www.autofile.co.nz

autofile

SEPTEMBER 2019

THE TRUSTED VOICE OF THE AUTO INDUSTRY FOR MORE THAN 30 YEARS

Uncertainty over for inspection industry

Regulator's announcement means investment by companies across New Zealand's supply chain can now move forward

The NZTA's decision to retain its conflicts of interest (COIs) policy and bolster its auditing of the inspection sector means the industry can move forward after 18 months of not knowing what the future would hold.

The agency has concluded that its proposals – outlined in its consultation document "managing the integrity of used-vehicle certification inspection and inspection organisations" – would have had a significant impact on the sector.

It has now made a decision – "after carefully considering feedback and submissions" – to not overhaul the system because of the nature of vehicle ownership in the supply chain and changing it would have been difficult to regulate.

Kane Patena, the NZTA's general manager for regulatory compliance, says the original proposal to change the COI policy generated a high level of engagement from industry, which was taken into account.

Kane Patena, of the NZTA

He adds: "The feedback helped us establish it would be more efficient to introduce a wider range of improvement activities to protect the integrity of entry-certification decisions."

These include "refining guidance for managing COIs, stepping up our assurance programme, and providing more support to inspectors and entry certifiers".

Under the proposed policy change, the NZTA would have no longer permitted an inspection organisation to carry out entry-certification activities for a vehicle if that same inspection organisation – or a related party – had an ownership interest in the vehicle or had conducted border inspections for it.

"What this decision means is we'll be committing to a more robust process for audits and reviews of inspection companies," says Patena. "We'll be engaging further with industry over the next few months."

The regulator's "guiding principle" will be improving safety by protecting the integrity of entry-certification decisions and it will update notices of appointments to reflect changes.

NZTA staff will now visit entry-certification organisations to better understand systems they have in place. What's learnt from this process will help it develop an audit programme.

The agency recognises it will need to change the date for new notices of appointments to enable its programme of work over the next few months, which means it

[continued on page 4]


5.3M
MAX.CAPACITY
LONDON

GUEST EDITORIAL

Used imports 'good value' for their cost

Quality used imported vehicles are affordable options for Kiwi consumers, says Robert Young

A vibrant, high volume, flexible and efficient used-car import sector plays a large part in making New Zealand motoring safer, cleaner and more affordable.

ROBERT YOUNG
Director, Optimus Group

But doesn't everyone want a new car, you ask? Not at new vehicle prices. Not at new car devaluation rates. Not when there are much better deals available.

We're a practical nation. For many Kiwis, public transport simply isn't an option, so we rely on cars. And not everyone in New Zealand can afford a new car.

In fact, more people choose to buy imported used cars than new ones. Last year, more than 150,000 Kiwis decided to buy a used import. That's 40,000 more than those who chose a new one.

The point is, there are too many unsold new cars. We're overstocked. There's a mountain of motors stockpiled on the lots of new vehicle dealers around the country, some 83,000 units.

That's a glut and – based on new car sales rates – that represents 291 days' worth of stock. In other words, the average "new" car sold in New Zealand is anything but new.

Until 2017, New Zealand's uptake of light electric vehicles (EVs) was abysmal. In the fourth quarter of 2016, only 574 were registered.

Two years on, about 8,000-plus used Nissan Leafs have been imported. This was the market talking and used EVs representing value, which made the difference.

Kiwis began to understand that they could purchase a used EV for as little as $10,000, while prices of new EVs start at $60,000 – and then some. Used EVs are now entering the New Zealand fleet five times faster than new ones.

But it's not yet an all-electric world. Petrol still fuels most cars. That's where imports help New Zealand again because imported vehicles tend to have smaller engine capacities – 55 per cent of imports have engines smaller than 1,800cc. That means lower fuel consumption and lower CO_2 emissions.

Used imports also keep New Zealand business running. They represent about 45 per cent of the total light commercial fleet. These are the affordable workhorses for many Kiwi businesses.

In July 2019, Toyota sold 188 new Hiaces. In the same period, 352 Japanese imported Hiaces were registered. New Zealand business owners recognise value.

Finally, when you look at the total cost of vehicle ownership, used imports represent very good value for money. Almost 70 per cent of the sales that dealers make to the public are for reliable vehicles that cost less than $12,000.

Compare that with the cost of a new Corolla 1.8 GLX sedan at $33,490. For the average Kiwi family, that's a lot to be leaving on the table. ⊕

Visit www.autofile.co.nz for an in-depth version of this article.

autofile

DIRECTORS
Brian McCutcheon
brian@autofile.co.nz
ph. 021 455 775

Darren Wiltshire
dazzz@autofile.co.nz
ph. 021 0284 7428

DESIGNERS
Adrian Payne
arpayne@gmail.com

EDITOR
Darren Risby
ris@autofile.co.nz

JOURNALISTS
Sue Brebner-Fox
sue@autofile.co.nz

Lucy Pink
lucyp@autofile.co.nz

MOTORSPORT
Mark Baker
veritas.nz@xtra.co.nz

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

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

 ISSN 0112-3475 (print) ISSN 2350-3181 (online)

will soon extend current notices to mid-2020.

As part of the consultation, a forum hosted by Patena and NZTA chief executive Mark Ratcliffe was held in Wellington on September 5 with representatives of industry organisations and service providers attending.

Patena told Autofile: "We invited entry certification and border-inspection entities to the meeting to talk about what the agency wants to achieve with the COI policy and give them an opportunity to ask us questions.

"This is part of our work to engage with stakeholders to make sure we get all the detail right."

VIEWS OF ORGANISATIONS

David Vinsen, chief executive of VIA (the Imported Motor Vehicle Industry Association), wonders if the NZTA's decision to not overhaul how entry certifiers are appointed and operate "is an end to the matter or if the issue is in abeyance".

He adds the proposals to change policies regarding conflicts of interest in the used-car supply chain may have also come at the wrong time for the regulator.

Vinsen is unsure whether the NZTA has taken a conscious decision to "not do anything or not do anything at this stage at least".

"The issue with COIs – real or perceived – is a complex matter and brings all sorts of other things into the mix to take into account," he says. "However, two adages spring to mind. They are 'let sleeping dogs lie' and 'if it ain't broke, don't fix it'."

With many internal changes at the agency, it comes as no surprise to Vinsen that it doesn't want to foray into this area, "especially as it may have serious COIs of its own".

"There are major systemic problems with the agency because it hasn't been doing its job as a regulator. Just look at all the issues there have been with warrants of fitness, repair certifiers and heavy-transport engineering.

"It would be a good idea for the NZTA to devote its energy to real problems rather than dive into issues that may or may not be real or perceived."

As for the Motor Industry Association (MIA), it's calling for the agency to ensure all certifiers in the compliance sector come up to scratch.

"It's in all our interests the system works well and the public has confidence it's working well," says David Crawford, chief executive officer. "We would have preferred the NZTA to do more, so while the outcome is good the question remains is it good enough. Time will tell."

The MIA is pleased that while the NZTA will retain its existing COIs policy for entry certification, it has at least decided to strengthen its assurance and auditing programme.

"This appears to be a significant shift for the agency," says Crawford. "In the past, it has been a bit light-handed. It will now take a more active role in regulating compliance. This is a good outcome because we had urged the NZTA to be more of a regulator around auditing and assurance."

He adds it needs to be ensured compliance organisations reach required standards, and notes there could be future issues around conflicts if the public perceives they exist, which may result in consumers losing faith in the system.

Crawford believes the agency's announcement on August 23 may be an "interim step" – if auditing against required standards reveals no inconsistencies with vehicles being complied, "then there isn't a real issue that needs tackling".

REACTION FROM COMPANIES

Vehicle Inspection New Zealand (VINZ) has been heavily involved in the debate around COIs – it's owned by JEVIC, which in turn is owned by the Optimus Group.

Gordon Shaw, executive director of VINZ, says the NZTA's decision not to change its operational policy on appointing vehicle-entry certification companies has removed uncertainty in the import and inspection sector.

He adds this opens the door to new investment and welcomes increased audits the agency has announced.

"The initial phase of the consultation on proposed changes created uncertainty for us, our staff and customers, and our competitors," says Shaw. "We were reassured once it became clear the NZTA was committed to making a sound decision following a full and transparent consultation process.

"Its own investigations found public safety had never been placed at risk as a result of VINZ ownership. Internal NZTA documents, obtained under the OIA [Official Information Act] during the consultation process, show VINZ had managed any conflicts well."

Shaw is reassured the agency recognises the COI policy changes initially proposed were "inherently flawed", and describes the decision as being in-line with the recommendations of the Office

of the Auditor General and State Services Commission.

"The proposed changes had a chilling effect on investment across the sector. We put our plans on-hold because the situation was uncertain. We're now in a position to look at what investment may now be required to further our primary objective – ensuring the safety of vehicles on New Zealand roads."

Shaw adds that during the consultation process, VINZ made suggestions about improving the way COIs are managed and is prepared to share its best-practice approach with others in the sector.

Nigel Grindall, chief executive officer of Automotive Technologies Ltd, is calling for the NZTA to put in place a transparent regime with stringent auditing to govern the used-vehicle supply chain.

He's "delighted" the agency has finally made a decision on its COI policy because "it's now a level playing field for all inspection companies".

"A good auditing system should take ambiguity out of inspection outcomes, although what shape that will take is yet to be known.

"I suspect the NZTA's focus may be more on entry certification than border inspection."

Grindall told Autofile he has no plans for his business to adopt a vertical supply-chain model, such as what "the Optimus Group and possibly others have established".

"We're not exporters and have chosen not to because we don't want to alienate our customers in Japan because we are – and they want us to be – independent," he says.

"When we submitted to the NZTA's panel, what we wanted was for everyone to have the same options open to them, and to even create COIs in the supply chain if they wanted to as long as there was strict governance around that.

"JEVIC and VINZ perhaps understood that better than any of us. The former picked up on the governance aspect and good on them for that.

"The problem is that it took 18 months of uncertainty for everyone to find out they can do that too because they were unsure what the rules were previously. If we had wanted to go for vertical integration over this timescale, we wouldn't have been able to. Apart from what we're doing, it doesn't suit us to integrate further."

Grindall, who also owns logistics company Moana Blue, believes entry certifiers are already being more conservative and erring on the side of caution to avoid losing their licences, while the NZTA has a lot on its plate to get auditing systems in place by mid-2020.

"Agency officials will need to go to Japan where there are 13 or 14 locations with up to 100 inspectors in total, and there are probably more than 300 sites in New Zealand. The NZTA has a big job ahead, but we're all here to support it in achieving the best outcome."

JEVIC New Zealand stresses the agency's decision not to change its operational policy for appointing border-inspection companies has removed a cloud of uncertainty from the sector.

Euan Philpot, chief executive officer, says: "The proposed changes would have introduced complexities and a rigidity that would have inevitably disrupted the [used-vehicle] pathway, and discouraged investment and innovation.

"In our view, the NZTA carried out a thorough consultation process, and then made a well-considered evidence-based decision. JEVIC welcomes this outcome as it avoids duplication and disruption for pre-shipment inspection processes.

"NZTA and MPI [Ministry for Primary Industries] border inspections are predominately undertaken at the same time, and are well-entrenched in the pre-shipment inspection process. This announcement sees the continuation of robust inspection processes and outcomes, and the continuation of efficiencies for the pathway."

JEVIC NZ adds the agency's own investigations showed the company, which is part of the Optimus Group, had managed any potential conflicts well.

Vehicle shipping logistics company Autohub NZ points out the NZTA's decision to make no major changes to how the entry-certification process works means it can now go ahead with business plans.

"This outcome wasn't expected given the time and apparent serious nature of the issue to the agency," Frank Willett, chief executive officer, told Autofile.

"That said, we're glad a decision has been made and we now know what the 'rules' are. This will allow us to proceed with

[continued on page 6]

Find out more online

Visit www.autofile.co.nz for more in-depth news and views about the NZTA's proposals for the supply chain.

The website also has information on some of the issues raised with the agency during its consultation process.

[continued from page 5]

some business plans that had been put on-hold."

Willett does question the effects and costs placed on the automotive industry and its main supply chains due to the NZTA's concerns, and the time taken to announce its decision.

However, he believes it's fair to expect the regulator to consider such issues "from time to time and make changes – or not – when deemed necessary".

"One positive outcome from this is that the agency now has a better understanding of how the used-import industry and supply chains operate, and the billions of dollars invested in it."

NZTA staff will be visiting border inspection and entry-compliance companies over coming months

THE DECISION IN DETAIL

It was back in November 2018 that the NZTA consulted on proposed changes to its COI policy, which was last updated in 2014.

When that policy was created, some integration of the used-vehicle supply chain was taken into account, but not to the extent that has occurred since then.

The agency said, at the time, it received feedback it should change its approach to assessing conflicts. It added some of this focused on a "specific case of a group of companies, which respectively import used vehicles and carry out border inspection and entry certification for the same vehicles".

"This feedback indicated there was a higher level of vertical integration in the importation and entry-certification industries than existed at the time the current policy was adopted," the NZTA stated. "The agency was asked to reconsider its policy on whether an entry certifier should be able to certify vehicles it has a financial or ownership interest in."

However, last month's announcement includes an effective assurance programme to be brought in to ensure integrity in entry-certification decisions instead of going ahead with the proposals previously consulted on.

In addition, regulatory oversight will be ramped up through more effective auditing and a risk-based approach to tackling COIs will be adopted. The latter will include guidance on conflicts the NZTA may consider sufficient grounds exist for certain activities to be declined.

The agency wants to ensure there is functional separation between critical inspection activities, and will require service providers to have robust systems to negate any COIs. There will also be direct agency support for inspectors.

Another aim is to strengthen notices of appointments for organisations. These will make it clear they are responsible for maintaining environments in which inspectors feel safe to do their jobs and can abide by their code of conduct.

And a variable approach will be adopted to the duration of appointment for entry certification and border-inspection organisations.

The NZTA will now engage further with the industry over the next few months "to make sure we get all the detail right".

"We'll also be taking the time to visit all entry-certification organisations to better understand information systems in place and to look at whether these systems could impact on the integrity of inspection decisions."

Working to cut hardship

The Financial Services Federation (FSF), which represents responsible lenders and leasing companies, has signed a memorandum of understanding with FinCap.

The partnership will improve the ability of mentors to effectively represent their clients and support work in financial services to improve responses to hardship.

The FSF, which has members from the automotive industry, has a long-standing commitment to responsible lending having developed responsible lending guidelines.

These were incorporated as lender responsibility principles in the Credit Contracts and Consumer Finance Act, which applies to all lenders and came into force in 2015.

The clients of the 200 local budgeting services working with FinCap typically have debts with finance companies, which impact on their financial well-being. Part of the role of local mentors is to advocate for their clients with lenders.

The FSF and FinCap believe the best outcomes for their mutual clients comes from working together.

"Part of our commitment to responsible lending is to work constructively with financial mentors in the community to help prevent financial hardship," says Lyn McMorran, executive director of the FSF.

"We look forward to formalising our already positive relationship with FinCap and the services it works with."

FinCap's chief executive, Tim Barnett, adds: "Financial mentors spend time advocating for clients with lenders and creditors. This can be a difficult process with many barriers.

"This agreement with the FSF will help to reduce those barriers, and make it easier to get positive resolutions for our clients and their creditors. It will lead to a win-win solution for borrowers and lenders."

Bid to flag dangerous cars

An industry organisation has called for the NZTA to allow inspectors to flag unsafe vehicles if they shouldn't be driven on New Zealand's roads after failing warrants of fitness (WOFs).

The Motor Trade Association (MTA) would like to see regulatory limitations for testers' powers to be extended under section 155 of the Land Transport Act so they can do this.

The suggestion was made in its submission on proposed NZTA policy changes to manage vehicle-certification inspection and organisations.

The association is concerned the agency currently offers inspectors no guidance in its vehicle-inspection requirements manual (VIRM) on when a car poses an immediate safety threat.

"All too often, an inspector fails a vehicle and then watches the owner drive it away knowing it poses a serious risk," says Graeme Swan, the MTA's sector manager – repair.

"While inspectors have fulfilled their legal obligations of failing vehicles and notifying the agency via WOF Online, many feel they have a moral obligation to prevent them being used on the road. It's unclear how the NZTA makes use of information about failed vehicles to monitor our in-service fleet."

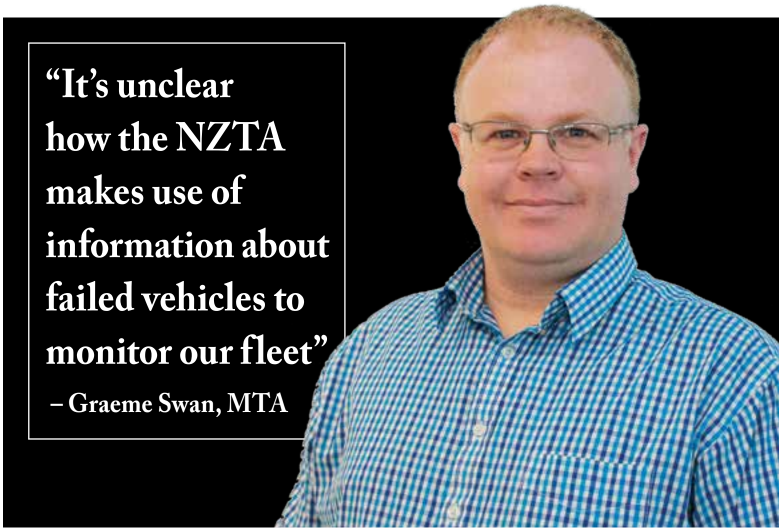
When it comes to the agency's policy principals, the MTA believes "relevant industry bodies" should be involved because they hold a wealth of knowledge and can help the NZTA achieve its objectives.

For example, the MTA has about 3,700 members across the automotive industry, including new and used-vehicle entry certification, border inspection, WOFs and COFs, and certifying low-volume vehicles, repairs and heavy vehicles.

It says industry bodies – such as itself, the Motor Industry Association, the Imported Motor Vehicle Industry Association and Low-Volume Vehicle Technical Association – play a vital role in informing and educating inspecting organisations.

In its consultation document, the NZTA states: "The agency's operating principles are that our service delivery supports the vision of a safe road system increasingly free of death and serious injury as well as the agency's goal of making smart choices easy."

The regulator aims to achieve this by using legislative tools to deliver the desired transport outcomes – and partnering with agents and other service providers to achieve objectives and required standards of service.



"It's unclear how the NZTA makes use of information about failed vehicles to monitor our fleet"
– Graeme Swan, MTA

The consultation document also states it wants to make it "easy for customers to purchase our products and services, and meet requirements of the regulatory framework", and to deliver "value for money in our products and services".

The agency adds: "The vehicle inspection and certification industry contributes to the successful achievement of our goals and purposes by ensuring only vehicles that meet published safety standards are certified for use."

As for operational objectives, the NZTA's aim is to work with inspecting organisations and vehicle inspectors openly and transparently to achieve "joint goals of high standards of certification leading to an improvement in road safety".

The MTA points out that when it comes to the agency's "operational objectives", industry bodies should again be involved.

For instance, the MTA represents about 1,800 NZTA-appointed inspection organisations, about half of those in the country, while around

1,500 inspectors went through its training courses in 2018.

Swan highlights the agency talks about working towards improving inspector competency, but points out there's still no formal continued professional development (CPD) programme in place.

"The NZTA's quality management system [QMS] talks about a training record, but there's no guidance as to what it consists of, how regularly it should be carried out or by whom," he says.

