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# Pushback over plans for clean-car standard

## Industry associations urge government to rethink tough emissions targets for all light-vehicle imports

New Zealand's car industry is awaiting more details on plans to introduce a clean-car import standard amid fears it will be too "aggressive", will force sticker prices up and fail to address climate-change goals.

The government wants to cut the average carbon dioxide ($CO_2$) emissions from light vehicles from about 171g/km currently to 105g/km by 2025.

It plans to introduce legislation this year and enact the standard based on fuel economy from 2022, with charges being levied on importers who miss their targets in 2023.

However, senior figures from automotive organisations have raised concerns about the proposals.

The Imported Motor Vehicle Industry Association (VIA) fears the changes as they stand will bring major disruption to businesses, but deliver little gain in hitting environmental targets, increase prices and limit the choice of models available.

The government believes a fuel-economy standard will cut the overall emissions of light vehicles entering the fleet

The Motor Industry Association (MIA) supports the drive for clean-car policies and is calling for a feebate scheme to be adopted. But it wants the fuel-economy standard's target date pushed back to 2030.

And the Motor Trade Association (MTA) says the standard may make motoring more expensive in the short term, keep older vehicles on our roads for longer and put jobs at risk.

It has been reported the penalty for importers failing to meet emissions targets will be applied from 2023 at $50 per gram of $CO_2$ above the limit for new-vehicle imports and $25/g for used imports.

The penalties will increase in 2025 to $75 and $37.50 for new and used cars respectively, but the MIA wants both sectors to be treated the same way when it comes to this.

Prime Minister Jacinda Ardern announced the plans on January 28. The government claims the clean-car import standard, which will impact on the supply

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GUEST EDITORIAL

# Challenges remain for year ahead and beyond

## Global supply chains, closed borders and clean car proposals are big issues, opines Matt Battle

MATT BATTLE
GM, Moana Blue

It seems the world was looking forward to 2021 or, more to the point, seeing the back of last year when I first pondered what to put pen to paper about.

Before Christmas, I thought, "this will be easy with a quick reflection of 2020 and lots of positive views for the new year".

Since then, the new world order of being consumed by all things Covid-19 has evolved with UK and South African strains of the virus upstaging the start of mass global vaccinations.

I'm focusing on the vaccinations rather than the unknown of anything else, but with recent community cases in New Zealand it's difficult to put concerns back of mind.

As for 2020, the overall feeling for most seems to be one of relief. Kiwis did it tough and welcomed in 2021 in a better position than many predicted last March. Most economic forecasts have been revised upward since then with reference to a V-shaped recession with a hard and fast dip followed by an almost as sharp recovery.

While businesses have experienced mixed results in terms of recovery with some still struggling to regain lost ground, overall the automotive market has recovered faster than even the most positive-minded of us hoped for.

Looking to the rest of 2021, New Zealand will most likely remain "closed" to tourists and new migrants for the foreseeable future, so we cannot expect these sectors to boost used-car sales.

A constant theme of last year was the lack of stock in Japan with ESC regulations being compounded by the pandemic and a tightening of new-vehicle supply reducing the release of used cars onto the market.

Even with states of emergency in Japan, new-vehicle production should continue to recover and flow through to used sales and softening prices.

Globally, supply chains have been in disarray with delays locally and further afield. That's not going to change for at least the first quarter of this year, so the industry needs to be prepared for extended shipping and transit times as shipping lines cope with significantly increased demand for space.

The lines servicing our industry have done a great job throughout the pandemic, but vessels and space are relatively fixed and current demand for space is far outstripping supply.

While not strictly a consideration for 2021, any forward-looking view of the market cannot ignore the clean-car import standard announced at the end of January.

All industry bodies are declaring the speed and structure of the proposals will negatively impact the industry without addressing the issue of existing fleet emissions.

There will be more to come on this, but it seems inevitable that 2023 will present another round of challenges for our industry.

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side, will lower Kiwis' fuel bills by $6,810 on average over the lifetime of a vehicle, while it hasn't ruled out a feebate scheme to influence consumer choices on the demand side.

Michael Wood, Minister of Transport, says light vehicles coming into New Zealand are among the most fuel inefficient and emissions intensive of any OECD country. A target of 105g was introduced by Japan in 2014 and across the European Union last year.

The government is also considering other transport policies to tackle climate change, including a feebate scheme that would make cleaner cars cheaper and push up prices of higher emitters.

Jacinda Ardern announced the government's clean-car import standard on January 28

## The way forward

The government has outlined its timeline for implementing the clean-car import standard.

**2021** Legislation progressed and implementation starts.

**2022** Standard in place. Suppliers must report CO2 data but no charges apply when targets are missed.

**2023** Charges apply when suppliers fail to hit their targets.

**2024** Review charges and the 2025 target, and set future targets.

### IMPACT ON MARKET

David Vinsen, VIA's chief executive, predicts if the clean-car import standard passes into legislation in its current form, then it will cause unnecessary disruption to the industry with little benefit for the environment.

While VIA's members will be able to adjust to any changes, ultimately consumers will be left to carry the costs.

"The used-vehicle import industry is based on volume," he told Autofile. "We have worked over the years to create a system that brings in vehicles efficiently and cost effectively.

"This standard means there will likely be a reduction in volumes brought in, it will limit the choice of models and put prices up. We will have to see what New Zealanders are prepared to pay for fuel-efficient vehicles that meet the government's standards.

"It's going to impact our members but I'm confident they will adjust to shifts in demand. It is the public who will be disadvantaged.

"New Zealand needs to ensure any change is effective and achieves climate-change targets we have signed up to. Our concern is we will have all this disruption and radical change for nothing but showboating and virtue signalling by the government.

"I believe that when we look back in five years' time, we will see none of our targets for climate change have been effective if this policy goes ahead without any changes."

Vinsen describes the proposed timelines to slash average emissions from light vehicles as "unrealistic". He also believes the standard will lead to older and less-efficient vehicles remaining in the fleet longer than would otherwise be the case, which is the opposite intention of the new rules.

"I agree with David Crawford from the MIA that the dramatic reduction in CO2 emissions from 171g/km to 105g is too radical and too steep a gradient to be effective. It's too big a drop and too fast. It will slow the natural rate of upgrading the fleet.

"The fleet will get older and people will collectively hold onto cars for longer. Manufacturers are making more fuel-efficient vehicles and we will eventually draw from those fleets, both new and used.

"Over time they will filter into our fleet and achieve the desired environmental effect, so we don't need a standard."

The government will now draft legislation for the standard and consult further with the industry before MPs vote on introducing the laws.

All this comes after the previous coalition government failed to push through a similar clean-car standard and feebate scheme, which were being steered by the Greens' Julie Anne Genter, former Associate Minister of Transport.

NZ First blocked her clean-car policies that aimed to encourage people to buy more electric vehicles (EVs) and reduce those in the fleet with internal combustion engines (ICEs).

Those plans were revealed in July 2019 and would have seen low-emissions vehicles attract discounts of up to $8,000 and high-emitters penalised.

The feebate scheme, officially known as the clean-car discount, received – in principle – support from the automotive industry. However, the proposals for a standard were condemned as unworkable as presented.

Despite those policies hitting a roadblock, Labour made introducing the clean-car import standard and cutting fleet emissions part of its manifesto in last year's general election. The new government is also pushing to have 64,000 EVs on our roads by the end of 2021, even though the present total is less than 25,000.

Vinsen says VIA will be raising its concerns about the latest proposals ▶

during the consultation process.

"We've been working on this standard for a long time. This is the announcement of the formal part of the process we have been involved in through working groups and presentations. A lot of work has gone on with little material change. We will be telling the government what we have been saying since starting work on this.

"The whole point of our objection is this policy will be disruptive, but not effective. We have got 4.2 million vehicles in the fleet and the government isn't prepared to do anything about how people use those already here.

"I'd like to see the government mind its own business and just do feebates, which will encourage people to buy the right cars.

"The natural passage of time would allow the government to achieve its goals without causing interruptions to the industry.

"Vehicles are getting better all the time to meet regulations in other countries. To try to force standards on a country with no car manufacturing is nonsense."

He believes a better option is putting a carbon tax on hydrocarbon fuels, which would be an "open and transparent indication of where the real costs are for tackling emissions".

"Once people realise the costs of those things, it will modify behaviour. They will choose to drive different vehicles or choose to travel differently, such as using public transport more frequently.

"If the public can see the real costs at the pump then it will have a greater influence on their actions. The government hasn't got the will to do that because it's politically unpopular. This standard is all about the politicians wanting to be seen to do something even though it won't be effective."

Vinsen describes the clean-car standard as a "serious issue" for VIA. "In my nearly 20 years in this role, this is the third major issue I have dealt with after exhaust emissions and electronic stability control [ESC].

"This is arguably the most serious issue I've had to deal with. However, overriding all this is that while these proposals affect the industry, it affects the public and once that plays out our members will deal with the demand. We don't make the market or the demand, we satisfy it."


The clean-car import standard will impact on the supply side of our automotive industry

## PUT SAFETY FIRST

The MTA believes the "aggressive targets and timing" of the proposed clean-car import standard will force up the cost of fresh imports, and is urging the government to put more emphasis on the existing fleet's safety rather than simply trying to slash emissions.

Greig Epps, advocacy and strategy manager, says until the government releases more details about its plans it is hard to fully assess their implications.

"The MTA recognises the government needs to make some sort of progress in addressing climate change. However, we are worried the aggressive targets and timing will impact the market in a way that makes any sort of newly imported vehicle a costly transport option.

"There is not really enough information available to predict outcomes. We don't know if the penalty rates will be those previously consulted on or whether some form of weight banding will be applied. Details like these will heavily influence the outcomes and market reactions."

While the MTA acknowledges the need to tackle emissions, its primary concern is safety issues relating to in-service vehicles so the number of New Zealanders dying on our roads can be reduced. One-in-10 fatal crashes involves a vehicle factor. The fleet is getting older and people are more likely to die in less-safe cars.

In 2017, the average age of the light fleet was 14.4 years. This is older than in the US where it was

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## Exemptions to rule

Some vehicles will be exempt from the proposed fuel-economy standard, such as those used for military operations, and agricultural vehicles and equipment primarily driven on farms.

Others are vehicles of historic value, classics and those made before January 1, 1919.

Vehicles built after January 1, 1919, that are also at least 40 years old on the date they were registered, re-registered or licensed will also be exempt, as will be those scratch-built and modified vehicles certified by the Low Volume Vehicle Technical Association.

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11.6 years for cars and light trucks in 2016, and Australia, which averaged 10.1 years for all vehicles in 2016.

Epps also raises concerns the standard may pose a risk to jobs and slow any refreshing of the fleet towards lower-emissions vehicles.

The MTA is advocating for other measures to be introduced alongside the new rules, including consumer rebates for certain cars and a scrappage scheme.

"The government's announcement talks about creating new jobs but if penalty rates are too aggressive, it will likely cause the loss of jobs in some areas," says Epps.

