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# ‘Soviet-style control’ opposed by industry

## Fuel-economy measures to limit supply of vehicles into New Zealand face criticism but feebates attract little opposition

Three lead organisations in the automotive industry have heaped scorn on government proposals to place controls on what vehicles can be imported.

Julie Anne Genter, the Associate Minister of Transport, has unveiled two plans to reduce the country’s greenhouse gas (GHG) emissions.

On the demand side, she says a feebate scheme – with high-polluting vehicles being hit with charges and lower polluters attracting rebates when registered for the first time in this country – will impact on consumer choices.

Being dubbed the clean-car discount, buyers of imported vehicles could be charged up to $3,000, or given a discount of up $8,000, from 2021 to incentivise a more environmentally friendly light fleet.

However, it’s the supply-side element of the government’s plans that has raised the hackles of VIA (the Imported Motor Vehicle Industry Association), the Motor Industry Association (MIA) and

Julie Anne Genter

Motor Trade Association (MTA).

Genter’s clean-car standard would require importers to reduce average emissions of vehicles they bring into the country to meet annual targets.

This would be phased in with suppliers having to reduce their average carbon dioxide per kilometre emissions from the current level of 180 grams to 161 grams by 2022.

If they fail to do so, they could face penalties of $100/g and $50/g per unit per year for new and used vehicles imported respectively.

Stricter targets would then be introduced each year and reach 105 grams by 2025 after which the government would set new levels.

Because the clean-car standard and discount would only apply to stock entering the fleet, they would apply to about one-quarter of sales.

However, the clean-car standard has been likened to “Soviet-era control” by David Vinsen, chief executive of VIA.

He believes the proposal “is wrong on so many levels” and describes its name as “misleading and nothing to do with clean cars – it’s about fuel economy and efficiency”.

“The name conflates and confuses the two issues, and there’s already confusion in the media, which doesn’t help the cause.

“We also think it’s unnecessary. If we influence demand, we will supply the stock that’s needed. The feebate scheme will be the most effective.”

Vinsen says the complexity of

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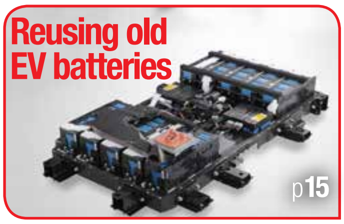




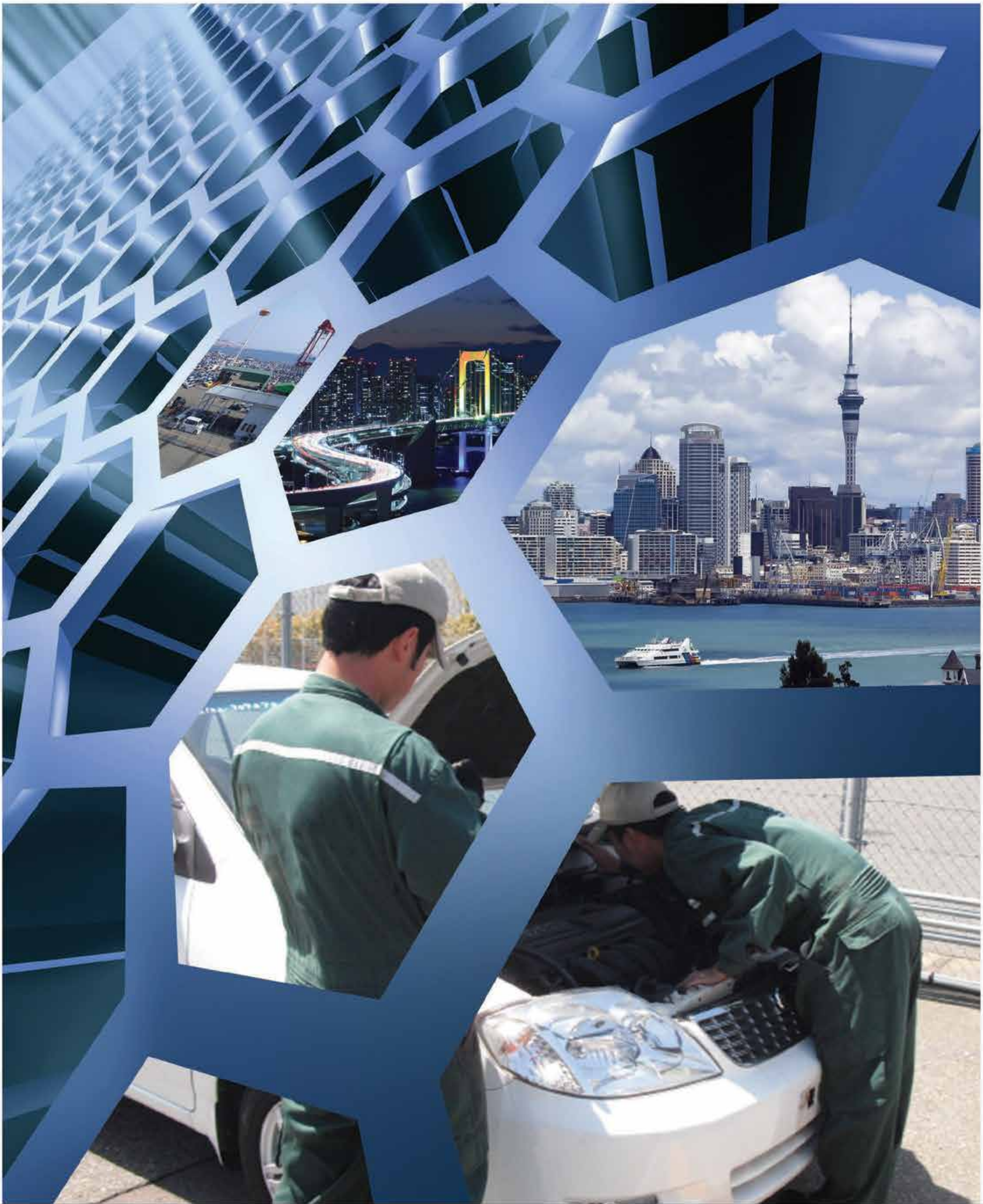

GUEST EDITORIAL

# Issues make sector wiser and smarter

Frank Willett explains why he 'wouldn't want to be anywhere else', despite challenges and calamities

FRANK WILLETT
Chief executive
Autohub NZ

Twenty-five years ago, I left the RNZAF, stumbled into VINZ as an inspector and never looked back.

Then, in January 2018, I became chief executive of Autohub NZ and soon after was introduced to brown marmorated stink bugs (BMSBs). From that Waitangi Day, the industry entered another new phase of interruptions, costs and change.

Since then, we've seen a perfect storm of bug problems, airbag recalls, the implementation of electronic stability control, the onshore market stalling, the cross-rate with the yen turning unfavourably for Kiwis and prices firming in Japan.

However, our industry is robust and durable. I sometimes wonder how we work through these impacts and come out on the other side, but we do – often wiser, smarter and more agile.

We often see casualties in such times, which also provide opportunities for those better placed to take advantage.

One casualty we're in the midst of is the NZTA's agonising rebirth in the wake of its new philosophy a few years back of "listening and supporting customers" at the expense of enforcement. It's now paying the price, but I hope it gets on-track quickly and regains our confidence.

I recently stepped down from the board of VIA (the Imported Motor Vehicle Industry Association) after seven years. It was a hard decision, but my daily involvement with the industry and where I think it's heading created a view I felt was at odds with the board.

While I appreciate the board is a team, my views are becoming rather set and I felt my presence wasn't going to remain constructive.

I solidly support the need for VIA to bridge the used-import trade and government, but what "the trade" is now and in the future is something we couldn't agree on.

As a sponsor, Autohub and I will continue to support VIA, and I hope that it manages to come out the other side stronger and in better shape.

Apart from "coal face" dealers appearing, disappearing, expanding and contracting, significant investment has occurred high up in the supply chain.

The advent of BMSBs in establishable quantities rocked the Ministry for Primary Industries (MPI). I feared at one stage minister Damien O'Connor would "shut the pathway" for used Japanese vehicles. I think it came close.

It was interesting to watch the MPI and industry react quickly to develop, design and install solutions. Our industry should be proud of this achievement. I must also acknowledge the shipping lines absorbed some horrendous costs – into the millions.

I enjoy this industry. I've lived and worked under the constant, but unspoken, views of many stalwarts saying, "this won't last, this year is the last best year, it's all downhill now". However, we keep going.

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FSC www.fsc.org MIX Paper from responsible sources FSC® C102598 the clean-car standard will add bureaucracy and compliance costs, and create opportunities for the system to be rorted.

"It's an intervention in the market and we know what happens when governments do that," he warns. "It will be inequitable and you will have rural buyers subsidising city buyers.

"We don't think it will affect people's choices. All we think it will do is average out the costs or push up the price of everything.

"Is this sort of Soviet-era central command and control, or is this government telling us what vehicles to offer the public? It's a good question to ask.

"We all agree more can be done to reduce GHGs in the transport sector. Feebates will send a clear signal to the public to influence demand and supply will update to meet demand.

"We don't support policies aimed at controlling supply. There are other ways of dealing with these issues. Adjusting tax rules would help, such as fringe-benefit tax and the depreciation regime.

Attendees at VIA's midwinter dinner at which Julie Anne Genter was guest speaker

"If we're serious about improving our fleet, let's look at all mechanisms and levers the government can pull, not just the simple control-pipe exercise."

Vinsen says consultation on the proposals has taken place for the past 18 months, so there are no surprises about their content, but VIA is disappointed with what's now on the table.

"Make no mistake this proposal will affect our industry, new and used. The aim is to get people driving more fuel-efficient vehicles and the proposal is to influence choices at two different levels."

## THE FEEBATE ISSUE

The government is determined to achieve its Paris Agreement climate-change targets and transport makes up about 20 per cent of New Zealand's GHGs, "so it's a significant chunk to deal with".

Vinsen says: "It doesn't matter how clean a car is, this is about fuel economy and how much you burn. The only way to reduce GHGs is to reduce fuel consumption.

"One way is through modal shift – moving people from privately owned vehicles to other modes of transport, such as public transport, cycling, walking, car-pooling and car-sharing.

"Another strategy is to have more fuel-efficient vehicles in the fleet. One way is to influence what the public demands or chooses is by setting up a feebate scheme. This can send pricing signal to the public to make choices accordingly.

"Firstly, there are extra registration costs for fuel-inefficient vehicles – that's the fee – and discounts for fuel-efficient ones. It's designed to be revenue-neutral, and to reward people who make the preferred choice and penalise those who buy a V8.

"We know the feebate scheme will influence demand. Then, the industry, new and used,



# Clear signal sent

The MIA will work constructively with the government on what it believes is the best mix of policies to get cleaner and greener vehicles on our roads.

David Crawford, chief executive officer, says: "The reality is new-vehicle distributors supply what people buy. The best policies to achieve a reduction in emissions are those that influence purchasing decisions. Changes in models supplied will follow if demand is altered."

He adds the proposed clean-car discount, whereby vehicles attract a rebate or penalty when sold, sends a signal to consumers and will, over time, increase demand for lower emitters.

However, the MIA has concerns about the clean-car standard, which will average-weight emissions targets for importers.

"That implies distributors have significant influence on vehicles consumers choose to buy as well as those manufacturers produce," says Crawford. "This isn't the case because New Zealand is a tiny market. Therefore, this policy is unlikely to achieve results the government seeks.

"Policies aimed at controlling supply aren't favoured as they impose artificial controls that often distort the market.

"They can also create unintended outcomes, such as people holding onto older, less safe and more polluting cars longer, and it's likely to lead to price rises for all new vehicles."

The MIA is disappointed a sliding scale for fringe-benefit tax and better depreciation rates aren't up for consideration, which – in combination with a clean-car discount – it feels would accelerate the uptake of lower-emission vehicles.

needs to supply vehicles to meet that demand. It's a relatively simple mechanism people can understand.

"We aren't opposed to it and can see the merit of putting money into subsidising vehicles that are more environmentally friendly."

Vinsen believes a feebate system, which the government is calling the clean-car discount, would do most of the clean-car standard's work by influencing the supply side of the market and allowing importers to bring in what consumers want.

## WHAT THE COSTS ARE

The clean-car discount, which would kick in from 2021, would focus on carbon dioxide emitted by vehicles in the light fleet.

It's likely fees and discounts would be greater for new vehicles than used ones crossing the border. The buyer of a new Ford Ranger would, for example, be charged between $2,250 and $2,750.

Other new utes, such as Toyota's Hilux, Mitsubishi's Triton and Holden's Colorado, would also incur fees, while the Toyota Corolla, Suzuki Swift, Mazda CX-3, Honda Jazz and Toyota Prius would receive discounts.

For new or near-new "greener" models, pure electric vehicles (EVs) would get a rebate of $8,000, plug-in hybrids $6,800 and hybrids $4,800.

On the used-vehicle front, the biggest discount available would be $2,600 and the highest fee $1,500.

> **"Make no mistake, this proposal will affect our industry, new and used"**
> **– David Vinsen**

Last year's most-popular top three used imports – the Nissan Tiida, Suzuki Swift and Honda Fit – would receive $800 rebates, while Subaru's Legacy and Toyota's Camry would be among the models to incur charges.

Vehicles with recommended retail prices of more than $80,000 would be ineligible for discounts.

The government is aiming to make greener vehicles more affordable so families can make better choices for the climate and their pockets through her proposals.

"Cars, utes and vans we use every day are the fastest-growing source of harmful climate pollution, and account for nearly 70 per cent of our transport emissions," says Genter.

"Most Kiwis want to buy a vehicle that's good for the environment, but tell us the upfront cost and limited choice make it a challenge.

"This is about making cleaner cars realistic for more people – by reducing the upfront cost of electric, hybrid and fuel-efficient vehicles."

Genter says clean-car discounts will be financed in the fairest way possible at the point of first registration.

"This means people will still have choice while contributing to the task of cleaning up vehicles coming in.

"New Zealanders have told us they want more climate-friendly vehicles to choose from, so we're also proposing suppliers be required to import more fuel-efficient vehicles every year."

This is what she hopes the clean-car standard will help achieve.

"Vehicles already registered in New Zealand would be exempt from these policies when on-sold in the second-hand market, so more than 70 per cent of vehicles sold each year won't be affected by these proposals," she stresses.

"The changes would prevent more than five million tonnes of pollution going into our atmosphere and make a major contribution to meeting New Zealand's climate targets.

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"The benefits of these policies would flow on into the second-hand market as more fuel-efficient hybrids and EVs are sold on.

"These policies are expected to save the country more than $3.4 billion in fuel and result in fuel savings of more than $6,800 over the lifetime of an average vehicle".

Under the clean-car discount, the buyer of a new Ford Ranger could be charged between $2,250 and $2,750

## MESSAGE TO INDUSTRY

Genter was the guest speaker at VIA's midwinter dinner in Auckland on July 10 – the day after she unveiled her proposals.

"When it comes to a problem such as climate change, we have to think long term," she says.

"We need to think of solutions that are going to last changes in government. We need societal consensus that this is something we need to address.

"I need your help to ensure we reduce the use of fossil-fuel vehicles. Cars, utes and vans are responsible for the majority of climate pollution in transport.

"It's not like a power plant. This is millions of individuals making decisions every day on what vehicle they're using and how much they're using it. We've got to find levers that nudge our behaviour towards something that isn't going to kill the environment.

"But they are constrained by a number of factors, including how much money people have to spend on a car, what cars are available and trips they need to make. So influencing what's on offer will influence their decisions."

In response to Vinsen's criticism of the clean-car standard, Genter says: "I understand what you're saying that it does conflate two issues.

"But we want vehicles that don't have harmful noxious emissions and don't use so much fossil fuel. The ideal cars are going to be better for both.

"Fuel-economy standards aren't a crazy, radical idea. New Zealand is one of only three countries in the OECD that doesn't have them.

"Ironically, you mentioned this might be some kind of Soviet-style control – Russia is one of the three countries that doesn't have fuel-economy standards. This isn't rocket science."

She cites California as similar to New Zealand "in that it's very oil-hungry", but it now has some of the world's strictest emission standards. "Starting with clean air, now they're worried about fuel economy."

Genter stresses used vehicles aren't the major problem.

"The top 10 most-popular imported vehicles are very efficient. It's actually the brand-new vehicles. If you look at the top-10 most popular ones, they're the vehicles that would face fees. Not all of them, but quite a few.

"Even though there's this perception it's dirty, second-hand imports from Japan that are going to have to face fees and will be subsidising EVs, it's the opposite.

"I expect EVs to be a small proportion. I expect them to be very fuel-efficient petrol cars and hybrids because they can do more of what people need right now. Cars that are going to be facing the $3,000 fees are like Land Cruisers or Range Rovers.

"I promise you there are more double-cab utes being driven around in urban areas than out on the farm. There are alternatives and at least one ute that won't face a fee."

In regards to the clean-car, or "fuel economy", standard, she says it has been designed to try to allow for different weight classes of vehicles with the goal of ending up with more efficient utes, SUVs and people movers.

"Perhaps the reason why the standard is complex is that we're trying to allow for it to provide for a variation in demand in the market," explains Genter.

"The rationale behind having the discount and the standard together is that evidence from overseas is the combination of a fuel-economy standard, taxes and incentives, has been the most effective thing to reduce carbon pollution.

"The feebate is there to help the industry with the implementation of the standard. The modelling we've done is that the significant reduction in emissions comes from the standard, not so much the feebate.

"The feebate supports it and switches the behaviour. We can't have a feebate that lasts for 20 years, that's my opinion.

"It would be good to have a sunset clause, such as five to seven years down the line, because we don't want to go backwards. If we're serious, we need to do our bit.

"If we implement a standard, everyone needs to comply with it. One business isn't putting itself out in having to be undercut by someone else, so it makes it a level field for everyone."

Submissions on the government's consultation paper close on August 20.

# Policy 'shifts deck chairs'

The Motor Trade Association (MTA) has welcomed the Ministry of Transport wanting to encourage the uptake of low-emission vehicles.

"The MTA has been looking to the government for clarity on this for some time now," says chief executive Craig Pomare.

"The market responds to demand and consumers need a nudge if they are to consider low-emission options, such as EVs and hybrids.

"It's pleasing to see that message taken on-board. The release of proposals designed to influence demand and supply of vehicles marks the start of an important conversation with the industry and public."

Pomare says the clean-car discount programme should go some way towards educating and supporting consumer decisions about low emitters, but the MTA has concerns with the government's clean-car standard on the supply side.

"We're not convinced intervening on both the demand and supply sides is necessary or wise in such a small market," he says.

"There are also inequalities in the scheme because it applies to new and used importers, and there may be hurdles for the NZTA in implementing the clean-car standard."

Supply-side issues the MTA has identified include:

- The scheme treats new and used importers inequitably with respect to trading credits gained on low-emission imports.
- The annual reporting method will be open to abuse and fraud by bad-faith participants in the industry.
- The NZTA will need more investment in its database systems.

Pomare says the MTA is looking ahead to consequences on the industry of the proposals, especially when combined with the electronic stability control rule applying to small passenger vehicles from March 2020.

"We're concerned about the potential for market distortion, which will shift demand within a category to different makes or models.

"For example, the Ranger is the most popular ute. If Ford cannot offset its emissions profile through other models in its catalogue, it may limit the number of Rangers it sells or brings in.

"Assuming market demand for utes remains steady, customers who miss out on a Ranger will most likely shift to a competitor's model if capacity still exists. If that's the case, the policy might simply 'shift the deck chairs'."

Pomare predicts a more active "import-broker market" with an increasing number of consumers, who aren't subject to these emission restrictions, entering into direct-import arrangements.

Such a market would mean the government's environmental goals are circumvented, and buyers – as direct importers – lose protections they would have under the Consumer Guarantees Act if they bought from registered traders.

Greig Epps, the MTA's advocacy and strategy manager, says this could also spell the end of specialist vehicle traders because they will not have diverse enough import profiles to meet average emission targets.

"The government risks not just setting 'clean' car standards, but preventing businesses from determining their strategies and business models," he says.

"These proposals might also be affected if the government banned importing one and two-star safety-rated vehicles as many of them are small and fuel-efficient vehicles."

# Guide for compliant imports

A smartphone app is being developed to complement an online guide to cars that are likely to be fitted with electronic stability control (ESC).

The tools have been announced by VIA (the Imported Motor Vehicle Industry Association) as the used-imports sector prepares for a ban that comes into force next year.

From March 1, all passenger vehicles entering the fleet must have the crash-avoidance fitted and operational.

