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Businesses warned to follow guidelines

Association urges operators not to let the automotive industry – and New Zealand – down by breaching alert level-three regulations

Car dealers need to stick to the government's Covid-19 rules for operating at alert level three or risk facing enforcement action.

Worse still, those breaking the law may contribute to an unwelcomed return to national level-four lockdown as the automotive industry is working hard to prepare for level two.

"It's essential for everyone in all parts of our industry and its supply chain to take no shortcuts when it comes to processes," says Tony Everett, sector manager for dealers at the Motor Trade Association (MTA).

"If we drop the ball on this, everything we have endured will have been a massive waste of time and resources.

"Our message to all businesses is please check and double-check everyone in your team knows the processes, and rehearses the steps so everyone follows operating guidelines – especially when it comes to the likes of track and trace, vehicle cleaning and sticking to isolation protocols.

Strict processes for sanitising vehicles, including touchpoints shown in this Mitsubishi Motors NZ illustration, must be followed by all car dealers to avoid the spread of Covid-19

"We have yet to hear of any widespread enforcement action being taken by the likes of the Ministry for Business, Innovation and Employment, WorkSafe NZ and the police, but failure to comply with prescribed operating standards could result in a forced shutdown."

Dealerships have reaped some benefits from last month's shift to alert level three, but it's the vehicle repair side of businesses that has boosted cashflow and not vehicle sales, with Everett describing the latter as having been "quiet".

"The feedback we've received from members is they're happy to have seen the relaxation in the level of lockdown," he told Autofile. "There has been a small increase in sales under level three compared to level four, although a lot of the activity has been the delivery of cars ordered before the national shutdown."

When it comes to new-vehicle franchises, they are mainly relying on servicing and parts, "but we aren't

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Up for challenge posed by crisis

Business NZ's advocacy informed by industry and lessons learned from global financial crisis

KIRK HOPE
CEO, Business NZ

As we move towards lighter restrictions under the official Covid-19 plan, now is the time to reopen or reorganise.

Currently, businesses may operate as long as they can do so safely. "Safely" means complying with the Health and Safety at Work Act by ensuring an adequate system is in place to mitigate risks, involving everyone in the workplace. "Safely" now also means specific requirements around matters such as social distancing, barriers and hygiene.

The coronavirus crisis has brought a suite of new health and safety rules for business in a rapidly changing emergency environment, and this will continue to be the "new normal" for at least the next few months.

Within the diverse automotive sector, businesses are responding in different ways. Many operators, deeply connected to international supply chains, will feel the impact in import delays. Other companies will be more affected by trading conditions here in New Zealand.

Some will find trading impossible under current requirements, while others will continue to operate but feel the impact of low demand and insufficient cashflow.

All businesses will need to deal with uncertainty and lack of adequate information. They will need to make rapid changes.

We are all in the same boat when it comes to trying to make sense of the situation and seeking to reorganise for the future.

The upheaval taking place is new to most of us. The closest thing to it was perhaps the global financial crisis (GFC) of 2008, at least in terms of uncertainty and scale of economic destruction.

Like today, the government in 2008 was focused on supporting business through the crisis and getting recovery under way. And – similar to today – the government has listened hard to what business has had to say.

Business NZ has been able to propose some initiatives to reduce the burden on business resulting from the Covid-19 crisis. Our advocacy has been informed by many automotive sector companies, and by affiliate members including the Motor Industry Association and Motor Trade Association. It has also incorporated lessons from the GFC.

Over the past two months, we have advised the government on the need for cashflow support for businesses, wage subsidies, easier access to credit, business rent relief, work-visa extensions and more appropriate rules around trading while insolvent – all of which became apparent during the GFC.

Most of these recommendations have been actioned and the government continues to listen closely to business as we slowly come out of this emergency.

I think the most relevant lesson we can take from the GFC was that we survived it. Changes were made as we took stock of the changed economic environment and reinvented and reorganised businesses, a process estimated to have taken about five years.

We don't know how long the recovery from Covid-19 might take, but we do know that companies are still up for the challenge of renewal and change. New Zealand businesses have been impressive in their response to the crisis so far, inspiring confidence for our future.

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DIGITAL VERSION ONLY

We are conscious of the need to support our readers, advertisers, industry and those working to protect it.

While in Covid-19 alert level three, we have decided to produce the May issue of Autofile in digital format only. This avoids putting extra pressure on businesses involved in publishing and distribution.

We look forward to returning to business as usual as soon as we can.

Thank you for your continued support.

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getting a sense of much in the way of sales inquiry coming through".

"Other than dealing with back orders, business opportunities may remain scarce unless the rules are relaxed to level two and buyer confidence returns. These are difficult times for everyone.

"Franchise dealerships are more diverse by having service and parts business streams, but have higher staff levels. They also face demands from their franchisor partners.

"On the other hand, used-car traders operate simpler models yet don't have alternative income sources. Upsides for them include fewer staff and less operating overheads. They are also free to make their own decisions."

That said, Everett adds operators in both sectors – new and used – need to read the market and assess values. If prices drop, everyone will struggle to make a profit. Then the pressure will be on to maintain values.

"However, reading the market is the big one, especially for small independents, as well as doing enough business to support staff and cashflow. Operating costs must still be covered by revenue that comes in. As for the supply chain, that has been holding up well considering government restraints in place."

The MTA has provided operational guidance for Covid-19 level-three compliance. Feedback indicates those resources, which serve as useful one-stop-shop information, have been well-received by dealer members.

"This saves our members from having to sift through multiple sources. Our work on this means they can focus on their own plans and implementation. We've also provided guidance on human resources and have answered dealers' questions on legal issues. These have included property rents and the completion of business initiated before lockdown."

However, the situation is far from "business as usual" for the industry. "It's difficult to attract and generate buyer enquiry because consumers have significant pressures and concerns about job security and so on, which serve to restrain purchasing decisions," says Everett. "The supply chain is in place and the industry now needs customers. They form a critical pinch-point. We need people buying cars.

"It seems likely we will see some closures, but it's too early to make any predictions. It's going to remain tough for some time as questions about business continuity are answered. Consumer optimism is critical, especially with large-ticket items such as vehicles."

A decrease in the numbers of people working will reduce sales opportunities, while financial pressures on those impacted will give rise to payment defaults and possible repossessions. Some consumers may want to trade down into cheaper cars.

"A lot will hinge on what the unemployment rate becomes. Depending on which economist you listen to, it may hit 10, 15 or 20 per cent under different scenarios.

"Trading will turn on buyer activity. If customers come back into the market, our industry will recover. The incidence of business closures in the wider economy and the resulting reduction in employment will be determining factors."

The next challenge will be when New Zealand goes into Covid-19 level two, with the government expected to provide more information on that soon.

Previous guidance covered the proposed further relaxation of controls with the ability to open car yards and attract walk-on customers. Track and trace, cleaning and social-distancing protocols will still be required, so it will still be far from normal when level two comes into force.

"We must be mindful as controls are relaxed because the risk potential will increase. It will be vital everyone follows the rules." ⊕

Subaru of NZ has launched its Subaru Safe campaign to protect staff and customers. Get up to speed with what other new-vehicle distributors are doing by reading the story on page 35

Set for talks

The MTA is hoping to open a dialogue with the government on stimulating consumer demand.

Greig Epps, advocacy and strategy manager, says this may include pushing for a generous scrappage scheme linked to the purchase of newer vehicles, and incentives for buying fuel-efficient cars or perhaps those with four or five-star safety ratings.

"We know the Ministry of Transport has been considering policies such as these, so it should provide a double benefit to help stimulate the depressed market caused by and meet other government policy objectives, such as cleaner and safer cars."

Traders urged to treat buyers fairly

Car dealers need to ensure they comply with their obligations under the Fair Trading Act (FTA) during the coronavirus crisis.

Businesses are being encouraged to check guidance issued by the Commerce Commission to help them understand the requirements of legislation amid disruption caused by the pandemic.

The regulator is urging all companies to treat consumers fairly, respectfully and show patience as they work through any challenges during alert level three and beyond.

A main factor determining buyers' rights and car dealers' obligations are terms and conditions agreed to at the time of a transaction. Some contracts will provide for rights to a refund, while others may state credit will be provided.

> "These are difficult times for consumers and businesses, and some contracts will involve considerable sums of money"
> - Anna Rawlings

Businesses must not mislead consumers into thinking they aren't entitled to a refund if they are and companies cannot lawfully develop policies that contradict contractual entitlements. Both actions risk breaching the FTA.

The commission encourages both parties to discuss situations with each another to work out solutions that best fit contractual circumstances.

"These are difficult times for consumers and businesses, and some of these contracts will involve considerable sums of money," says Anna Rawlings, chairwoman of the regulator. "In the past couple of weeks, we've had more than 100 complaints relating to cancellations and refunds. This is a complicated legal area."

Terms and conditions should include a clause explaining what happens when a contract is cancelled or when events beyond human control make the transaction impossible to perform without fault by either party. This is also known as "force majeure" or "contract frustration", while some contracts may specifically refer to pandemics.

Rawlings says when consumers can choose between a refund or credit, they should consider what the best option is for them personally.

"You may wish to support a local business by accepting a credit rather than a refund," she adds. "However, you should be aware credit depends on the business continuing to trade, so there may be a greater risk with credit than a refund."

Visit https://comcom.govt.nz/about-us/covid-19 for more advice from the regulator.

Call for action

The government is being urged to play a role in lessening the car industry's economic pain in the wake of sales of new vehicles in New Zealand nosediving by 90 per cent in April.

The Motor Industry Association (MIA) is calling for certain policies, such as tackling the issue of vehicle scrappage, to be fast-tracked.

"We have an old fleet with numerous polluting and unsafe cars roaming our roads," says chief executive David Crawford. "It's time for the government to provide financial incentives to remove vehicles older than 20 years, and or when their exhaust-emissions standards are the equivalent of Euro 3 or less. This would also be in-line with the new road-safety strategy and climate-change objectives."

Before the pandemic, the MIA supported – in principle – feebates being adopted. However, given the degree of fiscal impact Covid-19 is causing, the association believes this policy needs immediate review.

"It's our view the government should defer the introduction of a feebate scheme and instead provide incentives for fuel-efficient vehicles, to be reviewed in 2023."

Crawford adds action could be taken to increase the number of plug-ins across the government's fleet. To date, uptake by agencies "has been less than modest at best", so departmental budgets could be increased to permit them to opt for battery electric vehicles and plug-in hybrids.

The MIA previously endorsed the decision to shut the country down to save lives and says moving to level three "remains a necessarily constrained way of operating".

"Equally, in terms of imports, the new-vehicle sector is second only to oil in its contribution towards GDP. Getting these businesses operating again in a safe way is vital to allowing New Zealand's economy to begin to recover."

Co-operation keeps doors open

The automotive industry and its supply chain's collaborative approach to help ensure vehicles continue to be imported into New Zealand has been praised by a top government official.

Biosecurity New Zealand withdrew its staff from Japan on March 21 to protect them from the global spread of coronavirus.

The decision has resulted in major changes to processes for vehicles imported through Ports of Auckland with inspectors now conducting pre-border verifications and audits in this country.

The resulting success of the new system has led to Steve Gilbert, Biosecurity NZ's southern regional commissioner, to applaud the car industry's involvement, which has included setting up a working group with the Ministry for Primary Industries (MPI).

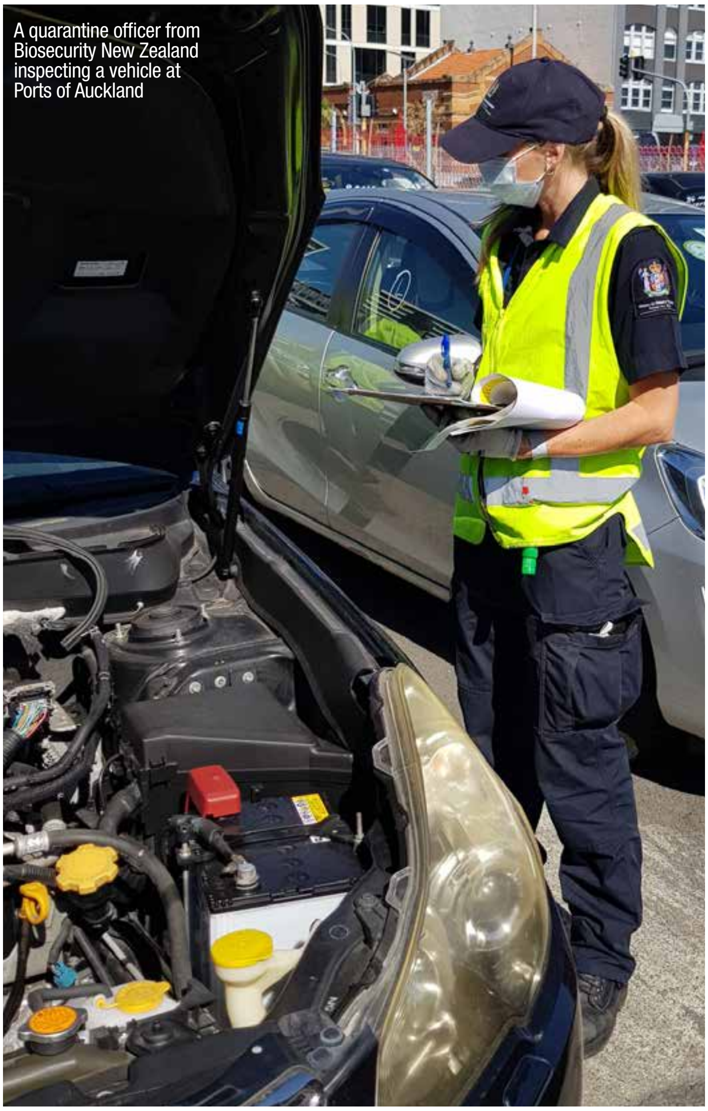
The first vessel carrying unverified cargo arrived on the weekend of April 11-12 with 100 per cent of shipments being checked instead of the normal 10 per cent. Officers detected plant material in some vehicles initially discharged, which prompted Biosecurity NZ's decision to check all cargo on-board.

Inspectors based dockside use a verification approach to clear vehicles from Japan, which involves checking samples from ships identified as posing a biosecurity risk.

"The sample-based approach to verification has been used for subsequent vessels," says Gilbert. "Sample size is decided on a case-by-case-basis, depending on factors such as compliance history and the nature of any biosecurity interception."

He told Autofile this approach means "some biosecurity materials and particular issues have been addressed, and this shows our system is working – we are stopping items that could introduce pests and diseases to New Zealand".

As for stink bugs, there have been no detections to date with all arriving vehicles having undergone heat treatment in Japan "to remove the risk of hitch-hiking bugs and other pest insects".



A quarantine officer from Biosecurity New Zealand inspecting a vehicle at Ports of Auckland

Steve Gilbert, Biosecurity NZ

A major factor in the success of Biosecurity NZ's processes being carried out at Auckland has been the collaborative approach being taken by the joint industry-MPI working group that has been set up.

"The constructive relationship with industry has been instrumental to the success of this approach," says Gilbert. "There is widespread agreement among all parties that biosecurity risk has been tightly managed.

"The working group has been helpful in enabling a high level of co-operation between everyone. It has played an important role in raising awareness of our requirements across all various parties.

"A major lesson has been the importance of co-ordination and collaboration. It has been great to see shipping lines take a lead role in this. It's clear good planning is required to ensure we manage biosecurity risk and minimise delays."

A team at Biosecurity NZ carries out planning in advance of vessels arriving, while another group conducts desktop checks of documents and records received from Japan to determine if vehicles meet requirements of the approved inspection and cleaning systems in that country. Upon a ship's arrival, teams of up to 12 officers verify vehicles daily.

"Discharge is strictly controlled to limit the number of vehicles on the wharf," explains Gilbert. "Conducting pre-border verification in Japan has logistical advantages. It also allows verification to be done over a longer period leading up to export.

"High volumes and limited infrastructure in New Zealand can lead to verifications taking longer, which may increase costs for importers. Covid-19 distancing rules have also resulted in slower handling and we've increased verifications to ensure vehicles meet biosecurity requirements.

Biosecurity NZ's quarantine staff are normally deployed to Japan for six months at a time. This means inspectors are ready for deployment as necessary, which has helped the transition back to this country.

Gilbert adds the whole of April was busy because of the high level of vehicle arrivals with about 2,000 units cleared. Looking ahead to the rest of May, "we understand from industry volumes are likely to decrease in coming weeks".

He notes that while going into Covid-19 alert level three has resulted in no changes to how inspectors do their work, it's too early to say what moving into level two may involve, "but, at this stage, we expect the current approach to continue".

As for Biosecurity NZ getting its job done at transhipment ports in addition to Auckland, any decision on that "would be driven by industry".

"We see benefits from operating at a single location. However, we have capacity to provide verification and inspection services at other locations if required."

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Working towards level two

A "safe commercial practice" remains key for businesses as they try to recover from the impacts of the coronavirus pandemic, according to VIA (the Imported Motor Vehicle Industry Association).

Chief executive David Vinsen and experts from supply chain are planning for how dealers and other companies will be able to operate at Covid-19 level two.

He told Autofile potential problems around shipping and verification checks being conducted in New Zealand rather than Japan because of the spread of the virus have been ironed out through industry collaboration. Working groups are now focusing on how to accelerate getting stock through compliance centres and to traders in the hope sales will recover as restrictions ease.

"We're now working on level two," says Vinsen. "It's going to be easier and there might be fewer restrictions around visiting yards, but the requirement to work safely will still be there. Having safe commercial practice is overriding.

