for motor vehicles.

In November 2016, the commission reviewed its disclosure statement for compliance with Credit Contracts and Consumer Finance Act (CCCFA) requirements as part of a proactive review.

In the regulator's view, the company failed to meet its obligations because key information required by the act was left out of initial loan documents.

"Ezi Finance has acknowledged its disclosure didn't comply," says Anna Rawlings, who chairs the commission. "It has updated documents, given affected borrowers the right information, and has agreed to make payments and or adjustments to balances."

Between June 2015 and

February 2017, Ezi Finance entered into 1,464 consumer credit contracts with 654 borrowers.

These excluded accurate statements of cancellation rights and how to apply for variations if unforeseen hardship

was suffered. Also, the company's registration details from the Financial Service Providers' Register were missing.

"This settlement reflects that, under the CCCFA, failing to provide information carries serious financial consequences," adds Rawlings. "Ezi Finance has agreed to repay some of the interest and costs charged to affected borrowers."

Initial disclosure is a term for information given to borrowers when they take out loans, such as the total repayable. It helps them understand what loans will cost, and their rights and obligations.

Disclosure rules ensure people get details of their loans and written records of key contract terms before signing on the dotted line. Other regulations help them keep track of debts.

Visit [www.autofile.co.nz](http://www.autofile.co.nz) to find out more, and read the rules on borrowing costs and statutory damages. ☎

[continued from page 11]

"goAML" online at [www.police.govt.nz](http://www.police.govt.nz).

Businesses are also encouraged – although it's not mandatory – to report any suspicious activity to the FIU using goAML irrespective of whether the amount is over the threshold.

"There are also requirements for related cash transactions," says Everett. "It may be difficult for you to spot them, especially if spread over time."

"The DIA will be satisfied obligations have been met if you're taking reasonable steps to identify related cash transactions and carry out customer due

diligence when the threshold is reached or exceeded."

Scenarios to question, which may be illegal, could include:

- ▶ The same customer is trading with you regularly using cash. Individual transactions are under the threshold, but collectively they may equal or exceed it.
- ▶ Cash transactions from different customers may appear related in some way.

Everett advises: "Car dealers need to give this issue serious thought and plan how they will react."

Visit [dia.govt.nz/amlcft](http://dia.govt.nz/amlcft) for guidelines on the new legislation. ☎

## IN BRIEF

### Training organisation backs project for pupils

MITO is supporting EVelocity for the second year in a row. It's a programme for secondary school students to design, build and race electric vehicles (EVs).

"We place great emphasis on developing talent to our industries," says Janet Lane, chief executive. "Supporting EVelocity and the development of EV mechanical engineering skills is a key part of our engagement with schools to attract entrants."

MITO offers a micro-credential automotive programme called StartUp to year 11-13 pupils. They complete a mix of theory via e-learning and practical assessment by spending one day a week in a workshop.

"Nearly one-quarter of StartUp students progress to full apprenticeships," adds Lane. "After becoming qualified, they can enrol in our EV training programme, which upskills technicians to safely inspect, service and repair light EVs."

### Top honours for collision safety performances

Three Subarus have been awarded the highest marks possible in JNCAP assessments.

The 2019 Forester, pictured, has won the grand prix award for earning the



highest score in the collision safety performance as assessed by Japan's Ministry of Transport and National Agency for Automotive Safety.

And the Forester, XV and Impreza have secured advanced safety triple-plus ratings, the highest in JNCAP's 2018/19 preventive safety performance test.

"Although these awards are for Japanese-specification models, all New Zealand-new Subarus are made in the same factory using the same architecture," says Wallis Dumper, managing director of Subaru of NZ.

The Forester is built on the marque's new global platform, which boosts passenger protection with improved energy absorption compared to previous generations.

Combined with its optimised body structure and layout of high-tensile steels, the SUV has enhanced passenger protection for frontal, side and rear-end impacts with minimal weight increase, and has a pedestrian protection airbag fitted as standard.

### Electric car designed to be adapted for various uses

Toyota has partnered with companies such as Amazon, DiDi, Mazda, Pizza Hut and Uber to create the e-Palette, which is designed as a flexible battery EV for different needs.

It has an open interior layout that can be adapted for deliveries, ride-sharing and on-road business uses, and is planned to come in three sizes.

Technology providers can utilise it to develop control systems via Toyota's open application programming interface.

It also uses the marque's mobility services platform to develop connected mobility solutions with partners and gather maintenance information.

### Speaker announced for association's annual dinner

Julie Anne Genter, Associate Minister for Transport, has been confirmed as the guest speaker at the midwinter dinner being hosted by VIA (the Imported Motor Vehicle Industry Association) on July 10.



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# Move away from 'rich greenie' market

**M**any Kiwis are unsure if and when they should switch to an electric vehicle (EV).

For the less well-off among us, it's a big decision. We want our car to be safe, reliable, comfortable, economical, and big and grunty enough to get us, the family and our gear to where we want to go.

Throwing another curve ball into the mix – whether to trust in an electric drivetrain and traction battery – adds uncertainty to an already tight choice.

Surveys of the public's understanding, enthusiasm and worries about EVs have been commissioned by the Energy Efficiency and Conservation Authority (EECA) – initially between July and September 2015, and then every quarter since July 2016.

Its results give valuable clues on what puts some people off EVs and whether those barriers are increasing or being eroded.

The high initial purchase cost is the main barrier to going electric. This concern has been climbing since early 2018, perhaps because second-hand EVs are holding their values and even increasing for some model years.

The very earliest EV adopters were more driven by environmental considerations and less worried about cost. Sixty-nine per cent of consumers between July and September 2015 considered buying one because they were environmentally friendly, but this has now reduced to about 50 per cent. Clearly this isn't just a "rich greenie" revolution now – more and more ordinary Kiwis want to switch.

These new punters will have been particularly disappointed the latest government budget had zero incentives to go electric.

The cost of making batteries has declined by 16 per cent each year over the past decade, so EV manufacturing costs are likely to come down for some years yet.

However, demand is ramping up worldwide. Our small, unsubsidised market will struggle to attract sufficient supply to bring the price of EVs down here.

Purchase subsidies, or feebates that simultaneously reduce purchase costs of EVs and make gas-guzzlers more expensive, would help in two ways.

More ordinary New Zealanders could then afford EVs. But incentives



Henrik Moller, co-founder, Flip The Fleet

will also encourage more marques and dealers to enter and fully service our electric market, so supply would increase and further drive down prices.

Uncertainty about battery life is the second most important reason some people will not yet consider buying an EV. This concern bites harder here because we rely heavily on second-hand imports, especially Nissan Leafs.

Their batteries are relatively small, early technology and not actively cooled. Overheating and overcharging, and especially a combination of both, can shorten their battery lives.

Nissan has yet to provide a battery replacement service in New Zealand for second-hand imports and, so far, alternative or

substitute battery refurbishment or full replacement options aren't commercially available.

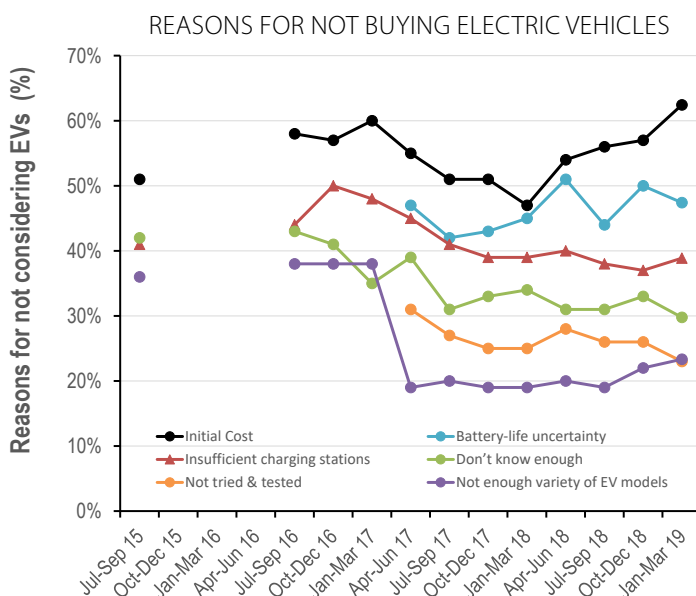
The provision of subsidies for importing replacement batteries, or encouraging the establishment of our own battery-refurbishment service industry, would give consumers more confidence that second-hand EVs with partly depleted batteries aren't motorists' equivalent of supermarket shoppers' "one-trip plastic bag". Avoiding this trap is about sustainability as much as about financial return on investment.

Remaining perception barriers to EV uptake are decreasing. The rapid-charging station network is steadily being filled in. More reliable information about electric cars is becoming available to help counteract ignorance and misinformation from some vested interests in transport business-as-usual and ill-informed media.

Full trust in EVs can only grow once we have tried them for longer, provided – of course – they turn out winners.

Earlier, the lack of variety of models put many potential buyers off, but this is rapidly being replaced with excitement about a flush of new and improved EVs coming off production lines.

Only two main barriers to EV uptake really remain – high purchase costs and lack of guaranteed affordable battery replacements. Government incentives could solve both, and accelerate vehicle supply and demand. 🚗



*This graph shows survey replies from over-18s who own a car or are intending to buy one, but said they're unlikely to choose an EV. They were asked: "What is it about EVs that makes you unlikely to consider them the next time you buy."*

*Surveys and data used for this article were commissioned by the EECA and made available by TRA NZ.*

Live EV listings on Trade Me:

**-1%**

Compared to last month

**+31.6%**

Compared to prior year

New EV listings on Trade Me:

**-7.3%**

Compared to last month

**+14.8%**

Compared to prior year

EV watchlists on Trade Me:

**-6.8%**

Compared to last month

**+31%**

Compared to prior year

# Incentives needed for switch

The chairman of Drive Electric wants the government to investigate ways to boost the wider uptake of electric vehicles (EVs).

Mark Gilbert realises “incentive” strikes fear into many, but stresses “we’re not talking about the use of taxpayers’ funds”.

“One of the major contributors to EVs on our roads are used electric imports out of the UK and Japan,” he says.

“Those from the UK are effectively being imported with a level of incentives coming through in UK pricing, which is about £5,000 [or about NZ\$9,750] per unit – that’s quite significant.”

Drive Electric is keen for cost issues connected to electric cars in New Zealand to be tackled, such as by changing the way we currently apply a fringe-benefit tax (FBT) value based on new-vehicle prices for their entire life cycles.

Gilbert uses the example of a car exiting the fleet rather than its

replacement as a starting point.

“If you look at a Toyota Corolla going out of the fleet, that’s probably a \$25,000 to \$30,000 vehicle in fleet terms,” he says.

“But replacing it with the likes of a Renault Zoe, which is double the price, means most fleets would probably not consider it unless there was some other consideration.

“We just feel the government should pull the lever of FBT for a set period, or for a number of vehicles, not for all time.”

Feedback from the Sustainable Business Council suggests the FBT component on top of price premiums is one step too far for some companies to consider EVs.

“Even with the incoming Nissan Leaf, which I think will have a price of about \$60,000, you’re paying FBT on twice the price, so it’s the opportunity-costs argument,” adds Gilbert.

“It’s a way of approaching the fleet market differently. For

## Total EVs by region

Northland	444
Auckland	6,123
Waikato	714
Bay of Plenty	466
Hawkes Bay	224
Gisborne	47
Taranaki	192
Manawatu/Wanganui	436
Wellington	2,006
Nelson/Marlborough	481
Canterbury	2,150
West Coast	16
Otago	828
Southland	102

Source: Ministry of Transport, June 12, 2019

a period, whatever vehicles you’re taking off the market and replacing with EVs, the FBT for the first few years could be the value of the outgoing cheaper car rather than the incoming, more expensive one.”

Gilbert says fleets tend to renew every two to three years,

but there are other issues, such as tracking residual values, when it comes to supply and demand.

“There’s a lack of fleet uptake and most of the EVs on the road are probably owned by private individuals. They form the volume today.

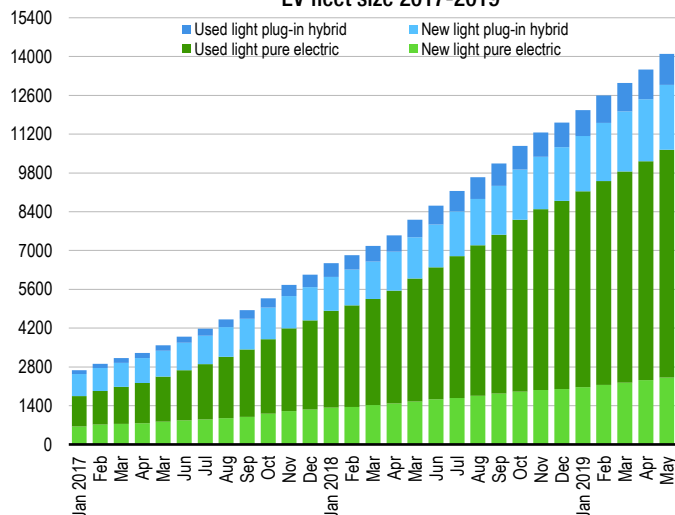
“We’re not suggesting they don’t get a helping hand as well. The government could play with GST a bit because of what it’s going to do for renewable energy uptake and demand in general – possibly a GST holiday.”

Gilbert also highlights feebates as a possibility going forward and says these work well in Sweden.

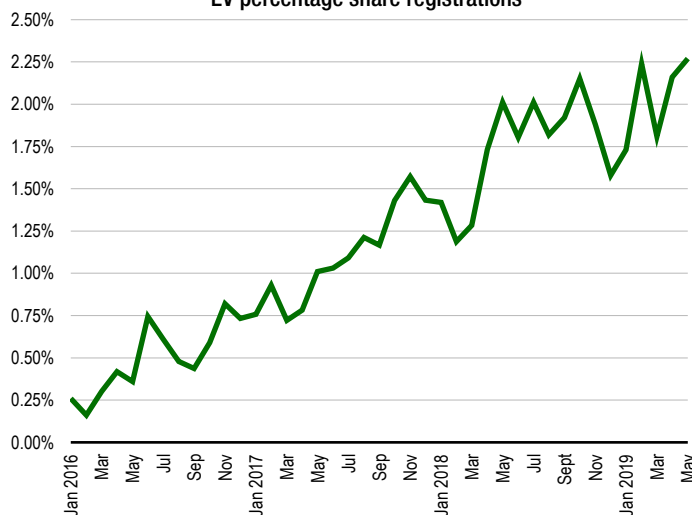
And with the Zero Carbon Bill being introduced to parliament in May, there’s a “big carbon discussion coming up”.

He adds the coalition government hasn’t been backwards in putting working groups together on difficult topics and more could be done when it comes to EVs. ☺

EV fleet size 2017-2019



EV percentage share registrations



Source: MoT, June 12, 2019

## Top 5 EV models

listed on Trade Me last month:

- Nissan Leaf
- Tesla Model S
- Nissan e-NV200
- Kia Niro
- BMW i3

Average listing price for the month:

**\$25k**

## Eye on EVs



\* Figures as per the end of June 2019

# Hitting top level of autonomy

**K**ia has unveiled its vision of electric vehicles (EVs) with its HabaNiro also having a level-five autonomous mode.

And the marque is claiming a new category for the concept. Officially, it's a compact crossover utility, but it's throwing in its own title of an "all-electric everything car" due to its flexibility.

The all-wheel-drive (AWD) four-seater, which has an all-electric range of about 480km, sits on 20-inch wheels, while its four butterfly-wing doors hints at the HabaNiro's "future forward" interior design.

Absent are rectangular screens and traditional control knobs. Instead, it features a full-width front windshield heads-up display system controlled by a concave instrument panel that's an interactive touchpad display with



Kia's HabaNiro concept



additional sensory light feedback.

The technology doesn't end there with a system allowing users to swipe vehicle options across the screen.

When the part-time autonomous system is engaged, the steering wheel and panel retract.

Kia's real-time motion adaptive driving system can optimise and personalise cabin space by analysing a driver's emotional state

through artificial intelligence-based bio-signal recognition.