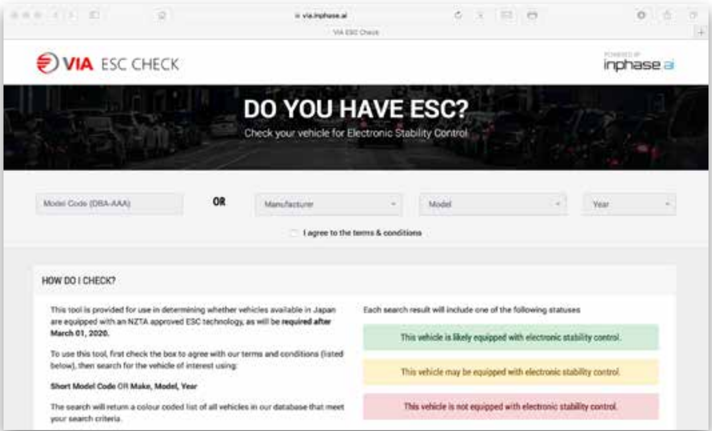
"I'm pleased VIA has developed this comprehensive database of the Japanese domestic fleet vehicle by vehicle," says David Vinsen, chief executive.

"We have also developed analytical tools to insert those vehicles and identify what vehicles have ESC and those that don't. This is going to be available as a smartphone app.

"It means Japanese buyers can look up a particular vehicle on their phones and say yes or no. Export agents and their inspectors can look it up and confirm the vehicle before exporting it.

"It's an exciting development and a hugely useful tool, and our new website means you can access all ESC information."

Although the final phase of the ESC rule has been long-expected,




What VIA's online tool to check if vehicles have ESC installed looks like

Vinsen stresses it will have a serious effect on the used-imports industry.

"Some estimate it will reduce our numbers by more than 40 per cent," he says. "In fact, the ministry came to us and asked, 'talk us through those numbers, how did we get those numbers'.

"We've done a pretty extensive survey and it's 40-60 per cent. For some people, it's going to affect their businesses by more than 80 per cent because the stock they primarily bring in will not be compliant next year.

"We will have fewer vehicles, but they will be newer and safer by definition, which is going to give increased confidence to the public."

As for the identification of what vehicles are fitted with ESC, that's far from straightforward.

"ESC was introduced progressively in Japan, firstly as an option and it was then mandated," says Vinsen.

"The trick is to figure out which vehicles have got it and which haven't. That's going to be a real mission. If cars come here without ESC, we might as well scrap them because they're worth nothing."

VIA's online database can be searched by model code, or entering the make, model and year. Results are colour-coded, and state if the car is likely, may be or is not equipped with ESC.

The tool's information has been compiled according to the best data available.

While efforts have been made to ensure the accuracy and completeness of the information in tables, they are only guides and VIA will not be liable for any loss resulting from relying on its tables.

Vehicles must still be inspected to ensure an NZTA-approved form of ESC is present and as installed by the original equipment manufacturer before being shipping to New Zealand.

Failure to physically verify the presence of the safety system is at the importer's risk, and VIA's online database will be modified and updated as more information becomes available.

Vinsen unveiled VIA's database at its midwinter industry dinner in Auckland on July 10 at which Julie Anne Genter, Associate Minister of Transport, was guest speaker.

Genter was quick to point out she can't take the blame for the ESC rule, "I just want you all to know that".

"That was a rule made in 2012 and I only recently found out it's about to start and affect you. I was quite surprised to see how large the impact might be.

"I'm asking the ministry for advice on that and – of course – I would like to work closely with you and on what the impact is going to be on your business." ⊕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# Spotlight on financial division

Turners Automotive Group has appointed a leading investment and advisory group to carry out a strategic review of its finance company.

Jarden NZ, which has six offices across the country, "will consider alternative ownership options for Oxford Finance" as part of looking into how the whole of its business works.

Chairman Grant Baker and chief executive officer Todd Hunter describe Oxford Finance as a "well-performing and growing business with a strong network of active dealers across the country".

That said, a review of group strategy "has highlighted building a loan book is capital intensive and we may be best to use our capital in growing our core business in automotive retail".

They add: "Whatever the outcome, we will continue to maintain our close relationship with Oxford Finance and originate loans through the Turners' network. Customers and the existing dealer network will see no change in levels of service they experience."

As for the group-wide review, Baker and Hunter say: "The dynamics of the automotive industry are changing and we're changing our business too.

"In recent months, we've undertaken a detailed review. The result has been a decision to simplify and de-risk the business as well as leverage core capabilities and

Grant Baker

Todd Hunter

strengths – such as brand strength in automotive retail and Turners' name – to accelerate growth in a capital-efficient manner.

"There's a strong desire to invest in brands and businesses where we have already achieved a leading position.

"The shift to a single-brand strategy in automotive retail, completed in May 2019, is one of the first projects implemented under the strategy."

The company's overall financials for the 2018/19 year included $336.6 million in revenue with $29m in net profit before tax (NPBT).

Excluding $4.6m to rebrand Buy Right Cars, it delivered NPBT of $33.6m – ahead of last year's result of $31.1m. Net profit after tax was $22.7m, which was down by three per cent from $23.4m in the 2017/18 financial year.

Turners' finance division returned an 11 per cent rise in revenue to $44.2m, while underlying profit dropped by 0.6 per cent to $10.3m. The finance book – excluding Turners Finance – grew by nine per cent to $254m by March 31, while segment profit decreased slightly to $11.1m.

"In the core lending book, progress is being made on repositioning borrower profile towards high quality and more profitable lending, aided by introducing comprehensive credit scoring in March 2019," report Baker and Turner.

"From August 2018, all new loans originated by Turners Cars are being directed into Oxford Finance, and the Turners Finance loan book with MTF will be run down over the next two years.

"New loans originated by Turners Cars added $28m to Oxford Finance's loan book in the 2019 financial year, which grew by nine per cent to $254m.

"The number of active dealers selling Turners' finance continues to grow and was up 11 per cent year on year to 419.

"One-in-five loans are now being 'auto-approved' through Turners' Auto App online loan-approval platform, which makes it easier and faster for dealers and customers to gain responses."

After adjusting for one-off and non-cash items, Turners' underlying results for the year were flat on the last year, "mainly due to market headwinds in the used-import vehicle sector and the impact of impairments from MTF non-recourse lending, which has now been discontinued".

Some "pleasing improvements" were noted in damaged-vehicle volumes, and sales and loss ratios in insurance.

In addition to the review of Oxford Finance, one will also be conducted into EC Credit Control in the next 12 to 24 months.

It continues to deliver consistent results with revenue of $18.2m down slightly on the prior year and segment profit up by four per cent to $6.3m.

EC Credit Control's share of the Kiwi market continues to grow, with increased debt load from new and existing customers. "Australia remains more challenging and we continue to focus on winning new Australian corporate clients."

As for its insurance division, operating profit jumped by 126 per cent to $8.2m, underlying operating climbed by $5.2m, which was up by 137 per cent, and revenue rose by three per cent to $48.5.

During 2018/19, the company sold more than 6,000 motor-vehicle breakdown, loan protection and automotive insurance policies every month.

Autosure now has about a 50 per cent share of the mechanical breakdown insurance (MBI) market, and "it's a lower-risk business that provides good returns and offers leverage for the group".

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There was an eight per cent increase in policies sold through Turners' automotive retail business in the past financial year.

"Loss ratios have improved across all insurance products through the benefits of risk-pricing work and tight cost control in claims management," say Hunter and Baker.

"MBI loss ratios were at 72 per cent for the year, down from 78 per cent the year before with further improvement targeted.

"The final step in the large integration project to combine all of Turners' insurance brands was completed this year with the migration to a new front-end retail system.

"A refreshed suite of insurance products, and pricing and vehicle categories for MBI, have been launched."

As for Turner's overall, they say: "We are seeing the benefits from launching core brands for each business, common operating and funding platforms, and centralised locations for our teams.

"Our business is more streamlined and efficient. Our expanding retail network and focus on better quality lending are also generating positive gains and remain a focus."

The board declared a fully imputed dividend of five cents per share for the final quarter, taking total dividends for the 2019 financial year to 17c per share – up from 15.5c in the previous reporting period.

Following the strategy work and for the second year in a row, the board approved a change in the dividend policy by increasing the pay-out ratio from 60-70 per cent of NPAT. Previously, it was 50-60 per cent.

The board continues to believe Turners' share price undervalues the business, and 2.6m shares have been acquired under a buyback scheme, which equates to about three per cent of those on issue.

Turners' funding platform was strengthened during the year by issuing a $25m, three-year bond programme.



# IN BRIEF

## Project shares data from safety systems

Volvo Cars is joining forces with other marques, service providers and governments in a project to share traffic-safety data generated by vehicles and infrastructure.

The pilot, run under a public-private partnership called the European Data Task Force, brings together some of the continent's leading companies and EU member states.

They will share anonymised safety data – and services based on it – via a cloud-based platform.

Volvo will contribute by providing real-time data from two of its industry-first connected technologies – hazard-light alert and slippery-road alert.

Participating car makers can use the data to warn drivers of potential dangers on roads ahead, while service providers can deliver data via live-traffic services and those operated by national road authorities.

Volvo has called for open and reciprocal sharing of anonymised safety data for some years. In 2017, its president, Håkan Samuelsson, said: "We think this type of data sharing should be done for free for the greater good and to the wider benefit of society. It saves lives, time and taxpayer money."

The marque's alert systems allow Volvos to communicate with each other, and warn drivers of road conditions and hazards via a cloud-based network.

## Pushing the limits with electric drive concept

A BMW trial car – dubbed a power battery electric vehicle (PBEV) – explores what the marque says is technically possible.

It's fitted with three fifth-generation electric drive units and has a maximum system output in excess of 530kW to make the 0-100kph dash in less than three seconds.

The company says integrating a drive system of this type into a production car represents a serious technical undertaking, but it has been achieved with no restriction in passenger compartment space.

This makes it easier to assess this drive concept alongside alternatives, while a current BMW 5 Series production model serves as the donor car for the PBEV.

The project has also allowed engineers to look into the possibilities opened up by two separately controllable electric motors at the rear axle with e-torque vectoring.

## Hike in charges to fund biosecurity work

The Ministry for Primary Industries (MPI) has increased the biosecurity system entry levy to $26.45, including GST, for imports that attract the import-entry transaction fee (IETF) and $20.56 for imports liable to inward-cargo transaction fees.

The levy is paid to the MPI and funds the costs of managing biosecurity risks from goods coming into New Zealand.

The new rates will provide additional resources to inspect cargo at transitional facilities and clear cargo in Auckland, and scanning equipment at border facilities.

This increase, when combined with the IETF fee, brings total entry fees payable to $55.71. Total fees for inward cargo reports are now $51.22 by air and $380.38 by sea.

ATNZ

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# Electric-car ownership: who's buying?

The fastest uptake of electric vehicles (EVs) across the country has been in Dunedin followed closely by Wellington, judging from the number owned per 1,000 residents.

Naturally, there are more EVs in Auckland, but that's where most of the people live, while our smaller cities are lagging.

I see an amazing number of Nissan Leafs been driven around Dunedin compared to just a year ago. I'm a retired "EVangelist" – I used to cruise car parks to "leaflet the Leafs" to invite owners to upload their cars' performance data to Flip The Fleet so we could encourage others to switch. These days, I need to keep moving or I would never get across my wonderful little city.

Also, EV owners no longer wave to each other when their cars cross paths – we now just drive past each other – and electric cars will soon be the new normal.

The more people see them on our roads, the more confident potential buyers will feel about them. But something got some places, such as Dunedin and Wellington, snowballing earlier than elsewhere. It's partly because of the amazing local EV support groups there that have stepped up to give punters test drives, answered their queries and supported EV dealers to invest more.

I dislike Facebook, but have to admit it's a useful tool to start a revolution and gather a group of like-minded experimenters around new technology.

You might think Auckland would have been leading the charge in view of the large number and early arrival of public rapid-chargers and a relatively large number of wealthy families, which can more easily afford the higher purchase cost of EVs.

Henrik Moller, co-founder, Flip The Fleet

Also, a supreme advantage of EVs is increased efficiency in urban areas. The average consumption of petrol or diesel per kilometre increases by about half when driving in towns.

It's the reverse for EVs. Flip The Fleet data shows kilometres travelled per kWh of stored energy in a battery electric vehicle (BEV) declines by about 17 per cent when the average speed of the vehicle increases from 30kph to 80kph.

When stuck in a traffic jam in an electric car, you're spending next to no energy –that's to say battery power – compared to idling in a petrol vehicle. Aucklanders can win more from buying EVs.

The proportion of EVs that are BEVs rather than plug-in hybrids (PHEVs) also varies a lot from place to place. Only 14 per cent of Dunedin's EV fleet are PHEVs, whereas smaller cities, such as Napier and Hastings, have 32 per cent. Overall, 37 per cent of the EVs owned by companies are PHEVs compared to 21 per cent of the EVs owned by individuals.

It may be the flexibility of PHEVs better meets business needs, or their higher maintenance and fuel costs are less of a concern because they are tax-deductible expenses for companies. Also, the way fringe-benefit tax is structured puts BEVs at a disadvantage.

There's also an embedded culture of businesses on-selling new vehicles they buy within three to five years, whereas households are content with second-hand cars and keep them for longer.

To date, there has been a critical lack of supply of affordable new EVs in New Zealand and second-hand imports have filled the gap, especially for private owners.

The situation is changing fast with lots more new PHEVs becoming available here, BEVs getting more affordable and practical with ranges rapidly increasing, and confidence growing in new BEV technology and its servicing support.

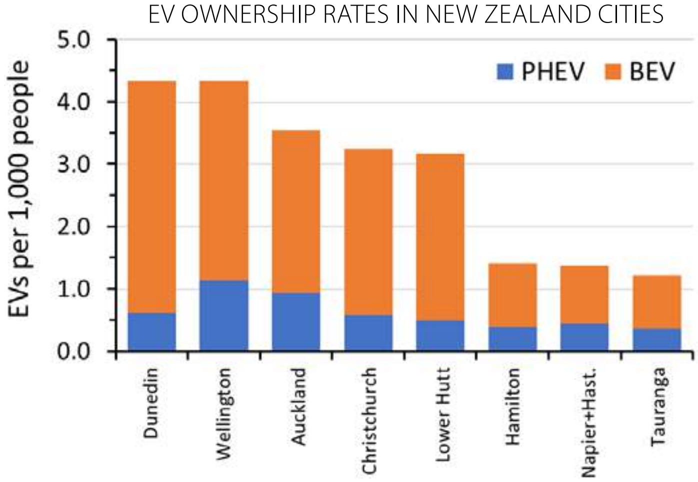
The next big breakthrough in uptake will be the arrival of affordable and medium-range light-commercial vans and trucks to support local commerce.

Ultimately, we still need more data to estimate the total cost of ownership of new and second-hand BEVs and PHEVs in New Zealand, so businesses and individuals can make the smartest decisions for their circumstances.

At the moment, it's hard to predict resale values of BEVs and PHEVs in an escalating market.

What might a business get for selling a BEV with depleted battery health and range? Will the servicing industry to refurbish batteries – or install entirely new ones – be available by the time owners need to upgrade to newer, even smarter EVs about to flood the market?

EV OWNERSHIP RATES IN NEW ZEALAND CITIES




*This chart shows the number of plug-in hybrids and battery electric vehicles per 1,000 residents in our eight largest cities by the end of 2018. NZTA data has been divided by Statistics NZ population estimates. Auckland is probably inflated by some large corporate fleets, such as Air NZ's BMW i3s and NZ Post's Paxters. Data kindly provided by Carsten Dortans and Janet Stephenson, of the University of Otago's centre for sustainability.*

*Henrik Moller is a retired sustainability scientist. Additional contributions by Dima Ivanov and Daniel Myall. Visit www.flipthefleet.org.*

| Live EV listings on Trade Me: | | New EV listings on Trade Me: | | EV watchlists on Trade Me: | |
|---|---|---|---|---|---|
| -0.01% Compared to last month | +19.9% Compared to prior year | +21.5% Compared to last month | +20.6% Compared to prior year | +9.1% Compared to last month | +38.4% Compared to prior year |

# Trials test battery conversion

Vector is exploring the possibility of transforming old batteries from electric vehicles (EVs) into affordable power storage for homes and businesses.

In collaboration with Relectrify, a battery-control technology company, the trial is testing the capability to convert them into storage units. End-of-life packs from New Zealand's most popular EV, Nissan's Leaf, have been retrofitted with a management system connected to the grid via a standard hybrid inverter.

When batteries can no longer provide the range and acceleration needed to power EVs, they still hold up to 80 per cent of their storage capability.

Packs from Leafs have been repurposed to supply about 15kWh of usable energy at levels up to 10kW – or enough to power a standard solar home in New Zealand for one to two nights.

Cristiano Marantes, head of engineering at Vector, says the trial's results open up major possibilities.

"As EVs become more popular, they bring an increasing supply of lithium-ion batteries," he says. "Once they reach the end of their lives, they provide no use in cars.

"We have proven that, with Relectrify control technology, they can be kept out of landfill and hold significant value for further use. This is fantastic for business opportunities and sustainability.

"Our results open up a chance to build affordable storage for our distribution network in Auckland to help solidify its resiliency. While this requires further development towards scaling, the possibility of what we could achieve is exciting."

Valentin Muenzel, chief executive officer of Melbourne-based Relectrify, says his company is seeing significant interest in its technology.

"Vector brings extensive insight into distribution requirements and storage opportunities alongside an interest in solutions to solve key problems," he adds.

"We're positioned to enable collaborators to build affordable and capable battery-storage products, including for households, businesses and the grid."

As for the 2019 Leaf, it is part of the second-generation model, but its battery pack is more like a fifth-generation unit.

Changes between the last of the marque's first-generation models to 40kWh packs used in the first second-generation Leafs are almost as big of a deal as the jump from the 40kWh to the 62kWh in the new e+ model.

The more powerful battery was difficult to design because Nissan needed extra energy capacity in the same physical size as the 40kWh unit. Layering in 50 per cent more capacity has meant containing it under the floor with a lot of work needed to eliminate dead space in the pack itself.

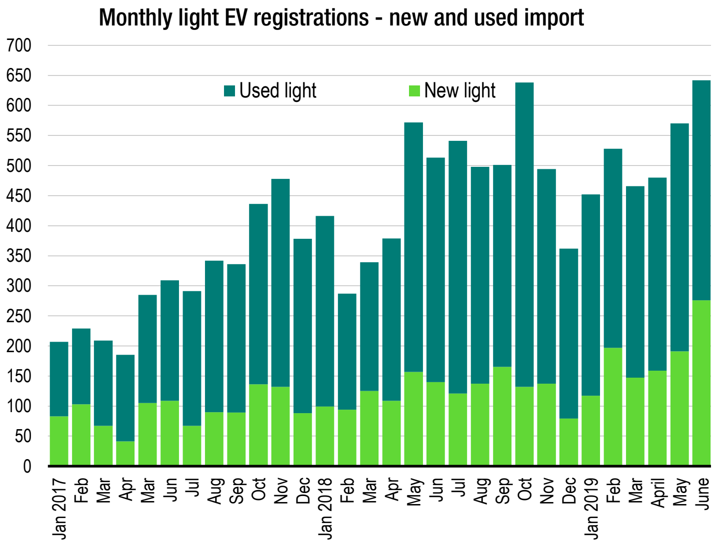
The 62kWh uses 288 cells compared to the 192 in the 40kWh by packing the eight-cell modules closer together. Previous modules had a connector that attached to tabs, but they have now been laser-welded together to eliminate the connector's space and move cells nearer to each other.

