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Agency has failed in regulatory role

Investigation flags senior management and past boards for not enforcing standards as Beehive pledges action

The NZTA will recruit up to 100 staff to work across its regulatory services group over the next 18 months as part of a package of measures likely to cost upwards of $45 million.

The announcement comes as the agency says work is "well under way" to tackle shortcomings uncovered during an investigation of its operations by MartinJenkins, which consults across the public, private and not-for-profit sectors.

The independent review was ordered by the Ministry of Transport (MoT) after the NZTA's board of directors raised concerns in October 2018 that its regulatory function wasn't performing as it should.

MartinJenkins' report is a damning indictment of what many experts in the automotive industry have feared for years – and that's the NZTA has failed in enforcing compliance.

It reveals the agency has put businesses ahead of safety for most of its 11-year history, creating a regulatory regime that may have led to a motorist's death and endangered the lives of thousands of people. It adds frontline staff in vehicle safety have felt neglected and afraid to speak out for fear of being restructured out the door.

NZ TRANSPORT AGENCY
WAKA KOTAHI

CASH INJECTION

$45m FROM 2019/21

$30m for regulatory
+
$15m for recertification

The report acknowledges that commercial businesses seek to make a profit while issuing permissions on the NZTA's behalf, but adds, "this is a privilege… the agency's role is to audit reliability, remedy shortcomings and, when necessary, revoke permissions in the interests of the public".

The agency's access and use group, which the motor-vehicle industry is also involved with, has come in for some serious flak with staff competency at a senior level from 2012 onwards being "primarily in customer service and operations, and not regulatory management or practice".

Many problems entered the public domain when concerns surfaced around the NZTA's regime that allowed its service providers, such as some warrant of fitness (WOF) issuers, to neglect safety.

For example, Dargaville Diesel Specialists (DDS) was permitted to continue issuing warrants despite the agency being repeatedly

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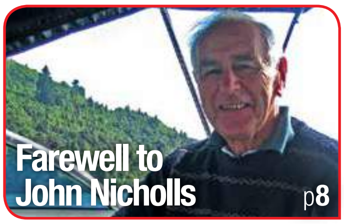

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GUEST EDITORIAL

Setting standards in finance sector

Providers need to measure up to standards of ethics, conduct and culture – and can shape the future

Just like that, the third annual Financial Services Federation (FSF) conference is over, but not without breaking a few records – delegate attendance increased by 40 per cent on 2018 and there was a bigger jump in entries for the Crediting Excellence Awards.

LYN McMORRAN
Executive director, Financial Services Federation

Feedback suggests the theme of "setting tomorrow's standards" hit the right note, with keynote speaker Sam Johnson getting us all to find our inner horse and New Zealand Initiative's chief executive officer, Oliver Hartwich, teaching life lessons through prawns – you had to be there.

Aside from the fun, a vital component of any conference, the event covered serious themes affecting the financial services industry. The content was influenced by outcomes of the Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Australia, and the RBNZ and FMA's review of banks and life insurers, and how those findings apply to the conduct and culture of financial institutions here.

"Setting tomorrow's standards" was bound in the idea that the current environment means financial services providers shouldn't only ensure they measure up to today's standards of ethics, conduct and culture, but be in a unique position to lead and shape sustainable standards for the future.

The conversation kicked off with the panel "the big lens on ethics, conduct and culture" facilitated by FSF member Michelle Herlihy, NZ country manager of Custom Fleet. We heard from Kirsten Patterson, CEO of the Institute of Directors, Helen Gordon, executive director of Australian Finance Industry Association, and Dr Jeffrey Stangl, business ethics trainer from Massey University.

Key points were that companies now need to be doing the right thing when no-one's watching, and boards cannot rely just on financial results being reported up to them. They need to have stronger conversations about ethical structure and culture to ensure company values are understood and lived by everyone in the business.

If the panel was the bones of the discussion, the flesh was provided by Kate Stewart, KPMG's senior manager – conduct and regulation, who covered how to go about measuring this in business.

She said boards need to know that misconduct identified by the Hayne Commission isn't happening in their business, that talking to frontline staff is key to success and board papers should be explicit about the customer impact of policies, products and processes.

Companies should define what a good customer outcome looks like for their business and develop metrics to ensure they deliver this, focus on vulnerable customers, conduct regular product reviews and ask why – why are we doing this and does it work for the customer?

It's about responsiveness when circumstances change, not taking advantage of customer loyalty, and being fair and transparent.

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warned since 2011 about the quality of its certifications. In the end, William Ball died after a seatbelt in his car, which had been passed by the company, failed.

DDS ultimately had its WOF licence revoked. The ensuring crisis resulted in 46 certifiers, including some in entry compliance, being investigated with owners of 71,600 vehicles recommended to have their warrants redone.

MartinJenkins' review has uncovered widespread systemic problems at the agency, which saw it neglect being a regulator by adopting "light touch" techniques in the 1990s, while there has been "a culture of bad news not being acceptable" by senior managers.

In addition, the NZTA's structure meant important internal audits could be fudged before going to management. Those in charge, and under review, were given final reports before sign-off. This led to conflicts of interest due to downplaying concerns.

MartinJenkins' report makes a plethora of recommendations, and Phil Twyford, Minister of Transport, has pledged the government will implement them early next year.

These include creating a statutory director of land transport responsible for the NZTA's regulatory functions and powers, its board developing a new strategy, and instructing the MoT to update the agency's regulatory objectives, functions and powers.

In addition, up to $45m will be injected into the agency's regulatory function. That total is made up of $25m in regulatory costs in 2019/20 and $5m in 2020/21, in addition to $12.5m and $2.5m in recertification costs in 2019/20 and 2020/21 respectively.

"The agency has made progress in the past year, but these new changes – coupled with recent board appointments – will ensure it will be a modern regulator and equipped for massive changes the sector will undergo," says Twyford. "The review also found the MoT has improved its monitoring. I expect it to take a more active approach to overseeing all transport agencies."

These people are charged with turning around the NZTA, and monitoring it, when it comes to the big picture and regulatory compliance

From left to right,
Phil Twyford, Minister of Transport
Peter Mersi, chief executive of the Ministry of Transport
Sir Brian Roche, chairman of the NZTA's board
Nicole Rosie, new chief executive of the NZTA starts in February
Kane Patena, the NZTA's general manager for regulatory compliance

As reports into performance go, they don't get much worse than this review of the NZTA's regulatory capability. MartinJenkins' executive summary kicks off with regulatory failure and its causes since the agency was created in 2008, but notes "active steps are now being taken to address issues".

There have been issues at different points of the system. These have included lack of clear strategy and comprehensive scope, problems implementing decision-making, issues with applying timely sanctions and a focus on providing a service when the primary role is to regulate.

"From around 2012 until mid-2018, there has been a focus on customer service without clarity as to what that means when delivering regulatory functions," states the report, which has whole sections on various topics.

These include weak capability and culture. For example, it says: "Individuals with deep regulatory experience have been either at lower levels or few in number at senior levels."

Then there are challenges with accountability and decision-making. For instance: "The board hasn't reserved any powers and functions to itself. This could be taken as an indication regulatory matters have low priority."

Another subject is supporting resources – "analytics and insights to support strategy are underdeveloped due to systems and capability challenges".

"Perhaps the most significant ▶

Issues with data registers

MartinJenkins has highlighted "a data lack of integrity" in the NZTA's systems via information obtained from confidential interviews with people in and outside the agency.

"Comments included if an address is updated in the motor-vehicle register, this doesn't update other related registers about the vehicle," the report states.

Another was that WOF stickers aren't tracked, and fraudulently registering a vehicle for farm use then changing it to a passenger vehicle at the post office.

Others commented the motor-vehicle and driver-licence registers don't "talk" to each other. "For example, the system will not alert anyone if someone has lost their licence, but is requesting an inspection for a vehicle they technically cannot drive.

"In interviews with internal staff, people told us the NZTA isn't using modern tools and technology, 'the industry is so far ahead of us technologically', and simple and smart technology solutions could contribute to capability building."

aspect has been the failure to provide oversight and leadership over the regulatory system, and role and functions of the NZTA," the report states.

"More work is required to ensure recent developments are fit for purpose to support the role as regulator, and guide interactions with NZ Police, key service delivery partners [KSDPs – the AA, VINZ and VTNZ], and others with delegated responsibility for regulatory work, such as WOF certifiers."

Causes for regulatory failure have included lack of effective oversight since the agency was set up, customer service overshadowing focus on regulatory and inability to develop an end-to-end strategy until too late.

"Infrastructure and investment were dominant. There has been under-investment in regulatory capability and resourcing needed to do the job well."

MartinJenkins' investigation included speaking to "many passionate staff" during confidential interviews. They have been determined to do their best to contribute to road safety, but some talked about being "beaten up with customer-service messages". There have been suggestions those who continued to use enforcement approaches would be lose their jobs.

When it comes to working with industry, the reports notes the NZTA isn't seen as a strong system leader for land transport. Although most people outside the agency spoken to complemented key people, positive relationships have been based around those individuals – not the agency.

"Several people have said frequent restructuring has made it challenging to know who to contact and the quality of engagement has varied. We heard from industry representatives that they wanted a strong regulator willing to deal firmly with operators able to undercut competitors through being non-compliant.

"The industry was concerned the NZTA wasn't performing as a regulator and operators choosing to comply are unfairly bearing costs being avoided by non-compliant operators.

"Third-party agencies are frustrated by a lack of consistency in how operators are treated. An example given was that small WOF garages are infrequently audited, while larger providers were subject to repeated visits. There's a consistent message from stakeholders that, over the past two to three years, the agency has neglected key relationships."

Organisations acting as regulators on behalf of the agency, such as KSDPs, have delegated functions and powers as if they were the NZTA.

"In interviews, many commented WOF and COF providers see themselves as providing a service to paying customers. Issues with non-compliance being addressed by the NZTA confirm this. It needs to engage effectively as a regulator for monitoring and auditing third parties. The agency needs to focus on getting main agents back on-board and engaging directly with them – and as a group.

"We also heard the NZTA hasn't created certainty around contract tenure via rolled-over contracts, which leads to a lack of investment in systems by those parties acting on its behalf.

"In some cases, it's clear an organisation is operating as a regulator, such as the AA, VTNZ and VINZ. However, sometimes these organisations are filling a void in the system that has been neglected. The Low Volume Vehicle Technical Association is an example of filling a void."

In response to MartinJenkins' report, Sir Brian Roche – who became chairman of the NZTA in June after Michael Stiassny quit in April – says his board fully supports its recommendations, and will work with Twyford, the MoT and regulatory partners to become a "best-practice regulator".

He adds the review acknowledges progress has been made since failures were exposed about a year ago and regulatory function "is already in a different place".

"We're taking a firm and fair approach," says Roche. "Our job is to make it easy for the majority who comply and take action against the minority who don't."

He points to Kane Patena becoming the new general manager of regulatory compliance in April as an example of the agency boosting internal capability – along with recruiting up to 100 staff by mid-2021.

"Our frontline people work hard to improve safety and reduce harm in the land-transport system. They aren't responsible for historic failings, which are attributed to systemic issues related to governance and executive leadership."

Roche adds work has been undertaken since October 2018 to build the NZTA's capability and systems to deliver its core functions, while its compliance function has been restructured with more focus on risk management and organisational culture.

Weak focus on enforcement

Senior management at the NZTA have been preoccupied with a "customer-service ethos" shaping approaches to regulatory activity for almost a decade instead of enforcement, according to a report commissioned by the Ministry of Transport (MoT).

The agency's focus had shifted so much over a decade that, by 2016, investigation staff felt so disempowered they had to make up to five visits to educate or discuss problems with operators before taking action.

As part of its investigation, consultancy firm MartinJenkins has traced issues back to when the NZTA was set up and as they came to the fore in late 2009.

That was when the agency's access and use (A&U) group launched a three-year programme to "transform the business to align with CEO priority by reducing compliance costs, improving levels of customer service and modernising our business tools".

In addition to this, developing an A&U strategy for it to become a "world-class regulator" in 2012/13 put customer service first and regulatory functions second.

"One plank in this strategy was a compliance model that reads in part like a customer-service manifesto aimed at driving out any past notions of being compliance-oriented," states the report.

A&U's strategy aim was "to truly understand our customers, we must talk to them [not always audit or investigate], know them, know their individual and collective challenges, and have honest and hard conversations before we determine a course of action to create a transport solution".

MartinJenkins' views on this are emphatic. "There are assumptions a customer-service approach will deliver regulatory outcomes if we just keep trying and trying. We don't see any evidence of the NZTA applying negative intervention that might have flagged inherent risks.

"The competency of staff at senior levels in access and use from 2012 onwards was primarily in customer service and operations management – not regulatory management or practice."

In 2014, there was renewed focus on customer service as a fundamental underpinning of A&U's business model with personnel changes resulting in a renewed strategy.

This was explained as "putting customers at the heart of our business underpins our approach and goal of becoming a world-class regulator by designing regulatory activities and services".

And "with our business strategy, we have set a five-year journey to grow willing compliance with transport regulation. Our focus is on making the smart, or compliant, choice easy. This is about helping and incentivising people we regulate to willingly comply".

The NZTA has failed when it comes to compliance and New Zealand's fleet, according to MartinJenkins

> **"Attention to more 'customer-focused' and 'softer' interventions overshadowed stronger enforcement"**
> **– MartinJenkins**

In instructions to staff, the assumption that usually the "customer" would "comply willingly" became explicit. "Most cases of non-compliance can be adequately dealt with through lower-level responses, such as encouragement, guidance and direction."

However, the strategy recognised a different approach might be needed. "Seriousness is linked to the level of harm we're managing. We shouldn't use encouragement alone if that means we are knowingly allowing someone to do something that is unlawful or unsafe."

MartinJenkins notes this focus continued with structural changes in 2017 when a customer-service focus was "a fundamental". One aim was simplify "our customers' lives with services that make it easy for them to do what they need to".

The investigators' report states: "This focus would have been encouraged by a review commissioned by the incoming chief executive in 2016, which recommended, among other things, the NZTA develop an agency-wide strategy that's customer and partner-focused.

"Interviews with external stakeholders and NZTA staff support our conclusion that attention to more 'customer-focused' and 'softer' interventions overshadowed stronger enforcement. Staff felt they were prohibited from taking enforcement action when they had identified substantive non-compliance.

"We were told some standard operating procedures stipulated that investigations staff must go through a process of four or five visits to educate or discuss things with the operator before taking action. We were also told 'taking enforcement was deemed a measure of failure as a better regulator' by management."

In addition, lower-level managers had some regulatory experience, but their voices went unheard at senior levels.

"A key function of the agency wasn't able to be heard as it should have been. A pervasive culture of bad news being unacceptable influenced communications to managers and the board, and at senior-management levels – particularly from 2016."

Sharing in 'failure'

Peter Mersi, chief executive of the MoT, has welcomed a separate MartinJenkins report into how the ministry has carried out its monitoring role of the NZTA's regulatory function.

"We share responsibility for regulatory failure," he says. "The report is a wake-up call for the ministry and highlights areas that are important for an effective monitoring relationship.

"While the report into the ministry's monitoring function found our current performance is fit for purpose, this wasn't the case prior to 2017. During that period, [it] wasn't always able to capture information regarding the NZTA's regulatory performance, nor did we highlight our concerns to the board in strong enough terms.

"What happened in the past wasn't good enough. New Zealanders deserve better and that's why we changed our monitoring approach in 2017.

"Today, we're in a much stronger position to inform transport-agency boards about their regulatory performance. The report confirms the direction we're heading and underlines the need to continually evaluate our approach.

"Public safety and the confidence of New Zealand's land-transport industry is vital. We will continue to focus our efforts on monitoring agencies to ensure the regulatory system protects, and serves, the interests of everyone."


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Farewell to 'true gentleman'

A pioneer of New Zealand's used-imports sector, in which he worked for more than 20 years of his six decades in the automotive industry, has died.

Although John Nicholls officially retired in 1998, he only called time on analysing statistics for the Imported Motor Vehicle Industry Association (VIA) in 2014.

Nicholls was born in Sydney before his family returned to settle in Gisborne in 1925. He boarded at Christ's College, Christchurch, from 1938-43 before enlisting in the air force. He became a commissioned pilot officer, receiving his wings in 1945. This was too late to serve in World War II, so he returned to Poverty Bay.

The 94-year-old started out in the automotive industry by greasing vehicles at his father's business Ormond Motors, a dealership for Chevrolet and GMC products with a Nissan franchise added later. After becoming a registered accountant, he worked on the books and was also a well-respected salesman, mainly selling Bedfords.

Nicholls began working for the industry in 1971 when he became Gisborne's branch councillor to the Motor Trade Association (MTA). He then became its chairman and later separated its vehicle-sales division out to form the Motor Vehicle Dealers' Institute (MVDI).

John Nicholls, pictured in the centre of the middle row, with the executive of the Motor Vehicle Dealers' Institute in 1974

He was the institute's inaugural president from 1976-77, during which time he was also a member of an advisory group that worked with the government to draft what became the Motor Vehicle Dealers Act. He was later made a life member of the MVDI.

Nicholls served for three years as a member of the Motor Vehicle Dealers' Licensing Board from its inception until 1982. It aimed to provide discipline in the industry, supply warranties and promote dealers.

In the late 1980s, he was a part-time consultant at Enterprise Cars, which bought his family's business, and he started working for the Licensed Motor Vehicle Dealers Importers Association (LMVDIA) in 1989. He became its chairman in 1991 before its name changed to the Imported Motor Vehicle Dealers' Association (IMVDA) the next year.

He negotiated with industry associations, the government and IMVDA members to find solutions to challenges for importing used vehicles. These included ensuring improving safety standards, such as seatbelt regulations, preventing odometer tampering and stopping unlicensed dealers from selling unreliable stock.

In 1993, Nicholls moved to Auckland to help form Vehicle Identification New Zealand. It was later renamed, with "inspection" replacing "identification", which he chaired.

To ensure used-car dealers in Japan complied with requirements in this country, he also did consultation work in the run-up to the Japanese Used Motor Vehicle Exporters' Association being formed.

Nicholls was also active in his community – as a member of Gisborne Rotary Club for 42 years and district governor from 1976-77, a director of East Coast Development Research Association and chairman of Gisborne Development.

His funeral service was held at the chapel at Evans Funeral Services, Gisborne, three days after his death on October 21. It closed to Frank Sinatra's song, I Did It My Way. Nicholls, who was married to the late Ngaire, had four daughters, nine grandchildren and 18 great-grandchildren.

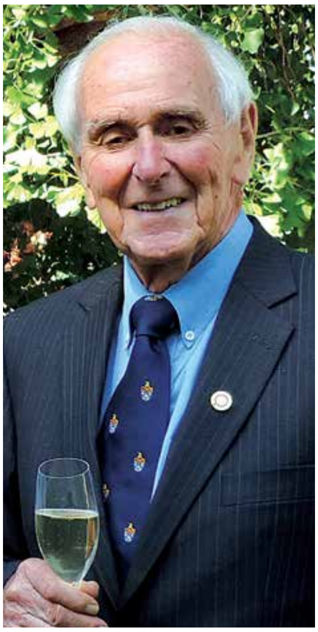
TRIBUTES FROM INDUSTRY

Alistair Sheard, secretary of what's now VIA, got to know John Nicholls from the latter's days at the MTA.

He says Nicholls' knowledge of legislation "was of major assistance as the used-imports industry became part of motor-vehicle trading".

"John's ability to represent the emerging industry to his members, ministers and officials was a prime reason for the rapid development of used imports to what they have become today. His passion was to tirelessly work to make the association a leader, and for the industry to ensure vehicles imported provided affordable and safe driving.

"I consider John to be an outstanding example of the type of citizen New Zealanders should aspire to be. I'm grateful to have worked with him, and to have benefitted from his motivation, knowledge and wisdom."