The level-five system also uses AI-based emotional intelligence to monitor when the motorist looks at the top of the windshield where rear-view mirrors are normally located. It basically senses the human's need for a video display to be activated.

Kia is quick to dismiss naysayers who predict the HabaNiro, which was revealed at New York Auto Show, will never see the light of day. In the past 18 months, it has launched the Stinger and Telluride – and they started off as concepts.

## WORLD-FIRST HYBRID

Mercedes-Benz has unveiled its all-new flagship GLS. It replaces the seven-seat wagon that started out as the GL in 2006, was upgraded during 2013 and then switched to the GLS badge in 2016.

Due to start arriving in showrooms later this year, it boasts a choice of two mild-hybrid petrol powertrains.

One of these can produce up to 376kW of power and 950Nm of torque in short bursts when an integrated 48-volt electric starter-generator kicks in for 360kW of power and 700Nm of torque.

This powertrain in the range-topping V8 GLS 580 marks the world debut of this combination,

which is destined to be employed in the marque's other large models over time.

Mercedes-Benz says the 16kW and 250Nm EQ Boost hybrid system, which is also slotted into the powertrain of the six-cylinder GLS 450, produces fuel-economy savings similar to high-voltage hybrid systems.

The claimed fuel consumption for the GLS 580 is 9.5-10l/100km on the European test compared to 11.3l/100km for the current V8 GLS 500. All engines are hooked up to a nine-speed automatic transmission and 4Matic AWD system.

Safety systems include adaptive cruise control that automatically adjusts to the speed limit and it can read roadside signs to override sat-nav guidance when necessary.

## ROADSTER SHEDS KILOS

Porsche has unveiled the production version of its swansong for the 911 sports car – the Speedster.

It will be limited to 1,948 units globally with the number denoting the year the marque received the operating licence for its first vehicle – the 356/1 prototype.

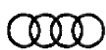
The latest version of the two-seater draws heavily from the GT3 and GT3 RS track cars, including an enhanced four-litre naturally aspirated flat-six engine.

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The new-generation Toyota Kluger



Mercedes-Benz's all-new GLS 580



Porsche's 911 Speedster

Power and torque output are 374kW and 470Nm respectively, but "a highly emotional and racing-inspired soundtrack" is promised.

Driving the rear wheels through a GT Sport six-speed manual transmission, the roadster can reach 96.5kph in 3.8 seconds on its way to a top end of 309kph.

Dedication to coming in lightweight at 1,465kg is apparent in door-panel construction and use of basic storage nets and door pulls, while a carbon-fibre composite replaces sheet metal in some areas, such as the front luggage compartment lid, front fenders and rear deck-lid.

#### SUPERCAR GETS MAKEOVER

Nissan delved into its past to seek inspiration for its GT-R 50th Anniversary Edition, which made its debut in the Big Apple alongside some updates to keep the supercar fresh.

It comes in three exterior colours with the bayside-blue option featuring a four-coat, double-heated finish for a "vivid blue with striking highlights and deep shadows".

Other exterior highlights include blue accents on wheel spokes and white-coloured racing stripes, while the car also comes in white with red stripes and silver with white stripes.

Performance is still courtesy of a twin-turbocharged 3.6-litre V6 petrol engine, outputting 421kW of power and 633Nm of torque.

The GT-R's carryover dual-clutch six-speed automatic transmission gets an update with a more "refined" R mode for quicker gear changes.

The new GTR Nismo has also been revealed. Features include vented front fenders from the racer. They are designed to help evacuate hot air from the engine bay and provide extra downforce on the front wheels.

Race-bred turbochargers are fitted to the 3.6-litre twin-turbo V6, which now outputs "approximately 447kW" of power and a boost in acceleration response.

#### PACKED OUT WITH SAFETY

The wraps came off the new-generation Kluger at Hudson Yards, Manhattan – the same place where the current model was unveiled five years ago.

The normally aspirated 3.5-litre engine is carried over and boasts 220kW of power.

The eight-speed automatic transmission makes another appearance in the new model. The upgraded AWD system can now send up to 50 per cent of the torque to the rear wheels to counter front-wheel slip.

The Toyota's safety systems include autonomous braking with pedestrian detection, adaptive cruise control, lane-keeping assist, lane-departure alert with steering assist, automatic high beam, road-sign assist, a reversing camera, hill-start assist and trailer-sway control.

On upper variants, a blind-spot monitor and rear cross-traffic alert are available and the Kluger gets a 12.3-inch touchscreen, which is said to be the biggest in its class.

#### REINVENTING THE WHEEL

Genesis describes its Mint Concept

as an all-electric luxury car for the city.

Its oblong steering wheel is surrounded by six user-interface information screens, which call attention to critical functions individually.

A seventh screen mounted flush in the steering wheel displays primary vehicle information while allowing the driver to focus on the road ahead.

The Mint Concept's high-density and battery-electric powertrain is capable of about 322km per full charge and 350kW fast recharging.

#### 'MOST AFFORDABLE' MODEL

The new Venue is expected to come down under in the second half of this year.



Nissan's GT-R 50th Anniversary Edition in "bayside" blue

The small SUV aims to take over from the Accent light hatchback as Hyundai's most affordable vehicle.

It will be powered by the marque's 1.6-litre Smartstream Gamma four-cylinder petrol engine with some tweaks improving fuel economy.

Power and torque figures are likely to be one step up on the Accent's 1.6-litre Gamma GDI, which develops 105kW and 167Nm. ☺



The Genesis Mint concept

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# The month that was... July

July 14, 2006

## Joint submission by industry

Major organisations in the automotive industry joined forces to improve the format for supplier information notice (SIN) cards and consumer details displayed with used vehicles for sale.

A joint submission represented the views of the Motor Trade Association (MTA), Imported Motor Vehicle Dealers' Association and Motor Industry Association.

The MTA's communications manager, Andy Cuming, said the association believed the approach to SIN card changes should be one of ensuring maximum consumer protection, but within a practical and workable process for the seller and with tightly prescribed information categories.

"The industry position set out in our joint submission contains practical recommendations that improve the present level of consumer protection, and also removes many of the ambiguities and inconsistencies that make the SIN card more difficult for dealers to complete," he said.

The submission contained a number of key recommendations for change, including that SIN cards only be displayed when the vehicle seller was a registered trader and the cash price be clearly on show with provision for extra levies, such as registration.



July 11, 2008

## Refunds ordered to customers

In an out-of-court settlement with the Commerce Commission, Auckland-based Equity Finance was told to refund about 1,400 customers around \$720,000.

The company admitted breaching the Credit Contracts and Consumer Finance Act by charging unreasonable fees.

People who bought vehicles from Equity Cars with loans secured through its related financial arm were required to have electronic immobilisers fitted to them.

The commission's investigation identified Equity Finance had, in some cases, overcharged the cost of installing and maintaining the devices.

In every case, Equity Finance added the product's full cost over the loan's term to its initial balance. Charging fees before they were due meant clients were being charged interest on full amounts and wouldn't receive credits if loans were repaid early. Equity Finance admitted by charging this unreasonable fee that it breached section 41 of the act.

Customers also had to buy 12-month mechanical warranties to which Equity Finance added unreasonable commission to the premiums of up 280 per cent of the wholesale premium.



July 3, 2009

## Dealer's concept proves successful

When Michael Farmer opened the doors to the new Farmer Autovillage Xtreme in July 2008, he looked out to see some of the worst financial clouds in New Zealand's history.

Almost a year later, the decision to "go big" was probably the best one the company had made.

Farmer Motor Group had Audi, Volkswagen, Subaru, Nissan, Skoda, Jeep, Chrysler and Dodge under one roof on Hewletts Road, Mount Maunganui, when it opened.

"We committed to this five years ago, so there was no way we were going to turn around and not do it," said Farmer.

"What we had to do was react instantaneously to the economic conditions, and position overheads and staff structure, which not only perfectly suited the economic environment but also the new Autovillage.

"We were marketing five or six different sites, which costs a lot of money, so it made sense to have everything in one place."

Farmer added overheads were down by 20 per cent. The company's previous regional market share was 25 per cent, which had risen to 30 per cent. "People should be able to walk in and find the car that suits them, be it a new model – Japanese, American or European – or second-hand."



July 25, 2008

## Study shows used imports safe

The AA and Land Transport New Zealand (LTNZ) published the 2008 Used Car Safety Ratings, which showed Kiwis could buy vehicles with good protection for less than \$5,000.

The ratings were created by measuring the relative safety performance of used cars based on 3.2 million crashes on Australasian roads from 1986 to 2006.

They assessed the relative safety of 349 popular used vehicles – from light cars to large four-wheel drives (4WDs) and vans.

Don Hutchinson, the LTNZ's vehicles manager, said the ratings could be used to compare relative safety across different classes.

"That means small and medium-sized cars with better-than-average ratings outperformed large cars and 4WDs with average or below-average ratings," he added.

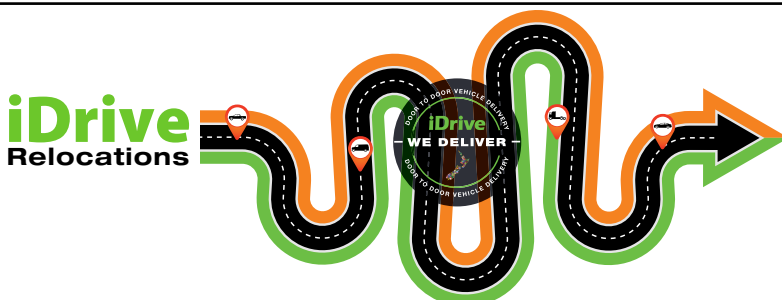
"Using these results as a guide, a driver can choose a smaller, less expensive car over a large vehicle without losing out on safety."

Hutchinson added the ratings should only be used to compare the relative safety of different used models, and the results didn't mean older vehicles would provide the same safety as modern ones with multiple airbags and electronic stability control.



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# The power of customer reviews

**T**here are endless statistics that can be found locally and globally about the power of customer reviews, and how much they influence consumers' buying journeys and purchasing decisions.

But the sources I take the most notice of are the ones directly from dealerships when customers have told them first-hand how important the reviews of their businesses were.

Some recent feedback I received from multiple dealerships, which was given to them by buyers during their vehicle purchases, further highlights and supports the power of customer reviews.

By now, we all know that most of the time potential customers narrow their choice of vehicles down to a few traders, and during this process they start to look to see what more they can learn about the dealerships in the form of ratings and reviews.

In these cases, it was businesses' BuyerScore ratings and reviews that played a key role in the dealerships even getting to the customer's final choice of which one to engage with and purchase from.

As an example, in one such case the customer had transferred for work from Auckland to Christchurch, and made a quick purchase of a vehicle from a trader in his new hometown.

After asking the consumer why a certain dealership was chosen, the reply received was "because of what all your customers have said about you on BuyerScore".

Unless you own a dealership that specialises in unique, rare or uncommon vehicles, the chances are you sell similar cars to other traders at nearby locations. That means you need to leverage whatever you can to increase the probability of being chosen.

Customer reviews, especially from verified buyers – the ones who have purchased from you – hold an incredibly valuable place in your business, and play a very important role now and in the future.

The dealerships out there that get it, really do get it and they are laying foundations for future success.

If your business doesn't get it – or doesn't yet value the importance of reviews for both internal insight and external leverage – then you seriously need to think about your relevance as it



**MARK GREENFIELD**  
Motorcentral

becomes an expectation of potential customers.

If you don't want to know what your clients think about your dealership and their experience in purchasing from you, you then can't complain when sales go down.

Care about what your customers think, embrace it, improve on it, celebrate it and then leverage the hell out of it to influence future prospective buyers.

Also embrace the odd negative review that comes through. It's hard to be perfect in every customer's eyes because ratings and reviews are subjective at the end of the day.

There will also be the time someone drops the ball and the customer has a bad experience.

These occasional – and I stress occasional – bad reviews actually help establish even more authenticity around your business

and that mistakes can happen.

But just like replying with thanks to all positive reviews, replying with some empathy and context around a negative review builds even more credibility and trust in future customers' eyes.

Whatever your reviews tell you about your business, think about how they can influence others – both positively and negatively.

You need to fix any negative influences fast because the chances are high that the negative aspects are what not only decrease purchasing customers' experiences, but how they may influence the ones that engaged with your dealership and didn't purchase.

It could be something so simple to fix, but it's costing you two, three, five or 10 sales per month.

Remember that all customers who arrive at your dealership are yours to lose. The conversion success of every opportunity your dealership has experienced is heavily influenced by a combination of factors when price is one of the smallest contributors.

You should use reviews to your advantage to:

- ▶ Be a consideration and on a buyer's radar.
- ▶ Then convert more of the opportunities you get...
- ▶ ...to be deserved of referrals and...
- ▶ ...retain them for future purchases.

Reviews are powerful today. However, that power will only exponentially grow in the years to come. **m**



Most buyers narrow their choice of vehicles down to those from a few traders



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- ★ **Better understand customers that aren't buying from you** and why
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**BuyerScore**

# Fraudster gets jail sentence

A conman is behind bars after scamming buyers out of nearly \$100,000 in a used-car sales ruse.

Richard Wallace has been jailed for two years and eight months for what the judge described as a "sophisticated" scam targeting Trade Me users.

Wallace, who has used several aliases including George Auckland, Richard Worthington, Ricardo Wallacia and Allan Marble, pleaded guilty to 22 charges of obtaining by deception a few days before his trial was scheduled to start.

He conned 18 Trade Me customers out of a total of \$95,400 between April 2015 and January 2017. He claimed to be a registered motor-vehicle trader.

Wallace used falsified emails and names of bona-fide car dealers and companies, and invented excuses for delays in deliveries, which never arrived. At least 26 ghost vehicles were involved in the scam.

The court heard Wallace had historical convictions for fraud, but hadn't offended in New Zealand for about two decades.

But he and his aliases have been linked to several alleged scams over the past 15 years, many of



Richard Wallace Photo: NZ Herald

which came while it's understood Wallace operated out of Mexico and Florida.

A previous court hearing heard Wallace's ex-wife, who resides in Florida, could advance him \$25,000 for reparations, but those funds were unavailable at his sentencing hearing.

Judge Eddie Paul said the situation was "not good enough". Wallace claimed through his lawyer he had \$15,000 in an account that could be made available, but the judge said, "I don't engage in horse-trading".

Wallace has repaid some of the funds he stole, but \$88,450 was still outstanding so a court order was made for the remainder to be repaid.

A pre-sentence report stated Wallace accepted responsibility for his offending, but he did lay some of the blame on others and his stage-four cancer.

Judge Paul said illness could never provide an excuse for criminality and it was for the parole board to decide when he was no longer a risk to the community.

After being arrested in April 2017 following a television appearance on Police Ten 7, Wallace went on the run while on bail.

He was re-arrested by police in October 2018 and was back before the courts a month later.

George Hiotakis, head of trust and safety at Trade Me, said the type of scam Wallace perpetrated was rare and the vast majority of vehicle trades on the website occurred without a hitch.

He added users of the website needed to watch out for some

things, such as if it appeared to be too good to be true then it probably was.

"A seller shouldn't require a deposit to import an item," said Hiotakis. "Don't provide your contact details until the listing has closed and don't send money overseas. Trade Me members are required to have a New Zealand bank account."

Trade Me has a 36-strong team that monitors the website for scams and people breaking its rules, so "you would be a mug to do anything dodgy" on it.

"They work hard to stop a large number of illegal activities before they get anywhere near our members," added Hiotakis.

"There are a very small number that get through though, and we ask our members to report anything they think is weird and we will investigate." ☎

## Lender faces charges

Civil proceedings have been filed against Real Finance Ltd in relation to charges paid by its lenders.

The Commerce Commission alleges the company imposed unreasonable establishment, monthly administration and default fees on loans between April 1, 2013 and June 26, 2019.

The regulator is seeking a high-court declaration that, by doing so, Real Finance Ltd has breached the Credit Contract and Consumer Finance Act (CCCFA), which prohibits such practices.

The commission is also seeking orders that the affected borrowers be awarded compensation.

In May 2016, a supreme-court ruling stated that fees under consumer credit contracts cannot be used to generate profits or to recover business costs that aren't closely connected to the matter giving rise to charges.