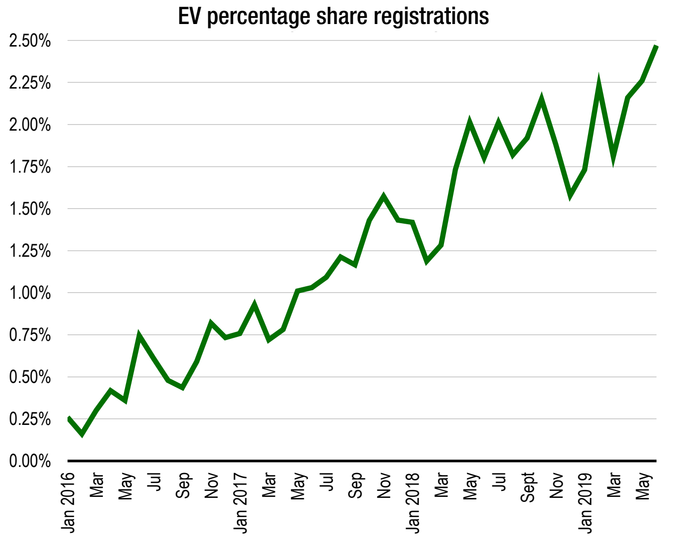
The capacity in the 62kWh pack means a range of 364km – up from 241km in the 40kWh

### Total EVs by region

| | |
|---|---|
| Northland | 457 |
| Auckland | 6,412 |
| Waikato | 745 |
| Bay of Plenty | 466 |
| Hawkes Bay | 231 |
| Gisborne | 51 |
| Taranaki | 197 |
| Manawatu/Wanganui | 447 |
| Wellington | 2,080 |
| Nelson/Marlborough | 514 |
| Canterbury | 2,256 |
| West Coast | 17 |
| Otago | 867 |
| Southland | 108 |

*Source: Ministry of Transport, July 5, 2019*




*Source: MoT, July 5, 2019*

# Eye on EVs

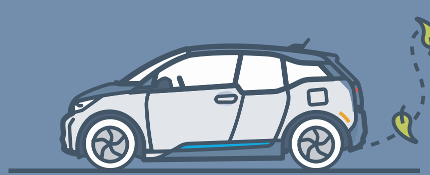
**Top 5 EV models**
listed on Trade Me last month:

- **Nissan Leaf**
- **Nissan e-NV200**
- **Kia Niro**
- **BMW i3**
- **Volkswagen e-Golf**

**Average listing price**
for the month:

**$26k**

* Figures as per the end of **July 2019**



trademe motors

# Homage paid to transatlantic flight


The Wraith Eagle VIII

Rolls-Royce's Wraith Eagle VIII – with a run of 50 units – tells the tale of a pivotal moment in the 20th century.

Captain John Alcock and Lieutenant Arthur Brown braved uncharted skies to make the first non-stop transatlantic flight in June 1919.

Contemporaries of Sir Henry Royce, they flew non-stop from Newfoundland to Ireland in a modified World War One Vickers Vimy.

The biplane was powered by twin 20.3-litre and 350bhp Rolls-Royce Eagle VIII engines with the luxury vehicle taking its name from them.

The exterior of the collection car is evocative of Alcock and Brown's night-time adventure. Swathed in gun-metal with a selby-grey upper two-tone, the colours are separated by a brass feature line. The black grille vanes draw reference to its engine cowling on the bomber and the wheels are finished with a translucent shadow.

The interior mirrors the exterior hue with grey and black leather accented by brass, redolent of the sextant integral to the flight's success and brass speaker covers depict its estimated distance of 3,025km.

The fascia represents a modern-day abstract interpretation of the view the duo would have had as the plane cleared the thick fog and cloud.

Alcock and Brown recounted their instrument panel was frozen from the high altitude and poor conditions, referring to the only illumination coming from the green glow of control-panel lighting and the burst of flame from an engine.

In homage to this, Rolls-Royce's bespoke collective has fabricated a clock with an iced background effect that glows faint green during night-time driving.

The red hour hand sits atop compass-inspired lines on the clock's fascia, while the landing location's co-ordinates are engraved below.

The headliner boasts 1,183 starlight fibres showing the celestial arrangement at the time of the flight, its path and constellations are embroidered in brass thread, and the moment they left the clouds to navigate by the stars is indicated by a red fibre-optic light.



# Steering spurred on

High standards of driving enjoyment and luxury are being promised in the all-new Flying Spur grand tourer.

It's Bentley Motors' first vehicle to feature all-wheel steering (AWS) to enhance stability at cruising speeds and agility around town as the marque celebrates its 100th anniversary.

During high-speed manoeuvres, the electronic system steers the rear wheels in the same direction as those at the front to make overtaking and lane changes more assured.

The sedan's AWS also means "no compromise between high-speed confidence and low-speed convenience".

Like every Flying Spur of recent times, the third incarnation features all-wheel drive (AWD) for optimum traction.

For the first time, drive is supplied only to the rear wheels in standard road conditions for classic sports-handling characteristics.

If any slip is detected, the system can instantly send drive to the front wheels providing active AWD automatically, while dynamic ride is designed to further improve handling and ride comfort.

New to the Flying Spur, the system changes suspension stiffness on demand to combat cornering forces and minimise body roll.

Like the Continental GT, the sedan is a ground-up development that pushes the boundaries of technology and craftsmanship for "segment-defining levels of performance and refinement".


The Flying Spur

# Utes raising the standard

The Ranger Raptor

Ford is now offering autonomous emergency braking (AEB) with pedestrian detection as standard across the whole of its Ranger and Ranger Raptor range to provide its most comprehensive driver-assist technology suite to date.

After introducing AEB as standard on the popular Ranger Wildtrak in late 2018, the safety system has been added to all variants with no changes in pricing.

"The Ranger has established a tradition of providing class-leading technology, which includes being the first pick-up to achieve a five-star ANCAP safety rating," says Simon Rutherford, managing director of Ford NZ.

"In 2018, we added more powertrain choices and significant driver-assist technology coupled with a five-year and or 150,000km warranty.

"AEB with pedestrian detection, lane-keeping aid, traffic-sign recognition and automatic high beam are now standard on every utility – from the entry-level XL cab-chassis right through to the performance Raptor."

The change builds on the updates introduced to the Ranger in late-2018, which included an advanced bi-turbo, 10-speed powertrain option for the Wildtrak, semi-automatic active-park assist, high-intensity discharge headlamps, smart keyless entry and tailgate with lift assistance.

Every model across the line-up also comes with automatic high beam, and a rear-view camera with sensors in pick-up variants.

Other features include cruise control with adjustable speed limiter, dynamic stability control incorporating an anti-lock braking system, load-adaptive control, roll-over mitigation, hill-launch assist, and traction, trailer sway and hill-descent control.

The Ranger's competitive capabilities remain unchanged, including a maximum 1,476kg payload, 3,500kg towing capability and class-leading water wading of 800mm.

The entry-level XL model now has an acoustic windscreen. Previously exclusive to the XLT, Wildtrak and Raptor, this adds a layer of sound-dampening material within the windscreen material to reduce noise intrusion.

The Raptor also has power adjustable front seating as standard with eight-way changes on the driver and front-passenger seats.

The updated Ranger and Ranger Raptor are now available at Ford dealerships in New Zealand.

The HR-V Limited

# Luxury that's affordable

Honda has introduced a touch of extra luxury to its popular compact SUV line-up with the launch of the new HR-V Limited edition.

The HR-V range already boasts a host of customer-focused features such as in-built navigation, smart keyless entry with push-button start, hill-start assist, emergency-brake assist, emergency-stop signal and city brake assist.

Others are headlight auto-off with welcome-home function, multi-angle reversing camera and the marque's lane-watch camera.

Then there's the addition of premium Limited features, such as leather-appointed seat trim and heated front seats.

They are normally only available on the top-of-the-range RS and Sport NT variants, and have brought "affordable" luxury to small SUV buyers for $35,500, plus on-road costs.

The new HR-V Limited is packed with LED features, such as headlights, tail-lights and front fog lights, as well as intelligent automatic headlights, rear-parking sensors, and piano black and chrome interior detailing.

The special-edition model is available in four exterior paint colours – blue, steel, red pearl and white pearl.

Prices across the HR-V range start at $29,990 for the S and rise to $39,990 for the Sport NT.

# The month that was... August

August 23, 1999

## Double standards in pirate parts


Dealers involved with shonky car parts could end up facing manslaughter charges if vehicles they repaired were involved in fatal crashes, said John Leighton.

Mitsubishi NZ's managing director believed inconsistency and lack of enforcement on new and second-hand parts was making a mockery of rules applied to new cars.

He said inaction by the Land Transport Safety Authority (LTSA) and absence of enforcement were setting double standards.

"LTSA rules require vehicles to be maintained and repaired back to original specifications using equivalent undamaged or new parts, but this requirement is being flouted."

Solving the problem, which had the potential to have serious consequences, relied on educating repairers.

"Responsible companies must comply with the law," added Leighton. "To ensure a level playing field and standards are met, the LTSA must put in place an appropriate policing and penalty regime.

"Any other course of action simply makes a mockery of the concept of using vehicle standards to improve road safety."

August 27, 2004

## Safety ratings stir up system


The government was under pressure to change the law on supplier information notice (SIN) cards with the LTSA's used-car safety ratings providing the lever.

Paul Adams, United Future MP and commerce spokesman, had stressed to Associate Transport Minister Judith Tizard for the need for legislation to work in the public's best interests.

"We're trying hard to get some common sense working on the SIN-card issue," he said. "At the moment, you have to list the expiry data of the warrant and registration – both of which are shown in other places on the vehicle – yet you can't list safety features, such as airbags or safety ratings."

Adams, a registered motor-vehicle trader, said the SIN card was a marketing tool. "It's fine as long as dealers take responsibility for information presented. The public needs to know it's 100 per cent accurate and the trader will stand by it."

David Vinsen, chief executive of the IMVDA, said the LTSA's safety ratings were exactly the sort of thing dealers should be able to display on SINs.

August 15, 2008

## Chinese marques heading here


Ateco Automotive, the Australasian distributor of Alfa Romeo, Citroen, Ferrari, Fiat and Maserati, was to add two Chinese brands to its stable.

It was set to launch Great Wall in November 2008 followed by Chery in the first quarter of 2009.

Ateco said both marques would progressively offer a full range of passenger cars, SUVs and light commercials.

Lawrie Malatios, general manager for New Zealand, said the company had been taking applications from dealers interested in representing the new brands, and initial interest in them had been overwhelming.

He added Ateco was convinced China was the next major source of competitively priced, attractive, well-equipped and up-to-date vehicles.

China was set to produce about 10 million units in 2008 involving virtually every mainstream global maker of vehicles and components.

Statistics for July 2008 showed the biggest seasonal drop in new-vehicle sales since the 1990s with a 15.7 per cent reduction in new car and commercial registrations compared to July 2007, but he was unfazed by the economic conditions.

Malatios said: "I don't think the segment these vehicles are entering is in decline and, in many ways, there are many good and bad aspects to the current climate."

August 9, 1999

## Can the boom times continue?


An end to the used-import bonanza was predicted to only be a matter of time.

A total of 21,559 units landed in New Zealand in the previous month – the highest number ever.

During another two months there were between 12,000 and 13,000 arrivals. Import sales of 64,000 followed close behind the 70,000-unit total for the first half of the year.

However, John Nicholls, chairman of the Imported Motor Vehicle Dealers' Association (IMVDA), said the totals were unexpected and he predicted arrivals to gradually fall over the next few months to about 9,000.

His personal view was the extra numbers were the result of private internet trading and suggested about 10 per cent of all imports were brought in by traders operating illegally.

Nicholls said the IMVDA was surprised about the age of some of the vehicles being imported. They included 900 10-year-old Hondas and 139 11-year-old Hiluxes. "Things aren't really moving the way we want them to."

He added 83,000 cars were scrapped in 1998. "At least with imports, they help get rid of vehicles that have no right to be on the road."

# Instant border fines in place

Companies processing imported cargo, including motor vehicles, run the risk of incurring infringement notices for breaking border laws.

Biosecurity NZ officers are now issuing instant fines to transitional and containment facilities for actions that could allow invasive pests, such as stink bugs, and diseases into the country.

The infringement notice are primarily being used to address "relatively minor" Biosecurity Act breaches. The penalty for each offence is $400 for an individual and $800 for a company.

Chris Denny, of Biosecurity NZ, says: "Any individual or company operating a facility without a registered operator, or who fails to comply with operating standards, will be considered for notices.

"They send a strong message about the importance of biosecurity, and will deter people and organisations from breaking rules. As in the past, we can prosecute for major failings.

"One area we are paying attention to is the movement of uncleared goods, including sea containers, without correct authorisation. This type of non-compliance poses a critical risk."

Under biosecurity rules, imported cargo must first go through to an approved transitional or container facility for inspection, when necessary, and other checks.

The fines do not constitute criminal convictions and operators should make inquiries with officials if concerned about possible non-compliance.

Anyone who gets a notice has three options – pay the fine, request a withdrawal or waiver, or ask for a court hearing.


Meanwhile, NZ Customs has introduced 70 minor infringement offences with the same penalty structure. Its notices may be issued even if offending is unintentional.

"There will always be those who either deliberately or unintentionally breach requirements," says Terry Brown, group manager of border operations.

"These notices are an effective way of helping protect New Zealand and offer an alternative to prosecution. Once fines have been paid, all guilt or liability is discharged. They aren't a means of generating revenue."

The notices were introduced in October as part of implementing the Customs and Excise Act 2018 with a six-month education phase before enforcement kicked in.

Fines could be issued for petty offences under the previous Customs Act 1996, but they were limited in how and when applied.

Examples of breaches of the legislation that may apply to the automotive industry include – but aren't limited to – making wrong or incorrect declarations or written statements, producing or delivering erroneous documents and failing to retain prescribed records for required periods.

# How to sell five more cars monthly

MARK GREENFIELD
Motorcentral

The number-one tactic to sell more vehicles each month, right now, is to maximise the customer opportunities you have at-hand, of what you've already got and consistently get month in month out.

That's right, without looking to attract any more customers than what you already do each month, are you making the most of the buyers that you get, right now?

This is an important question and, to dive deeper into this, here are some more specific questions to ask yourself and your sales team about your dealership.

These are really important to understand and know the answers to.

How many customers are in your sales funnel right now who aren't being followed up?

How many are waiting to hear back from your dealership?

How many phone calls do you miss each day?

How many email enquiries go unanswered or are responded to poorly?

How many opportunities do you convert to dealership visits and test drives?

How many customers convert to a sale from a test drive?

Is follow-up in your dealership seen as a "task" or an "opportunity to sell a car"?

What are your business processes and disciplines around follow-up timeframes, and the way in which you do follow up?

How are people trained within your dealership to maximise conversion of opportunities?

As I've said many times before, it's the dealership's sale to lose.

A customer's journey starts out with your business being one of many. Then it's narrowed down to being one of maybe six. And when it's time to physically visit a dealership, you're down to one or two and maybe three on occasions.

Approach every customer with the mindset that it's you and one other, everything you say and do from now on is the difference between them picking you to purchase their car from or someone else. It's yours to lose.

At this point, price is almost irrelevant because you advertise your prices online so they wouldn't be there if you were completely out of the market with overinflated prices. They are there to buy from you or one other trader.

The majority of customers also intend to purchase from the first dealership they visit. However, this isn't the case and around only 50 per cent purchase from the first dealership.

Why is this not as high as those who intended to? Because the first dealership failed in some way to deliver and convert them.

This is where the answers to the questions outlined earlier allow you to identify where your dealership is underperforming and has leakage of sales. The great news is that this is where you will easily find those extra five sales per month.

Until such time that you are converting more than 70 per cent of your total opportunities a month to sales, it's fair to say there's a huge amount of upside and potential to be realised. So you have two choices:

- Sit back review nothing, change nothing and you will continue to get what you've always got, or worse still start seeing that slide too as others around you make the alternate choice to.
- Take action now and maximise every opportunity to its fullest. Be respectfully relentless. A customer makes contact and or visits your dealership for a reason, so respect that and make the most of what you've got and what you'll get going forward.

I challenge any dealership in New Zealand to invite me in to see if I can find you more sales that you're leaving on the floor right now.

All I want is for dealerships to realise their true potential, which is significantly better compared to what's realised now.

So if you want to take me up on my offer at no cost, then email me on mark@motorcentral.co.nz with "sell more cars" in the subject line. You've got nothing to lose, but plenty to gain.

> "The majority of customers intend to purchase from the first dealership they visit"

There are many questions dealers need to ask themselves, such as how many customers convert to a sale from a test drive

# Vehicle trader fined $438k

A car dealer has been landed with a huge penalty after getting buyers to sign "blatantly untrue and misleading" warranty waivers, and running "tantamount to devious" adverts.

Judge Robert Ronayne has fined 2 Cheap Cars $438,000 for breaching the Fair Trading Act (FTA) and Consumer Guarantees Act (CGA).

The company had earlier pleaded guilty to 10 charges under the FTA following a Commerce Commission investigation, which was opened in November 2017.

Auckland District Court ruled 2 Cheap Cars breached legislation when it held "sales" on September 30 and October 1, 2017.

Its statements included "Japanese imported vehicles liquidation sale", "2 Cheap Cars is in hot water, it must liquidate immediately" and "massive price drop this weekend".

However, most of its 710 vehicles for sale weren't discounted or had as little as $5 off, and 2 Cheap Cars was not in – or going into – liquidation.

Judge Ronayne described this as "deliberately misleading rather than careless", and "a complete departure from the truth".

Anna Rawlings, chairwoman of the commission, added: "It was misleading because it suggested many vehicles would be significantly discounted due to the pressure of the company being in liquidation.

"Retailers shouldn't encourage consumers to purchase with spurious calls to act urgently to take up a discount and shouldn't overstate savings available."

In January 2017, 2 Cheap Cars' newspaper advertising included "84 per cent off". The discount wasn't off a vehicle's price, but off a $300 GrabOne voucher to use towards purchasing a car. This was "misleading and careless and, when viewed as a complete advert – tantamount to devious", said the judge.

As for warranty waivers, the


2 Cheap Cars has been penalised for breaching consumer and fair-trading legislation

company routinely asked buyers to sign them between January 1, 2014, and December 3, 2017, if they chose not to purchase extended warranties.

Waiver terms included, "I understand 2 Cheap Cars will comply with the CGA. I also understand I am, and would prefer to be, solely responsible for any repair bills", and "the vehicle you are purchasing does not include a warranty of any kind".

Another clause was if repairs were carried out, they would be done at 2 Cheap Cars' convenience and no courtesy vehicles would be provided.

By "means of misinformation and untruths", the waivers created an impression that unless extended warranties were bought, customers had no rights, said Judge Ronayne, and they "must have been designed to encourage [unlawfully] the purchase of an insurance product".

The commission estimated in excess of 20,000 waivers were signed during the charge period and the company stopped using them in December 2017 after being notified of its investigation.

Rawlings added: "2 Cheap Cars misrepresented consumers' rights. It shouldn't have told customers they had no warranties of any kind and shouldn't have attempted to limit its liability for repairs.

"Conduct such as this puts pressure on customers to buy an extended warranty and deters them from returning to the seller for help if something goes wrong, even though they may have rights under the CGA.

"As Judge Ronayne noted, 2 Cheap Cars would have profited by avoiding its obligations to repair."

The judge said the size of the fine imposed "shouldn't amount to what might be considered a mere licensing fee or cost of doing business – deterrence is needed".

His judgement stated 2 Cheap Cars turned over an average of 1,000 vehicles a month in 2017.

Its turnover in 2016/17 was $66.197 million with net profit of $3.679m. In the previous financial year, profit came in at $3.083m on turnover of $72.814m.

The enforcement action against 2 Cheap Cars is the latest against motor-vehicle traders, particularly in regards to the CGA.

Last year, Vehicle Logistics Ltd, trading as SsangYong Takanini, was fined $75,000 for advertising cars for sale "as is, where is" or that no guarantee or warranty applied.

Auckland-based $1 Reserve Cars and owner Adam Cooper were fined for conduct that included stating listings were auctions for complete packages of second-hand parts and the CGA didn't apply.

# Loopholes around accountability

First, let me say that I'm an avid environmentalist because I definitely fit in the group that many would classify as "greenie". I agree global warming and pollution are the biggest challenges of our generation.

Unfortunately, we've built a standard of living that produces a lot of waste and no one is willing to give that up. The real challenge over the next few decades will be to reduce that waste while maintaining, or hopefully even improving, our quality of life.

So the challenge begins now by figuring out how to reduce carbon emissions from the transport industry.

The government has just proposed two ideas – the clean-car standard and clean-car discount.

These proposals are designed to work together – the clean-car standard assuring an average for CO2 emissions across all imports into New Zealand, while the clean-car discount imposes a system of fines and subsidies to encourage consumers to buy more efficient models.

## WHAT'S IN A NAME?

First, I find the names misleading. I would expect a clean-car standard to include, if not focus on, provisions for noxious emissions.

The challenge now begins to work out how to reduce the fleet's carbon emissions

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

While I acknowledge there's quite a bit of overlap between harmful emissions and greenhouse gas emissions, especially when it comes to black carbon, this standard doesn't even address that.

That's interesting since black carbon is reported to have the second largest impact on climate change, second only to carbon dioxide. It also represents 60-90 per cent of particulate matter from vehicle emissions.

I suppose because particulate matter – like black carbon – is relatively short-lived, it isn't worth bothering with even though it's noted by the World Health Organisation as a carcinogen.

As for the clean-car discount, I think the name is a bit Orwellian, an exercise in double-think.

This proposal is a wealth distribution programme, taking money from those who purchase inefficient vehicles and using it to subsidise buying lower-priced efficient vehicles.