"This could be a great opportunity for the government to start expanding its 'just transition' policy [to a low-emissions economy].

"To succeed, the emissions reduction policy will need to be coupled with other initiatives that encourage owners to move towards lower fuel-use vehicles. The MTA recommends meaningful rebates to incentivise the purchase of newer, cleaner and safer cars.

"The government could further promote a fleet refresh by introducing a robust scrappage scheme to encourage people out of older vehicles.

"If the parameters are wrong, owners might – in the short term – hold onto an existing vehicle longer or rush to buy a larger one now.

"There may also be some short to medium-term impacts on safety. In general, smaller cars are not as safe as larger cars."


Cars waiting to be loaded in Japan

The MTA expects dealers will adjust to meet a changing market once the standard comes into force as they have for previous changes to regulations, such as frontal impact, exhaust emissions and ESC. However, the key issue will be how buyers react to the introduction of the standard.

"We might see some reactions contrary to the policy intent of smaller, cleaner vehicles," notes Epps. "Some consumers might move to buy replacement larger vehicles now in the expectation that prices and availability may deteriorate in the future. We might also see a short-term shift toward utes.

"Alternatively, some might choose to hold onto their vehicles, which does nothing for the fleet's average age. In the longer term, prices of larger vehicles – for example, people movers, SUVs and utes – will increase due to the penalties and perhaps also due to more expensive, new technology in vehicles.

"Some buyers might consider getting two smaller vehicles instead of one multi-seater, but much of this depends on how well consumers understand the policies.

"We have called for emissions testing at warrant of fitness time on a three-year cycle after a car reaches five years old. This would help educate consumers on the $CO_2$ impact of current vehicles."

The MTA considers the combined emissions target and the proposed timing to be "very aggressive", and has joined other organisations in calling for the deadline to be pushed back to 2028 or 2030.

It warns the policy in its current form will serve to increase the price of most ICE vehicles because few are expected to be able to meet emissions targets by 2025.

"Cleaner options, such as EVs, are expected to remain more expensive for some years yet," adds Epps. "In short, motoring in general will be more costly unless our calls for meaningful incentives are heeded."

The government plans to introduce a number of other measures designed to lower transportation emissions to help New Zealand become carbon neutral by 2050.

These include mandating a lower-emitting biofuel blend across the sector, requiring public-transport buses to emit zero emissions from 2025 and requiring the public-transport fleet to be decarbonised by 2035.

Epps says the MTA supports the biofuel plans as this aligns with its call for considering the impact of the existing fleet as well as imports.

His association also echoes VIA's suggestion of introducing a tax on fuel instead of trying to force through an emissions standard for new and used imports.

"As an alternative to the $CO_2$ import standard, we have thought that a targeted fuel tax would be better," says Epps. "This would spread the impact across all users immediately and cover the existing fleet as well as new and fresh used imports.

"People tend to make quick value judgements and rapidly adjust behaviour to suit conditions when they see the impact of $CO_2$ in weekly fuel bills. The policy could lead to reduced vehicle use or increased use of alternate transport mechanisms – public transport, cycling, walking, ride-sharing and so on.

"The funds collected from such a tax could be used to fund significant reductions in the cost of new technology vehicles, such as electrified vehicles.

"In effect it would serve to be a self-funding mechanism in a similar way to Auckland's regional fuel tax and the development of that region's road system."

# Biofuels on agenda

The AA is pleased the government is investigating a biofuels mandate so what's dispensed at the pump can become lower-emitting.

Mark Stockdale, principal adviser – regulations, says the proposed fuel-economy standard focuses on about 300,000 vehicles entering the fleet every year, "but we also need to reduce emissions from the existing fleet of 4.6 million".

He adds: "Biofuels are one way to do that, especially second-generation biofuels that are fully compatible with any vehicle."

However, the AA is disappointed revised emissions targets developed by an industry working group with the Ministry of Transport haven't been adopted.

"This proposed the same target but for 2028, which would give the industry enough time to source vehicles," says Stockdale.

"Everyone who owns a petrol or diesel vehicle is already collectively contributing eight cents per litre for a collective $420m a year to offset transport emissions through the emissions trading scheme. Right now, none of this money is being targeted at reducing emissions and the AA thinks it should be.

"Within a few years, that fund will rise to $800m a year. This money must be used to help establish a viable second-generation biofuels industry, fund other initiatives to reduce transport emissions and incentivise the uptake of low-emissions vehicles."

The AA backs feebates to complement a fuel-economy standard, and other countries' experiences show both work to reduce emissions from vehicles entering fleets.

In addition, it is calling for scrappage schemes and other incentives, such as depreciation allowances and fringe-benefit taxes, to be investigated.

It has echoed concerns of other industry organisations about the clean-car import standard, including proposed targets and timeframes being too tough.

Stockdale says: "We understand the intentions behind it and our members want more low-emissions vehicles, but the risk is this target could simply result in higher prices for new cars that still don't meet the standard."

# Import standard's nuts and bolts

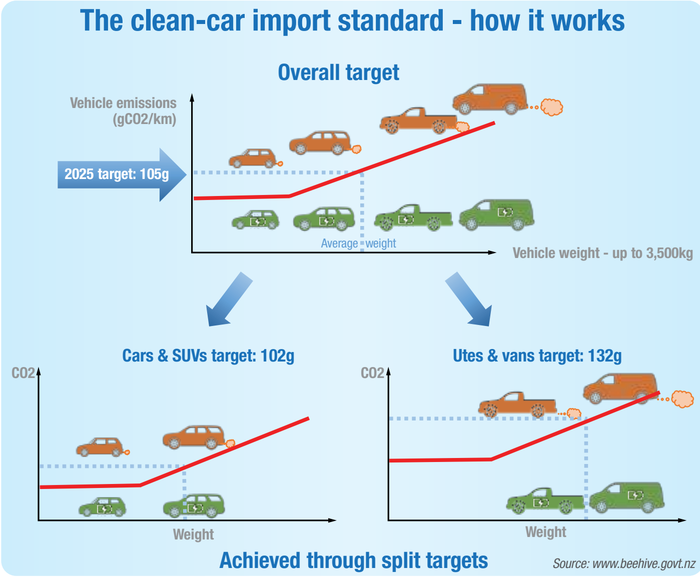
The government's thinking behind the clean-car import standard is that it will "progressively lower" the emissions of vehicles entering New Zealand from an average of 171g$CO_2$/km today to 105g by 2025.

It adds, "suppliers will meet this target by bringing in more electric vehicles [EVs], hybrids and more fuel-efficient conventional vehicles" to give Kiwis greener choices.

But how will it work? The government says suppliers will have different targets to meet, reflecting their fleets. They will need to ensure the average carbon-dioxide emissions are equal to, or less than, the overall target for their vehicles.

Because it works by averaging, vehicles exceeding the target can continue to be bought if offset by enough zero and low-emissions vehicles (ZLEVs).

The 2025 target will be phased in through annual targets that get progressively lower. The government says this gives suppliers time to adjust and source enough "clean vehicles".




## POSSIBLE BENEFITS

Government officials believe the fuel-economy standard will increase the supply of cleaner cars to make them a realistic choice for consumers and save Kiwis an average of $6,810 at the pump by running more fuel-efficient vehicles over their lifetimes.

They add research suggests households that will benefit the most from the proposals are those on low incomes.

A "conservative" estimate of benefits and costs indicates the standard will be a cost-effective way of reducing emissions.

The government adds the net present value ranges from $248-$836 million and the benefit-to-cost ratio ranges from 2:3 to 3:8.

The benefits in fuel savings and carbon-dioxide reductions are about $160 to $344 from every tonne of $CO_2$ avoided through the standard.

## HELP AT HAND

The government says vehicle importers will be supported to meet targets laid down by the clean-car import standard.

The NZTA will develop an online tool to allow traders to see how their $CO_2$ accounts would be affected if they buy certain models at international auctions.

It will also help them to comply on a fleet-basis by allowing them to monitor how actual average fleet emissions are tracking against their targets.

Flexibility will be given for the industry by allowing them to bank, borrow and transfer. Banking will allow suppliers to carry over overachieved $CO_2$ targets to offset the following three years.

Borrowing will permit them to miss targets for one year if they make up their deficits the next year.

Transferring allows suppliers to allocate overachievement to one or more other suppliers operating in the same compliance regime.

## PROFILE OF IMPORTS

Nearly 70 per cent of all transport emissions are from cars, SUVs, utes, vans and light trucks, says the government.

It adds the average vehicle in New Zealand has emissions of about 171g$CO_2$/km, with cars and SUVs averaging 161g/km compared to 105g/km in Europe.

In 2017, the most-efficient models on the Kiwi market had – on average – 21 per cent higher emissions than their UK counterparts.

*All information in this article has been sourced from "the clean-car import standard – reducing vehicle CO2 emissions to 105 grams per kilometre by 2025", published online at www.beehive.govt.nz.*

# Deadline 'too aggressive'

The Motor Industry Association (MIA) says the government's emissions target date for new vehicles entering the fleet needs to be pushed out by five years to give distributors in New Zealand any chance of hitting it.

The association describes the deadline for the average target of 105gCO2/km as set down in the fuel-economy standard proposals published on January 28 as "the most aggressive and severe in the world".

David Crawford, chief executive officer of the MIA, says: "No other country has ever had to face a 40 per cent rate of reduction of carbon-dioxide emissions in five years that we now must meet.

"We urge the target date to be amended to 2030. Contrary to the government's views, 2025 doesn't allow time for model development and vehicle-sourcing arrangements.

"The target date also fails to recognise that for many distributors in New Zealand their model choices are tied to the Australian market.

"With no similar policy required in Australia, our market, which represents 0.18 per cent of new-vehicle production globally in any one year, is too small for manufacturers to develop models just for us."

Crawford told Autofile there is a "whole lot of detail we don't have from the government at the moment, so we are unable to produce a model to ascertain the overall impact on the industry".

This includes information on the banking and borrowing rule for carbon, and what the exact formulae will be for different segments of the market. Then there are annual targets for 2022, 2023, 2024 and 2025 to be considered. The bottom line is that the MIA believes the rate of achievement is simply not possible.

"If formulae are based on weight – smaller cars in favour of larger vehicles – then there is a real risk of smaller models disappearing because the cost of electrifying them may not be worth it.

Toyota, with its hybrid technology, has already indicated it will be unable to hit the target for 2025

> **"Distributors are unlikely to meet the clean-car import targets as they stand"**
> **– David Crawford**

"We have already seen this in some parts of the world such as Europe where smaller models have been disappearing because of this."

However, incentives on the demand side are formally back on the table, which Crawford describes as good news.

A similar idea, dubbed as the feebate scheme, was first tabled by the Greens' Julie Anne Genter when she was Associate Minister of Transport in the previous coalition government.

"When there are more details on the incentive package, distributors can then begin talks with parent companies," explains Crawford.