"The QMS requires an inspector or inspecting organisation to take remedial action, such as training. We would like to see any carried out in a structured manner, not just in-house by a fellow inspector or manager."

The MTA is also calling for an amendment to an NZTA proposal in the consultation document, so "when certifiers fail to carry out their responsibilities as set out in the notification of appointment or code of conduct, the agency will remove their authorisations in a timely manner".

Swan adds a clear and defined CPD programme would ensure inspectors receive training on a regular basis. "That will not only achieve the agency's goals of improving competency, but also inspection consistency."

The MTA invested resources into making a submission in 2015 to the NZTA on CPD for inspectors, but – "unfortunately" – this concept went no further within the agency.

"We provide nationwide WOF training not only to our members, but any appointed inspector," Swan points out. "There needs to be further emphasis on CPD. We are willing to further extend our programme and run it as formally recognised on behalf of the agency."

A major change the MTA would support is if the NZTA was to allow WOF providers bundle inspection and repairs to create an end-to-end service.

"When making decisions like this, the agency must keep in mind the convenience of getting vehicles inspected and, if necessary, repaired in the shortest possible timeframes," says Swan.

"Allowing repairers to offer an end-to-end service is sensible, especially in rural areas or less-populated towns with fewer providers.

"We would also like to see more detailed information on how the agency decides adequate geographical coverage is already provided because we believe requirements are applied differently between specialist certifiers and WOF providers."

As for the bigger picture, the MTA describes the NZTA's appointment criteria as requiring "a lot of work" with several members raising issues about this.

Complaints include no contact after repeated requests for updates, a lack of replies to emails, no answering of phones and no replies to voice messages. There have been two-month waits for invoices to be issued, and no options or suggested ways forward – just notifications to decline.

In addition, MTA members have had to wait two months before being told more information is needed and appointments would then take another two months to process.

Swan says: "The agency needs to put more resources into its appointment process, and provide a better service to businesses wanting to work with it to become inspecting organisations and individuals wanting to be inspectors."

A spokesman for the NZTA told Autofile that there was a high level of industry engagement during the consultation process on its proposals document on managing the integrity of used-vehicle certification inspection and inspection companies.

"It confirmed the agency needs to take action to protect the integrity of entry-certification decisions.

"We will be engaging further with industry – from border-inspection and entry-certification companies right through to WOF providers and associations – over the next few months to make sure we get all the detail right."

Regulator targeting car loans

Motor-vehicle financing and related add-ons will be a focus for the Commerce Commission during the year ahead.

Over the past 12 months, the regulator has invested time and resources visiting car dealers to check for compliance and provide materials to help them avoid falling foul of the law.

Educational work has included a campaign with the message of "tell it like it is" to encourage traders to accurately represent vehicles sold to consumers.

It also took a number of enforcement cases during 2018/19. These included the prosecution of 2 Cheap Cars, which was fined $438,000 for misleading advertising about a liquidation sale and misleading conduct related to warranty waivers and consumer guarantees.

Anna Rawlings, who chairs the commission, says such work will now be followed up by investigating financing and related add-ons, such as insurance and mechanical warranties.

"After a house, a car is generally the biggest purchase a consumer will make. This is an area where overseas studies and our data indicate there are potential compliance issues."

There are four broad groups of priorities for 2019/20 – enduring priorities, focus areas, connecting and legislative change.

"Enduring priorities are areas the commission will always regard as a priority due to their potential to have a significant impact on consumers, business or markets, or because they are a core part of our statutory role," says Rawlings.

"These include credit issues, product safety, merger clearances and functions in critical infrastructure industries, such as energy and telecommunications."

> **"Issues in the credit sector are widespread and by no means simple to address"**

Each year, the commission targets its resources on specific areas. In addition to car finance, others are environmental claims, online retail, educating traders about conduct that may contravene cartel laws and consulting on a fuel-market study.

Another area, which may impact on electric vehicles further down the road, is resetting five-year revenue limits and quality standards for electricity networks.

On the technology front, service quality in telecommunications will be monitored, and there will be new regulatory rules for fibre broadband services.

"In the areas of environmental claims, online retail and vehicle insurance, we will look to understand issues, identify current and potential harm, educate traders, empower consumers and take enforcement action when needed," says Rawlings.

"The identification of these focus areas will not stop us from undertaking advocacy, investigations or enforcement action in other areas affecting consumers."

Environmental claims are a renewed area of focus for the commission because green issues are becoming more important to buyers and the economy.

"Products touting environmental claims often attract price premiums. Traders making false or unverified claims also gain an unfair advantage over traders who tell the truth and have evidence to back up their claims."

Online retail was a priority focus area in 2018/19 and it's one that

Action on airbags

Vehicles still to have their alpha-type Takata airbags replaced under the government's compulsory recall will fail their warrant of fitness (WOF) inspections from early next year.

The action was announced by the NZTA on September 4 in a bid to tackle potential safety risks posed by the faulty systems.

"Under provisions of the compulsory recall for Takata alpha airbags announced last year, all affected vehicles are legally required to be remedied by December 31," says Kane Patena, the agency's regulatory general manager.

"Current indications show there could be somewhere in the region of 10,000 affected vehicles still on the roads after this date – despite widespread advertising and multiple attempts at direct contact with owners.

"We now need to look at new approaches to ensure remaining vehicles have their airbags replaced. Age is a contributing factor to the risk posed by them, so we can't afford to allow them to stay on the road indefinitely."

Vehicles fitted with alpha-type Takata systems have been subject to a compulsory safety recall in New Zealand since April 2018.

While those in more than 64,000 of about 82,000 affected vehicles in this country have been replaced, Patena says further action is needed to complete the process.

"Stopping vehicles from

will continue in the year ahead. Kiwis spent more than $5 billion last year online with retailers domestically and offshore.

"Companies continue to innovate to reach consumers and technological developments can have an impact on choice, such as pressure selling."

Another priority for the commission is "connecting" with others – this is an important part of increasing its understanding and effectiveness.

"We plan to better connect with consumers to understand issues they face and improve the targeting of our work," says Rawlings. "We also plan to improve our engagement with businesses."

The final area of priority is new legislation with changes afoot or proposed to almost all laws the commission enforces.

"In 2019/20, we will work on a number of areas, including providing input into proposed changes to the Fair Trading Act, preparing for the new criminal cartel offence to come into force and participating in the review of consumer credit law.

"We will focus on having the right resources, people, processes and systems in place. We will also inform businesses of their obligations and consumers of their rights when changes are made to the law.


Anna Rawlings says the Commerce Commission has finance and add-ons, such as insurance and mechanical warranties, on its radar

"The commission will provide expert advice to help ensure the legislation it implements is workable and effective."

In addition, the regulator is refreshing publications, including enforcement response guidelines.

"We will ensure these are properly applicable to the compliance and enforcement work of the regulation branch, as well as explaining how we enforce fair trading, competition and credit contract laws.

Looking back at 2018/19, responsible lending was an area of significant work for the commission and it now has 11 credit cases currently in, or approved for, litigation.

This includes some that seek precedent-setting declarations of breaches of responsible lending obligations and challenges to excessively high interest rates.

"Issues in the credit sector are widespread and by no means simple to address. Proposed changes to legislation will bring us an opportunity to review our approach and enhance it, including through advocacy initiatives."

One of the commission's priority focus areas last year was car sales. It says a vehicle is often a major purchase. For some owners, it's an important part of improving their financial situations by providing employment or transport to work.

A range of complaints about the industry are received covering issues such as misleading representations about the quality of vehicles, dealers refusing to provide redress for serious faults and traders misrepresenting consumers' rights.

"We look at systemic issues consumers face when purchasing a car and will take appropriate action when the law is breached. We plan to increase our advocacy and education efforts with participants in the motor-vehicle sales sector."

getting WOFs isn't a step we take lightly and we want to ensure owners have advance warning. If your vehicle has Takata alpha airbags, contact the manufacturer now.

"The biggest incentive is peace of mind about safety, but you can also avoid future inconvenience at WOF time around repair timings and not being able to use the vehicle."

Patena also urges owners of BMW, Honda, Lexus, Mazda, Nissan and Toyota vehicles who haven't checked for the compulsory recall to enter their registration-plate details on the Rightcar website.

The date for affected vehicles to start failing WOFs will be confirmed in early 2020.

The wider and voluntary call-back of non-alpha Takata airbags will continue and there are currently no plans for this recall to impact on WOFs.

The compulsory call-back for alpha-type systems initially affected about 82,000 vehicles, reports the NZTA, and 17,800 units were still to be remedied by July for a completion rate of 78.5 per cent.

Around 483,000 units have been involved in the voluntary non-alpha airbag call-back. By the same time, that completion rate stood at 60 per cent with 192,000 recalls closed out.

IN BRIEF

Gamers targeted by marque to boost car sales

Honda Motors is banking on competitive video gaming to protect its status as a dominant marque among young consumers.

It's now the official car maker of Riot Games' League of Legends championship series, one of the biggest of its kind in North America.

The deal comes nine months after the company signed a partnership with three-time champions Team Liquid.

Honda says e-sports has a global audience of more than 450 million tech-savvy consumers who interact with marketing differently to their older peers.

Millennials and Gen Z are the only generations increasing their share of vehicle registrations in the US, and the marque is well-positioned with its Civic and Accord being top-sellers for first-time buyers.

Manufacturer takes action over diesel filters

A class-action lawsuit has been filed against Toyota Australia, alleging faulty diesel particulate filters (DPFs) in 2015-19 Hiluxes, Fortuners and Land Cruiser Prados have affected up to 250,000 units.

The models use the marque's 2.8-litre turbo-diesel engine, pictured, and are the same specification as those sold here.

Issues surfaced in late 2018 when Australian firm Bannister Law considered action on behalf of buyers whose cars might have experienced issues, such as reduced performance or increased fuel use.

Toyota Australia says some vehicles sold between June 2015 and June 2018 had "the potential to develop a DPF issue", and launched a customer service campaign.

Affected engine-control modules were reprogrammed, and DPFs checked, cleared and smoke-tested. Filters were replaced if required.

Toyota NZ has been working with owners of diesel cars produced between late 2015 and mid-2018 to remedy any issues.

Experts from Japan have been working with technicians here "on the small number of vehicles that persist with the problem".

The company says the issue is largely confined to Hiluxes in the North Island and cars made since mid-2018 are unaffected.

Regulator alleges finance provider broke law

The Commerce Commission has filed high-court civil proceedings against Real Finance Ltd, which has offices in Wellington and Christchurch.

It alleges the company breached the Credit Contract and Consumer Finance Act between April 2013 and June 2019 by charging clients unreasonable establishment, monthly administration and default fees on loans.

The commission is seeking a declaration Real Finance broke the law and orders to compensate borrowers.

Drone-like delivery vehicle completes test flight

Electronics giant NEC's flying car was airborne for almost one minute during a test near Tokyo last month.

Equipped with four horizontal propellers, the drone-like prototype reached a height of three metres and is designed to make deliveries.

The Japanese government wants to commercialise flying vehicles from around 2023, starting with transporting goods before expanding to moving people by 2030.

Company heralds changes at the top

There was some major movements in personnel at companies owned by the Optimus Group last month.

Damon Jackson stepped down as managing director of JEVIC Co Ltd, which he set up in 2001, with Nobuhiko Tomishima being unveiled as his successor.

Damon Jackson

Jackson also resigned as a director of Vehicle Inspection New Zealand (VINZ) and as a director of the Optimus Group, which is listed on the Tokyo Stock Exchange.

He says he has left for personal reasons – and on good terms – after almost 20 years leading JEVIC, six years with VINZ and four years on Optimus' board.

"I'm departing at a time when JEVIC's revenues have grown to the highest levels we have seen since 2001, VINZ is an industry leader and the inspection segment is delivering strong returns to Optimus," says Jackson.

"Succession is assured with strong and capable leadership teams in place across all business units in the company's inspections segment."

"The inspection segment of Optimus will continue to be run as an independent operating unit within the group, in-line with company policies," adds a company statement.

Meanwhile, Gordon Shaw has been appointed to executive and governance positions within Optimus' inspection segment, relinquishing day-to-day operational responsibilities for VINZ.

These roles include executive director of VINZ, a director of JEVIC NZ and a director of Inspicere NZ.

Shaw has also taken up responsibilities as chairman of the group's inspection-segment strategy and digital-inspection committees, and chief secretary of the company's conflicts of interest council. Visit www.autofile.co.nz to find out more.

Jail time avoided

Dermot Nottingham's convictions for five criminal harassment charges and two breaches of court suppression orders last year will stand.

Nottingham – well-known in the automotive industry – was ordered to 12 months' home detention and 100 hours' community work, but challenged his sentence and convictions in July.

He claimed the case against him was "false" and the police had "fabricated" evidence.

The solicitor-general also appealed his sentence by calling for a term of two years and 10 months' behind bars.

The suppression orders Nottingham breached were for a manslaughter case. He published photos of the two teenage defendants, who have permanent name suppression, on his blog.

The court of appeal dismissed his appeals and allowed the crown's. When analysing Nottingham's sentence, it arrived at new sentence of 31 months' in jail, but was "obliged" to take into account three-and-a-half months' home detention already served.

It stated: "Allowing a seven-month discount brings his sentence to a level where the court is obliged to consider home detention."

The court quashed the part-served sentence and imposed a new 12-months' home detention, plus 100 hours' community work.

ATNZ

(09) 257 0050

Welcome to ATNZ !

New Zealand's best source of Japanese used cars

Are you a registered motor vehicle dealer looking for the best quality cars from Japan? Then look no further than ATNZ.

ATNZ is a Kiwi-owned and operated company, with full sales and support services here in New Zealand. Highly experienced auction teams operating in Japan chase the highest quality cars at the best prices.

Backed by our exceptional administration and operational staff in the Philippines, ATNZ will deliver the right cars for your dealership.

Electric projects secure funding

A car-sharing operation has secured a government grant of $500,000 towards buying 100 electric vehicles (EVs).

Wellington-based Mevo will start deploying the battery-powered cars in 2020 after Megan Woods, Minister for Energy and Resources, announced it was among successful co-funding bids to the low-emission vehicles contestable fund.

The 29 grant winners will share $4.5 million – the largest amount made available so far – and will contribute about $12m of their own money.

Erik Zydervelt, chief executive officer of Mevo, says the money will be used to expand the car-sharing scheme, which currently uses plug-in hybrids to provide Wellingtonians with a low-emissions transport option.

"In 2017, we received another $500,000 grant, which was fundamental in bringing the company's vision to life," he says.

"Now, with thousands of members taking tens of thousands of trips around the city, we're seeing many of them ditch their vehicles to opt for the convenience of car-sharing.

Mevo will also enhance their members' experiences with an in-app EV range selector, journey planner, aggregated charging maps and airport vehicle bookings, as well as providing 3.6kW mobile chargers.

Founded in 2016 by Zydervelt and Finn Lawrence, it is Australasia's first and only free-floating car-share company. Its current fleet consists of plug-in hybrid Audi e-trons and Volkswagen Polos, which members can pick up, drive and drop off as needed.

Woods unveiled the latest grant recipients at Blackwells Motors, Christchurch, on August 15.

"The largest round so far shows how smart investments in low-emissions vehicles can unlock extra funding from the private sector," she says.

"Smart investments are why, under this government, the number of EVs on our roads has nearly tripled. In October 2017, we had 5,363 registered compared to 15,453 now.

"With transport making up 19 per cent of our emissions, this is a key part of our plan to tackle climate change."

She says the fund will continue to focus on improving public-charging infrastructure, increasing the use of electric heavy vehicles and investing in innovative technology.

"We want to make it easier than ever for New Zealanders to get around in low-emissions vehicles," adds Woods. "This fund has proved a stimulus for action thanks to leadership shown by businesses."

She cites Blackwells Motors as an example, which secured $115,425 for an electric demonstrator truck and public DC fast-charger for large EVs at its Isuzu site in Sockburn.

It will loan the truck, configured so the dealership can load and trial it on long test runs, to clients. The charger will have sufficient space for e-trucks, EVs for disabled drivers and e-campervans.

Steve Grenfell, chief executive officer of Blackwells, says his staff have put in a lot of hard work to upskill in this area.

"We're very proud," he adds. "For us, it doesn't stop there because we're committed to helping customers understand what EV technology will do for their businesses."

Meanwhile, the Farmer Motor Group has landed a $215,963 grant towards installing a 175kW DC ultra-fast public charger at its business near Tauranga Airport.

It will be accessible around the clock and will be payable by credit card, providing additional payment options to EV owners.

The number of electric cars on Kiwi roads will be further boosted by Custom Fleet. It has secured $500,000 in co-funding to subsidise buying 30 EVs to be offered at lease prices similar to vehicles with internal combustion engines.

The company says this will make EVs accessible to businesses concerned about their capital costs.

In addition, it is hoped bundling workplace and home-charging equipment into clients' packages will tackle concerns about range and access to chargers for those unfamiliar with electric cars.

Also on the purchasing side, Snap Rentals will use its $137,683 grant towards replacing its diesel-powered airport transfer shuttles in Auckland and Christchurch with electric vans to reduce costs and emissions.

Rental company Europcar will put its funding of $202,768 towards purchasing 12 battery EVs, along

Mevo members have access to plug-in hybrids, such as Audi's e-tron, but will be able to share battery electric vehicles in the future

Total EVs by region

Northland	473
Auckland	6,606
Waikato	771
Bay of Plenty	506
Hawkes Bay	243
Gisborne	51
Taranaki	207
Manawatu/Wanganui	467
Wellington	2,164
Nelson/Marlborough	540
Canterbury	2,350
West Coast	20
Otago	908
Southland	115

Source: Ministry of Transport, August 5, 2019

Live EV listings on Trade Me:

-0.2% Compared to last month

+12.8% Compared to prior year

New EV listings on Trade Me:

-1.1% Compared to last month

+33.5% Compared to prior year

EV watchlists on Trade Me:

-7.4% Compared to last month

+20% Compared to prior year

with five more it will fund, in order to launch its electric day pass – an airport-based round trip car-sharing service at five locations.

And The Warehouse Group has been given $257,287 to lease four class-one electric trucks for home deliveries in Auckland, Christchurch, Hawke's Bay and Manawatu.

EXPANDING THE NETWORK

The low-emissions vehicle fund isn't just about part-paying EVs to be bought – it also aims to expand New Zealand's charging network to further boost uptake.

Following a joint bid, ChargeNet NZ and Orion have been given $318,500 to install three fast DC and three standard AC chargers on SH73 between Christchurch and the West Coast, and provide options for a range of EV types.

ChargeNet will also install the country's first high-power charging hub at Bombay, south of Auckland, which will deliver up to 350kW per vehicle for up to four EVs at once. It was awarded $249,000 towards this.

Kiwi Property Holdings' grant of $211,209 will help provide at least 43 charging stations at shopping malls in Auckland, Hamilton and Palmerston North, while the Eastland Group has secured $97,000 to expand its fast-charger network in the Tairawhiti-Gisborne region.

The Holiday Parks Association will install 30 public double EV chargers at its facilities with its $157,000 grant, while KiwiRail will provide six chargers on three Interislander Ferries for passengers to use thanks to $65,000 in funding.

THE BIGGER PICTURE

Education is a key driver in boosting the uptake of new technologies and electric cars are no exception.

To that end, Orion NZ has been given $92,950 to work with the Canterbury Employers' Chamber of Commerce to educate its members and loan two Hyundai Konas to them for a week at a time.