Since the government classifies any mandatory charge as a levy, maybe we should just call it that – a carbon levy.

## SYSTEM LOOPHOLES

One of the most obvious issues I see with the proposal is the loopholes around who is accountable.

If, as is currently proposed, only sales through registered motor-vehicle traders qualify, we will simply see an increase in the number of sales by unregistered dealers.

The worst part of this is that not only will it likely increase the number of unregistered dealers, but it will make it harder for the legitimate traders to compete.

Unfortunately, with the prevalence of online auction sites and other convenient buying tools, the seller who can afford the lowest price sets the price.

If there are people importing and selling cars who don't have to worry about the added costs of the – "cough, cough" – clean-car discount, they will set prices, making it really difficult for those doing the right thing to compete.

Similarly, this will directly benefit the B-to-C direct-import model. Currently, most New Zealand importers use a B-to-B-to-C model whereby a business in New Zealand buys from one in Japan, imports the vehicle and then sells to a customer in this country.

One of the many consumer benefits of this model is that the entity based on our shores is available to provide buyer protections under the provisions of the Consumer Guarantees Act.

In the proposed regulation, consumers who import vehicles directly are exempt, which means it will be much cheaper for those businesses in Japan to sell directly to customers.

## WHO IMPORTS ANYWAY?

One thing the new proposal will do is identify with certainty who importers are.

At the moment, there's some ambiguity with the term, which does lead to some questions when accountability is necessary.

In the newly proposed regulation, when a car is first registered the seller is recorded as a new piece of data that will stay on the motor-vehicle register along with all of the other data.

This will have interesting consequences when it comes to future recalls and, of course, the rationale for doing this is to keep that business responsible for its carbon levy.

It remains to be seen if it is bound to a business, which might just fold up shop and reopen next door under a new name, or if the debt will be bound to a specific dealer following that person even though the decision to import the car sold might have been the choice of someone else in the company.

It will be interesting to see how the government handles issues of accountability such as this.

## CLAIMS AND DATA

I have heard many other objections, such as that it's a regressive tax that will be used to pay for subsidies for middle-class car purchasers, or the fact that vehicles with gross masses of more than 3,500kg, such as some luxury cars and limousines, will be excluded.

My job for the next month will be to find data and prove or disprove these claims, as the case may be. I will report back with my findings, so watch this space.

# Power and efficiency boost


Audi's SQ8 TDI

Audi has unveiled the sporty top model of its Q range – the SQ8 TDI.

Thanks to its eight-cylinder diesel engine with bi-turbo charging, the large SUV coupe offers superior performance coupled with a high level of efficiency.

The drive and suspension technologies, which include the sport differential, roll stabilisation and all-wheel steering, ensure dynamic handling.

Its V8 combines power with a high level of economy and integrates high-technology solutions. The engine provides 320kW of power and develops 900Nm of torque between 1,250 and 3,250rpm.

This allows the four-litre TDI to accelerate the SUV like a sports car from 0-100kph in 4.8 seconds.

Power transmission takes place via an eight-speed tiptronic and the quattro permanent all-wheel drive.

An electric powered compressor (EPC) supplements the work of the two turbochargers when starting off and accelerating at low engine speeds, allowing the V8 to always build power spontaneously.

The EPC draws its drive power from a 48-volt electrical system, which is also the backbone of the mild hybrid system (MHEV).

Its belt alternator starter can recuperate during deceleration and feed power to the lithium-ion battery. In real-world customer operation, the MHEV technology reduces consumption by up to 0.5/100km.

The design of the SQ8 TDI, which is slated to arrive at dealerships in late-2019, can be described as impressive, sporty and strong with exterior elements accentuated to emphasise the model's status.

The octagonal single-frame is structured by double louvres and surrounded by a large matt-silver frame and the air inlets have clear contours.

Horizontal lines, for example the light strip at the rear and an eye-catching strip above the black diffuser, emphasise the width of the SUV coupe.

Like the Q8, the SQ8 is equipped with Audi's virtual cockpit, its all-new multi-media interface operating system and several assistance systems.

# Window into future

Infiniti says its Qs Inspiration concept has been developed for the electrified era.

The sports sedan offers a fresh perspective on cars in this segment with an elevated driving position and high performance all-wheel-drive power.

Representing the marque's desire to challenge tradition, the Qs Inspiration previews a forthcoming production model, and hints at when it will offer e-power and electric powertrains across its line-up.

The vehicle's flexible architecture has enabled Infiniti's designers to reinterpret traditional "three box" sedan design with new exterior proportions and a lounge-like interior, while the concept draws on the company's "Japanese DNA for inspiration".

"The age of electrification presents us with an opportunity to renew our credentials as an innovative challenger brand – ready to move quickly and decisively in this growing and exciting area of the market," says Christian Meunier, chairman of the company.

He adds electrification presents a chance to reinvent the brand globally through "high-performance, low-emissions models that offer thrilling driving experiences and total range confidence".


The Qs Inspiration

# Industry movers

**NEERAJ LALA** has been promoted to chief operating officer at Toyota NZ from general manager of new vehicles and product planning.

He now has responsibility for vehicle sales, parts and accessories, service, logistics, franchise development and product planning.

Lala has held senior positions with Toyota NZ after joining as a commerce graduate from Victoria University in 1998, and has worked in marketing, product planning and IT.

His career has included being seconded to the US for a three-year executive leadership programme with Toyota Motor Sales. He returned in 2018 and joined Toyota NZ's board the same year as an executive director.

**ANDREW SHEARER**, pictured, has joined Auckland-based Quest Insurance Group to head its team for mechanical breakdown insurance (MBI) claims.

He has more than 30 years' experience in the automotive industry, which will complement the existing management.

Prior to joining Quest, he was in charge of the MBI claims team at Protecta and had senior fleet-management roles before that.

"Andrew has come to us with a wealth of knowledge and long-term relationships to assist with a number of key projects," says Simon Moore, general manager. "He will help with Quest's further growth, and enhance customer, dealership and repairer experience at claim time."

**KERRY WALKER** has been appointed corporate manager of Lexus NZ following the retirement of senior general manager Paul Carroll.

Walker, who has been promoted from overseeing franchise development, has more than 30 years' experience with Toyota in New Zealand and the US.

He initially joined as a product engineer in Johnsonville. When Toyota shut its assembly plants here, he transferred to Kentucky.

Walker, pictured, then went to Toyota North America's manufacturing head office in Cincinnati to work in IT before managing manufacturing support systems. He returned to New Zealand to run the IT department before taking up his previous role.

**CHRIS BISHOP** has secured the regional development and transport portfolios in Simon Bridges' reshuffle of National's caucus.

Todd McClay takes on regional development, Paul Goldsmith has become spokesman for finance and infrastructure, and Michael Woodhouse – a familiar name to those in the automotive industry – has become associate finance spokesman.

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



# NZ labour market report

What does your employment brand say about your business?

I ask the question because we now live in a world where everyone has an opinion and they can voice it instantly, especially on social media.

WILL ALLAN
Hello Monday

When you think about your dealership, what you stand for and why you're in business, have a think about why people are with you and who you are attracting because that will say a lot about your brand.

## CREATING A BRAND

In recent years, Air New Zealand has been named the best place to work in the country thanks to Randstad's annual employer brand research.

From the company's distinguishable logo to its safety videos, it's no wonder it leaves such a memorable impression on our minds. But that's not the reason why Air NZ has managed to take first prize six times since its humble beginnings.

It's because a major contributing factor is its dedication and constant work in creating a highly attractive workplace for its staff.

## MARKET PERCEPTION

When you hire a new employee, he or she will possess the relevant qualifications and experience.

However, consideration of whether these people encompass your company's values is equally as important. Ask yourself: "What kind of people do you want to represent your brand and dealership across all roles in the business."

How your employees behave will reflect how your customers perceive your brand.

## OPEN COLLABORATION

Having a two-way line of conversation allows complete transparency and accountability across the business because it enables your people to know where they stand.

Appreciating the value of employees' insights and contributions can lead to new avenues, ideas and ways of working.

Genuinely listen to what your people have to say whether they are in service, sales or administration. It could create unique business opportunities or become a source of competitive advantage for your dealership.

## REWARDS AND BENEFITS

Everybody wants to be acknowledged for the work they do – even Oprah Winfrey needs validation.

To bring the best out of people, you need to inspire and reward them for their efforts.

It's important to create a supportive environment with development initiatives, exclusive discussions, employee benefits and performance-related incentives that drive the right behaviours.

Fostering career development and opening opportunities can allow your dealership to retain top talent and is more cost-efficient than hiring someone new.

## WORK-LIFE BALANCE

We've all heard about the importance of the balance between work and life, and I can't emphasise how important this is for any business.

Enabling your people to achieve this in their lives leads to increased motivation, productivity and engagement.

Think about the days you were tired versus the days you were well-rested – which worked better for you?

Encouraging this type of culture helps you to retain valuable talent and gain a competitive edge in becoming an "employer of choice".

## AIMING LONG TERM

Culture and engagement are fast becoming top issues for all businesses, so your role as a business is to go beyond traditional ways of working.

Combining these elements to create meaningful work, heightened employee engagement, being organisationally fit and developing skilled leaders can lead to a new and powerful employment brand strategy.

In return, you will attract the best talent while lowering turnover rates and become more profitable in the long run.

# Insurance must benefit customers

I think it's an appropriate time to remind dealers of their obligations under the responsible lending code.

There has been a lot of publicity around fines and refunds of junk insurance sold via car dealerships in Australia, and New Zealand has come under the microscope.

The Ministry of Business, Innovation and Employment recently published its "conduct of financial institutions – options paper", which asks for responses and submissions before drafting new legislation.

We're part of the response from the Financial Services Federation (FSF), as well as responding ourselves with the support of our dealers and finance companies.

The Australian Securities and Investments Commission, the equivalent to our Commerce Commission, has already looked at types of insurance sold and benefits clients will receive when claim times arrive.

Rebates and fines across the Tasman have been in the millions of dollars, which impacts dealerships as part of refunds will need to come from their margins as well as the insurers.

**COLIN MARSHALL**
Direct sales & marketing manager
Protecta Insurance

In July 2017, the FSF released a responsible credit-related insurance code, which is an interpretation of the insurance portion of the responsible lending code. The guidelines state insurance provided must benefit clients if they claim.

If we look at that more closely, guaranteed asset protection is a great example. If your client has a deposit of more than 20 per cent, we anticipate it would be of little to no benefit to customers, but if they have less than 20 per cent you should demonstrate the product's benefits.

Another good example is payment protection. There are three levels of cover available, so it's imperative to sell the correct level to suit clients' situations. For example, if you're financing a beneficiary, there's no benefit in customers having redundancy cover.

The other part of the responsible credit-related insurance code states policies sold need to be appropriate compared to loan amounts, credit limits or values of assets insured.

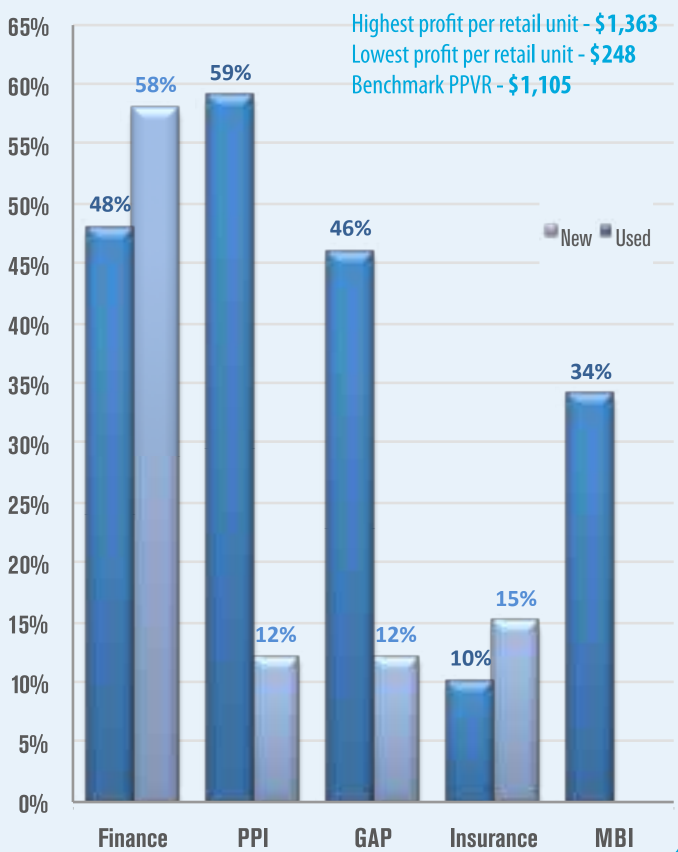
When selling this product, ask yourself if the insurance's value is appropriate for the value of the vehicle being sold, and if you sell this insurance and include the premium in the loan will the client be able to repay without suffering substantial hardship. In other words, ask yourself:

- Will there be a benefit to the client at claim time?
- Is the insurance too much for the asset's value?
- Can the client afford it?

Disclosure of insurance is mandatory under the responsible lending principles. This includes how much the premium is, interest the client will pay if added to the loan, what each product covers and doesn't, the term of the insurance and cooling-off period.

As a tip, ensure once clients have agreed on certain products that they receive the wording of policies before certificates of insurance are issued so they have enough time to read the wording before buying products.

## PROTECTA nationwide F & I results
### July 2019



# Destined to be car dealer

Rick Armstrong is surprised New Zealand's market for used imports is still going strong.

"The fact it's alive staggers me because it literally doesn't make sense," says the managing director of the Armstrong Group.

"The industry started bringing in used cars 35 years ago to provide customers with affordable options because new vehicles were horrendously expensive.

"That boat has now sailed. These days the new-vehicle market is fiercely competitive so prices are low. You can also get service plans, extended warranties and low-finance deals – even zero per cent.

"If you do the sums over a period of time to work out cost of ownership, a new car works out cheaper and you have the luxury of owning a new vehicle.

"We got out of the used-import market in 2000 because I saw its writing on the wall from the point of view of a sustainable business."

Armstrong has never regretted his switch into the new-vehicle sector because "we've built a solid nationwide business representing great brands, we're a force in the market and here for the long term".

He adds: "Because the Armstrong Group is 100 per cent owned by me, we're a nimble and adaptable forward-thinking company, and we're doing really well even when compared to some competitors. I'm confident we'll keep our heads above water into the future."

Rick Armstrong, sole owner and managing director of the Armstrong Group

Armstrong also believes the used-imports industry is a "massive contradiction" in terms of what New Zealand is trying to achieve – for example, in regards to lower vehicle emissions.

"It needs to be looked at closely by the regulators," he opines. "On one hand, we're pushing for electric vehicles to come into the market to protect our environment. But on the other hand, we're bringing in 150,000 used units each year that are potentially near or at the end of their lives.

"The system has been designed for people to have affordable transport, but the reality is that's not the case because used imports aren't actually brought in for dealers to make profits out of.

"Used vehicles are brought in for them to sell finance to low-income earners. They are just a tool for this. I think the amount of money dealers make out of the finance side by selling used imports is almost criminal – it shouldn't be allowed.

"The government is pushing to bring in low $CO_2$-emission standards for new cars, but then allows used vehicles to come in. It's a joke and the industry really needs a good clean-up."

On the flipside, there's also concern about the oversupply of some stock when it comes to new models.

"Manufacturers and distributors have ambitious growth strategies," Armstrong told Autofile. "I'm unsure where those sales are going to come from for everyone to achieve those ambitions. There will be some losers.

"The huge amount of pre-registered vehicles here is damaging to the market. When car sales numbers are artificially reported, it blurs what's actually happening.

"This behaviour could be severely penalised if the market slows. It's all very well to pre-register a few vehicles and sell your way through them when the market is buoyant or lifting. But if you do this in a declining market, then you don't have the demand in order to sell through that.

"Dealers either have to sell those pre-registrations and miss new-car business, or sell new vehicles and have a build-up of pre-registered stock that devalues."

## From car groomer to rich-lister

Rick Armstrong was 16 when he got his first car – a white early-1980s Mazda 808 that cost him $3,200.

"I bought it privately and made some money out of it when I sold it to a trader about six months later. I think I was destined to be a car dealer.

"I borrowed the money for it from my father and paid him back $50 a week, which only left me $12 from my weekly pay.

"My dad told me to work overtime if I needed more money, so I did, but I quickly paid him back. During my furniture-making apprenticeship, I would deal a few cars on the side so I owned a few different ones at that point.

"One of my favourite cars was a new Porsche 993 Turbo I bought in 1996. That was a beautiful car and I still own a 993."

These days, Armstrong drives an SUV. "I normally drive a Range Rover, Porsche or Mercedes-Benz. I often swap vehicles. Every couple of months, I will have something different.

"I'm not as precious about my day-to-day car as I used to be. There's rarely a 'bad' new car nowadays.

"Some new vehicles are a little better than others, but if I was asked to choose a new car for myself to drive for the next three years, it would be a difficult decision."

Rick Armstrong's first car was a Mazda 808 and one of his favourites is a Porsche 993 Turbo he purchased in 1996

◀ FROM FACTORY FLOOR

After failing five school-certificate exams and leaving school aged 15, the odds were against Armstrong becoming an NBR rich-lister.

"My academic record wasn't great because my family moved around from the West Coast of the South Island to the Garden City. I ended up attending 12 schools, so I wasn't highly educated.

"I wanted to leave at the end of the fifth form [now year 11], so my father told me I had to get a job.

"I started working at Hunter Furniture's factory in Christchurch and was given an apprenticeship. After four years, I had been promoted to factory manager and was running a team of guys twice my age and I had a company car – the whole thing as a teenager.

"While my lack of high-school qualifications didn't impact me negatively, the one thing I do regret is not understanding how finances worked at a younger age. I had to learn that on the hoof as I ran my business. It would have made things easier in the early days.

"I love cars and knew I didn't want to be in a factory for the rest of my life. On the day I finished my apprenticeship, which took 8,000 hours, I resigned and got a job in a used-car yard in Christchurch and started selling cars when I was 19. That's how I got into the game."

Armstrong still loves the "game" and has a lot of energy for the automotive industry.

"After a short period of time, I was running that small yard where I had started working. I was buying and selling, and cleaned vehicles as well. My boss would say to me, 'if you aren't selling a car, then you're cleaning a car', so I quickly learned the best thing to do was to sell them."

Armstrong managed the yard for about three years before moving to work at a larger used-car dealership.

"I was running that operation for them and then decided in 1993 to establish my own yard in Christchurch dealing in used imports," he recalls.

"I felt it was the right time to go out on my own and it was the heyday for used imports. It was like a gold rush. I thought, 'I better jump on-board this', so I did.

Armstrong celebrating with his son, Marcus, who won the Italian F4 Championship in 2017

"We did very well out of used imports between 1993 and 1998 – it was a crazy period. But it then phased out a bit and by 2000 I felt like I had done enough. I had ticked that box and wanted to get into the new-car game."

> "We did very well out of used imports between 1993 and 1998 – it was a crazy period"

That was when he picked up his first brands and the rest – over the past 19 years – is, as they say, history and he has built the business into what it is today.

"By starting up in Christchurch, it unintentionally led to us becoming a nationwide company. I established our operations in Dunedin while living in Christchurch. I moved to Wellington in 2006 and, because we lived there for seven years, we were able to establish a big footprint in that market.

"I shifted to Auckland six years ago and formed the business there, and then moved our head office to our biggest city.

"If you started such a business in Auckland, there's probably no way you would turn yourself into a nationwide operator because you'd probably decide it was too hard and the opportunities in Auckland were bigger. So, I think that we reverse-engineered it."

FUTURE OF INDUSTRY

Like most dealers, Armstrong believes the motor-vehicle industry will go through massive changes over the next five to 10 years.

"No one really knows what that will look like, but everyone agrees there will be change. I, for one, think it will be a rapid change. The industry will probably outgrow a lot of business owners.

"We're all getting squeezed and a lot of dealers will think, 'it's all getting too hard', because margins are becoming less and less.

"There are huge demands from manufacturers to deliver to high standards in terms of facilities, staff and what we need to do to represent brands – and all that comes at a high cost.

"We will go through big changes in the future, but it will come down to dealers' appetites to adapt and being really on the ball when running their businesses. Good dealers and good brands will prevail.

"There will be changes to mobility in the future, but talk about that is putting the cart before the horse. No one knows what that will look like. I don't think it's something I want to get too excited about in the short term."

# Young Murph top at academy


Ronan Murphy, right, with Thomas Boniface and Katrina Renshaw

Hawke's Bay motor-racing competitor Ronan Murphy, whose father is Kiwi motorsport legend Greg Murphy, has topped the points table following a week-long "boot camp" with MotorSport New Zealand's elite academy.