The commission says Real Finance Ltd was established in 2008 and was previously known as Real Finance Group Ltd.

It operates from branches in Wellington and Christchurch, as well as online, and provides short and long-term loans up to 36 months in duration.

As the matter is before courts, the commission will make no further comment at this time. ☎

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# How good is good enough?

I have been thinking a lot about a recent conversation I was part of.

In this case, it's odd because I agree with a specific instance of the case put forward in the discussion, while I must disagree with the general rationale of the point to begin with. I will attempt to explain.

The discussion began with members of our industry asking the government to enhance requirements.

The government's response was that it would not do so, but it invited the industry to voluntarily do it "better".

The industry responded that it was impossible to do so because then those companies that voluntarily adopted enhanced requirements wouldn't be able to compete with those who didn't.

At first, this seemed insane to me. The industry was asking for tighter regulations and government was saying no. Enhanced regulations could be used to change many areas in our industry for the better.

What the government's refusal meant was that the status quo was good enough and, although better options were available, they were not wanted.

By refusing, the government ensured no one would use the better way because no company would voluntarily handicap itself while its competition charged ahead only meeting the minimum requirements.

It was almost a moral dilemma for me. One of my primary jobs is to find faults and risks, and

identify and push for better options, so how could I sit by while better options were disregarded?

I then thought about it from another perspective.

In another life, I work for a small artificial intelligence (AI) start-up. One of our biggest risks

in that role is the more established technology companies will push an agenda of restricting competition in this emerging industry by packaging anti-competitive policies as safety and transparency.

In that role, much of what I do is trying to prevent the implementation of standards and regulation that would lock out my model of AI.



**KIT WILKERSON**  
Policy adviser and analyst  
kit@via.org.nz

mentioned earlier, I'm confident the industry players involved in this discussion did actually want the industry to "do it better".

Even though I know this, I must agree with the government that the desired approach to regulation should only be what is necessary to achieve the goals.

If the goals are being met, more regulation could improve things, but it could also lock out innovation and prevent competition.

All regulation will have consequences, intended and otherwise. Some consequences can be predicted, some cannot. It's the classic "spider in the urinal" problem. Interventions might

exactly what the governance pendulum gives us. As one set of ideals become more prominent in government, those goals are what we work towards.

Then, as those ideals wane and new ideas rise to power, the new set of goals forces us to re-evaluate whether the current regulations remain fit for purpose.

Either way, I must conclude that less is better – as long as the minimum is met. This is much like the idea of Occam's razor and best explained with a quote often attributed to Albert Einstein. That is: "Everything should be as simple as it can be, but not simpler."

So, it is all a question of where we want to draw the line and how good is good enough? We should define "good enough" and stop there, but we should also be constantly open to revising both the location of the line and the way it's met based on the facts.

Returning to the conversation mentioned at the beginning. If the government is right, if rules are not fit for purpose, then industry has a responsibility to explain why so something can be done about it.

**"Perhaps the goals of society and government should be laid out clearly and be open for challenge"**

In the case of the established tech companies, they could push for enhanced regulation with the sole purpose of raising the bar high enough that it would be impossible for any new company or start-up to meet it.

This, especially in such a poorly understood field as AI, could easily be sold to regulators any number of ways that sound rational and positive.

Returning to the automotive industry and the discussion

be well-meaning, but can have negative effects we didn't intend.

Perhaps the goals of society and government should be laid out clearly and be open for challenge.

The ways we achieve those goals could be periodically reviewed. This would give industry an opportunity to make submissions based on historic facts and demonstrable points as opposed to speculation – as is often the case with proposed regulation.

Then again, maybe that's

**Footnote:** Occam's razor is a principle from philosophy. William Occam, a Franciscan friar who studied logic in the 14th century, first made it well-known.

Suppose two explanations exist for an occurrence. In this case, the one that requires the least speculation is usually correct.

Another way of saying it is that the more assumptions you have to make, the more unlikely an explanation. ☹



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# Demand in Japan to fall back

**T**otal registrations of new passenger cars and commercial vehicles in Japan over the past fiscal year have come in at about 5.33 million units for an overall rise of 2.5 per cent.

Sales of cars and commercials, excluding those in the kei class, totalled around 3.37m – up by 0.8 per cent on 2017 – with mini-vehicles topping 1.96m for a jump of 5.5 per cent.

“The increases are attributable to the gradually expanding economy and impact of new models,” according to the Japan Automobile Manufacturers’ Association (JAMA).

“These positive factors have dampened adverse impacts caused by earthquakes, torrential rains and typhoons during the 2018 fiscal year.”

Looking ahead to the rest of the 2019 financial year, JAMA forecasts overall demand for all cars and commercial vehicles will reach 5.22m units – down by two per cent on the previous reporting period.

That includes kei-class registrations tumbling by 4.5 per cent to 1.87m, and other cars and commercials coming in at 3.35m units for a drop of 0.5 per cent.

In addition to a slowdown in growth depressing consumer demand for new vehicles, JAMA’s forecasts are attributable to various factors.

“These include increases in automobile tax and new environmental performance-based measures being introduced this fiscal year,” it says.

Looking further into sales of commercial vehicles during the 2018 financial year, mini-trucks in Japan jumped by 8.7 per cent to 440,000 units.

JAMA puts this spike down to improved product appeal thanks to enhanced on-board safety equipment, new models and a flourishing logistics sector.

Mini-trucks in Japan fall into the industry’s kei class, with



Daihatsu's Tando

Daihatsu’s Tando being among the models that come into New Zealand as used imports.

They are often two-wheel drive (2WD) in Japanese cities, while 4WD models with decks and cabs are popular in rural areas and imported for use on Kiwi farms.

However, registrations of mini-trucks fell by 5.9 per cent in the 2018 fiscal year to 414,000 due to low replacement demand in Japan, “and the continuing decline in users in the small business and farming household segments”.

Sales of small trucks – an example being Toyota’s Dyna – came in at about 260,000, up by 2.2 per cent.

JAMA puts this increase down to Japan’s expanding economy and the impact, before their enforcement, of stricter emissions regulations.

For the current financial year, it’s anticipated 252,000 small trucks will be sold, down by 3.1 per cent, due to “an anticipated slowdown following the rush before new emissions regulations and low corporate replacement demand”.

Demand for standard-sized trucks should top 181,000 units for the past year, up by 4.6 per cent, but sales are likely to tumble by 2.8 per cent to 176,000 this financial year due to reduced demand in construction, tougher emissions rules and a shortage of drivers.

The government is seeking ways to support wider fading economic momentum in Japan and has planned a hike in sales tax for later this year, but some

experts warn this may trigger a recession, which the country narrowly avoided last year.

Higher prices could squeeze spending, including on cars, and slash percentage points off its GDP growth rate.

Japanese manufacturers



Toyota's Dyna

are also wary of possible US tariffs of as much as 25 per cent on vehicle imports. These would include cars, SUVs, vans and light trucks, and automotive parts.

Asian and European

governments warn border taxes will damage the American economy and disrupt the global car industry, while a subsequent trade war could hit marques from General Motors to Toyota, which have worldwide supply chains to take advantage of jurisdictions with low duties.

Akio Toyoda, chairman of JAMA, says: “It is essential car makers are able to make the most of free trade and competitive business environments based on international rules, and integrated supply chains developed under these conditions.”

“We hope dialogue between the governments of Japan and the US will prove positive for the industry and economies on both sides.”

JAMA’s members have 24 manufacturing plants, and 44 research and development and design centres in the US, which employ more than 92,000 people. ☎

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# Industry movers

**HAYDEN JOHNSTON**, pictured, general manager of Genuine Vehicle Imports based in Penrose, Auckland, has been elected as vice-chairman of the North Island branch of VIA (the Imported Motor Vehicle Industry Association).



Graeme Macdonald and Lloyd Wilson continue as chairmen of the North and South Island branches respectively, with Nick Owens remaining as vice-chairman to Wilson.

Johnston has replaced Frank Willett, who served for seven years on VIA's executive.

"Frank's input, industry knowledge and insight have been instrumental to the thinking and direction of VIA's board, and we wish to acknowledge his service to our association and our wider Industry," say the two chairmen. Claire Hamilton, VIA's communications manager, has also left her position.

**LANCE BENNETT** has been appointed general manager of Mercedes-Benz Cars for Mercedes-Benz New Zealand (MBNZ).



He has more than 13 years' experience in the automotive industry having held different roles with the company here and in the US, Fiat Chrysler in Australia and this country, and BMW.

"Since rejoining MBNZ as chief financial officer, Bennett has demonstrated a prominent knowledge and passion for the brand, the product and the market, as well as exceptional leadership capabilities on the ground," says the company.

Bennett replaces Ben Giffin, who has resigned to become dealer principal of the new Mercedes-Benz dealership in Botany.

**PHIL TWYFORD**, pictured, has retained his transport portfolio in Jacinda Ardern's cabinet reshuffle.



Megan Woods, Minister for Energy and Resources, has taken over responsibility for housing from him, and Jenny Salesa has become Minister of Customs.

Kris Faafoi joins the cabinet for the first time as Associate Minister of Housing. He is known to many in the automotive and finance sectors from being Minister of Commerce and Consumer Affairs. He implemented the mandatory recall of cars fitted with alpha-type Takata airbags in April 2018 and has launched legislative reviews.

**COLIN MUIR** has resigned as general manager of Isuzu NZ to become general manager of equipment and machinery dealerships at AdvanceQuip. He has left Isuzu NZ after 10 years, including more than four years as general manager.

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

# NZ labour market report

## AS YOU ALL KNOW BY

now, legal changes to the 90-day trial period came into effect on May 6 and it now only applies to businesses with less than 20 employees.

Although this may be of advantage to smaller businesses, car dealerships should never rely on trial periods to vet staff and see if they fit in with company culture.

If your dealership has 20 or more employees, you need to understand your obligations under the probationary period.

Put simply, you must now follow a robust process when wanting to dismiss an employee. Just like the 90-day trial period, it comes with a process that needs to be followed carefully before being activated.

To help ensure you know what your obligations are and how to navigate through both, I've given an overview of these two pieces of legislation and how to work with them.

## PROBATIONARY PERIOD

First things first – please ensure your dealership has updated its employment agreements with a probationary period clause to reflect the change in law.

Make sure you have included a comprehensive clause in employment agreements you understand and can follow when needed.

The process for probationary periods is far more restricting with more controls in place. Before applying it, understand your obligations and recognise there's more work for employers to do than for trial periods.

You can still dismiss staff at the end of probationary periods, but you must have followed a fair process and have good reason for doing so.

Tips include investing in training for managers so they know what their obligations are if they need to go down



WILL ALLAN  
Hello Monday

the path of dismissing someone on probation, and ensure you have a sound recruitment process when it comes to attraction, interviewing and placement. Once you hire someone, they are in.

It's good practice to set goals and objectives for the probationary period. They need to be achievable, and in-line with the role and job description.

Ensure current job descriptions are in place, and you're meeting regularly to review progress and how performance is tracking against agreed goals and objectives. Any dismissal must be backed up with a strong and fair process.

## NINETY-DAY TRIAL PERIOD

Even though the legislation has been in place since 2008, 90-day trials have caught out businesses of all sizes.

If your dealership employs less than 20 people, there are some tips to make sure you are on the right track.

Give staff employment agreements to review before you make a verbal offer. This gives them time to review and comment.

Ensure they sign and return the employment agreement before the start date. If they sign their agreement on the day they start or after joining, this makes the 90-day trial period clause invalid.

The 90-day period only applies to new employees. If they were casual before becoming permanent, the trial doesn't apply to them.

Meet with employees on a regular basis so they know how they are performing. If you have regular performance reviews – whether weekly, fortnightly or monthly – stick to them.

When you decide you want to terminate a worker under the 90-day trial period, do take advice because it's not as simple as you think it might be. ☺

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Questions you should ask include is your dealership offering all of the products all of the time and are you being a "responsible lender".

Responsible lenders do just that. However, ensure the products you offer will benefit customers.

The economy is slowing, vehicles sales have been falling and there are looming legislation changes. All are challenges for our businesses and we're beginning to see a higher incidence of claims.

Your customers are feeling the effects of our slowing economy. Lower consumer confidence is

affecting spending decisions and they are possibly not receiving the increases in wages to keep up with higher living costs.

We've had years of suffering major natural disasters and we're experiencing an increase in extreme weather events.

These events with the current economic environment create stress, illness and a change in employment conditions, which result in insurance claims. So are you protecting your customers? Are you being a responsible lender? Your customers may find it more difficult to meet their repayments.

Car insurance should be a necessity. If you're not insured and you cause an accident, it could financially cripple you for



COLIN MARSHALL  
Direct sales &  
marketing manager  
Protecta Insurance

many years while you pay for repairs to the vehicle and or property damaged.

New Zealand drivers consider themselves as the best, safest and most alert on the road. They also believe in the event of an accident it won't be their fault.

But what about the other people on the road? Not all are insured and there's evidence more and more – especially younger drivers – aren't purchasing insurance cover. Our recoveries department is flat out trying to recover money from uninsured drivers who hit your clients' vehicles.

Vehicle insurance is becoming more affordable with more options to choose from. Protecta has been working hard behind the scenes in enhancing its car insurance to

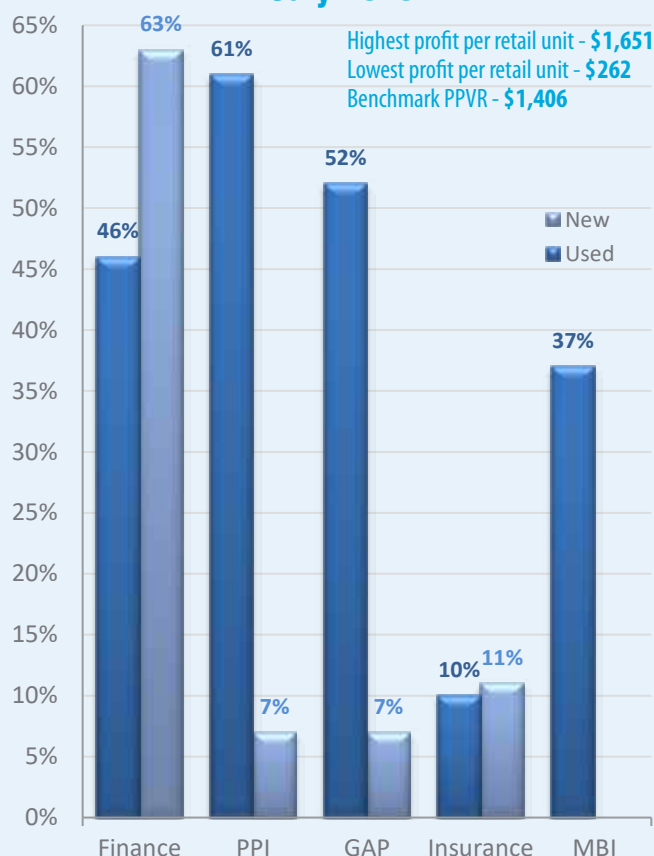
give customers more options and better deals, and we're selling more policies now than we ever have.

At Protecta, we are continually enhancing our products to ensure we're offering customers the best value for money. We train dealership staff to understand them to ensure clients are receiving the correct products every time and to ultimately make dealerships more profitable.

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# Agency's chairman appointed

Sir Brian Roche has been made chairman of the NZTA following the sudden departure of the previous incumbent.

Phil Twyford, the Minister of Transport, has announced he has filled the position vacated by Michael Stiassny early this year.

Twyford describes Roche, whose three-year term started on June 11, as an experienced director with an extensive track record in the public and private sectors.

"He brings a wealth of experience and a steady hand to transport-sector governance having previously chaired the NZTA and Auckland Regional Transport Agency, and he's currently chairman of City Rail Link Ltd," says the minister.

Twyford notes the NZTA's core functions include planning, investing in and regulating New Zealand's land-transport networks.

"Our government has a transformative agenda to rebalance the transport system towards better safety, access and value for money – along with more investment in regional and local roads, and rail," he adds.

"The agency has a crucial role to play in creating a modern and sustainable transport network, and I'm pleased to appoint someone of Sir Brian's calibre to lead this work.