John Nicholls

Malcolm Yorston, VIA's technical manager, says: "There were benefits to the industry and public resulting from John's involvement. His steadying influence meant issues didn't get out of hand and his advocacy ensured everything went smoothly.

"What was achieved in the early days of used imports means many more Kiwis have been able to afford to buy better quality cars. He really helped to clean up old bangers we used to see in our lower socioeconomic areas."

Rod Milner, owner of Rod Milner Motors in Auckland, was the LMVDIA's inaugural chairman in 1988 with Nicholls taking over from him three years later.

"Until that time, John was secretary and loaned to us by Fred Lewis, of Enterprise Cars, who paid his wages," he recalls. "The association, now VIA, is run in a similar way to how he set it up in that it's very democratic. He also did valuable work on our campaigns.

"Looking back on the history of used imports, we won the battle. Much of that was down to John's and others' work. He should have received national recognition for his work."

"We were fortunate to have someone of John's calibre," says Peter 'PJ' Johnston, who established Genuine Vehicle Imports in Auckland. "He was inspirational in many ways, especially in the formative years of the IMVDA's board.

"John gave our industry great kudos in government circles, which helped us become successful. He sat at the top table with great presence. He was of immense support when we, as a group of young importers, first got together. John was a true elder statesman of the industry."

"As an executive member back then, I had a lot of do with John," says Neil Cottle, founder of Auto Court in Dunedin. "He was excellent at his job. I don't believe we would have got as far as we did without him."

David Burke-Kennedy, journalist and PR media consultant, recalls his 25-year friendship with Nicholls started while managing the fledging IMVDA's public relations.

"John came to Auckland to get things moving and stayed. He loved his work with the IMVDA and loved cars, particularly his 1903 Oldsmobile. Although generally articulate, he was speechless when members gave him a Toyota Cressida for his 70th birthday.

"John was unpretentious, no nonsense and a mentor to some. He touched many lives and leaves fond memories."

"He was a gentleman with old-school respectability," says David Vinsen, VIA's chief executive. "He was courteous and polite with the highest level of integrity, and should be given credit for our industry's past and current credibility."

Visit www.autofile.co.nz for more memories from those paying tribute to John Nicholls.

Financial tale of two ports


Car and light commercials volumes at Ports of Auckland Ltd tumbled by 14 per cent in 2018/19

The North Island's two major ports may be political footballs at the moment, but one thing's for sure – and that's they still make a lot of money.

Council-owned Ports of Auckland Ltd (POAL) describes its 12 months to June 30 as a "year of transformation, but tough", while returning net profit after tax (NPAT) of $53.9 million, which was down from $76.8m in 2017/18.

That compares to a 6.7 per cent jump in NPAT for NZX-listed Port of Tauranga to $100.6m.

When it comes to key financials, POAL's underlying profit after tax of $45.m – down from $59.2m – was due to a "cyclical decline in car volumes" and reduced space due to automation work. Its capital expenditure increased to $104.8m from $96.5m to improve capacity, productivity and safety.

To fund its investment programme, no final dividend was declared. An interim dividend of $18.6m was paid, which was a huge drop from $51.1m. For the next two financial years, POAL anticipates a dividend of 20 per cent of after-tax profits. That's reduced from 80 per cent to fund further improvements.

Meanwhile, Port of Tauranga's figures included earnings before interest, tax, depreciation and amortisation (EBITDA) jumping by 12.4 per cent to $168.6m.

However, earnings from its associate companies plummeted by 27.5 per cent after disappointing Coda Group results.

Tauranga's board has declared a final dividend of 7.3 cents per share, bringing the full year's dividend to 13.3 cents per share – a 4.7 per cent increase on the previous year.

As for car and light commercial volumes at POAL, they fell by 14 per cent to 255,252 units in 2018/19 compared to 297,678 during the previous reporting period.

As a result, bulk and break-bulk volumes, which includes vehicles, declined by 3.3 per cent to 6.5m tonnes, down from 6.8m. Other such volumes rose 7.4 per cent to 3.7m tonnes, but container volumes decreased by 3.5 per cent to 939,680 TEUs – 20-foot equivalent units.

Multi-cargo operations performed well, despite the vehicle terminal area being reduced by 10 per cent while the car-handling building is constructed. This facility will increase capacity and is due to be completed in August next year. Vehicle dwell times fell to an average of 2.42 days – down from 2.9.

Tony Gibson, POAL's chief executive, describes 2018/19 as a year in which the port made significant progress in transforming its business and preparing for the future.

"We've completed most infrastructure work for automation before going live next year," he says. "The car-handling building is going well, we have gained consent to dispose of dredged material at sea and will soon seek consent to deepen our channel for larger container ships."

Tauranga notched up record cargo volumes during 2018/19. Transhipments increased by 11.2 per cent, while imports rose by 8.4 per cent to 9.8m tonnes.

Chairman David Pilkington says its results are evidence of the port's success in becoming a major international hub for the country. Transhipments have been growing significantly since 2016 when Tauranga completed its $350m expansion programme to accommodate bigger vessels.

The number of containers transferred by rail to and from the port's inland freight hub, MetroPort Auckland – now the country's fourth largest container terminal by volume – increased by 4.3 per cent in the past financial year as the average size of ships increased.

Tauranga is now planning for its next stage of growth and intends to add another vessel berth.

"We favour rail transport over road because of the lower emissions, and are working with KiwiRail to reduce train-related emissions through efficiency and technology," explains chief executive Mark Cairns.

As for the Upper North Island Supply Chain Review, which seems intent on pushing vehicle imports north to Whangarei, "we see a growing role for Northport in helping to alleviate the pressure on POAL".

Cairns adds: "We've outlined to the working group the significant capacity available at Tauranga for cargo growth. We look forward to future reports, which we hope will address well-known issues, such as the need for increased investment in road and rail, and the historic under-performance of some port companies."

'Big data' impacts on business

A strategic review by Turners Automotive Group has highlighted how market dynamics are changing, with the company identifying short and long-term trends.

Chairman Grant Baker says consumers are more informed than ever, so delivering great customer experiences is vital.

"While most still like to visit physicals site to view and test drive cars, more of the experience is transitioning online and online purchases are growing," he says. "In our other businesses, such as finance and insurance, there's an even greater shift to online to transact conveniently."

Baker highlights big data and technology as changing how and where business is done, while aggregator and comparison sites are proliferating.

"It's all about customers wanting to be informed and being able to access the best option at the best price in the easiest way," he says.

"Industry consolidation is inevitable and we're in the midst of it right now. Longer term, there's potentially disruption from alternative ownership models, which are starting to enter the market."

Baker says Turners' strategic review has identified four areas as primary drivers of the company's future strategy – one is its strength in buying and selling vehicles.

"We operate in a large used-car industry with sizeable forward demand due to the almost one million cars at the end of their useful lives."

Then there's the simplification of its business, which will enable

Grant Baker

greater efficiencies and deliver higher returns on invested funds. "We're well-positioned to benefit from changing market dynamics, including demand for digitisation."

Its automotive retail business has been identified as Turners' core strength. To significantly increase market share, it is "moving forward with a capital-efficient growth strategy focused on this sector" and will "participate in new and innovative adjacent opportunities".

"For our key stakeholders, this means a sharper focus on customers' needs, a more efficient business, a reduction in cyclical swings especially around credit, and increasing returns for shareholders," Baker explained at the company's annual general meeting.

After being acquisitive from 2012-16, he says the past two years have been focused on consolidation – rationalising brands, merging similar operating businesses and centralising locations for its teams to create a more streamlined and efficient business.

For the 2018/19 financial year – after adjusting for one-off and non-cash items – Baker describes Turners' underlying operating profit as "flat" compared to the previous reporting period.

This was mainly due to market headwinds in Auckland's used-import vehicle sector and the impact of impairments from the MTF non-recourse lending, which has been discontinued.

That said, excluding the Buy Right Cars non-cash brand impairment, the company generated a record profit before tax result of $33.6 million.

IN BRIEF

Confidential information on stolen hardware

Two independent reviews are being carried out at the Commerce Commission after the theft of computers belonging to an external provider.

More than 200 meeting and interview transcripts across a range of its work, including confidential information on businesses and individuals, were contained on the equipment stolen in last month's burglary.

The commission has been working with the police and is confident everything will be done to recover the computers and data. Its own network and systems haven't been breached.

The regulator has engaged Richard Fowler QC to investigate the circumstances that led to the incident while KPMG is reviewing its information-handling processes, including supplier engagements with third parties.

Sign of the times with green agenda

The owner of this Dodge Challenger SRT took this car-park sign in the US a tad too literally, although Autofile has been unable to establish if he or she got ticket.

There's currently a lot of talk about making our fleet greener – from the proposed clean car policies to the uptake of electric vehicles.

So this snap raised a few smiles with Ken Quigley, of Auckland-based Jacanna Customs and Freight, when he came across it online. "It's just so relevant to much of what's going on in our industry at the moment," he says.

The exact specifications of the Challenger, pictured, cannot be verified, but the 6.2-litre V8 under the bonnet of a 2019 SRT Hellcat Redeye can guzzle 5.4 litres of fuel in one minute at full throttle – enough to drain its tank in 11 minutes. Yet it's still officially rated at 9.35l/km when driven under normal highway conditions.

Why not email editor@autofile.co.nz if you have any photos to raise a smile with industry colleagues.

Industry in Japan praises free-trade agreement

The Japan Automobile Manufacturers' Association has praised its government for signing off on a trade agreement with the US.

Chairman Akio Toyoda says: "As the global automotive industry undergoes major transformation towards next-generation mobility, we welcome the fact this agreement will maintain and enhance the free and fair-trade environment.

"We look forward to the continued efforts of both governments to achieve outcomes that will further support the sustainable development and global competitiveness of the Japanese and US automotive industries."

Korean marque secures first top-safety rating

SsangYong has received its first five-star ANCAP for its Korando mid-size SUV. It provides high levels of adult and child occupant protection and collision-avoidance capabilities, with autonomous emergency braking and active lane-keep fitted as standard across all variants in New Zealand and Australia.

"This is a positive step up from SsangYong," says Mark Terrell, ANCAP's chief technical officer. "Five stars is not only possible, it's the expected standard."

Association works on funding issues

The chief executive of an industry organisation is encouraged by the way talks are progressing to secure its future.

David Vinsen says various ideas about how VIA (the Imported Motor Vehicle Industry Association) will be funded and what work it will do are on the table.

And one thing's for certain – and that is it's a case of full steam ahead for the association to represent the used-imports industry.

A working group was set up by VIA following its annual general meeting in Auckland on May 29 at which a deficit of $233,181 for the 2018/19 financial year was reported and debated.

Since then, VIA's council and national executive have been exploring options on the way forward with Nick Owens, vice-chairman of the association's South Island branch, being the working group's facilitator.

Providing an update on progress made since then, Vinsen told Autofile: "There was a council meeting on October 15, which was attended by all of our major stakeholders. It was a very open and free exchange of views.

"That was followed on October 16 by a board meeting when members of our national executive digested the ideas and suggestions. They are now continuing to work on a structure and plan based on comments made at the previous day's meeting."

Vinsen is enthusiastic about the progress made to date with representatives from border-inspection organisations, major vehicle supply and logistics providers, and other operators in the supply chain participating in the process.

"Our discussions with key stakeholders are ongoing and the board will meet again to discuss how they see VIA's future," he says. "All in all, our talks to date have been positive with plenty of constructive input.

"No-one wants to see VIA disappear, and everyone has been complementary and positive about the advocacy work we do and its effectiveness."

There are "various ideas" on how the association will operate in the future "because we need to end up with a balanced budget when this review process is completed".

> **"Our talks to date have been positive with plenty of constructive input"**
> **– David Vinsen**

Vinsen adds: "Decisions are being made as we speak, but obviously we can't discuss those in public at the moment. Our board and major industry players need to decide how we'll be structured and financed moving forward."

VIA's deficit of $233,181 for the past financial year followed a shortfall of $264,258 in 2017/18. One was also presented for the current financial year at May's AGM.

One of the motions passed at that meeting was for VIA to investigate if a levy could be charged on each used vehicle imported into New Zealand. Another was for the national executive to establish a balanced budget.

"As things stand, we have 18 months left before our funding runs out or 24 months if we trim costs," Vinsen warned at the time. "We may have to look at our structure and income."

VIA's 2018/19 deficit was largely attributed to reduced income from the technical services it provided because the number of vehicles requiring special certificates had reduced.

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Plug-ins set for 'limited' lifespan

Manufacturers are warning there could be a lukewarm response from buyers of electric cars about to be launched in Europe to comply with tougher emissions regulations.

But plug-in hybrid electric vehicles (PHEVs) – essentially created by adding a battery and electric motor to a conventional car – may secure more of the usability motorists need while allowing marques to reduce carbon dioxide (CO_2) output by 50-80 per cent.

PHEVS can record CO2 of less than 50g/km based on what calculations are used, so their demand may help cut marque's emissions when the 95g/km average kicks in next year.

Their sales count as "super credit" sales until 2023, which allow carmakers to offset purchases of higher-emissions models, while they also qualify for tax incentives and purchase grants in many EU countries.

However, there are pitfalls in relying on plug-in hybrids, such as potential backlash among environmentalists and governments if they decide PHEVs aren't as green as stated CO2 claims.

As far as many consumers are concerned, they are second only to full EVs in terms of emissions with EU-mandated tests under the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), which replaced the outdated New European Driving Cycle (NEDC), stating that's the case.

And PHEVs have been described as a "gateway technology" to get motorists comfortable with plugging in cars before going "fully electric".

Jeff Schuster, global forecasting director of analyst firm LMC Automotive, which has offices in Asia-Pacific, Europe and the US, believes the EU's aim of classifying PHEVs as ultra-low emitters via the new test cycle is to boost the availability of greener cars.

He says even before the VW Group admitted to using software that made its engines operate more efficiently during testing than on the road, it was known marques were exploiting loopholes in the old NEDC cycle to avoid fitting expensive exhaust-cleaning technology to their cars.

Schuster predicts PHEV sales will more than double in Europe next year to 590,000 – up from a full-year estimate of 220,000 in 2019 for a market share of 3.1 per cent for them to briefly overtake full EVs. By 2025, registrations of plug-ins may top one million for a 5.2 per cent share.

But installing an electric motor, battery and power electronics to an internal-combustion engine costs about NZ$8,700 per car, which restricts rollout, and PHEV drivetrains with batteries large enough to reduce CO2 below 50g/km cost more than those for small electric cars with 32kWh batteries.

Some experts predict marques will need to absorb about 60 per cent of the bill for such technology to sell models at volumes required to achieve the EU's CO2 targets for 2020-21 as consumers are unlikely to take on the full costs through sticker prices.

On top of this, PHEVs currently sold in the EU are vulnerable to be stripped of their incentives. The Dutch government, for example, removed benefits after fuel-card data showed drivers weren't recharging them, but using them as standard hybrids.

If plug-ins aren't charged, the combination of a downsized petrol engine propelling a car made heavier by a battery and other components can mean emissions are higher than a diesel-powered vehicle.

Marques in Europe have had to increase PHEVs' electric-only ranges by kitting them out with bigger batteries or face losing the benefits of achieving CO2 emissions of 50g/km or less. This has resulted from tightening the regulations in the switch to the WLTP, which became mandatory last September.

According to LMC Automotive, eventually plug-in hybrids will not be needed. Batteries will get better and cheaper, meaning full EVs will be as viable as combustion-powered counterparts.

It predicts 2020 will be the last year in which PHEVs beat or even come close to outselling EVs in Europe, and that fully electric cars will surpass one million sales annually in the EU three years before plug-ins.

According to LMC, "incentives are required for PHEVs, and you will see manufacturers essentially force through product introductions – it's a gamble the industry has to take".

Matter of emissions

EU-mandated WLTP tests back consumer belief that plug-in hybrids are only behind full EVs for CO2 emissions, according to LMC Automotive. For example, the PSA Group's new PHEVs – including the midsize Peugeot 508 and Opel/Vauxhall Grandland X compact SUV, pictured – record figures as low as 29g/km.

That's on the WLTP cycle before conversion back to NEDC values through a process known as NEDC correlation.

By comparison a Peugeot 108 minicar, weighing half as much as a plug-in hybrid SUV, emits 93g/km.

Live EV listings on Trade Me:

-4.8% Compared to last month

+8.8% Compared to prior year

New EV listings on Trade Me:

+4.0% Compared to last month

-14.8% Compared to prior year

EV watchlists on Trade Me:

-7.9% Compared to last month

-34.3% Compared to prior year

Action to drive green uptake

A proponent of electric vehicles (EVs) is backing a demand-side proposal aimed at incentivising consumers to choose cars that emit lower emissions.

Dean Sheed, general manager of Audi NZ, is supporting a feebate scheme – also known as the clean car discount – to try to make our fleet greener. It would mean charges for higher polluters when sold here. The idea is part of the government's clean car package, which includes a fuel-economy standard.

Sheed, also a board member of Drive Electric, is in favour of feebates to drive consumer trends.

"In terms of trying to change the fleet to EVs, you can't do that overnight but future generations will benefit if and when that happens," he told Autofile. "After years of studying climate-change theories, we need to mitigate greenhouse gases [GHGs]."

Sheed says the uptake of EVs into our market needs to be further promoted to cut emissions, but past governments haven't focused on achieving this.

"That said, the government is coming out with a two-sided process," he adds. "On the supply side, it wants weighted fuel-consumption averages for importers with penalties. It wants us to look at the CO2 output of vehicles and lower that over time. I don't believe this proposal in its current form is workable. However, through consultation with the industry, there will be a way forward."

He notes New Zealand is a technology taker with most of its new EVs supplied out of Europe, while some also come from China, the US, Japan and Korea.

"As most electric cars are coming out of Europe, they already have those policies in place, so bringing in an extra layer of administration and calculation on local importers is a layer too far," says Sheed. "I don't think we need it when other jurisdictions that produce the vehicles have it anyway.

"On the demand side, one way to change consumer behaviour is to alter the current premium for EVs, which require new technology that makes them more expensive than cars with internal combustion engines [ICEs].

"However, battery prices are forecasted to come down in about five years' time, so there should be more parity between the production costs.

"Jurisdictions around the world are offering pricing incentives to consumers rather than waiting for the cost of EVs to drop over time. I can see these incentives being dropped in the long run when the cost of EVs reach parity with ICE vehicles."

As for the bigger picture, Sheed's personal view is if you want to limit climate change, you have to accept there's too much CO2 going into the atmosphere globally.

"In New Zealand, about 18 per cent of GHG emissions come from transport and two-thirds of that from the light-vehicle fleet. Emissions from dairy and agriculture come in at about 42 per cent of total GHGs.

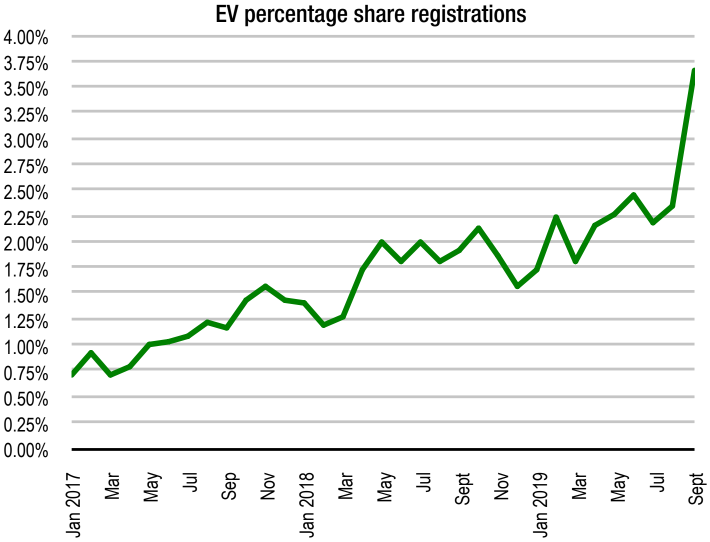
"The automotive industry has a job to do to decrease CO2 emissions. You have to have that as a background, buy into that and understand it, and then as ask as a society if we should we be focused on automotive emissions."