"We have had to work down the supply chain over the past month, but we're largely through shipping, port and Biosecurity NZ issues. For example, shipping is being consolidated into fewer sailings.

> "Some sales have been made already and there are reports from dealers of more enquiry than expected" – David Vinsen

"Our working groups have been busy looking at the supply chain. We've been liaising with government agencies to find remedies to clear pinch-points to keep things flowing and get back to a semblance of business as usual as quickly as possible."

The industry and working groups worked fast to help businesses understand how to operate when level four ended on April 27. Most dealers have been doing things properly, but there is concern anyone flouting the rules may "bring the whole industry into disrepute".

VIA has issued an alert reminding businesses of their responsibilities after anecdotal evidence of a franchise in south Auckland having someone walk onto the yard without an appointment.

That person didn't have details taken, which is necessary for contact tracing, and touched some cars before leaving. Shortly afterwards, the dealership apparently received a call from an official agency warning it had breached level-three restrictions and would have to cease trading until level one.

Initial government guidelines were quite generic about safe practices, which meant VIA quickly developed industry-specific procedures.

"Businesses have put in place processes for level three. Some sales have been made already and there are reports from dealers of more enquiry than expected.

"We don't know at this stage how much of early trade has been pent-up demand or frustration about being unable to do business. We will have to see how it plays out longer term. Demand will ultimately be based on consumer confidence. Discretionary purchases will be on the back-burner for most with buying largely based on genuine need."

Securing extensions for warrants of fitness (WOFs) and certificates of fitness (COFs) have also been a focus, as well as allowing dealers and compliance shops to open to receive deliveries, and to be able to register freshly sold cars with such requests agreed to by the Ministry of Transport, NZTA and others.

With vehicles having been kept in storage and the public being limited in leaving home, the NZTA has been and concerned about a "bow-wave" of work for VINZ, VTNZ, AA, DriveSure and smaller operators.

"Normally 300,000 vehicles a month need WOFs or COFs. That hasn't been done for five or six weeks, so there's huge demand along with other work as compliance shops and key service delivery partners come out of restrained conditions."

Overall, Vinsen is "pleased and proud" at how the industry has been working together. "There's been a wonderful spirit of co-operation between sectors and competitors, as well as with government departments. We haven't encountered traditional bureaucratic red tape on issues raised."

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Support for agency director role

Vehicle Inspection NZ (VINZ) is backing proposals for a director of land transport to oversee the NZTA's enforcement of regulatory issues.

That is one of the many recommendations in the company's submissions on the Land Transport (NZTA) Legislation Amendment Bill introduced by Phil Twyford, Minister of Transport, to strengthen the agency's leadership by revamping its structure and centralising its regulatory authority.

The bill also aims to bolster the NZTA's role in key regulatory interventions, such as speed management and enforcement.

Twyford views installing a director of land transport as pivotal as the agency strives to continue improving its performance following problems highlighted in independent consultants' reports published last year. Those reviews prompted him to overhaul NZTA operations after it abandoned its "consumer-centric approach" of recent times.

VINZ has made written and oral submissions to the transport and infrastructure select committee scrutinising the bill. It supports the role of director of land transport being established, and has urged MPs to ensure this position's functions are carried out independently to the agency's board and chief executive officer.

The position, in some ways, harks back to days of the Land Transport Safety Authority (LTSA) when a similar role existed before it merged with Transit NZ in August 2008 to form what is now known as the NZTA.

VINZ, one of three key service delivery partners (KSDPs) appointed by the agency along with VTNZ and the AA, has also highlighted positive changes and good results Kane Patena, general manager of regulatory, and his team have achieved at the NZTA over the past 12 months.

Gordon Shaw and Euan Philpot, directors of VINZ, along with chief executive officer Sean Stevens, presented a three-way oral submission on the proposed legislation to the select committee before the national Covid-19 lockdown.

"VINZ supports the policy objectives of the bill to strengthen regulatory leadership of the NZTA by setting up a new regulatory structure, establishing the position of director of land transport and centralising regulatory authority," Philpot told MPs.

Shaw expanded on this by saying: "As a delivery partner, we are focussed on assisting the intent of the delivery of the NZTA around its role as regulator. We're all part of the system looking at the safety and outcomes of Kiwis driving on our roads, the certification of vehicles entering the fleet so they are fit for purpose as passenger cars, and the heavy fleet.

At a glance

The Land Transport (NZTA) Legislation Amendment Bill and Land Transport (Rail) Legislation Bill are being treated as an "omnibus bill" to amend the Land Transport Management, Land Transport and Railways Acts.

It was introduced on December 2 and its first reading was on December 16.

The bill was then referred to a select committee, whose report will be considered in its second parliamentary reading before going to the committee of the whole house. It will secure royal assent after its third reading.

Campaign to boost warrant pass rates

Owners need do more to ensure their vehicles are roadworthy after four-in-10 failed warrant of fitness (WOF) tests in 2019.

The Motor Trade Association (MTA) reports there were 1,886,104 first-time WOF inspection failures last year for a fail rate of 41 per cent.

"We reached this record high in the middle of last year and it continued during the rest of 2019," says Greig Epps, advocacy and strategy manager.

"It shows many owners still rely on WOFs to discover problems. Drivers need to do more to monitor the safety of their cars."

The top three component failure rates of 2019 were lights, tyres, and steering and or suspension on 26.9, 15.5 and 14.3 per cent respectively.

Waikato had the highest regional first-time failure rate at 47 per cent, followed by Gisborne and Otago on 46 per cent. Marlborough had the lowest with an average of 33 per cent.

Epps compares the failure rate with that of commercials, such as taxis, business fleets and trucks, which was from 17-23 per cent depending on vehicle category.

"Commercial operators are safety-rated and passing inspections is an important component of their ratings," he says. "The different system shows it's possible to halve the failure rate with some incentive."

The MTA wants the government to add a component on car maintenance to the driver-licence test. "This process should include information on how to do a simple safety inspection to ensure the vehicle is roadworthy."

It adds the WOF inspection industry is worth about $252 million to the economy.

"One of the bill's main intents is the reintroduction of the director of land transport.

"Just as a disclosure, I worked for the former LTSA in the early 2000s [when] there was a director for land transport. That was a duel role as chief executive and the director of LTSA."

In its written submission, VINZ addressed points around access to good legal advice and adequate resources to allow the director – independently to the agency, its chief executive and board – to "help deliver what is the intent of regulatory function in the road-transport sector".

At the select committee, Shaw added: "Some of the things we like in the drafting of the bill are specifically giving the agency an expectation and strategy around strengthening its regulatory delivery.

"In the past year, changes in the agency and the appointment of people, such as Patena, have seen a real focus and change in how the regulator delivers its service. As a KSDP, we support that policy intent and how we give surety to the public that vehicles on the road are safe.

"We also like the intent of regulatory independence being proposed. We believe people and funding need to be allocated, specifically for the director to be effective on the regulatory side."

Stevens said VINZ inspects 210,000 vehicles and processes about 160,000 over-the-counter transactions, such as for registration and road-user charges, annually. He added: "We have a close working relationship with the NZTA and it's important to us this relationship continues."


Making VINZ's oral submission to the transport and infrastructure select committee. From left, Gordon Shaw, executive director, chief executive Sean Stevens and Euan Philpot, director

FUNCTIONS & DELIVERY

The key message behind VINZ's submission on the amendment bill on how the agency works is its "intent" because it is critical for the NZTA and its rules "to be fit for purpose".

Twyford's proposals follow events in late 2018 and 2019 that highlighted "a breakdown in the NZTA's regulatory functions, delivery and performance".

In addition to backing the re-establishment of a statutory director to front regulatory, VINZ supports the refreshing of independent functions and powers in the Land Transport Management Act.

"VINZ suggests the select committee looks to add specific focus on the management of conflicts or potential conflicts of interest [COIs] within the NZTA when discharging its regulatory powers," says Stevens in VINZ's written submission, as well as it adhering to State Services Commission rules so any potential COIs are disclosed and managed.

He adds: "Given the director's powers, it's important adequate mechanisms identify and address any decisions and actions, or inaction, that appear to be in conflict with obligations under legislation."

There is a bottom for line for VINZ, and that's, "an effective land-transport regulator is critical for the safety and well-being of road users and safe operation of the industry that supports land transport".

Strategies can spark change

A team of analysts from Flip The Fleet has raised a warning flag that New Zealand's uptake strategy for electric vehicles (EVs) needs to have its basics rethought.

Financial incentives to encourage electric purchases are required to accelerate the removal of older and more polluting vehicles already in the fleet and used-car market.

Feebates were put on the table last year as an elegant mechanism for driving change, but the government appeared to drop them before the national lockdown brought about by Covid-19.

An exemption from road-user charges for battery electric vehicles should be retained until sustained – as well as sufficient – growth of these cars in our fleet has been achieved.

The revision of fringe-benefit tax rules to accelerate the purchase of EVs by businesses is long overdue. It is administratively inexpensive and the buying power of large businesses could rapidly inject more electric cars into our national fleet.

Apart from financial incentives for EVs, the other main game-changer required is to avoid relying on second-hand electric imports because this may not be the way to quickly drive a transport revolution.

Flip The Fleet suggests uptake in New Zealand may be severely delayed if we have to wait for owners in other countries that are right-hand-drive markets to sell their cars to us.

The improved longevity of EVs means that the "trickle down" transfer of electric cars is likely to be even slower than for conventional combustion engine vehicles (ICVs), especially when New Zealanders can buy increasingly cheaper ICVs.

New models of electric cars coming onto the market are seeing rapidly improved range and quality, so original owners are going to be even less likely to flick them onto us.

Flip The Fleet believes New Zealand should be looking into prohibiting imports of second-hand EV models unless the original equipment manufacturer (OEM) provides full after-sales support and safety guarantees for the rest of these vehicles' lives in New Zealand.

Lifetime support of products are safety and sustainability issues, and we feel it should be part of the OEM's social licence to operate in this country.

Henrik Moller, co-founder, Flip The Fleet

Oversight by the NZTA relies largely on what the OEMs choose to provide or tell it. Regulation could be strengthened, including an adjustment of the Consumer Guarantees Act to better protect purchasers and second-hand car dealers from EV manufacturing faults and inadequate after-sales service by OEMs.

Minimum quality standards for imported EVs, including a minimum battery state of health and safety standards would be beneficial. Full disclosure of faults, upgrades and the accident history of cars entering the fleet would help New Zealand purchasers.

However, our main worry about second-hand EVs relates to spent traction batteries. For example, Nissan has so far declined to supply refurbished or new battery replacements for second-hand imported Leafs.

Twelve per cent of such Leafs have already reached their minimum practical ranges and another three per cent are expected to reach this threshold in the coming year because of battery-capacity fade.

Flip The Fleet calculates that at least 4,000 battery refurbishments or replacements will be needed by 2024 in order for current owners to retain the full practical use of their Leafs.

The government must either mandate or incentivise the provision of refurbished or replacement batteries for EVs already in New Zealand that have degraded batteries, and any future feebate system could subsidise the costs of battery refurbishment or replacement.

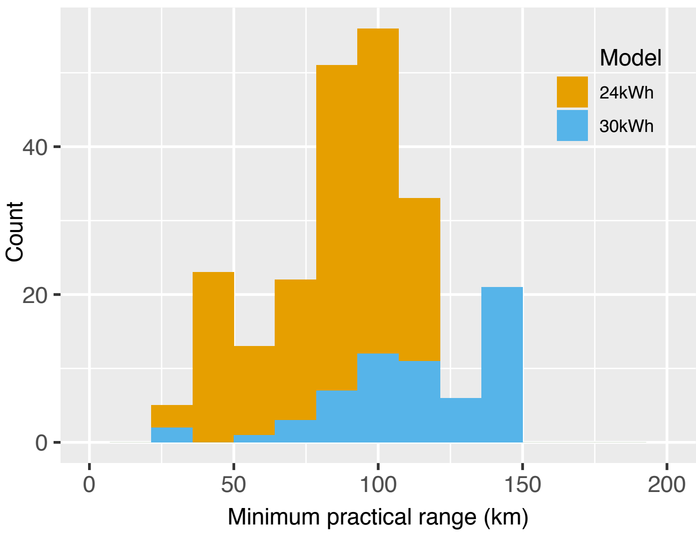
There is also an urgent need to clarify the homologation requirements and risks of using third-party parts, including substitute batteries, in the place of OEM components in EVs.

We will soon need to develop environmentally safe and cost-effective options for the reuse, recycling and safe disposal of EVs at the end of their on-road lives.

In a nutshell, we need more active leadership, regulation and investment strategies to manage risks, rather than simply leave the market to slow EV uptake. The long-term costs of the government not stepping up to drive this transport revolution may be immense.

Henrik Moller is a retired sustainability scientist. Additional research is by Daniel Myall and Dima Ivanov. You can read the full report about the above recommendations at www.flipthefleet.org.

Year until Leaf batteries need replacing or refurbishing



On average, current 24kWh and 30kWh Nissan Leafs in New Zealand will need their batteries refurbished within the next 5.5 years to restore ranges above the minimum practical distances they require

Live EV listings on Trade Me:

+5.3% Compared to last month

-12.8% Compared to prior year

New EV listings on Trade Me:

-54.6% Compared to last month

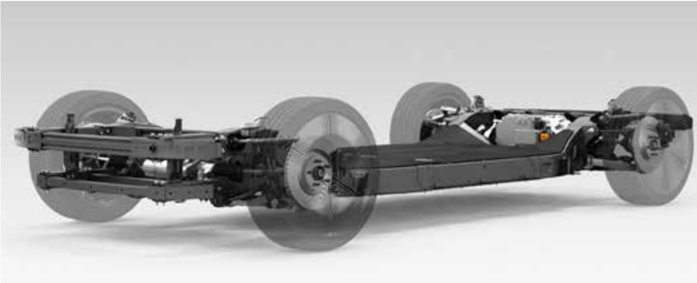
-74.2% Compared to prior year

EV watchlists on Trade Me:

-35% Compared to last month

-48.7% Compared to prior year

Joint ventures to develop ranges



Hyundai is teaming up with US-based Canoo to develop an EV platform. It will be based on the latter's "skateboard" architecture. Also shown are Canoo's beta-testing vehicle and final product

Car manufacturers are known for global joint ventures and it is no different with electric vehicles (EVs) of the future.

For example, Hyundai has engaged Canoo to help develop EVs based on the latter's proprietary "skateboard" design for upcoming Hyundai and Kia models.

Canoo will provide engineering services to help produce a fully scalable platform to meet the two marques' specifications, with Hyundai expecting it deliver cost-competitive electric models to meet diverse demand.

The platform offered by Canoo, which is a self-contained unit that can be paired with any cabin design, puts an emphasis on functional integration for vehicles' most-critical components. This reduces overall weight and part numbers, and provides more interior space.

Hyundai expects an adaptable all-electric platform using scalable architecture from the Los Angeles-based company, which creates subscription-only cars, to allow for standardised processes with cost savings passed onto consumers.

It also expects to reduce assembly-line complexity to allow for rapid response to changing market demands. Through this collaboration, the two South Korean marques are aiming for EVs to comprise 25 per cent of total registrations by 2025.

Mercedes-Benz is aiming to quadruple its sale shares of electric cars and plug-in hybrids (PHEVs) in Europe after Ola Kallenius, chief executive officer of parent company Daimler, conceded earlier this year that "it will be a challenge" meeting stricter EU emissions targets for 2020 and 2021.

That raised questions about how Mercedes-Benz will get below the target of 95g/km of carbon dioxide (CO_2) emissions to comply with 95 per cent phase-in for 2020. If it fails to do so, it and other marques will face steep financial penalties.

However, a spokesman says its planned boost in EV and PHEV sales ties in with the marque making more of its own lithium-ion batteries "in nine plants at seven locations on three continents". For vehicle production, Daimler's plant in Bremen will be a primary location, which is where the EQC is made.

The company says there will be another all-electric EQ model and, "by the end of 2022, we will have introduced more than 10 EVs". The electric EQA, based on the second-generation GLA crossover, will be made in Germany. Others could be the EQS sedan, EQB sub-compact crossover, EQE C-Class EQV minivan or even the Smart EQ.

Meanwhile, Volvo Cars has formally inaugurated its battery-assembly line in Ghent where it aims to start building its first fully electric car – the XC40 Recharge P8.

The company aims to reduce its lifecycle carbon footprint per car by 40 per cent between 2018 and 2025, and to become "climate neutral" by 2040. Over the next five years, it will launch a full EV annually as it tries to make them account for 50 per cent of global sales by 2025 with the rest being hybrids. "Recharge" will be the overarching nameplate.

Battery assembly will become an important part of operations with the plant in Belgium providing important learnings to other sites for process optimisation and efficiency.

Earlier this year, Volvo Cars unveiled plans for a battery-assembly line at its plant in South Carolina. It will also make battery EVs (BEVs) at a Volvo-operated facility in China with cars based on the compact modular architecture platform, will be built alongside models with similar underpinnings from sister brands Polestar and Lynk & Co.

Last year, the Swedish marque signed long-term supply agreements with global battery suppliers CATL, of China, and LG Chem, of South Korea, to cover the coming decade for next-generation Volvos and Polestars.

In the move to decarbonise the world's fleet, hydrogen will have a role to play alongside self-charging hybrids and BEVs, says Toyota as it plans to cut average CO_2 emissions per unit by 90 per cent by 2050 compared with levels 10 years ago.