"There is currently a review of the transport agency's regulatory functions under way, which the government expects to receive shortly.

"A key focus for Sir Brian will be implementing the direction signalled from that review, and I'm confident in his ability to make that happen.

"I would like to thank interim chairman Nick Rogers and acknowledge the work of the previous chairman Michael



Sir Brian Roche has become chairman of the NZTA in the wake of Michael Stiassny's resignation in April

Stiassny, who uncovered and led the fixing of the agency's regulatory issues."

Roche, who previously chaired the NZTA between 2009 and 2010 under a National government, was a senior partner at PwC in New Zealand until 2009, where he specialised in the operation and governance of a range of public sector entities.

During his time as a partner there, he held two secondments – one to the Department of Prime Minister and Cabinet, the other as chief executive of Housing NZ.

In addition, he undertook a range of roles as chief crown negotiator on the Ngāi Tahu, Ngāi Awa and Waikato Tainui river claim, together with roles at NZTA, leadership

of the bid for hosting rights of the 2011 Rugby World Cup and being crown manager in the education sector.

Between 2010 and 2017, he was chief executive of the New Zealand Post Group responsible for the operation and transformation of the legacy mail business, developing e-commerce courier business and Kiwibank.

Since leaving NZ Post, he

has undertaken a range of directorships and consulting roles, including leading the establishment of Kāinga Ora – Homes and Communities, the government's housing and urban development authority.

Roche was knighted for his services to the state and business in the 2016 new year's honours list.

As for Stiassny, he quit as chairman of the NZTA in late-April, saying he had completed what he set out to do – and that was repositioning the regulator to focus on safety.

"The time is now right for a new chairman and new permanent chief executive officer with the skills required to guide necessary culture change within the agency to ensure public safety is at the heart of its function," he said at the time.

Stiassny's resignation came six months after revelations the NZTA had been failing to properly check up on companies certifying vehicle safety and giving out licences. The agency's chief executive Fergus Gammie resigned in December 2018.

"The board-instigated regulatory compliance review is complete, more than 300 regulatory compliance enforcement actions have been taken and the recommendations

of the independent inquiry report by Kristy McDonald QC are almost fully implemented," remarked Stiassny when he left the NZTA.

"And general managers have been appointed for two new key functions – regulatory and safety, and health and environment.

"These are the cornerstones of a new approach by the agency, the results of which will continue to play out in months and years to come." ☺

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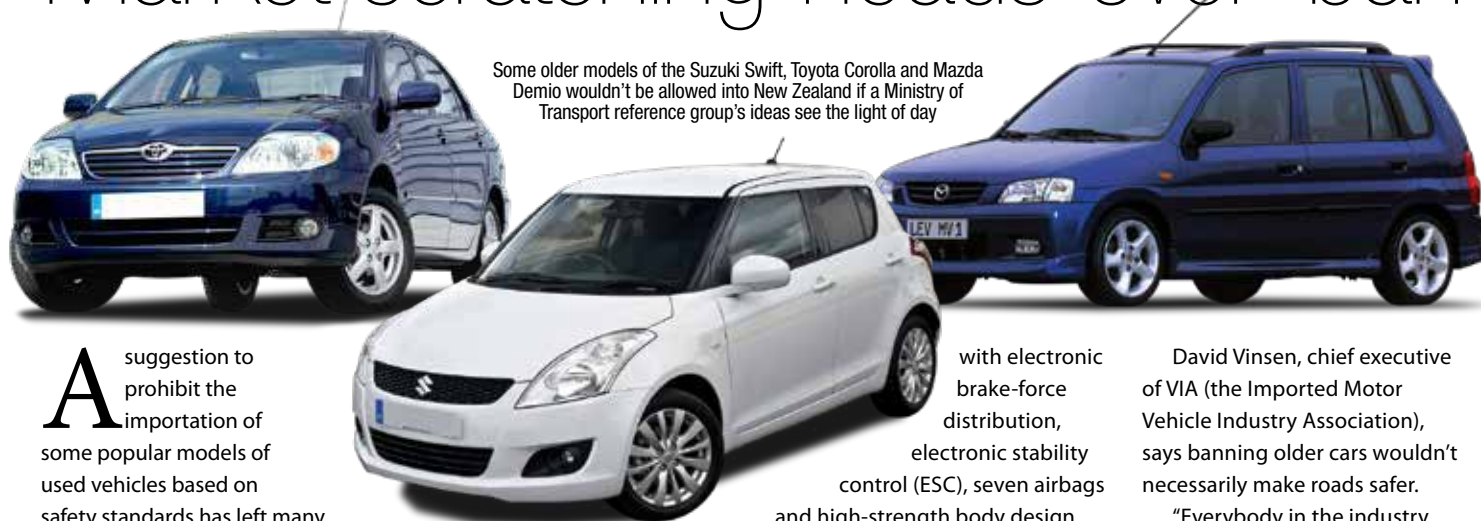
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# Market scratching heads over 'ban'



Some older models of the Suzuki Swift, Toyota Corolla and Mazda Demio wouldn't be allowed into New Zealand if a Ministry of Transport reference group's ideas see the light of day

A suggestion to prohibit the importation of some popular models of used vehicles based on safety standards has left many consumers confused, according to Suzuki NZ.

The company has issued a statement following assertions certain Swifts may be among those hit if proposals end up being adopted by the government.

A report obtained by Radio NZ (RNZ) suggests preventing cars with low safety ratings from entering the country along with speeding up the removal of dangerous vehicles from the fleet.

Three out of last year's five most-popular used imports could be banned if the suggestion gains traction. It has been set out by the vehicle, vehicle standards and certification reference group led by Brent Johnston, manager of mobility and safety at the Ministry of Transport (MoT).

They are pre-2016 Suzuki Swifts, Toyota Corollas manufactured before 2008 and Mazda Demios.

One of the reference group's top-five priorities is to prevent "unsafe light vehicles from entering the fleet by banning one and two-star vehicles, or by raising standards", although Johnston says the ideas have yet to be considered at the Beehive.

"Neither the group's reports or discussions constitute government policy and members were advised they weren't expected to reach a consensus," he told RNZ. "They are views of a broad section of society with more than 100 people having input."

What has turned the heads of

those in the automotive industry is the idea of barring entry for vehicles with one or two stars under the Used Car Safety Ratings (UCSR) or ANCAP systems.

"There is clear confusion over how older vehicles are being assessed," says Gary Collins, general manager of automobile marketing for Suzuki NZ.

"There's also a lack of information for customers on differences in specifications between New Zealand-new vehicles and used imports, which often have lower safety-equipment levels."

He adds no Swifts imported by Suzuki NZ since 2005 are affected because none have ANCAP test ratings of less than four stars.

The NZTA references ANCAP's procedures as safety ratings until cars are seven years old. Vehicles older than this are rated on the UCSR system, which is based – in part – on data from local crashes.

Collins says: "There has been little reference to recent discussions on vehicle safety that aren't based on ANCAP ratings. Obviously, the alternative rating for earlier models is more subjective than ANCAP's rigorous and highly regulated testing."

He notes this could in part be explained by including lower-specified used imports in the UCSR system.

He points out the 2011 NZ-new Swift had a five-star ANCAP rating when launched. The car included an anti-locking braking system

with electronic brake-force distribution, electronic stability control (ESC), seven airbags and high-strength body design.

The marque has upgraded the Swift's safety with successive models. The latest generation launched in 2017 boasts a top ranking in independent new-car safety standards with all automatic versions achieving five ANCAP stars.

"We support the improvement in standards of vehicles on our roads and specify ours with the latest technology," says Collins.

"Our suggestion is customers gain a clear understanding of the specifications of models they buy, especially with used imports. We recommend they include ESC, plus side and curtain airbags."

Mark Stockdale, principal adviser of regulations at the AA, says his association supports the proposal from the MoT's reference group, but it wants other action taken first.

"We would like the public to be better educated around safety ratings, so people can make safer choices about vehicles already on the market.

"You can have one car that has a high safety rating and one with a low safety rating regardless of age and price, yet the public aren't well-informed about that.

"The best way to do that is to require the safety rating, whether it's for a new or used car, to be supplied at the point of sale."

The NZTA says it uses ANCAP ratings until vehicles are seven years old. For models older than that, the UCSR system calculates about 45 per cent of cars have one or two stars.

David Vinsen, chief executive of VIA (the Imported Motor Vehicle Industry Association), says banning older cars wouldn't necessarily make roads safer.

"Everybody in the industry is concerned about the fleet's age. We have close to 4.4 million vehicles with an average age of more than 14 years. That's far too old. It means we don't get the benefits of safety, and fuel efficiency and economy, from new technologies."

Vinsen adds it's something the industry has been working on with the government for some time, but there are conflicting issues and the possibility of contrary consequences.

"If we stop some of those cheaper – and presumably less safe – vehicles coming in, it puts their prices up. It increases the value of them, they stay in the fleet for longer and we end up with an even older fleet."

He says this has happened before when cars increased in value as a result of past government interventions, and adds VIA supports the general initiative of reviewing the fleet.

David Crawford, chief executive officer of the Motor Industry Association, says older and unsafe cars that aren't designed for New Zealand's conditions have been imported for too long.

He adds: "We have a huge number of used vehicles coming through our ports that don't meet the modern safety standards of NZ-new vehicles."

The government is set to review the MoT reference group's reports before proposing a new road-safety strategy set for consultation later this year. ☺

# Best across sport honoured

IndyCar champion Scott Dixon, 2019 Toyota Racing Series (TRS) winner and now Red Bull Junior Team driver Liam Lawson, former New Zealand Rally champion Ben Hunt and classic-car competitor John McKechnie have received prestigious awards.

MotorSport New Zealand presents four premier trophies each year – the Jim Clark for race drivers, the Rally Founders for rally competitors, the Steel Memorial for under-21 competitors and the Lupp for classic or historic competitors.

The actual trophies have been made available to the governing body courtesy of former competitors and administrators.

The Jim Clark Trophy is awarded in memory of the Tasman Series' champion in 1965, 1967 and 1968. Clark died while racing at Hockenheim, Germany, in April 1968.

It's presented annually to a Kiwi competing at a national or higher level, who shows a sportsmanlike attitude to the sport and fellow competitors, and natural ability in "putting up the most meritorious racing performance during the season".

Dixon received the trophy in recognition of his fifth IndyCar Series title during an 18-year career.

He is now second on the all-time championship winners' list behind seven-time US Auto Club winner AJ Foyt.

Dixon has been presented with the Jim Clark Trophy three times previously – in 1999, 2001 and 2004.

Inaugurated in 1990, the Rally Founders Trophy recognises the rally driver who performs



From top left, Scott Dixon, Liam Lawson, Ben Hunt and John McKechnie took out Motorsport NZ's top awards this year

with distinction during the season, either nationally and or internationally, has a sportsmanlike attitude towards the sport and others, and displays the qualities of a true sporting ambassador.

This year, the honour went to Nelson's Ben Hunt, who also took it out in 2016. He was runner-up in the 2018 NZ Rally Championship.

First presented in 1983 thanks to the late Owen and Gwenn Steel, the Steel Memorial Trophy



Dick Bennetts has been inducted onto MotorSport NZ's wall of fame

recognises the efforts of a junior driver aged under 21 at national race level, and their dedication, skill and professionalism while striving to progress to the upper echelons of the sport.

This year the award went to TRS winner Liam Lawson, of Pukekohe, south of Auckland. The 17-year-old has now won this trophy three times – this year in recognition of his rising reputation in European single-seater racing.

The Lupp Trophy is from the late Sybil Lupp's collection and made available to MotorSport NZ by the Wellington Central MG Car Club.



Famed for her motorsport exploits, the Wellingtonian began racing in 1947 and, by 1952, had won 144 trophies.

Auckland John McKechnie was this year's winner. He's a well-known volunteer who formed the Historic Sports Sedan Club, and worked hard to enable these saloons to race within MotorSport NZ's historic rules while also restoring his own "big banger".

## BENNETTS RECOGNISED

Dick Bennetts, the highly successful UK-based and Dunedin-born motorsport team principal, has been inducted onto MotorSport NZ's wall of fame.

Now aged 72, Bennetts, who was featured in the May 2019 issue of Autofile, founded West Surrey Racing (WRS) in 1981 in order to compete in the British Formula 3 Championship.

Fourteen years later, WRS switched from F3 to touring cars. It's now the most successful team in the history of F3 – both in terms of race victories and titles.

In 1996, Bennetts directed WSR's focus to the British Touring Car Championship (BTCC) originally with Ford.

Now contesting the BTCC as the official BMW team, WSR has won nine overall crowns in the championship with the marque's 125i M Sport over the past five seasons.

The team's first touring car title was in 2004. This feat was repeated in 2007, 2008, 2009, 2014, 2016, 2017 and 2018.

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## SPECIALISTS IN PRE-SHIPMENT VEHICLE INSPECTIONS



# Warrior still hunting Woodhill record

**T**ony McCall is the most successful driver in the history of off-road racing in this country.

His garage in Manukau is full of trophies, and he's lost count of titles to his name in off-roading and in speedway at Auckland's Western Springs.

McCall's career is intertwined with the New Zealand Offroad Racing Championship through the now-defunct Taupo 1000 and Woodhill 100, the oldest race in Kiwi off-roading. The latter is a flagship for the sport, an endurance event of up to 250km the top teams consider a sprint.

Until last year, it was the country's oldest motor race of any type to have been held at the same venue – by a huge margin.

And the "100" may be the only race to have been chased away from its traditional start line. That was in 2018 when a cyclone picked up mature trees and flung them into the tops of others. Loggers are still sorting out the mess.

When McCall started his run at the sport's top, he drove a Cougar-framed single seater with an Albins transaxle and 2.8-litre flat-four, which was plenty of weaponry to win Woodhill. He made it look easy with back-to-back wins.

These days, it's widely recognised to take 500-700bhp – in "old money" – to win this race and "it's not for a young buck trying to make his name".

"Experience is everything and



Tony McCall helped design and build his V8 off-roader

nobody wins Woodhill as a rookie. Most would say you need to be at least 25 to be in with a chance.

"The winning car and driver will clock upwards of 225kph in the faster sections of a lap, which also has parts where it's impossible to do the open-road limit."

At this year's race over Queen's Birthday Weekend, McCall set the fastest lap by doing the mixed-surface 20km in 12:54.37. When he crashed out, the bunch chasing him could only manage a strength-sapping 14-15 minutes per lap.

It's also hard to win in a vehicle built on a budget. Cars, such as McCall's custom-made single-seater, cost anything up to \$100,000 to put together and have more than 16 inches of suspension travel.

The Woodhill attracts the biggest entry list of any championship rounds. This year, there were 87 entries in the main race and 14 in the 30-minute junior enduro for the Kiwitruck youth category.

As has been the case for the past half-dozen events, the battle was between the unlimited-class cars, 22 strong, and almost as many of the light, agile "side by side" or UTV racers, which can cost about \$80,000 in race-winning trim.

McCall, though, had the most motivation to win. He and the sport's godfather, Ian Foster, are tied on wins at the event and McCall's obsession is to dot down number seven.

However, the cruellest race in the sport found a new way to taunt him this year.

Qualifying on the front row,

McCall went wheel-to-wheel into the forest alongside Whangarei's Jardyne Lammers. When Lammers went out with two flats, McCall leapt into the lead and built a five-minute buffer over the pack.

All looked set for a classic McCall benefit until the third lap when deer rushed out of the bush. Driving at about 140kph, he was unable to stop and crashed out.

"So not this year then," says McCall. "I have to wait a year now. But that's okay. This event is my adversary. Everything has to be in place to score the win – head, gear, road, weather. Now the local wildlife needs to get on-board as well."

McCall stands a good chance of being the ultimate Woodhill Warrior for a long time, possibly forever. He has the speed, while his single-seater BSL race car with its LS series Chev V8 packs the power and handling. ☺



McCall's 650bhp in a Kiwi-built single-seater from Buckley Racing

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# Tribunal rejects buyer's use of 'reasonable care and skill' test for rust repairs

## Background

On April 29, 2018, Fiona Mead purchased a 2013 Mazda BT-50 from Magnum Motors for \$38,995.