The company will then use the data to inform its understanding of likely business adoption and impact on its network.

Then there's Waiheke, which is set to become the world's first fully electrified island with Vector securing $180,000. It will install and manage at least 80 EV 7.2kW smart chargers in people's homes, 10 public 7.2kW EV chargers and one mobile charger.

The island's power is supplied by two 6km-long marine cables, so rising electricity demand could put a strain on infrastructure.

By increasing access to and managing chargers in homes and public spaces, the network will have greater resilience, avoiding costly and disruptive investment in traditional infrastructure.

LOOKING TO THE FUTURE

Since being launched, low-emission vehicles contestable fund has committed $20.9m in government funding to 120 projects, which has been matched by more than $40m by bidders.

Applications for the next funding round are now open with $3.1m up for grabs.

In addition to supporting the EV charging network and low-emission vehicles across sectors, bids for smart-charging technology innovation, battery refurbishment, recycling and repurposing, and low-emission vehicles in the mobility-as-a-service industry are encouraged.

Funding decisions criticised

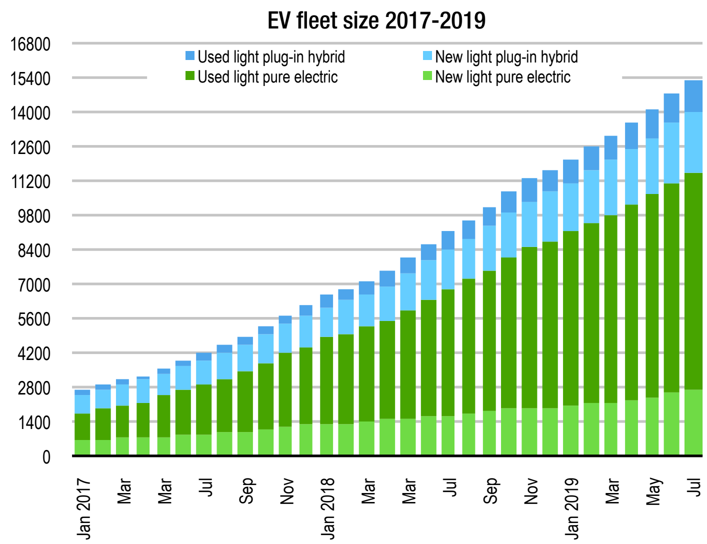
KiwiRail's grant of $65,000 to install EV chargers on Interislander Ferries for passengers to use in-transit has come in for some flak.

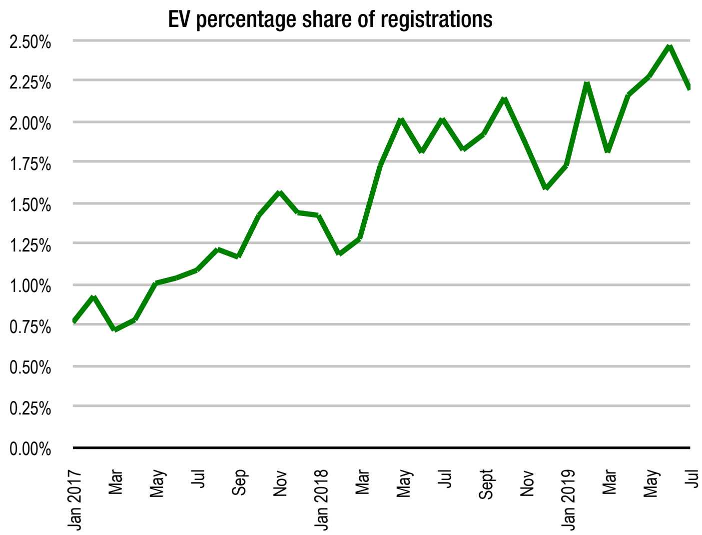
The company says its project will cut congestion at charging stations at both ends of the crossing, and "provide experience for planned ferry replacements and other operators".

However, the New Zealand Taxpayers' Union has slammed the grant as "an absurd waste of money".

"This subsidy doesn't help reduce emissions," adds the lobby group. "Instead of using clean-energy chargers on the mainland, EV owners will hook up to chargers powered by bunker oil.

"Other grants include handouts for The Warehouse, Mevo, Vector and other companies that ought to pay for EVs and charging stations themselves. This is greenwash corporate welfare."





Source: MoT, August 5, 2019

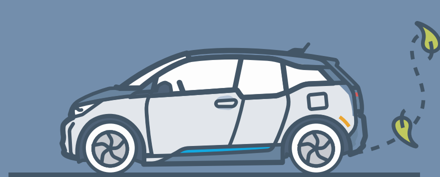
Top 5 EV models
listed on Trade Me last month:

- **Nissan Leaf**
- **Hyundai IONIQ**
- **Nissan e-NV200**
- **Tesla Model S**
- **BMW i3**

Average listing price
for the month:

$26k

Eye on EVs



trademe motors

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

Turning heads with its versatility

BMW's X6 M50i

BMW is launching a new edition of the model that "lit the fuse for an innovative and highly distinctive breed of car – the sports activity coupe [SAC]".

The marque says the X6 blends the agile and versatile driving properties of a SAC with the head-turning looks of a coupe.

The third-generation model employs an advanced powertrain and chassis technology, and is available from launch in xLine and M Sport variants.

The line-up of engines includes two petrol units and a pair of diesel variants, and is being spearheaded by a BMW M model with a new V8 petrol engine boasting 390kW of power.

The X6 M50i has a combined fuel-consumption rate of 10.7-10.4l/100km and combined CO_2 emissions of 243-237g/km.

It's joined in the range by the M50d with a fuel economy of 7.2-6.9 l/100km and emissions of 190-181g/km with its 294kW six-cylinder in-line diesel engine and four turbochargers.

A straight-six petrol unit with output of 250kW is offered in the X6 xDrive40i. Its CO_2 figures are 197-181g/km and its fuel-consumption figures are 8.6-8l/100km.

The BMW X6 xDrive30d's fuel consumption is 6.6-6.1l/100km and 172-159g/km of emissions thanks to its six-cylinder in-line diesel with 195kW of power.

All of the new X6s come with an eight-speed steptronic transmission, while intelligent all-wheel drive maximises traction, agility and directional stability.

Standard specification includes cruise control with braking function, and collision and pedestrian warning with city-braking function.

The active cruise-control system with stop-and-go function is available as an option.

The complete package includes steering and lane-control assistant, traffic-jam and lane-keeping systems, and active side-collision protection.

The innovative reversing assistant, which helps the driver when exiting parking spaces and manoeuvring within confined spaces, represents another step on the road to automated driving.

It's finally back

After a 17-year hiatus, the wraps have come off the fifth-generation GR Supra in New Zealand along with its price-tag.

It's the first global model of the GR sports-car series unveiled by Toyota Gazoo Racing (TGR).

Ever since first competing in Germany's 24 Hours of Nürburgring endurance race in 2007, TGR has been aiming to develop its products and people to make "ever-better cars".

The knowledge and know-how it has built up over the years have been funnelled into bringing the Supra back in the form of the GR.

The sticker label of $99,990 was revealed at its national launch at Hampton Downs Motorsport on July 18.

"Our pricing reflects our commitment to make it accessible to the fans," says Neeraj Lala, chief operating officer of Toyota NZ.

"Customers who have placed their orders are already thinking about tuning and accessories to customise their cars."

The two-door coupe with rear-wheel drive boasts a three-litre inline six for 250kW of power and 500Nm of torque. The engine is mated to an eight-speed automatic for combined fuel consumption of 7.7l/100km.

The Supra, which sits on 19-inch wheels, can make the 0-100kph dash in 4.3 seconds.

Plenty of room at the top

A range of next-generation engines, design, increased interior space and a third row of seats are highlights of the new Mercedes-Benz GLE.

The large SUV, launched in July in its fourth incarnation, has grown in size with almost 70mm of extra legroom.

Its engines include an inline six-cylinder diesel and 4Matic all-wheel drive (AWD) as standard.

The initial two-model range will be among the marque's first to arrive in New Zealand equipped with Mercedes Me Connect as standard.

Via an app, the vehicle can be warmed up via remote start, the doors locked, location tracked and nearby parking spaces found.

An updated version of the MBUX driver interface also comes as standard, including two side-


The GLE 400 d 4Matic

by-side 12.3-inch digital screens.

A pair of strong and thrifty diesel engines anchor the range, starting with a two-litre, four-cylinder turbocharged unit for 180kW of power when paired to a 9G-tronic nine-speed automatic transmission in the GLE 300 d 4Matic.

Following its launch in the S-Class, the GLE 400 d 4Matic will be powered by the new three-litre, inline six turbo-diesel powerplant outputting 243kW via the same transmission.

New for the latest generation of the SUV is the option of adding e-active body control.

Road-surface scans identify imperfections in the road ahead and pre-adjusts suspension settings, while curve-tilting can lean the vehicle into bends.

All models are rated at a towing capacity of up to 3,500kg when fitted with the optional factory towbar.

External features include multi-beam LED headlights with adaptive high-beam assist-plus, aluminium roof rails and aluminium-look running boards, powered tailgate and 20-inch, five-spoke alloys.

Standard safety features include nine airbags, a 360-degree surround camera, active-parking assist and a driving-assistance package.

The recommended retail price for the GLE 300 d 4MATIC is $128,200 and the 400 variant starts at $139,900.

'Pioneer' in segment

The Captur is being reinvented for its new-model launch down under in mid-2020.

Renault is promising a host of new features – design, interior with smart cockpit, quality standards, equipment, technologies and driving aids for a customisable urban SUV experience.

About 1.2 million units have been sold since it was released in 2013 and the all-new model is part of the group's Drive The Future strategy, which is set to run until 2022.

The marque says its importance is due, first, to its international dimensions and it's now a truly global product. Sold on every continent, the Captur will be made in China.

Its importance is also due to its technological dimensions because it meets the three pillars of "mobility of the future".

The first is it is electric-powered and the first Renault to benefit from a hybrid engine called the E-Tech Plug-in.

Secondly, it's so connected it "perfectly illustrates this dynamic" with its connected Easy Link multimedia system and the marque's Easy Connect ecosystem.

Finally, while short on specifics, Renault says the all-new Captur will be a "pioneer" with aids leading to autonomous driving fitted as standard to B-segment models along with its Clio.

The month that was... September

September 28, 1998

Largest dealership in country opens

Sales of about 250 vehicles a month was the target for the country's largest dealership, which opened at the end of September in Auckland's Mount Wellington.

The Esanda Auto Select yard was the retail used-car sales division of the country's largest vehicle-leasing company – Esanda Fleet Partners, previously known as Avis Lease and Truck Leasing. It carried stock of 600 units and more than $300 million in vehicle assets.

General manager Brent Knight said: "Esanda Auto Select represents a new direction in used-car retailing. Our focus is to provide a truly enjoyable shopping experience with low-pressure sales consultants and a friendly, relaxing environment."

This "low pressure" selling platform saw the hiring of a new team of sales people, including three women.

The two-level complex incorporated a café, internet kiosks, children's play area, after-market shop and offices on the ground floor, while the lease operation, which was based at Auckland's Central Park, would operate out of the second floor.

Esanda had closed its other branches in the city, although the commercial operation continued along with the Wellington and Christchurch outlets. The dealer principal of the new dealership was Chris Sharp.

September 13, 1999

General Motors' priority for internet

The most powerful man in the international automotive industry arrived in New Zealand for Apec talks.

John (Jack) F Smith Jr was chairman of the board of directors and chief executive officer of General Motors Corporation, the world's largest company in 1999.

He said three fundamental changes were under way that could redefine every market – the rise in e-commerce and internet, in-vehicle communications and propulsion systems.

In August, the company set up its e-GM division to accelerate and leverage internet opportunities, and capabilities in wireless communications.

"Last month, we made our first sale through the internet in Taiwan," said Smith. "That's insignificant compared to total volume, but no one knows whether it's the precursor of bigger things to come."

He said 30 per cent of potential customers were using the internet for information. They would still visit dealerships before purchasing cars, but it was only a short leap to buying online, and developing in-vehicle communications systems was a priority.

September 17, 2004

Price spike puts pressure on

A leap in second-hand car prices in Japan put the screws on New Zealand's used-imports industry, with many dealers "struggling" in a competitive market.

According to Nigel Grindall, chief executive officer of Aucsat, the spike happened every September, but this year's jump was pronounced and came on the back of a long winter for Kiwi dealers.

"Every September it seems to hit a little, but this one has had the most profound impact," he said. "On top of this, there's greater competition than ever from other countries for available stock."

Driverite's Phil Hibbert said many dealers were putting stronger efforts into after-market sales, with finance and insurance making up more of dealers' returns than in the past.

Traders were less confident with many struggling, added David Vinsen, of the Imported Motor Vehicle Dealers' Association (IMVDA).

"It's a battle," he said. "Traders are in a situation where they have to be competitive on price, but can't replace stock from Japan at a reasonable margin."

September 26, 2008

Call to stop over-regulation

Members of the used-imports industry said the government was too much of a regulatory bureaucracy and wanted those next in power to develop solid, long-term strategies for managing the national fleet.

Industry experts Autofile spoke to believed that the government needed to take a step back from interfering with the industry and instead focus on fostering good business in New Zealand.

"The current government has a need to interfere," said David Vinsen, chief executive of the IMVDA. "They feel they've got to change laws, even though changes make little difference to the outcome.

"Currently, they're meddling and interfering with fuel emissions and fuel consumption, instead of encouraging people to take up newer vehicles with better technology and educating them on how best to dispose of their end-of-life vehicles."

Peter Johnston, of Auckland's Genuine Vehicle Imports, agreed: "The introduction of the new exhaust-emission legislation has posed problems and created costs for an industry that's already stretched in the current economic climate.

"Meanwhile, we have a bureaucracy that's gone wild. The government's overhead structure is out of control and it's costing the taxpayer a lot of money to support."

Skills shortfall to be tackled

A training organisation for the automotive industry is likely to be scrapped in wide-ranging reforms.

MITO – along with all industry training organisations (ITOs) – will be replaced by between four and seven workforce development councils (WDCs) from April 2020, with standards-setting roles transferring to WDCs between then and June 2021.

In addition, the management and pastoral care of ITOs' leaners and apprentices will transition to the newly formed NZ Institute of Skills and Technology (NZIST), which is the amalgamation of 16 polytechnics, by the end of December 2022.

The government believes its changes will significantly improve the delivery of vocational education.

The transition is likely to be phased in over time, but it has yet to be announced when MITO will wrap up.

Its chief executive, Janet Lane, is disappointed feedback from the consultation process hasn't been taken into consideration.

However, she's pleased Chris Hipkins, Minister of Education, has listened to demands for a managed switchover.

"We're committed to working with the government and industry to support our learners, employers and schools through the transition," says Lane.

"The minster says it's business as usual and doesn't want to see a slowdown in enrolments, so we're continuing to promote programmes and pathways to ensure our industries gain qualified people."

Hipkins unveiled his changes last month, saying they aim to deliver skilled learners that employers and communities need.

But the Motor Industry Association (MIA) is among those

It was only in March that MITO unveiled its level-five certificate in electric-vehicle automotive engineering

concerned employers will lose influence over vocational training because of the overhaul, citing the ITO model has been working well for the automotive sector.

David Crawford, chief executive, says: "MITO has been responsive to the industry's needs in the range and contents of courses, and in the way it has been able to liaise with polytechs.

"We're concerned replacing specialist ITOs with much larger and wide-ranging WDCs will result in losing an important level of influence over the way in which training outcomes are designed.

"ITOs have been able to be nimble in responding to industry needs, such as adapting on-the-ground training to suit new developments and technology.

"The changes could mean some smaller and more specialists sectors would have difficulty in getting their voices heard against the needs of bigger industry groups."

Crawford is disappointed industry calls for a timely review of ITOs and their effectiveness seem to have fallen on deaf ears.

"It appears these changes have been rushed. There's little evidence the government has listened to concerns of this sector when pushing ahead with its reforms."

See page 24 for more details on Chris Hipkins' proposals.

So what does the future hold?

There are murmurs aplenty of uncertainty around the automotive industry over what will happen during the next year or two, particularly with independent used-import dealerships.

It's similar to times past when the sector faced challenges of what vehicles were able to be imported, but it generally adapts to the new norm relatively quickly.

The next layer of uncertainty will sit around increasing scrutiny, regulation and compliance of finance and insurance (F&I). It's fair to say the next five years are likely to see more change across the market than we might have seen in a decade or more.

That said, with ongoing public demand, the industry of dealers – being traders buying and selling cars – is still going to be practised for many years to come.

Even two decades from now, there will still be vehicles purchased and retailed. Sure the stock mix will evolve, but cars or modes of transport will still be traded when there's demand.

Demand will be the determining factor of balance of supply on how many dealerships of today will be around in the future.

None of us have crystal balls to see where all this will end up, but what we can look at is what the next five years may look like and what we should be aware of. And this mostly determines what area of business we need to focus on.

On multiple occasions recently, I've been asked what I feel the most important areas of focus should be for dealerships to ensure success going forward.

The list, quite frankly, varies significantly depending on how a dealership operates with regards to product, people, processes and so on. In this context, it's easier to focus on some key areas I believe will be of great importance five years from now.

MARK GREENFIELD
Motorcentral

FEEDBACK FROM BUYERS

Dealerships need to get customer ratings and reviews now. If you are unrated in half a decade from now, you may end up being a ghost and your vehicles not even being seen online by prospective buyers.

If, by chance, you're lucky enough for customers to be viewing your vehicles when it comes to deciding on which dealership to visit, are they more inclined to visit those with great ratings and hundreds of glowing reviews or one with no rating and no reviews?

> "The next five years are likely to see more change across the market than we might have seen in a decade or more"

Leverage your clients' feedback externally to inform prospective buyers of how good you are to do business with based on past customers' feedback.

You can leverage this feedback to enhance customer experience to convert more sales, receive more referrals and retain more.

You should be going "all in" on customer experience regardless of the type of dealership. Leverage it to celebrate success and learn from failures. In 2024, don't be the dealer who read this and did nothing, but wished you had.

CAPTURING YOUR DATA

Ensure you record accurate data at every possible moment, on every aspect of your business and in every way you can.

You will then have it on-hand when the time comes that you need to leverage data to make informed decisions about your business or execute initiatives based off it.

Guessing in the future will only result in you being ridiculously outmanoeuvred compared to those who can leverage their data in their decision-making.

RETAILING AT A PROFIT

Be able to make money from selling a car. That's right, make the sale of the vehicle in its own right profitable with nothing else in the equation, no add-ons. You can make informed decisions from your data and what the market's doing on vehicles you sell without being clouded or profits boosted by other areas.

Ensure you buy vehicles well and sell them well. Any add-ons are then bonuses and contribute to profitability. They shouldn't be contributing to ongoing losses.

Being forced to make money on a car instils sound disciplines in the business around purchasing, vehicle ageing, advertising, selling and so on, so start making money today to ensure you can influence your business' sustainability.

PENETRATING WITH F&I

In many cases, the only way dealerships will be able to make the same money from F&I as they do today will be to ensure they lift penetrations in this area, which is likely to go through more change in coming years than what it has in the past 30.

Raising F&I penetration means increased client education during research and subsequent buying journeys, and across all customers. This ensures informed and well-disclosed decisions can be made with solutions that provide good value, experience and service.

These solutions will need to be buyer-led and consumer-centric. Speed, relevance, efficiency, transparency, educational and compliance will be key attributes – along with the solution or protection provided at a fair cost – that will influence the success of F&I at dealerships.