To do so, it is accelerating the widespread adoption of its low-emitting models, including self-charging hybrids, PHEVs, BEVs and fuel-cell electric vehicles (FCEVs). As range and performance differ widely between cars and large road-transport vehicles, Toyota believes these types of vehicles and biofuels will be required to varying degrees.

The company is taking a diversified approach by investing in its own manufacturing and joint ventures to speed up the battery and hydrogen fuel-cell production. It expects to be selling 30,000 FCEVs per year globally "in the not too distant future".

Alistair Davis, chief executive of Toyota NZ, says: "Reaching this ambitious target will require a wide range of technologies. To bet on a single technology to solve the challenge of decarbonising transport is too risky.

"Developments tend to not take place at the expense of one another. BEVs and FCEVs are likely to be synergetic. Both rely on electric powertrains and benefit from improvements in components."

Top 5 EV models
listed on Trade Me last month:

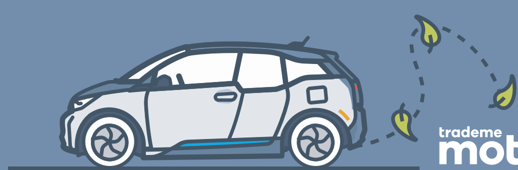
- **Nissan Leaf**
- **Mitsubishi i-MiEV**
- **Nissan e-NV200**
- **Nissan Note**
- **BMW i3**

Average listing price
for the month:

$25.5k

* Figures as per the end of **April 2020**

Eye on EVs



trademe motors

Two become one

The CRC Speedshow, which is usually staged in July, is set to become the motorsport arm of Big Boys' Toys in November.

The news follows Shaun Varney, who has competed in motorsport for more than a decade including the NZV8s and GT championships buying both Auckland-based expos.

"Big Boys' Toys will effectively be two shows for the price of one," he says. "By bringing Speedshow into the format, we will offer punters, sponsors and exhibitors better value for money. In all likeliness, we would have had to cancel or postpone a standalone Speedshow in July as a result of Covid-19.

Varney has plans to make Big Boys' Toys more diverse and inclusive. He will reveal more details about the format and exhibitors over coming months.

"The time is right to shake things up with a bigger, better and more elevated offering," he adds. "We're looking to invest in fresh features to deliver a premium event that appeals to everyone, not just blokes, and is fun for the whole family."

Big Boys' Toys, which attracts more than 30,000 people, was previously owned by SMC Events. It began in 1997 with the aim of providing close interaction between Kiwi men and their favourite brands.

The CRC Speedshow was created by Auckland race driver Keith Sharp and first ran in 2007. Prior to Varney's acquisition it was owned by businessman Bruce Anderson.

The two events have been a big deal for marques as a chance to take the wraps off new models and show off future technology.

This year's double-header is due to be held at the ASB Showgrounds in Greenlane, Auckland, from November 13-15.

Industry movers


Andy Cornish

ANDY CORNISH has taken over as chairman of ANCAP's board of directors following a period of reform under the leadership of Wendy Machin, whom he has replaced.

He is looking forward to guiding the delivery of existing objectives, initiatives and projects, and incorporating some new aspects.

"While we are working through uncertain times, we're seeing significant advancements in vehicle technologies," says Cornish. "During Wendy's six years on the board, the organisation has strengthened with record high levels of market coverage, member engagement, and industry and community collaboration."


James Goodwin

JAMES GOODWIN is stepping down as chief executive of ANCAP to take up the same position with the Australian Airports' Association.

During his tenure, he has overseen the adoption of common rating protocols and policies with Europe, and strengthened relationships with stakeholders and marques leading to record-high levels of market coverage and availability of five-star vehicles. A recruitment process has started to find his successor.

TERIANNE BROWN has been appointed as general manager of marketing at Mazda NZ with **JAMES SMITH** becoming general manager of sales.

Brown will oversee the running of the marketing department, as well as implementing brand and retail campaigns. Smith will work alongside the dealer network to help drive the marque's sales in this country.

Previously, Brown held a brand-manager position with the company, while Smith was manager of dealer business.

David Hodge, managing director of Mazda NZ, says: "Terrianne and James are passionate about the brand. They will do outstanding jobs as the industry enters a period of change over the next few years."

The appointments follow the departure of Glenn Harris after 15 years with the marque. He has taken up role with the Warriors rugby league team.


Paul Staples

PAUL STAPLES has been appointed after-sales manager for Aston Martin, Bentley and Lamborghini with the Giltrap Group in Auckland.

He recently returned from seven years in the UK where he was a workshop manager for Lamborghini London. Prior to his stint there, Staples was workshop manager for Giltrap Audi.


Steve Fulks

STEVE FULKS has replaced Greg Brink as Aston Martin's brand manager.

Fulks was previously sales manager at Archibald and Shorter on Auckland's North Shore. Brink was with Aston Martin for almost 17 years.

STU MYLES has been elected as a director of MFT Finance following Brent Robertson's retirement by rotation.

Myles has been a shareholder since 2008 when he established one of the original franchises in Christchurch. He has an extensive background in the finance and motor industries.

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

Thinking outside of the square

During these unprecedented times, it has been amazing to watch people adapt and grow around the tight restrictions that are in place, finding ways to take advantage of this enforced downtime and setting themselves up for the future.

Car dealers are no different. Despite the lockdown, our team is regularly in touch with automotive clients discussing ways in which we can help set them up for post-Covid-19 business success.

This includes introducing initiatives that will enable transactions and interactions to take place with minimal to no contact, as well as more at-home services, so customers don't need to enter dealerships.

ONLINE PURCHASING

A positive that has come out of this crisis is that it has enabled the fast-tracking of a lot of technological advances that may have otherwise still been on the "to do" pile. One such initiative for the automotive industry has been the introduction of online purchasing of vehicles.

In recent months, dealers have started to add "reserve a vehicle" functionality to stock locators on their websites. This new process enables customers to put down a credit-card deposit to hold a car they wish to purchase.

The vehicle is then blanked out from the stock locator and the dealership receives a notification instructing it to contact the customer to finalise the sale – something that can be done on-site or at the client's home or office.

TODD FULLER
General manager
AdTorque Edge NZ

AT-HOME TEST

When lockdown restrictions are lifted, consumers will no doubt continue to be apprehensive about close contact with others, so many dealerships are offering the opportunity to test drive a vehicle where they live.

After a customer books an at-home test drive, a salesperson will deliver the car to his or her chosen location. The client is then able to view and test drive it without the need to enter the dealership.

To maximise opportunities in this vital area of business, some dealers are introducing contactless service

Even once life returns to normal, this form of "we'll come to you" service will be the way of the future given the expectations and preferences of modern customers.

CONTACTLESS SERVICING

The service department could be the division of your business that generates the most revenue while the market recovers from the implications of the lockdown because people may feel nervous about financially committing to a vehicle purchase. However, owners need to maintain their cars so they will continue servicing them.

In order to maximise their opportunities in this vital area of business, some dealers are introducing "contactless service" so customers can feel safe and assured that they aren't risking their health if they book their car into the workshop.

Once a client has booked a contactless service, a dealership representative goes out to their home or office and collects the vehicle from them.

It is then taken to the workshop where it's serviced, cleaned and fully sanitised before being returned to the customer at the end of the day. There is no need for the owner to enter the service department, so there's minimal risk to health and safety.

GET THE MESSAGE OUT

As with all new offerings in your dealership, it's important to let customers and the local public know they exist. It's all well and good to offer online vehicles sales and contactless service, but if no one knows about them they are pointless.

This is where your creative advertising is key. Your website needs to clearly state your new offerings on its home page, so anyone who visits knows about the new measures you are taking to deliver these modern-day services. This can be done using well-designed slider banners and pop-ups that appear as soon as a visitor lands on your site.

In order to get those visitors to your site though, you need to run a well-targeted digital campaign incorporating database marketing – and advertising on social and search platforms – to promote your services and drive traffic to your page.

LOOKING TO THE FUTURE

It is unclear yet what the world will look like when this crisis is over. However, it is important to manage our own little corner as best we can.

Making plans and setting ourselves up for the future is one such way we can take some control back during these uncertain times, so I encourage dealers to do this.

Think outside the square and use this downtime to make changes that will appeal to the new post-coronavirus customer and, in turn, benefit your dealership.

Franchises celebrate success

South Canterbury Toyota, which strives to be "part of our local community", has been crowned dealer of the year at the marque's annual franchise awards in Dunedin.

The Timaru-based business employs 36 people and is part of the McDermid Auto Collective, which operates four other South Island Toyota dealerships.

It saw off 64 Toyota and Lexus outlets for the top gong, which recognises overall excellence in operations, market leadership and facilities.

"The dealer of the year award reflects the hard work the team has put in over the past year," says Craig McDermid, chief operating officer. "We're proud to be part of our community and are glad to take this award home for them."

Steve Prangnell, Toyota NZ's general manager for franchise development and used vehicles, says the awards "celebrate the vital contribution of the dealerships to the ongoing trust and loyalty in the brand" in this country.

"What's really satisfying is that, despite changing our sales model, our dealers delivered a record sales year in 2018 and another strong year in 2019," he adds.

"Having clear awards criteria gives dealers targets to aim for. Every year the competition seems to be more intense as dealers aim for continuous improvement."

VORSPRUNG DURCH TECHNIK

The team from Farmer Audi in Mount Maunganui won the coveted overall dealer of the year title and several individual honours at the distributor's 10th annual excellence awards.

"We are exceptionally proud to be named Audi's dealer of the year," says Mike Farmer, group managing director of Farmer Autovillage. "It represents the team's cohesive goals to achieve the highest level of service and professionalism in all aspects of the business."

Consumers in Canterbury awarded their Christchurch dealership, Archibalds Audi, the

1 Richard van den Engel, of Ebbett Toyota
2 Jared Thompson, of Hawke's Bay Toyota
3 Richard Devery, branch manager of King Toyota
4 Tony Bowater, of Bowater Toyota
5 Darren Smart, of Manakau Toyota

Mark Patterson, branch manager of South Canterbury Toyota, flanked by Shinobu Terimoto, left, executive director of Toyota NZ, and Alistair Davis, Toyota NZ's chief executive officer

South Canterbury Toyota dealership

Toyota NZ and franchise staff mix and mingle

TOYOTA NZ DEALER AWARDS WINNERS

Dealer of the year and outstanding customer service – South Canterbury Toyota, Timaru
Excellence in leadership – Ebbett Toyota, Hamilton
Parts and accessories – Tasman Toyota, New Plymouth
Financial services and new-vehicle excellence – Hawke's Bay Toyota
Branch dealer of the year – King Toyota, Hutt Valley
Used-vehicle excellence – Manukau Toyota
Lexus dealer of the year – Lexus of Wellington

James Crighton, CEO of Tasman Toyota, with Spencer Morris, left, Toyota NZ's general manager, and Neeraj Lala, right, chief operating officer

Hunter Mitchell, CEO of Lexus of Wellington

Party time at the 10th Audi Excellence Awards

AUDI EXCELLENCE AWARDS WINNERS

Dealer of the year – Farmer Audi
Customer satisfaction – Archibalds Audi
Sales manager – Hamish Taylor, Giltrap Audi, Auckland
Metro sales and sports sales specialist – Kerry Hoffman, Continental Cars Audi, Auckland
Non-metro sales specialist – Shaun Marburg, Farmer Audi
Service manager – Bevan Sheppard, Farmer Audi
Service adviser – Emma Schuyl, Archibalds Audi
Apprentice – Ben Aldred, Ebbett Audi
Technician – David Milner, Giltrap Audi
Parts manager – Mark Ferguson – Farmer Audi
Business manager – Rod Williams, Giltrap Audi
Marketing – Samantha Headifen, Farmer Audi

From left, Richard Giltrap, Mike Farmer, group managing director of Farmer Autovillage, and team members celebrating Farmer Audi winning dealer of the year

coveted gong in the customer satisfaction category at the event at the Tantalus Estate on Waiheke Island, off Auckland.

"Our excellence awards recognise the outstanding achievements of our dealer network," says Dean Sheed, general manager of Audi NZ. "Ongoing strong performance ensures Audi continues to shape the future of customer service and mobility in New Zealand."

HONOURS FOR DAS AUTO

Ebbett Volkswagen scooped all five awards at the marque's annual celebration. The team from Hamilton took out the overall dealer of the year gong, along with the passenger-sales department and passenger metro-dealer titles, while their colleagues in Taupo landed two provincial categories.

The awards night celebrated achievements across the German brand's dealer network, and covered parts, service, finance, passenger sales, commercial sales and marketing.

Representatives from 19 dealerships, along with staff from European Motor Distributors Ltd and Volkswagen NZ, attended.

"We are privileged to have world-class products from Volkswagen AG, but it's our dealer teams that ultimately deliver the experience to customers," says Greg Leet, the marque's general manager of passenger vehicles.

Kevin Richards, the company's general manager of commercial vehicles, adds the awards are "about recognising moments when dealers have gone above and beyond in each area of their business".

The glitzy bash in Auckland, hosted by television personality Hilary Barry, also marked the first outing of the refreshed Volkswagen logo, which was launched in April.

Staff from Ebbett Hamilton

The team from Ebbett Taupo

VOLKSWAGEN NZ DEALER AWARDS WINNERS

Metropolitan:

Overall dealer of the year, passenger dealer of the year and passenger sales – Ebbett Volkswagen, Hamilton
Commercial dealer and parts – Farmer Volkswagen, Tauranga
Passenger service – Miles Continental, Christchurch
Commercial sales and commercial service – Gazley Volkswagen, Wellington
Marketing – Gazley Volkswagen and Miles Continental
Business manager – Jackie Colburn, Continental Cars, Auckland

Provincial:

Passenger dealer of the year and commercial sales – Robertson Prestige, Palmerston North
Commercial dealer – Euro City, Napier
Passenger sales and passenger service – WR Phillips, New Plymouth
Parts and commercial service – Ebbett Volkswagen, Taupo
Marketing – Southern Motor Group, Dunedin

Standing together can effect change

I must admit at being a bit disappointed by the opposition's negative response to the government's actions on Covid-19. For a short while, I thought we might have a parliament unified in cause and action regarding the greater good.

Personally, I do not feel fully represented by any one party. I understand they all support causes that appeal to different people. Like most folk, I have my pet causes and vote on those. But I must admit that I'm comfortable making my vanity vote because I understand the party I'm voting for will be constrained by the opposition.

There is a need for good balance in government and to have an opposition so no ideology is too powerful. Our society is comprised of many ideas, peoples and needs. It's good to have them all represented. All our votes ever do is shift that balance a little one way or another. This I think is good and by design, even if only tacitly so.

It was pleasing when our government stated it was going to take a strong stance on coronavirus. I have spent the past four weeks bragging to my family in the US that New Zealand would soon probably be pandemic-free.

I was excited about this new brave world that would open up, what this country could become if it was one of the first Covid-19-free safe havens in the world. We would have the opportunity to open and explore new business models for New Zealand and the rest of the planet that need our help and expertise.

Our growing number of technology companies could get a head start on traditional global centres losing headwinds due to local lockdowns.

Then, like some other countries have done, we started to wonder whether the cure was worse than the disease.

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

The united front presented by the government and Kiwis began to fracture. The pride we felt in collective efforts to save the lives of our fellow New Zealanders started to fade as we listened to minority interests claiming to be experts, who told us saving lives and saving money were mutually exclusive.

Factions within the coalition, realising an election was coming up and the government in power could get all the benefits of a success, realised they needed to differentiate themselves. Factions outside of government who didn't agree with its actions – for whatever reasons – found fertile ground for their opinions.

Suddenly, it seemed, everyone was claiming the pandemic's risks were never as bad as originally claimed and – this is the part that gets me – our success was used as evidence of it. Because more people have not died in New Zealand, the risk of the widespread outbreak must be overstated.

And when actual data from other countries that tried different – or no – tactics to combat Covid-19 is looked at, the argument shifts to denial that the cost is worth the cure.

Whether you get on your soapbox or not about issues du jour, perhaps it's appropriate during this pandemic with the need to keep washing your hands

Well, I know another serious risk. The same tactics are being used on global warming with arguments from climate-change deniers being the same as those I hear from coronavirus deniers.

Seriously, I could use global warming and coronavirus interchangeably in discussions with some people. The only difference is the speed the train is travelling at. But it doesn't matter – the mass of both trains is more than enough to crush us at any speed.

It has been eery listening to the evolution of the past decade's arguments I've had with deniers, the global-warming ones, play out in fast-forward over the past few weeks.

I know many who read this will be viewing my opinion from the other side, perhaps seeing another pseudo-millennial on an unfounded ideological soapbox. To those who think that, trust me, I hope you're right.

One aspect that really bothers me is the expectation that there will continue to be a similar trajectory between the pandemic and global warming. Entities fighting for necessary changes will be ignored until the problem becomes so bad it can no longer be ignored. Then they will be demonised for not yelling louder. Just look at claims of failures at the World Health Organization.

When we are finally forced to make actual social and economic changes, such as those we've made for Covid-19, to mitigate global warming, it will take much longer than four weeks.

Seeing as how in a few weeks we forgot why we took steps we did to combat the pandemic, when it comes to global warming I wonder how we will be able to maintain the course for the decades, if not centuries, that will be necessary.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The month that was... May

May 20, 2005

Enforcement under way

A significant milestone in the life of the Motor Vehicle Sales Act (MVSA) was reached with the first conviction under the new legislation being made.

The offender, aged 55, was convicted in Hamilton District Court under section 99 of the act – the section prohibiting odometer tampering. He was ordered to pay $4,130 in fines, reparation and costs.