"However, our distributors are unlikely to meet the clean-car import targets as they stand. Toyota, with its hybrid technology, has already indicated it will be unable to hit the target for 2025. Our view is the import standard will only work in conjunction with incentives on the demand side.

"Then there's an issue with light commercials in that the technology to reduce their emissions will be unavailable until 2025-30, so we will have members facing severe penalties."

In addition, low-emissions vehicles cost more to make than those with internal-combustion engines (ICEs), so the overall prices of new cars are bound to go up with EVs and PHEVs already being more expensive to buy.

"Extra costs incurred with bringing in ICEs are likely to be spread across manufacturers' entire model ranges, so prices will go up again including for electrified vehicles.

"The targets likely to be set by the government on the supply side are simply too aggressive and just amount to a case of taxation. This will be offset by incentives on the demand side, but the MIA has significant concerns about the proposed supply-side achievement rates.

"We also urge the rules to be the same for both new and used vehicles. Giving used imports softer penalties will lead to an increase in older, less-safe models entering New Zealand."

Crawford believes the fuel-economy standard "will definitely go ahead and we expect [demand-side] incentives in some shape or form".

The proposals announced by Michael Wood, Minister for Transport, last month have not come out of the blue.

Crawford met Wood in Wellington on December 1 when the clean-car import standard was outlined, although the MIA expected a government announcement to be made in February and not January.

The speed at which the proposals have been developed is, in part, down to legislative changes that will be required from them to proceed quickly.

"That process will take eight to 10 months, so we anticipate decisions being made in January 2022 in regard to the reporting target and requirements.

"The MIA supports the government introducing a fuel-economy standard, but only if implemented alongside a progressive feebate scheme so the two policies work in combination to accelerate the uptake of low-emissions vehicles.

"For the standard to be effective, it is the view of the MIA that targets are aligned with the next Paris Commitment reporting period and set to 2030, there needs to be separate targets for passenger vehicles and light commercials, and penalties need to be set at a level to encourage compliance not at a level that would lead to distributors exiting the New Zealand market."

# Cutting emissions on agenda

Cars rolling off Volvo's production line in Chengdu, China, the facility from the air, below left, and its nearby hydropower station and dam

Volvo Cars' largest plant in China is now being powered by 100 per cent solar, wind or hydroelectric power as the company moves to reducing its carbon dioxide ($CO_2$) emissions by 11,000 tonnes annually.

Under a new supply contract, about 65 per cent of the electricity supply at the Chengdu facility will come from hydropower, with the remainder from solar, wind and other renewables.

"Our ambition is to reduce our carbon footprint through tangible actions," says Javier Varela, head of industrial operations and quality. "Securing a fully renewable electricity supply for our largest plant in China is a significant milestone."

Volvo's European facilities have had a climate-neutral power supply since 2008, while its engine plant in Skövde, Sweden, was the first in its network to become completely climate neutral in 2018. At the Ghent plant in Belgium, it installed 15,000 solar panels two years ago.

The centrepiece of Volvo Cars' climate plan is to generate 50 per cent of global sales from fully electric cars by 2025, with the rest being hybrids.

It is also introducing technology this year to allow Kiwis to cap their cars' maximum speed with their key. In addition, every Volvo will come with a "care key" to set further top-end limitations for younger or inexperienced motorists.

Ministry of Transport data states excessive speed is a factor in 28 per cent of fatal crashes in this country and Coby Duggan, Volvo NZ's general manager, believes this technology will reinforce the marque's leadership in safety, raising awareness of the danger of excessive speed.

He says limiting speed to 180kph has been controversial, with some observers questioning the rights of manufacturers to impose constraints.

"Despite this, Volvo Cars believes it has an obligation to continue its tradition of pioneering discussion around the rights and obligations of car makers to take action that can save lives," opines Duggan.

While Volvo's care key will offer tangible benefits to Kiwi owners, the 180kph cap will be aimed at drivers on Germany's autobahns, which have no maximum limits.

## PROPULSION SYSTEM

Nissan has teamed up with Japanese manufacturer Sunwoda Electric Vehicle Battery Company to study the development of next-generation batteries.

The joint venture will specifically be concerned with such technology for Nissan's e-Power hybrid powertrains as it anticipates a spike in sales of electrified cars.

The two companies aim to develop a stable supply capacity for battery production. A specialist in lithium-ion products, Sunwoda produces batteries for consumer electronics and automotive products.

Nissan's e-Power propulsion system consists of an electric motor that directly powers the wheels, while driving range is extended with a petrol engine that generates energy to top up the electric motor's battery.

While no models down under currently feature these powertrains, the technology is available overseas on models including the Note hatchback and Serena people mover.

Under the bonnet of the Serena, the e-Power system produces 100kW of power and 320Nm of torque with a combined fuel-consumption rate of 0.05l/100km, while in the e-Note its produces 80kW/250Nm and a driving range of about 700km.

Nissan is aiming for one million electrified vehicle sales by the end of the 2023 financial year.

## ROLE OF HYDROGEN

Toyota Motor Company Australia (TMCA) has completed the first stage of its new Hydrogen Centre in Melbourne.

The Altona education centre in the city's west is designed to demonstrate the role hydrogen can play in the transport industry and broader energy economy.

The facility was made possible by a $7.4m investment, $3.1m of which has been funded by the Australian Renewable Energy Agency.

The marque hopes the development of the centre will help spur the development of hydrogen infrastructure and pave the way for the mass-market introduction of hydrogen fuel-cell electric vehicles (FCEVs).

The aim is for the centre to be able to produce up to 60kg of hydrogen per day from water by electrolysis, with electricity sourced from a 500kW solar array on its roof. Once completed, the facility will be the first FCEV fuelling site to run on its own renewable energy and produce its own hydrogen.

Toyota's solar capacity across the ditch has expanded to 1,156kW thanks to properties in Sydney and Brisbane, which the company estimates has so far led to a reduction in $CO_2$ emissions of 8,835 tonnes. An additional 87kW system will soon be installed at Altona as part of the Hydrogen Centre build.

Currently, Toyota only produces a single FCEV model in its global portfolio with the Mirai sedan.

"FCEVs will accelerate quickly in terms of introduction," says Sean Hanley, TMCA's vice-president of sales and marketing. "They won't take the 20 years hybrids have taken to get adoption.

"In the next five years, it will be credible for us to have the second-generation Mirai. It's not a matter of if, only when."

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# Have say on agency's portal

Car dealers are being encouraged to tell the NZTA what they think about a new one-stop portal.

The agency has launched the online tool so traders have access to safety information, the generator for fuel-economy labels and other resources.

It follows the relaunch of Rightcar online early in 2020, and is designed to attract dealers and support them in areas beyond an initial focus on vehicle-safety ratings.

Early input for the portal was received from the Imported Motor Vehicle Industry Association (VIA), Motor Trade Association (MTA), AA and Ministry for Business, Innovation and Employment (MBIE).

The NZTA also worked with the Energy Efficiency and Conservation Authority (EECA) to promote the mandatory fuel-economy label generator.

Fabian Marsh, senior road-safety manager, says: "The portal is a single page providing links to online resources dealers would normally have to bookmark on several pages, such as the VIA's electronic stability control [ESC] look-up tool, the fuel-economy label generator, Motocheck register and PPSR register.

"It also provides a unique look-up tool that provides New Zealand safety ratings for Japanese chassis numbers, which can also be used for cars overseas or in New Zealand but not yet registered."

Resources available have been evolving since early 2020 when the NZTA created a landing page with a training module to educate the industry about updates to the safety ratings system.

At that stage, it had a particular focus on the launch of Vehicle Safety Risk Ratings (VSRR) on Rightcar and through partner sites.

"With the introduction of VSRR, we've been able to provide ratings for more than 95 per cent of the light fleet, although there has been a learning curve for industry and consumers to understand the underlying methodology, so that's how the initial learning tools came about," Marsh told Autofile.

The agency says putting together the portal was a "surprisingly quick process" with content compiled and uploaded from existing resources to the site within weeks.

**"We're preparing dealers with the resources they need to find better vehicles to import and sell" – Fabian Marsh, NZTA**

The only major piece of development required was the look-up tool for Japanese chassis numbers with the NZTA's web-development company building that function in a few days.

After industry figures helped influence the content of the portal before it went live, dealers are now being asked for their views on how the resources can be improved.

"A mock-up of the concept was presented to an industry group for feedback and it made suggestions of the type of content dealers might find useful," Marsh notes.

"Input was received from VIA, the MTA, AA and MBIE as well as consulting with EECA on promotion of the vehicle fuel-economy label generator.

"We presented the portal to a group of dealers and are open to feedback on how we can make it even more aligned to dealers' needs.

"We're looking to add a fuel-economy rating look-up tool, which will also work on Japanese chassis numbers. However, this is more complex for our developers to build and so is likely to launch next year.

"We're also looking for feedback from dealers and importers on what they would find helpful to include on the portal."

The NZTA describes early feedback from key industry groups as supportive and says there is an appetite from industry representatives to improve the profile of New Zealand's light-vehicle fleet.

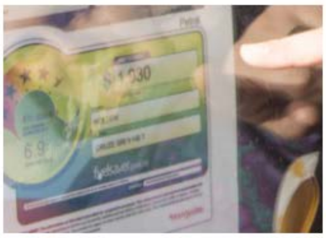
It adds the dealer portal will ultimately better equip businesses to cater to consumer demands.

"Anecdotally, we are hearing more consumers ask for safer cars and the perceived value of cars with lower safety ratings is also dropping.

"Once demand grows to a tipping point, it's likely dealers and importers will start to change the profile of vehicles they're importing, so we're preparing them with the resources they need to find better vehicles to import and sell."

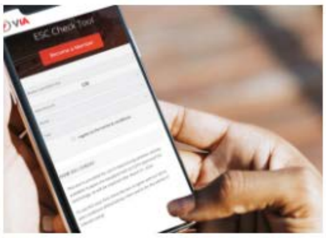
The online offering mainly targets staff at dealerships, but the NZTA notes importers and fleet managers are also expected to make use of its resources.

"Vehicle importers will benefit from the new safety ratings look-up ▶



**Fuel economy label generator**

Check if fuel economy information is available for a vehicle or create a fuel economy label



**ESC lookup tool**

Check if a vehicle you're importing includes mandatory ESC technology

**Dealer training**

Complete our dealer training module on vehicle safety ratings


**CIN generator**

Coming soon: create a consumer information notice (CIN) for a vehicle

**Motocheck login**

Access MotorVehicle Register information through Motocheck service


**Personal Property Securities Register**

Find out if money is still owing on a car

Some of the information that can be found online at https://dealer.rightcar.govt.nz tool," enthuses Marsh. "They can enter Japanese chassis numbers from auction sheets, which will help them to choose safer cars.

"This tool may also be of use to fleet managers as they are easily able to copy and paste a complete list of New Zealand registrations into the tool to find out the safety rating of their fleet."