I believe these areas will contribute to a dealership's success in five years from now. There are already traders being proactive in these areas by laying solid foundations for the years to come. It's not too late, but the key is to take action and begin.

Action to boost market share

MTF Finance has reported half-year profits of $4.2 million following a decline in its trading conditions.

Underlying profit after tax decreased by four per cent to $3.9m. Profit before fair-value movement fell by 10.2 per cent to $5.7m on the back of a 20.5 per cent drop in sales of $65.3m from the same period last year.

Payments to shareholder originators – including commission, fees and payment waivers – declined by six per cent to $33.9m, while commission paid increased by 7.3 per cent to $21.1m.

"Sales were down $65.3m with $49.4m attributable to two events," report Glen Todd, chief executive officer, and chairman Stephen Higgs.

"Firstly, the non-recourse product offered with Oxford Finance was discontinued. It created record-breaking sales volumes in 2017 and early 2018. Demand dropped after tighter underwriting criteria was introduced, having a negative impact on sales, which led to the termination of the product.

"Secondly, Turners Finance continued its integration strategy into its automotive group diverting away from MTF Finance with sales for the period totalling $600,000."

However, MTF teamed up with Trade Me Motors in November 2018 to enable buyers to engage with a finance option on consumer listings.

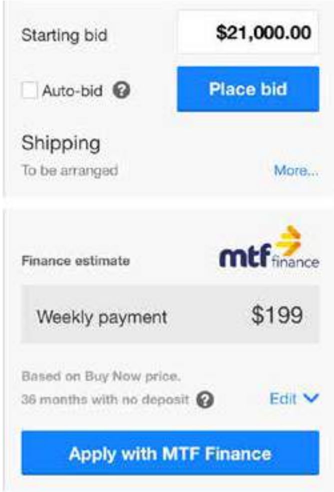
"This pilot was rolled out nationwide in January 2019," they say. "To March 31, it delivered sales of $1.5m and created a complementary digital channel for growth. It has transitioned to a long-term collaboration."

Higgs and Todd say the company has learnt much from research over the past 18 months, and now is the time to implement action to increase market share and improve customer satisfaction.

They describe MTF's growth in recent times as "unprecedented" and add "we're now experiencing a decline for the reasons outlined".

"We've made progress on replacing lost non-recourse business through the partnership with Trade Me and more is required.

"We will continue to balance our focus on retaining our share while positioning MTF so it can adapt quickly in a rapidly changing market."



MTF has teamed up with Trade Me Motors for buyers to opt for finance on private listings

The company's strategic focus includes continued support of originators being a priority.

"Our franchise network has been successful in recent years. We continue to grow this channel through a national marketing initiative as well as developing a franchise recruitment programme.

"Diversifying into a new online channel has proved positive and needs to be explored to grow the model and deliver value to our franchise network.

"Conversely, we've lost ground in the dealer network. A discovery project has been launched to gain a better understanding of their needs to provide a great lending experience.

"We aim to leverage off our strong brand, partnering with dealers to achieve a long-term profitable relationship for both parties."

As for the bigger picture, the weakening global economic outlook and reduced domestic spending has led to the official cash rate being cut. Business confidence is in negative territory with challenging times ahead being forecast.

Vehicle demand up

UDC Finance has made a strong start to the financial year, reporting a net profit after tax of $34.7 million for the six months to March 31.

This represents a six per cent increase on the same period from the previous financial year.

Overall revenue was $73.4m for an increase of 11 per cent. This growth was driven by continued consumer and business investment in motor vehicles, plant and machinery.

"We're pleased to deliver this result during a period of more caution in the economy," says Wayne Percival, chief executive officer.

"While businesses are approaching investment in new equipment and vehicles with more consideration, the prospects for many key industries we focus on – such as forestry, road transport and construction – remain positive.

"Focusing on strong, long-term relationships with our customers is important and their ongoing support enables us to continue growing.

"The level and quality of enquiries our machinery and equipment partners saw at Fieldays also reflected a sound outlook for the broader primary sector."

Provision expenses, at $7m, remain low as a proportion of UDC Finance's total portfolio.

Percival says UDC's lending-book quality remains strong.

Climate change – challenge or legacy?

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

I'm torn on the proposed clean car standard and feebate scheme announced by the government in July.

On one hand, I entirely agree with the statement that climate change is our generation's greatest global challenge and that it will only be overcome through drastic change.

The effects of climate change – or global warming – are already being observed. These include extreme weather events, glacial retreat, changes in seasonal weather, changes in agriculture yields and growing regions, sea-level rise and declines in polar ice-caps.

We've also seen side effects that are correlated with global warming, but not directly caused by it, such as ocean acidification leading to the destruction of vulnerable ocean ecosystems, for example, coral reefs.

The effect of these changes will increase in frequency and intensity if we continue a culture of excess and waste.

Unfortunately, the stated justification for the government's clean car policy is a dubious cost-benefit analysis, which is mostly unconvincing and – at times – outright disingenuous.

There are glaring gaps in the analysis especially when it comes to likely consequences, such as favouring consumer-unfriendly business models and lower quality vehicles.

If preventing climate change is a good thing, and I for one think it is, then it is its own justification, no matter the cost. It's less an economic issue and more a moral one, and conflating the two just confuses the issue.

As for the clean car policy itself, I don't think it does enough. It will be a huge inconvenience, likely leading to the importation of lower quality, higher kilometre, less safe or even crash-damaged vehicles.

It also encourages the rise of direct-import business models that bypass the standard entirely – and having the added effect of removing any requirements to provide consumer guarantees by importing vehicles in the name of the buyer.

Obviously, these consequences are not intended. But if these loopholes exist, they will be used. It will be difficult for the industry as it exists today to compete. Business models will adapt faster than consumer choice, so what should be done?

> "Fuel taxes better target consumers who burn the most fuel, encouraging the purchase of more fuel-efficient cars"

What if I told you there was a better way to change consumer choice, a more effective way to decrease the burning of fossil fuels? What if I told you there was a way to remove the loopholes and target those who use the most fossil fuels?

New standards to strengthen fuel efficiency are touted to save consumers at the pump and cut carbon emissions from passenger vehicles. While the standards have many good merits, a carbon tax on fossil fuels would be much more effective.

A carbon tax on petrol would have a direct effect of incentivising consumers to either reduce their driving or purchase more efficient vehicles. If subsidies are required to make efficient cars more palatable, use the carbon tax to fund a simple rebate scheme for desirable vehicles.

The expert opinion is almost unanimous – a tax on petrol is much more effective at reducing greenhouse gases (GHGs) than enhanced vehicle-efficiency standards. Some experts suggest it could be up to six times as effective.

Models aside, real-world evidence from the EU shows that petrol taxes are 20 per cent less effective than fuel standards in promoting fleet efficiency, but 12 per cent more effective at reducing total petrol usage.

This difference is explained by a targeting effect – fuel taxes better target consumers who burn the most fuel, encouraging the purchase of more fuel-efficient cars.

So is the goal a more efficient fleet or the reduction in GHGs?

Some experts also point out that efficiency standards can be counterproductive. Consumers save a bit at the pump due to increased vehicle efficiency, but the decrease in cost per kilometre leads to increased driving, both negating the savings to the customer and reduced GHGs.

Another benefit of a fuel tax is that it can be implemented immediately with minimal complication. And once consumers demand more efficient vehicles, importers will provide them.

But – and it's a big but – we can see what has happened in France when facts were used to justify a tax on fuel. People do not want to change. For too long, we've been able to sweep the real costs of our lifestyle under the rug and no one wants that to change.

Denying a problem exists is one tactic to avoid dealing with it. I know a few people who wear the badge of climate-change denier with pride, but I think the label would embarrass most people.

Here's a reality check – failing to act when a problem is apparent is a form of denial, implicit denial. There is no effective difference between believing and doing nothing, and not believing and hence also doing nothing.

I suppose if we fail to take responsibility for our actions and the wastes it produces, we must accept that my initial statement is simply not true.

Climate change is not our generation's greatest challenge, but it will be our greatest legacy. We will just leave the mess for our children and their children to clean up if it's not too late.

Industry movers

DANIEL BUCKLEY, who founded Huffer in the mid-1990s, has taken over from Eugene Williams as chief executive officer of 2 Cheap Cars.

Buckley, who sold out of the clothing company in 2011, previously operated homeware business Everyday Needs with two retail outlets and an online store.

Before that, he ran Thing Thing, another clothing business he started, which he sold in 2015.

Buckley says one of the factors in 2 Cheap Cars' growth has been vertical integration by establishing a vehicle-buying business in Japan.

"The next stage in the company's evolution will be to develop platforms to ensure we're operating at a level appropriate for our position in the industry," says Buckley. "This oversight needs to be in place at all levels in our supply chain."

Company director Eugene Williams, who founded 2 Cheap Cars in 2011 along with chief operating officer Yusuke Sena, is staying on in the business. Visit www.autofile.co.nz to find out more.

Greg Leet

GREG LEET has joined Volkswagen NZ as general manager of passenger vehicles after holding the same job title at Skoda. He has taken over from Tom Ruddenklau.

Leet's career started with Gary Keith Motors in Hamilton in 1994 before he moved to European Motor Distributors to work for Volkswagen. He was later national sales manager of Audi for four years before going back to VW.

Tom Ruddenklau

Ruddenklau has been appointed as chief executive officer of rental company Jucy. He became known for his work after the Volkswagen emissions broke in September 2015. He went around the country to meet those affected, including dealers and owners.

Leet's previous marketing manager, Sara Pastor Ruprichova, now holds that role at Volkswagen.

Rodney Gillard has been appointed new boss for Skoda after nine years as Volkswagen NZ sales manager.

JAMES DALGLISH, managing director of Go Rentals, has been appointed as president of the Rental Vehicle Association (RVA).

He has been with Go Rentals for 20 years and takes over the RVA's reins from Hertz NZ's country manager Mark Righton, who held the position for four years.

Dalglish, pictured, says: "With international visitors using rentals up from 2.4 million in 2009 to 3.8m in 2019, a lot of whom don't speak the language or haven't read New Zealand's road code, the importance of a collective industry presence to educate and care for these drivers on our roads is paramount."

GREG BRINCK has left the Giltrap Group after 17 years. He has stepped down as general manager of Aston Martin Auckland and Lamborghini Auckland.

Motorsport fans will recognise Brinck's name from various exploits, such as offshore powerboating and NZ V8 Touring Cars Championship in the early 2000s.

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

NZ labour market report

The government is aiming to tackle long-term skills shortages, and mismatches between training and employers' needs, by reforming vocational education.

The overhaul includes replacing industry training organisations (ITOs) with the NZ Institute of Skills and Technology (NZIST) by the start of 2023.

"A strong and unified system will provide opportunities to improve the skills of all New Zealanders, and support a growing economy," says Chris Hipkins, Minister of Education.

"Vocational education, trades training and on-the-job training have drifted for too long. Our changes will address skills shortages across most sectors."

Chris Hipkins

The reforms are being introduced because forecasts show one-third of Kiwis' jobs are likely to be significantly hit by automation. It's anticipated by 2022 that more than half of employees will have to retrain.

"We need people to learn new skills," adds Hipkins.

"Advances in automation and artificial intelligence mean it won't just be lower-skilled workers who are affected.

"New Zealand needs to lift productivity. For that to happen, we need more companies involved in training and taking on more apprentices.

"Currently, nearly nine out of 10 businesses aren't training through industry training. Yet, at the same time, 71 per cent of employers surveyed say there is – or will soon be – a skills shortage in their sector."

Trends driving the future of work will change skills needed in all professions, resulting in people changing jobs and careers more frequently, while employees will go beyond the traditional retirement age.

The government reports a net 43 per cent of businesses are having trouble finding skilled labour and this has been increasing since 2009.

The reforms include seven changes. First up, around four to seven industry-governed workforce development councils (WDCs) will be created to give industry greater leadership across vocational education.

Regional skills leadership groups will be established to provide advice about what their areas need to the Tertiary Education Commission, WDCs and local vocational education providers.

Te Taumata Aronui will be set up – a group to help ensure reforms reflect the government's commitment to Māori-Crown partnerships.

The NZIST aims to be a regionally accessible public network for vocational education by bringing together the existing 16 institutes of technology and polytechnics.

The support of workplace learning will shift from ITOs to providers. The NZIST and others will back on-the-job training, and deliver education in provider-based and off-the-job settings "to be well-connected with the needs of industry".

Centres of vocational excellence will bring together the NZIST, other providers, WDCs, industry experts and leading researchers "to grow vocational education provision, and share curriculum and programme design".

Finally, a unified funding system will apply to all provider-based and work-integrated education at certificate and diploma qualification for levels three to seven – excluding degree study – and all industry training.

Hipkins says a unified system will deliver the needs of all learners, including those traditionally underserved.

Other aims are for it to be relevant to employers' changing needs, be collaborative, innovative and sustainable for all regions, and enhance Māori-Crown partnerships.

As for the transition, the government aims to minimise disruption and avoid rushing implementation.

It really pays keep up to date

As the old saying goes, "you never stop learning". That is so true in the motor-vehicle industry with new models coming out all the time, upgrades to existing ranges, electric and hybrid cars becoming more common, and technology advancing with gadgets and safety enhancements.

Your customers will know all these details when they decide to purchase, so how do you keep abreast of the market?

There's another old saying, "you learn by your mistakes", which isn't always true. Learning from your mistakes is usually a costly exercise – it's sometimes an emotional cost, sometimes monetary.

Generally a mistake at work is a monetary cost. It may not be for you, but it almost certainly will be to the dealership. It could be the loss of a sale or a customer, or the loss of an opportunity to sell finance and insurance (F&I).

COLIN MARSHALL
Direct sales & marketing manager
Protecta Insurance

How do you learn? There have been a number of studies done on this subject. One of the best ways we at Protecta Insurance have found is to learn from proven and successful methods.

That's one of the reasons we hold regular training courses for business managers. These courses have mostly a teaching component to them, but some of the learning is around the table with open and frank discussions, and listening to and sharing ideas.

This enables dealerships to maximise their F&I profits. With selling via the internet, by phone or in person, the basic rules are the same – offer 100 per cent of your customers, 100 per cent of your products, 100 per cent of the time. If you do this, the results will amaze you.

All you need to know and execute is the proven process for success, and this is what these training courses arm attendees with.

Besides the teaching and learning components, our training courses give business managers time to chat and get to know each other.

Although franchise and non-franchise business managers attend, their goals, challenges and frustrations are the same, and this then gives them the platform to network and share solutions.

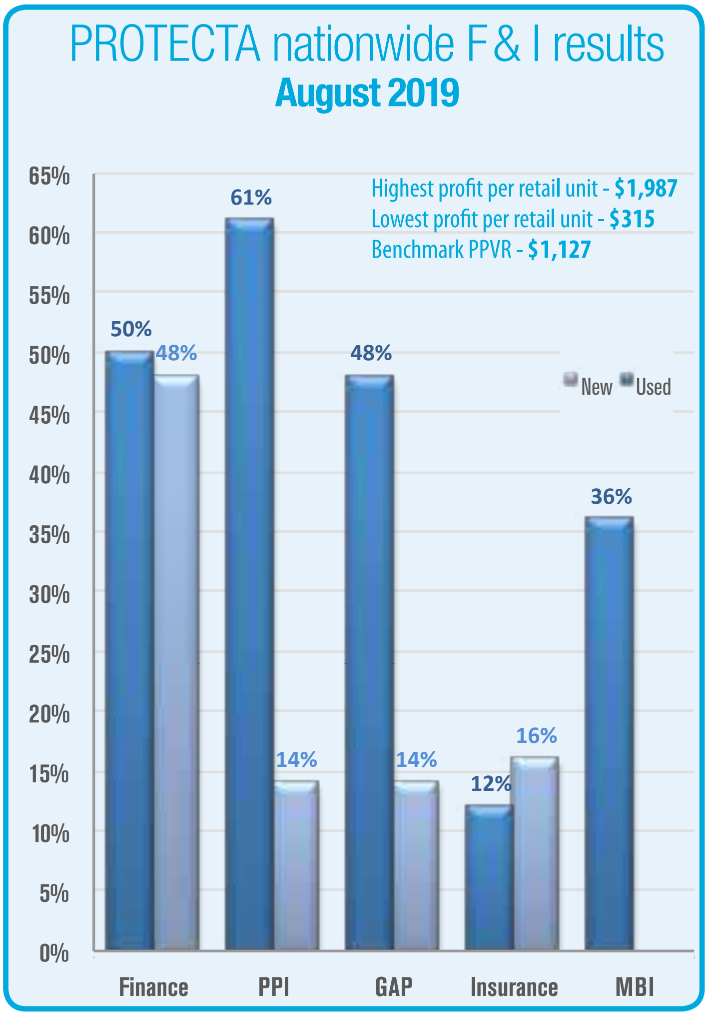
Our next two-day business managers' training course is being held on October 16 and 17.

It will be hosted in Auckland by Erin Mills, our national training manager, and – depending on demand – we do put on additional courses in locations around the country.

Our August training session was fully booked and we expect October's to be the same as demand is very high for all of them.

Please act quickly – contact us now and register to attend. We look forward to hearing from you and seeing you there.

Erin Mills, Protecta's national training manager



Embracing changes in technology

Dean Sheed has never regretted choosing an internship with Ford New Zealand and turning down a similar offer from IBM.

At the time, Sheed, now general manager of Audi NZ, had just graduated from the University of Canterbury with a double major in marketing and economics.

"The big multi-national companies used to conduct recruitment drives at universities," he recalls. "You would go for interviews and testing with them.

"I ended up getting offered final positions with Ford NZ and IBM – two massive American multi-nationals – and I said 'yes' to the Ford offer, which took me to Wellington and its graduate programme.

"I had never been to the capital before, so that was a new experience. I packed up my little car, found a flat there and started working at what was Ford Motor Company's head office and one of its two assembly plants in Seaview.

"I would walk through that plant every morning and watch cars being assembled. I worked for Ford for about 12 years in different positions in sales and marketing."

Sheed, who grew up in Timaru until his parents relocated to Nelson, says signing up with the blue oval appealed to him more than IBM because his family was involved in transport.

"My father, his brother and my grandfather started a transport company in the South Island called Sheed and Sons Transport. Our fleet delivered goods and livestock around the island, and it was the first company to have refrigerated trucks down south.

Dean Sheed, general manager of Audi NZ

"The company also owned a rock-crushing plant and shingle pit just outside Timaru. As a young boy, I was able to play on full-sized diggers and excavators in that pit.

"My background was in transport and trucks. The company was later sold, but that's why I leaned more towards Ford than IBM. Ford won out because I must have a bit of petrol or diesel in my blood, although these days it's more like electricity in my veins."

TIME TO MOVE ON UP

Sheed's time with Ford, which included gaining a post-graduate diploma in finance at Massey University while on the job, ended after 12 years in 1999 when he was recruited by European Motor Distributors (EMD).

"I was working at Ford and picked up the phone one day. The caller was a recruiter for Volkswagen. While at Ford, I led the adoption of its European products, such as Mondeos, Escorts and Transits.

"Richard Giltrap was looking for someone to run the Volkswagen business. At that stage, EMD was running Audi, Porsche and VW together, with Glynn Tulloch running Volkswagen and Audi.

"Richard was the newly appointed managing director of EMD. One of his first decisions was to split Audi and Volkswagen and run them as separate businesses.