Shane Keohane, manager of the Ministry of Economic Development's national enforcement unit (NEU), said the conviction was evidence of the quality of the MVSA.

"For our first conviction to be for odometer tampering, which is one of the hardest crimes to prove, I think it's a pretty good sign," he added.

Keohane confirmed that two separate prosecutions for illegal trading were also under way. One was in Invercargill and the other in Wellington, while another 18 non-compliance files were active.

In February, the ministry published a report on the effectiveness of enforcing the MVSA. This stated that out of 39 unregistered traders identified through importation records and contacted by the unit, 20 had since chosen to register, four were in the process of registering and 14 had ceased trading. One was being considered for prosecution.

May 15, 2009

Diesel charges debate heats up

The government had just released a report on reviewing road-user charges (RUC), which was commissioned by the outgoing National Party in August 2008.

It recommended RUC for diesel vehicles weighing less than five tonnes to be increased, but substantial reductions for heavy vehicles.

The industry largely accepted there was a need for diesel to pay a certain amount to reflect this fuel not being taxed at the pump. But it didn't expect a proposal that vehicles, which caused the most damage to roads, were to have costs reduced and that light diesels, which created no more road wear than petrol-powered cars, faced a RUC rise.

Under the recommendations, small diesel-powered vehicles, which were already being penalised by having to pay virtually the same per kilometre in RUC as three-tonne trucks, would see a substantial further increase in running costs.

Simon Carr, the-then managing director of Holden NZ, said for the country to take advantage of environmental benefits diesels offered that RUC for vehicles of less than five tonnes shouldn't be increased.

May 12, 2006

Payless Cars goes belly up

Two companies, both solely owned by Auckland businessman Allan Ludlow, were placed into receivership with millions of dollars of debt owed to investors and suppliers.

Funds from National Finance 2000 had been used to prop up his struggling Payless Cars used-car business.

At the time, the National Business Review reported Payless Cars' main supplier, Nichibo Motor Company of Japan, was thought to be owed up to $3 million.

However, Nichibo's managing director, Robert Young, refuted that sum and said the company was owed "well less" than $1m by Payless Cars.

Signs of financial troubles were clear when employees at all four Payless Cars yards were told at the start of April that they had to decide whether to take a 60 per cent cut in retainers or leave.

PriceWaterhouse Coopers receiver Colin McCloy said that the company's 2,026 debenture holders were owed about $25m. However, he was unable to say how much they would get back.

May 11, 2007

Gaps in government planning

The Motor Trade Association (MTA) announced its response to proposed restrictions on used-imported vehicles, stating its belief that emissions standard "milestones" might hinder the achievement of goals.

According to the association's analysis and feedback from member meetings, the MTA stated the proposed legislation contained "unforeseen stumbling blocks" and would also cause the automotive industry to be effectively "in recess" every few years following the introduction of each of milestone emissions criteria.

Spokesman Andy Cuming emphasised that the MTA supported the government's intent of applying restriction measures to used-vehicle imports to achieve a modernisation of the national fleet.

"It's the methodology that must be workable to ensure continuity of supply to meet the ongoing need for updated vehicles," said Cumming.

"Under the government-proposed programme of identified emissions standards being used as the 'trigger' to restrict imports in the phase-in regime, the MTA's analysis clearly demonstrates the pattern of supply would be so disrupted at certain critical points that the industry will effectively need to close every three to four years following the imposition of the next milestone."

Working together to beat virus

The move to Covid-19 alert level three at 11.59pm on April 27 has, fortunately, seen more of the automotive industry get back to some sort of work.

But the story could have been very different. In the days before level three took effect, it was discovered it would be impossible for a dealer to register a vehicle. This would have stopped the game even before it even started.

Urgent scrambling by industry organisations, including the Motor Trade Association (MTA), Motor Industry Association (MIA) and Imported Motor Vehicle Industry Association (VIA), helped to encourage the NZTA to review the situation and come back with a collaborative solution.

The decision made by the agency towards the end of last month allowed for vehicle registrations to be performed "contactlessly" at certain outlets under level three.

This served to open the door to the sale of new and fresh imports. It was a fantastic last-minute save, to coin a sporting analogy.

Stepping back for a minute, this change only came about because industry associations moved quickly and joined to project a single, united voice.

Obviously, the NZTA also deserves accolade because it listened to our sector's pleas before reacting quickly and putting together the satisfactory resolution. That was done at "light speed" for a government organisation, which reflects the urgency agency staff applied to the situation.

These are, indeed, strange times and the ability to react quickly will determine the success of any recovery. Of course, that goes both ways and situations might arise in the future that need to be rapidly shut down or controlled.

The registration issue wasn't a unique situation and there have been many other examples of our industry associations having got together. In that respect, the team at VIA deserves recognition for its initiative in pulling together an industry taskforce to plan recovery from alert level four.

Other work we have done at the MTA has included putting together guidance so our members better understand what they can do under level three. This required our staff sifting through government information and conversations with officials to compile a document with "golden rules" and "key principles".

TONY EVERETT
Sector manager – dealers, Motor Trade Association

Our pointers include how to create a Covid-19 safe work plan, maintaining basic hygiene measures, ensuring social distancing, working from home when possible, controlled test drives, and making payments, deliveries and pick-ups contactless. We've also created posters for businesses to display to remind staff of the importance of washing hands and other safety measures.

While we have tried to be comprehensive in our guidance, we recognise it's tough for people to follow all the various threads of information out there and pull it together.

Putting it simply, the level-three rules are clear. Yards must remain closed, engagement must be via remote mechanisms, such as by phone or online.

It might be possible to organise a test drive, but that must be organised on an appointment basis with strict compliance with the requirements of track and trace, vehicle cleaning, and maintenance of safe distance of two metres. If you don't think you can live to those requirements, don't stretch to a test drive and keep things online only.

It was disappointing to hear reports in the first week of level three of a few dealers breaking the rules and pushing the envelope too far – some yards and showrooms were open with flags flying and salespeople wandering through the stock.

Enforcement may come in the form of officials from the Ministry for Business, Innovation and Employment, WorkSafe NZ and the police.

Dealers also need to realise consumers will scrutinise their actions and could "dob" them in, so don't be the business that's publicly shamed or, worse still, the reason why we had to go back to level four.

Let's all stay the course. Normality is on the horizon, but there's no room in this for any shortcuts or complacency. Stay well.

Driving ahead with hydrogen

The BMW Group has unveiled some technical insights into the powertrain system for its i Hydrogen Next with the company having worked with Toyota on fuel-cell technology since 2013.

The two manufacturers have joined forces to develop fuel-cell powertrain systems and scalable, modular components under a product development co-operation agreement.

Fuel cells from the project will be deployed in the i Hydrogen Next, alongside a fuel-cell stack and overall system developed by BMW.

Its powertrain system will generate up to 125kW of electric energy. A converter under the fuel cell adapts the voltage level to that of both the electric powertrain and peak-power battery, which is fed by brake and fuel-cell energy for total output of 275kW. It also boasts two 700-bar tanks to hold six kilograms of hydrogen.

BMW's i Hydrogen Next hot-weather testing in the desert and its powertrain

The fifth-generation eDrive unit set to make its debut in BMW's iX3 is also fully integrated into the hydrogen car, and it will be piloted in a small series based on the current X5 the marque hopes to present in 2022.

A production version powered by this technology may be brought to market sometime in the second half of this decade, depending on the global market and the right framework conditions, which are not yet in place.

The requisite infrastructure, such as an extensive network of hydrogen filling stations, is also lacking at present. However, BMW is pressing ahead with its development work in this fuel field.

It says it's using the time until infrastructure and sustainably produced hydrogen supply are fully in place to substantially cut the cost of manufacturing the powertrain system.

Range to triple

Renault hopes to extend its reach into an emissions-free future by committing to range-extender hydrogen fuel-cell versions of its electric Kangoo ZE and Master ZE.

The release of the two models in Europe will make it the first marque to put hydrogen light commercials into mass production.

Honda, Hyundai and Toyota have passenger cars in production, albeit in small numbers and limited markets. The South Korean marque has also developed fuel-cell buses and appears to be forging ahead with trucks, including the HDC-6 Neptune, previously featured in Autofile.

Unlike the full fuel-cell technology pursued by Asian manufacturers, Renault is treating its version as a range-extender for its existing battery-electric models.

It says power generated by the fuel cell will triple the driving range of the Master ZE to 350km and boost the Kangoo ZE's from 230-370km.

The hydrogen tank and 10kW fuel-cell pack add 110kg to the Kangoo ZE's kerb weight, taking it up to about 1,520kg, while load capacity comes down from about 4.6 to 3.9 square metres. Refuelling takes up to 10 minutes compared with up to six hours for the battery ZE on a 7kW wallbox.

The Kangoo ZE

Safety and design focus of upgrade

The exerior and interior of the 2020 Mirage

Mitsubishi says the new Mirage will enter the market as the safest model of its lineage with features including lane-departure warning (LDW), forward-collision mitigation (FCM) and a reversing camera.

Its facelift heralds the new decade by incorporating the sharp design of the "dynamic shield" that's now a distinctive trait across the marque's range, while interior upgrades offer more comfort, accessibility and functionality.

"These upgrades make this popular model a formidable contender in its field," says Reece Congdon, head of marketing and corporate affairs at Mitsubishi Motors NZ. "More than ever, Kiwis want a compact vehicle that provides a combination of safety and excitement. The new Mirage delivers on both fronts."

The introduction of LDW, FCM and the reversing camera joins carry-over features from previous models. These include driver, passenger, side and curtain airbags, a four-wheel anti-lock braking system, electronic brakeforce distribution and active-stability control, plus hill-start assist and smart-brake technology.

Dressing up the safety features is the sporty exterior led by a new bumper, hood and chrome grille, fitting the "protection and performance" vision Mitsubishi has implemented in other recent releases. There's also an aesthetic change to the rear bumper and 15-inch alloys with a machine-finished design.

The addition of daytime running lights means other road users won't miss it on a dark day, and new halogen headlights, finished with an angular design, improve visibility with increased brightness and reach.

Inside, there is a black-on-black colour scheme with geometric designed fabric upholstery, carbon-print door trim and soft-touch armrests.

Cruise control now comes as standard with the Mirage, while the seven-inch touchscreen smartphone link-display audio system is compatible with Apple CarPlay and Android Auto.

A refined combination meter design displays the outside temperature and fuel usage as well as LDW and FCM warnings.

"The Mirage offers a comprehensive package at a great price upfront and continues to deliver value thanks to impressive fuel economy of 5l/100km," says Congdon. "This reflects our commitment to cost-efficiency and product quality over the life of our vehicles."

The new Mirage is priced from $19,900 with a special introductory finance offer of zero interest over 24 months.

Delivering speed with precision

The wraps have been taken off the Czinger 21C hyper-car built by an American start-up and powered by a bespoke twin-turbo 2.88-litre flat-crank V8.

Its engine, which has an 11,000rpm limit, powers the rear wheels while two electric motors provide motivation for the fronts. It claims a total output of 920kW.

The car's total mass of 1,250kg allows the marque to claim a 0-100kph time of 1.9 seconds and 300kph in 15 seconds before going onto a top speed of 430kph. The track version weighs 1,218kg.

The all-wheel-drive 21C has a seven-speed sequential gearbox with a hydraulic multi-plate clutch. It is made by using 3D printing, and features an alloy and carbon-fibre chassis – and is said to produce 250kg of downforce at 250kph, while the track version with bigger wings can generate 790kg.

The driver is seated in the middle with space behind for a passenger. No price has been given, but the car – production will be limited to 80 units globally – and brand have been presented in London.

It's likely to be the first is a series of performance vehicles to be created by enabling integrated computing power, materials and additive manufacturing technologies.

Each component manufactured is computationally engineered and optimised for weight, efficiency and performance. A "team of artisans then seeks perfection" in the car's assembly, fit and finish.

The marque's claimed "revolutionary engineering, never before seen on a production vehicle" combines structural systems, plus cooling, fluid routing and even exhaust-sound management in the chassis structure.

Kevin Czinger, founder, says the objective of his Los-Angeles-based company is to create "one of the great, enduring brands of the 21st century".

Racing's savvy response to virus

Online racing is nothing new and gaming is a billion-dollar business worldwide. It is immune to organic viruses and looks like the real deal.

It has even propelled a couple of digital drivers into actual racing, including Brit Jann Mardenborough. He won an online global competition and the real-world opportunities from that led him to two seasons in single-seaters in New Zealand and onto GP3 and GP2.

Major online players have even raced in virtual grands prix at the same time as the "real" race is run. But Covid-19's arrival has brought it into sharper focus around the world.

Faced with massive sponsorship losses and uncertainty over the season's shape due to the virus, almost every major category has set in place an e-racing online format to replace cancelled real-world races.

Round one of the Formula E Race At Home Challenge was broadcast live on YouTube

From Formula One through Indycar to Formula E and on down to the Australian V8s, teams are watching their drivers do battle in cyberspace.

The forced switch begins to look like an act of genius when F1 drivers, such as Red Bull's Max Verstappen, can switch codes to V8s for a weekend and stars from unrelated codes jump in for a weekend. This could never happen in actual racing because drivers in the top categories have contract clauses banning participation in other high-risk sports due to injury risks or worse.

In the online world, the worst drivers might face is a carpal-tunnel strain from overusing unfamiliar controls. They already spend a significant portion of their time on "sims" – fully-rigged digital replicants that reproduce the sensations of driving an F1 car that can load current tracks into immensely fast computers that manage drivers' interactions with controls.

There are Kiwi links everywhere. Current Castrol Toyota Racing Series (TRS) champion Liam Lawson scored a place on the grid for the Chinese round. Brendon Hartley worked with Mercedes-Benz for a couple of years using a sim at the team's headquarters to assess settings at tracks during competition weekends. His job was to arrive at vehicle settings based on massive bursts of data uploaded from trackside in real-time.

F1 went online and digital on March 20. The series has been created to enable fans to continue watching races virtually. It uses the official F1 2019 video game developed by Codemasters with events broadcast on the official F1, YouTube, Twitch and Facebook channels, as well as F1.com.

Due to the variety of gaming skill levels among drivers, settings are configured to encourage competitive and entertaining racing. This includes equal car performance with fixed set-ups, reduced vehicle damage, and optional anti-lock brakes and traction control for those who are less familiar with the game.

The virtual races run in place of every postponed grand prix and started with a virtual one "in Bahrain" on March 22. Every subsequent race weekend will see the postponed real-world F1 meeting replaced with a virtual one. The initiative is scheduled to run until the end of May.

Alongside a star-studded grid of F1 drivers, Real Madrid and Belgium goalkeeper Thibaut Courtois joined in for the Chinese round.

The numbers drop whenever Norris has issues with his computer, which seems marginal on processor speed and bandwidth. Merciless media have been teasing him that he needs to upgrade from Windows 95 – a cruel blow for this early-adopter, who is known to grab every new social-media channel to talk to his fans with. In addition to guest appearances in the Aussie V8s, Verstappen is keeping in race mode on iRacing.

As always, there are those who are unimpressed. F1 bad boy Kimi Raikkonen is one. He says he has zero plans to get involved in virtual racing during lockdown. "I don't care [about it]. I'd rather wait until I can get back to a real track."

Polish cohort Robert Kubica is unconvinced. "Virtual competitions are at a high level and can fill time waiting for the world to move again. But racing in a seat at home has nothing to do with real driving."

FORMULA E ONLINE

A year after scoring Jaguar's first-ever ABB FIA Formula E win, Auckland-born factory racer Mitch Evans remains a leading hope for the truncated season's title. Evans, of Panasonic Jaguar Racing, dominated this year's Mexico City E-Prix. He was largely untouchable in the 45-minute race, leading from turn one to the chequered flag to net 25 points.

On track, Formula E remains suspended until the end of June, a decision that arguably impacts only one race in marginal terms, namely Berlin set down for June 21.

However, the only two venues


Scott McLaughlin in his iRacing simulator


Virtual racing action from the Supercars Championship

that would have followed Berlin – New York City and the London double-header – are currently in use as temporary hospitals.

July is nevertheless a "yellow flag" month, meaning the season could resume then. Organisers are considering races without fans, moving to permanent tracks and extending the season's end.

In the digital world, the series runs a Race At Home Challenge, which attracts competitors from all over the world to invitation drive opportunities. It is a pro-am format that pits gamers against racers with the lure of a prize drive of a Formula E Gen2 racer for the winner for transition from virtual to real world.

Kiwi Nick Cassidy, sitting in for Sam Bird, is another who has taken online to go up against Correa, Latifi and TRS alumni Arjun Maini and Ryan Tveter. Although he and Brendon Hartley never raced each other at home, they are chasing each other in the online Formula E.

Cassidy is committed to his official duties in Japan but smashed Marrakesh's lap record in a pre-season real-world Formula E test, while Mardenborough has also shown his online form is undiminished with top-10 and top-five finishes.

TINTOPS AND DIGITAL

Fans of the Virgin Australia Supercars Championship have their online entertainment taken care of. A full grid contests the series with some ring-ins from the development series able to take part.

The grid includes Kiwis Scott McLaughlin, who is the current and defending champion, Shane van Gisbergen, Chris Pither, Andre Heimgartner and Fabian Coulthard.

Top outfits, including DJR Team Penske, Kelly Racing and Triple 8, have embraced the internet-based challenge, and the latter was a willing partner to Red Bull's initiative that brought Verstappen to race a third car.

Kelly Racing's drivers have upgraded to "force feedback" steering and pedals – avoiding the dead-pedal feel of many commercially available sit-in simulators. The team's drivers – Rick Kelly and Kiwi Andre Heimgartner – have added functionality to gamer steering wheels that replicate the feel of racing a V8 Supercar.