The highly regarded academy, which is run by the Otago Academy of Sport in Dunedin, is a year-long programme. It teaches a select group the many skills and techniques they need to become successful.

This includes mental toughness and physical fitness specific to competitors, as well as sponsorship and marketing, nutrition and media skills to aid their success in the sport.

This year's Elite MotorSport Academy class of eight competitors includes Joshua Bethune, 16, of Whitford, south of Auckland, who is a race driver and karter, and 15-year-old Thomas Boniface, of New Plymouth, also a race driver.

Other drivers are Conrad Clark, 16, from Taupo, 17-year-old Ronan Murphy, of Havelock North and Zac Stichbury, also 17, of Hastings.

There are two karters aged 15 – Breanna Morris, of Milford on Auckland's North Shore, and Ryan Wood from Upper Hutt. The line-up is competed by 23-year-old rally co-driver Katrina Renshaw, of Palmerston North.

All eight will now be monitored and mentored in their motorsport activities with an outright winner being announced at the next annual general meeting of MotorSport NZ.

Murphy says he learned a lot in virtually every workshop during his time at the academy.

He highlights the nutrition and hydration information he received as an aspect he knew little about beforehand and one he feels will make a significant difference for his future competition.

"I haven't had issues as such but felt uncomfortable at times, a bit drowsy, tired in the car before the end of the day," Murphy explains. "Now I know how much and when I need to be drinking, and that's why the learning has been so valuable."

Murphy also mentions that understanding data analysis and mental-skills coaching are going to be valuable forward.

"The way the academy is run, with early starts and long days, means you can't just sit back and do nothing for a few hours. You had to be onto it, get things done and still get a good night's sleep before the next day.

"That's a big thing I took out of it – to dig a bit deeper, that there's probably more time in the day than you usually think and to push harder. That's where my level needs to be in everyday life."

Palmerston North-based rally co-driver Katrina Renshaw, who was second on points, says: "The ability to work in a team, really challenge and push your team-mates, and have them challenge and push you was incredible."

New Plymouth-based teenage driver Thomas Boniface, who came third in the assessments, says: "Once I have my nutrition and mindset sorted out, I definitely think that I can improve behind the wheel because I'll have more focus.

"I'm a social person by heart. Meeting everyone has been awesome and I'm grateful I got selected for the academy."

Wayne Christie, president of MotorSport NZ, and a trustee of his organisation's scholarship trust, joined the camp in Dunedin on the last morning to meet this year's academy participants.

"It was evident every athlete put in an outstanding effort during the camp – a couple pushed themselves so hard they threw up," he says.

"Their teamwork was assessed by tutors as being some of the very best yet. The presentation and speaking skills they demonstrated during the prize-giving were outstanding, and the trustees are delighted to see all of the participants gain so much from Otago Academy of Sport's tutors.

"That is, of course, what the academy camp is all about. We look forward to seeing them all take these skills and learnings into their future motorsport careers."

Now in its 15th year, the Elite Motorsport Academy first ran in 2004. Since then, many of its graduates have forged successful international careers.

They include Brendon Hartley, Hayden Paddon, Shane van Gisbergen, Earl Bamber, Mitch Evans and Marcus Armstrong.

# Prospect of rally's return 'exciting'

Leading Kiwi rally driver Emma Gilmour says news the World Rally Championship (WRC) could once more include New Zealand is exciting – and she's sure the country has the resources to deliver a world-class event.

Dunedin-born and bred Gilmour has rallied internationally up to WRC level, competing in Finland and Germany in 2006. Although a passionate Mainlander, she says a round in this country could be staged in the North or South Island.

"We definitely have the ability to run the event and it could be run either north or south," she says. "Obviously, I would love to see it in Otago, but we might not have enough accommodation to cover it."

Gilmour rallies a Suzuki Swift built locally in 2012 and comprehensively upgraded in 2018 after several years of development.

The 2019 season's focus has turned from debut and title assault to proving and testing after teething problems with the vehicle's cooling system destroying the unique 1.6-litre turbo Swift engine, part of Gilmour's commitment to the brand.

The engine expired just before Rally Otago, and there were also cooling issues with its replacement rebuilt version giving problems at Otago and Whangarei to put the 2019 title out of reach.

Undaunted, Gilmour continues in the championship. "Without a doubt, this Swift is my most exciting rally car ever."

The loosening of eligibility rules to admit AP4+ cars has helped grow involvement in the sport, although Gilmour says rallying was probably more accessible for more drivers in the days of Group N when competitors' vehicles were more closely based on their road equivalents.

"Group N was fantastic for drivers – a global category with clear rules that enabled lots of teams to build competitive, already developed cars," she recalls.

Although there was a downside in terms of component reliability and durability, she says the category gave local drivers crucial "seat time" in competitive machinery.

Emma Gilmour powers through a corner in her Suzuki Swift
Photo: Becky Ladbrook, Fast Exposure Photography

> **"Without a doubt, this Swift is my most exciting rally car ever"**

Gilmour kitted up in her Suzuki dealership

In 2012, with Group N on the wane, Gilmour and then-partner Glenn Macneall were among many wondering what was next.

The Maxi class in Argentina showed potential, being a kit of parts that would convert a road-going vehicle into a robust and fast competition car.

Through her Suzuki contacts – she is a dealer for the marque in Dunedin – Gilmour raised the possibility of building a Swift Sport using a Maxi kit.

"Our car was built to a standard that we could then develop, and add to as and when resources allowed," Gilmour told Autofile. "Andrew Hawkeswood also built a Maxi, and they then decided to go their own way and AP4 evolved from this."

The advent of AP4 regulations in the wider Asia-Pacific region led to an AP4+ specification, which has since become the go-to category in New Zealand rallying. The AP4+ cars are spectacular and very quick, but are also somewhat more expensive.

With so many variables and unknowns, it was a long and sometimes frustrating process developing the vehicle as budget allowed, "so our first rally win at Canterbury in 2016 was very rewarding".

By the end of 2018, the team knew the car needed a major rebuild after several seasons of being developed on the go.

"We took the opportunity to add aerodynamics, modify the engine bay and remove a lot of excess weight. We needed the car to be lighter to make the most of running the 1,600cc engine because we had been running at the same weight limit as cars with 1,800cc engines."

With so much time and money invested in the build, the engine failure might have been a crushing blow if not for Gilmour's redoubtable southern resilience. Instead, the team has re-focused and continues in the championship with its focus firmly on 2020.

Her advice for drivers starting out? Get seat time, and lots of it. Front-wheel drive, rear-wheel drive, all-wheel drive – the vehicle formats are secondary to hands-on competition.

Then try to get an experienced person alongside to give advice and offer tips that can short-cut some of the learning process.

"Get into the category you can afford," says Gilmour. "Practice, compete and listen to advice from experienced competitors." ⊕

# Tribunal authorises rejection of vehicle because of 'accumulated' problems

**The case:** The buyer wanted to reject his 19-year-old Honda because its engine made a knocking noise, which an independent repairer thought couldn't be fixed. Also, the car's air conditioning and demister were faulty, which the dealer arranged to be remedied, but later claimed there was no diagnosed engine fault.

**The decision:** The tribunal said the accumulated faults amounted to a failure of a substantial character and the buyer was entitled to reject the vehicle.

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

## Background

Damion Sullivan purchased a 1999 Honda Aspire for $2,490 from Hazleton Grove Ltd on November 22, 2018, and had it transported from Auckland to Napier. After taking possession of it, he noticed a knocking noise.

Four months later, Sullivan had the Aspire assessed by a repairer, which thought it possibly had an irreparable engine fault.

The buyer rejected the Honda, claiming it had pre-existing problems with its air conditioning and demister, and a serious fault with its engine.

Sullivan also claimed Hazleton Grove didn't have the Aspire inspected by the Motor Trade Association (MTA) as agreed before it was supplied. Also, its warrant of fitness (WOF) was three months old when supplied.

The dealer claimed the demister and air-conditioning issues weren't serious enough to justify rejection under the Consumer Guarantees Act (CGA), and there was no diagnosed engine fault. It also denied misleading Sullivan in regards to the MTA inspection.

## The case

Sullivan immediately noticed a knocking noise from the engine after taking possession of the car.

He had it assessed by Hawkes Bay Honda in Napier in March 2019. Brett Paton, customer-care manager, said the Aspire had a problem "deep inside the engine", which was "likely to be major".

Sullivan didn't have the noise diagnosed further saying Hawkes Bay Honda advised him not to do so because stripping the engine would be expensive and, if it was repairable, no parts were available.

The buyer provided a short video so the tribunal could hear the engine knocking. Its assessor said the noise was consistent with a fault that needed immediate repair.

Sullivan said that post-purchase Hazleton Grove told him the Honda had pre-existing air conditioning and demister defects, but the dealer provided parts to Hawke's Bay Honda for repairs.

## The finding

Although the cause of the engine noise was undiagnosed, the tribunal ruled that, on the basis of the evidence presented, the vehicle had a fault that breached the CGA's acceptable quality guarantee.

It ruled a reasonable purchaser of a 19-year-old and $2,450 vehicle with an odometer reading of 144,000km should have limited expectations as to its quality and durability.

However, such a buyer wouldn't expect the car to be supplied with a pre-existing engine fault, especially when it was advertised as being "in excellent order" and "drives very well".

The tribunal was also satisfied the Honda wasn't of acceptable quality when it was supplied due to it having a faulty demister and air-conditioning unit.

Under section 18 of the CGA, Sullivan could reject the car if it had a fault that amounted to a failure of substantial character.

The tribunal had to consider if the Honda's problems were such that a reasonable consumer – fully acquainted with the true nature and extent of the faults – wouldn't have purchased it.

The tribunal said the faults, considered separately, were not failures of a substantial character and added that information provided by Hawkes Bay Honda didn't include sufficient detail to enable it to be satisfied its diagnosis of a significant engine problem was correct.

Although Sullivan was asked if he wanted to call evidence from Hawkes Bay Honda at the hearing, he declined claiming the repairer was reluctant to get involved.

The adjudicator said that was unfortunate because it might have been able to cast further light on the nature and extent of the fault, but – in the absence of further evidence – the information provided didn't satisfy the tribunal the engine problem was significant.

Further, the tribunal wasn't satisfied Sullivan's video provided clear evidence the fault existed.

The assessor advised that, although he couldn't discount the possibility of the vehicle having a major engine fault, the noise could also have been caused by a relatively minor issue, such as a defective lifter, which might not be costly to repair.

The adjudicator wasn't satisfied the missing air-conditioning components or demister fault were such that a reasonable consumer would have refused to purchase the vehicle because both could be easily repaired.

However, it was ruled the accumulated faults amounted to a failure of a substantial character.

In this case, the tribunal was satisfied a reasonable consumer would have had no confidence in the reliability of the Honda due to the amount of defects, and the lack of a recent WOF and no inspection by an MTA-authorised repairer before its sale.

The tribunal was, therefore, satisfied that under section 18 of the CGA, Sullivan was entitled to reject the vehicle because the faults amounted to a failure of a substantial character.

Under section 23 of the act, Sullivan was entitled to a refund of all amounts paid in respect of the vehicle – the purchase price of $2,490 and transportation costs of $425.

He was also entitled to recover $50 for having it assessed by Hawkes Bay Honda under section 18.

## Order

The trader was ordered to pay the buyer $2,965.

# Buyer loses application for refund but dealer ordered to complete repairs

**The case:** The buyer discovered his vehicle started to consume too much oil soon after it was supplied to him and it required an engine rebuild. The dealer did this, which cost about one-quarter of the purchase price, but it failed to fix the problem.

**The decision:** The tribunal decided the purchaser wasn't entitled to reject his Audi under the Consumer Guarantees Act (CGA), but ordered the trader to remedy the fault with the Q5's engine.

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

## Background

Rahul Verma bought a 2010 Audi Q5 for $25,750 from CNB 1 Ltd, trading as Eurosport, on February 27, 2018, when it had an odometer reading of about 68,400km.

Shortly after purchase, he noticed it was consuming an excessive amount of oil. In September, Eurosport rebuilt the engine at a cost of more than $6,000. Verma rejected the vehicle alleging this work didn't fix the fault.

Eurosport claimed Verma wasn't entitled to reject. It said after the engine was rebuilt, he needed to return it for an oil and filter change and further assessment.

The dealer added it was common for vehicles to consume oil after such a rebuild.

During the hearing, Verma also provided evidence to show the car had been damaged since filing the application.

## The case

The tribunal had to consider if the car breached the CGA's guarantee of acceptable quality, if the buyer had lost his right to reject it and if a remedy was available.

The parties agreed the vehicle had a significant fault shortly after purchase. Verma said it was consuming too much oil and Chris Broadhurst, director of Eurosport, agreed it required extensive repairs.

The engine was rebuilt by Euro Surgeon in Mount Wellington, Auckland, during August and September 2018 at Eurosport's expense.

Verma alleged the vehicle was returned to him in mid-September and by November it was again using up too much oil.

In three months, he had driven about 3,000km in it and had to top up the oil four times. He calculated it was consuming about one litre for every 750km.

The tribunal also heard evidence from Verma's friend Rishi Jairath, who confirmed the vehicle was using large amounts of oil.

The adjudicator found Verma to be a credible and reliable witness, and accepted his evidence.

Although he presented no evidence from a qualified third party as to the fault's cause and extent, the tribunal was satisfied the car consumed far more oil than a reasonable consumer would consider acceptable.

Broadhurst suggested the ongoing fault might have arisen too late for the CGA's protections to apply, but the adjudicator disagreed.

Verma paid $25,750 for an eight-year-old car that had travelled about 68,400km when sold. The ongoing fault became evident about five months post-purchase.

## The finding

The tribunal decided a reasonable consumer wouldn't expect a vehicle of this price, age and mileage to develop a significant fault so soon after purchase, so it wasn't of acceptable quality because it hadn't been sufficiently durable.

However, the adjudicator wasn't convinced Verma would've been entitled to reject it because the evidence didn't show the fault was so serious it amounted to a failure of a substantial character under section 21 of the CGA and he didn't have it diagnosed.

Also, he hadn't proven the ongoing oil fault was related to a problem rectified by Eurosport meaning he failed to satisfy the tribunal he was entitled to reject the car.

Verma advised, shortly before the hearing, that the vehicle was driven into by another one and provided a photo showing damage to the front bumper and the panel above the front wheel on driver's side.

The assessor advised it required repairing. At a minimum, he said this would cost between $1,500 and $2,000 with the potential to be more if the panel needed replacing.

Although Verma wasn't responsible for this damage, and although he might have been able to quickly fix it using his insurance policy, the fact the vehicle required repair showed it had been damaged.

The tribunal was satisfied it was sufficient to amount to damage for the CGA's purposes.

The adjudicator said Verma would consider this aspect of his decision harsh given the relatively minor nature of the damage compared to the vehicle's value, but no discretion was possible under section 20 of the act.

Once the tribunal was satisfied the car had been damaged while in Verma's possession, there was no option but to conclude he had lost the right to reject it.

The remedies relevant to such a claim are set out in section 18 of the CGA. When the failure can be remedied, the consumer may require the supplier to fix it within a reasonable time.

The buyer may also have the failure remedied elsewhere and obtain from the supplier reasonable costs incurred or reject the goods.

When the failure cannot be remedied, or is substantial, the consumer may reject the goods or obtain compensation for any reduction in value below the price paid.

In addition, the buyer may obtain damages for any loss or damage resulting from the failure, which was reasonably foreseeable as liable to result from the failure.

Therefore, under section 18 of the CGA, Verma was entitled to have the oil-consumption fault rectified.

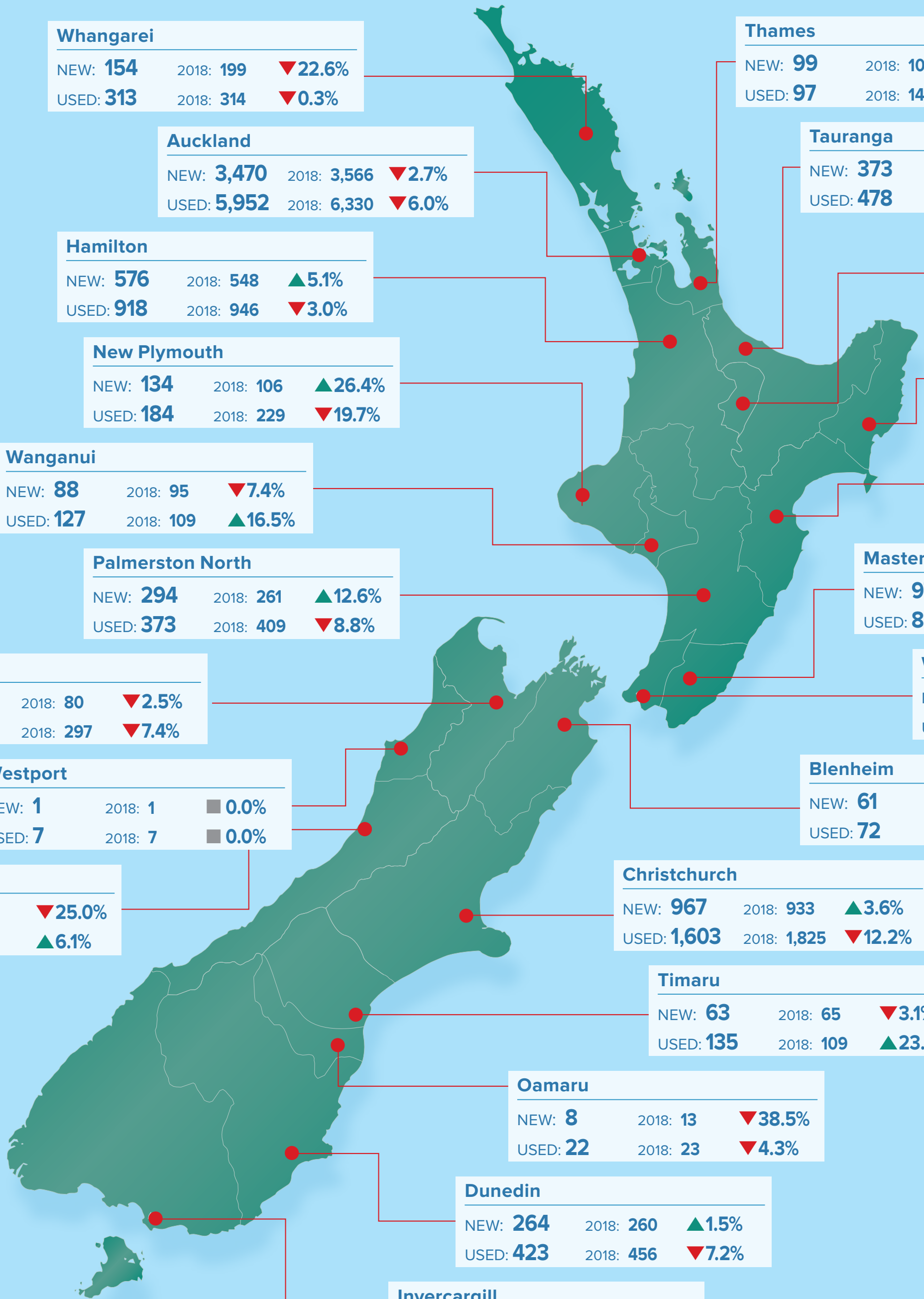
## Orders

The application to reject was dismissed, but Eurosport had to remedy the problem.