Total EVs by region

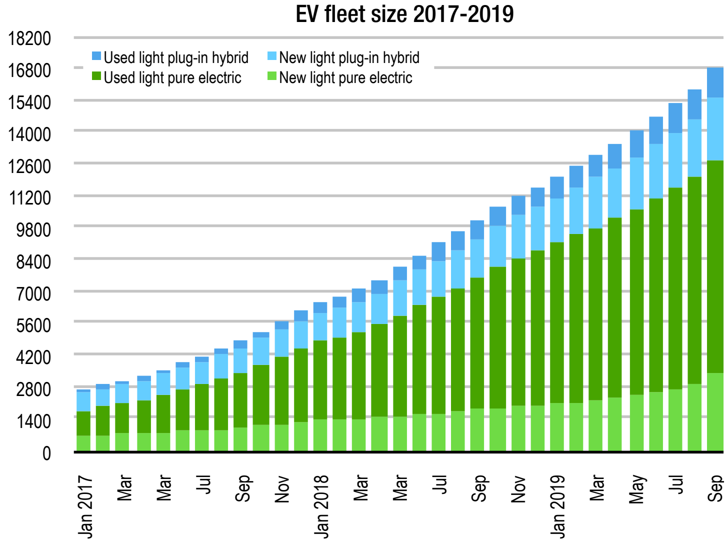
Northland	514
Auckland	7,261
Waikato	884
Bay of Plenty	584
Hawkes Bay	253
Gisborne	55
Taranaki	233
Manawatu/Wanganui	530
Wellington	2,358
Nelson/Marlborough	597
Canterbury	2,576
West Coast	26
Otago	1,010
Southland	135

Source: MoT, October 3, 2019

EV percentage share registrations



EV fleet size 2017-2019



Source: MoT, October 3, 2019

Top 5 EV models
listed on Trade Me last month:

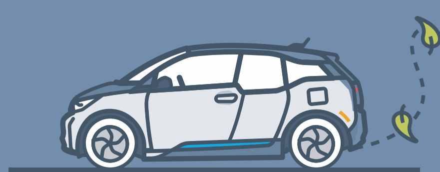
- **Nissan Leaf**
- **Renault Zoe**
- **Nissan e-NV200**
- **Audi e-tron**
- **BMW i3**

Average listing price
for the month:

$30.3k

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

Eye on EVs



trademe motors

Juiced up for the future


Volkswagen's ID.3 electric hatchback

The ID.3 electric hatchback proved to be a success with consumers even before it was unveiled at Frankfurt Motor Show with a target of 35,000 pre-orders being passed.

Being dubbed as a "spiritual successor" – the "3" tag represents the third generation of vehicles from Volkswagen – it's the first in an ID family expected to be built in the millions over the next decade.

The five-seater is slated for production in mid-2020, with initial deliveries going to Europe, and then China and North America.

The entry price for the basic variant in the European market is predicted to come in at less than €30,000 – or about NZ$52,200.

However, the group says its ID.3 and other electric vehicles (EVs) have been pushed back to about 2022 down under because of the lack of incentives and other government support for eco-friendly cars.

The ID.3 is being built on a modular platform that will form the base of up to 70 electric models to be launched by Volkswagen across several brands by 2028.

It's rear-wheel drive with a rear-axle electric motor powered by lithium-ion batteries in the floor, which has resulted in the wheelbase being drawn out to 2,765mm – 145mm more than the Golf and as long as some large cars.

The ID.3 will come with three battery sizes – 45kWh for a range of 330km and 58kWh for 420km, with the flagship 77kWh capable of 550km. Initially, only the 58kWh version will be available as a special launch edition in Europe. This will have a 150kW motor with 310Nm of torque and a top speed of 160kph.

The 45kWh variant will come with a 50kW charging capability as standard with 100kW as an option. The mid-range version gets 100kW charging as does the range-topping 125kW – 30 minutes of charging at 100kW adds about 290km of range.

The interior has been kept as simple as possible with most functions, such as air control and audio systems operated via a 10-inch dashboard-mounted screen, by steering-wheel buttons or voice control. The speedometer is displayed on a digital pod on the column and an advanced head-up display is optional.

The EV will have three specification levels – ID.3, ID.3 Plus and ID.3 Max. The base car will have sat-nav, digital radio, seat and steering-wheel heating, front armrests, a mode-two charging cable and 18-inch alloys.

The Plus adds a rear-view camera, adaptive cruise control, keyless access and start, better seats, a centre console with two USB-C connections and ambient lighting.

The top-of-the-range Max includes an augmented-reality head-up display, panoramic sliding and tilting glass roof, 20-inch wheels, lane-keeping and lane-change systems, cordless phone charging and luxury seats.

GETTING GASSED UP

The BMW Group has demonstrated its ability to complement its EV portfolio by deploying hydrogen-powered fuel-cell technology with its i Hydrogen Next.

The company is working on the assumption that – in the future – alternative drive systems will exist alongside each other because there's no single solution that covers the spectrum of global mobility needs.

Hydrogen-powered fuel-cell electric vehicles (FCEVs) represent an important alternative, says BMW. In 2022, it plans to present the next generation of such drive systems in a small-series car based on the X5.

The i Hydrogen Next provides an initial glimpse of what it wants to bring to the market in 2025 by the earliest, but the timing depends on demand and overall conditions.

At the front end, modifications are visible in the BMW i Blue patterning on the bonnet, which reappears


BMW's i Hydrogen Next

in three-dimensional form on the air intakes. The pattern's shape and colour form a dynamic flow across the body's front end and flanks.

The concept's innovative nature also appears at its rear thanks to diffuser elements. Their blanked-off design without tailpipes

Hyundai Motorsport's Veloster N ETCR

highlights the drive system.

FCEVs are able to offer unrestricted zero-emission mobility with similar usage characteristics to conventional vehicles. These include refuelling times of less than four minutes, long range, suitability for towing and little dependence on climatic conditions.

BMW has already demonstrated the technology's suitability for everyday use. It joined forces with Toyota in 2013 to co-develop a drive system using hydrogen fuel-cell technology. Since 2015, its research wing has been testing a small fleet of prototype 5 Series GT FCEVs powered by a jointly developed drive system with a Toyota fuel-cell stack.

In 2016, the two companies signed a product-development partnership agreement, and have been working on future generations of fuel-cell drive systems and on scalable, modular components for FCEVs.

RIVAL TO THE MODEL S

Mercedes-Benz unveiled an all-electric concept in Frankfurt to preview its forthcoming EQS flagship. The large four-door sedan is expected to start production in 2021 with its most obvious competitor being Tesla's Model S.


Mercedes-Benz's Vision EQS

It will also keep the marque in the movement towards super-luxury full EVs by more established rivals. These include Jaguar with its next-generation XJ and Porsche's first all-electric model, the Taycan.

In presenting the Vision EQS, Mercedes-Benz describes the modular battery-electric drive platform underpinning it as "completely new, fully variable, and scalable and useable on a cross-model basis" that will be suitable for different vehicle concepts.

The powertrain uses an electric motor at the front and rear axle to four-wheel drive with variable torque distribution, and integrates a 100kWh lithium-ion battery into the floor between the axles to benefit packaging and dynamic performance.

It boasts more than 350kW of power and about 760Nm of torque to make the 0-100kph dash in less than 4.5 seconds, and onto a top speed of more than 200kph.

A driving range of up to 700km is cited and, with a DC charging output of 350kW, the Vision EQS can have its battery recharged to 80 per cent capacity in less than 20 minutes.

PLUGGED INTO MARKET

Audi is launching a large all-wheel-drive plug-in hybrid electric car – the A7 Sportback 55 TFSI E Quattro. It's powered by a two-litre petrol engine capable of 185kW/370Nm with the assistance of a 105kW/350Nm electric motor incorporated in the seven-speed automatic transmission.

When combined, they produce 270kW of power and 500Nm of torque for 0-100kph in 5.7 seconds. Top speed is constrained to 250kph.


Audi's A7 Sportback 55 TFSI E Quattro

The A7 can be driven at up to 135kph on just the electric motor before the petrol engine kicks in. Power from the 14.1kWh lithium-ion battery propels it electrically for 40km under normal driving, contributing to combined fuel consumption of 2.1-1.9l/100km.

Recharging from a high-power charger takes two-and-a-half hours, while home charging on a 240-volt socket takes seven hours.

The PHEV A7 will hit European showrooms later this year, but it remains to be seen if it will make it to these shores.

DEBUT FOR RACING

Hyundai Motorsport has revealed the Veloster N ETCR – its first electric racer. Based on the road-going model, it has been designed for the new European Touring Car Championship, which makes its debut next year.

The ETCR, which mirrors the marque's wider strategy of developing electric road cars, capitalises on its expertise in touring car racing, and follows the competitive i30 and Veloster N TCR.

Fully electric and rear-wheel drive with a mid-mounted motor, its design work started last November with the first prototype completed a few months ago and a full testing programme is under way.

The project will be integrated alongside Hyundai Motorsport's continued commitments as a manufacturer in the FIA World Rally Championship, as well as its customer-racing efforts with the i20 R5, i30 N TCR and Veloster N TCR.

As part of its role as a development centre for high-performance cars, all learnings from the N ETCR will be shared with the company's global research and development facility in Namyang, South Korea.

‘Race focused’ machine

Radical Sportscars’ Rapture is the marque’s latest road-legal track-day car

Radical Sportscars has blurred the lines between road and race performance with its flagship sports car.

The Rapture is the latest road-legal model from the successful racing-vehicle manufacturer.

Driven by demand from its existing customer base and the potential to expand its market boundaries, it’s built in accordance with the UK’s individual vehicle-approval framework.

The Rapture is also intended for European markets with homologation for worldwide territories to follow.

The car follows Radical’s ethos of generating extreme performance via lightweight construction combined with aerodynamic efficiency, instead of relying solely on headline-chasing power and top-speed figures.

The Rapture has a lightweight spaceframe chassis with FIA-compliant safety cell and crash structure, and features high-downforce composite bodywork complete with a bi-plane rear wing and double-tunnel diffuser.

At its heart is a 2,261cc turbocharged EcoBoost engine supplied by Ford, and reworked by Radical Performance Engines to feature an all-new turbo architecture and air-induction system. Drive comes through a six-speed paddle-shift gearbox.

Drawing on the company’s past experience with the road-going SR3 SL and RXC Coupe, the Rapture features an improved version of its proven Nik-link suspension system with adjustable dampers, and optimised for road and track use.

For driver comfort, the cockpit incorporates two moulded racing seats, with integral headrests and multi-point harnesses.

The sculpted dash offers an LCD display with data-logging functions and heating, and a multi-function digital steering wheel.

Driver input required for peak performance is the same as it would be in the class-leading SR1 or SR3 sports prototypes.

In a market heavy with diluted track-orientated products, the marque says the Rapture stands apart as a credible race-focused machine. Its first deliveries are now under way.

Finalists line up

The contenders for this year’s AA Driven New Zealand Car of the Year Award include two electric vehicles (EVs), the Jaguar i-Pace and Tesla Model 3, and one that’s available as a petrol-electric hybrid – Toyota’s RAV4.

The other seven finalists are the BMW 3 Series, Ford Focus, Holden Acadia, Mazda3, Peugeot 508, Renault Megane RS and Toyota Supra.

In addition to the overall winner, best-in-class awards and the people’s choice will be unveiled at a ceremony in Auckland on December 10.

“Each of the finalists have been put through a set of exercises that saw all judges scoring from the driver’s seat,” says Stella Stocks, the AA’s general manager of motoring services.

“To top it off, Kiwis can see what went on in the testing process with video content from trials, which includes commentary from the judges.

“We’re confident these awards are the country’s most comprehensive and that motorists will be provided with definitive answers on the top vehicles in the market today.”

Liz Dobson, chief judge and Driven’s editor at large, adds: “From everyday family to luxury to sports cars and hot-hatches, and prices from $31,990 for the Focus to $144,900 the base-model i-Pace, there’s a great mix in this year’s top 10.”

Visit www.autofile.co.nz for more on this story, and a video and gallery on the finalists.

Jaguar’s i-Pace

On another level

The Senna GTR is the most extreme track car yet from McLaren Automotive and its newest Ultimate Series model.

Free from the constraints of road-vehicle legislation and motorsport competition rules, the track-only Senna GTR advances circuit-driving capability to another level.

It can produce 735kW of power and 1,050Nm of torque with its four-litre twin turbo-charged V8 engine. Top speed is limited to 345kph with tyres optimised for grip in bends.

The vehicle’s lightest dry weight is 1,188kg, and boasts aerodynamic downforce in excess of 1,000kg and suspension derived from the marque’s GT3 race programme.

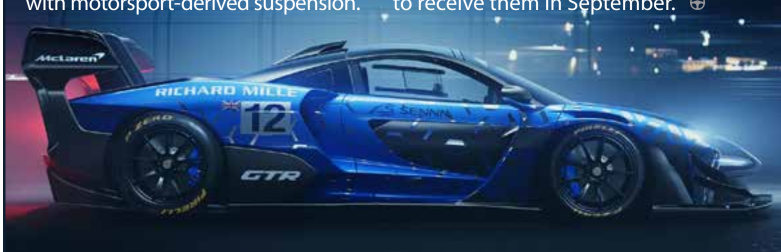
The Senna GTR is built around the lightweight Monocage III-R chassis with motorsport-derived suspension.

Its extreme package aerodynamics includes a huge front splitter and rear diffuser, and active aero blades that reduce front downforce as it builds during heavy braking.

These work with the active rear wing, which has been moved rearwards on the car to improve downforce, while the drag-reduction system helps maximise top speed on straights.

The car was commissioned by a McLaren collector who was inspired by Ayrton Senna from a young age and wanted to create a tribute to echo the Brazilian’s war colours.

The first of 75 customers who have secured a Senna GTR, which is priced from £1.1m – or about NZ$2.07m – plus taxes, were due to receive them in September.



Lead tracking essential dealership tool

Our column last month looked at the importance of running advertising that's "always on" to ensure you are constantly present at every touchpoint of a customer's journey towards the vehicle sale.

However, how do you truly know where your customers are coming from and which of your advertising is delivering the greatest return?

There is a multitude of sources from where leads can come – from searches, listings, websites and digital advertising, through to database marketing campaigns, print and radio adverts.

So, given the level of investment required to run successful advertising campaigns, it's vital to be able to accurately track the advertising origin of your leads, and establish which have become showroom visits, test drives and sales, otherwise you could be tearing up money and missing real opportunities to sell more cars.

CASE IN POINT

A real-life example when lead data was able to give a more accurate measure on advertising performance came from a dealership that had recently implemented call-tracking technology. This telephony solution involved establishing a multi-channel system that both identified the campaign origin of a lead, as well as the keywords that had been searched by the customer prior to calling.

When measuring the budget applied to his search-engine marketing (SEM) campaign against website enquiries, the dealer's marketing agency found that one particular keyword was delivering a very high cost per acquisition (CPA) of $75.47. As a result, it recommended the removal of this keyword from his SEM campaign.

TODD FULLER
General manager
AdTorque Edge NZ

However, when the dealer measured the results against both website conversions and his call tracking data, he actually found that that same keyword was delivering the best return of the campaign with a CPA of $12.22.

This example shows how vital it is to be able to accurately measure the origins of all of your leads to enable you to make more informed decisions about how to invest your marketing budget to get the best return.

So, what tools are available to enable you to fully understand your business' marketing performance? There are two key tools that all dealerships should invest in in order to arm themselves with a full view of all their marketing performance. These are a call-tracking solution and an attribution platform.

CALL TRACKING

Despite all our technology and automated systems, such as chat, SMS, email and so on, Google has found that 60 per cent of searchers are still likely to call a dealer when given the option.

Despite popular belief, data has shown that since the introduction of call buttons and "click to call" functionality on websites, search listings and social media, phone calls to dealerships have actually increased by as much as 22 per cent in the past four years. This means that a significant number of the telephone calls you are receiving are a direct result of the advertising you're running in the digital sphere.

It is important to understand what's driving those calls so you can accurately measure where your advertising dollar is best spent.

Adding multi-channel call tracking to your dealership's existing phone system enables you to apply a different phone number to each marketing stream, including display and social ads, email marketing, print media and the rest, and then track which campaign is generating calls.

This technology can also assign a single number to each visitor of your dealership's website meaning that all of their online activity – including searched keywords – prior to them calling is traced.

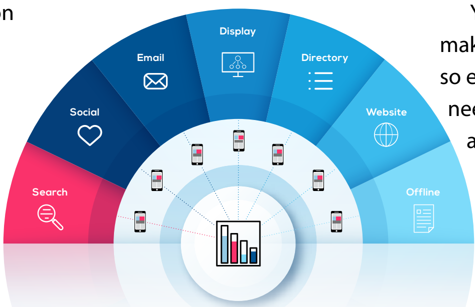
ATTRIBUTION PLATFORMS

A number of providers in the automotive industry are now delivering marketing dashboards and attribution platforms to clients with the aim of providing more insight into lead tracking.

Some of the most effective attribution platforms are able to provide a single view on all leads received by the dealership and what their origin was. They can then match this against test drive and sold-car data to give a full customer journey profile. Such data is invaluable when it comes to making decisions about how and where to spend your marketing budget to ensure the greatest return on investment for your dealership.

Given the competitive nature of our industry and the need for "always on" campaigns, it's imperative that dealers have a clear and accurate understanding of which types of advertising work best for their target markets, so that they can spend their marketing budgets wisely.

You can no longer afford to make decisions without hard facts, so equip yourself with the data you need to get the most out of your advertising. Your marketing agency should be able to provide this information. If it can't, find one that can.



The month that was... November

November 30, 1998

Massive claims lodged against fund

Claims amounting to nearly $248,000 were to be lodged against the fidelity fund held by the Motor Vehicle Dealers' Institute (MVDI) as a result of 10 summary judgements being issued during the previous week.

Auckland District Court released its findings after the liquidator of Hillcrest Marketing Ltd, trading as United Car Sales, viewed evidence compiled by anti-clocking campaigners Dermot and Phillip Nottingham, acknowledged an admission and consented to judgements being entered on the grounds that there was no defence.

The rulings were made up of the original purchase price, interest, repairs and all costs associated with bringing the proceedings, which averaged out at about $24,000 per case.

However, with Hillcrest Marketing being in liquidation, the claims would be taken to the institute's fidelity fund.

Steve Downes, executive director of the MVDI, said the corridor into the fund was quite particular and the court's judgements would have to be carefully examined to see if they complied.

If this was the case, they would then be paid. Autofile understood there was less than $1 million in the fund.

November 19, 2004

Rail key to unclogging ports

Two of the country's major port companies, Lyttelton Port Company (LPC) and Ports of Auckland Ltd (POAL), were investigating partnerships with national freight provider Toll New Zealand to develop a rail service to ease the congestion on wharves caused by used imported vehicles.

"We're undertaking feasibility studies into the equipment Toll NZ has, and its capability to move cars through the hills – and possibly to locations further afield, such as Dunedin," said Tim Blake, LPC's marketing manager.

He explained that if a storage location beyond the hills was secured, this would greatly ease congestion in the inner harbour.

Earlier in November, the NZ Herald reported POAL was discussing a similar development using land at Pikes Point, Onehunga, to store used imported cars before they were inspected. The site was near Toll's Southdown railyard, so vehicles could be transported there by trains.

It was hoped the new system would free up wharf space and reduce the number of transporters on Auckland's motorways.

"There are obvious issues that need to be worked through," said IMVDA chief David Vinsen. "But if the ports can provide large, secure areas away from the wharves where MAF [the Ministry of Agriculture and Forestry], Customs and whoever else can do their services, that's great."

November 7, 2003

New chief no stranger to sector

The new head of the Imported Motor Vehicle Dealers' Association (IMVDA) was no stranger to the automotive industry – or to its politics.