The real-world series is currently set to return on June 5-7 with the Winton Super400. However, there are doubts it will go ahead. Main series sponsor Virgin Airlines has gone into voluntary administration, a victim of Covid-19 lockdowns that have decimated the air-travel industry. New Zealand's round may be run later in the year if the June restart gets the green light.

Race teams diversify

The agility required to stay viable in premier motorsport has enabled racing companies to swiftly respond to a need for specialised medical equipment.

In Project Pitlane, seven UK-based Formula One outfits are working to design and produce medical equipment to meet shortages.

Mercedes-AMG's F1 team has designed and started production of ventilation units for use by Covid-19 patients. It took fewer than 100 hours to make a medical-level continuous positive airway pressure (CPAP) device.

A step-up from CPAPs used to treat snoring, these devices deliver air and oxygen into the mouth and nose at a rate to increase the amount of oxygen getting into the lungs. They have been used extensively in hospitals in Italy and China to help patients avoid the need for invasive mechanical ventilation.

In Australia, a not-for-profit called Race Against Covid-19 has been linking those needing solutions to medical engineering difficulties with companies able to solve engineering problems.

Roland Dane's Triple 8 team is working on the design and production of medical supplies. Kelly Racing has freed up its sophisticated 3D/CAD design and is prototyping facility to design of medical supplies.


Jeromy Moore, technical director at Triple Eight Race Engineering, with the Conrod Project ventilator

HSV and Walkinshaw's joint facilities have "cleared the decks" to assist the other teams and accelerate the work, while Erebus Motorsport is taking a longer view and plans to diversify into non-racing related activities to ensure long-term stability.

With the Virgin Australia Supercars Championship season on-hold, the team is designing and making negative-pressure perspex boxes, full-face masks, and face shields to protect healthcare workers from infected patients. Chief executive Barry Ryan says Erebus Medical could be a business opportunity in the future.

Trader ordered to pay out $38k after engine suffered 'catastrophic failure'

The case: Sixteen months post-purchase, the engine in the buyer's 2014 Audi failed and he discovered it had been previously written off due to water damage, so he wanted to reject it. The trader said the vehicle was sold at a significant discount because it had been deregistered and was as durable as a reasonable consumer could expect.

The decision: The application was upheld under the CGA and the trader ordered to pay $38,000 to the purchaser.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Donald Henderson wanted to reject the 2014 Audi S5 3.0 TFSi he bought for $38,000 from Tandarra Enterprises in May 2018. The car had an odometer reading of 28,400km when supplied.

Henderson said it wasn't of acceptable quality for the purposes of the Consumer Guarantees Act (CGA) because its engine failed in September 2019.

He added he later found out the car had been previously written off and wouldn't have purchased it had he known this was the case.

Tandarra Enterprises denied misleading Henderson about the vehicle's history. It claimed it had told Henderson it had been deregistered and he had it assessed before purchasing it.

The trader added the Audi was sold at a significant discount because of its history and had been as durable as a reasonable consumer would consider acceptable.

The case

Henderson said he heard a clunking noise before the dashboard warning lights came on and the engine failed on September 4 last year.

He had the Audi assessed by Napier's EuroCity, which found a hole in the sump and engine block area caused by internal components failing.

Although it didn't dismantle the engine, EuroCity reported it could "safely assume the bottom end – crankshaft and pistons had catastrophic failure", and that previous engine repairs, incorrect oil or a lack of servicing were the most likely causes of the problem.

The trader had Energy and Marine Workshop assess the vehicle. It found the engine failure had three potential causes – driver abuse, oil starvation or the conrods had been weakened due to previous damage.

Tandarra Enterprises agreed with Energy and Marine Workshop's diagnosis. However, the trader denied any liability under the CGA for the engine failure.

It stated the Audi was as durable as a reasonable consumer would consider acceptable taking into account its price, age and mileage when sold, representations it had made about its history, the length of Henderson's ownership and the 12,500km travelled in the car since it was sold.

Although Henderson didn't recall precise details of his conversations with Tandarra Enterprises before purchase, he said the trader didn't tell him why the vehicle had been deregistered.

The trader's sales manager, Mathew Hawken, said he advised Henderson the Audi had been written off, but he didn't know why because it had had two previous owners.

However, Hawken said the car's price was discounted significantly because it had been deregistered. He said an undamaged Audi would retail for about $60,000.

Henderson presented an email from a previous owner, which stated he had driven the vehicle into water causing it to stall. The car was then written off for insurance purposes.

The tribunal's assessor said this could cause water to enter the engine's cylinders via the intake valves. After entering them, water could become trapped between the cylinder head and the piston.

He added compression caused when the piston contacted the water on its "power stroke" would put extreme load on the piston, conrod and crankshaft big end, and damage those components.

The assessor believed the Audi's conrod was slightly bent or a big-end bearing was damaged when water entered the car, and that damage worsened with use to cause catastrophic engine failure.

The finding

The tribunal said Hawken was clear and consistent in his recollection of events, and it was likely Henderson was told the Audi had been written off – but not told the reason why because the trader didn't have that information.

No evidence was presented at the hearing to show Henderson misused the car. He serviced it as required and routinely checked its oil levels. There were no signs of a fault with its oil system.

Therefore, the tribunal found the engine failure was most likely caused by pre-existing damage to the engine.

The adjudicator was satisfied the Audi wasn't of acceptable quality for the purposes of the CGA because the catastrophic engine failure meant it wasn't as durable as a reasonable consumer would consider acceptable.

Although the vehicle's price was reduced because it had been written off, the tribunal was satisfied a reasonable consumer wouldn't expect a car of this price, age and mileage to suffer engine failure so soon after purchase.

If the buyer had been told the Audi had been written off because of engine water damage, then his expectation as to durability would be reduced given the possibility of future complications arising.

However, that wasn't the case with this application and the tribunal was satisfied a reasonable consumer, who hadn't been told of previous damage, would have expected the engine to last much longer.

Order

The consumer was entitled to reject the Audi under the terms of the CGA because the damage was a failure of a substantial character and could recover all amounts he had paid in respect of the vehicle.

The trader was ordered to pay $38,000 to the buyer.

Three years of ownership and mileage clocked up leads to rejection of claim

The case: The buyer wanted to reject her Holden Captiva three years after purchase due to several faults it had since supplied. The trader said it hadn't assessed the car and denied liability for repairs.

The decision: The tribunal found Chitty wasn't entitled to reject her vehicle despite claiming the dealer had refused to repair it. Also, she wasn't entitled to recover the cost of removing its catalytic converters. The claims under the Consumer Guarantees Act (CGA) were rejected.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Sally Chitty wanted to reject the 2013 Holden Captiva she bought for $25,995 from Pat Prescott Ltd in February 2017.

She said the vehicle had several faults since purchase, so it wasn't of acceptable quality for the purposes of section six of the CGA. She added she contacted the trader about the faults and was told it wouldn't assist.

The dealer denied liability for the repairs because Chitty had owned the vehicle for more than three years and had travelled some 51,000km in it.

It added Chitty had modified it by removing the catalytic converters and it hadn't had an opportunity to assess any of the car's ongoing issues.

The case

Chitty alleged her Holden had worn catalytic converters, a faulty engine-control module (ECM) and an undiagnosed fault that caused a fuse to blow and generate fault codes relating to the oxygen sensors, and that all these were present from purchase.

She said the car broke down in July 2017 near Taumarunui and was towed to Ruapehu Auto Electrical, which reported the catalytic converters, which regulate emissions from the exhaust, had collapsed and needing replacing.

Chitty contacted the trader and was told it wouldn't assist with the repairs because the fault happened too long after supply for it to have liability.

Despite being advised by the trader to not remove the catalytic converters, Chitty instructed Ruapehu Auto Electrical to do just that and she was charged $766.

The car broke down again in March 2018. The same company found a fault caused by a defective ECM and replaced it at a cost of $1,373.

The car then developed ongoing and undiagnosed problems that caused the F1UA fuse to intermittently blow and the vehicle's computers to generate fault codes relating to oxygen sensors. Chitty had this assessed by King Country Motors, but it was unable to diagnose the cause.

Chitty said she was driving about 2,000km a week in the vehicle. On that basis, the tribunal was satisfied she drove at least 30,000km during the 13 months before the ECM problem arose in March 2018.

By the time she stopped using the Captiva in October 2018, she had driven more than 51,000km in 20 months post-purchase suggesting that 30,000km might be an underestimate of the distance travelled by March 2018.

Chitty claimed she contacted the trader after the catalytic-converter fault occurred and was told by an employee that because the problem occurred more than three months after purchase, that she didn't have an extended warranty and because she was not a regular customer, the dealer wouldn't assist with repairs.

The trader's spokesman, Ryan Prescott, disputed this and said no employees had any recollection of such a discussion.

The finding

The tribunal was satisfied the catalytic-converter fault breached the CGA's acceptable quality guarantee because they are an important part of the exhaust and emission control system, so a reasonable consumer wouldn't expect them not to fail on a four-year-old and $25,995 car so shortly after purchase.

It was also satisfied the ECM required replacing in March 2018 and the car had other ongoing faults, but it wasn't satisfied those problems meant it was of unacceptable quality.

The tribunal noted protections in section six of the CGA weren't indefinite. The price, age and mileage when sold, and the time and kilometres travelled after purchase and before faults occur, are also considered.

The ECM fault occurred 13 months post-supply so Chitty had had extensive use of the vehicle. The other ongoing and undiagnosed fault arose at a similar time.

Given the time before the ECM and other issues occurred, and Chitty had driven the car about 30,000km, the tribunal was satisfied – in respect of those faults – that the Captiva was as durable as a reasonable consumer would consider acceptable.

Under the section 18 of the CGA, Chitty was entitled to reject the car if the trader refused to rectify the catalytic converters. She first became aware of this issue in July 2017 and, at that time, the trader refused to fix them.

However, Chitty didn't reject the Holden until December 2019. She said the delay happened because she was uncertain of her rights and was struggling with personal circumstances.

But the tribunal said the law imposed an obligation on Chitty to exercise her right to reject with "reasonable haste". It added she should have rejected the car around July 2017, but she continued to use it for more than two years.

Ordinarily, under section 18 of the CGA, Chitty would have been entitled to recover the cost of fixing the converter because the trader had failed to do so.

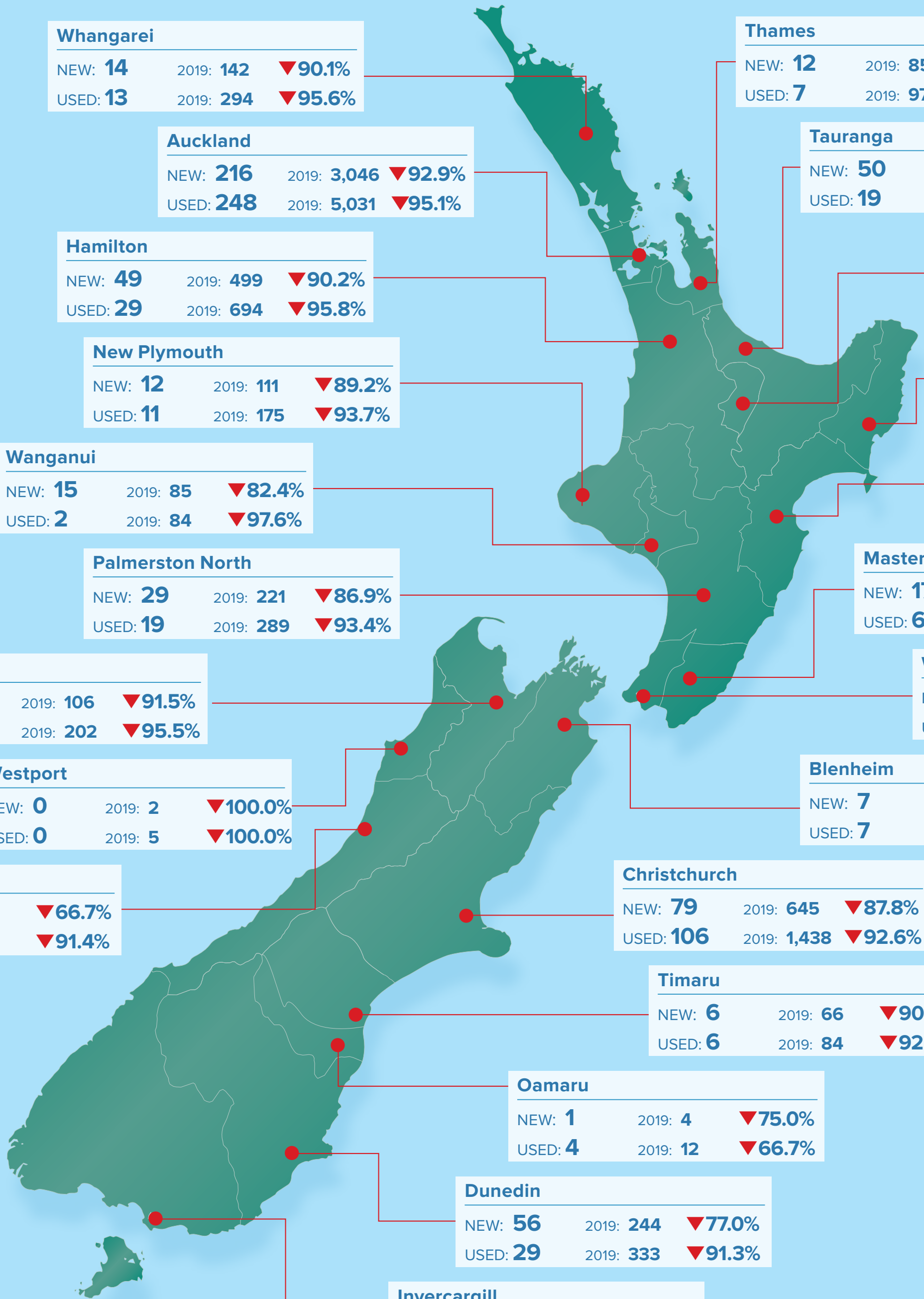
However, the tribunal ruled she wasn't entitled to because they weren't reasonable repairs. Without the converters, the Holden wouldn't pass a warrant of fitness and were done at Chitty's insistence.

Order

The application was dismissed.

Around the Country — April 2020

Total new cars	Total imported used cars
707	622
2019: 6,778 ▼89.6%	2019: 10,883 ▼94.3%



Location	NEW	2019	Change	USED	2019	Change
Whangarei	14	142	▼90.1%	13	294	▼95.6%
Auckland	216	3,046	▼92.9%	248	5,031	▼95.1%
Hamilton	49	499	▼90.2%	29	694	▼95.8%
New Plymouth	12	111	▼89.2%	11	175	▼93.7%
Wanganui	15	85	▼82.4%	2	84	▼97.6%
Palmerston North	29	221	▼86.9%	19	289	▼93.4%
Nelson	9	106	▼91.5%	9	202	▼95.5%
Westport	0	2	▼100.0%	0	5	▼100.0%
Greymouth	4	12	▼66.7%	3	35	▼91.4%
Thames	12	85	▼85.9%	7	97	▼92.8%
Tauranga	50	321	▼84.4%	19	450	▼95.8%
Rotorua	16	103	▼84.5%	12	172	▼93.0%
Gisborne	2	31	▼93.5%	7	63	▼88.9%
Napier	28	214	▼86.9%	17	258	▼93.4%
Masterton	17	66	▼74.2%	6	76	▼92.1%
Wellington	60	579	▼89.6%	51	885	▼94.2%
Blenheim	7	56	▼87.5%	7	48	▼85.4%
Christchurch	79	645	▼87.8%	106	1,438	▼92.6%
Timaru	6	66	▼90.9%	6	84	▼92.9%
Oamaru	1	4	▼75.0%	4	12	▼66.7%
Dunedin	56	244	▼77.0%	29	333	▼91.3%
Invercargill	25	140	▼82.1%	17	158	▼89.2%

Imported Passenger Vehicle Sales by Make - April 2020

MAKE	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	145	2,392	-93.9	23.3%	7,914	25.0%
Nissan	119	1,976	-94.0	19.1%	6,002	19.0%
Mazda	78	1,882	-95.9	12.5%	4,994	15.8%
Honda	56	1,216	-95.4	9.0%	3,208	10.1%
Subaru	46	614	-92.5	7.4%	2,088	6.6%
BMW	32	394	-91.9	5.1%	1,065	3.4%
Suzuki	25	594	-95.8	4.0%	1,442	4.6%
Mitsubishi	24	530	-95.5	3.9%	1,287	4.1%
Volkswagen	18	339	-94.7	2.9%	959	3.0%
Audi	17	207	-91.8	2.7%	551	1.7%
Mercedes-Benz	13	146	-91.1	2.1%	354	1.1%
Lexus	10	118	-91.5	1.6%	364	1.2%
Land Rover	5	31	-83.9	0.8%	100	0.3%
Hyundai	4	20	-80.0	0.6%	72	0.2%
Jaguar	4	41	-90.2	0.6%	75	0.2%
Chevrolet	3	39	-92.3	0.5%	108	0.3%
Porsche	3	13	-76.9	0.5%	46	0.1%
Chrysler	2	27	-92.6	0.3%	48	0.2%
Ford	2	66	-97.0	0.3%	234	0.7%
Mini	2	31	-93.5	0.3%	70	0.2%
Volvo	2	51	-96.1	0.3%	173	0.5%
Alfa Romeo	1	7	-85.7	0.2%	4	0.0%
Cadillac	1	3	-66.7	0.2%	24	0.1%
Citroen	1	3	-66.7	0.2%	18	0.1%
Daihatsu	1	6	-83.3	0.2%	8	0.0%
Dodge	1	16	-93.8	0.2%	65	0.2%
Holden	1	26	-96.2	0.2%	83	0.3%
Infiniti	1	1	0.0	0.2%	4	0.0%
Jeep	1	24	-95.8	0.2%	53	0.2%
MG	1	1	0.0	0.2%	5	0.0%
Peugeot	1	9	-88.9	0.2%	26	0.1%
Pontiac	1	3	-66.7	0.2%	9	0.0%
Tesla	1	0	100.0	0.2%	6	0.0%
Others	0	57	-100.0	0.0%	168	0.5%
Total	**622**	**10,883**	**-94.3**	**100.0%**	**31,627**	**100.0%**