"Glynn, who is now our group general manager, voted to retain Audi and I was recruited to run VW. That was when EMD split in to two operational areas – one for each marque.

Sheed presenting an award to Mike Sammons, of Foodstuffs, at EVworld in 2018

Getting in some ice and snow driving at July's launch of the e-tron

"Trevor Hudson was running Porsche. I ran Volkswagen for about 12 years and then the Audi opportunity came up, which doesn't happen every day.

"Richard and Glynn asked if I would take on Audi, and I replied, 'damn right I will'. It was a different business, a different operation. But I knew a lot about it because it's a sister brand to Volkswagen."

A highlight for Sheed during his time with Volkswagen was getting a growth strategy together.

"I was fortunate to increase the business tenfold in almost as many years. To do that, we needed a good strategy, a fantastic dealer network and the right brand positioning. It was great taking many good people along on the ride, as we say 'getting everyone on the bus'.

"We had a solid strategy. But you have to back that up with operational excellence and customers on that journey, and at each dealership contact point you have to deliver on that promise.

"We have 18-plus dealers in the Volkswagen group now. But when I started, we only had about eight, so the product and dealership portfolio grew significantly. It was a great journey to boost that brand from what it was to what it is now."

Another of Sheed's career highlights was being involved in the set-up to introduce Volkswagen's first SUV – the Touareg and the 4Motion all-wheel-drive system to these shores.

"Another part of my remit was commercial vehicles, so expanding the van offering and bringing the Amarok to market. We got that ute firmly established, so those firsts are good to look back on.

"Another project was developing the business case and launching the Skoda brand into New Zealand, a marque that's now flourishing."

FUTURE OF THE INDUSTRY

As well as heading up Audi's operations in New Zealand for the past seven-and-a-half years, Sheed is a board member of Drive Electric.

He's its only current-serving member working in the automotive


Sheed addressing dealers at the 2019 Audi Excellence Awards with an RS 5 Sportback next to him

industry and also sits on the board of the German-New Zealand Chamber of Commerce.

"Being on these two not-for-profits, I get a good insight into a number of German businesses and the electric-vehicle [EV] business from all areas – not just the vehicle importation side.

"There are paradigm shifts happening in our industry today and they will forever change the face of the automotive business."

Sheed says these include car-sharing. In the future, people will not own vehicles for life, instead they will share mobility.

Then there's vehicles being connected to everything, which is the direction being followed right now.

Carbon dioxide-free mobility – essentially EVs – is another change, while the fourth is increased automation with driverless cars as one of its pinnacles.

"These four paradigm shifts are coming into play at various stages. At the moment, there's a huge push into the electrical and connected space. Most of our cars have imbedded sim cards, which are needed for vehicles to 'talk' to their environment, such as cellphones, dealerships, car-park buildings and traffic signs.

"Audi's future view is focused on electric cars and we're at the starting point of replacing internal combustion engines with EVs. That isn't going to happen overnight. But during the next few decades, we'll see strong movement away from traditional powertrains, which is exciting.

"Over the next five years, we're going to see autonomous vehicle trials in straightforward locations over repetitive short areas, such as between airport buildings. We will get up to level-three autonomous capability in most cars on highways.

"Our range of Audis is already at level two and we have our A8 at level three globally, so that will become more prevalent as people get used to the technology."

Sheed notes EVs will become more commonplace for Kiwis and around the world, and then there will be a growing change to electric commercials, which will assist in driving down total greenhouse gas emissions.

"We will continue to see more car-share options, such as Mevo in Wellington – New Zealand's first EV-sharing programme with 50 A3 plug-in e-trons in its fleet. We are learning about electric mobility and car-sharing at the same time.

"These will be major drivers. Things change all the time, globally and locally, and that's why I'm still in the industry. I have a passion for it, and have been fortunate to visit motor-vehicle research and development [R&D] centres around the world.

"During my time with Ford, I went to Detroit on many occasions, as well as its research centres in Europe and the UK. With Volkswagen and Audi, I've been to many plants and R&D centres in Germany and across Europe.

"With both German brands, I have been to facilities with people working on technology that I didn't know existed.

"Then you experience it in production vehicles, which is incredible. An example is the global-first virtual mirrors on the latest e-tron, which has OLED screens inside the front doors.

"I first saw that two years ago. Now we have it on the latest car. I get to see a lot of these new advances early on the process, which is pretty damn cool."

First wheels in 'bleak' midwinter

It was the early 1990s when Dean Sheed bought his first car – a lime-green 1980s Mazda 808 coupe with a black-vinyl interior.

"I was an 18-year-old varsity student, so it was a pretty big deal," he recalls. "I couldn't afford to buy a Mazda RX2 with a rotary engine so I went for its lookalike, the 808.

"I worked at KFC during school holidays and part-time at university. I used that income built up over time to buy my first vehicle and was stoked to get it.

"It was the bleakest, most horrible winter day in Christchurch when I decided to get off my bicycle. I thought lime green was in the in-colour at the time."

Sheed's favourite vehicle over the years he has owned was a black Porsche 996 – 911.

"It had black leather inside, a sports exhaust and factory alloys. It was my pride and joy weekend car when I was at Volkswagen.

"I'm looking out for a replacement. You would think that working in the industry I would have enough of cars in my daily life, especially from the Audi range, but they're a passion. It's fun to have something nice in the garage for the family to use."

As for the Sheeds' garage line-up, his wife has an Audi A3 e-tron, he's got a Q8 SUV, his son drives a VW Golf and his daughter has a Seat Ateca.

"I'm fortunate that I can choose an Audi as my company car," he says. "However, our dealers can purchase any company cars head-office staff are driving at a moment's notice if a buyer wants a particular vehicle.

"That car will then go to the dealership within 24 hours' notice for the customer. That's why we try not to get too bonded to our company vehicles."

Dean Sheed with his first car – a 1980s Mazda 808 coupe

Paddon aiming for world-first

Kiwi legend Hayden Paddon has announced a development programme to create a fully competitive and electric rally car.

"This will be a showstopper in terms of performance and will do things differently to other electric-powered competition vehicles seen to date," he says.

Paddon's long-term commercial partner, Hyundai New Zealand, is providing the Kona shell for the build, which will take place in Cromwell.

His team aims to have the first prototype running by April 2020 with the NZ Rally Championship being targeted for the following year.

Other manufacturers have shown electric rally-cross or other short-duration motorsport cars, but none have yet managed to develop one that can viably contest full rallies.

Paddon Rallysport Group personnel with a scale model of the Hyundai EV rally car

This is because of the length of events, but Paddon believes this country is an ideal test bed due to their compact nature here.

"I'm committed to making sure our vehicle creates the kind of noise fans enjoy," adds Paddon.

"And from an entirely practical point of view, a rally car needs to create a loud and distinctive sound for the safety of officials, marshals, media and spectators out viewing the action."

He has set up Alternative Energy Motorsport Development, which is a division of Paddon Rallysport Group, to oversee the project.

Paddon's team is working with engineering students from the University of Canterbury on the car's aerodynamic package and with Motorsport NZ on safety guidelines.

Father and son claim historic one-two

Bryan and Owen Chang have dominated unlimited classes by finishing first and second overall at this year's New Zealand Offroad Racing National Short Course Championship.

The event, held in miserable weather on August 17 at Canterbury Offroad Racing Club's CanAm raceway at West Melton near Christchurch, attracted more than 30 entries with five-strong grids in the unlimited race car, and unlimited trucks and four-wheel drives.

Owen Chang is a former national champion and was making his short-course championship debut in the turbocharged Jimco V6 racer piloted in recent years by Daniel Powell.


Owen Chang charging to victory

He battled through five heats ahead of another local, Jacob Brownlees, in a V8 Aceco.

Owen's father, Bryan, is a multiple-class champion. He fought off the V8 Toyota Chev of northern driver Craig Carlyle in his four-cylinder Giti Chev ProLite.

The Christchurch duo then finished one-two in sprint laps to decide the title with Owen taking line honours. Leigh Bishop was third overall.

"We're constantly working on the truck's handling, grip and flight characteristics, and it performed superbly in the absolute worst conditions," says Bryan.

"Couple that with Owen's class win and the title itself, and it was a great family day out in the rain."

Maintaining winning momentum

Marcus Armstrong often rubs shoulders with celebrities in the pits


Celebrating his first FIA F3 win

> "We're up against 27 of the best young drivers in the world – it's a full-time job"

FORMULA 3 RACERS BY THE NUMBERS

DRIVER	RACES	WINS	PODIUMS
Marcus Armstrong	157	24	73
Lucas Auer*	253	23	81
Jehan Daruvala	166	10	38
Liam Lawson	134	34	71
Mick Schumacher**	171	29	51
Robert Shwartzman	157	15	57
Dan Ticktum***	122	12	30
Juri Vips	132	10	37

**now racing Super Formula in Japan; **now racing F2; ***was racing Super Formula, withdrawn. Source: www.driverdb.com*


Armstrong in pole position in car number 26 at the Hungaroring

Marcus Armstrong is living in Maranello, Italy, just 50 paces from the door of the Ferrari factory. He's totally immersed in motor racing.

Autofile last interviewed him in 2016 when he was on the cusp of stepping up to full-on, wings and slicks, single-seater racing.

With seven national karting titles to his name, and a European single-seater test programme with top teams and a couple of Formula Renault outings behind him, Armstrong was being accepted into the elite Ferrari Driver Academy (FDA), the first Kiwi driver to receive such an invitation.

He was also signing with top Formula 4, 3 and 2 operation Prema Powerteam, which operates as the on-track "face" of the academy. It's a model now copied by other manufacturers, but still used to greatest success by Prema and Ferrari.

Lining up with Prema to contest the Italian and German F4 championships, Armstrong had already caught the eye of leading motorsport media including Autosport and the website Formula Scout, which later named him its pick to succeed in the closely fought F3 championship.

Along the way he has finished top rookie at the daunting Macau Grand Prix, won the Italian F4 championship, finished second in the German F4 championship, taken F3 race wins and chased his team-mate Mick Schumacher all the way to the end of the 2018 championship.

In fact, if not for the overly affectionate on-track attention of a "loose cannon" from the UK, Armstrong could well have won last year's F3 title.

This year, the F3 competition is fiercer, and the cars are more powerful and harder to drive.

But a few weeks ago, Armstrong won his first race at the Hungaroring in the "new" F3, which is close to the GP3 cars raced by Mitch Evans, the 2012 GP3 champion, and Richie Stanaway. On the same weekend, Schumacher – also driving for Prema – won his first F2 race.

Back in New Zealand for a short break, Armstrong describes his F3 milestone as satisfying.

"I'm very, very happy with that one," he says. "It was a pure race win ahead of the whole grid of F3 racers, some of the best in the world."

Toughened over years of kart racing, the traditional foundation for any driver, Christchurch-born Armstrong has amassed more experience and race wins than many drivers twice his age. He's a young man in a hurry.

Like any rising race driver, Armstrong is keenly aware of the history and heritage of Ferrari, the red cars that have been at the cutting edge of F1 since the category was born. He feels it's a supreme honour to be part of the motor-racing brand.

He says what the public doesn't see are the long hours put in by Prema-FDA drivers to perform at their best.

"We're up against 27 of the best young drivers in the world. It's a full-time job. To be the best, we have lessons in every aspect of racing, and work on our fitness and reactions and stamina."

On race weekends, Armstrong says he and his team-mates occasionally get access to the F1 paddock, and are part of the glitz and glamour that clusters around the sport's pinnacle.

Walking around, he says, "you bump shoulders with some amazing celebs and VIPs". Two recent "faces" in the paddock were Netflix's Stranger Things star Millie Bobbie Brown and Brazilian football mega-star Neymar.

"You walk past and go 'hey, it's that girl from Netflix', but that's the level we're working at. It would be easy to get swept up in all that and I could see younger drivers just getting lost in the buzz. It's a different world, it really is."

The sense of other-worldliness is a big part of why Armstrong prefers to stay close to his car, engineer and mechanics.

"There's a great deal of work to be done and we analyse every last tiny part of what happens on-track. That's what all the top teams do, and it's what you then do with the data gathered that can make all the difference when the lights go green."

Armstrong's race win has tightened the margin between the leading pack and means there are four drivers with a realistic chance of winning the 2019 FIA Formula 3 championship.

Business fails to secure damages after discovering car was imported from UK

The case: A computer business claimed the dealer had engaged in misleading conduct under the Fair Trading Act (FTA) by stating a vehicle was imported from Japan when it had come in from the UK. The director of the purchaser also personally sought compensation from the seller.

The decision: Although the tribunal found the buyer was misled, the company wasn't entitled to a remedy under the FTA and the director wasn't personally entitled to compensation.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Zafar Arain, of Budget Computers NZ, purchased a 2016 BMW 730Ld for $107,000 – on behalf of the business – from 500 Autos Ltd on April 15, 2018.

Arain, in his role as director, initially applied to the tribunal seeking to reject the car under the Consumer Guarantees Act (CGA), and to obtain orders for a refund of the purchase price and the payment of compensation.

An application to reject the vehicle was upheld by the tribunal.

At the hearing, Budget Computers also alleged 500 Autos engaged in misleading conduct by stating the BMW was from Japan when it had been imported from the UK.

Although Arain didn't purchase the vehicle in his personal name, he also applied to the tribunal seeking a ruling for 500 Autos to pay him compensation for stress and costs.

The case

The tribunal first considered if Arain was personally entitled to any compensation under the CGA in respect of a vehicle purchased by his business.

The dealer was a supplier as defined for the purposes of the act, it retailed vehicles and sold the BMW to Budget Computers, with remedies against suppliers contained in part two of the legislation.

Under section 16 of the CGA, the remedies in part two are only available to a consumer, who is defined as "a person who acquires from a supplier goods or services of a kind ordinarily acquired for personal, domestic or household use or consumption".

This definition meant Arain could only obtain a remedy against 500 Autos if he had personally acquired the BMW.

Arain also alleged 500 Autos engaged in misleading conduct by stating the car was imported from Japan when it actually came from the UK.

Section nine of the FTA states "no person shall, in trade, engage in conduct that is misleading or deceptive or is likely to mislead or deceive".

The consumer information notice (CIN) provided to Budget Computers stated the BMW was imported from Japan, so the tribunal ruled the dealer's representation was false because the car came into New Zealand from the UK.

The adjudicator then considered if Arain was entitled to a remedy under section 43 of the FTA.

The remedies available for such breaches are discretionary. They apply when the tribunal finds a buyer has suffered loss or damage through the conduct of another person contravening a relevant provision of a contract.

When that's the case, the tribunal has authority under the FTA to make the contact void and or order the supplier to pay the buyer an amount for loss or damage.

The tribunal was satisfied that a person, such as Arain, could obtain damages under section 43 if that individual wasn't a party to the transaction.

However, it wasn't satisfied he proved he had suffered any loss as a result of the car being imported from the UK rather than Japan.

Arain submitted Budget Computers wouldn't have purchased the BMW if it had known it was imported from the UK.

In this regard, the tribunal understood Arain was suggesting that vehicles imported from that country were more prone to problems than those from Japan.

He suggested that the loss he had suffered had occurred because of the decision to purchase the vehicle.

The tribunal said it had some reservations about accepting this submission.

It added Arain failed to provide sufficient evidence to show why the country of origin of the vehicle was significant to the company's purchasing decision, or that UK cars were more prone to problems than those imported from Japan.

The finding

The tribunal ruled the BMW was bought from the dealer by Budget Computers, so Arain wasn't entitled to any remedy under the CGA in respect of the vehicle.

It said that even though he was the company's director and might have personally incurred costs and suffered stress and anxiety because of the ongoing issues with the BMW, these factors didn't change that conclusion.

However, the tribunal was satisfied that 500 Autos engaged in misleading conduct in breach of section nine of the FTA because the dealer's representation of the car on the CIN was false.

But because the granting of a remedy under the FTA was discretionary, the tribunal found that the country of origin had no real bearing on Budget Computers' decision to purchase the BMW.

The adjudicator said the tribunal might have assumed some significance due to issues with the car after purchase, but it wasn't satisfied Arain had proven that Budget Computers wouldn't have purchased the vehicle if it had known it was imported from the UK, or that he suffered loss because of the misleading representation as to the car's country of origin.

Orders

Budget Computers' application for a remedy under the FTA was dismissed along with Arain's personal claim for compensation under the CGA.

Purchaser's vehicle repossessed after previous owner defaulted on repayments

The case: The applicant claimed the consumer information notice (CIN) for his vehicle stated it wasn't on the Personal Property Securities Register (PPSR) when he bought it. This was false because it was repossessed after a previous owner defaulted on loan repayments.

The decision: The tribunal ruled the purchase price of the car had to be refunded because section nine of the Fair Trading Act (FTA) was breached when the transaction was finalised.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Mohit Jain purchased a 2006 Mazda MPV for $4,998 from an entity trading as 282 Cars on May 2, 2018.

The CIN stated it had no security interest registered against it when sold, but it was repossessed by the Money Shop after a previous owner defaulted on a loan.

Jain said the vehicle was supplied by Angad Bhatia and or No Reserve Cars.

The matter was initially heard in February 2019, but No Reserve Cars and Bhatia failed to attend.

Bhatia then contacted the tribunal claiming he hadn't received the notice, and alleged No Reserve Cars and or Brent Smith – otherwise known as Antony Solen Basturkmen – sold the vehicle to Jain.

The adjudicator then set the matter down for March 21 to join Smith to the proceedings and consider Bhatia's allegations.

The case

Documents at the time of purchase should have shown the seller's identity, but neither the vehicle offer and sale agreement (VOSA) or CIN disclosed this.

They simply stated it was sold by 282 Cars, of 282 Church Street, Onehunga, Auckland, but there was no person or company called 282 Cars.

The documents pointed to Bhatia being the seller because he was a registered trader operating from the same address, which was also his registered address for service. The VOSA stated the seller's trader registration number was M362885, which was Bhatia's.

Jain said Bhatia held himself out as the seller, but Bhatia alleged the vehicle was sold by his employer No Reserve Cars, which operated under the trading name of Motor Me and was controlled by Antony Basturkmen, also known as Brent Smith – a banned trader who also used Motor Me.

The adjudicator said the tribunal had heard many cases relating to vehicles sold from the Onehunga site used by Smith, who operated under Motor Me between 2016 and 2018.

Last year, Smith was banned from trading for repeatedly failing to comply with tribunal orders. Smith – using his Basturkmen birth name – was also a director of No Reserve Cars, a registered trader.

Bhatia said he was employed by No Reserve Cars between October 2016 and October 2018 to sell vehicles through Motor Me.

Although vehicles were sold using that company name, he added the entity ultimately responsible for operating the business was No Reserve Cars.

Bhatia provided a contract stating his employer was No Reserve Cars, trading as Motor Me, and he was to sell vehicles on behalf of Motor Me. Bhatia added all proceeds went to No Reserve Cars.

Although the tribunal had heard cases relating to vehicles sold after Smith was banned and concluded they were sold by Bhatia or Matthew Meikle, another registered trader, the adjudicator was satisfied Bhatia's evidence showed that – at least in this case – No Reserve Cars was also involved in selling the MPV to Jain.

Bhatia said after Smith was banned from trading that No Reserve Cars continued to sell vehicles, but needed a new entity to sell them.

He added he initially agreed to allow No Reserve Cars to supply them using his trader number.

Bhatia said he had become registered because he intended to sell some vehicles to make extra money. After a few months, he had reservations about this arrangement with No Reserve Cars and resigned.