David Vinsen was unveiled as its new chief executive officer after the resignation of Chris Drake, who had left the IMVDA to head up VINZ.

Vinsen's previous roles included employment with the Mike Vinsen Group of companies. He established and headed Auto Auction Network Ltd, also known as Aucsat, for four years before becoming an independent contract business adviser.

On the political side, Vinsen was chairman of the MVDI and a trustee of its fidelity fund.

He told Autofile he didn't believe it was a tough time to take over the IMVDA with the implementation of the Motor Vehicle Sales Act to come in December.

"It's an exciting time and I don't think it's a tough time at all. I think it's going to give a huge opportunity for the organisation."

November 16, 2007

Traders criticised in tribunal report

Adjudicators on the Motor Vehicle Disputes Tribunal criticised a new trend of misrepresentation by car dealers in its annual report.

"Traders often attempt to take refuge behind mechanical warranties sold to consumers when they purchase vehicles," said Nicola Wills.

"Warranties are frequently used by traders as a means of avoiding their obligations under the Consumer Guarantees Act [CGA]. Customers with problems are advised to claim under a mechanical warranty, thereby shifting the cost of repair to the consumer.

"I have noted a general tendency for traders to adopt the position that consumers who have a problem with a vehicle are in a situation of their own making because they were offered a warranty and chose not to purchase one."

The tribunal's report added online auction sales were also of concern. Christopher Cornwell said: "Many of these purchasers do not appear to realise until they have a quality issue with the vehicle that they have no recourse under the CGA."

Dealers' practices under scrutiny

Tony Everett, sector manager – dealers at the Motor Trade Association, joins the Autofile team to give some expert advice

Up until now, we haven't really seen much in the way of credit-contract enforcement across the retail motor vehicle industry.

The long-running MTF-Sportzone case focusing on credit fees attracted heaps of attention a few years back and the outcome of that ultimately served to set some guidelines on how such matters should be addressed.

But since that ruling, it has been relatively quiet so, perhaps, it should come as no surprise that the Commerce Commission has now identified finance and insurance (F&I) sales as an area of focus for the next 12 months.

Those renewed intentions have already been in evidence with UDC Finance recently being cited for allegedly charging excessive loan-repayment default fees and it appears court action may be on the cards if settlement between the two parties cannot be reached.

The enforcement push will not end there because some car dealers are likely to come under the scrutiny of the commission.

That said, reports of "enforcement crews" landing on traders' yards in "high street" locations across Auckland are already circulating, so everyone needs to get their act together before it's too late.

TONY EVERETT

Topics for consideration will likely include compliance with relevant legislation and the responsible lending code.

These may include the evaluation of finance-related fees and charges, advertising and promotional practices employed when selling F&I-related products, such as mechanical breakdown insurance and guaranteed asset protection.

Other dealer "add-ons", such as paint and fabric protection, may also come on the regulator's radar.

It's essential to remember that credit fees must be cost-based only – that's to say with no allowance included for profit – so you need to able to justify your charges.

Never assume an "industry rate" applies because your fees must be specific to your business and cost structure.

Care must also be taken when advertising credit. If you include any when promoting your finance, ensure you disclose all other relevant parameters to avoid any risk of being misleading, deceptive or confusing.

The interest rate needs to be expressed in annual terms and whether it's fixed or variable. If you include payments in your advertising – for example, "you can own this car for $65 a week" – you must also provide the total amount payable over the full term of the loan.

Gone are the days of making statements such as "no credit checks", "instant approval", "pre-approved" and "guaranteed acceptance" because they are most likely deemed to be misleading. That's because, in a nutshell, such assertions are no longer compliant with the new responsible lending code.

On-road cost (ORC) charges may also come under enforcement. ORC should only include the costs of any genuine government levies, such as vehicle registration and, if applicable, road-user charges. This guidance is based on a court decision between ComCom and Air New Zealand involving flight prices and related add-on charges.

What I've covered in this article should be taken as a heads-up only to highlight some of the possible subjects likely to face scrutiny if you're the target of a visit from the regulator's staff.

At the end of the day, enforcement activity can be positive because it helps establish and maintain a level playing field among all operators in our industry.

That said, an enforcement team landing on your premises can be seen as an intrusion and may cause disruption to your business, but such action by the commission has been a long time coming with our industry being forewarned about its areas of priority.

Action has already been taken against other industries, now it's the turn of ours. Hopefully, investigations will not just focus on big city dealers on the "high street", but will be widely spread so those on the "back streets" and in smaller centres are also included.

Now is a good time to revisit relevant legislation for more comprehensive coverage. And be careful out there, folks.

This column's contents should be viewed as general advice. Readers should seek full legal advice if and when appropriate.

The conflict between ideologies

Many of us are tired of the "green agenda" – the ideologically motivated efforts to force us to do silly things, such as cut our emissions and clean up our waterways. Those greenies have even gone so far as to require us to carry our groceries from the store to our cars in novel new ways, such as in a trolley.

Maybe the worst part of the green agenda is that it wants to force change on the system we have worked so hard to build – it wants to limit our right to consume anything and everything we can afford. And all of this is based on what's described as "scientific evidence".

Let me tell you a bit about scientific evidence. Science is not about finding truths. It's about reducing uncertainty. The scientific process is designed to identify possibilities and use data to whittle them down to those possibilities that the data best supports. Science, and hence scientists, cannot "prove" anything. All science can do is decrease uncertainty using evidence.

Take all this global warming nonsense, as an example. Scientists can only conclude with "very high confidence" that it's occurring. This generally means a certainty of above 90 per cent, but it's not absolute certainty. They cannot prove it. And, I might mention, that a notable number – just less than three per cent of publishing climate scientists – don't agree with that level of high confidence in the theory of global warming.

There's a difference between data, things that can be observed, measured and repeated, and theories, such as global warming.

KIT WILKERSON
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We've known since the 1850s that greenhouse gases (GHGs), such as carbon dioxide (CO2), absorb and hold solar energy. And we know that activities, such as clearing forests and burning fossil fuels, release CO2 and other GHGs into the atmosphere. Data gathered by observing these activities support the theory of global warming, but surely, it would also support other theories.

> **"In 1965, the American Petroleum Institute predicted that carbon dioxide would cause 'marked changes in climate' by the year 2000"**

We can see the world changing. Sea levels are rising, glaciers and permafrost are melting, oceans are becoming more acidic, and the ranges of flora and fauna are shifting. But if scientists cannot prove global warming is the cause, then something else might be.

In fact, climate modelling results in a wide range of possibilities for the future. Surely with this much disagreement on possibilities, the underlying theory must be wrong. Since we can assume they are wrong, we can ignore the argument that it's not the models that are flawed, but the range of options on how humans will respond to the hypothetical threat that results in the variation.

I think we can also safely assume that, since scientists working for petroleum companies predicted global warming as early as the middle of last century they have taken steps to avoid it. In fact, back in 1965, the American Petroleum Institute predicted that CO2 would cause "marked changes in climate" by the year 2000. Surely, we can trust that the fossil-fuel companies have taken all necessary steps to avoid this reality.

The billions of dollars paid by oil companies to lobby government, fund "think-tanks", and create public uncertainty and doubt around the theory of global warming was for the greater good.

ExxonMobil's sales exceed NZ$1.5 billion a day, but it's absurd to think it would value profits over the good of the planet. It's absurd to think it would try to protect its income by taking steps to make the uncertainty in "global warming" look bigger than it really is.

In fact, even if the oil companies knew the risks and still provided the product, it's not like they forced consumers to use it. People can simply decide to not use electricity, they can decide to buy products without plastics and can decide to not drive. Right?

It's not like consumers are stuck within a system they cannot change, especially in western democracies. One cannot argue there are no other choices or that the system prevents other options. If consumers do not like the way infrastructure, urban planning and the energy requirements of everyday life require fossil fuels, they can give it up and live elsewhere. I mean, they could… ummm… huh… well, surely there are other options.

Even if consumers have no way to avoid the products that are said to contribute to global warming, it's still their fault because they could be lobbying the government to change the system. It's silly to think politicians would cater to corporate lobbyists over their constituencies, isn't it?

I wonder, though, I wonder if this thought that we have a right to consume and use anything we can afford is its own ideology. An ideology as fundamental as the green agenda, but an ideology we cannot see because it's so prevalent and integrated into the system we live in.

Maybe the problem with the green ideology is not that it doesn't want us to use fewer plastic bags. Maybe it's as simple as it is right and it means the rest of us are not.

Mergers guidelines reviewed

The Commerce Commission has released updated versions of its mergers and acquisitions rules following consultation earlier this year.

They reflect process changes it will follow when investigating clearance applications and non-notified mergers under the Commerce Act, under which Trade Me's buy-out of Motorcentral was declined last year.

"The updated guidelines better reflect our processes for assessing applications, including our approach to confidential information, evidence gathering and holding public conferences," says Anna Rawlings, the regulator's chairwoman.

"We've also included guidance on how we will investigate mergers when parties do not apply for clearance."

The commission's clearance application form has also been modified to better meet its and applicants' needs, and to ensure it receives the right information to make "timely" determinations.

An example of the regulator's past work in the automotive industry on takeovers dates back to July 12, 2017, when it announced Trade Me was seeking clearance to acquire 100 per cent of shares in Limelight Software Ltd, trading as Motorcentral.

On July 25, 2017, the regulator released a statement of preliminary issues in relation to the proposed buy-out. It outlined the main matters it considered important in deciding whether or not to grant clearance.

The commission also announced it had updated its clearances register to reflect the indicative timeframe for its decision on the proposed merger.

"We have agreed we will make a decision by September 5, 2017," it stated. "This date may change as our investigation progresses. If we need to test and consider issues identified further, the decision date is likely to extend."


Anna Rawlings

It wasn't until March 9, 2018, that the regulator declined clearance for the takeover. In making its decision, the merger's effects on providing dealer-management software products to traders and supplying online classified advertising for the industry were considered.

Then-chairman Dr Mark Berry said the commission couldn't be satisfied the merger wouldn't be likely to substantially lessen competition in relevant markets.

Consultation is now taking place on proposed changes to authorisation guidelines that explain how the regulator assesses applications to authorise mergers and restrictive trade-practice agreements under sections 58 and 67 of the Commerce Act.

If a business thinks its proposed merger might substantially lessen competition, approval should be sought for it to proceed before it happens.

If it doesn't, businesses risk facing enforcement action, which can result in significant penalties or courts reversing mergers. Visit www.comcom.govt.nz/business for more information.

Industry movers

NICOLE ROSIE will start as chief executive of the NZTA in mid-February.

Sir Brian Roche, chairman of the agency's board, says: "Nicole has more than two decades' executive experience in the public and private sectors, and in a range of industries and functions.

"For the past three years, she has led WorkSafe NZ. She has significant executive leadership experience in transport and commercial firms, including Toll and Fonterra."

He adds her appointment is important for the NZTA as its revitalisation continues to deliver "a safe, connected and integrated transport system".

Mark Ratcliffe, interim chief executive, will remain in his position to enable a handover and support for the half-year reporting process, with Roche acknowledging his strong leadership since taking on the role in January. Visit www.autofile.co.nz to find out more about Rosie.

JOHN WOOLNOUGH has been appointed as New Zealand national sales manager with Nissan Financial Services NZ Pty Ltd, which incorporates Nissan Financial Services and Mitsubishi Motors Financial Services.

Woolnough has been promoted into the role after starting with the company as dealer account manager in July 2015.

With more than 30 years' experience in the banking and financial services sector across New Zealand, Australia and Papua New Guinea, his wealth of knowledge supports manufacturer networks with experience in approvals, settlements and back-office functions to various management roles on the frontline.

CATHERINE TAYLOR is one of five new members of the NZTA's board of directors unveiled by Phil Twyford, Minister of Transport. The others are Ken Rintoul, Cassandra Crowley, Patrick Reynolds and Victoria Carter.

Twyford says his appointments are based on getting the agency "back on-track after it was failing to regulate".

"The new board members bring the right mix of skills to deliver our transformative agenda and refocus the agency on regulating the land-transport system," he adds.

"I thank David Smol for remaining on the board until the appointments were made and outgoing members for their work." There remain two vacancies on the NZTA's board, which will be filled in due course.

PAUL BRYNES has been determined by Turners Automotive Group's board as an independent director under NZX and ASX listing rules.

This is because he is no longer a substantial shareholder in the company and relinquished the role of chief executive officer more than three years ago.

Following this determination, the board comprises of seven directors – a non-executive chairman, four independent directors and two non-executive directors.

LEONARD SAMPSON has been appointed to the newly created position of chief operating officer at Port of Tauranga reporting to chief executive Mike Cairns.

Sampson had been the port's commercial manager since 2013 when he joined the company after holding senior roles at KiwiRail, Carter Holt Harvey and Mainfreight.

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

NZ labour market report

It's an area of employment law businesses sometimes struggle to get to grips with – and that's whether a trial can be part of a job interview.

But before answering the question, let's put a scenario out there that could easily apply to a car dealer.

Fred had an interview at a dealership for a position as a car valet. During the interview, he was asked to demonstrate his skills and he completed his tasks on a Tuesday afternoon with no issues. Some customers he dealt with even complimented the dealer about Fred's friendly manner.

Even though the person interviewing Fred could clearly see he demonstrated the skills needed for the job within the first hour, he continued to require him to valet vehicles for three extra hours.

> **You should tell applicants in advance about any assessments they will be completing**

After the interview, Fred was told he would find out at the end of the week if he had got the job and he was confident this would be the case.

On the Friday, the car dealer called him and thanked him for an excellent interview, but said the job was offered to someone else who had more experience. Fred then asked to be paid for the three hours he worked during the trial. The dealer said because it was a trial, it was unpaid, but this wasn't made clear to Fred at the time.

So who is acting in accordance with the law here?

It's sometimes appropriate to ask applicants to perform tasks during the interview process so you can assess whether they have the skills needed for a job.

For example, this could apply in cases when the applicant's previous work experience used different skills, or to help you to compare the skills of several applicants.

If you're using assessment tasks, they shouldn't take too long and should genuinely assess someone's ability relevant to the position.

You should tell applicants in advance about any assessments they will be completing. It's important that it's made clear that performance of any tasks is part of the interview process and the assessment isn't paid or rewarded.

There's a risk that performance of such tasks may be considered employment under some circumstances. This could include situations when it's unclear if these were actual work or part of the interview, and or the business has received financial gain from the tasks performed.

Payment by money or reward – or the creation of such an expectation – makes performance of the tasks more likely to be viewed as employment.

For example, it's acceptable to ask a valet to service two or three cars or a mechanic to tune an engine, but working a whole shift – or even a few hours – can be considered as employment.

A skill assessment as part of an interview shouldn't be confused with a trial period or probationary period.

Trial and probationary periods can be part of an employment agreement between an employer and employee, and apply once employment has been offered and accepted. If you're considering such a period, it's important to understand the difference between them, and when and how they can be used.

There's no such thing as an "unpaid trial". People can perform work unpaid as volunteers.

An employer with 19 or fewer employees can use a trial period for up to 90 days if agreed in the employment agreement before the worker starts. Probationary periods can be used to find out if a worker can do a new job or for those changing jobs with the same employer.

Source: Employment NZ

TIMES OF CHANGE, LET'S GET READY

Our industry – along with almost all other industry sectors – has gone through significant change over the past 10-plus years. Most industry observers would say that insurers and their agents have been slow to adapt to technological and regulatory enhancements, and few have been proactive in preparing for such change, but that is not a recipe for survival or prosperity.

Technology is playing an increasingly greater role in how businesses interact with each other and with their customers. End customers are becoming increasingly well-informed through the use of technology. They now educate themselves on what is available and what they feel they need before they seek to purchase services and products. Retailers are no longer able to choose who gets offered what, if at all.

Retail industries, including the motor-vehicle sector, are experiencing significant changes in consumer buying behaviour as technology informs and provides consumers with greater choice and transparency, all of which is supported by increasing regulatory change aimed at protecting these consumers. Globally, governments are looking to protect their constituents from predatory sales practices, unsuitable products and value propositions which are not fair value for the customer.

For the first time in New Zealand's insurance industries history, insurers have become the subject of oversight and regulation by the Reserve Bank of New Zealand (RBNZ) under the Insurance Prudential Supervision Act 2010. Insurers are also voluntarily subject to an Insurance Council code of practice. While Protecta is not a registered and regulated insurer, it is a managing agent for a regulated insurer and, as such, Protecta must effectively step into that insurer's shoes and behave like an insurer to ensure it is compliant in every way.

In the UK over the past few years, and more recently in Australia with the 2018 Royal Commission of Inquiry into the finance and insurance sectors, increasing focus is being applied by regulators into the practices of industries and companies over which they have prudential oversight.

Enormous fines over the mis-selling of products – products similar to those distributed in the New Zealand market – have been imposed. It is understood that the remediation costs so far equate to AU$8 billion, leading to increasing concern as to what may lay ahead for our industry here in New Zealand.

In early 2019, the Financial Markets Authority and RBNZ released the Insurance Conduct and Culture Review (the Report) of the life-insurance sector. These two regulators have since issued notices to all New Zealand insurers saying, "we expect all insurers to assess their conduct and culture governance frameworks, and consider and act on all relevant recommendations in the report to ensure" the points below are taken on-board:

- Board ownership and accountability for conduct and culture.
- Oversight of intermediaries.
- Product design, training and support.
- Policies and process.
- Identification and remediation of issues.
- Incentives, including to staff, and commissions to intermediaries.

The document issued had a deadline of October 31, 2019. There is no escaping these facts and Protecta must proactively adapt its current structure, technology and product solutions, operating model and cost base to ensure it is prepared and fit to meet the challenges of tomorrow.

All of this paints a picture of insurers needing to have much tighter oversight of their products, commission regimes to intermediaries, how their product propositions are represented to consumers, and how they satisfy the regulators that they have appropriate oversight of such practices. In other words, insurers must take control of their destinies and we at Protecta, as an agent for an insurer, must proactively take the lead on these obligations.

Over the coming weeks, we will be discussing more closely with our dealers, partners and agents what we believe tomorrow looks like, and working alongside you to assist and adapt with theses changing times. Whether you are a current Protecta Insurance provider or not, please feel free to contact me directly to discuss. At Protecta, we want to ensure you are well-prepared for change. It's not a matter of if, it's a matter of when.

Working together we can provide better customer outcomes.

Regards,

Phil Hibbert

Phil Hibbert,
CEO, Protecta Insurance Ltd

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Spotlight on brand trust

From left, Mike Durkin of Resene, Todd Hunter of Turners, Andrew Davis of Toyota NZ and Mark Mountcastle of Avanti Finance

A host of issues was tackled by speakers and during panel discussions at this year's annual Financial Services Federation (FSF) conference, such as ethics and conduct, and there was plenty on the agenda about the automotive industry in addition to finance.

Delegates heard from representatives of three companies judged by Reader's Digest readers as among the country's most trusted brands in 2019 – Andrew Davis, managing director of marketing and business technology at Toyota NZ, Todd Hunter, chief executive officer of Turners, and Mike Durkin, chief financial officer of Resene Paints.

They covered what being a trusted brand means during a panel discussion led by Mark Mountcastle, CEO of Avanti Finance and chairman of the FSF's executive committee.

Mountcastle quizzed Davis about Toyota being a global brand, and the relationship between the New Zealand operation and its parent company.

"It's a cliché, but 'think global, act local' applies," he replied. "Although we're a subsidiary of Toyota Motor Corporation, we have a good footprint in New Zealand. Culture is different in different countries, so they leave us to brand locally. A lot of where value comes from is when you add it along the way. Our brand is a New Zealand brand and building one takes time."

Davis added Toyota NZ had benefitted from longevity. "It's at the coalface that our brand is represented. When people buy cars, ultimately it's the person making the engagement.

"On a national level, we push the energy or values of our brand to our stores. You have to give your brand time to breathe. In doing that, you come up with small things you can feed into stores."

He explained that the automotive industry was going through a transitional phase with the rise of electrification, car-hiring and sustainability with end-of-life vehicles.