Tony Everett, the MTA's sector manager – dealers, says the portal will be a "useful addition to the toolbox" for people at dealerships and will likely be used with other existing websites.

"It's a different resource and brings different things to the table, such as NZTA vehicle-safety training modules," he says. "There's some good material on there and the training module is really cool.

"It's been online for a little while although dealers had to know to go to Rightcar to find it. If they now have this site bookmarked, it's immediately there for them. The safety rating database isn't on any other sites and that can be useful."

While dealers may already have many of the links from the portal bookmarked and frequently visit various sites, Everett notes having them in one location makes it easier for them to access information they need.

"Accessibility is important. Any resource like this is good. I assume over time that the NZTA will look to expand it and include other resources."

Malcolm Yorston, VIA's technical manager, says another feature of the portal will be generating consumer information notices and Rightcar QR-code posters.

"The site also features a bulk look-up tool for safety ratings, which uses New Zealand regos and VINs, as well as Japanese chassis numbers, so you can check the safety ratings of vehicles you're looking to import or trade."

He advises all dealers to bookmark the tool because it can save time getting information on individual vehicles.

Anyone with suggestions or feedback on the portal, which can be found at dealer.rightcar.govt.nz/#/home, can email safevehicles@nzta.govt.nz.


Members of the NZTA's safe vehicles team in Auckland to promote safety ratings

# Damages paid out

A trader has ended a legal challenge over whether dealers are obliged to tell customers when a car is a former insurance write-off.

Taieri Motor Court (TMC) launched an appeal after the Motor Vehicle Disputes Tribunal (MVDT) ordered it to pay Mark Thorn $5,000 in October 2020.

It sold Thorn a 2015 Volkswagen Tiguan that had been written off for insurance purposes before it was repaired and re-registered.

He paid $32,298 for the car in October 2019 and discovered its past when he took it for an appraisal by Turners in Dunedin.

Adjudicator Jason McHerron said failing to tell a buyer a car was an insurance write-off breached the Fair Trading Act.

TMC denied failing in its legal duties and sought an appeal. However, no one from the business attended a court hearing on December 17. It says the dispute has been "settled" and Thorn paid his damages.

During the tribunal hearing, TMC said it knew the car had been written off but didn't tell Thorn this during the sales process. It added it had followed "best practice" by disclosing on the consumer information notice that it had been re-registered.

TMC told the tribunal that on the back of the notice, which Thorn signed, it stated a common reason for re-registration is a car being "written off" by an insurance company.

# Call to electrify car imports

Dealers are being encouraged to ensure half of all imported cars are electric vehicles (EVs) or plug-in hybrids (PHEVs) by 2027.

The Climate Change Commission has issued the advice as part of a draft package to tackle transport emissions to help the government hit its climate-change goals.

It also advocates banning sales of light vehicles with internal combustion engines (ICEs) by no later than 2035.

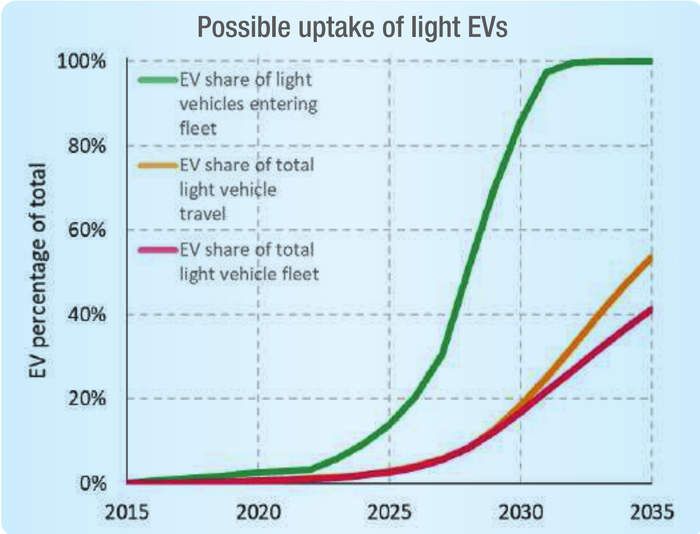
The independent commission says for the government to meet proposed emissions budgets by 2050, at least 50 per cent of all newly imported passenger vehicles, SUVs, vans, utes and motorbikes should be electric within the next six years. By 2035, it suggests all but a small volume of imports will need to be EVs or plug-ins.

The government will need to provide support and incentives to make this happen, says commission chairman Rod Carr.

Public consultation on the recommendations is under way and runs until March 14.

Other proposals in the report include cutting the average emissions of newly imported light vehicles from the current level of 171g of carbon dioxide ($CO_2$) per kilometre to 105g/km by 2028.

This is a longer timeframe than the government's clean-car import standard, which was announced just days earlier and aims to reach the same target by 2025.




Electric vehicles are more expensive to buy than ICEs, but are cheaper to run. However, EVs' upfront costs are expected to fall leading to lower lifetime costs. In addition to saving emissions, they also improve local air quality and reduce noise pollution. For these reasons, the Climate Change Commission's path sees ambitious adoption of electric cars, vans and utes with no further ICE light vehicles imported after 2032. It says this would mean more than half of all light-vehicle travel would be in EVs by 2035 and 40 per cent of the light-vehicle fleet would be electric by 2035. *Source: Commission analysis*

Carr believes a standard for new and used imports will provide an incentive to help make New Zealand's fleet more environmentally friendly.

"You put emission standards on the fleet so when importers bring in a bunch of cars you set a standard for the average emissions of all those imports," he says.

"It incentivises them to go find and sell low-emission vehicles so they can continue to bring in some of the higher-emission vehicles. It's a transition. It isn't a ban until later.

"We say that by 2035, or sooner if possible, you may ban the import of ICEs except in exceptional circumstances and special vehicles, which will always be around, so that gives us from now to 2035."

Carr accepts fossil-fuel vehicles will still dominate for many more years to come despite the push to overhaul the fleet's make-up.

"Even by 2035, 60 per cent of cars in New Zealand will have internal combustion engines. [Our advice] may sound ambitious, but the reality is that we've got a lot of ICE cars in New Zealand today and the majority of them are still going to be around in 2035.

"Secondly, it's going to be increasingly expensive to operate and maintain even those internal combustion-engined cars."

On this matter, the commission says there is a need to get on with building high quality and better alternatives to privately owned and operated cars, while acknowledging that privately owned vehicles are still going to continue to be essential for many Kiwis to get around in.

"To get to a point where we are beginning to get off that old technology, we need to put emission standards on what we are importing, signal a date by which we won't be buying any more and build out the infrastructure to support EVs and hybrids."

Carr adds that while the commission is making the case to rapidly increase the uptake of EVs, it acknowledges not all consumers will be able to take that step because of price.

"Some families won't need to buy an EV by 2035 – after 2035 there will still be ICEs," he says.

"The issue is for those who can afford to – middle-class New Zealanders – or for those who are up for buying a new car, now is the time to be thoughtful and mindful and really give serious consideration to a second-hand or a new EV or plug-in hybrid."

## SMALL MARKET

The Motor Industry Association (MIA) has welcomed the commission's draft report and describes it as "a significant contribution to the debate and documents the challenges ahead for all New Zealanders".

# Making switch mainstream 'major challenge'

The Climate Change Commission's recommendations to government to make 50 per cent of all light-vehicle imports electric by 2027 and banning the sale of new ICE cars from no later than 2035 is a big ask.

That's the view of Mark Gilbert, chairman of Drive Electric. While the draft advice is challenging, he says it shows there is a pathway for New Zealand to reach net-zero emissions.

"The draft advice from the commission shows that largely decarbonising transport by 2050 is an essential part of reaching New Zealand's net-zero target," adds Gilbert.

"A rapid increase in the number of EVs on our roads, alongside increases in active and public transport, will be required. This is a major challenge, but we're up for."

Gilbert agrees with the commission's call to ban the import of fossil-fuel vehicles between 2030 and 2035.

"Importantly, the advice also calls for policies to support this objective, and necessary investments in transport and charging infrastructure.

"The advice confirms the government's announcement to introduce a clean-car import standard is one of the mechanisms needed to reduce emissions from our vehicles, among others.

"The advice also recognises there are equity considerations in this transition. We must think through these issues to ensure fairness of access to transport, including to avoid inadvertently incentivising people to hold onto older cars."

Visit www.autofile.co.nz for more on this story.

David Crawford, chief executive, says none of the suggested policies are unexpected other than timelines for the uptake of EVs and banning pure petrol or diesel vehicles. He adds that decarbonising transport is a "monumental" task partly because of the size of our market.

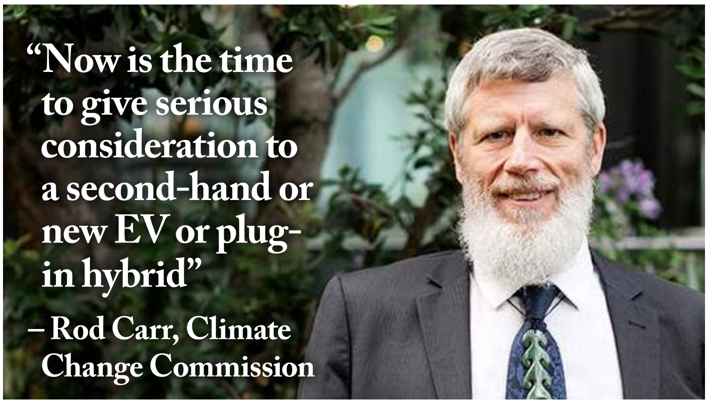
"In 2020, sales of vehicles with any form of electrification – hybrid, plug-in hybrid and fully electric – accounted for just 9.2 per cent of our sales with non-plug-in hybrid vehicles accounting for most of that with 7.3 per cent," says Crawford.

"Worldwide production of pure EVs is still a fraction of annual vehicle manufacturing. There needs to be a quantum shift in the availability of low-emission vehicles, including hydrogen if we stand any chance of getting close to the targets the commission says are necessary.

"The New Zealand market is too small for us to dictate to manufacturers what they build for us. We cannot lead the world on ICE bans, but we can be a fast follower. We need policies that leverage worldwide available technology."

Crawford met with Michael Wood, the Minister of Transport, in December last year to discuss possible changes to regulations around importing ICE vehicles and the setting of emissions standards.

Their conversation covered the proposed ban in the UK on selling new ICE vehicles, which is slated for 2030, and any implications for New Zealand with concerns that a flood of cars may come to these shores when it takes effect.




"We do not think this would be the case for new vehicles," says Crawford. "Our view is the ICE ban in the UK from 2030 is not likely to see a flood of new ICE vehicles from that market to New Zealand.

"However, it is highly likely we could see many used vehicles and parallel imports from the UK via the UK dealer to New Zealand dealer route.

"Accordingly, the MIA takes the view that standards for new and used vehicles at the date they enter the New Zealand market need to be the same.

"Having lower standards for used imports runs the risk of older, less safe and less clean cars flooding onto the market."