The adjudicator noted Bhatia's initial registered trading name was 282 Cars, but after July 2018 he changed this to Autoland Cars.

Information from Jain showed the owner immediately before the vehicle was sold to him was No Reserve Cars, but its involvement didn't mean Bhatia wasn't also acting as a trader when the Mazda was on-sold.

The adjudicator was satisfied Bhatia and No Reserve Cars were acting jointly as traders when the MPV was sold, and they conspired to sell vehicles from Onehunga using Bhatia's trader number and 282 Cars.

No Reserve Cars owned the vehicles and received proceeds of sales, and Bhatia was the person who held himself out to the public as being the seller.

Although Bhatia might have withdrawn from this arrangement later in 2018, when the Mazda was sold to Jain in May last year that arrangement was still in place.

The finding

The tribunal ruled No Reserve Cars and Bhatia engaged in misleading conduct in breach of section nine of the FTA.

Jain provided a vehicle information report dated December 13, 2018, which stated the Money Shop registered a security interest over the vehicle in August 2017 with it expiring in August 2022.

That hadn't been discharged when he bought car and the tribunal was satisfied Jain suffered loss due to being misled.

Given the trader's and Bhatia's conduct, the adjudicator referred his decision to the Commerce Commission, which investigates FTA breaches.

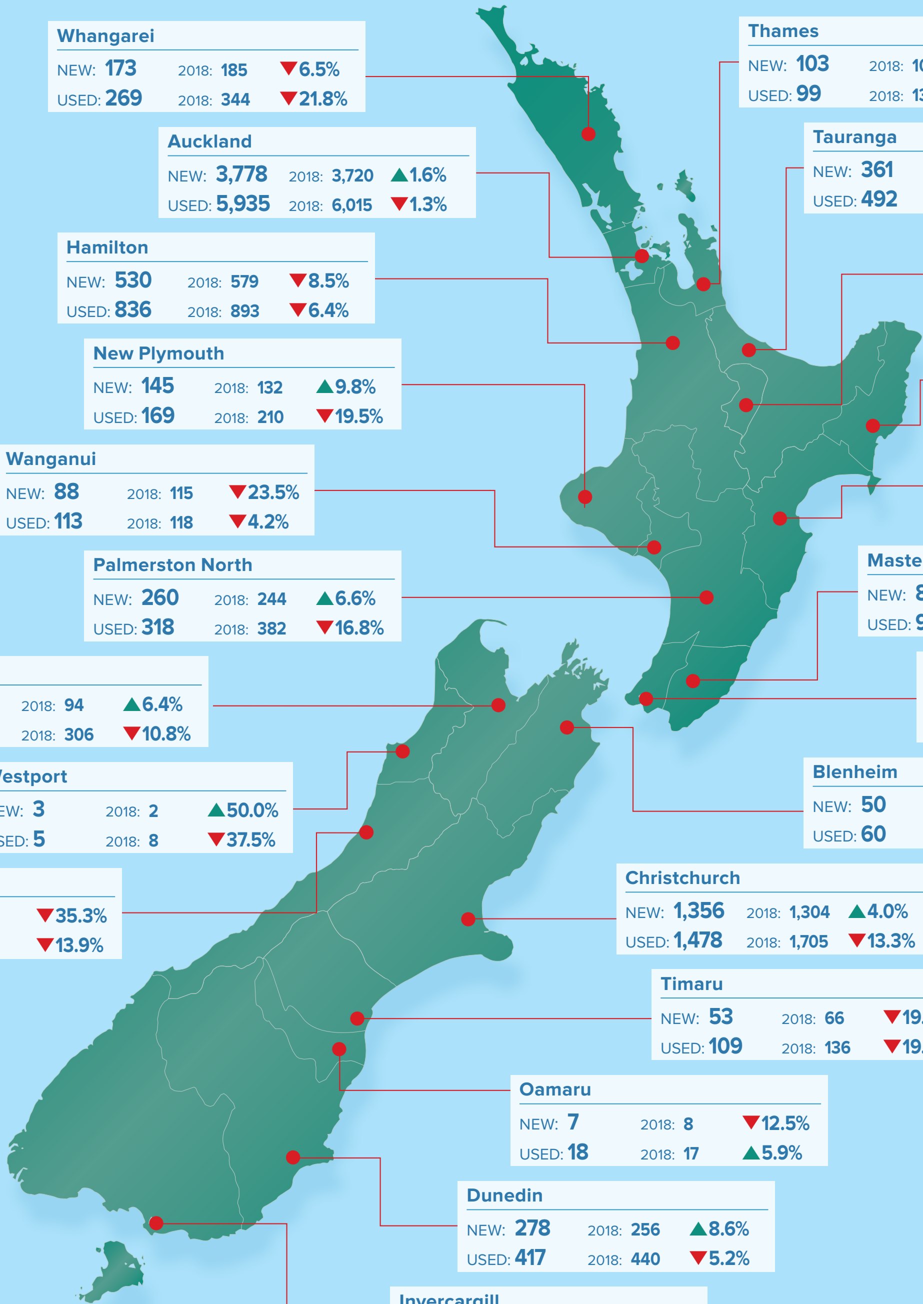
Orders

Bhatia and No Reserve Cars had joint and several liability to pay $5,048 to Jain. No Reserve Cars was also ordered to pay tribunal costs of $650 and Jain's $50 application fee.

AROUND THE COUNTRY
August 2019

Total new cars	
8,506	
2018: 8,639	▼ 1.5%

Total imported used cars	
12,353	
2018: 13,368	▼ 7.6%



	NEW	2018		USED	2018	
Whangarei	173	185	▼6.5%	269	344	▼21.8%
Thames	103	101	▲2.0%	99	132	▼25.0%
Auckland	3,778	3,720	▲1.6%	5,935	6,015	▼1.3%
Tauranga	361	381	▼5.2%	492	529	▼7.0%
Hamilton	530	579	▼8.5%	836	893	▼6.4%
Rotorua	126	124	▲1.6%	169	206	▼18.0%
New Plymouth	145	132	▲9.8%	169	210	▼19.5%
Gisborne	34	30	▲13.3%	65	73	▼11.0%
Wanganui	88	115	▼23.5%	113	118	▼4.2%
Napier	192	246	▼22.0%	272	341	▼20.2%
Palmerston North	260	244	▲6.6%	318	382	▼16.8%
Masterton	85	83	▲2.4%	92	120	▼23.3%
Nelson	100	94	▲6.4%	273	306	▼10.8%
Wellington	670	739	▼9.3%	910	1,057	▼13.9%
Westport	3	2	▲50.0%	5	8	▼37.5%
Blenheim	50	65	▼23.1%	60	73	▼17.8%
Greymouth	11	17	▼35.3%	31	36	▼13.9%
Christchurch	1,356	1,304	▲4.0%	1,478	1,705	▼13.3%
Timaru	53	66	▼19.7%	109	136	▼19.9%
Oamaru	7	8	▼12.5%	18	17	▲5.9%
Dunedin	278	256	▲8.6%	417	440	▼5.2%
Invercargill	103	148	▼30.4%	223	2017: 227	▼ 1.8%

HEIWA AUTO
www.heiwa-auto.co.nz

Imported Passenger Vehicle Sales by Make - August 2019

MAKE	AUG'19	AUG'18	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	2,722	2,909	-6.4	22.0%	20,365	21.7%
Nissan	2,386	2,668	-10.6	19.3%	18,419	19.6%
Mazda	2,007	2,205	-9.0	16.2%	15,351	16.3%
Honda	1,388	1,379	0.7	11.2%	10,483	11.2%
Subaru	753	725	3.9	6.1%	5,468	5.8%
Suzuki	600	755	-20.5	4.9%	4,970	5.3%
Mitsubishi	567	517	9.7	4.6%	4,326	4.6%
BMW	454	506	-10.3	3.7%	3,384	3.6%
Volkswagen	399	436	-8.5	3.2%	3,040	3.2%
Audi	239	277	-13.7	1.9%	1,742	1.9%
Mercedes-Benz	139	221	-37.1	1.1%	1,172	1.2%
Lexus	135	115	17.4	1.1%	1,042	1.1%
Ford	86	90	-4.4	0.7%	593	0.6%
Volvo	61	68	-10.3	0.5%	481	0.5%
Jaguar	53	46	15.2	0.4%	334	0.4%
Holden	47	51	-7.8	0.4%	283	0.3%
Chevrolet	40	58	-31.0	0.3%	311	0.3%
Land Rover	37	34	8.8	0.3%	283	0.3%
Hyundai	31	20	55.0	0.3%	205	0.2%
Jeep	29	41	-29.3	0.2%	202	0.2%
Chrysler	26	28	-7.1	0.2%	168	0.2%
Mini	22	38	-42.1	0.2%	219	0.2%
Dodge	20	39	-48.7	0.2%	207	0.2%
Porsche	12	25	-52.0	0.1%	138	0.1%
Kia	10	5	100.0	0.1%	85	0.1%
Peugeot	10	13	-23.1	0.1%	68	0.1%
Daihatsu	9	7	28.6	0.1%	50	0.1%
Aston Martin	6	1	500.0	0.0%	14	0.0%
Cadillac	6	5	20.0	0.0%	41	0.0%
Citroen	5	6	-16.7	0.0%	48	0.1%
Fiat	5	7	-28.6	0.0%	24	0.0%
Pontiac	5	3	66.7	0.0%	22	0.0%
Plymouth	4	6	-33.3	0.0%	20	0.0%
Renault	4	11	-63.6	0.0%	57	0.1%
Smart	4	3	33.3	0.0%	33	0.0%
Others	32	50	-36.0	0.3%	347	0.4%
Total	**12,353**	**13,368**	**-7.6**	**100.0%**	**93,995**	**100.0%**

Imported Passenger Vehicle Sales by Model - August 2019

MAKE	MODEL	AUG'19	AUG'18	+/- %	AUG MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Mazda	Axela	627	689	-9.0	5.1%	4,955	5.3%
Honda	Fit	609	537	13.4	4.9%	4,505	4.8%
Suzuki	Swift	507	641	-20.9	4.1%	4,237	4.5%
Nissan	Tiida	452	653	-30.8	3.7%	3,954	4.2%
Mazda	Demio	444	545	-18.5	3.6%	3,588	3.8%
Toyota	Prius	362	403	-10.2	2.9%	2,623	2.8%
Mitsubishi	Outlander	328	290	13.1	2.7%	2,516	2.7%
Toyota	Aqua	316	107	195.3	2.6%	1,952	2.1%
Subaru	Impreza	300	232	29.3	2.4%	1,921	2.0%
Toyota	Wish	269	287	-6.3	2.2%	2,166	2.3%
Subaru	Legacy	262	315	-16.8	2.1%	2,145	2.3%
Nissan	Leaf	259	303	-14.5	2.1%	2,256	2.4%
Mazda	Atenza	257	270	-4.8	2.1%	1,987	2.1%
Volkswagen	Golf	247	267	-7.5	2.0%	1,958	2.1%
Nissan	Dualis	246	213	15.5	2.0%	1,821	1.9%
Mazda	Premacy	245	241	1.7	2.0%	1,754	1.9%
Toyota	Vitz	235	255	-7.8	1.9%	1,977	2.1%
Nissan	Note	221	233	-5.2	1.8%	1,607	1.7%
Nissan	X-Trail	204	171	19.3	1.7%	1,409	1.5%
Toyota	Corolla	164	173	-5.2	1.3%	1,255	1.3%
Honda	Stream	156	178	-12.4	1.3%	1,220	1.3%
Toyota	Auris	154	188	-18.1	1.2%	1,342	1.4%
Nissan	Bluebird	138	149	-7.4	1.1%	925	1.0%
Mazda	CX-5	133	88	51.1	1.1%	826	0.9%
Nissan	Skyline	133	172	-22.7	1.1%	1,033	1.1%
Nissan	Serena	125	107	16.8	1.0%	885	0.9%
Toyota	Vanguard	122	80	52.5	1.0%	699	0.7%
Honda	CRV	120	106	13.2	1.0%	814	0.9%
Toyota	MarkX	118	136	-13.2	1.0%	853	0.9%
Toyota	Ractis	108	97	11.3	0.9%	847	0.9%
Nissan	Juke	105	74	41.9	0.8%	737	0.8%
Toyota	Blade	104	168	-38.1	0.8%	895	1.0%
Mazda	Verisa	99	132	-25.0	0.8%	852	0.9%
Nissan	March	98	106	-7.5	0.8%	741	0.8%
Honda	Odyssey	87	92	-5.4	0.7%	724	0.8%
Others		3,999	4,670	-14.4	32.4%	30,016	31.9%
Total		**12,353**	**13,368**	**-7.6**	**100.0%**	**93,995**	**100.0%**

Medium-term demand 'robust'

Margins on used cars originally imported new have been climbing from their low levels seen late last year, according to Turners Automotive Group.

The resurgence of more positive trading conditions has been reported to the market by company chairman Grant Baker and Todd Hunter, chief executive officer, in their annual report.

They say while the used-car market remained at historically strong levels during 2018/19 with 1.13 million transactions, "it definitely plateaued".

"However, underlying medium-term demand is still robust with more than 950,000 cars at 20-plus years old.

"There continues to be pressure on import margins. A current oversupply of imported cars is temporarily pushing down pricing and increased compliance costs are having an adverse impact.

"Margins have recovered from the low point in October and November last year, and local stock is delivering much stronger margins.

"About 49 per cent of our retail sales are cars owned by Turners, which generate better margins and an increased opportunity to cross-sell finance and insurance [F&I].

"Of the vehicles sold on consignment, a higher number are ex-lease, which provide less margin but good, late-model NZ-new cars for sale.

"While import vehicle margins are well-down, Turners has implemented initiatives to improve local stock buying, which delivers higher margins."

Looking at the overall market, Baker and Turner note New Zealand's fleet continues to age.

"There are more than 3.8 million light vehicles in the used fleet and around 20 per cent of these – or 950,000 vehicles – are at or near scrapping age," they say.

"The scrapping age has been dropping and is 19.5 years for an import and 17.5 years for NZ-new. We're seeing more cars exiting the fleet due to repair costs increasing and a stricter warrant of fitness regime."

Research carried out by Turners shows more than 80 per cent of buyers will purchase a vehicle for less than $20,000, while all imports will be required to have electronic stability control from next year, "which will mostly impact on the sub-$8,000 budget segment".

In the 2018/19 financial year, Turners Automotive Group notched up $29 million in net profit before tax.

This included a 10 per cent jump in operating profit to $18.3m in automotive retail alongside revenue of $225.7m, which represented a one per cent increase.

This division was the largest contributor to the group in the past financial year. It generated 67 per cent of operating revenue and 63 per cent of operating profit, which included $3.4m in one-off property gains associated with the NZTA settlement for its old Albany site on Auckland's North Shore.

When it comes to operational performance, a lynchpin of the business is "providing an end-to-end customer journey, which provides higher margin transactions".

"Our goal is to be the retailer of choice. Our multi-channel platform ensures we are where our customers are – online, on Trade Me, retail yards and auction rooms. At the same time, our F&I offering allows us to meet needs at time of purchase."

Turners' new North Shore branch has now opened and the company has plans for seven more sites around the country, for which two contracts are already in place. The division now has about 630 staff, and a national network of 32 sites and yards.

Buy Right Cars' rebranding has been completed with a single brand providing "the opportunity to further leverage high levels of awareness and trust Kiwis place in the Turners brand".

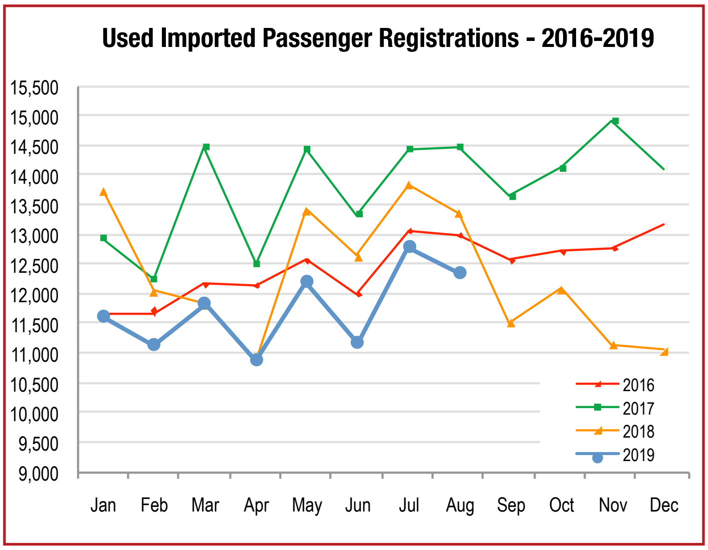
Turners reports a 13 per cent increase in operating profit has offset the downturn for Buy Right Cars, which was "adversely impacted by the soft Auckland market where all but one of its sites" were located.

Hunter and Baker add: "Our property strategy remains an important driver for this business. A proportion of reserves from our insurance business has been allocated to support property expansion and assist in better utilisation of capital in the business.

"During the year, we relocated the Whangarei site, and opened two new sites in Wellington and New Plymouth – both of which are performing above expectations."

As for last month's statistics, 12,353 used-imported passenger vehicles were registered in New Zealand for the first time for a decrease of 7.6 per cent – or 1,015 units – when compared to August 2018's total of 13,368.

August's result brought the year-to-date total to 93,995, a decrease of 7,792 units – or 7.7 per cent – compared to the same period in 2018. All parts of New Zealand recorded losses last month when stacked up against August 2018. Visit www.autofile.co.nz for more coverage on industry statistics.



Battle of ports on the cards

Port of Tauranga is aiming to lure vehicle importers away from Ports of Auckland Ltd (POAL).

Mark Cairns, chief executive officer, says his port has plenty of capacity and "can take cars from Auckland". He adds the company is expecting to meet more importers looking for solutions other than using the City of Sails.

Tauranga has 30 hectares of undeveloped land in Totara Street, Mount Maunganui, which could be an ideal area for vehicles to be brought in for the Waikato and lower North Island.

In addition, the port has signed a 30-year deal with Tainui Group Holdings to use its new Ruakura inland port in Hamilton, which could be utilised for vehicle processing and distribution after transportation by train from the Bay of Plenty.

Standard & Poor's notes Tauranga has successfully executed a strategy focused on expanding its hinterland over the years, improving connectivity and enhancing infrastructure to handle larger ships.

The agency has upgraded the company's long-term issuer credit rating to A- from BBB+ while reaffirming its short-term rating of A-2, saying this reflects it having consolidated its competitive position on the back of strategic investments and constrained competitors.

"We believe the threat posed by POAL is weak over the next two to three years at least, bolstering Tauranga's position," says Standard & Poor's.