"Purchase decisions aren't just based on 'the metal I'm seeing in front of me', and I don't think we've been doing a bad job around accountability. We're working a lot in that space."

Mountcastle wanted to know why building trust was such an important part of many brand identities and asked Hunter what Turners' point of difference was.

"We're fortunate to have a trusted brand in a market that generally stands to the opposite of that, which is a great place to operate from," said Hunter. "We've been in business for 52 years. What's been pervasive during that long time is strong customer ethic, and generally the business has strong trust attributes and values throughout it.

"Ultimately, your brand has to reflect those values – the way people act, things they read and see, experiences they have. Values are important in terms of how you want the brand portrayed."

As for the link between Turners' culture and brand, Hunter said it had been through some major changes.

"Around 2013, we were very much a wholesale business selling to dealers, but wanted to be more retail-focused. I wanted to change the name, to drop "Auctions". For a lot of people in our business, that was dear to them. Auctions was what Turners did.

"But it was important to reposition and create signals internally as well that we were doing something different, so we made that move.

"A big symbol of change was guys used to wear white shirts and ties on the sales floor. To me, that wasn't what the brand should be. Most people coming in wanted to deal with someone more approachable, so we moved to blue-collar shirts and black jeans. Our staff were more identifiable and customers felt more comfortable."

When asked what advice the panellists would give about creating a trusted brand, Durkin replied: "Reliability, integrity and be clear about your objectives. Ensure your staff know where they're going and understand what you're trying to achieve. If you do that and meet customer demand… you can't go wrong."

Hunter added: "Be super-clear about three things you want of

Delegates at the FSF's conference in Auckland

More online

Visit www.autofile.co.nz for more on the FSF's conference. Online coverage includes more on Faafoi's speech, the award winners, the discussion about branding our business and a gallery.

your organisation for your brand."

"For me, it's working on what values you portray," opined Davis. "Then work with staff to get that message from your values position. Ultimately, it's a trusted brand because customers have said that."

The conference's opening address, as in 2018, was given by Kris Faafoi, Commerce and Consumer Affairs Minister, but this time by video-link. He outlined key areas of regulating the finance sector, some of which will have downstream effects on the automotive industry.

He ran through what the government was focusing on to support its objectives, with the Credit Contracts Legislation Amendment Bill being a cornerstone.

"Changes will better protect consumers from irresponsible and unscrupulous practices. The key one is a 100 per cent cap for repayment. We've added a cap of 0.8 per cent per day. Indirectly, it also limits how much risk lenders can take on to help reduce high-cost loans given to those who can't afford them."

Faafoi added a safer credit and financial-inclusion strategy was tied to changes around high-cost, short-term credit, while the government wanted to improve conduct and culture at financial institutions and insurance providers to ensure customers' needs and interests were the focus of products and services with the new regime being backed by "strong enforcement tools and significant financial penalties".

This year was the first time the FSF's conference was fully opened to non-members – part of work to set industry standards and promote responsible lending more widely.

Lyn McMorran, executive director, said: "We will always run a membership-based model, but see our conference as an opportunity to share learnings and best practice to impact not just customers of our members, but those of financial institutions more widely."

Awards reflect diversity

Two finance companies landed three of the gongs up for grabs at the Crediting Excellence Awards run by the Financial Services Federation (FSF).

Avanti Finance scooped the award for outstanding corporate citizen, while Go Car Finance won two individual honours thanks to Yazid Sheik and Simon Gormley.

The judges said Avanti Finance "demonstrably lives by its values of putting people first, being relentlessly helpful, and doing what's right".

Sheik was judged to be top new finance professional for his sensitivity and initiative in dealing with customers with vulnerabilities.

And Gormley took out the outstanding support person award for his innovative approach. The judges noted: "His ideas are fresh, and he's the sort of person the industry and New Zealand needs – to think outside of the box."

Meanwhile, Kirsty Walker, of Home Direct, won the leadership award, with Experian taking the innovation title at the ceremony in Auckland on October 16, which followed the FSF's annual conference.

The second-ever Crediting Excellence Awards invited federation members to demonstrate how they go the extra mile in ensuring good outcomes for their customers and community.

This year's judges – ex-Banking Ombudsman Deborah Battell, FinCap's Soraiya Daud and the FSF's former legal counsel Rob McInnes – were impressed with the jump in quality and quantity of entries, which almost doubled from last year.

"All entries were a reflection of New Zealand, its diversity and its values," they said. "The best applicants showed commitment to innovation and improvement through lateral thinking, and an understanding that the right thing for the customer is also the right thing for the company."

Lyn McMorran, executive director of the FSF, said: "Nowhere else is excellence in responsible lending being acknowledged like this, yet it's so important. There's a saturation in publicity about dodgy lenders, which leads to the perception they are the only option for consumers when that's far from the case.

"It's important New Zealand has an ethical and responsible finance sector. These awards contribute to setting high standards of responsible lending, which should be aspired to by the whole sector."


Simon Gormley, centre, of Go Car Finance with Lyn McMorran, of the FSF, and Mark Rowley, of Centrix

Sasha Lockley, head of customers and people at Avanti Finance


Go Car Finance's Yazid Sheik

"The best applicants showed an understanding that the right thing for the customer is also the right thing for the company"
- judging panel

Championships set for face-off

The Castrol Toyota Racing Series (TRS) has begun unveiling its first drivers for the 2020 season.

And F3 Asia has confirmed a massive raft of detail about its season, which will begin in December. It will straddle key TRS dates and finish in February – after the New Zealand Grand Prix and just before the 2020 FIA F3 championship gets under way.

The TRS has in the past chosen to ignore the F3 regional series. In 15 years, the Kiwi competition has built a strong following among team owners, talent spotters and driver managers.

Each January, a stellar cast of young single-seater hopefuls has arrived in this country, drawn by the chance to race while their contemporaries train in simulator rigs or the gym during the northern hemisphere's winter.

TRS action at last year's NZGP weekend

The honour roll of those who head south is long and includes almost every Kiwi now achieving success globally.

The key change is in Asia. From small beginnings, the FIA-certified F3 Asian Championship will directly challenge the TRS' dominance.

Its dates overlay the TRS and the F3 allocates F1 super-licence points down to ninth position whereas the TRS currently only has points down to fifth.

TRS CALENDAR

The TRS boasts three races per weekend over five consecutive weekends providing up to 3,000km of practice, qualifying and racing.

The dates are January 17-19 at Highlands Motorsport Park in Cromwell, January 24-26 at Teretonga Park in Invercargill, January 31 to February 2 at Hampton Downs, February 7-9 at Pukekohe Park and February 14-16 at the Manfeild NZGP.

ASIA F3 DATES

There are three Asian F3 races per weekend at F1 circuits in three countries spread over three months.

Its calendar is December 14-15 at Sepang in Malaysia, January 10-11 at Dubai in the UAE, January 17-18 at Yas Marina in the UAE, February 14-15 in Sepang and February 22-23 at Buriram in Thailand.

Drivers get $25k boost

Four young Kiwis have landed scholarships to boost their careers by taking part in the Toyota 86 Championship.

Hamilton's Brock Timperley, who is 25, and Sam Fletcher, 24, from Lower Hutt, will drive cars provided by Toyota Gazoo Racing NZ.

Karter Ryan Wood, 15, from Upper Hutt, and 14-year-old Tayler Bryant, of Pukekohe, have secured drives in CareVets Scholarship vehicles.

Eighteen young drivers applied for the $25,000 scholarship places in the 2019/20 six-round series, which will be televised live and as highlights packages.

They were put through their paces on and off-track at Pukekohe Park, and tested on data analysis, driving technique, timed laps, fitness and interview technique.

The four successful applicants, who each receive a season-long lease of a Toyota 86, are delighted to have secured the valuable scholarship cars, which have been designed to make the popular championship more accessible for up-and-coming talent.

Timperley, who is the most experienced, says his scholarship presents a wider opportunity to develop his techniques.

"I've been looking for the most competitive tin-top class to sharpen my skills," he says. "You can always improve your craft and I'm looking forward to developing in such a competitive environment."

Bryant, who's the youngest, adds: "I have to be targeting the rookie title, but a top seven overall is also realistic. I know the North Island circuits, which will be a help, and particularly enjoy Pukekohe."

Category manager Geoff Short says: "These four talented youngsters now have a chance to win at championship level and use the programme as a springboard for their careers. It will be fascinating to watch how it shapes up for them in competitive fields."

Armstrong excited about return in new F3 car

A year after he finished fastest rookie in the Macau Grand Prix, Marcus Armstrong, pictured, says he can't wait to get back to the challenging street circuit.

The race in the "special administrative region" of China refocuses as the Formula 3 World Cup this year.

It will be run for the new FIA cars Armstrong was driving in the championship when he was third behind his team-mates Jehan Daruvala and Robert Shwarzman.

Fellow New Zealander Liam Lawson will also contest the grand prix and is running with MP Motorsport – the same team he races with in Europe.

Two-time champion Dan Ticktum has confirmed he will return to the race, trying to score a hat-trick of wins.

He won the Macau Grand Prix in 2017 and 2018, and finished second in the 2018 FIA Formula 3 European Championship. He landed the prestigious British Racing Drivers' Club's McLaren Autosport Award in 2017 and was Autosport National Driver of the Year last year.

The Macau F3 event is attended by team managers and talent spotters from around the world, and in the past it has been instrumental in securing rising drivers with pathways to Formula One. It has been won in the past by the likes of David Coulthard, Michael Schumacher and Ayrton Senna.

Super Cassidy's winning Formula

Nick Cassidy has been crowned champion of Japan's Super Formula. He's the first Kiwi to take the title, the first foreigner to do so since 2011 and first in five years to win for Toyota's flagship TOM's operation.

He sealed the deal at the final round in a tense decider at Suzuka by overhauling pre-race points leader Naoki Yamamoto with a second-place finish. It's a result that has been noticed in the "right" places, if not by our media.

When Autofile spoke to Cassidy a few years ago, he was "the best driver New Zealand has never heard of". Quick but quiet, happy to let his on-circuit performance speak for him. With a Super Formula title to his name and potential for more, he's a household name in Japan and known the world over – but has still to crack the mainstream media's awareness bubble here.

Now 25, Nick Cassidy has long been a Toyota insider, favoured in New Zealand after many Toyota Racing Series and NZ Grand Prix wins. His track record, and the backing of former TNZ's motorsport manager, Steve Boyce, helped open doors for Cassidy in the marque's home market where he won the Japanese Formula Three Championship in 2015.

The biggest door that opened was a drive in the following year's Super GT series, the all-Japan touring-car championship in which he finished fifth in a Lexus RC F. This see-saw year saw Cassidy commuting for the F3 European Championship with Prema. Date clashes were inevitable and both campaigns suffered.


Nick Cassidy receives the victory shower from fellow competitors after winning the 2019 Japan Super Formula championship


Cassidy on his way to the 2017 Super GT title


Piloting the Vantelin Team TOM's Dallara in the wet at Fuji speedway

Then, in 2017, he won a Super GT title for the Lexus Team KeePer TOM's Toyota. "That was a turning point. Outside F1, that's Japan's biggest title. People started to recognise me in the street."

The following year came a second overall by one point in Super Formula. That was backed by a second in Super GT in 2018 with Cassidy proving his versatility in single-seaters and tin-tops.

This year, he won the first race and continued in top form to the final chequered flag. Up against the fastest Japanese drivers, and British and Europeans drawn by the prospect of racing F1-standard machinery on high-challenge fast circuits with F1 Superlicence points on offer, Cassidy blended natural speed with local knowledge to take the title.

The Super Formula cars aren't much short of F1 in terms of raw speed, although they have different aerodynamics, wide tyres and a fraction less power.

"Like F1, the championship has a range of tyres to be used, and sometimes the softs work well and other times it will be the mediums," explains Cassidy. "Then we factor in wet-weather specifics. Tyre strategy can make a huge difference."

His car is a Toyota-powered Dallara SF19. The field is split between Honda and Toyota with two-litre turbo four-cylinders producing in excess of 400kW. There are few electronic driver aids to smooth out rough brake or throttle application.

"You have to be on the ball because the rest of the field is right there," says Cassidy. "Having one engine supplier evens things out and puts emphasis on the driver."

Cassidy's favourite circuit is Autopolis for Super Formula and Super GTs. "It's awesome and I have lots of experience there. It's in the mountains in the middle of nowhere, a crazy place with long corners. It's a high-speed circuit with no run-off. There are walls, grass – real New Zealand-style."

Off the circuit, things are "an organised mess, while the Japanese are so polite and have their tickets for queuing up to get into the pit-lane."

"It's an incredible atmosphere. There were 91,000 fans at Fuji and everybody's running everywhere. Nothing's restricted, so fans can walk down the pits and meet drivers. And they do, in their thousands."

Cassidy is no longer hooning around Western Springs or Manfeild. The Mt Wellington kart circuit where he honed raw speed is gone. Things have moved on. Now living in Tokyo, and without doubt one of Toyota's blue-eyed boys with the world at his feet, he's fulfilling his potential as a driver and living the dream.

Buyer fails to reject ‘bunny hopping’ manual car two years after purchase

The case: The buyer wanted to reject her manual 2017 Kia Rio two years after purchase because she said it was doing “bunny hops”, and stalled in first and second gear. The dealer said it had fully investigated her concerns, but the vehicle wasn’t faulty.

The decision: All parties agreed an automatic car would be more suitable for the purchaser. The tribunal ruled the buyer had failed to prove faults existed and dismissed her application.

At: The Motor Vehicle Disputes Tribunal, Tauranga.

Background

Steedman Farms Ltd purchased a new Kia Rio from Peninsula Investments Ltd, trading as Thames Valley Kia, on July 3, 2017.

Annarose Steedman, the primary driver, had clocked up more than 20,000km in the vehicle when she wanted to reject it on March 25, 2019, because it “chugged” and did “bunny hops”, and – at times – stalled in lower gears.

Thames Valley Kia denied the car had a fault. It said Steedman’s concerns had been fully investigated and the vehicle operated normally.

The case

Steedman test-drove the automatic Rio at Thames Valley Kia, but decided she would prefer a manual model, which she didn’t try out pre-purchase.

Soon after purchase, Steedman was concerned about its acceleration at low speed, saying “bunny hops” happened if too little throttle was applied and it potentially stalled.

However, if too much throttle was applied, Steedman said she risked crashing into the vehicle in front although that hadn’t happened.

She contacted the dealer in September 2018 about her concerns. It referred her to West City Kia, the marque’s dealer closest to her home, which investigated her concerns. No faults with the car were found.

At the end of 2018, Steedman again contacted Thames Valley Kia to say her vehicle still wasn’t performing satisfactorily. She took it to the dealer for assessment in early 2019. Again, no faults were found, which prompted Steedman to reject it on March 25.

In response to her rejection letter, Craig Buckley, Kia NZ’s national service manager, wrote to her on March 28 saying the car’s performance during acceleration in first and second gear was “not a known concern within this model range in New Zealand”.

He added: “Each dealer has separately test-driven your vehicle and reported that when compared to others of the same model and variant, these also displayed the same occurrence you have detailed in your correspondence when operated under the same driving conditions. Both comparative vehicles had no previous complaints of the same nature from current or previous respective owners.”

In April, Steedman took her car to Keightley Motors, Whenuapai, for investigation. Owner Malcolm Keightley scanned the Rio and found no faults in the engine system. With the scanner connected and recording live data, he test-drove the Rio for 35km in a mixture of motorway and town driving with traffic.

“During this period, the engine hesitates badly and will, on occasions, stall,” said Keightley. “Live data confirms a steady throttle position recorded at the sensor. At this time, the throttle body motor feedback is fluctuating thus creating a surge”.

He gave evidence via phone at the hearing. He disagreed the symptoms experienced by Steedman were an ordinary characteristic of the vehicle. However, he accepted, after driving another manual Kia Rio, that the problem wasn’t isolated to Steedman’s car because the others performed in the same way.

Keightley said further investigation of the Rio’s idle control was needed. He added a “more aggressive driver may not notice this issue”. Moreover, in an email to the dealer dated May 15, he thought the automatic option would be best for Steedman.

Steedman drove another manual Rio and said it performed in the same manner as her car. She also acknowledged an automatic transmission might be a better option for her, but she didn’t want to pay more money to trade in her vehicle for such a model.

The dealer submitted that no mechanical or manufacturing fault had been found with the Rio. It explained its electronic throttle provided little mechanical “feedback”, unlike an old cable-type throttle.

When Steedman took the vehicle in for assessment in December 2018, no fault was found with the settings and electronic parameters in the engine-management system, and no codes were logged to indicate any faults.

The AA inspected the car on May 15 and reported very slight hesitation at low rpm in first and second gears, but that this was – in the inspector’s view – a normal operating characteristic of the vehicle.

The finding

Having considered all the evidence, the tribunal found symptoms experienced by Steedman reflected the ordinary characteristics of the car.

The tribunal wasn’t persuaded by Keightley’s evidence there was something wrong with the vehicle that needed fixing. It found Steedman had failed to prove there was any fault with it and it didn’t fail to comply with the guarantee of acceptable quality in the Consumer Guarantees Act (CGA).

The adjudicator also noted it would have difficulty accepting the buyer was entitled to reject the vehicle 18 months post-purchase.

The CGA requires consumers to exercise the right to reject a car within a reasonable time after delivery. If they don’t, they can lose this right.

A further difficulty for Steedman’s claim was the lack of clear recommendations, including from her own mechanic, as to what repairs might be needed.

Order

The application was dismissed.

Post-certification modifications made to vehicle result in inspection failure

The case: Thirteen months after purchase, the buyer discovered modifications to her Nissan Skyline made the car unsafe to drive and it failed its warrant of fitness (WOF) inspection. She wanted to reject it because subsequent repairs changed its appearance. The dealer said the vehicle was roadworthy after it had fixed the faults.

The decision: The buyer's application to reject her car was upheld and the dealer was ordered to pay her $17,285.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Irene Robertson purchased a 2007 Nissan Skyline for $15,990 from MotorCo Ltd on November 26, 2017, and she paid $1,295 for mechanical breakdown insurance (MBI).

It came with after-market alterations, including 19-inch wheels and adjustable rear suspension.

The Skyline had recently passed compliance testing and had a low-volume vehicle (LVV) certification for its modified suspension.

Thirteen months after purchase, Robertson rejected the Nissan claiming MotorCo had modified the car after it was granted LVV certification meaning it wasn't of WOF standard and was unsafe to drive when sold.

Robertson said she had given the trader a reasonable opportunity to fix the issues, but it had failed to do so. She wanted to recover the purchase price and other costs incurred in respect of the vehicle.

MotorCo said the LVV non-compliance was inadvertent and it had taken reasonable steps to rectify the car's faults.

It added buyer protections under the Consumer Guarantees Act (CGA) no longer applied because Robertson had owned the vehicle for more than one year.

The case

Robertson told the hearing she bought the Skyline because of its appearance. Its suspension had been lowered, and it had been modified to include 19-inch wheel rims, an adjustable rear suspension and rear-window tints.

She said that after purchase she was concerned about the vehicle's handling. It felt unstable, particularly at open-road speeds in wet conditions. She continued to use it because she thought its handling might have been normal for a Skyline.

In January 2019, Robertson took the car to Vehicle Testing NZ for its annual WOF. It failed because, among other things, the rear-window tints were illegal and the LVV certification didn't match the modifications, which was granted on factory-standard 18-inch rims. She also discovered the wheels were significantly out of alignment.

MotorCo accepted the LVV certification failed to match the alterations at the time of sale and weren't of WOF standard.

The tribunal's assessor said adding 19-inch rims was significant because the larger wheels and, with the lowered suspension, significantly changed the alignment of the rear wheels.

He said this could negatively affect handling and stability, especially at high speeds if the back wheels' camber was negative – that's to say, the top of the wheels leaned inwards.