# Around the Country — July 2019

| Total new cars | |
|---|---|
| 7,925 | |
| 2018: 8,040 | ▼ 1.4% |

| Total imported used cars | |
|---|---|
| 12,791 | |
| 2018: 13,847 | ▼ 7.6% |



| | | | | |
|---|---|---|---|---|
| Whangarei | NEW: | 154 | 2018: 199 | ▼22.6% |
| | USED: | 313 | 2018: 314 | ▼0.3% |
| Thames | NEW: | 99 | 2018: 105 | ▼5.7% |
| | USED: | 97 | 2018: 140 | ▼30.7% |
| Auckland | NEW: | 3,470 | 2018: 3,566 | ▼2.7% |
| | USED: | 5,952 | 2018: 6,330 | ▼6.0% |
| Tauranga | NEW: | 373 | 2018: 372 | ▲0.3% |
| | USED: | 478 | 2018: 518 | ▼7.7% |
| Hamilton | NEW: | 576 | 2018: 548 | ▲5.1% |
| | USED: | 918 | 2018: 946 | ▼3.0% |
| Rotorua | NEW: | 114 | 2018: 162 | ▼29.6% |
| | USED: | 165 | 2018: 205 | ▼19.5% |
| New Plymouth | NEW: | 134 | 2018: 106 | ▲26.4% |
| | USED: | 184 | 2018: 229 | ▼19.7% |
| Gisborne | NEW: | 44 | 2018: 40 | ▲10.0% |
| | USED: | 73 | 2018: 88 | ▼17.0% |
| Wanganui | NEW: | 88 | 2018: 95 | ▼7.4% |
| | USED: | 127 | 2018: 109 | ▲16.5% |
| Napier | NEW: | 208 | 2018: 245 | ▼15.1% |
| | USED: | 287 | 2018: 332 | ▼13.6% |
| Palmerston North | NEW: | 294 | 2018: 261 | ▲12.6% |
| | USED: | 373 | 2018: 409 | ▼8.8% |
| Masterton | NEW: | 97 | 2018: 96 | ▲1.0% |
| | USED: | 84 | 2018: 100 | ▼16.0% |
| Nelson | NEW: | 78 | 2018: 80 | ▼2.5% |
| | USED: | 275 | 2018: 297 | ▼7.4% |
| Wellington | NEW: | 698 | 2018: 682 | ▲2.3% |
| | USED: | 944 | 2018: 1,098 | ▼14.0% |
| Westport | NEW: | 1 | 2018: 1 | ■0.0% |
| | USED: | 7 | 2018: 7 | ■0.0% |
| Blenheim | NEW: | 61 | 2018: 58 | ▲5.2% |
| | USED: | 72 | 2018: 69 | ▲4.3% |
| Greymouth | NEW: | 12 | 2018: 16 | ▼25.0% |
| | USED: | 35 | 2018: 33 | ▲6.1% |
| Christchurch | NEW: | 967 | 2018: 933 | ▲3.6% |
| | USED: | 1,603 | 2018: 1,825 | ▼12.2% |
| Timaru | NEW: | 63 | 2018: 65 | ▼3.1% |
| | USED: | 135 | 2018: 109 | ▲23.9% |
| Oamaru | NEW: | 8 | 2018: 13 | ▼38.5% |
| | USED: | 22 | 2018: 23 | ▼4.3% |
| Dunedin | NEW: | 264 | 2018: 260 | ▲1.5% |
| | USED: | 423 | 2018: 456 | ▼7.2% |
| Invercargill | NEW: | 122 | 2018: 137 | ▼10.9% |
| | USED: | 224 | 2017: 210 | ▲ 6.7% |

## Imported Passenger Vehicle Sales by Make - July 2019

| MAKE | JUL'19 | JUL'18 | +/- % | JUL'19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 2,847 | 3,135 | -9.2 | 22.3% | 17,643 | 21.6% |
| Nissan | 2,515 | 2,685 | -6.3 | 19.7% | 16,033 | 19.6% |
| Mazda | 2,062 | 2,275 | -9.4 | 16.1% | 13,344 | 16.3% |
| Honda | 1,443 | 1,517 | -4.9 | 11.3% | 9,095 | 11.1% |
| Subaru | 766 | 781 | -1.9 | 6.0% | 4,715 | 5.8% |
| Suzuki | 598 | 745 | -19.7 | 4.7% | 4,370 | 5.4% |
| Mitsubishi | 570 | 532 | 7.1 | 4.5% | 3,759 | 4.6% |
| BMW | 450 | 534 | -15.7 | 3.5% | 2,930 | 3.6% |
| Volkswagen | 428 | 404 | 5.9 | 3.3% | 2,641 | 3.2% |
| Audi | 231 | 301 | -23.3 | 1.8% | 1,503 | 1.8% |
| Lexus | 185 | 88 | 110.2 | 1.4% | 907 | 1.1% |
| Mercedes-Benz | 138 | 229 | -39.7 | 1.1% | 1,033 | 1.3% |
| Volvo | 76 | 74 | 2.7 | 0.6% | 420 | 0.5% |
| Ford | 69 | 81 | -14.8 | 0.5% | 507 | 0.6% |
| Holden | 47 | 31 | 51.6 | 0.4% | 236 | 0.3% |
| Land Rover | 36 | 39 | -7.7 | 0.3% | 246 | 0.3% |
| Chevrolet | 33 | 51 | -35.3 | 0.3% | 271 | 0.3% |
| Jaguar | 33 | 52 | -36.5 | 0.3% | 281 | 0.3% |
| Jeep | 30 | 39 | -23.1 | 0.2% | 173 | 0.2% |
| Mini | 30 | 37 | -18.9 | 0.2% | 197 | 0.2% |
| Hyundai | 28 | 15 | 86.7 | 0.2% | 174 | 0.2% |
| Dodge | 27 | 31 | -12.9 | 0.2% | 187 | 0.2% |
| Renault | 17 | 7 | 142.9 | 0.1% | 53 | 0.1% |
| Chrysler | 16 | 19 | -15.8 | 0.1% | 142 | 0.2% |
| Kia | 16 | 5 | 220.0 | 0.1% | 75 | 0.1% |
| Porsche | 13 | 24 | -45.8 | 0.1% | 126 | 0.2% |
| Daihatsu | 10 | 13 | -23.1 | 0.1% | 41 | 0.1% |
| Peugeot | 9 | 5 | 80.0 | 0.1% | 58 | 0.1% |
| Cadillac | 7 | 8 | -12.5 | 0.1% | 35 | 0.0% |
| Fiat | 7 | 3 | 133.3 | 0.1% | 19 | 0.0% |
| Isuzu | 5 | 4 | 25.0 | 0.0% | 18 | 0.0% |
| Bentley | 4 | 3 | 33.3 | 0.0% | 22 | 0.0% |
| Chrysler Jeep | 3 | 4 | -25.0 | 0.0% | 11 | 0.0% |
| Oldsmobile | 3 | 1 | 200.0 | 0.0% | 8 | 0.0% |
| Smart | 3 | 5 | -40.0 | 0.0% | 29 | 0.0% |
| Others | 36 | 70 | -48.6 | 0.3% | 340 | 0.4% |
| **Total** | **12,791** | **13,847** | **-7.6** | **100.0%** | **81,642** | **100.0%** |

## Imported Passenger Vehicle Sales by Model - July 2019

| MAKE | MODEL | JUL'19 | JUL'18 | +/- % | JUL'19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Mazda | Axela | 689 | 696 | -1.0 | 5.4% | 4,328 | 5.3% |
| Honda | Fit | 604 | 582 | 3.8 | 4.7% | 3,896 | 4.8% |
| Nissan | Tiida | 559 | 612 | -8.7 | 4.4% | 3,502 | 4.3% |
| Suzuki | Swift | 507 | 624 | -18.8 | 4.0% | 3,730 | 4.6% |
| Mazda | Demio | 438 | 531 | -17.5 | 3.4% | 3,144 | 3.9% |
| Toyota | Prius | 372 | 410 | -9.3 | 2.9% | 2,261 | 2.8% |
| Mitsubishi | Outlander | 343 | 294 | 16.7 | 2.7% | 2,188 | 2.7% |
| Toyota | Aqua | 321 | 126 | 154.8 | 2.5% | 1,636 | 2.0% |
| Nissan | Leaf | 320 | 333 | -3.9 | 2.5% | 1,997 | 2.4% |
| Subaru | Legacy | 294 | 381 | -22.8 | 2.3% | 1,883 | 2.3% |
| Toyota | Vitz | 285 | 285 | 0.0 | 2.2% | 1,742 | 2.1% |
| Toyota | Wish | 273 | 338 | -19.2 | 2.1% | 1,897 | 2.3% |
| Volkswagen | Golf | 266 | 267 | -0.4 | 2.1% | 1,711 | 2.1% |
| Subaru | Impreza | 258 | 196 | 31.6 | 2.0% | 1,621 | 2.0% |
| Mazda | Atenza | 254 | 286 | -11.2 | 2.0% | 1,730 | 2.1% |
| Mazda | Premacy | 235 | 289 | -18.7 | 1.8% | 1,509 | 1.8% |
| Nissan | Dualis | 225 | 226 | -0.4 | 1.8% | 1,575 | 1.9% |
| Nissan | X-Trail | 205 | 146 | 40.4 | 1.6% | 1,205 | 1.5% |
| Honda | Stream | 203 | 188 | 8.0 | 1.6% | 1,064 | 1.3% |
| Toyota | Auris | 198 | 171 | 15.8 | 1.5% | 1,188 | 1.5% |
| Nissan | Note | 188 | 264 | -28.8 | 1.5% | 1,386 | 1.7% |
| Toyota | Corolla | 181 | 203 | -10.8 | 1.4% | 1,091 | 1.3% |
| Nissan | Bluebird | 142 | 126 | 12.7 | 1.1% | 787 | 1.0% |
| Nissan | Skyline | 139 | 174 | -20.1 | 1.1% | 900 | 1.1% |
| Nissan | Serena | 138 | 81 | 70.4 | 1.1% | 760 | 0.9% |
| Mazda | Verisa | 131 | 137 | -4.4 | 1.0% | 753 | 0.9% |
| Toyota | MarkX | 129 | 188 | -31.4 | 1.0% | 735 | 0.9% |
| Toyota | Ractis | 125 | 106 | 17.9 | 1.0% | 739 | 0.9% |
| Toyota | Blade | 117 | 198 | -40.9 | 0.9% | 791 | 1.0% |
| Honda | CRV | 117 | 130 | -10.0 | 0.9% | 694 | 0.9% |
| Mazda | CX-5 | 112 | 96 | 16.7 | 0.9% | 693 | 0.8% |
| Toyota | Vanguard | 111 | 62 | 79.0 | 0.9% | 577 | 0.7% |
| Nissan | March | 104 | 105 | -1.0 | 0.8% | 643 | 0.8% |
| Honda | Insight | 97 | 45 | 115.6 | 0.8% | 484 | 0.6% |
| Nissan | Juke | 95 | 96 | -1.0 | 0.7% | 632 | 0.8% |
| Others | | 4,016 | 4,855 | -17.3 | 31.4% | 26,170 | 32.1% |
| **Total** | | **12,791** | **13,847** | **-7.6** | **100.0%** | **81,642** | **100.0%** |

# Industry set for challenges

The used-imports sector is facing some challenges that are going to affect consumer choice.

They will also impact on the fleet, businesses and the wider industry, warns David Vinsen, chief executive of VIA (the Imported Motor Vehicle Industry Association).

At the moment, the big talking point is the discussion paper published by the Ministry of Transport on "moving the light-vehicle fleet to low emissions", which is extensively covered in this issue of Autofile.

The government wants to achieve this by introducing a clean-car standard on the demand side – essentially a feebates scheme.

Then there's the clean-car discount, which would force importers to reduce average greenhouse gas (GHG) emissions from vehicles they import to hit annual targets to promote increased fuel-efficiency rates.

However, other issues are looming. "We've been operating in a relatively benign business and political environment for some time, but have plenty of challenges ahead of us," Vinsen says.

He told people attending VIA's midwinter dinner in Auckland last month that when Julie Anne Genter, Associate Minister of Transport, took office, one of her goals was to reduce the number of less-safe vehicles in the fleet and stop them entering the country.

Issues Vinsen flags up in regards to this matter include how "less safe" is defined – and whether that would be by age or safety-star ratings.

"Is it by standards and specifications," he asks. "Once again, it's a difficult definition, but managing the fleet properly provides consumer confidence in safety.

"Once you've defined what a less-safe vehicle is, the tricky thing is how do you deal with them? How do you remove them from the fleet and stop them from coming in? This is the project that's now being worked on.

"What would the fleet look like without used imports? It would be a lot older and a lot less safe."

Vinsen flags up electric vehicles (EVs) as another interesting topic and says they are an important part of the government's goal to reduce GHGs.

He notes there's still a limited model range of new EVs available in this country and they are "still not too affordable".

This means used electric cars "fill the gap as the second strand of the government's strategy for EVs the public can buy – that's a critical thing the used-import industry does".

"Once again, the question is what our EV fleet would look like without used imports. There would be far fewer EVs. We would have nothing like the penetration we've had.

"And we're pleased with the work MITO has done. It has developed industry-specific training, modules, courses and qualifications for EVs for technicians all the way down to groomers so people can work on them.

"These standards were developed in close collaboration with the industry, including VIA."

The Takata airbag call-backs continue to be dealt with – the "largest recall in New Zealand's history with up to 600,000 vehicles to be reworked".

"Of those, 83,000 were alpha-type airbags affected by the mandatory recall. Just one year into the programme, 63,000 have been reworked, so we've done the easy ones, the low-hanging fruit."

Attention has now turned to the "more difficult ones" – vehicles that cannot be traced, and owners who are hard to contact and don't respond – as the government aims for the recalls to be closed out by December.

Looking back on last year, Vinsen says about 300,000 vehicles crossed the border and they were split pretty equally between new and used.

"Last year, we exited more than 250,000 vehicles from the fleet and that's a key figure. The higher the exit figure, the better. It allows us to get newer, younger vehicles into the fleet that are safer and more fuel-efficient.

"These are going to be the key challenges for New Zealand and the government in the future – how to get a younger, safer and more fuel-efficient fleet.

"Last year, we were in the throes of a couple of crises. One was biosecurity, which created severe disruption and huge costs.

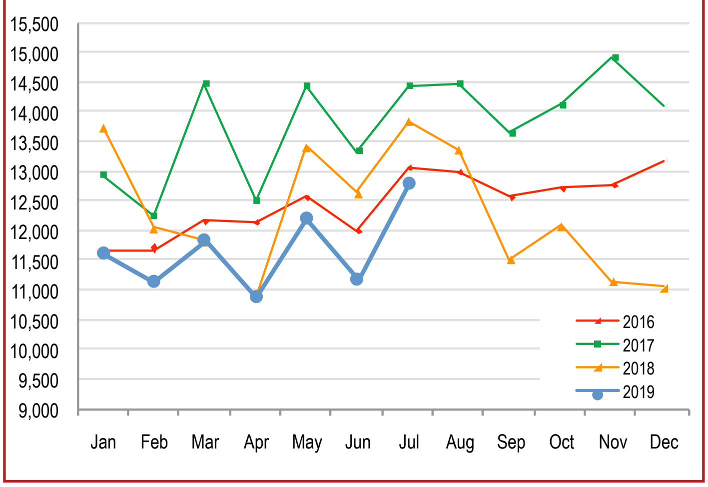
"But the industry should be proud because we've made significant investments in research and development, and investment in heat-treatment facilities – even before this was required by law. We stopped stink bugs coming in and have now dealt with two stink-bug seasons."

Vinsen notes the NZ Institute of Economic Research has established that if stink bugs got established, it would have had a cost to the agricultural economy of between $1.4 and $3 billion a year, "so that's a significant success we've had".

Moving on to last month's statistics, there were 12,791 used imported passenger vehicles registered in New Zealand. This was down by 7.6 per cent when compared to July 2018.

Mazda's Axela was July's most-sold used-imported car with 689 registrations, Honda's Fit was second on 604, with Nissan's Tiida third on 559.

**Used Imported Passenger Registrations - 2016-2019**



# It's just business as usual

An Auckland dealer is expecting next year's final phase of the electric stability control (ESC) rule to hit the lower end of the used-imports market.

From March 2020, all passenger vehicles will need to have the safety system installed and working to cross the border.

Jonno Leonard, owner of Rockstar Cars in Devonport, believes the regulation will impact on the cheaper end of the market and low-income buyers if they are forced to purchase vehicles with more features.

"The cars we bring in usually meet ESC requirements, so the change isn't going to impact on us," he says. "The market is constantly changing with what we can and can't do, and you have to keep up with that."

Leonard adds a Ministry of Transport reference group has suggested banning imports of some older used cars with low safety ratings – as reported in the July issue of Autofile – may weed out less-reliable dealers.

He says there's a "bit of a stigma" around imports from Australia due to damaged stock and, as for the UK "you need big pockets and a big holding to handle the long shipping cycles".

Leonard adds: "The buying cycle from the UK is long so you could have a lot of stock in the 'not yet arrived' bracket. You need pretty deep pockets to cope with that.

"I bring in vehicles from Japan with points of difference. We have found standard-specification cars don't sell that well."

There were 11,878 used cars imported into New Zealand last month, which was an increase of 7.7 per cent when compared to the same month of 2018. The year-to-date total is now 86,557 units, down 4.7 per cent on the same period of 2018.

Some 11,091 used passenger vehicles came in last month from Japan and the total from Australia was 531, these made up 93.4 and 4.7 per cent respectively.

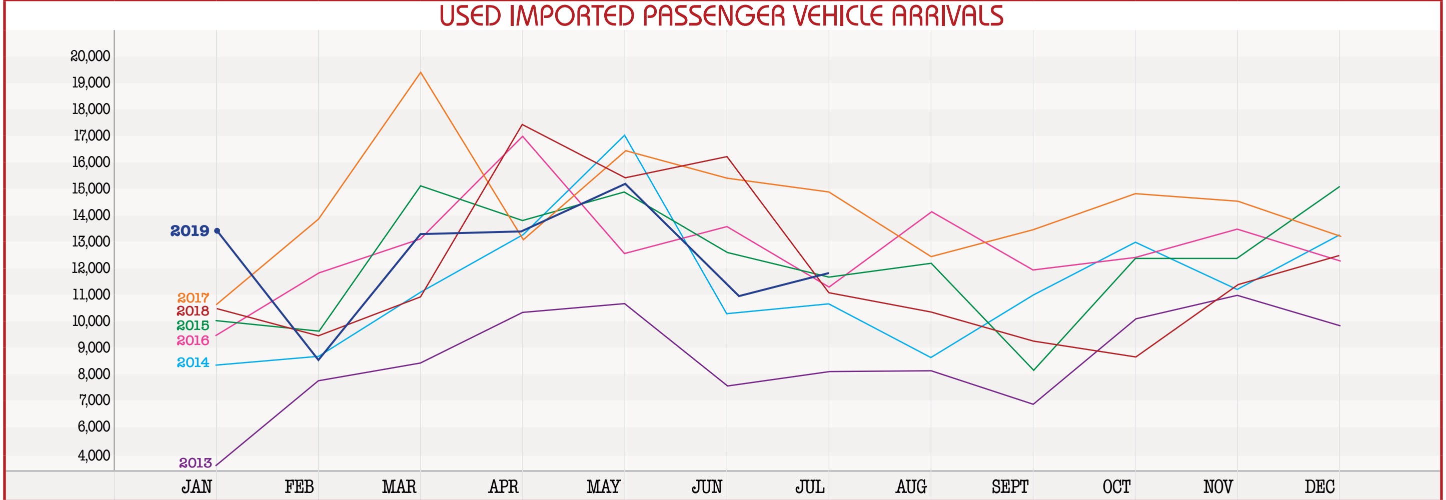
Australia was the major mover with 65.4 per cent more cars than July 2018, with Japan up 6.6 per cent.

Sanjay Masters, owner of Albion Wholesale Vehicles in Otahuhu, South Auckland, says: "The market has been tougher this year than in 2018.

"Buyers are really shopping around and there are only so many people who will buy high-ticket items each month.

"Sometimes dealers have to sell cars at a loss, while the economy and immigration have both slowed down this year."

USED IMPORTED PASSENGER VEHICLE ARRIVALS




## Used Imported Passenger Vehicles By Country Of Export

| COUNTRY OF EXPORT | JAN '19 | FEB '19 | MAR '19 | APR '19 | MAY'19 | JUN'19 | JUL'19 | JUL MARKET SHARE % | 2019 TOTAL | 2018 TOTAL | SHARE | 2017 TOTAL | MRKT SHARE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | | | | | | | | | 2018 | | 2017 | |
| Australia | 277 | 399 | 644 | 487 | 406 | 674 | 531 | 4.5% | 3,418 | 4,183 | 2.9% | 5,540 | 3.2% |
| Great Britain | 101 | 61 | 72 | 52 | 77 | 39 | 54 | 0.5% | 456 | 1,026 | 0.7% | 2,173 | 1.3% |
| Japan | 12,823 | 7,839 | 12,259 | 12,554 | 14,504 | 10,028 | 11,091 | 93.4% | 81,098 | 134,510 | 94.2% | 160,822 | 93.8% |
| Singapore | 141 | 174 | 144 | 158 | 131 | 117 | 115 | 1.0% | 980 | 1,531 | 1.1% | 1,202 | 0.7% |
| USA | 58 | 44 | 71 | 39 | 59 | 59 | 62 | 0.5% | 392 | 1,108 | 0.8% | 1,419 | 0.8% |
| Other countries | 33 | 20 | 46 | 26 | 26 | 37 | 25 | 0.2% | 213 | 415 | 0.3% | 387 | 0.2% |
| Total | 13,433 | 8,537 | 13,236 | 13,316 | 15,203 | 10,954 | 11,878 | 100.0% | 86,557 | 142,773 | 100.0% | 171,543 | 100.0% |

# Electric-vehicle market to benefit

Proposals to get more low-emission vehicles in the fleet could be a major step for the transport sector, says the Energy Efficiency and Conservation Authority (EECA).