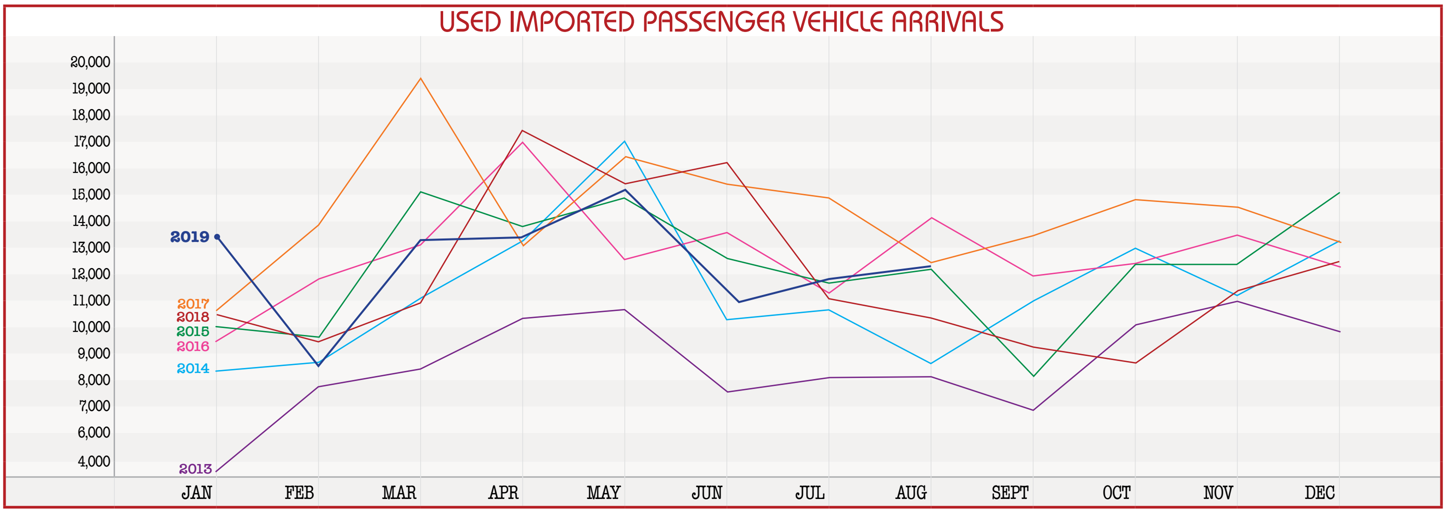
It adds while the idea of relocating POAL elsewhere has been floated, the risk of this transpiring appears limited.

"The feasibility of a move to Northport is at the study stage. Tauranga's 50 per cent ownership stake in Northport would add complexity to any potential relocation of POAL to Northport over the next few years."

In his annual report, Cairns says: "We see a growing role for Northport in helping to alleviate the pressure on Auckland."

About 80 per cent of vehicle imports go through Auckland and Mayor Phil Goff wants faster ways of clearing imported cars off wharves investigated. He and Tony Gibson, POAL's chief executive, are looking into a proposal to use electric barges to move vehicles down the Tamaki Estuary for processing and storage in the city's east.

Last month, 12,307 used cars were imported into the country – up from 10,282 a year earlier for a rise of 19.7 per cent. ⊕



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2019										2018		2017	
	JAN '19	FEB '19	MAR '19	APR '19	MAY'19	JUN'19	JUL'19	AUG'19	AUG MARKET SHARE %	2019 TOTAL	2018 TOTAL	SHARE	2017 TOTAL	MRKT SHARE
Australia	277	399	644	487	397	674	531	421	3.4%	**3,830**	4,183	2.9%	5,540	3.2%
Great Britain	101	61	72	52	76	39	54	74	0.6%	**529**	1,026	0.7%	2,173	1.3%
Japan	12,823	7,839	12,259	12,554	14,404	10,028	11,091	11,604	94.3%	**92,602**	134,510	94.2%	160,822	93.8%
Singapore	141	174	144	158	131	117	115	151	1.2%	**1,131**	1,531	1.1%	1,202	0.7%
USA	58	44	71	39	59	59	62	41	0.3%	**433**	1,108	0.8%	1,419	0.8%
Other countries	33	20	46	26	26	37	25	16	0.1%	**229**	415	0.3%	387	0.2%
Total	**13,433**	**8,537**	**13,236**	**13,316**	**15,093**	**10,954**	**11,878**	**12,307**	**100.0%**	**98,754**	**142,773**	**100.0%**	**171,543**	**100.0%**

Buyer retention times increasing

The general manager of a marque in the premium-vehicle market says customers are holding onto their cars for longer and this is creating downstream effects on second-hand sales.

Dean Sheed, of Audi NZ, told Autofile his company is always on the look-out for quality, low-mileage and late-model cars, but they can sometimes be hard to get.

"Second-hand New Zealand-new sales are very strong for us," he says. "We monitor the used-to-new ratio with all of our dealerships in the country.

"When you have a growing brand that's in demand, you will have a strong used-car market because the new market is doing well.

"We have a used-to-new ratio of 0.8-to-one – almost one to one. That means for every new vehicle sold, a used one will come along. Our dealers are good at achieving at least that ratio."

One of the keys to the marque's success has been its used-car brand Audi Approved Plus, which was launched two years ago.

"Through this, there are factory warranties on all our used vehicles, which go through a 150-point check backed by the manufacturer," explains Sheed.

"For a lot of our customers who buy new vehicles, they retain their used cars within the family. We have a lot of clients who will pass their older vehicles down.

"That's why under the Audi Approved Plus programme we have those additional warranties, so people can extend them if they do want to keep their vehicles.

"Owners can purchase a two-year policy on their cars out to six years of age meaning it's covered out to an eight-year maximum, which provides piece of mind if they pass cars on.

"As much as we would like to get trade-ins, many of our customers do retain them."

As for last month, there were 19,219 second-hand passenger vehicles sold by traders across the country to members of the public. This was a decrease of 3.7 per cent when compared to 19,960 transactions in August 2018.

Auckland's share of dealer-to-public sales was 37.2 per cent of New Zealand's market. It bucked a national trend of widespread decreases by recording a 5.9 per cent increase to 7,151 in August from 6,750 in the same month of last year.

Nationally, there was an 11 per cent drop in trade-ins over the same timescale from 14,418 units to 12,825.

SECONDHAND CAR SALES - August 2019

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
	AUG'19	AUG'18	+/- %	MARKET SHARE	AUG'19	AUG'18	+/- %	AUG'19	AUG'18	+/- %
Whangarei	612	647	-5.4	3.18	1,995	2,106	-5.3	217	274	-20.8
Auckland	7,151	6,750	5.9	37.21	13,946	14,621	-4.6	5,053	5,883	-14.1
Hamilton	1,469	1,522	-3.5	7.64	3,552	3,576	-0.7	877	1,090	-19.5
Thames	291	320	-9.1	1.51	681	736	-7.5	200	199	0.5
Tauranga	850	985	-13.7	4.42	2,125	2,135	-0.5	548	638	-14.1
Rotorua	411	488	-15.8	2.14	1,058	1,094	-3.3	159	170	-6.5
Gisborne	154	202	-23.8	0.80	399	396	0.8	54	86	-37.2
Napier	725	713	1.7	3.77	1,556	1,606	-3.1	465	471	-1.3
New Plymouth	408	396	3.0	2.12	1,002	1,031	-2.8	223	209	6.7
Wanganui	246	285	-13.7	1.28	685	708	-3.2	129	179	-27.9
Palmerston North	788	884	-10.9	4.10	1,737	1,756	-1.1	793	822	-3.5
Masterton	247	242	2.1	1.29	531	528	0.6	102	109	-6.4
Wellington	1,752	1,752	0.0	9.12	3,218	3,228	-0.3	1,102	1,093	0.8
Nelson	291	370	-21.4	1.51	1,086	1,043	4.1	188	214	-12.1
Blenheim	172	197	-12.7	0.89	468	438	6.8	85	106	-19.8
Greymouth	77	87	-11.5	0.40	176	167	5.4	25	30	-16.7
Westport	7	4	75.0	0.04	33	28	17.9	1	0	0.0
Christchurch	2,172	2,559	-15.1	11.30	5,165	5,176	-0.2	1,825	1,977	-7.7
Timaru	207	247	-16.2	1.08	552	553	-0.2	123	118	4.2
Oamaru	37	29	27.6	0.19	131	137	-4.4	3	4	-25.0
Dunedin	664	804	-17.4	3.45	2,029	2,063	-1.6	384	456	-15.8
Invercargill	488	477	2.3	2.54	1,111	1,183	-6.1	269	290	-7.2
NZ Total	**19,219**	**19,960**	**-3.7**	**100.00**	**43,236**	**44,309**	**-2.4**	**12,825**	**14,418**	**-11.0**

autoPLAY Smart Digital Tools

New Passenger Vehicle Sales by Make - August 2019

MAKE	AUG'19	AUG'18	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	1,468	1,334	10.0	17.3%	10,137	15.5%
Mazda	701	841	-16.6	8.2%	6,127	9.4%
Mitsubishi	659	702	-6.1	7.7%	4,673	7.1%
Holden	633	529	19.7	7.4%	4,366	6.7%
Hyundai	626	609	2.8	7.4%	4,899	7.5%
Nissan	544	434	25.3	6.4%	3,317	5.1%
Suzuki	522	596	-12.4	6.1%	4,365	6.7%
Kia	511	562	-9.1	6.0%	4,566	7.0%
Honda	398	425	-6.4	4.7%	3,516	5.4%
Subaru	330	321	2.8	3.9%	2,539	3.9%
Volkswagen	322	342	-5.8	3.8%	2,471	3.8%
Ford	253	520	-51.3	3.0%	2,828	4.3%
Audi	176	141	24.8	2.1%	1,095	1.7%
BMW	163	122	33.6	1.9%	1,157	1.8%
Skoda	161	144	11.8	1.9%	990	1.5%
Mercedes-Benz	148	199	-25.6	1.7%	1,479	2.3%
Land Rover	111	118	-5.9	1.3%	913	1.4%
Peugeot	83	88	-5.7	1.0%	582	0.9%
Lexus	73	67	9.0	0.9%	585	0.9%
Haval	71	52	36.5	0.8%	474	0.7%
Jeep	69	109	-36.7	0.8%	588	0.9%
Tesla	62	15	313.3	0.7%	161	0.2%
Mini	61	53	15.1	0.7%	499	0.8%
MG	51	1	5,000.0	0.6%	238	0.4%
Volvo	47	62	-24.2	0.6%	439	0.7%
SsangYong	42	48	-12.5	0.5%	581	0.9%
Jaguar	41	38	7.9	0.5%	365	0.6%
Citroen	32	20	60.0	0.4%	181	0.3%
Porsche	30	27	11.1	0.4%	300	0.5%
Mahindra	21	0	2,100.0	0.2%	93	0.1%
Isuzu	17	22	-22.7	0.2%	148	0.2%
Infiniti	15	3	400.0	0.2%	47	0.1%
Alfa Romeo	12	16	-25.0	0.1%	100	0.2%
Renault	10	22	-54.5	0.1%	167	0.3%
Seat	9	6	50.0	0.1%	107	0.2%
Others	34	51	-33.3	0.4%	433	0.7%
Total	**8,506**	**8,639**	**-1.5**	**100.0%**	**65,526**	**100.0%**

New Passenger Vehicle Sales by Model - August 2019

MAKE	MODEL	AUG'19	AUG'18	+/- %	AUG MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	RAV4	468	172	172.1	5.5%	2,788	4.3%
Toyota	Corolla	388	597	-35.0	4.6%	2,961	4.5%
Mitsubishi	ASX	289	275	5.1	3.4%	1,764	2.7%
Nissan	Qashqai	269	184	46.2	3.2%	1,531	2.3%
Kia	Sportage	250	273	-8.4	2.9%	2,340	3.6%
Mazda	CX-5	243	324	-25.0	2.9%	2,260	3.4%
Suzuki	Swift	220	264	-16.7	2.6%	2,016	3.1%
Mitsubishi	Outlander	215	198	8.6	2.5%	1,814	2.8%
Hyundai	Kona	212	108	96.3	2.5%	1,254	1.9%
Nissan	X-Trail	211	176	19.9	2.5%	1,311	2.0%
Hyundai	Tucson	198	214	-7.5	2.3%	1,695	2.6%
Toyota	Camry	185	66	180.3	2.2%	608	0.9%
Honda	CR-V	179	122	46.7	2.1%	1,046	1.6%
Toyota	Yaris	176	183	-3.8	2.1%	864	1.3%
Mazda	Mazda3	146	162	-9.9	1.7%	1,145	1.7%
Honda	HR-V	136	104	30.8	1.6%	1,038	1.6%
Volkswagen	Tiguan	135	145	-6.9	1.6%	895	1.4%
Holden	Trax	130	72	80.6	1.5%	704	1.1%
Hyundai	Santa Fe	120	125	-4.0	1.4%	1,043	1.6%
Holden	Equinox	115	62	85.5	1.4%	745	1.1%
Suzuki	Vitara	115	125	-8.0	1.4%	862	1.3%
Subaru	Forester	113	22	413.6	1.3%	707	1.1%
Holden	Commodore	107	126	-15.1	1.3%	1,099	1.7%
Mazda	CX-3	106	93	14.0	1.2%	732	1.1%
Subaru	Outback	106	132	-19.7	1.2%	704	1.1%
Holden	Acadia	92	7	1,214.3	1.1%	497	0.8%
Kia	Rio	90	103	-12.6	1.1%	694	1.1%
Volkswagen	Polo	87	83	4.8	1.0%	558	0.9%
Mitsubishi	Eclipse Cross	84	142	-40.8	1.0%	636	1.0%
Mazda	CX-9	83	66	25.8	1.0%	652	1.0%
Subaru	XV	82	126	-34.9	1.0%	875	1.3%
Holden	Astra	79	93	-15.1	0.9%	492	0.8%
Mazda	Mazda2	77	110	-30.0	0.9%	710	1.1%
Volkswagen	Golf	72	53	35.8	0.8%	661	1.0%
Holden	Spark	72	29	148.3	0.8%	382	0.6%
Others		2,856	3,503	-18.5	33.6%	25,443	38.8%
Total		**8,506**	**8,639**	**-1.5**	**100.0%**	**65,526**	**100.0%**

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

LEADS

- Web - Classified 4.7%
- Web - Dealer 3.4%
- Brand 9.9%

TEST DRIVES

- Web - Classified 5.1%
- Web - Dealer 11.5%
- Direct 4.3%

'Huge shift' in electric mindset

Twelve months can be a long time in the industry with a survey showing a complete turnaround about what low-emissions vehicles are being considered as future purchases.

When Trade Me carried out research last year, consumers said they were more likely to buy a hybrid for their next vehicle than an electric vehicle (EV).

But this year, EVs are more popular than hybrids with the survey showing 74 per cent will consider going fully electric for their next purchase.

When asked in 2018 "what type of vehicle are you most likely to buy next", 56 per cent replied petrol, 17 per cent said hybrid, 14 per cent diesel and 11 per cent opted for electric.

This time, the results were 37 per cent petrol, 27 per cent electric, 24 per cent hybrid and 10 per cent diesel – a useful indicator, perhaps, for car dealers on where consumer trends are heading.

"We were stunned to find out nearly three-in-four New Zealanders would consider an EV for their next vehicle," says Alan Clark, head of Trade Me Motors. "Just last year, only half of respondents said they would look at an EV. That's a huge shift in mindset in 12 months.

"With climate change top of mind for many, new models on the market and rising fuel costs, we think more Kiwis will make the switch in the near future."

The initial outlay, however, remains the biggest deterrent with 69 per cent of people claiming the cost of buying an EV is the main reason why they haven't switched, with range coming in on 54 per cent and battery life on 46 per cent.

"These factors will be overcome by technology advancement and it will be interesting to see how the government's proposed subsidy on EVs [via a feebate scheme] will impact on buying habits."

Clark says despite the progress EVs have made, Kiwis are still more likely to buy a petrol vehicle.

"On the whole, EVs are slightly more expensive and some people can't justify that at this stage, but our survey suggests there's an appetite for EVs and we'll probably see more of them on the road if prices dip."

Supply is another factor with only about one per cent of vehicles listed on Trade Me Motors being electric.

That said, the company notes there has been a 34 per cent jump in people adding EVs to their watch-lists with those listed for sale rising by 17 per cent.

Clark believes this has been driven by an increase in the number of dealers importing and supporting used EVs to offer a wider range of stock.

As for buyers' behaviours, the message is "the longer your commute, the more likely you are to want an EV".

Clark says: "Respondents who have a daily commute of 60 minutes or longer are more likely to think about joining the EV revolution with 80 per cent saying they would consider it.

"On the other hand, of those who have a daily commute of 20 minutes or less, 71 per cent would think about an EV for their next vehicle."

Looking to the future, Clark believes electric cars will only get better as advancements are made in their ranges, charging speeds and abilities.

"Our charging infrastructure is relatively weak too – as more charge points pop up around the country, they'll become more of an option.

"As EVs become more common on our roads and we see a rise in the number of used models at lower price-points, we expect more Kiwis will get behind the wheel of one."

More than 1,300 New Zealanders took part in the survey, which also threw up some interesting titbits.

Millennials are slightly more likely to consider an EV with 78 per cent of 18 to 35-year-olds saying they will be keen to look at an EV for their next car, while this was the case with 71 per cent of over-45s.

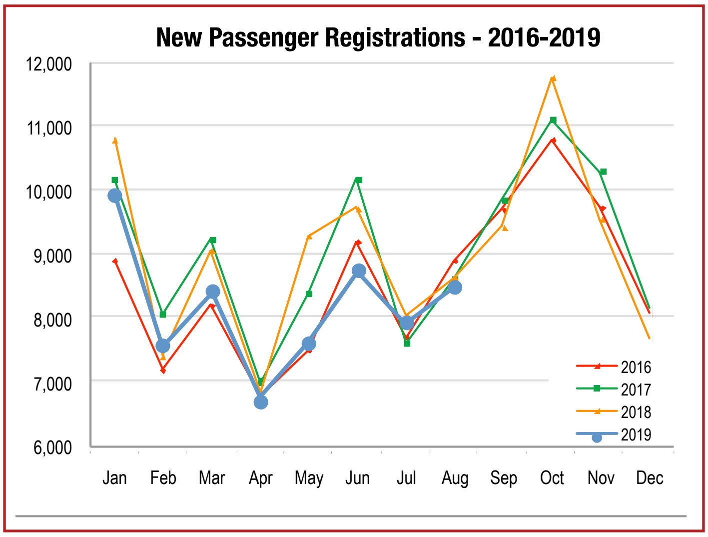
Clark adds fuel efficiency is the most important factor for future vehicle purchases, followed by size and practicality.

As for last month's statistics, 8,506 new cars were sold in New Zealand, which was a 1.5 per cent drop from 8,639 in August 2018 to bring the year-to-date total to 65,526 units.

Toyotas came first and second on the models chart, with the RAV4 selling 468 units and the Corolla 388.

Total sales across the new-vehicle market have fallen by 5.1 per cent – or by 5,418 units – so far this year compared to the first eight months of 2018, reports the Motor Industry Association.

David Crawford, chief executive officer, says: "For the fourth month in a row, fewer new vehicles were sold compared to the same month last year confirming the overall market will be down on 2018. We're expecting an out-turn for 2019 at about six per cent below 2018."



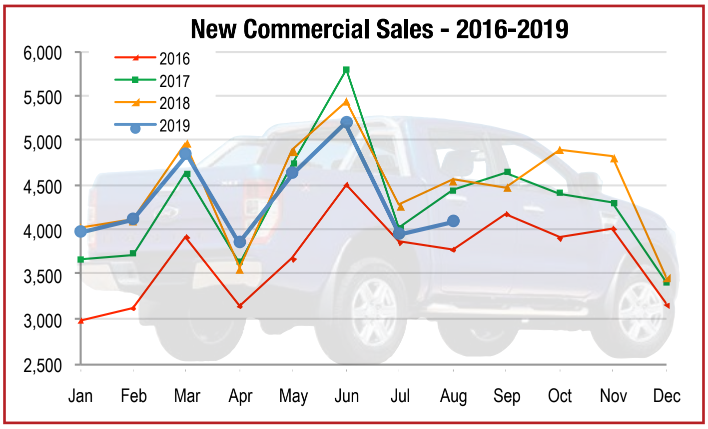
Utilities occupy top three positions

This year's new-vehicle market is being dominated by utes. The best-selling models so far in 2019 are Ford's Ranger with 6,471 registrations, Toyota's Hilux on 4,738 and Mitsubishi's Triton with 3,851.