The buyer provided a copy of a wheel-alignment report from Birch Ave Tyres and Alignment dated February 20. It showed the camber angle on the rear wheels was between -1.80 and -1.90 degrees. The minimum permissable was -1.33 degrees.

The assessor said this report showed the Skyline's rear-wheel camber was negative, and significantly outside recommended specifications making it unsafe.

Robertson initially rejected the vehicle, but agreed to allow MotorCo to repair it on the basis it would then be WOF-compliant while ensuring its pre-purchase specifications – including the 19-inch rims and lowered, adjustable suspension – remained unchanged because the car's appearance was important to her.

To do this, Robertson expected the trader to install after-market camber arms, which she had been told would correct the alignment while retaining its lowered suspension and 19-inch rims.

The car was returned to the dealer on March 15 for these repairs. However, MotorCo raised the vehicle by 20mm at the front and 40mm at the rear, and removed the adjustable rear shock-absorber platforms and replaced them with standard springs.

Although it was compliant with WOF standards, it was different to what Robertson initially purchased.

In its defence, MotorCo submitted that the CGA's protections no longer applied in this case because Robertson had owned the car for more than a year before she discovered and identified its defects.

The finding

On the basis of the evidence, the tribunal was satisfied the Skyline wasn't of acceptable quality for the purposes of the CGA.

The vehicle had pre-existing defects that should have caused it to fail a pre-purchase WOF inspection and was unsafe to drive.

The tribunal acknowledged protections in section six of the CGA weren't indefinite and lasted for as long as was reasonable in the circumstances of each case, but it was satisfied the protections continued to apply in this matter.

The defects weren't readily observable and were found at the first annual WOF inspection, which was realistically the first time Robertson would have discovered the defects existed.

Her consent for the car to be repaired was obtained on the basis it would be made compliant with WOF standards while ensuring its pre-purchase specifications remained unchanged.

MotorCo failed to do this, so Robertson was entitled to reject it under the terms of section 18 of the CGA. As a result, under remedies in section 23 of the act, she was entitled to recover all amounts paid in respect of the car.

Order

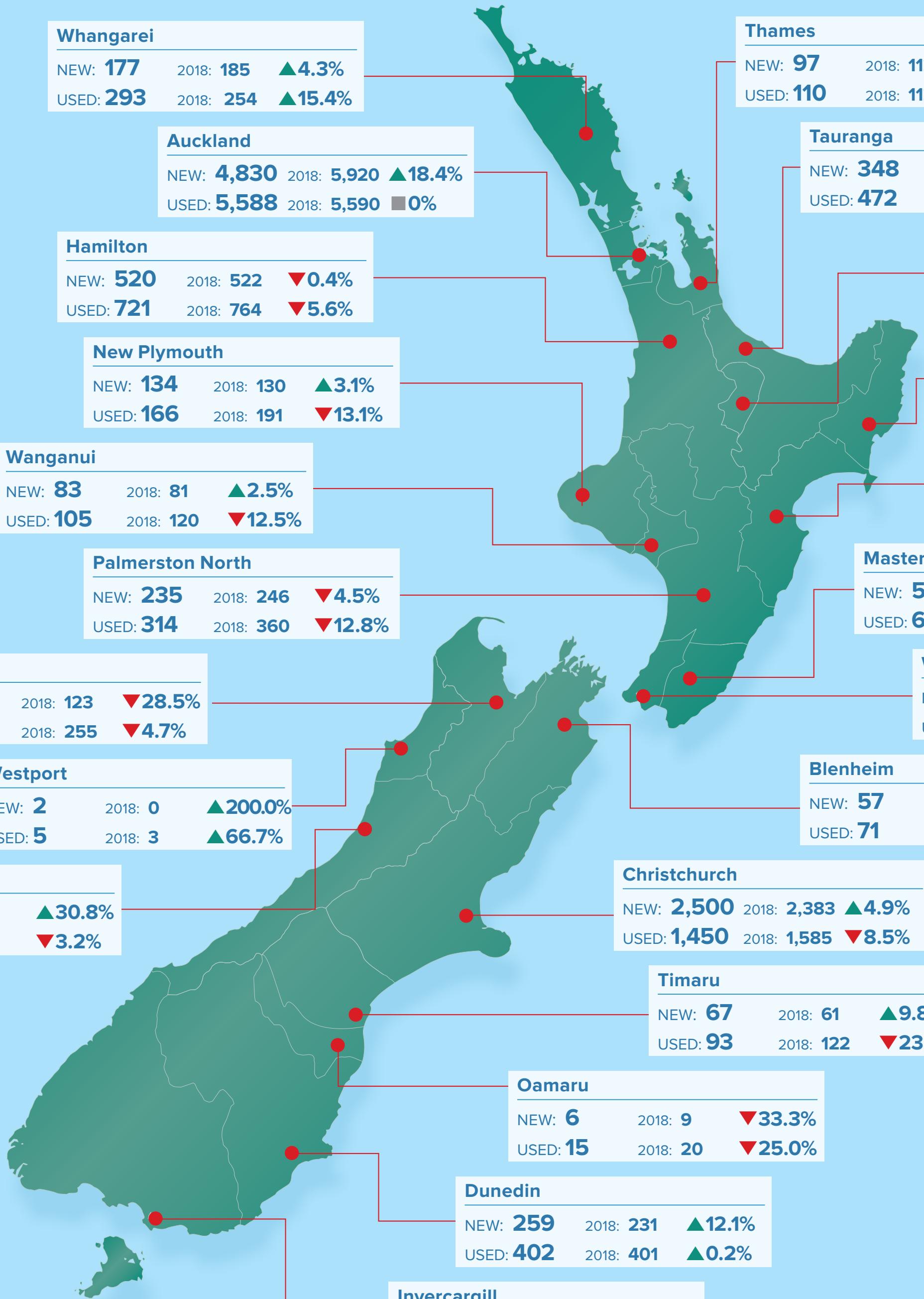
The rejection of the Skyline was upheld. The trader had to repay the $15,990 purchase price and $1,295 for the MBI policy.

AROUND THE COUNTRY

October 2019

Total new cars	
10,622	
2018: 11,765	▼9.7%

Total imported used cars	
11,663	
2018: 12,100	▼3.6%



Whangarei

NEW:	177	2018: 185	▲4.3%
USED:	293	2018: 254	▲15.4%

Auckland

NEW:	4,830	2018: 5,920	▲18.4%
USED:	5,588	2018: 5,590	■0%

Hamilton

NEW:	520	2018: 522	▼0.4%
USED:	721	2018: 764	▼5.6%

New Plymouth

NEW:	134	2018: 130	▲3.1%
USED:	166	2018: 191	▼13.1%

Wanganui

NEW:	83	2018: 81	▲2.5%
USED:	105	2018: 120	▼12.5%

Palmerston North

NEW:	235	2018: 246	▼4.5%
USED:	314	2018: 360	▼12.8%

Nelson

NEW:	88	2018: 123	▼28.5%
USED:	243	2018: 255	▼4.7%

Westport

NEW:	2	2018: 0	▲200.0%
USED:	5	2018: 3	▲66.7%

Greymouth

NEW:	17	2018: 13	▲30.8%
USED:	30	2018: 31	▼3.2%

Thames

NEW:	97	2018: 112	▼13.4%
USED:	110	2018: 112	▼1.8%

Tauranga

NEW:	348	2018: 373	▼6.7%
USED:	472	2018: 519	▼9.1%

Rotorua

NEW:	136	2018: 157	▼13.4%
USED:	155	2018: 190	▼18.4%

Gisborne

NEW:	67	2018: 41	▲63.4%
USED:	74	2018: 56	▲32.1%

Napier

NEW:	208	2018: 218	▼4.6%
USED:	238	2018: 248	▼4.0%

Masterton

NEW:	54	2018: 87	▼37.9%
USED:	63	2018: 78	▼19.2%

Wellington

NEW:	640	2018: 690	▼7.2%
USED:	836	2018: 946	▼11.6%

Blenheim

NEW:	57	2018: 57	■0.0%
USED:	71	2018: 60	▲18.3%

Christchurch

NEW:	2,500	2018: 2,383	▲4.9%
USED:	1,450	2018: 1,585	▼8.5%

Timaru

NEW:	67	2018: 61	▲9.8%
USED:	93	2018: 122	▼23.8%

Oamaru

NEW:	6	2018: 9	▼33.3%
USED:	15	2018: 20	▼25.0%

Dunedin

NEW:	259	2018: 231	▲12.1%
USED:	402	2018: 401	▲0.2%

Invercargill

NEW:	97	2018: 126	▼23.0%
USED:	219	2018: 195	▲12.3%

Imported Passenger Vehicle Sales by Make - October 2019

MAKE	OCT'19	OCT'18	+/- %	OCT'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	2,764	2,693	2.6	23.7%	25,834	22.0%
Nissan	2,231	2,526	-11.7	19.1%	22,920	19.5%
Mazda	1,842	1,996	-7.7	15.8%	19,064	16.3%
Honda	1,367	1,271	7.6	11.7%	13,163	11.2%
Subaru	740	645	14.7	6.3%	6,915	5.9%
Suzuki	567	643	-11.8	4.9%	6,068	5.2%
Mitsubishi	520	489	6.3	4.5%	5,346	4.6%
BMW	384	474	-19.0	3.3%	4,186	3.6%
Volkswagen	287	366	-21.6	2.5%	3,711	3.2%
Audi	200	235	-14.9	1.7%	2,144	1.8%
Lexus	119	108	10.2	1.0%	1,281	1.1%
Mercedes-Benz	118	167	-29.3	1.0%	1,410	1.2%
Ford	92	62	48.4	0.8%	747	0.6%
Volvo	55	59	-6.8	0.5%	601	0.5%
Land Rover	43	33	30.3	0.4%	375	0.3%
Holden	37	28	32.1	0.3%	362	0.3%
Chevrolet	33	30	10.0	0.3%	373	0.3%
Hyundai	33	22	50.0	0.3%	264	0.2%
Jaguar	31	38	-18.4	0.3%	390	0.3%
Jeep	28	32	-12.5	0.2%	256	0.2%
Chrysler	25	19	31.6	0.2%	211	0.2%
Mini	23	33	-30.3	0.2%	265	0.2%
Dodge	20	17	17.6	0.2%	246	0.2%
Peugeot	14	13	7.7	0.1%	90	0.1%
Kia	12	6	100.0	0.1%	108	0.1%
Porsche	10	23	-56.5	0.1%	161	0.1%
Renault	6	9	-33.3	0.1%	67	0.1%
Citroen	4	4	0.0	0.0%	55	0.0%
Fiat	4	1	300.0	0.0%	30	0.0%
Pontiac	4	3	33.3	0.0%	29	0.0%
Alfa Romeo	3	5	-40.0	0.0%	24	0.0%
Bentley	3	0	300.0	0.0%	25	0.0%
Isuzu	3	2	50.0	0.0%	30	0.0%
Lincoln	3	4	-25.0	0.0%	14	0.0%
Maserati	3	1	200.0	0.0%	25	0.0%
Others	35	43	-18.6	0.3%	498	0.4%
Total	**11,663**	**12,100**	**-3.6**	**100.0%**	**117,288**	**100.0%**

Imported Passenger Vehicle Sales by Model - October 2019

MAKE	MODEL	OCT'19	OCT'18	+/- %	OCT MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Honda	Fit	619	539	14.8	5.3%	5,695	4.9%
Mazda	Axela	577	663	-13.0	4.9%	6,140	5.2%
Suzuki	Swift	486	533	-8.8	4.2%	5,181	4.4%
Nissan	Tiida	432	577	-25.1	3.7%	4,795	4.1%
Toyota	Aqua	426	183	132.8	3.7%	2,746	2.3%
Toyota	Prius	415	423	-1.9	3.6%	3,431	2.9%
Mazda	Demio	411	509	-19.3	3.5%	4,384	3.7%
Mitsubishi	Outlander	286	296	-3.4	2.5%	3,084	2.6%
Subaru	Impreza	282	241	17.0	2.4%	2,447	2.1%
Nissan	Leaf	273	450	-39.3	2.3%	2,834	2.4%
Mazda	Premacy	251	236	6.4	2.2%	2,241	1.9%
Mazda	Atenza	246	224	9.8	2.1%	2,479	2.1%
Subaru	Legacy	235	258	-8.9	2.0%	2,629	2.2%
Toyota	Wish	235	296	-20.6	2.0%	2,642	2.3%
Toyota	Vitz	233	225	3.6	2.0%	2,461	2.1%
Nissan	Dualis	217	214	1.4	1.9%	2,259	1.9%
Nissan	Note	210	200	5.0	1.8%	2,021	1.7%
Nissan	X-Trail	191	171	11.7	1.6%	1,790	1.5%
Volkswagen	Golf	188	227	-17.2	1.6%	2,388	2.0%
Toyota	Corolla	171	149	14.8	1.5%	1,581	1.3%
Toyota	Auris	156	148	5.4	1.3%	1,666	1.4%
Honda	Stream	144	182	-20.9	1.2%	1,518	1.3%
Nissan	Serena	133	107	24.3	1.1%	1,175	1.0%
Honda	CRV	129	66	95.5	1.1%	1,068	0.9%
Toyota	Vanguard	123	54	127.8	1.1%	935	0.8%
Mazda	CX-5	120	81	48.1	1.0%	1,060	0.9%
Toyota	Ractis	114	110	3.6	1.0%	1,078	0.9%
Subaru	Forester	108	52	107.7	0.9%	818	0.7%
Toyota	Blade	107	137	-21.9	0.9%	1,116	1.0%
Nissan	Skyline	103	125	-17.6	0.9%	1,264	1.1%
Nissan	March	101	97	4.1	0.9%	943	0.8%
Nissan	Juke	99	63	57.1	0.8%	948	0.8%
Mazda	Verisa	93	106	-12.3	0.8%	1,051	0.9%
Honda	Insight	89	55	61.8	0.8%	706	0.6%
Nissan	Bluebird	85	101	-15.8	0.7%	1,111	0.9%
Others		3,575	4,002	-10.7	30.7%	37,603	32.1%
Total		**11,663**	**12,100**	**-3.6**	**100.0%**	**117,288**	**100.0%**

Petrolhead favourites make cut

Top 10 most popular searches

RANK	VEHICLE	SEARCHES
1	Toyota Hilux	228,000
2	Toyota Land Cruiser	158,000
3	Mitsubishi Lancer Evolution	113,000
4	Ford Ranger	98,000
5	Toyota Corolla	96,000
6	Mazda RX-7	83,000
7	Nissan Skyline	79,000
8	Harley-Davidson	78,000
9	Ford Mustang	73,000
10	Suzuki Swift	58,000

Source: Trade Me Motors, September 2019

Seven of the most-searched vehicles on Trade Me are passenger vehicles, according to research carried out by the company, while two utes and a motorbike brand have rounded out the top 10.

Toyotas has come out one-two with the Hilux on 228,000 searches, soaring 44.3 per cent ahead of the Land Cruiser on 158,000.

A blast from the past secured third spot. The Lancer Evolution, also known as the Evo, was manufactured by Mitsubishi from 1992 until 2016. The sports sedan attracted 15,000 more searches than Ford's Ranger, showing there are still plenty of boy and girl racers out there.

The Mazda RX-7, Nissan Skyline and Ford Mustang – other favourites among petrolheads – also made the top 10, as did Harley-Davidson.

Two more mainstream models – Toyota's Corolla and Suzuki's Swift – were the fifth and 10th most-searched vehicles respectively.

"The Hilux has been a Kiwi favourite for many years, so it wasn't surprising this trusty double-cab ute took top spot for the most popular vehicle with 228,000 searches," says Alan Clark, head of Trade Me Motors. "Toyotas have been a family favourite for New Zealanders for decades, so it's unsurprising the Japanese brand took out the top two spots."

When it came to Auckland, smaller and more compact vehicles were in hot demand – the Corolla came first followed by Volkswagen's Golf, which may have been driven by petrol prices and owners having to commute.

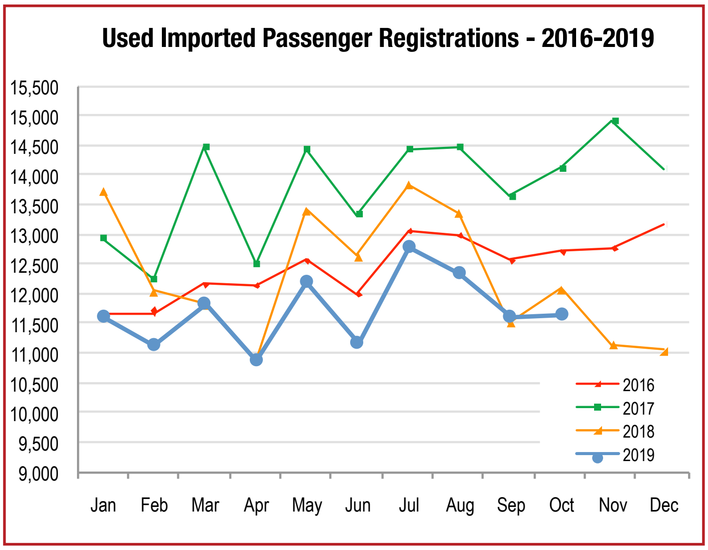
"We thought 'Remuera tractors' [SUVs] might make an appearance given how many of them are on the cty's streets, but it looks like economics has won out for Aucklanders," quips Clark.

The Corolla was also the most-searched vehicle with Trade Me users in Wellington.

"It has reinvented itself time and time again," adds Clark. "It's an affordable second-hand option for Kiwis and a good size for manoeuvring around main centres.

"Performance and size are more important in the regions. The Hilux took out the top spot across Otago, Waikato, Taranaki, Southland, Bay of Plenty, Manawatu/Whanganui and the West Coast, as well as Marlborough, Nelson/Tasman, Northland, Gisborne and Canterbury."

The Hawke's Bay was the only region to buck the trend with the Ranger topping the most-searched ladder.



OCTOBER'S SALES STATS

First-time registrations of used imported passenger vehicles came in at 11,663 during October, which was a decrease in sales of 3.6 per cent when compared to 12,100 registrations during the same month of 2018.

The year-to-date total now stands at 117,288 units.

The Mazda Axela is this year's best-selling model with 6,140 registrations so far for a 5.2 per cent share of the market. It's followed by Honda's Fit on 5,695 units and Suzuki's Swift with 5,181. The most popular marque is Toyota with 25,834 sales for 22 per cent of the market.

In the regions, Gisborne was one of last month's best performers. It enjoyed a 32.1 per cent jump from 56 registrations in the same month of last year to 74 last month.

Visit www.autofile.co.nz for more analysis of industry statistics.

Vehicle import values boosted

Car imports to New Zealand have bounced back and climbed by 16 per cent in the September quarter from where they were at the end of June, according to figures from Stats NZ.

The latest overseas merchandise trade statistics reveal passenger-vehicle imports soared during the three months to the end of September this year compared to the fall of 18 per cent in the June 2019 quarter.

This revival in trade helped imports jump overall by 3.4 per cent from the end of June to the end of September to $16.4 billion.

The value of vehicle imports in the September quarter came to almost $1.3b – up from $1.1b in the previous three months.

However, that figure was slightly below the import value of cars in the same period for the previous two years. Vehicles, parts and accessories have been relegated to the second-biggest commodity by value for our import industry despite figures for September being up on the same month of last year by 7.5 per cent at $810 million.

The quarterly and annual statistics show that category in decline with vehicle-related imports over the year to the end of September down by 8.2 per cent to $8.6b. Mechanical machinery and equipment is now the country's leading import category by value at $9b for the past year.