## AMBITIOUS GOALS

The Climate Change Commission has outlined a range of other measures that must be taken if the country wants to drastically reduce greenhouse gas emissions and address climate change.

It is calling for policies to ensure there are enough EVs entering our market and to reduce the upfront cost of purchasing them until they become cost competitive with equivalent ICE models.

Developing a charging infrastructure plan, multiple points of access and rapid charging, as well as continued support for the practical roll-out of charging infrastructure, are also on the wish list.

Another recommendation is increasing the use of low-carbon fuels, such as biofuels and hydrogen, particularly in heavy trucks, trains, planes and ships.

Carr describes the commission's draft advice to the government as ambitious but realistic, and says the country needs "transformational and lasting change to meet our targets and ensure a thriving Aotearoa for future generations".

"The good news is that our analysis shows there are technically achievable, economically affordable and socially acceptable paths to take," he notes.

"But the government must move faster – and support business, agriculture and community to do the same."

The commission's advice includes the proposed first three emissions budgets for New Zealand and recommendations on the direction of the country's first emissions reduction plan.

The latter provides policy guidance to government on how emissions budgets could be met.

Also, the review finds the country's first nationally determined contribution (NDC) is not compatible with New Zealand's responsibilities under the Paris Agreement to contribute to global efforts to limit warming to 1.5C above pre-industrial levels.

Then there is a consideration of what potential reductions in biogenic methane might be needed by 2100.

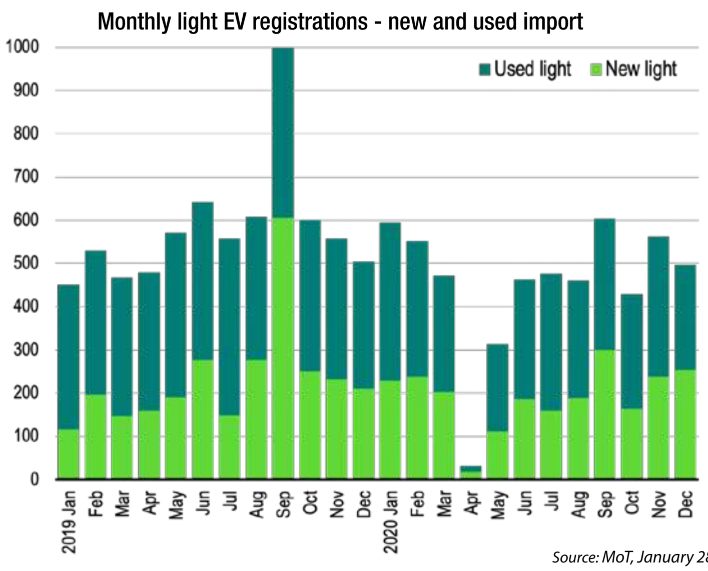
The result is that gas, which is produced from plant and animal sources, will need to continue to fall in the second half of this century.

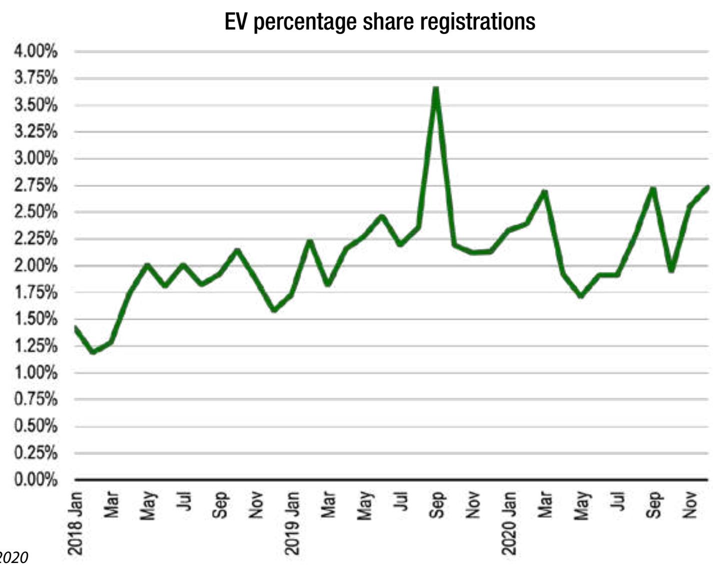
The commission has spent the past year working on its report and is now looking forward to hearing what industry figures and the public have to say.

### Total EVs by region

| | |
|---|---|
| Northland | 721 |
| Auckland | 9,912 |
| Waikato | 1,320 |
| Bay of Plenty | 871 |
| Hawkes Bay | 429 |
| Gisborne | 73 |
| Taranaki | 310 |
| Manawatu/Wanganui | 736 |
| Wellington | 3,536 |
| Nelson/Marlborough | 869 |
| Canterbury | 3,654 |
| West Coast | 31 |
| Otago | 1,437 |
| Southland | 188 |

*Source: MoT, January 28, 2020*




*Source: MoT, January 28, 2020*

# Industry movers

Ben Montgomery

**BEN MONTGOMERY** has started as general manager of Volvo NZ. His last job before this was operations manager for Jaguar Land Rover.

Montgomery, previously product and marketing manager for Volvo, says the Swedish marque's profile has grown significantly in recent years as it moves to reposition itself in electrification and self-driving technologies.

"I have watched enviously as the Volvo range was updated and reinvented from my time with it," he says.

Coby Duggan

Montgomery has replaced Coby Duggan, who resigned after holding the position for five years.

Duggan, who has 20-plus years' automotive sales and marketing experience, is now general manager of sales and marketing with Toyota Financial Services.

"Volvo is in great shape," he says. "Its model line-up is stronger than ever and 2021 is destined to be the record year 2020 was supposed to be.

"Ben's a safe pair of hands. He is well-known to the team and the dealer network, and I wish him well in his new role."

**ANTHONY MacLEAN** has left his position as New Zealand country manager for SAIC Motor's MG.

He has launched his own consultancy Boost Auto, which focuses on marketing and planning services for distributors and dealers.

MacLean had an extensive career with Volkswagen and Skoda in the UK before shifting to New Zealand.

He has held senior roles with Nissan, Blue Wing Honda, Tourism Holdings and Mercedes-Benz in this country.

Liz Coutts

**LIZ COUTTS** has retired as chairwoman of Ports of Auckland Ltd (POAL) after serving on its board for a decade.

She has been a director of the company since December 2010 and was appointed chair in 2015.

"Looking to the future, the 30-year master plan and automation will be transformational," says Coutts. "It will nearly double port capacity."

Bill Osborne

**BILL OSBORNE**, who became a POAL director in May 2017, is now acting chairman.

The former All Black is president of New Zealand Rugby. He is a professional director, chairs Page & Macrae Ltd and sits on Transpower's board.

**CARLA HOORWEG** has started as ANCAP's new chief executive officer on the back of a 20-year career in the financial services, legal and political sectors.

Chairman Andy Cornish says: "She will help drive the strategic focus of the organisation and strengthen relationships with our broad range of stakeholders, mobility providers and the automotive industry."

Hoorweg, pictured, adds: "I have watched ANCAP gain traction with consumers and the industry. It plays a crucial role in influencing and encouraging the uptake of the latest safety features and technologies."

She replaces James Goodwin, who left in May 2020.

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

# Joint venture results in business changes

A Mid-Canterbury dealership that has been operating for more than a century is being taken over as part of a partnership that will deliver a Mitsubishi sales, service and parts business.

Smallbone Ltd is being acquired by Morrison Motors Ashburton, which has been formed under a joint venture between the Carrfields Group and Morrison Cars.

Craig Carr, chairman of Smallbone and managing director of Carrfields, says the partnership includes plans for a Mitsubishi dealership to open this month.

Morrison Motors Ashburton will be located at the current Smallbone premises in Archibald Street, Tinwald.

All Smallbone Ashburton staff have been offered positions in the new enterprise, which will continue as an agent for Holden parts and service for the next decade.

"As long-established, Canterbury-based and family-owned businesses, Carrfields and Morrison share many common synergies and values," says Carr.

"Carrfields is a diverse agribusiness group. Morrison operates new and used-vehicle sales and service centres in Christchurch and Rangiora, as well as having family ties to the Ashburton district.

"To date, the Mitsubishi brand has only been represented in Ashburton via service agents, so we are pleased to now be able to offer a full-service sales, service and parts operation."

The change coincides with the departure of Smallbone executive director Bob Grant, who was Carrfields' former joint-venture partner with his wife Deirdre in the Smallbone business.

Grant is retiring after nearly 50 years' service with Smallbone as an employee, owner of the business and more recently as a 50-50 joint-venture partner with Carrfields.

The succession plan for the business was chosen carefully, and he is pleased with the arrangement with Morrison and Carrfields.

"It's extremely important to me that our customers are going to continue to receive the high standards of service they've had from Smallbone," says Grant.

# Market shows 'resilience'

Turners Automotive Group has upgraded its earnings guidance for 2020/21 on the back of extra sales of car and insurance in the final two months of last year.

It reported at its annual meeting in September that net profit after tax (NPAT) for the financial year was likely to be in the range of \$28-\$31 million. In November, this was revised towards the upper end of that.

Then, on January 19, it announced to the NZX that it's expecting net profit to be between \$33m and \$35m, excluding any further one-off adjustments or Covid-19 lockdowns.

Todd Hunter, chief executive officer, says Turners' finance branch, which makes up 34 per cent of overall operating profit, was the largest contingent of its four divisions.

This led "the majority of the uplift with new lending volumes well-ahead of the prior year".

The traditional seasonal spike in finance arrears around Christmas was said to be "more muted" than previous years.

Retail demand for cars has been solid with margins boosted by a "supply-constrained" environment, with importing new vehicles especially disrupted by global supply-chain issues.

Insurance policy sales have also tracked well-ahead of 2019/20 and claims ratios are being "well-managed".

# The future of video is now

Aside from certain other significant events, 2020 will be remembered by marketers as the year digital platforms overtook television as the most popular way to consume media in this country.

In a report published by Glasshouse Consulting for NZ On Air, the most popular site, station or channel last year was YouTube, which had been viewed on the previous day by 51 per cent of those surveyed. This pipped former winner TVNZ1, which was watched by 44 per cent.

This noteworthy shift in viewer habits and the continuing trend toward digital media has a flow-on effect to advertising with more and more marketers seeing the benefits of video.

As some of the country's biggest advertising spenders, car traders are no different – many are already reaping the rewards of using video platforms to showcase their latest models, features and dealership offerings.

While younger people have favoured online content for quite some time now, it seemed unthinkable just a few years ago that a digital channel, such as YouTube, would rise to the top spot across all New Zealand audiences so rapidly.

Online marketing publisher Smart Insights predicts that in 2021 the average person will spend 100 minutes a day watching videos on the internet. That's a 19 per cent jump on 2019's daily viewing times.