Seven months later, the tribunal heard Mead's application. She claimed the ute was unfit for purpose because its canopy wasn't watertight, which allowed water to enter the rear of the vehicle causing corrosion to its tray.

She added the ute's bed rug was contaminated with metal filings and the front bumper wasn't attached properly.

The tribunal agreed, ruling the vehicle wasn't of acceptable quality under section six of the Consumer Guarantees Act (CGA).

In this earlier decision, the adjudicator had ordered Magnum Motors to remedy the tray corrosion, clean the bed rug to remove all filings and securely attach the front bumper.

However, Mead then again applied to the tribunal claiming that the trader had failed to complete the repairs.

In particular, she said the dealer hadn't fixed the corrosion on the outside of the ute's tailgate and the repair work was sub-standard. Mead sought a further ruling for Magnum Motors to properly deal with the rust.

The trader said the tailgate corrosion wasn't caused by the same fault that made the tray to rust, and was consistent with the usual wear and tear of a vehicle of its age with an odometer of 84,334km.

The dealer added it didn't

perform the alleged tailgate repairs, so it had no responsibility for the defects.

## The case

In its first decision, the tribunal ordered Magnum Motors to rectify the corrosion in the BT-50's tray.

Mead told the second hearing the earlier decision was ambiguous as to whether or not the tailgate's rust should also be rectified, but added it was the tribunal's intention for the trader to fix all of the ute's rust.

Mead said she submitted at the first hearing that the tailgate rust developed subsequent to corrosion on the tray and it was caused by the wet bed rug.

Although she didn't specifically mention the tailgate rust in her initial application, she did show photographs of this corrosion during the hearing.

She said she also spoke about the rust at the top of the tailgate on the left side and the blistering of paintwork along the window seal.

Mead alleged the tailgate's condition was unacceptable given the BT-50's price, age and mileage.

Both Mead and Magnum Motors provided photos of the rusty tailgate to the tribunal.

Mead claimed the exposed metal and corrosion were caused by the wet rug creating internal condensation and peeling the paintwork where the rear-window seal contacted the tailgate.

Conversely, the dealer submitted the damage was consistent with the age and mileage of the ute, and was

most likely caused by paint being chipped when items were placed onto or removed from its tray.

Mead claimed Magnum Motors and its repairer, Dracevich Panelbeaters, had covered the corrosion with a thin coat of paint and were attempting to cover up a "botch-job".

Section 28 of the CGA imposes an obligation on the supplier of services that such services need be carried out with reasonable care and skill.

Mead alleged that Magnum Motors' panel beater failed to exercise reasonable care and skill when it repaired the vehicle, left sand-paper marks on it and worsened the ute's cosmetic appearance, which constituted a breach of the CGA.

Magnum Motors said its panel beater only applied a touch-up pencil to the areas of corrosion on the tailgate.

Craig Browne, owner of Dracevich Panelbeaters, confirmed his company performed work with a touch-up pen on all paint chips on the BT-50 as a courtesy gesture for its customer.

He added the company carried out this free service on every vehicle it worked on.

Brock Maskovich, Magnum Motors' reconditioning manager, who was also a qualified panel beater, submitted that no professional panel beater would have performed the tailgate repair.

He added the scour marks were old and wouldn't have been made by Dracevich Panelbeaters.

**The case:** The buyer claimed the trader hadn't properly fixed corrosion on her ute's tailgate as previously ordered to do so. The trader said the tribunal didn't order it to remedy the problem, which was caused by wear and tear.

**The decision:** The tribunal said it hadn't delivered an order to the dealer to fix the tailgate and the buyer hadn't proved the trader carried out sub-standard repairs, so the application was dismissed.

**At:** The Motor Vehicles Dispute Tribunal, Auckland.

## The finding

The tribunal said its earlier ruling wasn't ambiguous and it had only ordered Magnum Motors to fix the corrosion on the Mazda's tray.

Accordingly, it wasn't satisfied the dealer had failed to comply with its orders by refusing to repair the rust on the ute's tailgate.

Although both parties' evidence didn't conclusively show the cause of the exposed metal and bubbling paintwork, the tribunal ruled it was satisfied the tailgate's condition didn't breach the CGA's acceptable quality guarantee.

The tribunal wasn't satisfied Mead had proven Magnum Motors or its panel beater were responsible for the sub-standard tailgate repairs.

To do so, the tribunal said Mead needed to prove the repair wasn't present before the vehicle was returned to Magnum Motors for repairs.

The tribunal wasn't satisfied she had done so. It ruled the evidence showed the sub-standard remedy might have been present before the ute was returned to the dealer.

## Order

The application was dismissed. ☹



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# Excessive oil consumption found to be caused by serious defect with engine

## Background

Felicity Miller purchased a 2009 Audi A5 for \$23,895 with an odometer reading of 62,500km from EZ Motors on September 29, 2018.

About one month later, the car developed a fault, which caused it to consume excessive oil.

EZ Motors fixed the problem, but Miller said the repair was inadequate and not what she agreed to.

Miller also submitted EZ Motors misled her under the Fair Trading Act (FTA) by describing the car as "very good" when it knew such vehicles were prone to faults that caused them to use too much oil.

She wanted to reject the Audi and recover its purchase price together with her costs to diagnose its defects.

EZ Motors said it had fixed the fault and denied misleading Miller about the condition of the vehicle.

## The case

Miller first noticed oil leaking from her Audi in late October 2018. In November, she took it to SB European, which found it was burning excess oil.

She then took the A5 to Giltrap Audi, which discovered it was consuming 550ml of oil for every 1,000km driven and considered this amount of consumption to be "outside the permissible tolerance".

The tribunal's assessor agreed, saying an eight-year-old A5 that had been driven about 63,000km shouldn't burn that much oil.

He noted the Audi had a 4.8-litre oil sump and its high consumption meant it would use the contents of its sump in less than 10,000km, which was considered to be the usual service interval for this model.

Both SB European and Giltrap Audi reported the cause of the fault was an inherent engine flaw that allowed oil to bypass the piston rings. According to Giltrap Audi, the powertrain needed significant overhaul or replacement.

Miller tabled an \$11,299 estimate from Taylor Automotive to rebuild the engine to remedy the issue.

The assessor agreed with SB European and Giltrap Audi's assessments that the repairs would exceed \$10,000.

EZ Motors agreed to fix the A5 and Miller returned the Audi to it in February 2019 for repairs.

The buyer put forward an invoice dated February 21 from Engine Carbon Clean NZ, which showed it had flushed and cleaned the engine, replaced the oil separator, PCV valve and crank seal, and upgraded the PCV software.

EZ Motors was charged \$2,275 for this work, but Miller told the tribunal she didn't agree to these "inadequate" repairs.

Miller said, based on advice from Giltrap Audi and SB European, she had asked EZ Motors to rectify the cause of the underlying fault, which she thought would involve rebuilding

the engine or installing a new one.

The tribunal's assessor agreed the work hadn't solved the underlying cause of the oil consumption.

EZ Motors said its repair was reasonable because A5s consumed a lot of oil. The only way to prevent this was to install a new engine at a cost of up to \$30,000, which was uneconomic.

The dealer said it was only required to perform repairs to bring the Audi's consumption levels to within an acceptable tolerance.

## The finding

The tribunal accepted the buyer's evidence. It found the car breached the acceptable quality guarantee in the Consumer Guarantees Act (CGA) and the oil-consumption fault was a failure of a substantial character.

Under section 18 of the act, Miller was entitled to reject the Audi and obtain a refund of the purchase price.

Although the trader had performed repairs on the vehicle, the tribunal ruled the buyer hadn't lost the right to reject because her agreement was conditional on EZ Motors performing the expected remedy, which was to strip the engine and replace the pistons or install a new engine. It didn't carry out those repairs.

Having rejected the vehicle, Miller was entitled to obtain a refund and recover the cost of having the defects diagnosed.

**The case:** An oil leak led the buyer to discover her Audi had an inherent engine defect. She rejected the A5 saying she had been misled about the vehicle's condition at purchase. The trader said it had fixed the car, so the buyer wasn't entitled to reject it.

**The decision:** The tribunal found the fault was a failure of a substantial character and ordered the dealer to pay \$24,550 to the buyer and uplift the Audi.

**At:** The Motor Vehicle Disputes Tribunal, Auckland.

In that regard, she was entitled to recover \$465, which was the cost of the diagnosis performed by SB European, and \$190 for Giltrap Audi to do an oil-consumption test.

Finally, Miller alleged EZ Motors engaged in misleading conduct that breached the FTA by describing the condition and integrity of the vehicle as being "very good" when it knew such cars were prone to faults that caused them to use excessive oil.

The tribunal said there was no evidence that the trader knew the Audi consumed too much oil before it was sold to the buyer, and it wasn't satisfied cars of this make and model were so prone to such faults that a dealer was obliged to inform prospective purchasers of this potential problem.

## Orders

The buyer's claim that she was misled about the car's condition under the FTA was dismissed by the adjudicator.

But the tribunal ruled the purchaser was entitled to reject the vehicle under the CGA. The trader was ordered to pay her \$24,550 and uplift the Audi. ⊕

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	Port Calls	Carrera v1912	Lake Taupo v1913	Viking Ocean v1956	Lake Wanaka v1914
JAPAN	Moji	16 June	—	—	15 July
	Osaka	17 June	28 June	1 July	16 July
	Nagoya	18 June	—	2 July	17 July
	Yokohama	19 June	27 June	3 July	18 July
NEW ZEALAND	Auckland	7 July	18 July	19 July	6 August
	Wellington	11 July	5 August	5 August	10 August
	Lyttelton	10 July	3 August	3 August	9 August
	Nelson	23 July	6 August	6 August	14 August

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**Total new cars**  
**8,748**  
2018: 9,725 ▼ -10.0%

**Total imported used cars**  
**11,177**  
2018: 12,651 ▼ -11.7%

**Whangarei**  
NEW: 211 2018: 185 ▲14.1%  
USED: 289 2018: 279 ▲3.6%

**Auckland**  
NEW: 4,025 2018: 4,293 ▼-6.2%  
USED: 5,269 2018: 5,905 ▼-10.8%

**Hamilton**  
NEW: 634 2018: 679 ▼-6.6%  
USED: 787 2018: 887 ▼-11.3%

**New Plymouth**  
NEW: 157 2018: 151 ▲4.0%  
USED: 148 2018: 187 ▼-20.9%

**Wanganui**  
NEW: 87 2018: 103 ▼-15.5%  
USED: 119 2018: 129 ▼-7.8%

**Palmerston North**  
NEW: 218 2018: 258 ▼-15.5%  
USED: 288 2018: 398 ▼-27.6%

**Nelson**  
NEW: 98 2018: 113 ▼-13.3%  
USED: 240 2018: 265 ▼-9.4%

**Westport**  
NEW: 0 2018: 4 ▼-100.0%  
USED: 3 2018: 3 ▲0.0%

**Greymouth**  
NEW: 18 2018: 26 ▼-30.8%  
USED: 27 2018: 28 ▼-3.6%

**Thames**  
NEW: 121 2018: 135 ▼-10.4%  
USED: 109 2018: 104 ▲4.8%

**Tauranga**  
NEW: 339 2018: 420 ▼-19.3%  
USED: 399 2018: 458 ▼-12.9%

**Rotorua**  
NEW: 148 2018: 140 ▲5.7%  
USED: 162 2018: 173 ▼-6.4%

**Gisborne**  
NEW: 34 2018: 46 ▼-26.1%  
USED: 71 2018: 73 ▼-2.7%

**Napier**  
NEW: 254 2018: 267 ▼-4.9%  
USED: 216 2018: 297 ▼-27.3%

**Masterton**  
NEW: 76 2018: 102 ▼-25.5%  
USED: 90 2018: 72 ▲25.0%

**Wellington**  
NEW: 736 2018: 812 ▼-9.4%  
USED: 856 2018: 1,011 ▼-15.3%

**Blenheim**  
NEW: 65 2018: 69 ▼-5.8%  
USED: 60 2018: 61 ▼-1.6%

**Christchurch**  
NEW: 1,101 2018: 1,430 ▼-23.0%  
USED: 1,379 2018: 1,582 ▼-12.8%

**Timaru**  
NEW: 51 2018: 70 ▼-27.1%  
USED: 117 2018: 121 ▼-3.3%

**Oamaru**  
NEW: 5 2018: 13 ▼-61.5%  
USED: 23 2018: 19 ▲21.1%

**Dunedin**  
NEW: 236 2018: 257 ▼-8.2%  
USED: 363 2018: 409 ▼-11.2%

**Invercargill**  
NEW: 134 2018: 152 ▼-11.8%  
USED: 162 2017: 190 ▼-14.7%

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### Imported Passenger Vehicle Sales by Make - June 2019

MAKE	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	2,474	2,881	-14.1	22.1%	14,796	21.5%
Nissan	2,323	2,486	-6.6	20.8%	13,518	19.6%
Mazda	1,755	2,018	-13.0	15.7%	11,282	16.4%
Honda	1,251	1,322	-5.4	11.2%	7,652	11.1%
Subaru	648	685	-5.4	5.8%	3,949	5.7%
Suzuki	597	714	-16.4	5.3%	3,772	5.5%
Mitsubishi	538	421	27.8	4.8%	3,189	4.6%
BMW	377	590	-36.1	3.4%	2,480	3.6%
Volkswagen	368	363	1.4	3.3%	2,213	3.2%
Audi	184	267	-31.1	1.6%	1,272	1.8%
Mercedes-Benz	121	216	-44.0	1.1%	895	1.3%
Lexus	110	105	4.8	1.0%	722	1.0%
Volvo	56	76	-26.3	0.5%	344	0.5%
Ford	53	81	-34.6	0.5%	438	0.6%
Chevrolet	39	34	14.7	0.3%	238	0.3%
Holden	32	34	-5.9	0.3%	189	0.3%
Jaguar	26	44	-40.9	0.2%	248	0.4%
Land Rover	26	41	-36.6	0.2%	210	0.3%
Dodge	25	33	-24.2	0.2%	160	0.2%
Jeep	20	22	-9.1	0.2%	143	0.2%
Mini	20	27	-25.9	0.2%	167	0.2%
Hyundai	19	25	-24.0	0.2%	146	0.2%
Peugeot	16	15	6.7	0.1%	49	0.1%
Chrysler	15	22	-31.8	0.1%	126	0.2%
Porsche	12	28	-57.1	0.1%	113	0.2%
Kia	9	8	12.5	0.1%	59	0.1%
Renault	8	17	-52.9	0.1%	36	0.1%
Maserati	5	3	66.7	0.0%	18	0.0%
Cadillac	4	0	400.0	0.0%	28	0.0%
Citroen	4	3	33.3	0.0%	41	0.1%
Chrysler Jeep	3	1	200.0	0.0%	8	0.0%
Daihatsu	3	11	-72.7	0.0%	31	0.0%
Fiat	3	3	0.0	0.0%	12	0.0%
Infiniti	3	0	300.0	0.0%	9	0.0%
Isuzu	3	3	0.0	0.0%	13	0.0%
Others	27	52	-48.1	0.2%	285	0.4%
<b>Total</b>	<b>11,177</b>	<b>12,651</b>	<b>-11.7</b>	<b>100.0%</b>	<b>68,851</b>	<b>100.0%</b>

### Imported Passenger Vehicle Sales by Model - June 2019

MAKE	MODEL	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Mazda	Axela	574	621	-7.6	5.1%	3,639	5.3%
Honda	Fit	525	550	-4.5	4.7%	3,292	4.8%
Suzuki	Swift	492	605	-18.7	4.4%	3,223	4.7%
Nissan	Tiida	456	627	-27.3	4.1%	2,943	4.3%
Mazda	Demio	392	474	-17.3	3.5%	2,706	3.9%
Toyota	Prius	336	336	0.0	3.0%	1,889	2.7%
Mitsubishi	Outlander	303	230	31.7	2.7%	1,845	2.7%
Nissan	Leaf	290	297	-2.4	2.6%	1,677	2.4%
Toyota	Aqua	270	95	184.2	2.4%	1,315	1.9%
Toyota	Wish	257	322	-20.2	2.3%	1,624	2.4%
Mazda	Atenza	254	237	7.2	2.3%	1,476	2.1%
Nissan	Dualis	252	179	40.8	2.3%	1,350	2.0%
Volkswagen	Golf	252	228	10.5	2.3%	1,445	2.1%
Subaru	Legacy	251	356	-29.5	2.2%	1,589	2.3%
Toyota	Vitz	236	216	9.3	2.1%	1,457	2.1%
Subaru	Impreza	224	180	24.4	2.0%	1,363	2.0%
Nissan	Note	197	223	-11.7	1.8%	1,198	1.7%
Nissan	X-Trail	184	114	61.4	1.6%	1,000	1.5%
Toyota	Auris	168	146	15.1	1.5%	990	1.4%
Honda	Stream	156	152	2.6	1.4%	861	1.3%
Mazda	Premacy	153	231	-33.8	1.4%	1,274	1.9%
Toyota	Corolla	139	183	-24.0	1.2%	910	1.3%
Nissan	Skyline	131	181	-27.6	1.2%	761	1.1%
Nissan	Serena	124	61	103.3	1.1%	622	0.9%
Toyota	Ractis	122	110	10.9	1.1%	614	0.9%
Nissan	Bluebird	116	121	-4.1	1.0%	645	0.9%
Mazda	Verisa	107	122	-12.3	1.0%	622	0.9%
Mazda	CX-5	106	82	29.3	0.9%	581	0.8%
Nissan	Juke	102	59	72.9	0.9%	537	0.8%
Nissan	March	101	77	31.2	0.9%	539	0.8%
Toyota	MarkX	101	167	-39.5	0.9%	606	0.9%
Toyota	Blade	97	190	-48.9	0.9%	674	1.0%
Honda	CRV	97	100	-3.0	0.9%	577	0.8%
Honda	Odyssey	90	111	-18.9	0.8%	543	0.8%
Subaru	Forester	86	54	59.3	0.8%	450	0.7%
Others		3,436	4,614	-25.5	30.7%	22,014	32.0%
<b>Total</b>		<b>11,177</b>	<b>12,651</b>	<b>-11.7</b>	<b>100.0%</b>	<b>68,851</b>	<b>100.0%</b>


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# Focusing on future issues

The final phase of mandatory electronic stability control (ESC) implementation takes effect from March 1, 2020.