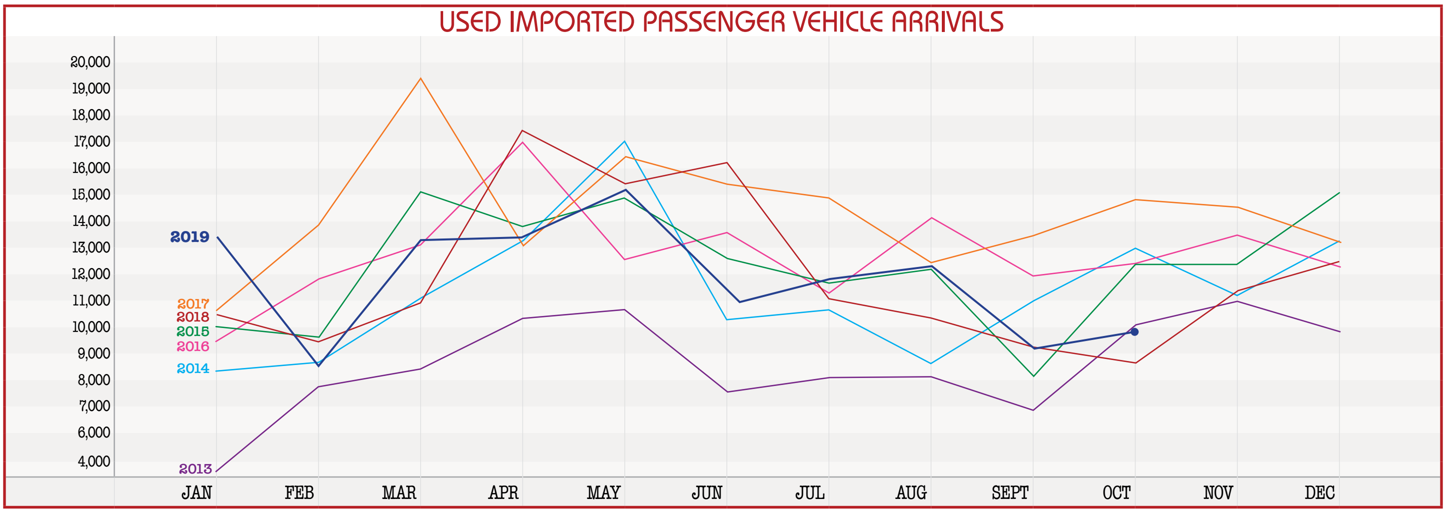
Monthly import movements of all goods in September show that Japan remains among our major trading partners with an increase in deals of $67m to $436m. The rise was led by passenger cars – up by $23m – and trucks and vans, up $14m.

As for last month's Customs statistics, 9,875 used passenger vehicles were imported to bump up the year-to-date total to 117,762 units.

Some 9,258 used cars and SUVs came into the country from Japan during October, which was a 16.9 per cent increase on the 7,917 units that crossed the border in the same month of 2018.

In addition, there were 301 units imported from Australia during October, which was the lowest monthly total since January. Next up was Singapore with 127 units. The UK came third with 77, which was the third-highest total from that jurisdiction so far this year, while the total from the US was 72.

The year-to-date aggregate for used cars crossing our wharves represents a 1.1 per cent fall on the 119,024 units imported during the first 10 months of 2018.



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	SEP'19	OCT'19	OCT SHARE %	2019 TOTAL	2018 TOTAL	SHARE	2017 TOTAL	SHARE
Australia	277	399	644	487	397	665	531	421	352	**301**	**3.0%**	**4,470**	4,183	2.9%	5,540	3.2%
Great Britain	101	61	72	52	76	39	54	74	94	**77**	**0.8%**	**700**	1,026	0.7%	2,173	1.3%
Japan	12,823	7,839	12,259	12,554	14,404	9,997	11,091	11,604	8,517	**9,258**	**93.8%**	**110,333**	134,510	94.2%	160,822	93.8%
Singapore	141	174	144	158	131	117	115	151	157	**127**	**1.3%**	**1,413**	1,531	1.1%	1,202	0.7%
USA	58	44	71	39	59	58	62	41	61	**72**	**0.7%**	**563**	1,108	0.8%	1,419	0.8%
Other countries	33	20	46	26	26	37	25	16	14	**40**	**0.4%**	**283**	415	0.3%	387	0.2%
Total	**13,433**	**8,537**	**13,236**	**13,316**	**15,093**	**10,913**	**11,878**	**12,307**	**9,195**	**9,875**	**100.0%**	**117,762**	**142,773**	**100.0%**	**171,543**	**100.0%**

Old bangers not worth the hassle

Aged trade-ins aren't worth getting involved in because the cost of reconditioning is prohibitive – what's the point of spending $1,500 on a used vehicle to make $2,000.

That's the rhetorical question posed by Alan Murrell, former owner of Redwood Motors in Rotorua.

"A customer can buy a used car, drive it away and 12 months later it goes wrong and the dealer has to fix it," he told Autofile. "If traders aren't making much money to start with, then they can't keep going like that.

"A lot of the old cars are being sold privately. There's no GST on privately sold vehicles, but if you are a dealer you have to pay that tax and that's another cost. It all adds up.

"Dealers also have to take into account any health-and-safety issues on their premises, so there's extra costs there to ensure they comply with those regulations."

Neil Cottle, of Auto Court in Dunedin, says the normal percentage of what the business gets hasn't changed when it comes to trade-ins. "We are happy to take them if they're in a good condition."

Although most customers want to buy SUVs or hatchbacks, Auto Court will trade sedans in good condition. Cottle adds the dealership is well-stocked and has plenty of vehicles in transit to meet demand.

"This industry is hard all the time, but you just have to start each day and keep your ballpoint pen sharp," says Bill Julian, of NZ Light Commercials in Takanini. "We know we've got a hard time ahead of us next year. But being an election year, the politicians should be trying to get people spending and opening their purses. That would be good for us."

As for October's statistics, there were 18,441 dealer-to-public sales of second-hand cars in New Zealand last month, which was a 5.1 per cent drop from 19,441 units in the same month of last year.

There was a decline in such registrations in all but three of the country's reporting regions, with the exceptions being Christchurch, Blenheim and Gisborne, which notched up increases of 14.8, 4.1 and 1.1 per cent respectively.

When it came to trade-ins, there was an 8.4 per cent decrease from 13,662 transactions in October 2018 to 12,518 last month, while private sales dropped by 0.7 per cent to 43,283 units from 43,608.

SECONDHAND CAR SALES - October 2019

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
	OCT'19	OCT'18	+/- %	MARKET SHARE	OCT'19	OCT'18	+/- %	OCT'19	OCT'18	+/- %
Whangarei	564	644	-12.4	3.06	2,025	2,036	-0.5	205	291	-29.6
Auckland	6,323	6,787	-6.8	34.29	14,288	14,623	-2.3	4,986	5,385	-7.4
Hamilton	1,386	1,550	-10.6	7.52	3,463	3,464	0.0	935	1,067	-12.4
Thames	279	345	-19.1	1.51	608	696	-12.6	206	204	1.0
Tauranga	829	953	-13.0	4.50	2,063	2,136	-3.4	587	648	-9.4
Rotorua	396	459	-13.7	2.15	1,028	1,012	1.6	124	153	-19.0
Gisborne	183	181	1.1	0.99	417	403	3.5	65	83	-21.7
Napier	652	703	-7.3	3.54	1,443	1,472	-2.0	364	461	-21.0
New Plymouth	374	404	-7.4	2.03	963	1,045	-7.8	243	216	12.5
Wanganui	271	293	-7.5	1.47	628	647	-2.9	169	163	3.7
Palmerston North	820	838	-2.1	4.45	1,648	1,673	-1.5	640	718	-10.9
Masterton	220	247	-10.9	1.19	523	508	3.0	90	142	-36.6
Wellington	1,614	1,690	-4.5	8.75	3,171	3,163	0.3	1,014	1,019	-0.5
Nelson	281	304	-7.6	1.52	1,002	1,054	-4.9	186	209	-11.0
Blenheim	179	172	4.1	0.97	433	435	-0.5	87	105	-17.1
Greymouth	59	60	-1.7	0.32	205	189	8.5	26	28	-7.1
Westport	2	5	-60.0	0.01	38	37	2.7	1	0	0.0
Christchurch	2,613	2,276	14.8	14.17	5,222	5,098	2.4	1,792	1,896	-5.5
Timaru	211	217	-2.8	1.14	560	548	2.2	116	106	9.4
Oamaru	32	40	-20.0	0.17	141	115	22.6	5	5	0.0
Dunedin	717	813	-11.8	3.89	2,209	2,077	6.4	399	473	-15.6
Invercargill	436	460	-5.2	2.36	1,205	1,177	2.4	278	290	-4.1
NZ total	**18,441**	**19,441**	**-5.1**	**100.00**	**43,283**	**43,608**	**-0.7**	**12,518**	**13,662**	**-8.4**

New Passenger Vehicle Sales by Make - October 2019

MAKE	OCT'19	OCT'18	+/- %	OCT'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	3,242	3,875	-16.3	30.5%	15,605	18.0%
Mitsubishi	804	756	6.3	7.6%	6,184	7.2%
Holden	726	1,023	-29.0	6.8%	5,969	6.9%
Kia	707	611	15.7	6.7%	5,875	6.8%
Mazda	641	1,077	-40.5	6.0%	7,479	8.6%
Hyundai	583	656	-11.1	5.5%	6,203	7.2%
Nissan	567	403	40.7	5.3%	4,405	5.1%
Suzuki	498	512	-2.7	4.7%	5,423	6.3%
Honda	403	477	-15.5	3.8%	4,329	5.0%
Volkswagen	324	345	-6.1	3.1%	3,181	3.7%
Ford	297	310	-4.2	2.8%	3,524	4.1%
Subaru	285	349	-18.3	2.7%	3,105	3.6%
Mercedes-Benz	202	163	23.9	1.9%	1,829	2.1%
Audi	139	113	23.0	1.3%	1,409	1.6%
BMW	129	95	35.8	1.2%	1,455	1.7%
Skoda	121	146	-17.1	1.1%	1,256	1.5%
MG	108	0	10,800.0	1.0%	440	0.5%
Tesla	89	13	584.6	0.8%	629	0.7%
Land Rover	85	71	19.7	0.8%	1,094	1.3%
Mini	83	41	102.4	0.8%	652	0.8%
Lexus	80	67	19.4	0.8%	748	0.9%
Jeep	72	210	-65.7	0.7%	738	0.9%
Peugeot	62	67	-7.5	0.6%	704	0.8%
SsangYong	53	50	6.0	0.5%	695	0.8%
Haval	51	60	-15.0	0.5%	580	0.7%
Jaguar	41	23	78.3	0.4%	468	0.5%
Porsche	41	25	64.0	0.4%	374	0.4%
Volvo	38	73	-47.9	0.4%	527	0.6%
Seat	34	8	325.0	0.3%	154	0.2%
Citroen	30	31	-3.2	0.3%	244	0.3%
Renault	21	28	-25.0	0.2%	201	0.2%
Mahindra	13	0	1,300.0	0.1%	125	0.1%
Isuzu	11	17	-35.3	0.1%	176	0.2%
LDV	7	8	-12.5	0.1%	61	0.1%
Can-Am	6	5	20.0	0.1%	66	0.1%
Others	29	57	-49.1	0.3%	563	0.7%
Total	**10,622**	**11,765**	**-9.7**	**100.0%**	**86,470**	**100.0%**

New Passenger Vehicle Sales by Model - October 2019

MAKE	MODEL	OCT'19	OCT'18	+/- %	OCT MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Corolla	1,269	1,744	-27.2	11.9%	5,241	6.1%
Toyota	RAV4	887	996	-10.9	8.4%	3,987	4.6%
Kia	Sportage	296	318	-6.9	2.8%	2,942	3.4%
Mitsubishi	ASX	282	268	5.2	2.7%	2,258	2.6%
Nissan	Qashqai	279	207	34.8	2.6%	2,120	2.5%
Mitsubishi	Outlander	274	209	31.1	2.6%	2,352	2.7%
Mazda	CX-5	271	365	-25.8	2.6%	2,841	3.3%
Toyota	Camry	236	93	153.8	2.2%	949	1.1%
Nissan	X-Trail	234	152	53.9	2.2%	1,711	2.0%
Hyundai	Tucson	221	143	54.5	2.1%	2,120	2.5%
Suzuki	Swift	219	250	-12.4	2.1%	2,487	2.9%
Toyota	Fortuner	196	35	460.0	1.8%	516	0.6%
Toyota	Yaris	190	283	-32.9	1.8%	1,486	1.7%
Holden	Equinox	177	111	59.5	1.7%	1,129	1.3%
Mitsubishi	Eclipse Cross	163	235	-30.6	1.5%	948	1.1%
Holden	Commodore	162	246	-34.1	1.5%	1,487	1.7%
Volkswagen	Tiguan	159	138	15.2	1.5%	1,247	1.4%
Holden	Acadia	154	39	294.9	1.4%	812	0.9%
Toyota	C-HR	144	99	45.5	1.4%	743	0.9%
Honda	CRV	134	138	-2.9	1.3%	1,280	1.5%
Toyota	Land Cruiser Prado	130	210	-38.1	1.2%	863	1.0%
Suzuki	Vitara	129	89	44.9	1.2%	1,110	1.3%
Honda	HR-V	121	152	-20.4	1.1%	1,290	1.5%
Hyundai	Kona	117	138	-15.2	1.1%	1,574	1.8%
Kia	Cerato	115	22	422.7	1.1%	528	0.6%
Honda	Jazz	114	147	-22.4	1.1%	1,286	1.5%
Kia	Rio	109	83	31.3	1.0%	887	1.0%
Hyundai	Santa Fe	106	139	-23.7	1.0%	1,262	1.5%
Subaru	XV	106	100	6.0	1.0%	1,085	1.3%
Volkswagen	Golf	94	53	77.4	0.9%	845	1.0%
Mazda	Mazda2	93	107	-13.1	0.9%	893	1.0%
Holden	Trax	91	147	-38.1	0.9%	905	1.0%
Subaru	Forester	90	114	-21.1	0.8%	885	1.0%
Mazda	Mazda3	83	306	-72.9	0.8%	1,303	1.5%
Mazda	CX-3	82	128	-35.9	0.8%	902	1.0%
Others		3,095	3,761	-17.7	29.1%	32,196	37.2%
Total		**10,622**	**11,765**	**-9.7**	**100.0%**	**86,470**	**100.0%**

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

LEADS

- Web - Classified 0.3%
- Brand 37.2%
- Web - Dealer 1.3%

TEST DRIVES

- Web - Classified 1.2%
- Direct 3.9%
- Web - Dealer 1.7%

Mixed response to 'clean cars'

There is more industry support for a feebate scheme than a fuel-economy standard, says Tom Peck, chief executive officer of Suzuki New Zealand.

That's because feebates would basically amount to a user-pays system of incentivising the uptake of low-emission vehicles of all types and – if well-designed – could change buyer behaviour.

The feebate scheme, officially known as the clean car discount, is one of two measures the government has proposed through its "clean car" policies.

This demand-side mechanism would see buyers of high-emitting vehicles pay a fee at the point of first registration in New Zealand in a bid to reduce greenhouse gas emissions from the light-vehicle fleet.

The other proposed policy is the clean car standard, also known as a fuel-economy standard. This would mean imports would be accessed for a fee or a credit based on their fuel efficiency. Currently, both proposals are subject to continued talks with government officials.

"Suzuki NZ's position – and, it seems, our industry in general – is there's more support for the feebate scheme than the proposed fuel-economy standard," Peck told Autofile.

"The feebate proposal is technology-agnostic in that it's purely based on emissions, so from a manufacturer's viewpoint your vehicles attract a fee or a rebate based on their emission profiles and the model line-up remains demand-driven."

He says with feebates, a manufacturer's emission profiles have little effect on other distributors unlike the proposed fuel-economy standard, which falls into a difficult area because New Zealand has a unique mix of vehicles compared to other countries.

"This is partly due to the high use of utes, which perhaps is only shared with Australia, and we have used imports freely entering the market in roughly the same numbers as new cars annually," explains Peck.

"Designing a fuel-economy standard that's fair and equitable to suit such a diverse market isn't easy. Depending on targets and timeframes, any such standard probably comes with both higher vehicle costs for consumers and some possible restrictions on model availability as importers adjust model line-ups to reduce emissions.

"The biggest issue from a manufacturer's point of view is having fuel-economy standards – essentially emission targets – we can source vehicles for.

"Having targets based on other countries' model line-ups basically means some marques may not be able to meet the target and could face significant emission penalties."

Peck says the real effects of a fuel-economy standard cannot be known until finalised details are announced, but any such policy will have effects on all parts of the industry – from new and used-car importers, to resellers and consumers.

"There will be adjustments needed in how business is done, managing reporting systems, model mix and interactions with dealers will change.

"The main issues with any fuel-economy standard are targets and timeframes. If both are realistic, then a standard may change the emissions profile of our national fleet over time. But if either the timeframe or targets are not realistic, it will have wide-reaching effects across the industry.

"For Suzuki, the same applies – targets and timeframes are key issues. Suzuki in Europe is currently meeting European emission-standard requirements and, with enough lead time, we expect to be able to meet a New Zealand standard.

"What's important is that any New Zealand standard doesn't have a formula that ends up with an emissions target that in reality cannot be met or increases car prices by thousands of dollars."

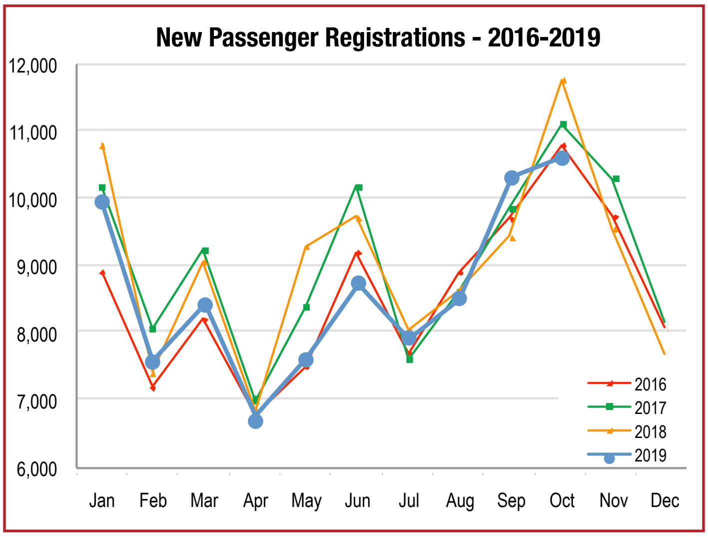
However, Peck adds to reduce overall fleet emissions by just targeting newly registered vehicles will not reduce them quickly overall because new-car registrations only account for a small percentage of the total fleet.

"Suzuki currently has the lowest vehicle emissions across its fleet of any of the top 10 brands in New Zealand and, like most manufacturers, every new-model release generally has an improvement in fuel economy and emissions," he says.

"Total emission figures are a bit misleading because in recent years total emissions have gone up from previous years, but this is mostly due to population growth and the growth of the national fleet. Model-by-model emissions have generally gone down."

Last month, sales of 10,622 new cars and SUVs were down by 9.7 per cent – or 1,143 units – compared to October 2018. This takes the year-to-date total to 86,470, down five per cent on the corresponding period last year.

The top-three models were Toyota's Corolla on 1,269 units, of which 1,039 were rentals. The RAV4 came second with 887 registrations, while Kia's Sportage was third on 296 units.

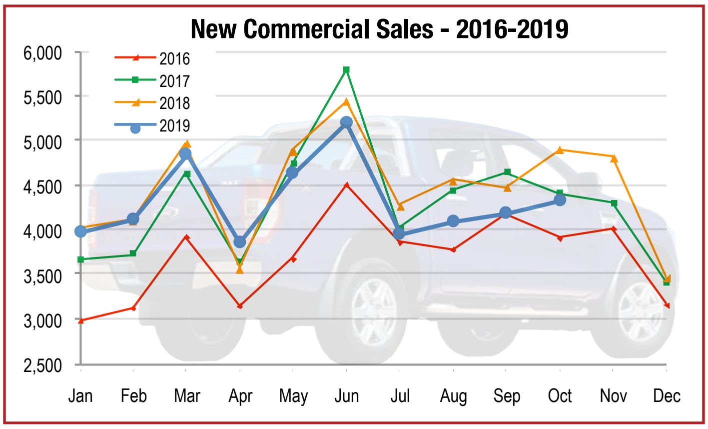


Marque aiming to bolster appeal

The race to be New Zealand's best-selling ute is all but over – yet again it will be Ford's Ranger – although that doesn't mean Toyota will give up the ghost.