Almost one-in-two Kiwis say they watch YouTube daily. Facebook and Netflix shared third spot in daily reach, which further illustrates a real shift from traditional channels in favour of digital.

A lot of this can be attributed to the internet's saturation with video content – embedded on websites, included in articles and, most commonly, posted on social media.

With 80 per cent of all consumer internet traffic connected to video, car dealers find themselves with a genuine opportunity to reach prospective clients across all demographics by running engaging video-advertising campaigns.

According to 60 per cent of marketers surveyed by Databox, video drives more engagement than static-image advertising.

During comparative testing on campaigns, some audiences were shown a display image advert only. Others were shown both the display and video advert.

It was found that click-through rates from audiences watching videos were often as much as 10 times higher.

This could be attributed to various factors. Video ads encourage a pause in scrolling while the viewer processes the content to gain an understanding of it, giving the advertiser more opportunity to get a message across.

**TODD FULLER**
General manager
AdTorque Edge NZ

Furthermore, vertical video formats dominate the screen to provide an immersive experience that likely drives higher conversion rates.

Not only this, but consumer sentiment toward video is much stronger now than it was five years ago.

In 2015, 33 per cent of marketers found video advertising provided a positive return on investment (ROI).

This figure increased to 88 per cent in 2020, with video adverts now delivering a far superior ROI to many other forms of advertising.

Our own experience with clients has found that – whether dealers use their own video content for an advert or have an agency create one using manufacturer footage – there is a high chance of prompting customer engagement if it is well-targeted.

Video campaigns tend to deliver the strongest results when targeting in-market vehicle buyers in the consideration and decision-making stages of their purchasing journeys.

Although this may not deliver the volume of click-throughs one might desire, the quality of engagement and likelihood of conversion will be far higher.

The key is to target the right people with the right message at the right time, and utilise a variety of channels and video ad formats to generate strong ROI.

Many dealers have resisted video advertising, seeing it as an additional and unnecessary "expense" or something to perhaps consider in the future.

As the NZ On Air report has shown, however, the future is now. More people are consuming their media on digital platforms and moving away from traditional linear television, so this is where you as an advertiser need to be positioning yourself if you want to reach prospective customers.

With the right digital partner that understands the latest targeting techniques and formats, your investment in video advertising will drive more leads into your business and help you hit sales targets.

## Let's get digital

- YouTube is now the most popular media channel in New Zealand.
- In 2021, the average person will spend 100 minutes per day watching online videos.
- Video adverts generate up to 10 times click throughs as static ads.
- 88 per cent of marketers say video advertising delivers good ROI.
- Dealers should target video ads at prospects in the consideration and decision-making stages of their buying journeys.

# Key inspection decisions loom

Prospective border and entry-certification inspection organisations are close to learning whether they will be fulfilling the role over the coming years.

Appointments are about to be made by the NZTA follow a "demanding" application process disrupted by coronavirus.

Existing appointments of such inspection organisations (IOs) were due to expire on June 30, 2020, with new ones coming into force the next day, but were extended following the pandemic.

The new appointments for between three and five years are now set to take effect on March 1 for entry-certification organisations and from the start of July for border-inspection organisations (BIOs). It will mark the end of a long process after applications were lodged in late 2019.

Sue Hardiman, the NZTA's senior manager of vehicle and driver licensing, says there have been 15 applications. Seven companies are seeking appointment for used light-entry certification and eight as BIOs.

"This appointment process has been different and more demanding on applicants than our previous processes," she told Autofile. "We have sought more information and evidence, and have taken time to ensure we have enough information to robustly assess each application against the criteria for appointment.

"Information provided by applicants through this process has provided Waka Kotahi with an enhanced understanding of the industry's capability."

Hardiman adds the NZTA has been more collaborative when assessing and evaluating applications this time around.

"This approach will improve the capability of the entry-certification sector as we have worked through those applications. We expect this will also help successful applicants to similarly meet our expectations in the border-inspection sector.

"Overall, this strengthened process has served our regulatory objectives of lifting the standards, professionalism and integrity of the industry, and we have worked with applicants to ensure the successful applicants will meet those standards."

A vehicle undergoing inspection before being exported from Japan

"This appointment process has been more demanding on applicants" – Sue Hardiman, NZTA

She says the extra time for appointing BIOs was because some applicants were dealing with Covid-19 restrictions due to being overseas.

"As with the entry-certification applicants, we extended timeframes to provide all border-inspection applicants with the opportunity to meet our expectations as we worked through their applications."

The round of appointments comes at the same time all new warrant of fitness (WOF) and certificate of fitness (COF) inspectors receive defined appointment terms.

Since the start of this year, approved WOF and COF providers are being granted three to five-year terms to bring them in-line with other IO authorities.

Hardiman says this is part of the NZTA's direct response to Kristy McDonald QC's independent inquiry into the agency's performance in relation to Dargaville Diesel Specialists (DDS). The inquiry was commissioned after DDS issued a WOF in December 2017 for a vehicle involved in a fatal crash the next month.

McDonald found the agency had failed to prioritise public safety in its dealings with DDS, noting the case was an example "of wider systemic failures within the NZTA's regulatory function that have existed for some time and that must be addressed as a priority".

Her report made 25 recommendations, including setting standard terms of appointment for IOs and vehicle inspectors, which were all accepted by the agency.

"Waka Kotahi is putting standard terms of appointment in place across the inspection and certification sector to strengthen regulatory oversight and lift the capability of the sector," explains Hardiman.

"This ensures we are improving safety outcomes and reducing harm. It allows a consistent, firm and fair regulatory approach to parties authorised to carry out inspections or certify vehicles for entry into the fleet.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association (VIA), welcomes the "robust inspection and certification processes".

He says the current round of applications is part of the NZTA's normal review cycle of BIOs and their recertification.

"It's an important and serious piece of work because there's a contractual relationship between BIOs and the agency, and the system's integrity turns on the quality of inspectors. Our view is that it's critical the NZTA has contractual arrangements with good service providers doing the job properly."

Vinsen notes the agency's review of contracts with key service providers and IOs means "they're all competing on what's supposed to be equal terms because they have to inspect to the NZTA's rules, regulations and standards".

He adds: "It's important they all do the job properly to maintain the system's integrity, and so consumers and the industry can be assured safe, good-quality vehicles are coming in that have been properly inspected and certified."

BIOs combine two separate workstreams when they inspect vehicles destined for New Zealand. "Firstly, the NZTA requires the inspection of a vehicle and for those inspectors to enter details into the LANDATA system.

"The BIOs enter the vehicles' attributes into the system, such as what side the steering wheel is on, chassis numbers, make and model, and then look for obvious signs of damage or rust.

"The other part of the process is for the MPI [Ministry of Primary Industries] and biosecurity. As a matter of principle and policy, VIA supports robust inspection and certification processes."

Vinsen notes it has mostly been business as usual for BIOs – the majority of which are based in Japan – despite the effects on global trade of the coronavirus pandemic.

"The sites they're working at are portside or close to ports, well away from main population centres. There seems to be little disruption for them from lockdowns.

"It's incumbent on BIOs to continue to do their jobs well because once vehicles have left Japan – which is where most come from – if the inspection process hasn't been done properly, those cars may bring in biosecurity risks here."

# Picking off 'low-hanging fruit'

KIT WILKERSON
Policy adviser and analyst
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I have been a long-time supporter of the idea of controlling greenhouse gas (GHG) emissions by charging those who create the pollution.

To me, this just seems a more ethical approach than piecemeal strategies we are currently seeing in New Zealand.

The biggest benefits of a "GHG tax" is that it can be universally applied and costs a fraction as much as standards to implement and manage.

The government's approach of picking winners and losers by focusing separate discrete efforts on different segments of the economy is making it extremely difficult to get anyone to view the required change as an opportunity.

Some industries, such as transport, are being treated as expendable – low-hanging fruit that's ripe for expensive forced change with minimal political blowback.

But here's a news flash. A quick conversion to carbon-neutrality will be as painful for transport as it will be for any other industry. Transport isn't keen on carrying the entire weight of the impending transition and should not be required to do so.

If GHGs are negatively impacting the environment, everyone should have to do their part to address the issue.

What should occur is that all industries get taxed on GHG emissions created through the manufacturing of their goods and services, and consumers should be taxed on the potential emissions on any fuels they purchase.

While this will raise the price of almost everything, consumers will for the first time be empowered by an accurate picture of the real costs of goods and services.

This will also have the effect of making lower-emitting goods and services more competitive. This is necessary because it will be these low-to-no emissions alternatives that are needed to be in place and able to handle volume as part of phasing out GHGs.

Ideologically, this should get support from both extremes in politics. The Greens advocate for clean air and water and climate stability, while libertarian-leaning parties – such as ACT – advocate for personal responsibility exemplified by "polluter pays" policies.

Both extremes should support a policy that requires everyone to be responsible for the harm they do.

**"Canada has decided to give money collected by its emissions trading system back to people living in participating provinces"**

As for centralist parties, well they will likely support whatever their base demands.

Unfortunately, simply implementing a tax is seen as a non-starter. It is assumed the public will not support extra taxation and, without public buy-in, there will be no political will.

Canada might have found a solution to that problem. It has just decided to give the money collected by its emissions trading system (ETS) back to people living in participating provinces.

The country was trying to find a way to incentivise provincial voters to demand their government participates.

While New Zealand doesn't have to worry about laws or regulation in individual states, we do have a similar problem with getting buy-in.

We could get public support by returning the sum collected by the tax to each adult resident equally. This would not even be wealth redistribution – we should consider it the price we pay each other for the use of, and harm to, our shared resource.

Consider it for a moment. People always vote in their best interests. If they want to maximise their return through this programme, they must demand a higher price on carbon. This will increase the general cost of living, but in so doing it makes less-emitting alternatives more competitive.

It would encourage every segment of every industry to explore low-emissions alternatives.

As this trend continues, these alternatives become more and more competitive until they eventually replace, for example, traditional and higher-emitting vehicles.

Businesses that refuse to adapt will become less and less competitive and unable to survive.

Those that do not have low-carbon alternatives will be able to continue to exist, albeit at a premium price, but this will incentivise research into lower-cost alternatives and will eventually become uneconomical.

This all creates a public-driven system of change that should be politically viable if sold correctly.

It would even create public interest in discouraging the availability of options that can be used to "offset responsibility", such as shady international trading schemes. The public wouldn't support loopholes that allow companies to get out of their responsibility of paying for their emissions.

Businesses in New Zealand need to realise that a forced change is coming. If they don't support a solution, they will have one pushed on them and it may not be the one that's best for them or their customers.

Similarly, the public needs to understand these changes are occurring and how their choices are forcing it.

This change will come with added costs, there's no escaping it. We need to support a policy that's mutually beneficial to all segments of society and encourages the development of alternatives to our high-carbon lifestyle.