The government wants to introduce fuel-efficiency standards on all imports from 2021, as well as a feebate system with discounts for low-emission vehicles and high-emitters at the point of sale.

For the first year, 2021, new electric vehicles (EVs) could be in-line for rebates of up to $8,000 and used EVs up to $2,600.

Andrew Caseley, chief executive of EECA, says with light vehicles being responsible for 13 per cent of New Zealand's greenhouse gas emissions, the sector "is our biggest opportunity to reduce energy-related emissions".

He adds: "Our light-vehicle imports are among the most emissions-intensive and least fuel-efficient in the OECD because most other countries already have efficiency standards.

"The lowest-emission vehicles available are EVs, but so far only 0.4 per cent of the fleet is electric with about 14,500 registered in New Zealand.

"EVs don't burn fossil fuels and are powered by our renewable electricity grid, so they're the best option for cutting emissions, but stronger fuel-efficiency standards are also critical."

Caseley says overseas experience shows financial incentives work best for encouraging people to buy EVs, which cost considerably more than petrol or diesel equivalents.

"Transitioning to a low-emissions fleet requires a step-change in the types of vehicles people buy" and the proposals "would be the first major step for reducing transport emissions".

"They won't change the fleet overnight, but would push us in the right direction. Low-emission imports turn over quite quickly in the market through second-hand sales. That's how you start the transformation."

If the proposals go ahead, Caseley believes they will also send a signal to suppliers of electric cars that there's a ready market in New Zealand, which should improve the choice, and ultimately cost, of EVs.

There were 19,829 dealer-to-public sales of second-hand cars last month for an increase of 0.4 per cent compared to July 2018.

Auckland recorded a healthy increase in dealer sales of 14.7 per cent from 6,470 units in July 2018 to 7,422 last month.

## SECONDHAND CAR SALES - July 2019

| | DEALER TO PUBLIC | | | | PUBLIC TO PUBLIC | | | PUBLIC TO DEALER | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | JUL'19 | JUL'18 | +/- % | MARKET SHARE | JUL'19 | JUL'18 | +/- % | JUL'19 | JUL'18 | +/- % |
| Whangarei | 607 | 675 | -10.1 | 3.06 | 2,158 | 2,149 | 0.4 | 271 | 275 | -1.5 |
| Auckland | 7,422 | 6,470 | 14.7 | 37.43 | 14,466 | 14,816 | -2.4 | 5,543 | 5,814 | -4.7 |
| Hamilton | 1,541 | 1,547 | -0.4 | 7.77 | 3,620 | 3,506 | 3.3 | 1,017 | 1,190 | -14.5 |
| Thames | 319 | 350 | -8.9 | 1.61 | 748 | 710 | 5.4 | 234 | 250 | -6.4 |
| Tauranga | 868 | 980 | -11.4 | 4.38 | 2,151 | 2,145 | 0.3 | 596 | 669 | -10.9 |
| Rotorua | 422 | 451 | -6.4 | 2.13 | 1,089 | 1,132 | -3.8 | 123 | 128 | -3.9 |
| Gisborne | 197 | 200 | -1.5 | 0.99 | 446 | 401 | 11.2 | 73 | 88 | -17.0 |
| Napier | 710 | 738 | -3.8 | 3.58 | 1,537 | 1,613 | -4.7 | 411 | 496 | -17.1 |
| New Plymouth | 387 | 432 | -10.4 | 1.95 | 1,103 | 1,073 | 2.8 | 201 | 213 | -5.6 |
| Wanganui | 277 | 298 | -7.0 | 1.40 | 644 | 675 | -4.6 | 140 | 212 | -34.0 |
| Palmerston North | 819 | 892 | -8.2 | 4.13 | 1,765 | 1,776 | -0.6 | 730 | 965 | -24.4 |
| Masterton | 235 | 254 | -7.5 | 1.19 | 490 | 524 | -6.5 | 134 | 118 | 13.6 |
| Wellington | 1,724 | 1,790 | -3.7 | 8.69 | 3,316 | 3,343 | -0.8 | 1,004 | 1,180 | -14.9 |
| Nelson | 277 | 337 | -17.8 | 1.40 | 1,088 | 1,096 | -0.7 | 193 | 251 | -23.1 |
| Blenheim | 198 | 190 | 4.2 | 1.00 | 447 | 439 | 1.8 | 103 | 110 | -6.4 |
| Greymouth | 68 | 69 | -1.4 | 0.34 | 201 | 193 | 4.1 | 29 | 49 | -40.8 |
| Westport | 10 | 6 | 66.7 | 0.05 | 48 | 30 | 60.0 | 0 | 0 | 0.0 |
| Christchurch | 2,243 | 2,432 | -7.8 | 11.31 | 5,355 | 5,526 | -3.1 | 1,858 | 2,031 | -8.5 |
| Timaru | 224 | 234 | -4.3 | 1.13 | 592 | 589 | 0.5 | 121 | 128 | -5.5 |
| Oamaru | 47 | 38 | 23.7 | 0.24 | 142 | 145 | -2.1 | 4 | 0 | 400.0 |
| Dunedin | 733 | 846 | -13.4 | 3.70 | 2,187 | 2,116 | 3.4 | 389 | 511 | -23.9 |
| Invercargill | 501 | 527 | -4.9 | 2.53 | 1,212 | 1,193 | 1.6 | 279 | 320 | -12.8 |
| **NZ Total** | **19,829** | **19,756** | **0.4** | **100.00** | **44,805** | **45,190** | **-0.9** | **13,453** | **14,998** | **-10.3** |

## New Passenger Vehicle Sales by Make - July 2019

| MAKE | JUL'19 | JUL'18 | +/- % | JUL'19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 1,432 | 1,202 | 19.1 | 18.1% | 8,669 | 15.2% |
| Mazda | 713 | 817 | -12.7 | 9.0% | 5,426 | 9.5% |
| Kia | 585 | 555 | 5.4 | 7.4% | 4,055 | 7.1% |
| Holden | 555 | 532 | 4.3 | 7.0% | 3,733 | 6.5% |
| Suzuki | 550 | 554 | -0.7 | 6.9% | 3,843 | 6.7% |
| Mitsubishi | 499 | 604 | -17.4 | 6.3% | 4,014 | 7.0% |
| Hyundai | 457 | 505 | -9.5 | 5.8% | 4,273 | 7.5% |
| Nissan | 455 | 461 | -1.3 | 5.7% | 2,773 | 4.9% |
| Honda | 412 | 443 | -7.0 | 5.2% | 3,118 | 5.5% |
| Volkswagen | 313 | 278 | 12.6 | 3.9% | 2,149 | 3.8% |
| Subaru | 304 | 362 | -16.0 | 3.8% | 2,209 | 3.9% |
| Ford | 280 | 404 | -30.7 | 3.5% | 2,575 | 4.5% |
| Mercedes-Benz | 174 | 190 | -8.4 | 2.2% | 1,331 | 2.3% |
| Audi | 147 | 123 | 19.5 | 1.9% | 919 | 1.6% |
| Skoda | 122 | 143 | -14.7 | 1.5% | 829 | 1.5% |
| BMW | 116 | 125 | -7.2 | 1.5% | 994 | 1.7% |
| Jeep | 92 | 65 | 41.5 | 1.2% | 519 | 0.9% |
| SsangYong | 81 | 60 | 35.0 | 1.0% | 539 | 0.9% |
| Land Rover | 78 | 113 | -31.0 | 1.0% | 802 | 1.4% |
| Lexus | 75 | 67 | 11.9 | 0.9% | 512 | 0.9% |
| MG | 58 | 1 | 5700.0 | 0.7% | 187 | 0.3% |
| Peugeot | 57 | 83 | -31.3 | 0.7% | 499 | 0.9% |
| Jaguar | 51 | 38 | 34.2 | 0.6% | 324 | 0.6% |
| Haval | 50 | 52 | -3.8 | 0.6% | 403 | 0.7% |
| Mini | 44 | 45 | -2.2 | 0.6% | 438 | 0.8% |
| Volvo | 42 | 50 | -16.0 | 0.5% | 392 | 0.7% |
| Porsche | 28 | 19 | 47.4 | 0.4% | 270 | 0.5% |
| Renault | 22 | 17 | 29.4 | 0.3% | 157 | 0.3% |
| Citroen | 21 | 21 | 0.0 | 0.3% | 149 | 0.3% |
| Alfa Romeo | 15 | 8 | 87.5 | 0.2% | 88 | 0.2% |
| Seat | 13 | 13 | 0.0 | 0.2% | 98 | 0.2% |
| Foton | 12 | 5 | 140.0 | 0.2% | 18 | 0.0% |
| Mahindra | 10 | 1 | 900.0 | 0.1% | 72 | 0.1% |
| Can-Am | 8 | 5 | 60.0 | 0.1% | 42 | 0.1% |
| Chevrolet | 8 | 0 | 800.0 | 0.1% | 38 | 0.1% |
| Others | 46 | 79 | -41.8 | 0.6% | 563 | 1.0% |
| **Total** | **7,925** | **8,040** | **-1.4** | **100.0%** | **57,020** | **100.0%** |

## New Passenger Vehicle Sales by Model - July 2019

| MAKE | MODEL | JUL'19 | JUL'18 | +/- % | JUL MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Corolla | 500 | 291 | 71.8 | 6.3% | 2,573 | 4.5% |
| Toyota | RAV4 | 442 | 336 | 31.5 | 5.6% | 2,320 | 4.1% |
| Kia | Sportage | 302 | 306 | -1.3 | 3.8% | 2,090 | 3.7% |
| Mazda | CX-5 | 288 | 314 | -8.3 | 3.6% | 2,017 | 3.5% |
| Suzuki | Swift | 269 | 260 | 3.5 | 3.4% | 1,796 | 3.1% |
| Nissan | X-Trail | 255 | 170 | 50.0 | 3.2% | 1,100 | 1.9% |
| Mitsubishi | ASX | 251 | 271 | -7.4 | 3.2% | 1,475 | 2.6% |
| Hyundai | Tucson | 165 | 174 | -5.2 | 2.1% | 1,497 | 2.6% |
| Nissan | Qashqai | 163 | 232 | -29.7 | 2.1% | 1,262 | 2.2% |
| Mitsubishi | Outlander | 147 | 191 | -23.0 | 1.9% | 1,599 | 2.8% |
| Holden | Commodore | 136 | 97 | 40.2 | 1.7% | 992 | 1.7% |
| Honda | CRV | 135 | 139 | -2.9 | 1.7% | 867 | 1.5% |
| Mazda | Mazda3 | 121 | 132 | -8.3 | 1.5% | 999 | 1.8% |
| Hyundai | Kona | 120 | 121 | -0.8 | 1.5% | 1,042 | 1.8% |
| Toyota | Camry | 116 | 51 | 127.5 | 1.5% | 423 | 0.7% |
| Honda | HR-V | 116 | 62 | 87.1 | 1.5% | 902 | 1.6% |
| Subaru | XV | 113 | 122 | -7.4 | 1.4% | 793 | 1.4% |
| Honda | Jazz | 110 | 164 | -32.9 | 1.4% | 967 | 1.7% |
| Holden | Trax | 107 | 40 | 167.5 | 1.4% | 574 | 1.0% |
| Volkswagen | Golf | 94 | 69 | 36.2 | 1.2% | 589 | 1.0% |
| Holden | Equinox | 91 | 54 | 68.5 | 1.1% | 630 | 1.1% |
| Subaru | Forester | 86 | 56 | 53.6 | 1.1% | 594 | 1.0% |
| Suzuki | Vitara | 86 | 115 | -25.2 | 1.1% | 747 | 1.3% |
| Subaru | Outback | 85 | 132 | -35.6 | 1.1% | 598 | 1.0% |
| Volkswagen | Polo | 85 | 42 | 102.4 | 1.1% | 471 | 0.8% |
| Mazda | CX-3 | 83 | 100 | -17.0 | 1.0% | 626 | 1.1% |
| Kia | Rio | 83 | 59 | 40.7 | 1.0% | 604 | 1.1% |
| Mazda | Mazda2 | 82 | 80 | 2.5 | 1.0% | 633 | 1.1% |
| Volkswagen | Tiguan | 81 | 145 | -44.1 | 1.0% | 760 | 1.3% |
| Toyota | Yaris | 81 | 191 | -57.6 | 1.0% | 688 | 1.2% |
| Hyundai | Santa Fe | 80 | 46 | 73.9 | 1.0% | 923 | 1.6% |
| Mazda | CX-9 | 79 | 74 | 6.8 | 1.0% | 569 | 1.0% |
| Ford | Escape | 71 | 103 | -31.1 | 0.9% | 677 | 1.2% |
| Toyota | Landcruiser Prado | 70 | 47 | 48.9 | 0.9% | 623 | 1.1% |
| Suzuki | Jimny | 65 | 31 | 109.7 | 0.8% | 324 | 0.6% |
| Others | | 2,767 | 3,223 | -14.1 | 34.9% | 21,676 | 38.0% |
| **Total** | | **7,925** | **8,040** | **-1.4** | **100.0%** | **57,020** | **100.0%** |

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

**LEADS**

| | |
|---|---|
| Web - Classified | 5.4% |
| Web - Dealer | 1.9% |
| Brand | 69.1% |

**TEST DRIVES**

| | |
|---|---|
| Web - Classified | 9.4% |
| Web - Dealer | 2.1% |
| Direct | 2.0% |

# Support for clean-car plans

Toyota NZ says the government's consultation on clean-car standards and discounts is an encouraging step towards cutting carbon emissions from the automotive industry.

The Ministry of Transport has proposed a clean-car standard for importers and distributors, as well as clean-car discounts based on adding fees to higher-emitting imports and reductions for low or zero-emitting vehicles retailing for less than $80,000.

"Globally, Toyota has set significant targets in emissions reduction and availability of low or zero $CO_2$-emission vehicles," says Alistair Davis, chief executive of Toyota NZ.

"These proposals provide a great opportunity to tighten regulations in New Zealand to ensure we're delivering at a local level."

Davis, who is also chairman of the Sustainable Business Council, will now review the proposals in detail.

"With transport emissions accounting for nearly 20 per cent of all carbon output, we have a large influence on how New Zealand will progress to a zero-carbon economy," he adds.

"The proposals call for new standards, and a 'fee and rebate scheme' in 2021. With the growing impact of climate change, we welcome their earliest possible introduction."

Toyota's range of hybrids has grown over the past 12 months with RAV4 and Corolla variants being added to the existing line-up of Prius and Camry hybrid options. The marque has already sold more hybrids in the first half of 2019 than in all of 2018.

"The RAV4 hybrid has experienced unprecedented demand in New Zealand. This trend has been amplified through global demand, which is a testament to the mainstream acceptance of hybrid and advancements in low-emission drivetrain technology."

Davis adds Toyota is accelerating its development of low or zero CO2-emission cars to support its commitment to reducing automotive emissions.

Drive Electric is also backing the government's proposals with chairman Mark Gilbert describing them as "a positive step towards creating a cleaner fleet" on our roads.

"While there's still much detail to be worked out, the principal of incentivising cleaner vehicles and setting stricter emission-standards on imports is something we've been calling for," he says.

"We welcome legislation that works to help New Zealand to reduce emissions from transport. That in turn helps us meet our climate targets, and cuts running costs for families and individuals."

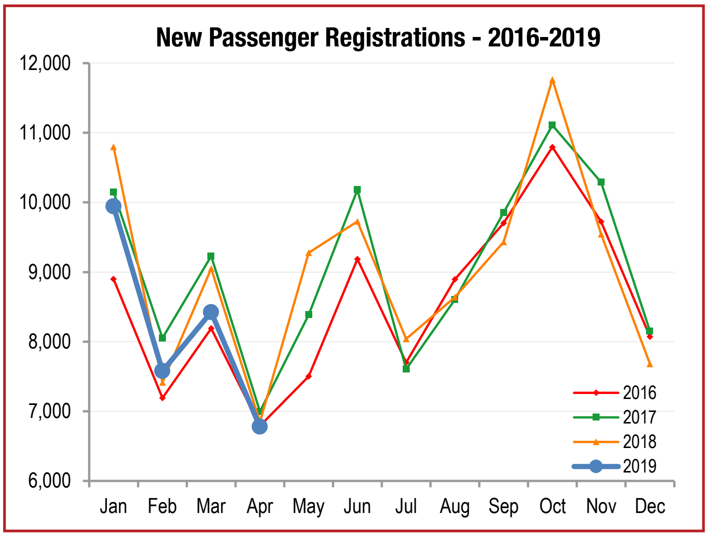
Gilbert adds Drive Electric would still like to see the government's consultation process address the role of fringe-benefit tax (FBT), especially on the purchase of new-vehicle fleets.

"We have been advocating a reduction in the level of FBT on electric vehicles [EVs] for some time.

"As many new vehicles are sold without maintenance plans built in, the true costs of running an EV are included in its list price and are, therefore, taxed. This doesn't reflect the low comparative running costs of EVs."

Drive Electric would also like to see mandatory emissions tests for older vehicles to help send signals to consumers as to which cars are better for the environment and which aren't, so they can help push that change.

"Given New Zealand has never had an emissions standard, I'm sure a lot of people driving around today have no idea whether their cars are clean or dirty."



New Passenger Registrations - 2016-2019

Gilbert adds the government's two-year timeline to implement new legislation comes with some risks and could actually see a fall in sales of low-emission vehicles before coming into effect.

"The long timeline adds some uncertainty and the new-car market could be severely affected as importers rush to beat the change. It would be good if it could be accelerated."

He says there will be some opposition to the proposals, but that New Zealand is trailing the world in adopting low-emission cars and that most leading marques are already preparing for an electric future.

"With the European Commission adopting lower-emission standards, every manufacturer is talking about new electric models – even the exotics such as Ferrari, Porsche and Maserati.

"If manufacturers are producing products for Europe, they'll want to sell them in every other market and that will influence the range of vehicles available here," opines Gilbert.

"And if Chinese EV manufacturers start producing right-hand-drive versions, there could be an explosion in the availability of EVs in our market.

"Our research shows people want to take action to help the environment."

Last month, 7,925 new passenger vehicles were sold in New Zealand to bring registrations so far this year to 57,020.

July's total was a decrease of 1.4 per cent compared to the same month of 2018.

# Marque 'first' with warranty

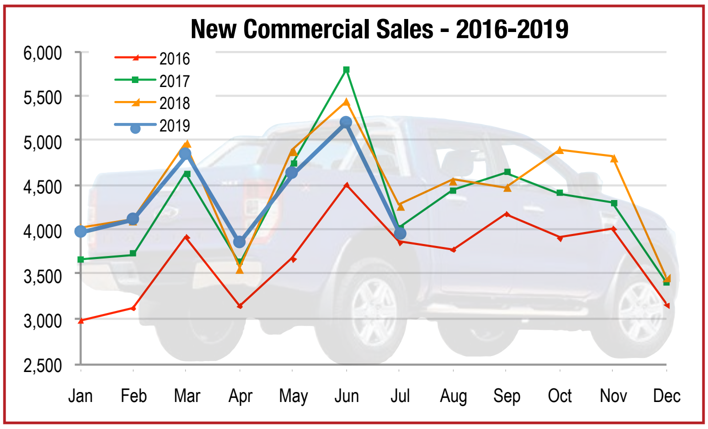
The light-commercial market remains as competitive as ever with variants and incentives being launched to lure in more buyers.

Add-ons, such as finance and insurance, are becoming more of a focus among manufacturers.

One of them, Isuzu NZ, has rolled out its unlimited kilometre and three-year warranty for all D-Max utes and MU-X SUVs first registered new in this country during 2019.

It's understood to be the first warranty of its kind offered for any ute in the Kiwi market that includes commercial use and it has few exclusions.

It encompasses the same criteria as the brand's existing 100,000km and or three-year warranty no matter how many kilometres the vehicle travels in that period.




The company says the move to unlimited kilometres and three years is to help people who rely on their Isuzus for commercial and private use, especially when clocking up mileage.

Last month, there were 3,972 new commercial vehicles sold in New Zealand, which was down by 7.3 per cent on 4,283 units registered in the same month of last year. The year-to-date total is now 30,633 units sold, which is 695 behind the same period for 2018, down 2.2 per cent.

The best-selling model in July was the Ford Ranger with 657 registrations. The Toyota Hilux was second on 534 units, while the Mitsubishi Triton was third with 451 sales.