All used light MA, MB and MC passenger vehicles – plus NA goods vehicles – border-checked on or after this date will be required to have ESC fitted by the original equipment manufacturer.

Chief executive David Vinsen says VIA (the Imported Motor Vehicle Industry Association) is continuing to work on identifying compliant models.

"We have developed a database of the Japanese domestic fleet with details of standards and specifications for each vehicle," he says.

"We're now finalising mechanisms to enable purchasers, importers and inspection companies to easily check individual vehicles' compliance with ESC, and with any other standards, before purchase and export from Japan."

Vinsen's annual report for 2018/19 also covers VIA's actions on other issues affecting the industry.

The brown marmorated stink bug (BMSB) biohazard issue continues to be a focus of combined efforts across the industry.

"Mandatory heat treatment during the specified BMSB season – as required by the Ministry for Primary Industries' updated import health standard – has largely neutralised the threat in our supply chain," says Vinsen.

"In terms of direct involvement, VIA has continued to convene,

chair and facilitate regular teleconferences with the ministry, border-inspection organisations and key stakeholders with good attendance and participation from all parties.

"VIA also facilitated a review and debrief on stink-bug season two activities as requested by the government."

Vinsen describes meetings held with affected parties as successful with excellent feedback and collaboration, and government appreciation of VIA's role in the process.

"Ongoing points for negotiation are a requirement for year-round heat treatment rather than just during high-risk periods and the further fogging of ships at the captain's discretion before arrival at destination ports. VIA continues to facilitate and observe these negotiations."

Vinsen says restructuring and performance issues are causing ongoing uncertainty at the

NZTA. "At the end of our financial year, there was still no report or recommendations on the review of the agency's regulatory capability and performance," he reports.

"Chief executive Fergus Gammie and board chairman Michael Stiasny resigned, and the internal rules group, led by Angela Duncan, has been disestablished with only three days' notice of termination.

"This group had more than 100 years' combined experience in drafting, consulting and implementing road-transport rules.

"And an external audit team has now been tasked with reviewing the performance and conduct of the Connected Journeys team."

VIA has been represented at seminars, meetings and presentations relating to electric vehicles (EVs), while Malcolm Yorston, its technical manager, participated in work needed when MITO was developing unit standards for EV-related issues.

At the request of the Ministry of

Transport, the association hosted a visit by Ministry for Business, Innovation and Employment staff and a senior manager from Nichicon, the Japanese manufacturer of EV-charging equipment installed by most marques there. There has also been ongoing discussions about the need for incentives to encourage the uptake of electric cars.

The government's determination to improve the average fuel economy – and reduce carbon emissions – of vehicles entering the fleet has resulted in two distinct proposals – a feebate scheme and fuel-economy standards.

Work on these initiatives, which will affect the supply of vehicles, was in abeyance while Associate Minister for Transport, Julie Anne Genter, was on maternity leave. Vinsen notes: "We understand the ministry has recommenced work on these proposals."

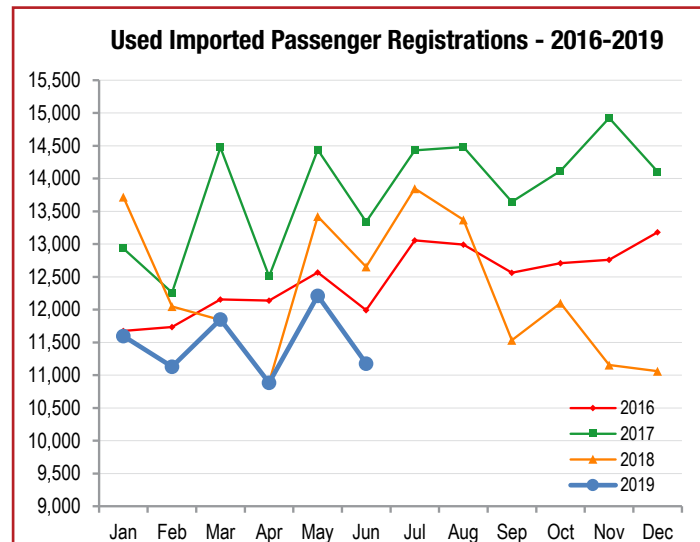
## INDUSTRY STATISTICS

There were 11,177 used imported passenger vehicles registered for the first time in New Zealand last month.

This was a decrease of 11.7 per cent compared to 12,651 sales in June 2018 to bring the year-to-date total to 68,851.

The best-selling model was Mazda's Axela on 574 units. Next up were the Honda Fit and Suzuki Swift with 525 and 492 sales respectively.

Toyota topped the marques ladder with 2,474 sales. Nissan took out second spot with 2,323 units and Mazda was third on 1,755. ☺



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# Campaign on genuine parts

When it comes to used vehicles imported from Australia, concerns about statutory write-offs crossing our border are never far from the minds of importers, dealers, consumers and the government.

So it should come as no surprise that buyers across the Tasman are being warned to be vigilant about inferior repairs in the wake of damaging hailstorms in late-2018.

With about 60,000 insurance claims stemming from wild weather and flood damage, the Genuine Is Best initiative

launched by the Federal Chamber of Automotive Industries (FCAI) develops a six-step "instant expert" guide for verifying repairs on damaged vehicles.

It can also serve as a de-facto checklist for importers and car dealers here, especially in regards to obligations under fair trading and consumer legislation.

Tony Weber, the FCAI's chief executive, says when parts are replaced, genuine ones are the best way to maintain the original integrity of damaged cars.

"Motorists can have cars returned in worse condition following repairs. They are

sometimes unable to choose repairers, and many have insurance policies that encourage fitting parts that are unapproved and untested by the car's maker.

"A repairer that strictly follows original equipment [OE] manufacturer repair methods and uses genuine parts will help ensure cars are restored to original performance and protection levels.

"OE dealers are the only suppliers who can guarantee the supply of genuine parts made for the market."

Commonly replaced parts following hail damage are glass,

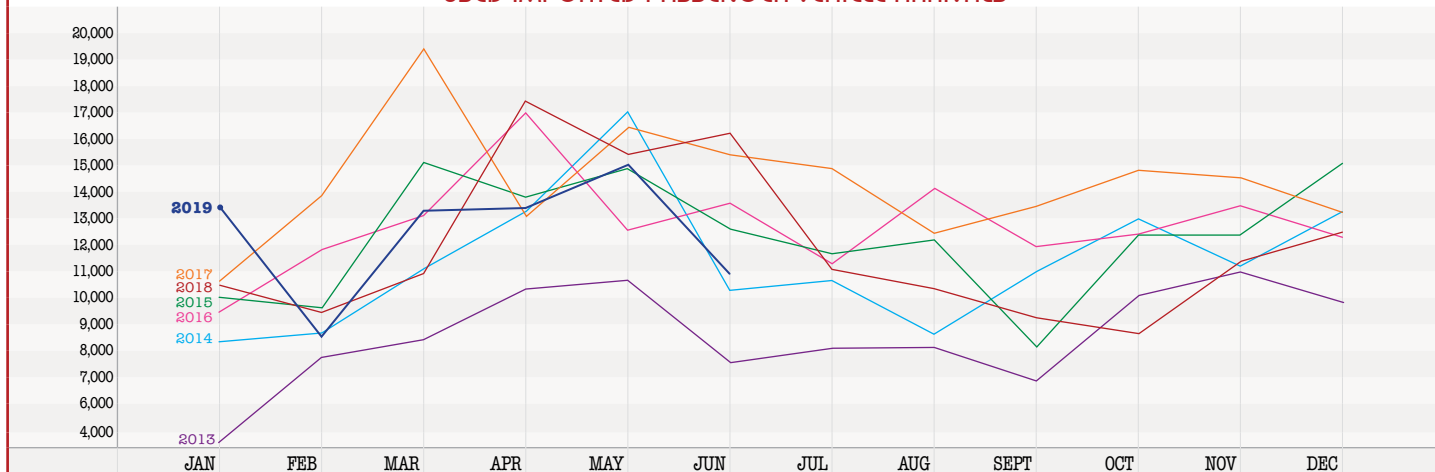
roofs, doors, bonnets, boots, deck-lids and bumpers.

Genuine windscreens are a necessity for many new vehicles with glass calibrated for crash avoidance, forward-collision warning, autonomous emergency braking, lane-keep assist and supplemental restraint systems.

Last month saw 10,954 used cars imported into New Zealand to bring the year-to-date total to 74,712 – down by 6.4 per cent compared to this time last year.

Australia accounted for 674 units in June, which was up by 101.2 per cent year on year for a market share of 6.2 per cent. ☺

USED IMPORTED PASSENGER VEHICLE ARRIVALS



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2019								2018						2017	
	JAN '19	FEB '19	MAR '19	APR '19	MAY '19	JUN '19	JUN MARKET SHARE %	2019 TOTAL	Q1	Q2	Q3	Q4	2018 TOTAL	SHARE	2017 TOTAL	MRKT SHARE
Australia	277	399	644	496	406	674	6.2%	2,896	1,170	1,054	950	1,009	4,183	2.9%	5,540	3.2%
Great Britain	101	61	72	54	77	39	0.4%	404	280	229	235	282	1,026	0.7%	2,173	1.3%
Japan	12,823	7,839	12,259	12,571	14,504	10,028	91.5%	70,024	26,715	48,862	28,646	30,287	134,510	94.2%	160,822	93.8%
Singapore	141	174	144	158	131	117	1.1%	865	338	351	386	456	1,531	1.1%	1,202	0.7%
USA	58	44	71	41	59	59	0.5%	332	281	287	265	275	1,108	0.8%	1,419	0.8%
Other countries	33	20	46	29	26	37	0.3%	191	153	80	73	109	415	0.3%	387	0.2%
<b>Total</b>	<b>13,433</b>	<b>8,537</b>	<b>13,236</b>	<b>13,349</b>	<b>15,203</b>	<b>10,954</b>	<b>100.0%</b>	<b>74,712</b>	<b>28,937</b>	<b>50,863</b>	<b>30,555</b>	<b>32,418</b>	<b>142,773</b>	<b>100.0%</b>	<b>171,543</b>	<b>100.0%</b>



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# Quality trade-ins thin on ground

**T**rade-ins and sales of second-hand cars fell across New Zealand during June.

Dealers sold 16,129 used passenger vehicles to members of the public last month – down by 6.5 per cent on the same month of last year.

Most regions experienced drops in such sales. A few of the exceptions were New Plymouth, where they climbed by 5.8 per cent, and Hamilton – up by 1.8 per cent – compared to June 2018.

Trade-in numbers again fell when stacked up against last year – down by 4.9 per cent on June

last year. New Plymouth again bucked the trend and saw a 19.1 per cent increase in trades over the same timescale.

Jonno Leonard, owner of Rockstar Cars in Devonport, Auckland, says: “We do buy locally as well as importing, and I’ve found there aren’t as many good-quality trades available.

“I think members of the public are getting harder when it comes to their trade-in values at the moment.

“There does seem to be a gap between their expectations and reality, and some people have been keeping vehicles that they would

have otherwise traded.

“Some dealers have decided it’s harder to get stock and have kept trades that they might have wholesaled, so there’s definitely less liquidity in the local wholesale market we’re also part of.

“We look at higher-spec models in every category. We’ve moved away from the mainstream to stock cars in a particular niche where we can meet that demand. That’s our current strategy.

“It’s harder to find these cars. I have a wish-list of what I would like to buy, but that’s always a bit more difficult and mass-market vehicles are cheaper.”

Leonard points out there is now a lot of pressure on the automotive industry with the Commerce Commission and NZTA “looking carefully at everyone”.

He adds: “There does seem to be a climate of fear creeping in a little bit depending on who you talk to.”

Leonard notes there are plenty of “small backyard dealers” operating in New Zealand because anyone can buy a licence to trade.