# The month that was... February

February 16, 1998

## Reaction awaited to Japan plan


AUTOfile
MVDI Reaction Awaited to Japan Plan
ALLIED FINANCE
Dealer Finance Specialists

Harry Duynhoven, MP for New Plymouth, had received no response from the Motor Vehicle Dealers' Institute (MVDI) to the full details of his Japan-based odometer checking plan.

The MVDI's national executive had met the week before to discuss the idea and referred it to an independent advisory group for further consideration.

The executive called for a more extensive proposal than the one provided by Duynhoven and this was passed to the institute by the MP.

However, as Autofile went to press, Duynhoven had received no feedback from the institute on the extended version and executive director Stephen Downes was unavailable for comment.

The MVDI's executive indicated it was concerned Duynhoven might be acting as an agent for anti-clocking campaigner Dermot Nottingham.

The institute was assured by the MP this wasn't the case and the executive said it was aware the government would shortly announce its own proposal to prevent odometer fraud.

The executive felt Duynhoven's plan failed to sufficiently deal with the 30 per cent of vehicles brought in by unlicensed importers.

February 14, 2000

## Diet of ageing used imports


autofile
Kiwi Market Fed Diet Of Aging Used Imports
ALLIED FINANCE
Dealer Finance Specialists

More than 70 per cent of used imports coming into New Zealand were more than five years old – an indication that cracks were appearing in the used-imports industry.

That was the view of Peter Aitken, president of the Motor Industry Association and managing director of Mazda NZ.

He said the diet of ageing used imports being fed to the public would lead to greater growth in the new-car market.

"There will be an increase in demand for late-model, New Zealand-new registered vehicles, especially in the mini and small class."

Aitken added pricing for nearly-new used imports was under pressure from a weak Kiwi dollar and more buying competition in Japan.

"Because of this we see the buying equation shifting more and more to New Zealand-new."

He also urged the government to look at the balance, pointing out used imports were an area that highlighted the country was spending beyond its means.

"The question is, does it make sense for us as a nation to be importing vehicles already part way through their working lives."

February 24, 2006

## Legislation report's release imminent


autofile
MVSA report release imminent
Exchange rate falling
Get going

Many dealers had been praying for changes to the Motor Vehicle Sales Act (MVSA) since its introduction late in 2003 and a two-year review, which took place at the end of 2005, seemed the perfect opportunity.

However, Judith Tizard, the Minister of Consumer Affairs, had hinted that despite strong representations from the automotive industry, the review might not produce the changes the sector would like to see.

Under a clause in the act, her ministry was required to investigate the operation of the MVSA after it had been in place for two years and report back to Tizard.

A draft report on the operation of the legislation had been provided to her. She told industry representatives she was mostly happy with the operation of the MVSA and that the report would probably not recommend far-reaching changes.

Tizard suggested the debate over supplier information notice cards, which many dealers found overly prescriptive, would probably be dealt with as a separate issue.

"We will be consulting widely with the industry on this," she told guests at an annual cocktail party hosted by the Motor Trade Association.

February 15, 2008

## Fuel-consumption draft released


autofile
Fuel consumption draft released
Budget 08 on May 22
Buying Solutions

Land Transport New Zealand (LTNZ) published a draft of its proposed fuel-consumption information rule for public consultation.

The proposed legislation set out requirements for the collection of information about the fuel consumption of light vehicles in the country's fleet.

The aim was to enable the development of policy options for climate change, energy efficiency and energy conservation that relied on accurate and reliable information.

Fuel-consumption data had been collected for vehicles entering the fleet since February 2005, but LTNZ said the processing it wasn't specific to the standards or technical requirements of what was needed.

"This gives rise to the risk that inaccurate or unreliable information may be lawfully supplied to the motor-vehicle register [MVR], which in turn may undermine development of related climate change and energy-efficiency initiatives," the report said.

"At present, up to five per cent of the fuel-consumption information on the MVR is thought to be inaccurate."

# Keeping on top of paperwork

The Motor Trade Association's mediation team comes across many situations when poor practice by car dealers has left them open to disputes or liability.

Some matters, however, are easy avoidable and top of the list is poor paperwork – in particular, customer information notices (CINs) and vehicle offer and sale agreements (VOSAs).

In these troubled times, people may be on edge as personal situations change, such as losing a job.

When under pressure, some buyers might look for ways to get out of a purchase, and inaccurate and incomplete paperwork often provides a good starting point.

It's important for traders to ensure all paperwork is 100 per cent correct and signatures are where they need to be.

If a deposit is made, ensure its terms are clearly defined, such as whether the deposit is non-refundable, and get the customer to sign alongside them.

If you're selling to a business and planning to contract out of the Consumer Guarantees Act (CGA), ensure this is clearly defined on the VOSA and the buyer signs that clause. You must also discuss impacts of contracting out with the client, so the consequences of doing so are understood.

If you don't fully cover all these steps, we can almost guarantee a disputes tribunal will go against you.

## OUT OF TOWN SALES

Fully check vehicles you are selling and address any existing faults before shipping them a long distance. It's easier and cheaper to manage repairs in-house or via your regular provider.

It is much harder to control any diagnosis and remedies once the car is somewhere distant, and transporting it back to you for repair is at your cost under CGA.

## SEEKING PERMISSION

When it comes to making claims against the consumer's mechanical breakdown insurance, you must get his or her approval first. It is the customer's policy, not yours.

## CHECKING TRADE-INS

People want to sell for a reason and sometimes their cars may include known faults, so show an interest in their "baby".

Ask what their experience with the vehicle has been, what's been done to it, and if it has been regularly serviced and by whom.

**TONY EVERETT**
Sector manager – dealers, Motor Trade Association

Also ask why they are selling and the golden question, "is there anything you know about this car I should know about".

While the Fair Trading Act (FTA) doesn't apply to consumers selling, the Contract and Commercial Law Act does with tribunal redress.

Body-language responses can be as important as people's answers.

## BEWARE OF OVER-TRADE

Swapping money between the trade-in and vehicle you're selling is known as over-trade.

If the car sold has problems later on and is rejected under the CGA, the trade-in will be valued at how it was reflected on the VOSA. That is how settlement will be structured.

## SELLING ON BEHALF

On behalf of (OBO) sales can be problematic – the dealer is still liable for any faults and CGA claims post-sale even though they didn't own the car.

If you're going to take an OBO, plan on retaining a "normal" margin because you carry the liabilities and risks.

Limit your exposure by checking the vehicle, and perhaps put it through a pre-purchase check and warrant of fitness. And run a PPSR check again at time of sale – it's not unknown for a security to be added when the car is in a dealer's care.

## RETAIL METHODS

Selling by tender or auction doesn't get traders out of their CGA obligations and any attempt to mislead a consumer about their CGA rights is a breach of the FTA.

## KEEP ADVERTS REAL

Whatever's said in advertising must be accurate, complete and not misleading with vehicle year and condition being prime examples.

Supply a lot of detail, especially for buyers who are purchasing sight unseen and relying on dealer representations.

***This column is for quick reference only and does not constitute legal advice.***

The Bolide is built to be light and fast

# Feeling the need for speed

Bugatti has created a hyper sports car that threatens to knock the socks off its rivals at Le Mans if the marque takes it beyond the concept stage.

The track-focused Bolide has a top speed of more than 500kph and driving it is described as "like riding on a cannonball".

It features an eight-litre, quad-turbo W16 engine, which the carmaker says will deliver 1,357kWh of power, and weighs in at,240kg after being built with 60 per cent more carbon fibre than previous models.

For context, Bugatti's current fastest production car is the Chiron Super Sport 300+ that can hit speeds of 500kph.

The company says the Bolide is "the most extreme, uncompromising, fastest and lightest concept in our recent history".

Bugatti remains undecided whether the vehicle will go into series production.

If it does, it will be a hot contender for future Le Mans events after testing saw the car complete a lap of the Circuit de la Sarthe in 3:07, eight seconds faster than the 2020 pole time of 3:15.

Stephan Winkelmann, chief executive officer, describes the concept as the culmination of the marque's ongoing quest for technological innovations.

"We are perpetually aiming for new and exciting goals, and the question that we always keep in mind is, what if," he says.

"We asked ourselves how we could realise the mighty W16 engine as a technical symbol of the brand in its purest form – with solely four wheels, an engine, gearbox, steering wheel and, as the only luxury, two seats.

"These considerations resulted in the Bolide. It's an uncompromising experiment, which impresses with high performance, low weight and a driving experience in a whole new dimension. Driving it is like riding on a cannonball.

"The Bolide is the ultimate answer to the question of what if Bugatti built a track-focused hyper sports car that met the FIA's safety requirements."

Stefan Ellrott, head of technical development, says all of the company's expertise has been condensed into the Bolide and it will help in the development of future technologies.

Bugatti has designed its drive specifically for on-track use, and has optimised the engine and gearbox for higher engine speeds.

Instead of water-to-air intercooling, it has air-to-air intercooling with water pre-cooling, and the inflow takes place from the front via one internal and one external air duct on each side of the vehicle.

The two water coolers, which are arranged in front of the front axle, provide a "more effective radiator system in terms of flow" than is found in Formula One cars.

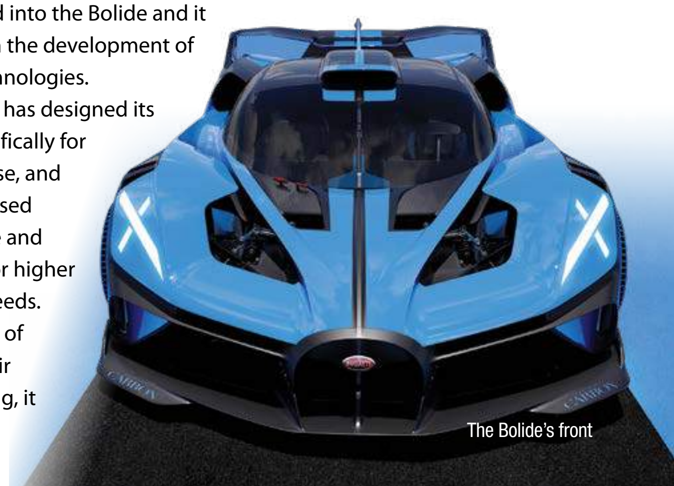
To achieve a dry weight of 1,240kg, all the screw and fastening elements are made of titanium. Hollow, thin-walled functional components made of an aerospace titanium alloy are also used in many places and originate from a 3D printer.

A light monocoque made of carbon fibre has been developed and the car has an overall height of only 995mm, the same as Bugatti's Type 35. The wheelbase is 2,750mm long and 1,990mm wide.

All safety equipment on the car has been designed in accordance with FIA regulations.

"It is the first time my team has had the freedom of creating a minimalistic design around the W16," says Achim Anscheidt, director of design.

"The result is the most provocative proportion of a modern Bugatti. The Bolide, however, is a project more technically driven than shaped by style."



The Bolide's front

# Marque boosted by early supply

Kiwi drivers will get to enjoy Volkswagen's best-selling SUV sooner than many other markets.