Lindsay West, dealer principal of Dargaville Ford, says: "Our biggest advantage is that we recently started selling the West Coast Edition Ranger and it gives our utes a point of difference. That's going great for us. Buyers really want their utes to stand out."

## New Commercial Sales by Make - July 2019

| MAKE | JUL'19 | JUL'18 | +/- % | JUL'19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|
| Ford | 760 | 799 | -4.9 | 19.1% | 6,470 | 21.1% |
| Toyota | 753 | 868 | -13.2 | 19.0% | 5,375 | 17.5% |
| Mitsubishi | 451 | 363 | 24.2 | 11.4% | 3,505 | 11.4% |
| Holden | 389 | 418 | -6.9 | 9.8% | 3,088 | 10.1% |
| Nissan | 266 | 239 | 11.3 | 6.7% | 2,258 | 7.4% |
| Mazda | 233 | 186 | 25.3 | 5.9% | 1,435 | 4.7% |
| Isuzu | 231 | 294 | -21.4 | 5.8% | 1,881 | 6.1% |
| Mercedes-Benz | 102 | 135 | -24.4 | 2.6% | 622 | 2.0% |
| Volkswagen | 88 | 161 | -45.3 | 2.2% | 851 | 2.8% |
| Hyundai | 86 | 55 | 56.4 | 2.2% | 636 | 2.1% |
| Fuso | 71 | 59 | 20.3 | 1.8% | 501 | 1.6% |
| LDV | 71 | 162 | -56.2 | 1.8% | 808 | 2.6% |
| SsangYong | 56 | 13 | 330.8 | 1.4% | 314 | 1.0% |
| Hino | 54 | 60 | -10.0 | 1.4% | 427 | 1.4% |
| Fiat | 53 | 71 | -25.4 | 1.3% | 361 | 1.2% |
| Great Wall | 36 | 20 | 80.0 | 0.9% | 242 | 0.8% |
| Iveco | 30 | 28 | 7.1 | 0.8% | 176 | 0.6% |
| Renault | 29 | 13 | 123.1 | 0.7% | 145 | 0.5% |
| Kenworth | 28 | 45 | -37.8 | 0.7% | 172 | 0.6% |
| DAF | 27 | 34 | -20.6 | 0.7% | 153 | 0.5% |
| Others | 158 | 260 | -39.2 | 4.0% | 1,213 | 4.0% |
| **Total** | **3,972** | **4,283** | **-7.3** | **100.0%** | **30,633** | **100.0%** |

## New Commercial Sales by Model - July 2019

| MAKE | MODEL | JUL | JUL | +/- % | JUL'19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Ford | Ranger | 657 | 674 | -2.5 | 16.5% | 5,738 | 18.7% |
| Toyota | Hilux | 534 | 658 | -18.8 | 13.4% | 4,048 | 13.2% |
| Mitsubishi | Triton | 451 | 363 | 24.2 | 11.4% | 3,503 | 11.4% |
| Holden | Colorado | 380 | 408 | -6.9 | 9.6% | 3,046 | 9.9% |
| Nissan | Navara | 266 | 239 | 11.3 | 6.7% | 2,257 | 7.4% |
| Mazda | BT-50 | 233 | 186 | 25.3 | 5.9% | 1,435 | 4.7% |
| Toyota | Hiace | 188 | 178 | 5.6 | 4.7% | 1,143 | 3.7% |
| Isuzu | D-Max | 123 | 207 | -40.6 | 3.1% | 1,148 | 3.7% |
| Ford | Transit | 103 | 125 | -17.6 | 2.6% | 732 | 2.4% |
| Hyundai | iLoad | 81 | 53 | 52.8 | 2.0% | 608 | 2.0% |
| Mercedes-Benz | Sprinter | 69 | 114 | -39.5 | 1.7% | 285 | 0.9% |
| Isuzu | F Series | 56 | 33 | 69.7 | 1.4% | 318 | 1.0% |
| SsangYong | Rhino | 55 | 0 | 5500.0 | 1.4% | 299 | 1.0% |
| Fiat | Ducato | 52 | 69 | -24.6 | 1.3% | 359 | 1.2% |
| Volkswagen | T6 | 37 | 47 | -21.3 | 0.9% | 206 | 0.7% |
| Isuzu | N Series | 36 | 37 | -2.7 | 0.9% | 254 | 0.8% |
| Great Wall | Steed | 36 | 20 | 80.0 | 0.9% | 242 | 0.8% |
| Volkswagen | Amarok | 35 | 85 | -58.8 | 0.9% | 439 | 1.4% |
| Toyota | Landcruiser | 31 | 32 | -3.1 | 0.8% | 184 | 0.6% |
| Hino | 500 | 29 | 27 | 7.4 | 0.7% | 235 | 0.8% |
| Others | | 520 | 728 | -28.6 | 13.1% | 4,154 | 13.6% |
| **Total** | | **3,972** | **4,283** | **-7.3** | **100.0%** | **30,633** | **100.0%** |

# Accessing utes proves problematic

A sales manager on Auckland's North Shore says his dealership would love to access more second-hand utilities, but there's rarely enough stock available on the market to meet demand.

Nick Collins, of Simon Lucas Mitsubishi on Auckland's North Shore, says the franchise sold more passenger vehicles than utes during Fieldays.

"Unfortunately, we don't have a lot of used utes to sell, but they do sell fast when we've had enough," he told Autofile.

"Because we are on the North Shore, we generally have more late-model vehicles on our yard and about 35 per cent of our new-vehicle sales are utilities.

"However, we don't trade as many utilities as we would like to because they are yet to circulate through the market."

Collins suggests that in about three to four years' time, there will be plenty of used utes available for would-be buyers.

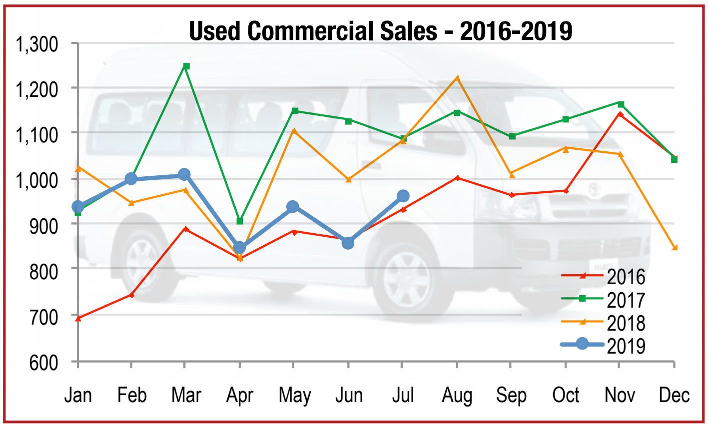
He adds that since the new Triton was released in 2015, the dealership has sold significant volumes.

"We hadn't sold as many of the older Tritons before then, so we don't get many older ones as trade-ins.

"Now that the Triton is performing well in the market, we will get a lot more through in the future as trades."

Collins reports overall sales recently as being good – apart from the ute market, which has been a bit slow. "Everything else has been going well though."

Lindsay West, dealer principal of Dargaville Ford, says: "We would like to sell more sedans. In the old days, sales used to be one-third light commercials and two-thirds sedans. Now it's completely the other way around."




## Used Commercial Sales by Make - July 2019

| MAKE | JUL '19 | JUL '18 | +/- % | JUL '19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 460 | 477 | -3.6 | 47.7% | 3,014 | 46.0% |
| Nissan | 224 | 240 | -6.7 | 23.2% | 1,501 | 22.9% |
| Isuzu | 49 | 58 | -15.5 | 5.1% | 305 | 4.7% |
| Hino | 42 | 24 | 75.0 | 4.4% | 263 | 4.0% |
| Ford | 39 | 39 | 0.0 | 4.0% | 283 | 4.3% |
| Mitsubishi | 28 | 34 | -17.6 | 2.9% | 205 | 3.1% |
| Mazda | 26 | 65 | -60.0 | 2.7% | 283 | 4.3% |
| Holden | 14 | 19 | -26.3 | 1.5% | 106 | 1.6% |
| Chevrolet | 11 | 15 | -26.7 | 1.1% | 99 | 1.5% |
| Dodge | 7 | 7 | 0.0 | 0.7% | 32 | 0.5% |
| Volkswagen | 7 | 0 | 700.0 | 0.7% | 46 | 0.7% |
| GMC | 6 | 4 | 50.0 | 0.6% | 26 | 0.4% |
| Fiat | 5 | 47 | -89.4 | 0.5% | 103 | 1.6% |
| Mercedes-Benz | 5 | 10 | -50.0 | 0.5% | 22 | 0.3% |
| DAF | 4 | 3 | 33.3 | 0.4% | 14 | 0.2% |
| Mitsubishi Fuso | 4 | 9 | -55.6 | 0.4% | 25 | 0.4% |
| Suzuki | 4 | 4 | 0.0 | 0.4% | 38 | 0.6% |
| Caterpillar | 3 | 1 | 200.0 | 0.3% | 5 | 0.1% |
| Kenworth | 3 | 1 | 200.0 | 0.3% | 16 | 0.2% |
| Renault | 3 | 2 | 50.0 | 0.3% | 17 | 0.3% |
| Others | 20 | 23 | -13.0 | 2.1% | 153 | 2.3% |
| **Total** | **964** | **1,082** | **-10.9** | **100.0%** | **6,556** | **100.0%** |

## Used Commercial Sales by Model - July 2019

| MAKE | MODEL | JUL '19 | JUL '18 | +/- % | JUL '19 MKT SHARE | 2019 YEAR TO DATE | 2019 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Hiace | 352 | 361 | -2.5 | 36.5% | 2,288 | 34.9% |
| Nissan | NV350 | 62 | 35 | 77.1 | 6.4% | 287 | 4.4% |
| Nissan | Caravan | 58 | 82 | -29.3 | 6.0% | 440 | 6.7% |
| Nissan | NV200 | 47 | 48 | -2.1 | 4.9% | 331 | 5.0% |
| Toyota | Dyna | 37 | 35 | 5.7 | 3.8% | 266 | 4.1% |
| Toyota | Regius | 32 | 42 | -23.8 | 3.3% | 205 | 3.1% |
| Hino | Dutro | 31 | 10 | 210.0 | 3.2% | 178 | 2.7% |
| Isuzu | Elf | 28 | 40 | -30.0 | 2.9% | 213 | 3.2% |
| Toyota | Toyoace | 26 | 20 | 30.0 | 2.7% | 130 | 2.0% |
| Nissan | Vanette | 20 | 29 | -31.0 | 2.1% | 169 | 2.6% |
| Nissan | Atlas | 18 | 25 | -28.0 | 1.9% | 149 | 2.3% |
| Mazda | Bongo | 18 | 53 | -66.0 | 1.9% | 204 | 3.1% |
| Mitsubishi | Canter | 12 | 17 | -29.4 | 1.2% | 114 | 1.7% |
| Isuzu | Forward | 12 | 7 | 71.4 | 1.2% | 57 | 0.9% |
| Ford | Ranger | 11 | 9 | 22.2 | 1.1% | 89 | 1.4% |
| Ford | Transit | 10 | 9 | 11.1 | 1.0% | 71 | 1.1% |
| Nissan | Navara | 9 | 12 | -25.0 | 0.9% | 61 | 0.9% |
| Ford | F150 | 8 | 6 | 33.3 | 0.8% | 49 | 0.7% |
| Hino | Ranger | 8 | 8 | 0.0 | 0.8% | 56 | 0.9% |
| Toyota | Hilux | 7 | 11 | -36.4 | 0.7% | 68 | 1.0% |
| Others | | 158 | 223 | -29.1 | 16.4% | 1,131 | 17.3% |
| **Total** | | **964** | **1,082** | **-10.9** | **100.0%** | **6,556** | **100.0%** |

# Restructure to boost sales

Group Renault has overhauled its distribution system down under and further afield.

The company has placed New Zealand and Australia into a new region for Africa, the Middle East, India and the Pacific.

The changes have been brought in to develop Group Renault's global growth and boost the profitability of its international operations.

As part of the regional directive, Renault Australia, under the leadership of recently appointed managing director Anouk Poelmann, has now taken on the oversight and responsibility for Renault New Zealand.

"This is a crucial moment for Group Renault as we strengthen the brand's regional offices, and grow the presence of Renault in New Zealand and Australia," says Poelmann.

"The new regional focus is evidence of our commitment to ensure Renault is the number-one French brand in Australia and New Zealand.

"I'm excited to be leading two strong organisations as we embark on the journey to challenge the status quo in a rapidly evolving automotive environment."

Renault's new region has more than 100 countries and spans three continents – Africa, Asia and Oceania. It's also home to 4.3 billion people and 56 per cent of the world's population.

"The expansion of the region will give Group Renault great clout in negotiating volumes, defending investments and developing a strong product plan," adds Fabrice Cambolive, chairman of the company's region for Africa, the Middle East, India and the Pacific.

Meanwhile, Mahindra NZ, a relative newcomer to the new-vehicle market in this country, now has new owners with direct links to the marque's Indian headquarters.

Muhammad Sarwar and Harry Singh, dealer principals, have been running the Kiwi operation for around nine months after acquiring the distribution rights.

Russell Burling, who previously held local distribution rights for SsangYong and Daewoo, has joined in an advisory role.

The marque's head site is in Papatoetoe, South Auckland, and – with about 17 dealerships around the country – the aim is to grow the national network to sell more than 1,000 new Mahindras on these shores by 2022.

The company is hoping to disrupt the local market through competitive pricing. Its Pik Up utes start at $25,990 with the premium XUV 500 SUV starting from $29,990.

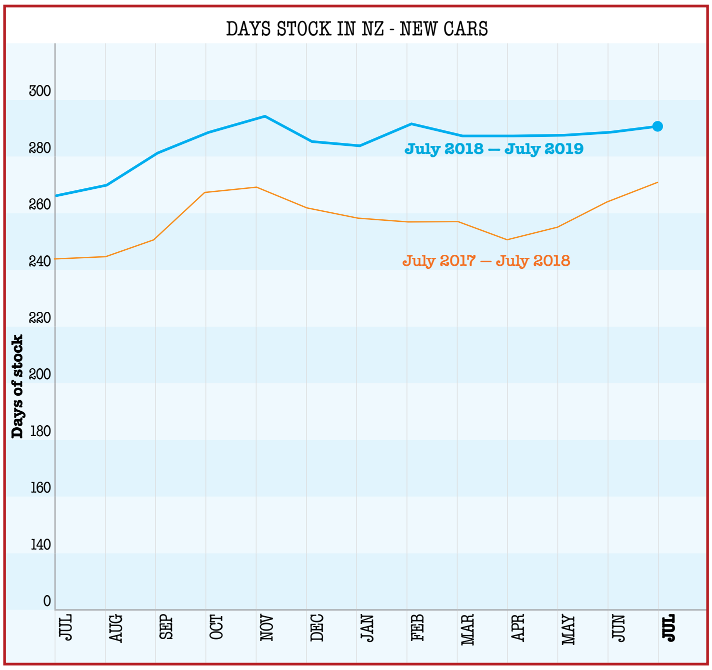
Joydeep Moitra, head of international automotive operations, says there are "great expectations" for the marque in this country.

"It's a right-hand-drive market that should fit for the new range," says Moitra, who is based in India. "We see the business in New Zealand growing and we're investing to make the brand grow."

There were 10,107 new cars imported into New Zealand during July. This was up by 14.7 on June but was down by 12.1 per cent on the same month of last year. At the same time, there were 7,925 new cars registered during July, which was down by 9.4 per cent on June's 8,748 units but only down by 1.4 per cent on July 2018's total of 8,040.

## Dealer stock of new cars in New Zealand

| | CAR SALES | | VARIANCE | STOCK | DAILY SALES - 12-MONTH AVERAGE | DAYS STOCK AT HAND |
|---|---|---|---|---|---|---|
| | IMPORTED | REGISTERED | | | | |
| 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 |
| **Jul '19** | **10,107** | **7,925** | **2,182** | **82,995** | **285** | **291** |
| **Year to date** | **57,946** | **57,020** | **926** | | | |
| **Change on last month** | **14.7%** | **-9.4%** | | **2.7%** | | |
| **Change on Jul 2018** | **-12.1%** LESS IMPORTED | **-1.4%** LESS SOLD | | **3.1%** MORE STOCK | | |



# Innovation needed for the future

The used-car industry is on the cusp of significant changes, which will create opportunities and threats.

According to Turners Automotive Group's latest annual report, consumers are more informed than ever – and delivering great outcomes to them is vital to survive and prosper.

"Big data and technology are changing how and where we do business, and regulation and compliance across all our businesses is increasing," states the report, written by Grant Baker and Todd Hunter, chairman and chief executive officer of Turners respectively.

"While most customers still like to visit a physical site to view and test drive a car, more of this experience is transitioning online and online purchases are also growing.

"In our other businesses, such as finance and insurance, there's an even greater shift to online to transact conveniently and quickly."

Hunter and Baker state industry consolidation is inevitable and the market is now in the midst of this.

"Looking at the big picture, there's potentially greater disruption from alternative ownership models. This could see people moving away from owning one, two or more cars per household to flexible and subscription models."

The company has identified its automotive retail business as its core strength.

"The long-term dynamics of this market are strong with hundreds of thousands of ageing vehicles needing to be replaced over the next decade," they say. "We are well-positioned to take advantage of this and the expected consolidation of the dealer network.

"Expansion of our national network will continue as we strengthen Turners' omni-channel approach by ensuring it has a strong customer experience in all channels where consumers are looking to buy or sell cars, including online, through social media and in person.

"We will continue to develop our in-house property expertise and leverage reserves within the insurance business to deliver on property strategy and enhance capital efficiency.

"Accessing and analysing valuable data in each business is a priority. This will provide us with better insights and, with innovative thinking, could substantially improve the way consumers buy and sell vehicles."

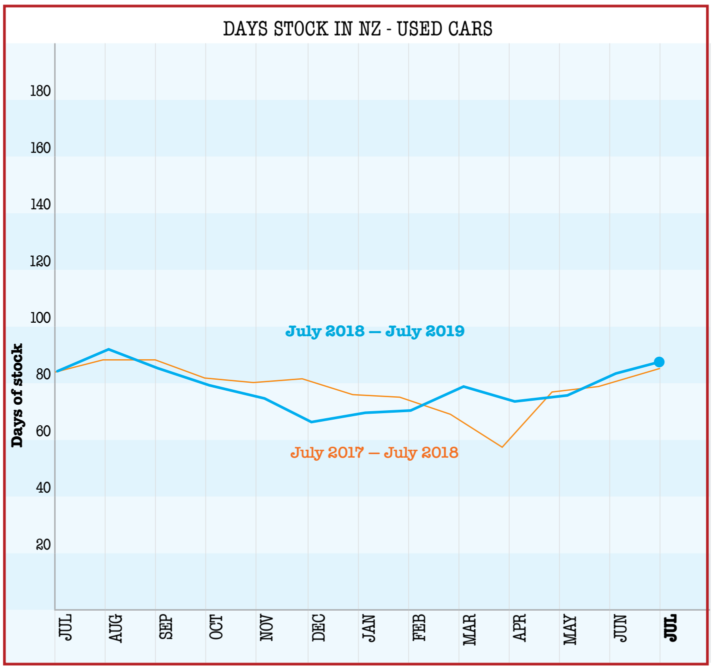
Turners has engaged experts in social media and data analytics to build online presence and strategy.

"We have a number of strengths – a strong balance sheet, large customer base, great consumer brand and rich data assets," say Hunter and Baker. "This puts us in a unique position to partner with other parties."

July saw a rise in imports of used cars when compared to the same month of last year. There were 11,878 units imported last month, which was up by 7.7 per cent on July 2018 and up by 8.4 per cent on June's 10,954.

There were 12,791 used imported car registrations – down by 7.6 per cent on July 2018. Despite this drop, last month's result was an increase of 14.4 per cent on June.

That left a variance of 913 units to decrease stock on-hand to 33,805 - a decrease of 8.7 per cent on the same month of last year.




## Dealer stock of used cars in New Zealand

| | CAR SALES IMPORTED | CAR SALES REGISTERED | VARIANCE | STOCK | DAILY SALES - 12-MONTH AVERAGE | DAYS STOCK AT HAND |
|---|---|---|---|---|---|---|
| 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 |
| **Jul '19** | **11,878** | **12,791** | **-913** | **33,805** | **389** | **87** |
| **Year to date** | **86,917** | **82,850** | **4,067** | | | |
| **Change on last month** | **8.4%** | **14.4%** | | **-2.6%** | | |
| **Change on Jul 2018** | **7.7%** MORE IMPORTED | **-7.6%** LESS SOLD | | **-8.7%** LESS STOCK | | |