He believes these businesses have an impact on the lower end of the market because some traders are prepared to make little profit out of the sale of their stock. ☺

## SECONDHAND CAR SALES - June 2019

	DEALER TO PUBLIC					PUBLIC TO PUBLIC					PUBLIC TO DEALER			
	JUN '19	JUN '18	+/- %	MARKET SHARE		JUN '19	JUN '18	+/- %	JUN '19		JUN '18	+/- %		
Whangarei	535	585	-8.5	3.32		1,926	1,930	-0.2			234	254	-7.9	
Auckland	5,591	5,923	-5.6	34.66		12,828	13,565	-5.4			4,883	4,965	-1.7	
Hamilton	1,302	1,279	1.8	8.07		3,085	3,150	-2.1			943	1,002	-5.9	
Thames	247	282	-12.4	1.53		617	621	-0.6			183	178	2.8	
Tauranga	777	839	-7.4	4.82		2,022	2,123	-4.8			540	632	-14.6	
Rotorua	387	392	-1.3	2.40		895	1,009	-11.3			117	124	-5.6	
Gisborne	142	138	2.9	0.88		347	411	-15.6			51	70	-27.1	
Napier	568	607	-6.4	3.52		1,335	1,449	-7.9			436	436	0.0	
New Plymouth	384	363	5.8	2.38		1,010	1,010	0.0			218	183	19.1	
Wanganui	212	260	-18.5	1.31		565	636	-11.2			120	141	-14.9	
Palmerston North	662	794	-16.6	4.10		1,606	1,592	0.9			1,194	1,320	-9.5	
Masterton	196	206	-4.9	1.22		464	474	-2.1			86	112	-23.2	
Wellington	1,410	1,544	-8.7	8.74		3,003	3,146	-4.5			976	1,082	-9.8	
Nelson	253	277	-8.7	1.57		992	1,005	-1.3			188	228	-17.5	
Blenheim	153	210	-27.1	0.95		393	463	-15.1			87	109	-20.2	
Greymouth	60	53	13.2	0.37		179	157	14.0			31	35	-11.4	
Westport	6	7	-14.3	0.04		25	28	-10.7			0	0	0.0	
Christchurch	1,972	2,063	-4.4	12.23		4,601	5,088	-9.6			1,754	1,663	5.5	
Timaru	168	221	-24.0	1.04		479	499	-4.0			99	147	-32.7	
Oamaru	29	38	-23.7	0.18		130	133	-2.3			1	1	0.0	
Dunedin	689	713	-3.4	4.27		1,929	2,006	-3.8			398	473	-15.9	
Invercargill	386	453	-14.8	2.39		1,060	1,130	-6.2			222	270	-17.8	
NZ Total	16,129	17,247	-6.5	100.00		39,491	41,625	-5.1			12,761	13,425	-4.9	

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### New Passenger Vehicle Sales by Make - June 2019

MAKE	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	1,561	1,558	0.2	17.8%	7,237	14.7%
Hyundai	926	823	12.5	10.6%	3,816	7.8%
Mazda	790	862	-8.4	9.0%	4,713	9.6%
Mitsubishi	616	727	-15.3	7.0%	3,515	7.2%
Suzuki	569	563	1.1	6.5%	3,293	6.7%
Kia	562	639	-12.1	6.4%	3,470	7.1%
Holden	540	695	-22.3	6.2%	3,178	6.5%
Nissan	393	394	-0.3	4.5%	2,318	4.7%
Honda	333	521	-36.1	3.8%	2,706	5.5%
Ford	326	443	-26.4	3.7%	2,295	4.7%
Volkswagen	304	413	-26.4	3.5%	1,836	3.7%
Subaru	282	323	-12.7	3.2%	1,905	3.9%
Mercedes-Benz	193	207	-6.8	2.2%	1,157	2.4%
Audi	161	213	-24.4	1.8%	772	1.6%
BMW	159	170	-6.5	1.8%	878	1.8%
Skoda	122	170	-28.2	1.4%	707	1.4%
Land Rover	96	124	-22.6	1.1%	724	1.5%
SsangYong	96	69	39.1	1.1%	458	0.9%
Haval	81	49	65.3	0.9%	353	0.7%
Jaguar	79	48	64.6	0.9%	273	0.6%
Mini	77	56	37.5	0.9%	394	0.8%
Lexus	72	66	9.1	0.8%	437	0.9%
Jeep	66	169	-60.9	0.8%	427	0.9%
Peugeot	66	71	-7.0	0.8%	442	0.9%
Volvo	57	53	7.5	0.7%	350	0.7%
MG	41	1	4,000.0	0.5%	129	0.3%
Porsche	36	33	9.1	0.4%	242	0.5%
Seat	23	16	43.8	0.3%	85	0.2%
Tesla	16	32	-50.0	0.2%	93	0.2%
Isuzu	15	39	-61.5	0.2%	124	0.3%
Renault	14	32	-56.3	0.2%	135	0.3%
Mahindra	13	46	-71.7	0.1%	62	0.1%
Citroen	9	15	-40.0	0.1%	128	0.3%
Can-Am	7	4	75.0	0.1%	34	0.1%
Yamaha	7	4	75.0	0.1%	36	0.1%
Others	40	77	-48.1	0.5%	373	0.8%
<b>Total</b>	<b>8,748</b>	<b>9,725</b>	<b>-10.0</b>	<b>100.0%</b>	<b>49,095</b>	<b>100.0%</b>

### New Passenger Vehicle Sales by Model - June 2019

MAKE	MODEL	JUN'19	JUN'18	+/- %	JUN MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Corolla	464	360	28.9	5.3%	2,073	4.2%
Toyota	RAV4	405	678	-40.3	4.6%	1,878	3.8%
Hyundai	Tucson	338	255	32.5	3.9%	1,332	2.7%
Mazda	CX-5	287	328	-12.5	3.3%	1,729	3.5%
Toyota	Landcruiser Prado	281	66	325.8	3.2%	553	1.1%
Kia	Sportage	263	293	-10.2	3.0%	1,788	3.6%
Mitsubishi	Outlander	253	222	14.0	2.9%	1,452	3.0%
Suzuki	Swift	229	243	-5.8	2.6%	1,527	3.1%
Mitsubishi	ASX	226	265	-14.7	2.6%	1,224	2.5%
Nissan	Qashqai	189	190	-0.5	2.2%	1,099	2.2%
Hyundai	Santa Fe	189	162	16.7	2.2%	843	1.7%
Hyundai	Kona	179	194	-7.7	2.0%	922	1.9%
Nissan	X-Trail	163	148	10.1	1.9%	845	1.7%
Mazda	Mazda3	153	136	12.5	1.7%	878	1.8%
Holden	Commodore	144	96	50.0	1.6%	856	1.7%
Suzuki	Vitara	136	113	20.4	1.6%	661	1.3%
Toyota	Yaris	126	89	41.6	1.4%	607	1.2%
Ford	Escape	114	149	-23.5	1.3%	606	1.2%
Subaru	XV	114	95	20.0	1.3%	680	1.4%
Holden	Equinox	107	90	18.9	1.2%	539	1.1%
Kia	Rio	107	80	33.8	1.2%	521	1.1%
Mitsubishi	Eclipse Cross	103	138	-25.4	1.2%	504	1.0%
Mazda	Mazda2	102	114	-10.5	1.2%	551	1.1%
Volkswagen	Golf	99	100	-1.0	1.1%	495	1.0%
Holden	Trax	97	83	16.9	1.1%	467	1.0%
Honda	CRV	96	137	-29.9	1.1%	732	1.5%
Honda	HR-V	96	71	35.2	1.1%	786	1.6%
Honda	Jazz	96	241	-60.2	1.1%	857	1.7%
Mazda	CX-3	92	99	-7.1	1.1%	543	1.1%
Toyota	Fortuner	83	26	219.2	0.9%	197	0.4%
Volkswagen	Tiguan	83	188	-55.9	0.9%	679	1.4%
Mazda	CX-9	82	85	-3.5	0.9%	490	1.0%
Hyundai	i30	81	40	102.5	0.9%	323	0.7%
Subaru	Forester	78	31	151.6	0.9%	508	1.0%
Volkswagen	Polo	78	96	-18.8	0.9%	386	0.8%
Others		3,015	4,024	-25.1	34.5%	18,964	38.6%
<b>Total</b>		<b>8,748</b>	<b>9,725</b>	<b>-10.0</b>	<b>100.0%</b>	<b>49,095</b>	<b>100.0%</b>

### Top 3 Sources for Leads, Test Drives and Sales - New Zealand Dealerships

LEADS



TEST  
DRIVES



# Premium franchise in alpine setting

**G**rowing demand from locals and international visitors who have residences in Queenstown is part of the story behind the first premium SUV dealership set to open there.

Over the past year, Jaguar Land Rover sales have reached record levels in New Zealand.

Steve Kenchington, general manager, says Queenstown is one of the country's fastest-growing towns and, as in many other areas, the upward trend in property values has impacted on demand.

"Over the past couple of years, Queenstown has had some of the nation's highest property prices, which is one of the key economic variables that underpins demand for premium SUVs," he says.

"Unprecedented rates of tourism growth and off-shore trends for ownership of holiday homes have also helped provide a strong foundation for sales."

Jaguar Land Rover – in conjunction with the Giltrap Group – has been seeking expressions of interest from experienced retailers to open its eighth outlet and service centre.

"Queenstown is the ultimate playground for Land Rovers," he says. "With record sales in the past financial year up 14 per cent on the previous period, and with the new Defender arriving in 2020, it's the perfect time to capitalise."

"The Jaguar range, with its sports-car heritage, now offers world-class SUVs culminating in a record year – up by 34 per cent in the past financial year."

"The imminent arrival of the



fully electric I-PACE will bring technology, range and capability to the region like no other."

Kenchington says Central Otago's landscape is increasingly being seen by the company's senior executives in Asia-Pacific as ideal to showcase vehicles.

"Over the past 12 months, we've hosted corporate visitors from our regional offices, including Singapore, Mongolia, Sri Lanka and a number of other countries. They have identified Queenstown as perfect to demonstrate our SUVs' off-road capability."

Kenchington adds the

area's seasonal conditions and topography are diverse and provide challenges to vehicle capability, while offering great backdrops and hospitality infrastructure for corporate guests.

"The next stage for us in establishing this area as the Asia-Pacific region's preferred showcase and testing ground for vehicles is to build a full sales and service facility in Queenstown."

The dealership will be constructed to Jaguar Land Rover's latest architectural standards with a yet-to-be-agreed lease term, while the future right to purchase may be

given to the successful operator.

Meanwhile, the introduction of innovative technology across the range has helped transform the company to hit record sales in the Kiwi market.

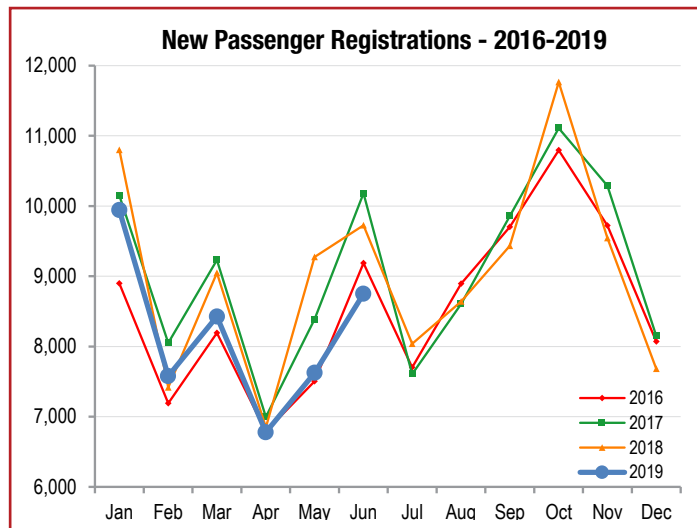
Kenchington says: "Details from the global launches of the I-PACE, Velar and new Evoque, as well as the first Range Rover and its Sport PHEV derivatives, have been well-received and have helped to lift interest."

He adds the past financial year's highlights included the introduction of the E-PACE, which sold more than 200 units in its first 12 months on the market with registrations expected to grow further in the current reporting period.

"Jaguar has evolved rapidly in recent years, and cutting-edge technology has helped raise brand awareness and interest."

Last month, 8,748 new passenger vehicles were registered. This was down from 9,725 on the same month of 2018 for a decrease of 10 per cent. The year-to-date total is now 49,095 units.

The Toyota Corolla was June's top-selling model with 464 units, followed by the RAV4 on 405 and Hyundai's Tucson on 338. ☺



June 2019 ( vs May 2019)

**SALES**

● Web - Classified ▼ **22.2%**  
● Web - Dealer ▼ **14.7%**  
● Repeat ▼ **16.5%**

**autoPLAY**

Smart Digital Tools

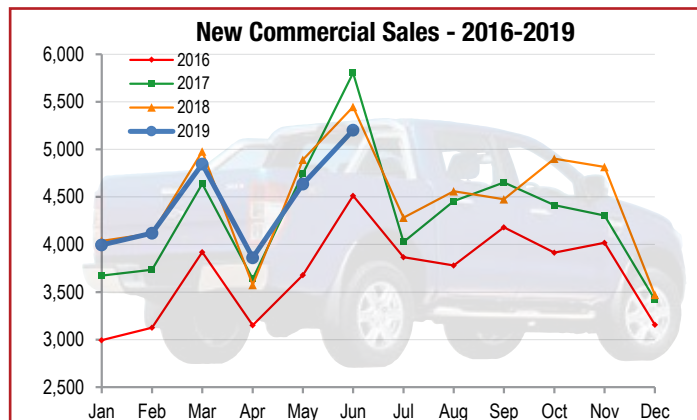
# Demand for utilities rides high

**S**ales of new commercial vehicles came in at 5,203 last month. This was a drop of 4.5 per cent, or 244 units, compared to June 2018.

Last month's top-selling model was the Ford Ranger on 1,057 units with Toyota's Hilux coming second with 719 units.

There is now a year-to-date 1,576-unit difference between registrations of the Ranger and Hilux in favour of the blue oval's ute.

Liam Keatley, branch manager of Botany Toyota, says there's good demand for the Hilux in East Auckland and the first couple of vehicles the branch sold when it opened in March were new utes.



"Our Fieldays' specials kicked off in May and we're looking forward to selling plenty of Hiluxes over the next couple of months," he adds.

"So far this year, we've also had success with the new RAV 4 and

Hiace, which was launched on May 1.

"That's a big seller for a lot of Toyota dealers, especially with our new-vehicle warranty giving buyers a lot of confidence. It also helps with resales."

"Because of the X-Class, we're getting new buyers into showrooms," says Ben Giffin, of Mercedes-Benz NZ, who is to be dealer principal of the marque's new dealership in Botany. "Partners will often buy a new sedan or SUV.

"We knew we were going to have a soft start with the X-Class because we launched it here as a four-cylinder at the start of 2018, but demand was for a V6.

"Most orders have turned to the new V6 and, because there's so much demand for utes, we've ensured we have enough stock to meet that. What we're trying to share with buyers is our X-Class is a tough work-truck." ☺

## New Commercial Sales by Make - June 2019

MAKE	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	1,148	1,186	-3.2	22.1%	5,710	21.4%
Toyota	973	900	8.1	18.7%	4,622	17.3%
Holden	682	581	17.4	13.1%	2,699	10.1%
Mitsubishi	530	507	4.5	10.2%	3,054	11.5%
Nissan	364	365	-0.3	7.0%	1,992	7.5%
Isuzu	286	415	-31.1	5.5%	1,650	6.2%
Mazda	199	202	-1.5	3.8%	1,202	4.5%
Volkswagen	164	244	-32.8	3.2%	763	2.9%
LDV	154	255	-39.6	3.0%	737	2.8%
Hyundai	119	56	112.5	2.3%	550	2.1%
Mercedes-Benz	86	97	-11.3	1.7%	520	2.0%
SsangYong	70	23	204.3	1.3%	258	1.0%
Fuso	69	122	-43.4	1.3%	430	1.6%
Hino	59	70	-15.7	1.1%	373	1.4%
Great Wall	43	16	168.8	0.8%	206	0.8%
Renault	31	7	342.9	0.6%	116	0.4%
Fiat	30	61	-50.8	0.6%	308	1.2%
Scania	27	37	-27.0	0.5%	93	0.3%
Iveco	22	16	37.5	0.4%	146	0.5%
UD Trucks	21	23	-8.7	0.4%	132	0.5%
Others	126	264	-52.3	2.4%	1,100	4.1%
<b>Total</b>	<b>5,203</b>	<b>5,447</b>	<b>-4.5</b>	<b>100.0%</b>	<b>26,661</b>	<b>100.0%</b>

## New Commercial Sales by Model - June 2019

MAKE	MODEL	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	Ranger	1,057	1,049	0.8	20.3%	5,081	19.1%
Toyota	Hilux	719	646	11.3	13.8%	3,514	13.2%
Holden	Colorado	677	567	19.4	13.0%	2,666	10.0%
Mitsubishi	Triton	530	507	4.5	10.2%	3,052	11.4%
Nissan	Navara	364	365	-0.3	7.0%	1,991	7.5%
Toyota	Hiace	235	227	3.5	4.5%	955	3.6%
Mazda	BT-50	199	202	-1.5	3.8%	1,202	4.5%
Isuzu	D-Max	195	286	-31.8	3.7%	1,025	3.8%
Hyundai	iLoad	113	51	121.6	2.2%	527	2.0%
Ford	Transit	91	137	-33.6	1.7%	629	2.4%
Volkswagen	Amarok	90	122	-26.2	1.7%	404	1.5%
Ssangyong	Rhino	69	0	6900.0	1.3%	244	0.9%
LDV	T60	55	135	-59.3	1.1%	247	0.9%
LDV	V80	55	67	-17.9	1.1%	276	1.0%
LDV	G10	43	53	-18.9	0.8%	206	0.8%
Great Wall	Steed	43	16	168.8	0.8%	206	0.8%
Volkswagen	T6	41	95	-56.8	0.8%	169	0.6%
Isuzu	N Series	39	48	-18.8	0.7%	218	0.8%
Hino	500	36	34	5.9	0.7%	206	0.8%
Mercedes-Benz	Sprinter	35	33	6.1	0.7%	216	0.8%
Others		517	807	-35.9	9.9%	3,627	13.6%
<b>Total</b>		<b>5,203</b>	<b>5,447</b>	<b>-4.5</b>	<b>100.0%</b>	<b>26,661</b>	<b>100.0%</b>

## Setting the Benchmark

6 Ports in Japan. 7 Ports in New Zealand

SPEED, SERVICE, VALUE & INDEPENDENCE

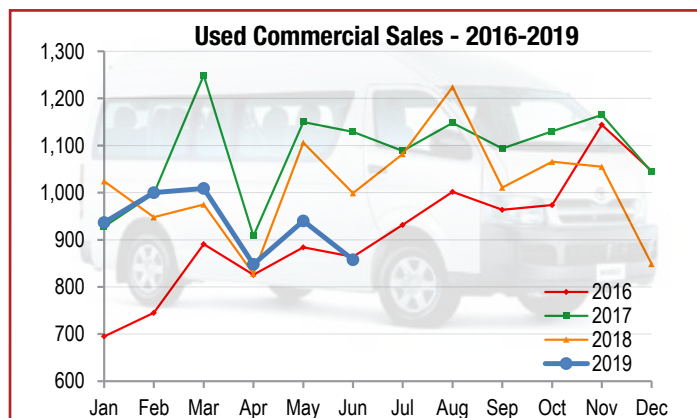
# Stock issues still prevailing

A dealer south of Auckland says the market for used commercials is "patchy".