Imported Passenger Vehicle Sales by Model - April 2020

MAKE	MODEL	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	Aqua	26	239	-89.1	4.2%	1,287	4.1%
Honda	Fit	23	494	-95.3	3.7%	1,418	4.5%
Mazda	Axela	21	584	-96.4	3.4%	1,694	5.4%
Mazda	Demio	21	460	-95.4	3.4%	1,161	3.7%
Suzuki	Swift	20	508	-96.1	3.2%	1,216	3.8%
Nissan	Tiida	17	407	-95.8	2.7%	1,106	3.5%
Subaru	Impreza	16	206	-92.2	2.6%	800	2.5%
Subaru	Legacy	16	238	-93.3	2.6%	690	2.2%
Toyota	Prius	14	300	-95.3	2.3%	1,122	3.5%
Volkswagen	Golf	12	208	-94.2	1.9%	614	1.9%
Mazda	Atenza	11	237	-95.4	1.8%	606	1.9%
Nissan	Note	11	175	-93.7	1.8%	576	1.8%
Nissan	Skyline	11	120	-90.8	1.8%	322	1.0%
Nissan	X-Trail	11	150	-92.7	1.8%	482	1.5%
Nissan	Leaf	9	263	-96.6	1.4%	705	2.2%
Toyota	MarkX	9	88	-89.8	1.4%	250	0.8%
Mitsubishi	Outlander	9	290	-96.9	1.4%	695	2.2%
Toyota	Landcruiser	8	30	-73.3	1.3%	108	0.3%
Toyota	Wish	8	295	-97.3	1.3%	600	1.9%
Audi	A3	7	41	-82.9	1.1%	135	0.4%
Toyota	Corolla	7	139	-95.0	1.1%	579	1.8%
Nissan	Dualis	7	215	-96.7	1.1%	534	1.7%
BMW	116i	6	63	-90.5	1.0%	147	0.5%
Mazda	CX-5	6	112	-94.6	1.0%	308	1.0%
Nissan	Juke	6	84	-92.9	1.0%	351	1.1%
Nissan	March	6	85	-92.9	1.0%	293	0.9%
Mazda	Premacy	6	209	-97.1	1.0%	530	1.7%
Nissan	Serena	6	75	-92.0	1.0%	377	1.2%
Toyota	Vanguard	6	94	-93.6	1.0%	369	1.2%
Mazda	Verisa	6	103	-94.2	1.0%	273	0.9%
Toyota	Vitz	6	234	-97.4	1.0%	590	1.9%
BMW	320i	5	65	-92.3	0.8%	185	0.6%
Nissan	Bluebird	5	97	-94.8	0.8%	223	0.7%
Honda	Civic	5	76	-93.4	0.8%	173	0.5%
Honda	Crossroad	5	35	-85.7	0.8%	89	0.3%
Others		254	3,864	-93.4	40.8%	11,019	34.8%
Total		**622**	**10,883**	**-94.3**	**100.0%**	**31,627**	**100.0%**

Compliance issues being tackled

Having the supply chain running smoothly is essential for dealers selling used imports and it doesn't take much for the wheels to fall off, such as traders' cashflow falling.

"We've been talking with customers and organising vehicles going from the port that have been on-hold or will arrive soon, and we have quite a few vehicles to work on left here prior to lockdown so we will work through those as well," says Nick Owens, director of Auto Inspection Services in Christchurch.

"The biggest part is liaising with our customers to ensure we can work with them to protect cashflow. We obviously need work to keep us going, but the biggest problem is if dealers aren't selling cars, nothing else in the industry works and it will grind to a halt.

"If dealers can't sell cars, then they can't get them complied, can't pay for repairs and reconditioning, and will have no funds to pay for replacement vehicles coming in. That's a big issue."

Owens notes some dealers are having contact with retail customers, whereas almost everyone else in the supply chain is in their own bubble and don't really get members of public entering their circles.

"In our compliance workshop, we're almost in our own bubble. Staff work in their own areas and then go home, whereas dealers have contact with the public. It will be interesting to see what happens – if all traders follow the rules and if the government's working group is happy with how they work.

"The government wants people to shop online during level three and only go out if they have to. If you need a vehicle, you can go out and buy one. But this alert level isn't for people to go out and wander around dealers to see what's on yards.

"We can operate safely and efficiently, but longer term it depends on how much work we get. Are dealers going to want us to process their cars? Cashflow is crucial. Traders were low on stock before the lockdown and have still been buying cars. The situation in Japan means our dealers have been able to buy at good prices."

If vehicles get put on ships, logistics companies must pay. But if dealers at the New Zealand end aren't going to pay those companies, there could suddenly be a big issue at the logistics end.

"There have been a lot of vehicles held in Japan waiting to be shipped," says Owens, who is also South Island vice-chairman of VIA (the Imported Motor Vehicle Industry Association). "The flipside is if shipping companies don't get support, they may not pick up those cars."

He adds if vehicles come into this country and dealers decline to take them, they are transported from ports to storage facilities. Logistic companies will then incur extra costs and may look to find another trader to take stock on.

"We have a backlog from before lockdown and were about to catch up with that work. We now have another month worth of arrivals to process. Storage and payment for storage of them has become the current pressing issue for this part of the industry.

"Overall, business will get quiet this year. People forget there are so many small businesses involved in our industry, such as groomers, panel-beaters, mechanics, those in parts, yard workers and so on. There will be businesses that will go under without further government support."

Hayden Johnston, of GVI in Auckland, says there may be a glut of used cars for a short period because of last month's arrivals at Ports of Auckland and due to the lack of sales during April.

"That may work itself out, especially with a decrease in used stock coming out of Japan from May, but things could pick up again from June."

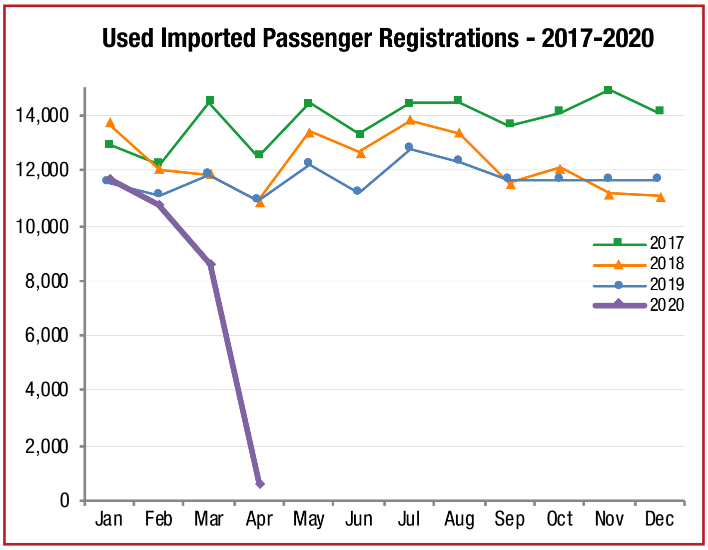
Johnston adds new-car dealers will need "the nine-odd months of stock" sitting on their yards or in storage because of disruption at manufacturers' factories.

"They will go through all their available stock," he opines. "There will be a huge backload with production. I feel for them and it's not often that used-car dealers say that. I believe many franchises will find it tough, unfortunately."

Major blow for cities

There were 622 used-imported cars registered in New Zealand last month. That was down by 94.3 per cent when compared to 10,883 sales in April 2019 and was a drop of 92.7 per cent compared to March 2020 when there were 8,565 registrations.

Sales in Auckland dropped by 95.1 per cent to 248 units when compared to 5,031 in April 2019. In Wellington, the total was down by 94.2 per cent to 51, while Christchurch's numbers dropped 92.6 per cent to 106.



Working to clear car imports backlog

The move to Covid-19 alert level three is providing "light at the end of the tunnel" for many in the industry, according to the executive director of Vehicle Inspection New Zealand (VINZ).

Gordon Shaw says the company is back in demand because thousands of imported vehicles kept in storage during the national lockdown are being dispatched for entry certification and compliance with these activities now permitted if procedures around social distancing and contact tracing are followed.

"Come the end of May, we anticipate the backlog will be cleared and there will be a gap because buying in Japan has slowed. For example, VINZ has processed about 180 vehicles per day under level three compared to none under level four."

Another possible benefit post-lockdown is people showing a desire to drive rather than relying on public transport.

"There are reports of consumers not wanting to use public transport because of concerns over transmission of germs, so some are thinking about buying an extra vehicle. If there's a little positive coming out, it may be more car ownership. That would mean more warrants of fitness and certifications, which will generate income for us."

Shaw adds VINZ is also thinking about what business will be like when New Zealand shifts to level two, and how companies in the used and new-car sectors operate in the future.

"The industry has responded well to the challenges. It's good we're working again, albeit in limited ways, and to get most of our business back on-stream."

USED IMPORTS FALL

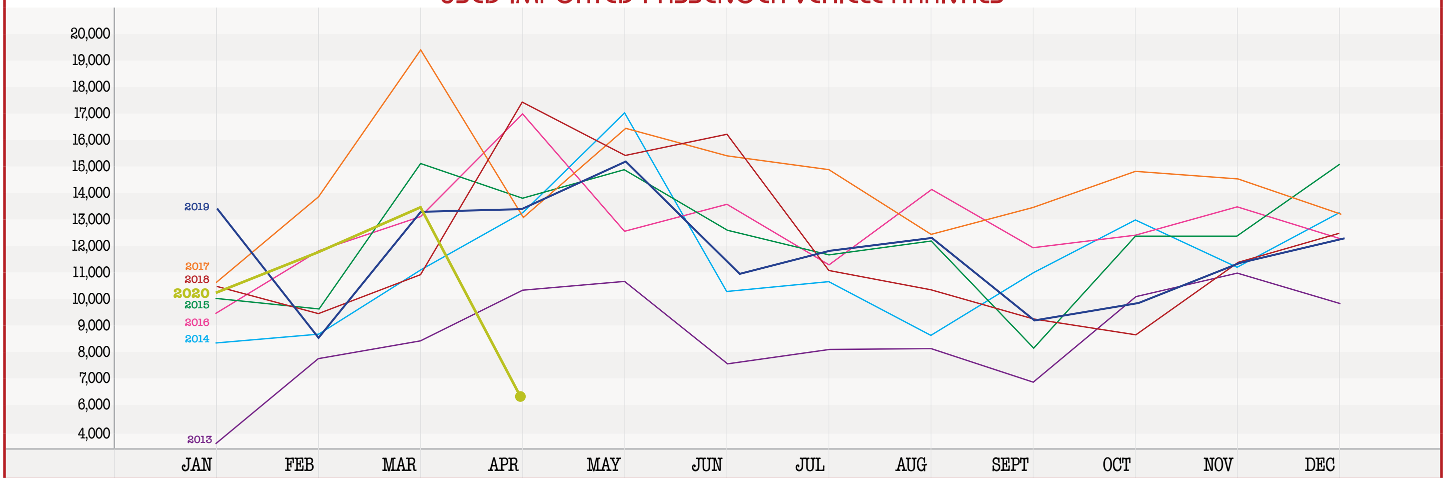
There were 6,149 used cars imported in April, which was down by 53.8 per cent compared to 13,316 in the same month of last year. Last month's total also dropped by 54.1 per cent on March this year when 13,392 units crossed our border.

So far this year, 41,493 used passenger vehicles have crossed our wharves – down by 14.5 per cent compared to 48,522 during the first four months of 2019.

There were 5,690 used cars brought in from Japan during April, which was a 55.6 per cent drop compared to March's total of 12,791.

Last month, 255 units came in from Australia for a 22.7 per cent fall from the 330 during March. In addition, 101 units came in from Singapore, 45 were from the UK and 37 came in from the US.

USED IMPORTED PASSENGER VEHICLE ARRIVALS



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2020						2019						2018	
	JAN '20	FEB '20	MAR '20	APR '20	APR SHARE %	2020 TOTAL	Q1	Q2	Q3	Q4	2019 TOTAL	MRKT SHARE	2018 TOTAL	MRKT SHARE
Australia	278	453	330	255	4.1%	1,316	1,320	1,549	1,291	988	5,148	3.6%	4,183	2.9%
Great Britain	76	56	56	45	0.7%	233	234	167	217	276	894	0.6%	1,026	0.7%
Japan	9,541	11,145	12,791	5,690	92.5%	39,167	32,921	36,955	31,187	31,431	132,494	93.8%	134,510	94.2%
Singapore	105	132	147	101	1.6%	485	459	406	385	428	1,678	1.2%	1,531	1.1%
USA	72	55	52	37	0.6%	216	173	156	159	176	664	0.5%	1,108	0.8%
Other countries	29	10	16	21	0.3%	76	99	89	54	98	340	0.2%	415	0.3%
Total	**10,101**	**11,851**	**13,392**	**6,149**	**100.0%**	**41,493**	**35,206**	**39,322**	**33,293**	**33,397**	**141,218**	**100.0%**	**142,773**	**100.0%**

Some sales ‘better than nothing’

A dealership in Auckland, which says it started 2020 with the best three months out of the previous eight and “was heading for a great 2020”, isn’t going to change its attitude moving forward “because what we were doing was working”.

“It’s impossible to say how business will pan out this year,” says Hayden Johnston, general manager of GVI in Penrose, Auckland. “I’ve had that conversation with many people and I think it will be slow to begin with.”

He expects many yards to be downsized or closed, “so that’s not a positive outlook and it’s going to be recession trading again”. However, “good dealers who know how to sell vehicles will survive, rather than those who buy cars then put them on the internet to sell because they are the cheapest.”

Johnston is pleased some level of trading can be carried out at Covid-19’s alert level three. “Something is better than nothing because level four was a total shutdown,” he told Autofile. “We can now operate contactlessly, mainly via online with the public.

“We did have enquiry over the four-week national lockdown and took deposits on some vehicles. Obviously, it was a limited number compared to what we would normally sell, but it was something to kick things off. There were also inquiries from other buyers wanting to wait until level three to take things further.”

His business has experienced no cancelled orders since the virus’ outbreak in New Zealand. “Many have been business purchases and by people happy with the descriptions of our vehicles and our reputation, so they felt confident to pay a deposit.

“We were fortunate to have large number of vehicles that arrived during lockdown so we have a good amount of stock, which we’re excited about. It is always good to have a lot of cars. We always sell more vehicles when we have a lot of them.”

TRANSACTIONS DOWN

Dealers sold 1,890 second-hand cars to the public last month. That was down by 88.5 per cent compared to April 2019 when there were 16,394 changes of ownership. April’s total also represented a drop of 86.6 per cent on 14,084 registrations during March this year.

Last month’s trade-ins totalled 1,337 for decreases by 89.6 per cent and 87.7 per cent when compared to the same month of last year and this March respectively.