The Japanese marque is hoping to broaden appeal for its Hilux with the new entry-level WorkMate, which is aimed at buyers needing "affordable workhorses". The two-wheel-drive (2WD) automatic replaces the S grade and only comes with a 2.7-litre petrol engine, meaning no road-user charges.

As for where it sits in the market, the WorkMate starts at $28,990 for the single cab. The double cab is $1,000 more, which is the same base price as SsangYong's two-litre 2WD automatic petrol Rhino.



Year to date, Toyota has sold 6,033 Hiluxes, which is down by 10.8 per cent when compared to this time in 2018 when it had sold 6,766. Its market share for 2019 currently sits at 13.9 per cent.

And the Rhino, which went on sale here at the start of this year, so far has 387 registrations for a market share of 0.9 per cent. It replaced the Actyon, of which 358 were sold during 2018.

As for the Ranger, its share of market is 18.8 per cent thanks to 8,114 registrations – a drop of 2.3 per cent compared to the first 10 months of last year when 8,308 were sold.

There were 4,333 new commercials registered in October, which was down by 11.6 per cent and 570 units compared to the same month last year when 4,903 were sold.

The Ranger was last month's best-selling model with a market share of 19.1 per cent and 829 units. The Hilux was second with 16 per cent thanks to 692 sales. Mitsubishi's Triton was third with eight per cent and 364 units.

New Commercial Sales by Make - October 2019

MAKE	OCT'19	OCT'18	+/- %	OCT'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	997	1,123	-11.2	23.0%	8,057	18.6%
Ford	938	978	-4.1	21.6%	9,131	21.1%
Mitsubishi	364	402	-9.5	8.4%	4,603	10.6%
Holden	356	411	-13.4	8.2%	4,237	9.8%
Isuzu	242	254	-4.7	5.6%	2,625	6.1%
Nissan	218	289	-24.6	5.0%	2,902	6.7%
Mazda	208	173	20.2	4.8%	2,016	4.7%
Mercedes-Benz	177	187	-5.3	4.1%	1,149	2.7%
LDV	115	206	-44.2	2.7%	1,135	2.6%
Fiat	103	173	-40.5	2.4%	619	1.4%
Volkswagen	81	153	-47.1	1.9%	1,181	2.7%
Hyundai	71	62	14.5	1.6%	832	1.9%
Fuso	64	52	23.1	1.5%	732	1.7%
Hino	57	63	-9.5	1.3%	603	1.4%
Iveco	44	26	69.2	1.0%	290	0.7%
Volvo	37	32	15.6	0.9%	286	0.7%
Scania	34	24	41.7	0.8%	207	0.5%
SsangYong	31	20	55.0	0.7%	402	0.9%
Great Wall	27	49	-44.9	0.6%	337	0.8%
Renault	25	55	-54.5	0.6%	242	0.6%
Others	144	171	-15.8	3.3%	1,684	3.9%
Total	**4,333**	**4,903**	**-11.6**	**100.0%**	**43,270**	**100.0%**

New Commercial Sales by Model - October 2019

MAKE	MODEL	OCT'19	OCT'18	+/- %	OCT MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	Ranger	829	876	-5.4	19.1%	8,114	18.8%
Toyota	Hilux	692	810	-14.6	16.0%	6,033	13.9%
Mitsubishi	Triton	364	402	-9.5	8.4%	4,601	10.6%
Holden	Colorado	349	398	-12.3	8.1%	4,171	9.6%
Toyota	Hiace	286	291	-1.7	6.6%	1,760	4.1%
Nissan	Navara	218	289	-24.6	5.0%	2,901	6.7%
Mazda	BT-50	208	173	20.2	4.8%	2,016	4.7%
Mercedes-Benz	Sprinter	129	139	-7.2	3.0%	657	1.5%
Isuzu	D-Max	120	136	-11.8	2.8%	1,553	3.6%
Ford	Transit	109	102	6.9	2.5%	1,016	2.3%
Fiat	Ducato	103	173	-40.5	2.4%	615	1.4%
LDV	V80	68	94	-27.7	1.6%	441	1.0%
Hyundai	iLoad	66	61	8.2	1.5%	793	1.8%
Isuzu	F Series	55	48	14.6	1.3%	476	1.1%
Isuzu	N Series	48	37	29.7	1.1%	384	0.9%
Volkswagen	Amarok	31	61	-49.2	0.7%	570	1.3%
SsangYong	Rhino	31	0	3,100.0	0.7%	387	0.9%
Iveco	Daily	28	15	86.7	0.6%	176	0.4%
Volvo	FM	27	19	42.1	0.6%	197	0.5%
LDV	G10	27	45	-40.0	0.6%	325	0.8%
Others		545	734	-25.7	12.6%	6,084	14.1%
Total		**4,333**	**4,903**	**-11.6**	**100.0%**	**43,270**	**100.0%**

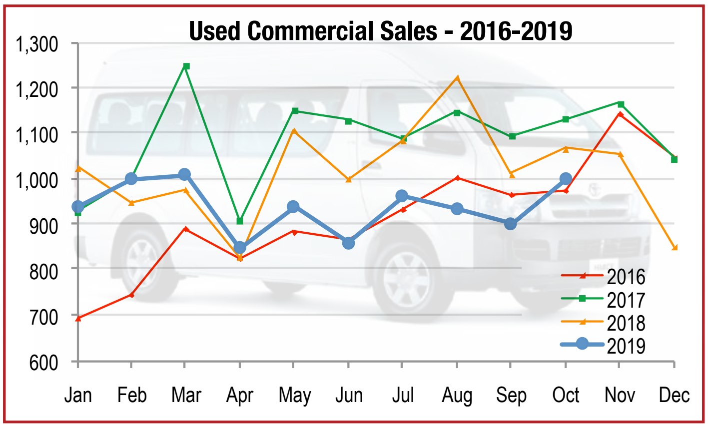
‘Fickleness’ across market

A dealer who specialises in used commercials describes the market as being “very average” since the coalition government came to power.

“Business has been slightly better than where we’ve been, but we’re carrying about 70 units and not getting a full sales month,” says Bill Julian, chief executive officer of NZ Light Commercials in Takanini, South Auckland.

“We seem to be stopping part way through and that’s been a regular thing for the past three or four months. We get near to month’s end and our inquiries just die off.

“We’re prospecting and doing out-calls, but the in-calls aren’t coming back – even though we’re not running out of stock and there’s a good choice.”



Julian adds demand for used commercials “has been very average since the last election and we’ve really noticed a fickleness in the market”.

“We keep the business going and there’s not much else you can do, but 35 years in the industry means you go through good times and not-so-good times,” he says.

“When construction work starts, we always get going again. That said, KiwiBuild [part of the government’s plan to tackle the housing crisis] hasn’t been much of a success, so people aren’t really buying trucks. Despite that, we are still on the right side of the margins.”

There were 1,001 used commercial vehicles registered in New Zealand during October. That was a 6.1 per cent drop compared to 1,066 sales in the same month of last year.

So far this year, 9,395 units have been sold in this country, 8.5 per cent down on the same time last year. Toyota’s Hiace is 2019’s bestselling model on 3,218 units for a market share of 34.3 per cent. It’s followed by the Nissan Caravan and NV200.

Used Commercial Sales by Make - October 2019

MAKE	OCT’19	OCT’18	+/- %	OCT’19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	420	448	-6.3	42.0%	4,265	45.4%
Nissan	237	239	-0.8	23.7%	2,183	23.2%
Mazda	63	81	-22.2	6.3%	443	4.7%
Isuzu	49	55	-10.9	4.9%	439	4.7%
Ford	44	45	-2.2	4.4%	387	4.1%
Hino	32	26	23.1	3.2%	368	3.9%
Mitsubishi	27	37	-27.0	2.7%	299	3.2%
Fiat	21	27	-22.2	2.1%	132	1.4%
Volkswagen	21	7	200.0	2.1%	92	1.0%
Holden	17	8	112.5	1.7%	149	1.6%
Chevrolet	10	18	-44.4	1.0%	132	1.4%
Mercedes-Benz	8	11	-27.3	0.8%	39	0.4%
Renault	6	2	200.0	0.6%	27	0.3%
Daihatsu	5	3	66.7	0.5%	33	0.4%
Dodge	4	3	33.3	0.4%	43	0.5%
Hyundai	4	1	300.0	0.4%	15	0.2%
Suzuki	4	11	-63.6	0.4%	57	0.6%
DAF	3	0	300.0	0.3%	19	0.2%
Iveco	3	0	300.0	0.3%	20	0.2%
Peugeot	3	2	50.0	0.3%	13	0.1%
Others	20	42	-52.4	2.0%	240	2.6%
Total	**1,001**	**1,066**	**-6.1**	**100.0%**	**9,395**	**100.0%**

Used Commercial Sales by Model - October 2019

MAKE	MODEL	OCT’19	OCT’18	+/- %	OCT MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Hiace	304	345	-11.9	30.4%	3,218	34.3%
Nissan	Caravan	63	55	14.5	6.3%	614	6.5%
Nissan	NV200	63	53	18.9	6.3%	511	5.4%
Mazda	Bongo	51	67	-23.9	5.1%	324	3.4%
Nissan	NV350	41	49	-16.3	4.1%	411	4.4%
Toyota	Dyna	39	33	18.2	3.9%	365	3.9%
Isuzu	Elf	30	32	-6.3	3.0%	304	3.2%
Toyota	Regius	30	30	0.0	3.0%	281	3.0%
Nissan	Atlas	26	19	36.8	2.6%	213	2.3%
Nissan	Vanette	26	40	-35.0	2.6%	245	2.6%
Toyota	Toyoace	23	14	64.3	2.3%	207	2.2%
Fiat	Ducato	21	27	-22.2	2.1%	131	1.4%
Hino	Dutro	18	13	38.5	1.8%	243	2.6%
Volkswagen	Amarok	15	1	1,400.0	1.5%	51	0.5%
Ford	Ranger	15	12	25.0	1.5%	130	1.4%
Isuzu	Forward	12	11	9.1	1.2%	82	0.9%
Toyota	Hilux	11	11	0.0	1.1%	100	1.1%
Ford	F150	10	8	25.0	1.0%	68	0.7%
Holden	Colorado	8	3	166.7	0.8%	73	0.8%
Hino	Ranger	8	13	-38.5	0.8%	130	1.4%
Others		187	230	-18.7	18.7%	1,694	18.0%
Total		**1,001**	**1,066**	**-6.1**	**100.0%**	**9,395**	**100.0%**

Marque reports high demand

Market momentum is showing no signs of slowing for one Japanese distributor having continued through to its ninth year of consecutive growth.

Mitsubishi Motors NZ reports it took out third spot in the overall motor-vehicle market for the 2018/19 financial year with a total of 12,954 registrations for a 0.9 per cent year-on-year increase. The marque currently has a 10.6 per cent market share in light commercials and 7.2 per cent in passenger vehicles.

It was in 2018 that the company announced its "ambitious goal" of attaining 10 per cent share of new-vehicle sales in this country.

Reece Congdon, head of marketing and corporate affairs, says its 2018/19 results are testament to the ongoing contribution of its team and dealer network surpassing performances.

Underpinning the marque's results has been the Triton, which keeps smashing its own records with 5,200 units sold in the past financial year – up from 4,277 in 2017/18.

The Outlander recorded 2,570 registrations in 2018/19, while its PHEV variant – New Zealand's leading plug-in hybrid SUV – notched up a 36 per cent sales rise to 365.

As for the ASX, it has undergone a major overhaul for its 2020 model year. "It is a favourite thanks to its crossover appeal. It's the highest-selling small SUV in New Zealand this past financial year with a 16.7 per cent market share in its segment up to $40,000."

Meanwhile, demand for the new Land Rover Defender is predicted to be high with a choice of petrol and diesel engines – and a PHEV powertrain will join the range next year.

Steve Kenchington, general manager of Jaguar Land Rover NZ, expects strong support for the new model, which will be one of the marque's most anticipated in recent times and will see limited stock available globally.

He says: "We're advising New Zealand customers to contact authorised retailers to register their interest early."

Nationally, the number of new passenger vehicles sold during October fell back by 9.7 per cent when compared to the same month of last year – 10,622 units compared to 11,765.

"October 2018 was always going to be a challenge to better as it remains the strongest month of sales ever in the Motor Industry Association's data set going back to 1975," says chief executive David Crawford.

"The month of October continues the up-and-down pattern for 2019 in what's a difficult and challenging market."

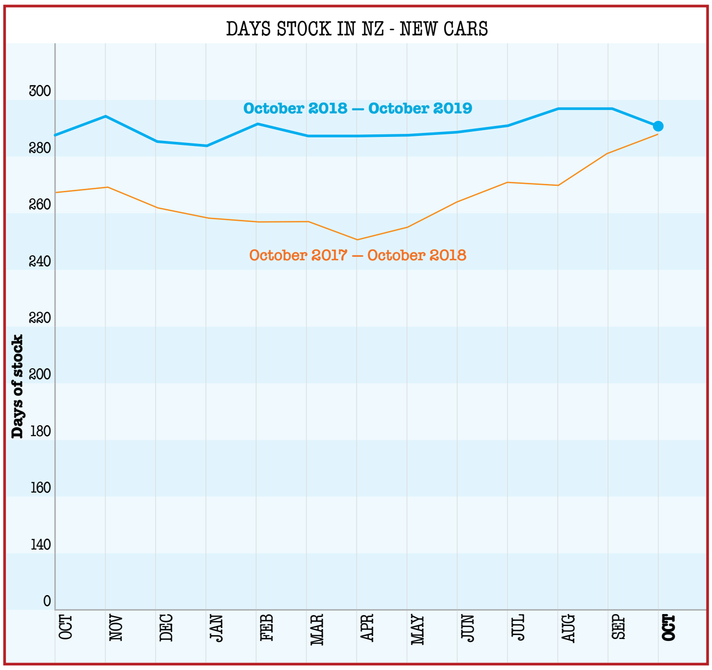
As for last month's stock figures, registrations came in at 10,622, the highest since October last year when 11,765 sales were made.

The number of imports last month totalled 8,122, which was down by 18.1 per cent on the same month of last year and a decrease of 26 per cent from the September 2019 figures.

With registrations exceeding imports by 2,500 units, this brought overall stock in-hand down from 84,505 last month to 82,005 unregistered units nationwide. If current daily sales of 284 units are maintained, there is nine-and-a-half months of stock available.

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
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	8,810	8,748	62	80,811	285	283
Jul '19	9,534	7,925	1,609	82,420	285	289
Aug '19	9,907	8,506	1,401	83,821	285	294
Sep '19	11,006	10,322	684	84,505	287	294
Oct '19	**8,122**	**10,622**	**-2,500**	**82,005**	**284**	**289**
Year to date	**86,406**	**86,470**	**(64)**			
Change on last month	**-26%**	**2.9%**		**-3.0%**		
Change on Oct 2018	**-18.1%** LESS IMPORTED	**-9.7%** LESS SOLD		**-0.2%** LESS STOCK		



Dealers unlikely to be stockpiling

The rise in the number of used cars imported last month is unlikely to be the result of dealers stockpiling, but more to do with restocking after the winter.

That's the view of Graeme Macdonald, chairman of the North Island branch of VIA (the Imported Motor Vehicle Industry Association).

The number of used passenger vehicles that arrived from Japan in October was 9,258, which was a 16.9 per cent jump on the 7,917 units that crossed our wharves in the same month of last year.

"I think what we're seeing is a bit of a seasonal swing back up in terms of dealers restocking even though the yen isn't necessarily favourable for buying because conditions in Japan have been tough," says Macdonald.

"Dealers still need to restock. It's business as usual, and I don't think it's any indication businesses are going to be stockpiling on non-complying cars coming in until the early part of next year.

"There's really no economical reason to do that since there will be replacement stock. Whether there will be the same volumes is yet to be seen, but there isn't any good business case that supports stocking up on lots of low-budget vehicles so soon."

Macdonald says that's apart from some specialised vehicles, such as light commercials, when there are going to be no alternatives to effectively buy next year. The deadline for all imports to have electronic stability control (ESC) is March 1, 2020.

Meanwhile, buyers in Japan rushed out to beat an increase in consumption tax, the equivalent there of GST, which led to a spike in vehicle sales.

Data released by the Ministry of Economy, Trade and Industry shows retail sales in Japan climbed by 9.1 per cent year-on-year during October, compared to a two per cent rise in September. Registrations of cars led the way with a 17 per cent jump, while there was also a surge in household durables – such as refrigerators and computers.

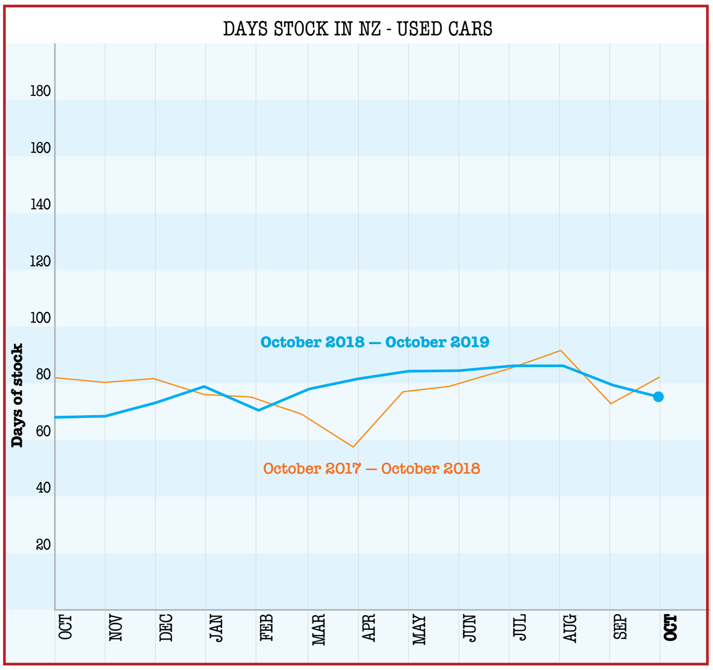
"With an enormous increase in people in Japan buying new cars before the consumption-tax rise, second-hand cars will trickle down to us," Macdonald told Autofile.

"The domestic Japanese market for used stock is healthy. But if we see an increase in stock we wish to purchase being traded in as a result of these new-vehicle sales, then that can only be good for our market especially at a time when we need ESC-compliant vehicles. If these two events align, that will have a mitigating factor in our ability to source vehicles with ESC."

Last month saw an increase in the number of imports, although registrations were down 3.6 per cent from the same month in 2018.

There were 9,875 imports in October – 13.9 per cent more than the 8,669 seen in the same month a year ago and 7.4 per cent more than September's total of 9,195.

Sales hit 11,663 last month, an increase of 0.3 per cent from the previous month. This left a variance of 1,788 and reduced stock numbers to 29,004 used passenger vehicles – the lowest number this year since February. If sales continue at an average of 386 per day, there is two-and-a-half months' stock in the country yet to be registered



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
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	10,913	11,177	-264	34,207	392	87
Jul '19	11,857	12,791	-934	33,273	389	85
Aug '19	12,307	12,353	-46	33,227	386	86
Sep '19	9,195	11,630	-2,435	30,792	387	80
Oct '19	**9,875**	**11,663**	**-1,788**	**29,004**	**386**	**75**
Year to date	**117,762**	**118,496**	**(734)**			
Change on last month	**7.4%**	**0.3%**		**-5.8%**		
Change on Oct 2018	**13.9%** MORE MPORTED	**-3.6%** LESS SOLD		**2.8%** MORE STOCK		

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