Gareth Karrasch, director of 317 Ute & Van Sales in Takanini, says there are days when nothing much is happening and periods "when there's a rush of definite buyers, which makes it tricky to pick what's happening out there".

"Stock always proves to be an issue to secure with many yards having a go, plus Turners has become strong competition for all of us, including franchised yards.

"The previous 'flow' enjoyed three years ago has pretty much stopped, so we have to draw on our resources with old relationships and look at buying from new avenues."



Karrasch says it's difficult to import with Japanese prices still quite high. "I'm told the Japanese economy is going well, so the same trends with stock happens there. Dealers' trade-ins now have value

to them to retail rather than auction due to a high demand in Japan.

"Basically, we would love to source more from Japan at this stage. Bearing in mind the electric stability control rule change that's

coming next year, I'm expecting to see importing go crazy."

Karrasch says retail prices seem to have steadily stayed high for particular models and nothing has got "cheap" in the commercial segment.

"The start of this year was fair, although reconditioning work now seems to take longer and costs more. This results in our yard emptying and filling sporadically. But there seems to be signs of some market stability for the end of this year."

There were 858 used commercials registered in New Zealand last month. This was down by 14.1 per cent compared to June 2018 and brought 2019's total to 5,592 units. ☺

## Used Commercial Sales by Make - June 2019

MAKE	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	392	453	-13.5	45.7%	2,554	45.7%
Nissan	213	201	6.0	24.8%	1,277	22.8%
Isuzu	42	53	-20.8	4.9%	256	4.6%
Mazda	36	65	-44.6	4.2%	257	4.6%
Mitsubishi	32	33	-3.0	3.7%	177	3.2%
Hino	31	33	-6.1	3.6%	221	4.0%
Ford	28	39	-28.2	3.3%	244	4.4%
Fiat	13	20	-35.0	1.5%	98	1.8%
Chevrolet	11	20	-45.0	1.3%	88	1.6%
Holden	10	13	-23.1	1.2%	92	1.6%
Renault	6	3	100.0	0.7%	14	0.3%
Volkswagen	6	6	0.0	0.7%	39	0.7%
Dodge	5	4	25.0	0.6%	25	0.4%
GMC	4	3	33.3	0.5%	20	0.4%
Land Rover	4	0	400.0	0.5%	7	0.1%
Mercedes-Benz	4	7	-42.9	0.5%	17	0.3%
Kenworth	3	4	-25.0	0.3%	13	0.2%
Suzuki	3	7	-57.1	0.3%	34	0.6%
Dennis	2	0	200.0	0.2%	2	0.0%
Factory Built	2	0	200.0	0.2%	5	0.1%
Others	11	35	-68.6	1.3%	152	2.7%
<b>Total</b>	<b>858</b>	<b>999</b>	<b>-14.1</b>	<b>100.0%</b>	<b>5,592</b>	<b>100.0%</b>

## Used Commercial Sales by Model - June 2019

MAKE	MODEL	JUN'19	JUN'18	+/- %	JUN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Hiace	293	355	-17.5	34.1%	1,936	34.6%
Nissan	Caravan	62	60	3.3	7.2%	382	6.8%
Nissan	NV200	50	38	31.6	5.8%	284	5.1%
Nissan	NV350	50	27	85.2	5.8%	225	4.0%
Toyota	Dyna	32	27	18.5	3.7%	229	4.1%
Isuzu	ELF	32	29	10.3	3.7%	185	3.3%
Mazda	Bongo	28	53	-47.2	3.3%	186	3.3%
Toyota	Regius	28	40	-30.0	3.3%	173	3.1%
Nissan	Vanette	22	29	-24.1	2.6%	149	2.7%
Nissan	Atlas	18	23	-21.7	2.1%	131	2.3%
Mitsubishi	Canter	18	14	28.6	2.1%	102	1.8%
Hino	Dutro	18	19	-5.3	2.1%	147	2.6%
Toyota	Toyoace	18	17	5.9	2.1%	104	1.9%
Ford	Ranger	15	14	7.1	1.7%	78	1.4%
Toyota	Hilux	13	7	85.7	1.5%	61	1.1%
Fiat	Ducato	12	18	-33.3	1.4%	97	1.7%
Hino	Ranger	10	11	-9.1	1.2%	78	1.4%
Isuzu	Forward	7	18	-61.1	0.8%	45	0.8%
Mazda	Titan	6	3	100.0	0.7%	42	0.8%
Mitsubishi	Triton	6	6	0.0	0.7%	37	0.7%
Others		120	191	-37.2	14.0%	921	16.5%
<b>Total</b>		<b>858</b>	<b>999</b>	<b>-14.1</b>	<b>100.0%</b>	<b>5,592</b>	<b>100.0%</b>

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# Challenging conditions across market

The market for new vehicles has softened and that was first seen in the level of sales in this year's first quarter.

That's the view of Ben Giffin, of Mercedes-Benz NZ, who says economic forecasters use car sales to illustrate where the economy is going because buying one is still a discretionary spend.

"People will hold onto their current vehicles if they think there's a downturn," he adds. "And our economy isn't big enough to be immune from what happens in the US or China, and whatever happens in Australia affecting New Zealand."

"If the market in this country continues to slow, negative growth usually happens first in the luxury segment because those consumers often have such insights available to them, which makes them cautious."

Giffin describes current trading

conditions as challenging because "the market is facing a bit of headwind, so our goal is to ensure we can maintain our share".

"We focus on market share in a softer economy because it's the one thing we can control," he told Autofile. "It doesn't mean we will sell more cars than last year, but we focus on maintaining our share."

"We have a great retail network that aims to please customers and we try to bring the best cars to market. The proof is in the results. Our clients want a Mercedes-Benz experience and an ongoing relationship with our retailers."

"It doesn't matter what your economic circumstances are, your car is still the second biggest purchase outside of your home so it makes sense to do that purchase with a reputable retailer."

On the three-way tussle

between Mercedes-Benz, BMW and Audi, Giffin says: "Part of my remit when I came over from Australia in 2012 was to take the brand to number one, so it was a big deal."

"Mercedes-Benz had just become the best-selling luxury brand in Australia after not being number one for 10 years."

"But we had never topped New Zealand's luxury market, so we put a strategy in place in 2012 on how to get there. We took that position in 2015 and have held it ever since."

"While that was part of the strategy, we don't focus on other brands. We focus on our targets and goals. If we do that well, then we will remain as number one."

"Personally, it has been a career highlight. When I moved here, we were selling about 900 new cars a year. Now it's more than 2,500."

As for last month's statistics,

there was a healthy 14.7 per cent increase in new-car sales comparing June to May, but the total number of registrations was down by 10 per cent on the same month of last year.

There were 8,812 new cars imported into New Zealand last month – down by 13.1 per cent on June 2018 when 10,138 cars crossed the border.

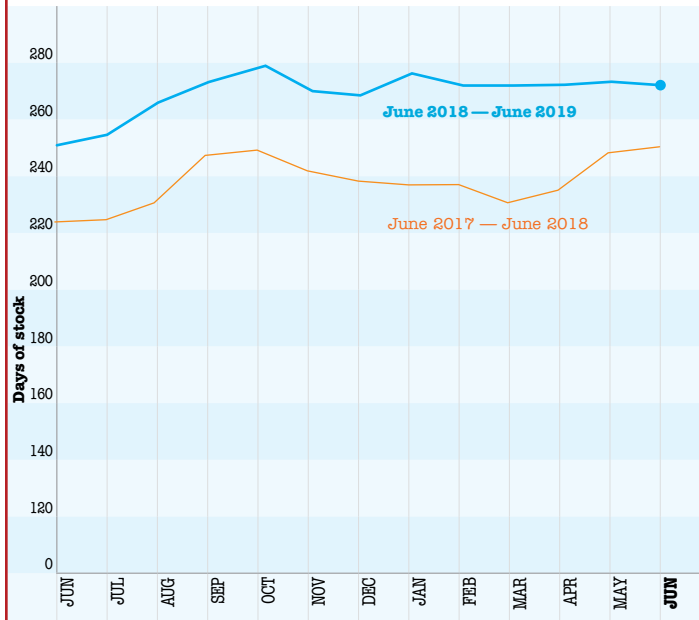
But June's new-car import total was up by 14.1 per cent on May's total of 7,725. At the same time, there were 8,748 new cars registered compared to 9,725 during June 2018.

Year to date, 47,839 new passenger vehicles have crossed the border and 49,095 have been registered. However, there was still 4.9 per cent more stock on-hand by the end of last month compared to June 2018. ☺

## Dealer stock of new cars in New Zealand

	CAR SALES					
	IMPORTED	REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Jun '18	10,138	9,725	413	77,050	298	259
Jul '18	11,503	8,040	3,463	80,513	299	269
Aug '18	11,175	8,639	2,536	83,049	299	278
Sep '18	10,382	9,431	951	84,000	298	282
Oct '18	9,921	11,765	-1,844	82,156	300	274
Nov '18	7,820	9,543	-1,723	80,433	298	270
Dec '18	9,317	7,681	1,636	82,069	296	277
Jan '19	7,191	9,942	-2,751	79,318	294	270
Feb '19	7,787	7,578	209	79,527	295	270
Mar '19	8,346	8,425	-79	79,448	293	271
Apr '19	7,978	6,778	1,200	80,648	293	276
May '19	7,725	7,624	101	80,749	288	280
Jun '19	8,812	8,748	64	80,813	285	283
Year to date	47,839	49,095	(1,256)			
Change on last month	14.1%	14.7%		0.1%		
Change on Jun 2018	-13.1%	-10.0%		4.9%		
	LESS IMPORTED	LESS SOLD		MORE STOCK		

## DAYS STOCK IN NZ - NEW CARS



# Variety has appeal to buyers

**H**aving a range of models on his yard is the key to success, says a trader in Auckland.

Jonno Leonard, of Rockstar Cars in Devonport, has found that if his business holds the same stock as everyone else, then vehicles can end up still sitting on-site waiting to be shifted.

By stocking more niche products, there may be less buyers – but they are keener and not tyre-kickers. That said, his actual stock levels aren't as high at the moment as he would like.

"I believe that's due to the difficulty of finding the right stock and a general reduction in overall turnover," says Leonard. "These factors have led us to have less trading and fewer cars on the market."

"There was a surplus of cars

from last year. Perhaps there was a bit of oversupply that has been corrected this year.

"Supply in the Japanese market is still very active, and we've seen the return of a couple of local wholesale outfits that bring in cars to wholesale locally.

"Wholesale supply used to be a big industry. It slowed down a few years ago, but there are now a couple of operators doing that and we deal with them.

"That would suggest the ex-Japan market is still reasonably healthy if they have the confidence to bring in vehicles without buyers and then wholesale them here."

As for the state of the automotive industry as a whole, Leonard says what he has been hearing from other operators in the sector is that 2019 has been a patchy year so far.

"I think everyone has their day in the sun and then their day in the shade," he opines. "That has also been our pattern during summer and autumn.

"We buy from wholesalers as well as doing some importing ourselves and buying locally.

"I think it's all about finding out where the niche markets are at the moment and these have been shifting around quite a bit.

"What was working perhaps isn't working as well at the moment and other stuff is starting to sell better than before.

"We've found the small Japanese imported cars have increasingly become hard work. It's an oversubscribed sector and, as a result, it's increasingly difficult to mark a margin out of those vehicles.

"We are moving away from that

market, but have always been in the affordable price range."

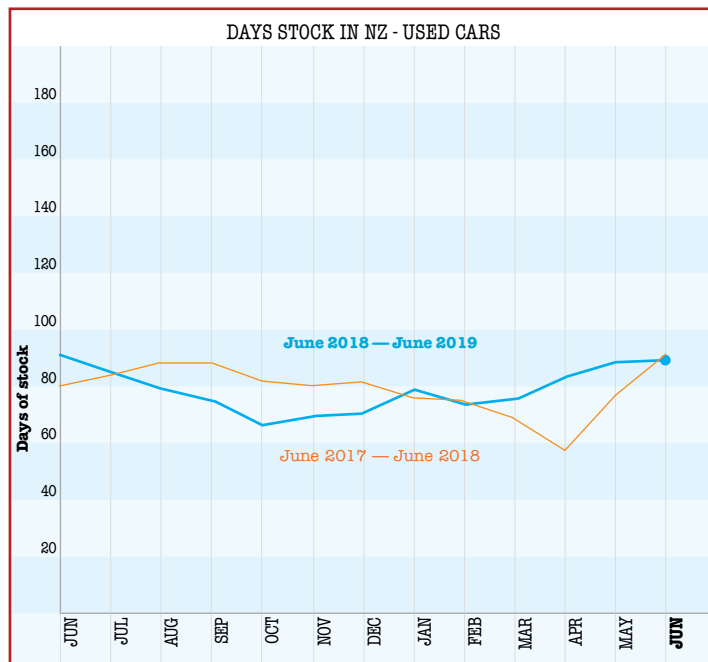
June saw a fall in imports and registrations of used cars as stock numbers fell significantly when compared to the same month of last year.

There were 10,954 units imported last month, which was down by 31.4 per cent on June 2018 and down by 27.9 per cent on May's 15,203.

However, 11,177 used cars were registered for the first time – down by 11.7 per cent on June 2018 and by 16.7 per cent on May.

That left a variance of 223 units to decrease stock on-hand to 34,718, which was a drop of 12.8 per cent on the same month of last year.

Average daily sales of 392 in June were down by 47 units compared to June 2018. ☹



## Dealer stock of used cars in New Zealand

	CAR SALES				DAILY SALES	DAYS
	IMPORTED	REGISTERED	VARIANCE	STOCK	- 12-MONTH AVERAGE	STOCK AT HAND
Jun '18	15,961	12,651	3,310	39,830	439	91
Jul '18	11,028	13,847	-2,819	37,011	438	85
Aug '18	10,282	13,368	-3,086	33,925	434	78
Sep '18	9,245	11,533	-2,288	31,637	429	74
Oct '18	8,669	12,100	-3,431	28,206	423	67
Nov '18	11,301	11,156	145	28,351	413	69
Dec '18	12,448	11,061	1,387	29,738	404	74
Jan '19	13,479	11,598	1,881	31,619	399	79
Feb '19	8,764	11,129	-2,365	29,254	396	74
Mar '19	13,290	11,852	1,438	30,692	396	77
Apr '19	13,349	10,883	2,466	33,158	396	84
May '19	15,203	13,420	1,783	34,941	396	88
Jun '19	10,954	11,177	-223	34,718	392	89
Year to date	75,039	70,059	4,980			
Change on last month	-27.9%	-16.7%		-0.6%		
Change on Jun 2018	-31.4%	-11.7%		-12.8%		
	LESS IMPORTED	LESS SOLD		LESS STOCK		

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