SECONDHAND CAR SALES - April 2020

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
	APR '20	APR '19	+/- %	MARKET SHARE	APR '20	APR '19	+/- %	APR '20	APR '19	+/- %
Whangarei	47	595	-97.3	0.85	748	1,899	-60.6	16	281	-83.3
Auckland	606	5,750	-88.0	36.56	4,190	13,248	-68.4	691	4,975	-87.8
Hamilton	129	1,289	-95.8	2.86	1,199	3,204	-62.6	54	1,067	-87.9
Thames	27	277	-92.1	1.16	215	648	-66.8	22	178	-84.8
Tauranga	100	760	-94.5	2.22	729	2,012	-63.8	42	512	-80.5
Rotorua	38	375	-98.1	0.37	330	923	-64.2	7	115	-67.0
Gisborne	11	134	-98.5	0.11	149	368	-59.5	2	39	-71.8
Napier	89	603	-95.5	1.43	553	1,445	-61.7	27	439	-79.7
New Plymouth	29	328	-97.3	0.48	385	898	-57.1	9	179	-83.8
Wanganui	26	227	-96.0	0.48	260	580	-55.2	9	183	-85.8
Palmerston North	86	722	-85.9	5.40	675	1,555	-56.6	102	1,025	-91.6
Masterton	18	204	-88.7	1.22	187	471	-60.3	23	117	-84.6
Wellington	185	1,417	-93.0	5.24	1,121	3,052	-63.3	99	941	-80.3
Nelson	24	265	-94.3	0.79	358	1,005	-64.4	15	159	-84.9
Blenheim	9	152	-97.4	0.21	145	449	-67.7	4	103	-91.3
Greymouth	4	64	-92.2	0.26	70	166	-57.8	5	19	-78.9
Westport	2	8	-100.0	0.00	13	46	-71.7	0	0	0.0
Christchurch	318	1,875	-93.7	6.30	2,086	4,933	-57.7	119	1,772	-82.1
Timaru	20	184	-94.0	0.58	177	534	-66.9	11	88	-77.3
Oamaru	1	39	-100.0	0.00	44	112	-60.7	0	4	-75.0
Dunedin	71	692	-92.5	2.75	697	1,998	-65.1	52	415	-82.9
Invercargill	50	434	-93.5	1.48	444	1,057	-58.0	28	252	-80.2
NZ total	**1,890**	**16,394**	**-88.5**	**70.74**	**14,775**	**40,603**	**-63.6**	**1,337**	**12,863**	**-89.6**

New Passenger Vehicle Sales by Make - April 2020

MAKE	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Kia	169	537	-68.5	23.9%	2,238	9.7%
Suzuki	102	460	-77.8	14.4%	1,589	6.9%
Hyundai	74	562	-86.8	10.5%	1,528	6.6%
Toyota	51	1,112	-95.4	7.2%	3,282	14.2%
Holden	50	325	-84.6	7.1%	1,320	5.7%
Honda	39	305	-87.2	5.5%	1,130	4.9%
Mazda	35	601	-94.2	5.0%	1,683	7.3%
Mitsubishi	27	444	-93.9	3.8%	1,726	7.5%
Subaru	24	299	-92.0	3.4%	783	3.4%
Volkswagen	22	231	-90.5	3.1%	800	3.5%
Nissan	21	365	-94.2	3.0%	1,219	5.3%
BMW	15	109	-86.2	2.1%	443	1.9%
Ford	14	273	-94.9	2.0%	1,085	4.7%
Peugeot	13	42	-69.0	1.8%	268	1.2%
MG	6	35	-82.9	0.8%	245	1.1%
SsangYong	5	76	-93.4	0.7%	196	0.8%
Citroen	4	19	-78.9	0.6%	71	0.3%
Fiat	4	2	100.0	0.6%	7	0.0%
Haval	4	52	-92.3	0.6%	193	0.8%
Mercedes-Benz	4	159	-97.5	0.6%	617	2.7%
Mini	4	58	-93.1	0.6%	201	0.9%
Skoda	4	107	-96.3	0.6%	362	1.6%
Tesla	4	15	-73.3	0.6%	183	0.8%
Audi	3	98	-96.9	0.4%	370	1.6%
Genesis	3	0	300.0	0.4%	3	0.0%
Chevrolet	2	5	-60.0	0.3%	18	0.1%
Isuzu	1	19	-94.7	0.1%	59	0.3%
Land Rover	1	90	-98.9	0.1%	300	1.3%
Porsche	1	43	-97.7	0.1%	129	0.6%
Yamaha	1	6	-83.3	0.1%	13	0.1%
Others	0	329	-100.0	0.0%	1,071	4.6%
Total	**707**	**6,778**	**-89.6**	**100.0%**	**23,132**	**100.0%**

New Passenger Vehicle Sales by Model - April 2020

MAKE	MODEL	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Kia	Seltos	95	0	9,500.0	13.4%	846	3.7%
Suzuki	Swift	35	231	-84.8	5.0%	700	3.0%
Suzuki	Jimny	28	0	2,800.0	4.0%	101	0.4%
Kia	Rio	24	59	-59.3	3.4%	295	1.3%
Holden	Commodore	23	83	-72.3	3.3%	204	0.9%
Kia	Sportage	22	328	-93.3	3.1%	692	3.0%
Toyota	RAV4	20	525	-96.2	2.8%	1,326	5.7%
Hyundai	i30	17	27	-37.0	2.4%	103	0.4%
Suzuki	Vitara	17	120	-85.8	2.4%	342	1.5%
Mazda	CX-5	16	252	-93.7	2.3%	647	2.8%
Hyundai	Kona	16	120	-86.7	2.3%	443	1.9%
Nissan	Qashqai	16	213	-92.5	2.3%	703	3.0%
Mitsubishi	Outlander	15	188	-92.0	2.1%	695	3.0%
Suzuki	SX4 S-Cross	14	25	-44.0	2.0%	141	0.6%
Hyundai	Tucson	14	218	-93.6	2.0%	378	1.6%
Honda	CR-V	13	83	-84.3	1.8%	279	1.2%
Honda	HR-V	13	97	-86.6	1.8%	369	1.6%
Subaru	Outback	13	74	-82.4	1.8%	233	1.0%
Hyundai	Santa Fe	13	146	-91.1	1.8%	302	1.3%
Toyota	Corolla	12	193	-93.8	1.7%	695	3.0%
Honda	Jazz	10	84	-88.1	1.4%	313	1.4%
Hyundai	Venue	10	0	1,000.0	1.4%	45	0.2%
Mitsubishi	ASX	9	143	-93.7	1.3%	598	2.6%
Peugeot	3008	8	21	-61.9	1.1%	140	0.6%
Holden	Acadia	7	27	-74.1	1.0%	257	1.1%
Volkswagen	Polo	7	39	-82.1	1.0%	152	0.7%
Kia	Stinger	7	17	-58.8	1.0%	48	0.2%
Holden	Astra	6	30	-80.0	0.8%	106	0.5%
Toyota	C-HR	6	65	-90.8	0.8%	263	1.1%
Kia	Cerato	6	40	-85.0	0.8%	110	0.5%
Holden	Trax	6	51	-88.2	0.8%	336	1.5%
Toyota	Yaris	6	69	-91.3	0.8%	268	1.2%
Suzuki	Baleno	5	20	-75.0	0.7%	153	0.7%
Mazda	CX-30	5	0	500.0	0.7%	59	0.3%
Volkswagen	Golf	5	78	-93.6	0.7%	174	0.8%
Others		168	3,112	-94.6	23.8%	10,616	45.9%
Total		**707**	**6,778**	**-89.6**	**100.0%**	**23,132**	**100.0%**

Franchises dealing with level three

New-vehicle dealerships have embraced contactless technology and enhanced hygiene measures to sell cars while the country remains at alert level three.

With most showrooms remaining closed, franchises have found ways to offer servicing and test drives since Covid-19 level four ended at 11.59pm on April 27.

Action to help contain the virus' spread includes maintaining social distancing, increased sanitisation and hygiene protocols, such as disinfecting key in-vehicle touchpoints, and recording visitors' details for contact tracing.

Marques are urging consumers to make appointments if they need to go into business premises and while some staff are on-site, many are working from home until the alert level drops further.

Marc Ebolo, managing director of Holden NZ, says its 31 authorised dealerships are open at reduced capacity. "Our dealer partners are following all level-three requirements. This has seen the introduction of special measures to limit the possible transmission of Covid-19. We need to do our best to provide employees and customers with a virus-free environment."

Procedures in place include contactless interactions, a revised delivery process and guidelines to ensure cars are properly sanitised. "The changes reflect an all-new way to do business and we're grateful to have the opportunity to re-engage with customers."

The pandemic has hit hot on the heels of General Motors announcing the retirement of Holden in New Zealand, Australia and Thailand before the end of this year.

Ebolo says the past two months have been challenging, but he's proud of employees and franchise staff as they negotiate "unprecedented times, not just for the brand but the world as a whole".

Reece Congdon, head of marketing and corporate affairs at Mitsubishi Motors NZ, says clients can drop off and pick up vehicles at pre-arranged times with keys being left inside them.

Arrangements are in place for those who prefer not to leave their homes, while sales consultants are offering product information over the phone to prospective buyers, and virtual demonstrations through FaceTime and Zoom. Test drives can be conducted in the same way as servicing.

"Our dealerships are locally owned and operated, so we are relieved to see them reopen," says Congdon. "Many local businesses have been hit hard. Our dealers are no different and are taking all precautions to ensure their communities are kept safe. Many customers welcome this and are showing their support."

Subaru of New Zealand has launched an initiative called Subaru Safe to give customers confidence that health and safety is paramount, and has added safety measures to allow people to purchase and service vehicles at its 16 authorised centres during level three and below.

"Each person has been trained to provide a contactless and sanitised service for buyers and existing customers getting vehicles serviced," says Wallis Dumper, managing director.

"Flexibility is key. Customers need to have the ability to do business on their terms while abiding by government regulations. They need to feel safe. If someone wants to buy a Subaru from home, this can easily be done."

Michael Farmer, managing director of Farmer Autovillage, says his Bay of Plenty dealerships are backing the Subaru Safe scheme.

"We are delivering industry-leading policies and procedures not only complying with, but exceeding, government standards to provide the safest environments for customers and our teams. All crises pass, and we will be here with our customers all the way."

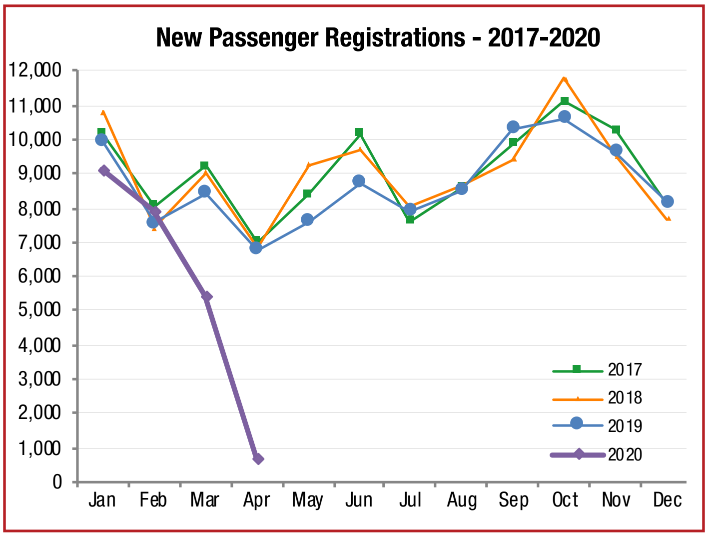
Toyota NZ has moved to contactless sales and servicing for level three as "it remains committed to supporting local communities we operate in".

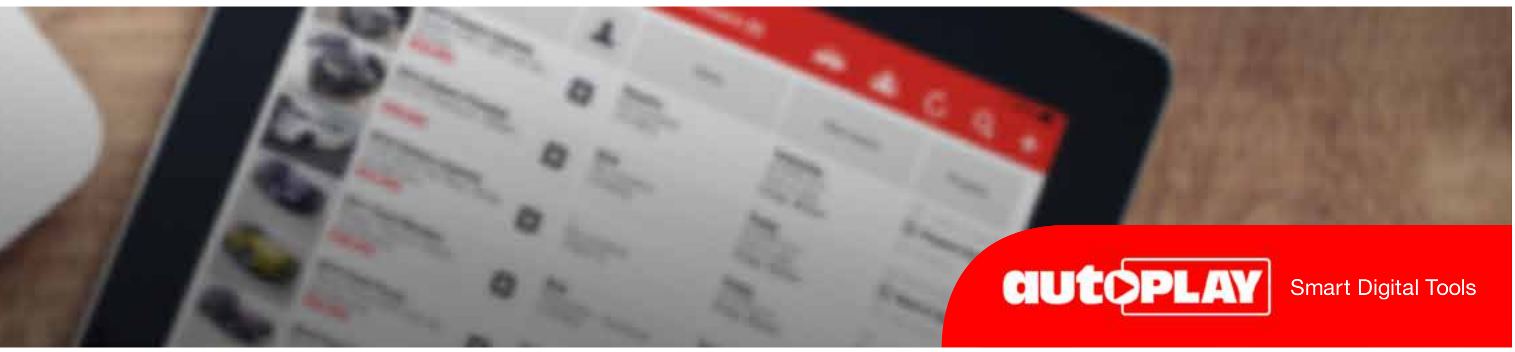
Its vehicles are sanitised in-line with a 30-point cleaning process when taken on test drives or dropped off for servicing.

Nissan NZ has extended new-vehicle warranties and service intervals to eligible customers because of disruption the pandemic has caused, Ford is providing contactless pick-ups and drop-offs for clients within a 10km radius of franchises, and Honda has reduced staffing levels at its dealerships with staff working remotely when possible.

Market collapses

There were 707 new passenger vehicles registered in New Zealand during April. This was a drop of 89.6 per cent when compared to the same month of last year when there were 6,778 registrations.
Last month's total was down by 86.9 per cent on March 2020's total of 5,415 sales.





Rural sectors 'need to get going'

A dealership is hoping farming and primary industries may help New Zealand beat the Covid-19 blues.

Craig McDermid, chief executive officer of South Canterbury Toyota in Timaru, says level three is better than if the country had spent more time in level four, although it adds a different level of complexity during what's a difficult time for everyone.

"We will make the best out of the situation," he told Autofile. "But from a business prospective there's still a way to go to determine what the long-term implications will be for our industry."

McDermid says the farming sector and primary industry normally assist in pulling New Zealand through difficult times, and he's hopeful they will do so again.

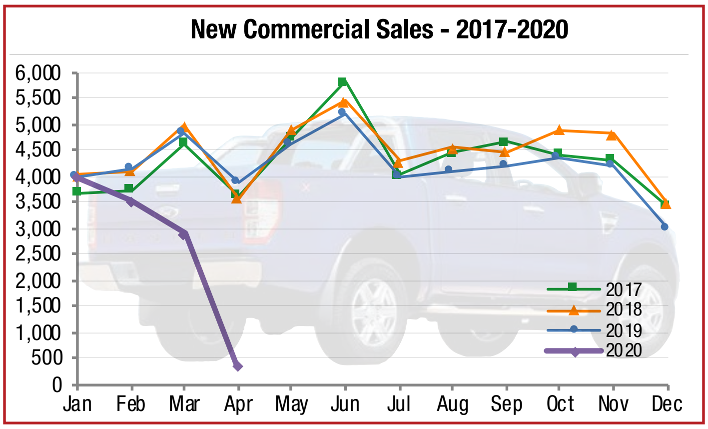
"We need some sectors to get going really well so people have some confidence and feel a bit more buoyant in their decision-making and processes. I think that will be great for the regions and the country."

During recessions and major downturns, he says everyone is "circumspect about expenditure and farmers are always careful".

However, McDermid hopes the farming community is feeling upbeat. "We need it to continue replacing and repairing vehicles and equipment. I think farmers will do that, but it might be a while before we see what normal looks like.

"We have to also get forestry back working. Our ports are open, so when we can see some more of our products being exported that will be really helpful to New Zealand."

There were 332 new commercial vehicles sold during April. This was down by 91.4 per cent on the same month of last year when registrations came in at 3,862.



New Commercial Sales by Make - April 2020

MAKE	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	81	694	-88.3	24.4%	2,160	20.1%
Holden	38	403	-90.6	11.4%	973	9.1%
Ford	35	865	-96.0	10.5%	2,381	22.2%
Isuzu	35	254	-86.2	10.5%	584	5.4%
Volvo	27	23	17.4	8.1%	110	1.0%
Hyundai	17	52	-67.3	5.1%	171	1.6%
Mazda	17	154	-89.0	5.1%	516	4.8%
Mercedes-Benz	10	68	-85.3	3.0%	259	2.4%
Mitsubishi	10	465	-97.8	3.0%	1,066	9.9%
Fuso	9	58	-84.5	2.7%	188	1.8%
LDV	8	73	-89.0	2.4%	183	1.7%
Hino	7	62	-88.7	2.1%	131	1.2%
Nissan	6	268	-97.8	1.8%	743	6.9%
Scania	6	9	-33.3	1.8%	93	0.9%
Iveco	4	26	-84.6	1.2%	86	0.8%
MAN	3	9	-66.7	0.9%	29	0.3%
Renault	3	22	-86.4	0.9%	73	0.7%
DAF	2	17	-88.2	0.6%	31	0.3%
Fiat	2	57	-96.5	0.6%	152	1.4%
Great Wall	2	27	-92.6	0.6%	122	1.1%
Others	10	256	-96.1	3.0%	688	6.4%
Total	**332**	**3,862**	**-91.4**	**100.0%**	**10,739**	**100.0%**

New Commercial Sales by Model - April 2020

MAKE	MODEL	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	Hilux	59	542	-89.1	17.8%	1,547	14.4%
Holden	Colorado	38	401	-90.5	11.4%	956	8.9%
Ford	Ranger	29	760	-96.2	8.7%	2,086	19.4%
Volvo	FM	22	14	57.1	6.6%	66	0.6%
Toyota	Hiace	21	136	-84.6	6.3%	534	5.0%
Mazda	BT-50	17	154	-89.0	5.1%	516	4.8%
Hyundai	iLoad	17	48	-64.6	5.1%	168	1.6%
Isuzu	D-Max	14	151	-90.7	4.2%	309	2.9%
Isuzu	N Series	11	42	-73.8	3.3%	113	1.1%
Mitsubishi	Triton	10	464	-97.8	3.0%	1,065	9.9%
Isuzu	F Series	7	43	-83.7	2.1%	115	1.1%
Nissan	Navara	6	268	-97.8	1.8%	743	6.9%
Ford	Transit	6	105	-94.3	1.8%	295	2.7%
Hino	300	5	28	-82.1	1.5%	41	0.4%
Volvo	FH16	4	4	0.0	1.2%	28	0.3%
Mercedes-Benz	Sprinter	4	33	-87.9	1.2%	110	1.0%
LDV	V80	4	31	-87.1	1.2%	76	0.7%
Mercedes-Benz	Arocs	3	3	0.0	0.9%	16	0.1%
Isuzu	C Series	3	9	-66.7	0.9%	37	0.3%
Iveco	Eurocargo	3	4	-25.0	0.9%	16	0.1%
Others		49	622	-92.1	14.8%	1,902	17.7%
Total		**332**	**3,862**	**-91.4**	**100.0%**	**10,739**	**100.0%**

Stockpiles of vans may exist

A trader specialising in used light commercials believes a price war could erupt if the market is flooded with vans.