It was the same pecking order last month with the Ranger leading the way on 733 units for a market share of 17.9 per cent, while 690 Hiluxes and 348 Tritons were registered.

The overall market dropped back with 4,101 commercials sold last month. That was a 10.1 per cent decrease compared to 4,561 registrations in August 2018.

Lindsay West, dealer principal of Dargaville Ford, describes business as being "difficult" so far this year.



"We're still selling the best vehicles in the country and I believe we are outselling everyone else, so it must be a difficult year for everyone else as well," he told Autofile. "We're still punching above our weight and have done for years."

West says the dealership has sold a good number of Ranger Raptors with the people who have purchased them "loving them – it's ticking all the boxes for buyers."

He adds: "I've had my dealership for 29 years and I worked here for 10 years before that. When I took over, there were eight full franchises in Dargaville.

"Today, we're the only full franchise in the Kaipara district. I'm not proud of that because I think if there were more dealers, then more buyers would come here.

"The internet has taken over and everyone compares prices on the web. Technology is changing so fast.

"We're selling vehicles across New Zealand, including three to separate buyers on the South Island's west coast, and transport costs aren't that expensive."

New Commercial Sales by Make - August 2019

MAKE	AUG'19	AUG'18	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	904	958	-5.6	22.0%	6,279	18.1%
Ford	831	908	-8.5	20.3%	7,301	21.0%
Mitsubishi	348	346	0.6	8.5%	3,853	11.1%
Holden	337	407	-17.2	8.2%	3,425	9.9%
Isuzu	242	268	-9.7	5.9%	2,123	6.1%
Nissan	242	283	-14.5	5.9%	2,500	7.2%
Mazda	200	212	-5.7	4.9%	1,635	4.7%
Mercedes-Benz	148	166	-10.8	3.6%	770	2.2%
Volkswagen	131	157	-16.6	3.2%	982	2.8%
LDV	102	155	-34.2	2.5%	910	2.6%
Fuso	80	73	9.6	2.0%	581	1.7%
Fiat	68	102	-33.3	1.7%	429	1.2%
Hino	63	72	-12.5	1.5%	490	1.4%
Hyundai	61	58	5.2	1.5%	697	2.0%
Renault	41	10	310.0	1.0%	186	0.5%
SsangYong	37	21	76.2	0.9%	351	1.0%
Iveco	33	21	57.1	0.8%	209	0.6%
Kenworth	33	34	-2.9	0.8%	205	0.6%
Great Wall	24	19	26.3	0.6%	266	0.8%
Volvo	23	30	-23.3	0.6%	226	0.7%
Others	153	261	-41.4	3.7%	1,316	3.8%
Total	**4,101**	**4,561**	**-10.1**	**100.0%**	**34,734**	**100.0%**

New Commercial Sales by Model - August 2019

MAKE	MODEL	AUG	AUG	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	Ranger	733	785	-6.6	17.9%	6,471	18.6%
Toyota	Hilux	690	693	-0.4	16.8%	4,738	13.6%
Mitsubishi	Triton	348	346	0.6	8.5%	3,851	11.1%
Holden	Colorado	327	399	-18.0	8.0%	3,373	9.7%
Nissan	Navara	242	283	-14.5	5.9%	2,499	7.2%
Mazda	BT-50	200	212	-5.7	4.9%	1,635	4.7%
Toyota	Hiace	181	221	-18.1	4.4%	1,324	3.8%
Isuzu	D-Max	137	175	-21.7	3.3%	1,285	3.7%
Mercedes-Benz	Sprinter	100	134	-25.4	2.4%	385	1.1%
Ford	Transit	98	123	-20.3	2.4%	830	2.4%
Fiat	Ducato	67	102	-34.3	1.6%	426	1.2%
Hyundai	iLoad	60	57	5.3	1.5%	668	1.9%
Volkswagen	T6	53	42	26.2	1.3%	259	0.7%
Isuzu	F Series	44	40	10.0	1.1%	362	1.0%
Volkswagen	Amarok	42	70	-40.0	1.0%	481	1.4%
Isuzu	N Series	39	34	14.7	1.0%	293	0.8%
Hino	500	37	38	-2.6	0.9%	272	0.8%
SsangYong	Rhino	37	0	3,700.0	0.9%	336	1.0%
LDV	G10	34	42	-19.0	0.8%	267	0.8%
Toyota	Landcruiser	33	44	-25.0	0.8%	217	0.6%
Others		599	721	-16.9	14.6%	4,762	13.7%
Total		**4,101**	**4,561**	**-10.1**	**100.0%**	**34,734**	**100.0%**

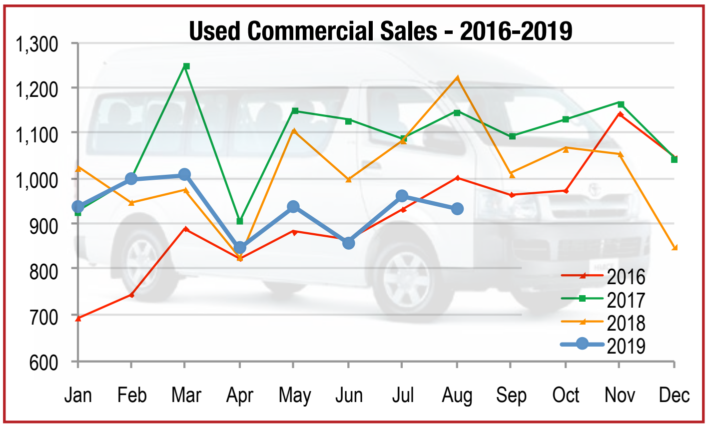
Trade 'up and down all year'

Business has slowed down during 2019 for a specialist dealer in the Hawke's Bay despite orchardists and farmers in the region having a good year.

Andrew Bean, managing director of Kobe Commercials in Napier, has just had his worst month in three years, although there have also been a few reasonable months for trade.

"Business has been up and down all year," he told Autofile. "It has generally been hard work and it's the same for most people I talk to.

"Usually trade is steady for us throughout the year, but – on the whole – business is by far a lot worse than 2018, which was a really good year.



"We deal with a lot of small businesses and the general feeling we're getting is they have no confidence in spending more money on more gear.

"Owners seem to have no confidence in the government being able to handle the economy if things get worse, so they're holding onto their vehicles instead of replacing them with newer models.

"A customer told us his accountant said not to buy anything at this stage even though he needs to upgrade."

Bean says this all comes against the backdrop of apple orchardists having a good year and agriculture doing well, "so there's no solid reason for it".

He adds: "The media has a lot to do with it by talking about a recession possibly coming and that the economy's slowing, so people are hanging onto their money and waiting to see what may happen over the next 12 months."

Bean's views are reflected in the national statistics. There were 936 used commercials sold in New Zealand during August – a decrease of 23.5 per cent on the same month of 2018.

Used Commercial Sales by Make - August 2019

MAKE	AUG'19	AUG'18	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	421	603	-30.2	45.0%	3,435	45.8%
Nissan	212	252	-15.9	22.6%	1,713	22.9%
Mazda	60	56	7.1	6.4%	343	4.6%
Isuzu	42	64	-34.4	4.5%	347	4.6%
Mitsubishi	37	36	2.8	4.0%	242	3.2%
Ford	35	37	-5.4	3.7%	318	4.2%
Hino	31	38	-18.4	3.3%	294	3.9%
Chevrolet	16	21	-23.8	1.7%	115	1.5%
Holden	14	29	-51.7	1.5%	120	1.6%
Volkswagen	13	6	116.7	1.4%	59	0.8%
Mercedes-Benz	8	7	14.3	0.9%	30	0.4%
Daihatsu	7	12	-41.7	0.7%	26	0.3%
Suzuki	6	9	-33.3	0.6%	44	0.6%
Dodge	5	5	0.0	0.5%	37	0.5%
GMC	5	6	-16.7	0.5%	31	0.4%
Fiat	4	7	-42.9	0.4%	107	1.4%
Iveco	3	2	50.0	0.3%	9	0.1%
Volvo	3	3	0.0	0.3%	22	0.3%
Kenworth	2	3	-33.3	0.2%	18	0.2%
Mitsubishi Fuso	2	3	-33.3	0.2%	27	0.4%
Others	10	25	-60.0	1.1%	155	2.1%
Total	**936**	**1,224**	**-23.5**	**100.0%**	**7,492**	**100.0%**

Used Commercial Sales by Model - August 2019

MAKE	MODEL	AUG'19	AUG'18	+/- %	AUG'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Hiace	313	472	-33.7	33.4%	2,601	34.7%
Nissan	NV200	55	53	3.8	5.9%	386	5.2%
Nissan	Caravan	53	78	-32.1	5.7%	493	6.6%
Mazda	Bongo	39	39	0.0	4.2%	243	3.2%
Nissan	NV350	34	35	-2.9	3.6%	321	4.3%
Isuzu	Elf	30	37	-18.9	3.2%	243	3.2%
Toyota	Toyoace	30	25	20.0	3.2%	160	2.1%
Toyota	Dyna	28	39	-28.2	3.0%	294	3.9%
Toyota	Regius	23	43	-46.5	2.5%	228	3.0%
Nissan	Atlas	22	21	4.8	2.4%	171	2.3%
Mitsubishi	Canter	19	13	46.2	2.0%	133	1.8%
Nissan	Vanette	19	34	-44.1	2.0%	188	2.5%
Hino	Dutro	18	13	38.5	1.9%	196	2.6%
Ford	Ranger	15	15	0.0	1.6%	104	1.4%
Mazda	Titan	13	10	30.0	1.4%	61	0.8%
Toyota	Hilux	12	13	-7.7	1.3%	80	1.1%
Nissan	Navara	11	12	-8.3	1.2%	72	1.0%
Hino	Ranger	11	19	-42.1	1.2%	67	0.9%
Volkswagen	Amarok	9	2	350.0	1.0%	30	0.4%
Mazda	BT-50	8	7	14.3	0.9%	34	0.5%
Others		174	244	-28.7	18.6%	1,387	18.5%
Total		**936**	**1,224**	**-23.5**	**100.0%**	**7,492**	**100.0%**

Strict criteria for holding stock

Controlling stock levels is an essential part of running a thriving business in the automotive industry – and can be the difference between success and failure.

That's the view of Rick Armstrong, managing director of the Armstrong Group.

"I think the sustainability of a car dealership now hinges more on stock control, and how you source, process and sell vehicles," he says.

"And that has to be done with some strict criteria on how you access, purchase, prepare and sell stock. In the event that you have those controls wrong, you can set yourself up for failure.

"The industry is becoming quite controlled, which means you have to be disciplined around stock. You almost have to be ruthless and you can't take any prisoners."

As for how sales have been trending so far this year, Armstrong thinks the industry is in a relatively good shape – although numbers are slightly down on 2018.

"From our point of view, we're reasonably happy with how things are going at the moment," he told Autofile.

"Business is being done at a higher cost and a lower margin, while the cost of trading is a little more expensive. Some of our brands are doing exceptionally well, which I think is being driven by product and price.

"If you have the right product at the right price, the product tends to sell itself. If you get the product and pricing wrong, there's nothing you can do with the industry being fiercely competitive.

"I feel this year is going to be a bit more of the same as last year, but if you run a good business it's an opportunity to do well. I don't have any fears of a massive downturn happening in 2019.

"We had a pretty good first quarter. It was not due to luck, it was by virtue of good, strong management. I'm very optimistic about this quarter. It feels buoyant."

Armstrong says the used-car market is in a relatively healthy state.

"We typically deal in New Zealand-new late models, so we aren't competing in the used-imports market," he explains.

"If we can source good used stock, we can sell it on the basis that if we can sell and move it quickly, we can do good, clean business.

"However, I do feel there is underlying pressure on the value of used vehicles. They have definitely come back, potentially by about 10 per cent, since April.

"There's a constant battle chasing the pricing down. If you are a dealer, the key to this is managing your stock so you aren't sitting on aged stock and chasing the depreciation."

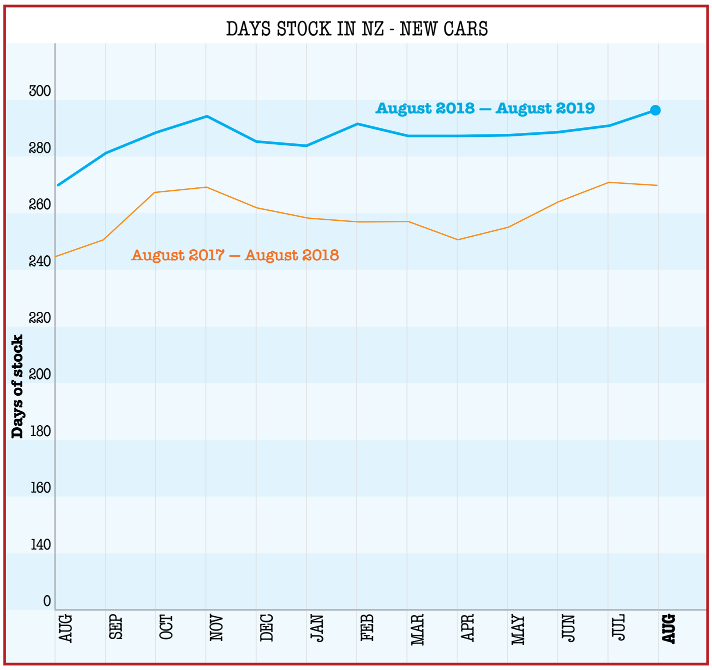
There were 9,907 new passenger vehicles imported during August, which was down by 11.3 per cent on the same month of last year when 11,175 units crossed the border – and it was down by two per cent on July.

At the same time, 8,506 new cars were registered. This was down by 1.5 per cent on August 2018 and up by 7.3 per cent on July's total of 7,925.

This left a variance increase of 1,401 units, increasing stock to 84,396 unregistered new cars in New Zealand – up by 1.6 per cent on August 2018 for 9.7 months' worth of stock on-hand if sales continue at their current rate.

Dealer stock of new cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
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
Aug '19	**9,907**	**8,506**	**1,401**	**84,396**	**285**	**296**
Year to date	**67,853**	**65,526**	**2,327**			
Change on last month	**-2.0%**	**7.3%**		**1.7%**		
Change on Aug 2018	**-11.3%** LESS IMPORTED	**-1.5%** LESS SOLD		**1.6%** MORE STOCK		



Being prepared for upswing

The motto of a dealer with more than two decades' experience in the automotive industry in New Zealand and Japan is "if you don't have it, you can't sell it" when it comes to what vehicles he has available on his yard for would-be buyers.

"We're really well-stocked and perhaps have too much, but we would take a good trade-in if we could get it," says Andrew Bean, of Kobe Commercials in Napier.

While his business specialises in light commercials, it also retails passenger vehicles with about 70 per cent of buyers being out-of-towners.

"Most customers want to trade an old beat-up that has done 350,000km, but it's just not worth taking and having to warranty something like that," says Bean.

"When it comes to stock, I believe that if you don't have it then you can't sell it. Just because it's quiet now, things will change. You have to be ready for that, so I haven't reduced stock levels."

He adds the general consensus around Hawke's Bay is everything is taking a long time to sell.

"Hopefully spring will bring more business after a quiet winter. With a bit of luck, the sunshine will bring punters out."

Graeme Ward, owner of Portside Motor Company in Mount Maunganui, says: "There's too much used stock in the country and not enough buyers.

"There have been a lot of new cars sold over the past few years with low-finance deals. Why would you buy a used Japanese import when you could get a new Suzuki Swift and pay the same amount of money for it each week?

"If you can afford to buy a new car, it's the way to go because you don't have to pay for maintenance, you know what you're buying and it will be safe for your family because it has modern safety features."

Wards believes many older cars in the fleet – those more than 10 years old – should be scrapped. But he adds if that happened, then many mechanics would be short of work.

"When you buy a new vehicle, you get the manufacturer's warranty. But when you buy a second-hand car, a mechanic can only do his or her best to fix any issues.

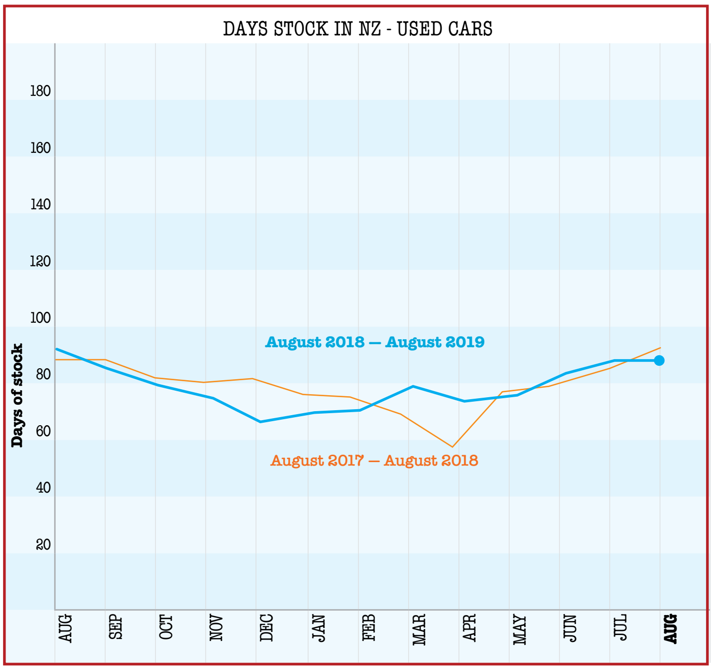
"If there's a major issue on a $3,000 car, it could cost an owner hundreds of dollars for a mechanic to identify and hundreds more to repair it. People have to ask if it's worth it.

"I think there needs to be no comeback from purchasers of vehicles more than 10 years old – it should be buyer-beware."

August saw a significant rise in imports of used cars when compared to the same month of last year. There were 12,307 units imported last month, which was up by 19.7 per cent on August 2018 and up by 3.6 per cent on July's 11,878.

There were 12,353 used-imported car registrations – down by 7.6 per cent on August 2018 and a drop of 3.4 per cent on July's 12,791.

That left a variance of 46 units to decrease stock on-hand to 33,289 – a drop of 1.9 per cent on the same month of last year. At the current rate of sales, there is 2.8 months of stock on-hand in New Zealand.



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
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	13,433	11,598	1,835	31,573	399	79
Feb '19	8,537	11,129	-2,592	28,981	396	73
Mar '19	13,236	11,852	1,384	30,365	396	77
Apr '19	13,316	10,883	2,433	32,798	396	83
May '19	15,093	13,420	1,673	34,471	396	87
Jun '19	10,954	11,177	-223	34,248	392	87
Jul '19	11,878	12,791	-913	33,335	389	86
Aug '19	**12,307**	**12,353**	**-46**	**33,289**	**386**	**86**
Year to date	**98,754**	**95,203**	**3,551**			
Change on last month	**3.6%**	**-3.4%**		**-0.1%**		
Change on Aug 2018	**19.7%** MORE IMPORTED	**-7.6%** LESS SOLD		**-1.9%** LESS STOCK