Gareth Karrasch, director of Autobiz in south Auckland, has heard rumours that some dealers have been stockpiling large volumes.

"If they all hit the market at a certain point, there may be a price war because there will be a small number of buyers," he told Autofile. "We bought a lot of vans before the ESC rule came in, so we are well-stocked. But because of Covid-19, I don't think we'll be selling them quickly."

As for retailers moving to online, there may be limited initial demand for vans. "A lot of businesses already have vehicles they need and there are more than enough couriers around. Some may take on deliveries and use station wagons. Most businesses will not want to spend money on vans just in from Japan."

Karrasch says alert level three is resulting in more enquiry and some trading, "but there will not be a lot of sales until level two".

"When it comes to used, most buyers want to take vehicles for test drives and are apprehensive about buying online. They like to check out what's for sale and then make a decision on what to purchase. I don't think many used dealers will see buyers until they are able to visit yards.

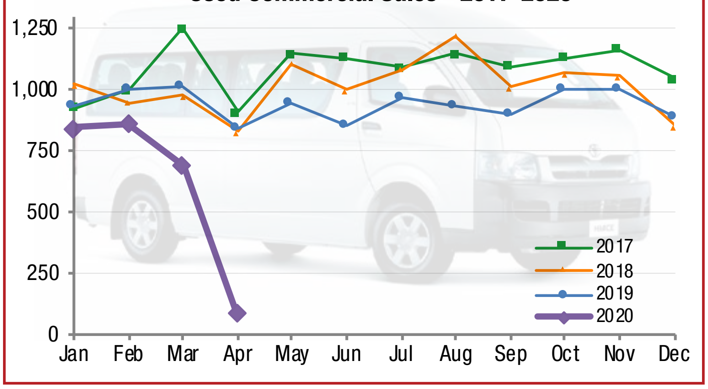
"There will still be people getting vans due to breakdowns or crashes – 'have to' and 'need to' buyers will still be there."

Karrasch has been getting to grips with level three, such as procedures for sterilising stock to enable test drives. "We don't need to be fully staffed at the yard with some staff working from home. If we drop to level two, things will change again."

Moving forward, it will be buyers' market, "there's no doubt about that and, overall, the next three to four months will be tight before we need to get ready for next summer".

As for last month's statistics, there were just 87 used imported commercials registered for the first time in New Zealand. This represented a drop of 89.7 per cent when compared to April 2019's total of 848.

Used Commercial Sales - 2017-2020



Used Commercial Sales by Make - April 2020

MAKE	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	34	381	-91.1	39.1%	1,107	44.5%
Nissan	29	209	-86.1	33.3%	635	25.5%
Isuzu	6	37	-83.8	6.9%	110	4.4%
Mazda	4	44	-90.9	4.6%	98	3.9%
Holden	2	18	-88.9	2.3%	40	1.6%
Iveco	2	0	200.0	2.3%	3	0.1%
Mitsubishi	2	25	-92.0	2.3%	67	2.7%
Volkswagen	2	3	-33.3	2.3%	21	0.8%
DAF	1	0	100.0	1.1%	4	0.2%
GMC	1	6	-83.3	1.1%	5	0.2%
Hino	1	34	-97.1	1.1%	66	2.7%
Suzuki	1	6	-83.3	1.1%	17	0.7%
UD Trucks	1	4	-75.0	1.1%	6	0.2%
Volvo	1	2	-50.0	1.1%	8	0.3%
Others	0	79	-100.0	0.0%	302	12.1%
Total	**87**	**848**	**-89.7**	**100.0%**	**2,489**	**100.0%**

Used Commercial Sales by Model - April 2020

MAKE	MODEL	APR '20	APR '19	+/- %	APR '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	Hiace	24	289	-91.7	27.6%	822	33.0%
Nissan	Caravan	11	65	-83.1	12.6%	151	6.1%
Isuzu	Elf	5	21	-76.2	5.7%	69	2.8%
Nissan	NV200	5	47	-89.4	5.7%	167	6.7%
Nissan	NV350	5	30	-83.3	5.7%	155	6.2%
Nissan	Vanette	5	31	-83.9	5.7%	67	2.7%
Toyota	Toyoace	4	13	-69.2	4.6%	50	2.0%
Mazda	Bongo	3	33	-90.9	3.4%	66	2.7%
Toyota	Regius	3	27	-88.9	3.4%	74	3.0%
International	Acco	2	0	200.0	2.3%	2	0.1%
Mitsubishi	Canter	2	14	-85.7	2.3%	32	1.3%
Toyota	Dyna	2	37	-94.6	2.3%	111	4.5%
Volkswagen	Amarok	1	1	0.0	1.1%	8	0.3%
Nissan	Atlas	1	20	-95.0	1.1%	36	1.4%
Suzuki	Carry	1	6	-83.3	1.1%	16	0.6%
Nissan	Clipper	1	0	100.0	1.1%	2	0.1%
Holden	Colorado	1	8	-87.5	1.1%	26	1.0%
Holden	Commodore	1	6	-83.3	1.1%	7	0.3%
Hino	Dutro	1	24	-95.8	1.1%	50	2.0%
Volvo	FE	1	0	100.0	1.1%	1	0.0%
Others		8	176	-95.5	9.2%	577	23.2%
Total		**87**	**848**	**-89.7**	**100.0%**	**2,489**	**100.0%**

Sales drop as factories close

Registrations of cars in Japan dropped to a nine-year low last month in the wake of a national state of emergency being declared to contain the spread of coronavirus, leaving showrooms deserted and forcing some production lines to close.

New-vehicles sales tumbled by 29 per cent to 270,393 during April when compared to the same month of 2019 in the latest indicator of the growing impact of Covid-19 on the world's third-largest economy.

Stock soars in lockdown

Imports of new cars in April came in at 5,625. This was down by 29.5 per cent on the same month of last year and a drop of 35.5 per cent on March's 8,724 units.

Registrations of new cars came in at just 707 last month for a decrease of 89.6 per cent on April 2019, and a drop of 86.9 per cent from March's sales. It was a dramatic decrease from March's 5,415 registrations.

The numbers have resulted in an increase in stock of 4,918 new passenger vehicles still to be registered with that figure now rising to 85,813 units.

Daily sales, as averaged over the previous 12 months, stand at 259 units per day. The shutdown hit the daily sales rate during April, which saw stock at-hand increase to 10.9 months.

Registrations of kei-class cars, which account for roughly four out of 10 all units sold, also plummeted last month – by 34 per cent.

The last time sales were worse was in April 2011 when Japan was struggling to cope with the impact of the earthquake, tsunami and nuclear disaster that rocked the country in the previous month.

The figures result from the virus' further spread prompting closures at parts suppliers' overseas plants, which has created procurement issues.

In addition, government recommendations for people to stay at home except for essential outings and the uncertainties about Covid-19's impact on household budgets has led to a drop in visits to dealerships.

Since March, some major marques – such as Toyota, Honda and Nissan – have been forced to suspend or cut production, which has also affected related industries. For example, tyre-maker Bridgestone suspended its 11 domestic plants during the golden-week holidays, which started on April 29.

The Japanese government has rolled out an unprecedented stimulus package, equal to 20 per cent the size of the economy, as part of its action to take "all steps" to battle the pandemic's deepening fall-out.

The package is worth about 108 trillion yen with direct fiscal spending topping 39tr yen. This exceeds corresponding totals in the wake of 2009's global financial crisis, which topped 56tr yen with direct spending of some 15tr yen.

The Japan Automobile Manufacturers' Association (JAMA) says it will seek to protect jobs as the country endures the pandemic. However, chairman Akio Toyoda, who is also Toyota's chief executive, is concerned the economy may be destroyed before the world can win the battle against Covid-19.

"If our hospitals get overloaded to the point of devastation, Japan may never be able to recover," he warns, adding worker safety is taking priority as the industry considers financial support for struggling companies.

That said, the automotive sector there needs to preserve as many jobs as possible to ensure marques and suppliers are prepared to resume full operation for eventual recovery from the outbreak.

Toyoda has suggested car-industry facilities could be repurposed as treatment centres if required. "For example, just within Toyota Group companies we can prepare around 1,500 rooms if needed. As JAMA, we may be able to prepare about 3,000 rooms. These facilities are used mainly for employees returning from overseas, but we would consider using them for mildly infected patients.

"We will do what we can to support increased production of medical equipment. There are other things we may do to help support the healthcare system, such as providing vehicles for transporting patients, vehicle modifications and making bed parts for hospitals. By offering our help in areas that relate to our expertise and that can utilise our existing assets, we can play our part."

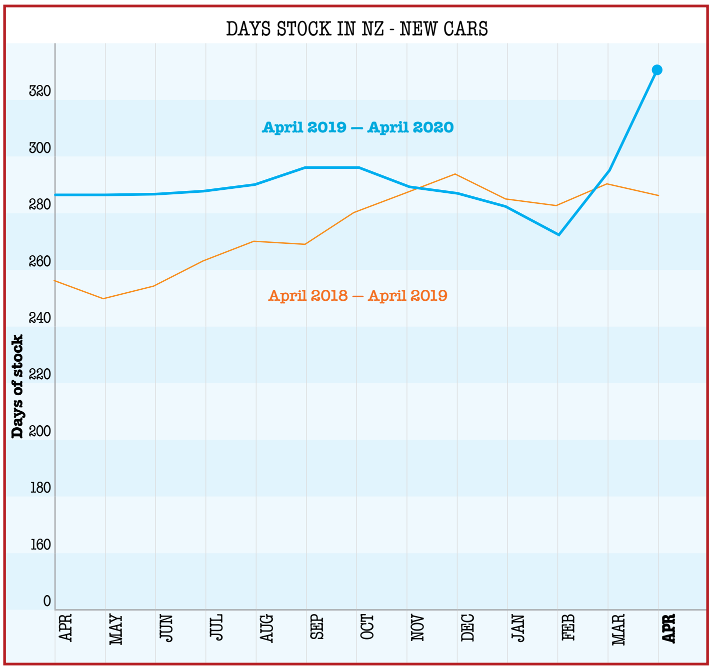
Toyoda stresses the day will come when the threat of Covid-19 will be conquered, but it may prove impossible to find a way to fully tackle it "before the economy is in ruin".

"There are about 5.5 million workers in our industry – about 10 per cent of Japan's working population," he says. "It has a profound amount of influence for a ripple effect to other industries.

"More than anything, we understand protecting employment is a powerful force to help stop economic collapse, so we will do our best to keep our businesses in operation."

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
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	10,967	10,322	645	84,466	287	294
Oct '19	8,122	10,622	-2,500	81,966	284	289
Nov '19	9,408	9,641	-233	81,733	284	287
Dec '19	8,191	8,159	32	81,765	286	286
Jan '20	6,750	9,099	-2,349	79,416	283	280
Feb '20	6,081	7,911	-1,830	77,586	284	273
Mar '20	8,724	5,415	3,309	80,895	276	293
Apr '20	**5,625**	**707**	**4,918**	**85,813**	**259**	**331**
Year to date	**27,180**	**23,132**	**4,048**			
Change on last month	**-35.52%**	**-86.9%**		**6.1%**		
Change on Apr 2019	**-29.5%** LESS IMPORTED	**-89.6%** LESS SOLD		**6.4%** MORE STOCK		



Vehicle imports deliver highs and lows

Ports of Auckland Ltd (POAL) has set a record for the number of vehicle imports dealt with during a 24-hour period.

Staff cleared 1,706 units from its wharves on April 8 – on a normal "good day" it processes about 1,000 – with a further 1,500 offloaded the day before.

However, that peak of activity is unlikely to be repeated anytime soon with fewer cars heading our way and verifications being performed by Biosecurity New Zealand on-shore instead of in Japan.

Nearly 22,000 used and new vehicles were discharged in Auckland in March, but that number dropped below 16,000 last month. The forecast for roll-on, roll-offs in May suggests there will be about 6,000 arrivals.

April's initial forecast suggested nearly 20,000 units were set to arrive, but Covid-19 saw the eventual figure fall to 15,702 as 14 pure car carriers (PCCs) berthed at POAL. The total included 7,860 new vehicles, 5,587 used, 1,244 for transhipment, and 1,011 overweight vehicles (OWVs) or break-bulk units.

More PCCs were scheduled to arrive in April. But a drop in imports from Japan meant the arrivals of two, which had 1,680 earmarked between them, were pushed back to mid-May.

Seven such ships are expected in May, which has seen POAL revise its monthly forecast of 9,000 vehicles down to 6,140. The port expects that to be made up of 3,710 new, 2,128 used, 65 for transhipment and 237 OWVs.

POAL's record-breaking day on April 8 consisted of 479 new vehicles, 1,053 used, and 177 OWVs and break-bulk units being cleared off its wharves.

April 7 was also a big day with 1,564 units processed – 271 were new, 1,121 were used, and 172 were OWVs and break-bulk.

The huge numbers came after ships laden with cargo were already in transit, or preparing to leave Japan, when New Zealand went into level-four lockdown.

April 8's effort to get vehicles off wharves, which POAL has been eager to keep clear to ensure the passage of essential supplies, followed five PCCs carrying about 5,336 units arriving within four days of each other. While their cargos were swiftly offloaded, vehicles could only be taken to storage facilities because of Covid-19 restrictions that were in place at the time.

Level-four rules were altered by the government on April 16 to allow vehicles previously classed as non-essential freight to be delivered to dealers or compliance centres prepared to take them.

A lack of congestion on Auckland's roads sped up last month's unloading process with transporters able to easily access and leave POAL, while the port's record day also involved vessels carrying vehicles already pre-border verified in Japan.

Port spokesman Matt Ball told Autofile several factors were behind April 8's daily processing record. "There was little traffic in the city, so cargo went straight to storage yards rather than individual locations for compliance checks. Also, all available trucks were used solely for shifting vehicles. They weren't being allocated to work for other customers."

POAL's previous record for shifting vehicles was 1,616 on May 18, 2018, which was at the peak of the crisis created by brown marmorated stink bugs.

"The average daily number uplifted that week in 2018 was around 1,000 when it would usually be about 660," says Ball. "We needed cars and yard space to be cleared quickly because we had a backlog of vessels waiting at anchor – we had 24 vessels that month. The transporter industry pulled out all the stops to get vehicles off-port.

"We had another big day on April 14, 2019, with 1,573. That was straight after Easter and was also slightly more than the total for April 7 this year."

Jump in used stock

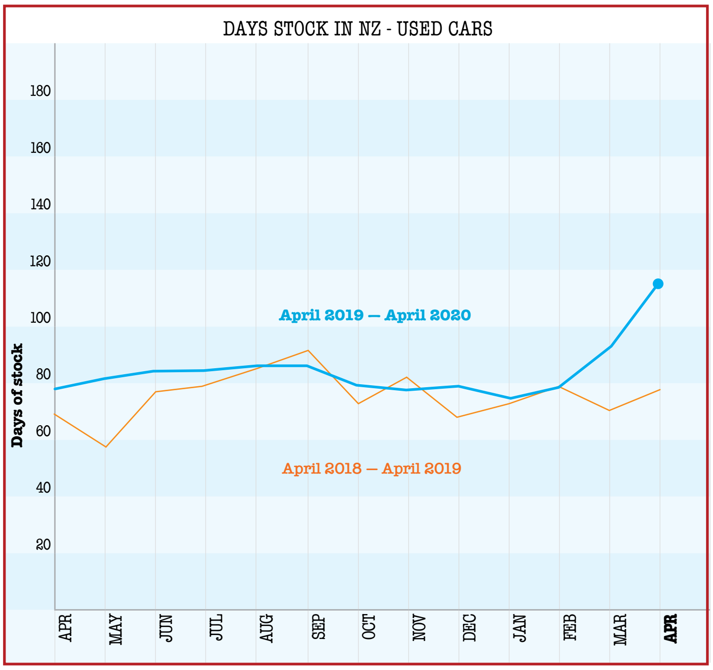
There were 6,149 used cars imported in April – a decrease of 7,167 units, or by 53.8 per cent, on the same month of last year.

The total was also down by 54.1 per cent from March's 13,392 vehicles.

A total of 622 units were sold during April when compared with the 10,883 in the same month of 2019, and 8,565 in March this year.

With 5,527 more used cars imported than registered in April, this brought the stock sitting on dealers' yards, or in compliance shops, to 40,232 – the highest level in more than a year.

With current average daily sales now standing at 347 units per day, there would be 116 days' stock remaining if sales continue at this rate.



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
Apr '19	13,316	10,883	2,433	32,798	396	83
May '19	15,093	12,212	2,881	35,679	393	91
Jun '19	10,913	11,177	-264	35,415	389	91
Jul '19	11,857	12,791	-934	34,481	386	89
Aug '19	12,253	12,353	-100	34,381	383	90
Sep '19	9,183	11,630	-2,447	31,934	383	83
Oct '19	9,875	11,663	-1,788	30,146	382	79
Nov '19	11,401	11,674	-273	29,873	384	78
Dec '19	12,121	11,628	493	30,366	385	79
Jan '20	10,101	11,693	-1,592	28,774	385	75
Feb '20	11,851	10,747	1,104	29,878	384	78
Mar '20	13,392	8,565	4,827	34,705	375	92
Apr '20	**6,149**	**622**	**5,527**	**40,232**	**347**	**116**
Year to date	**41,493**	**31,627**	**9,866**			
Change on last month	**-54.1%**	**-92.7%**		**15.9%**		
Change on Apr 2019	**-53.8%** LESS IMPORTED	**-94.3%** LESS SOLD		**22.7%** MORE STOCK		