The new, facelifted two-wheel-drive (2WD) Tiguan is expected to land here in March and is set to followed by the 4WD version in April.

Greg Leet, general manager of Volkswagen Passenger Vehicles, says securing the SUV's early arrival is a great win.

"It was a tough end to an unpredictable year with huge stock limitations across the entire automotive industry.

"To be able to deliver the new Tiguan in early 2021 will not only be a relief to our dealer network, but an exciting opportunity for our Kiwi customers.

"It has always been a best-seller. We're confident this facelift will attract even more interest with its sharper exterior design and host of new technological innovations."

The TSI Life variant of the Tiguan

The new model's physical changes are headlined by a bigger front grille shrouded by slimmer LED headlights and an updated bumper.

At the rear, there are new tail-lights, a new rear bumper and "TIGUAN" emblazoned on the mid-size SUV's tailgate.

With intelligent technology and an impressive level of personalisation, such as a new climatronic display, the driver gets to set the tone, enthuses Leet.

Then there is the choice of having 30 colours of interior ambient lighting, which comes as standard in the Style and R-Line variants.

In addition to a full suite of driver-assistance safety systems, the new model introduces travel assist.

At the push of a button, it provides high-quality driving comfort of the highest quality by supporting the driver in monotonous or tiring driving situations.

Extra technology in the Tiguan, which will be priced from $46,990 for the 2WD TSI Life variant, comes in the form of a new MIB-3 infotainment system.

Paired with the Discover Media and Discover Pro systems, it features Wireless App-Connect, which allows for seamless connection to compatible apps from phones.

# First with powertrain

Kia is adding a seven-seater PHEV to its SUV range in this country.

The Sorento variant will join diesel-powered versions that have recently gone on sale.

"We are focused on expanding the number of electrified vehicles in the market, which started with the Niro hybrid and EV models," says Todd McDonald, managing director of Kia Motors NZ.

The plug-in will feature the newly developed "Smartstream" electrified powertrain that pairs a 1.6-litre turbocharged petrol engine with a 13.8kWh lithium-ion polymer battery pack and 66.9kW electric motor.

The powertrain is the first of its kind to use an independent water-cooling system for the battery pack to ensure optimal efficiency. The electric motor itself is coated in a two-stage lamination process to further boost refinement.

Together, the petrol engine and electric motor produce 195kW of power and 350Nm of torque. That performance is sent to all four driving wheels electronically through a six-speed automatic transmission.

The PHEV will reinforce the credentials of the latest-generation Sorento. Its sharper lines, dynamic detailing and elongated proportions give it a more dynamic presence on the road.


The seven-seater Sorento PHEV

# From last on grid to victory

Shane van Gisbergen won the 66th New Zealand Grand Prix (NZGP) in a storming drive from dead-last having started in the pit lane to a 2.2-second lead at the flag.

The NZ Motor Cup becomes his first trophy of 2021. It comes on the heels of his 2020 Bathurst 1000 win, a class win in the Rally of Auckland and outright victory at the inaugural Battle of Jack's Ridge late last year.

The 2016 Supercars champion had won the first two races of the weekend at Hampton Downs, but an unfortunate error forced him to start the NZGP from the pits.

"Some numpty climbing into the car [Van Gisbergen] went to start the engine and set off the fire extinguisher," he explains.

His car was hastily pushed back into his pit garage for a new extinguisher to be installed and clean-up of his cockpit area.

In a first-ever last to first drive,

Shane van Gisbergen carved his way through the field from the pit lane to clinch the NZGP title

Van Gisbergen sliced through the 16-car field and caught the front-runners on lap 18.

Two-time GP winner Daniel Gaunt had swept into the lead on the opening lap, putting pole man Kaleb Ngatoa second.

Charging through the pack, Van Gisbergen was second overall with 12 laps remaining and a lap later Gaunt let his former Toyota Racing Series team-mate through to lead.

Andre Heimgartner also slipped through putting Gaunt third. Then newcomer Matthew Payne stole through to take over third.

Southland brothers Damon and Brendon Leitch came home sixth and seventh, the latter nursing a sprained wrist after contact in the morning's race with Andre Heimgartner.

An emotional Van Gisbergen says the team had given him "a perfect car" for the race on January 24.

**2021 New Zealand Grand Prix**

| Pos. | Driver | Diff |
|---|---|---|
| 1 | Shane van Gisbergen | 20 Laps |
| 2 | Andre Heimgartner | +2.269 |
| 3 | Matthew Payne | +3.614 |
| 4 | Kaleb Ngatoa | +8.897 |
| 5 | Chris van der Drift | +10.420 |
| 6 | Damon Leitch | +10.458 |
| 7 | Brendon Leitch | +12.084 |
| 8 | Daniel Gaunt | +13.561 |
| 9 | Billy Frazer | +13.671 |
| 10 | Greg Murphy | +14.091 |
| 11 | Conrad Clark | +14.532 |
| 12 | Tom Alexander | +14.761 |
| 13 | Chris Vlok | +19.020 |
| 14 | Josh Bethune | +27.341 |
| 15 | Ken Smith | 1 lap |
| 16 | Peter Vodanovich | 5 laps |

"We caught up to the field and picked them off one by one," he adds. "What an awesome race. I don't know how it happened.

"The New Zealand Grand Prix is the most prestigious race here and to get my name on that trophy is a pretty special thing."

# Kiwis on the up

New Zealand will be represented in this year's FIA Formula Two by two young drivers on their way to the top.

Christchurch-born Marcus Armstrong has confirmed he will race for leading French team DAMS in his second year, while Pukekohe's Liam Lawson lines up with the Hitech team he also competed with in 2020 in the F3.

It is Armstrong's second year in F2, while Lawson is making his debut. The pair are backed by rival elite development programmes – Armstrong has the Ferrari Driver Academy shaping his career while Lawson is a Red Bull junior driver. Both programmes have direct links to F1.

Lawson is a former winner of New Zealand's Castrol Toyota Racing Series and arrives at F2 level having finished fifth in F3 last year.

Armstrong went into F2 in 2020 on the back of two F3 seasons with a best of second overall. He

Marcus Armstrong testing with his new F2 team, DAMS Racing

endured a difficult F2 debut year.

His 2020 team, ART GP, struggled with personnel changes and was unable to consistently give Armstrong a vehicle that could create enough heat in its Pirelli tyres, which perform best in a narrow temperature band.

Simultaneously with his DAMS confirmation, Armstrong was granted a full F1 test by Ferrari alongside Carlos Sainz Jr, who replaces Sebastian Vettel this year.

The FIA's 2021 F2 season starts at Bahrain's Sakhir circuit on March 27 and 28. There are three races in each event this year and eight events in total. All F2 races are at F1 events.

# Radical by name and by nature

It's a track-day weapon, a time-attack vehicle and a race-bred competition car.

Radical, New Zealand's newest racing brand, arrived at the Hampton Downs race circuit in mid-December.

The man behind the arrival of these cars is Greg Brinck, former motocross and touring car racer.

He is aiming to sell 10 or more of the $160,000 SR3 XX racers in the first year and will offer buyers a range of add-ons and options including tuning, pre- and post-race servicing, storage and more. From early February, Aston Martin Racing and Radical were to be based at Hampton Downs.

The SR3 XX's purchase price includes membership of Hampton Downs GT Club, giving owners access to track days, mentoring and more. Customers can add to their cars' already extensive specification to produce a tailor-made package to suits their tastes and budgets.

"It's the GT Club membership that really gives the thing strong appeal," Brinck told Autofile.

Designed and built in the UK, Radicals have been racing since 1999. Today's models have a clear heritage line back to the first Radicals and feature a full race spaceframe chassis and formula-car style suspension and brakes, clad in a slippery aerodynamic body with a flat undertray and full-wing package.

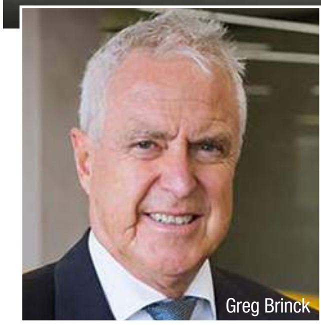
They use tuned motorcycle engines built in-house for them, while the brand launches in New Zealand with the SR3 XX and SR10 models.

The SR3 XX launch model runs a 1.5-litre naturally aspirated four-cylinder Suzuki Hayabusa engine and motorcycle-style sequential transmission with paddle shift and Quaife limited-slip differential.

It can produce 168kW of power, has a 0-100kph time of just over three seconds and a top speed of 236.5kph.

On Hankook slicks and in the hands of Aaron Slight, the marque's driving adviser, SR3 XX can lap


A Radical SR3 XX


Greg Brinck

Hampton Downs as fast as 1:05.

The 1.5-litre version aligns with the Australian market where there is a one-make series. Brinck says the smaller 1.3-litre engine, which cuts the price by $15,000, can also be ordered.

The SR10 boasts Ford's 2.2-litre EcoBoost Turbo four-cylinder engine tuned to produce 317kW. A more serious race option, it is priced at $230,000.

Although Radical will initially focus on the SR3 XX and SR10 in New Zealand, in other markets the model range goes all the way to a V6 and even a small-displacement motorcycle-based V8.

With a likely first-year sales total of between 10 and 20 units, the local market could quickly reach the point where a race series is viable, although Brinck says the focus will be on sales initially on order to satisfy demand from those seeking a fast and fun track car.

## SO WHO IS GREG BRINCK?

It began with championship wins in a motocross career that crossed into four wheels and a drive in the Bruce Miles Castrol Toyota in the 1995-96 New Zealand Touring Car Championship.

Pairing Brinck with former F1 driver Julian Bailey – both driving two BTCC-influenced Toyota Corona racers – the team was the class of the summer series touring-car field when the two-litre category was in its heyday.

Brinck and Bailey were the only credible opposition to Craig Baird and Brett Riley, driving BMWs for Lyall Williamson. Memorably, Brinck scored a superb race win at the Teretonga round.

"That was a classic race. I was supposed to run as Julian's wingman but got pole and a better launch. [BMW lead driver] Craig Baird wasn't in the hunt. I still enjoy reminding Bairdo of that one."

Brinck ended the championship one point behind Baird. He continued racing tourers and notably shared a drive in the Drivesafe 500 enduro with Aaron Slight.

Outside motorsport, Brinck had an 18-year career with Aston Martin and Lamborghini with the Giltrap Group – one of the longest such associations with a premier performance brand in the New Zealand industry.

Motorsport remains a passion though and his association with Slight was rekindled when Brinck brought Slight on-board to be a driver coach at Aston Martin customer drive days. "Aaron is great. He's a safe pair of hands and speaks to customers at the right level."

Brinck secured the agency for Aston Martin Racing selling GT3s and GT4s into New Zealand through his company GB Motorsports.

# Evidence shows vehicle had minor fault worsened by extensive continued use

**The case:** The buyer applied for a refund of $7,000 for the vehicle she wanted to reject under the Consumer Guarantees Act (CGA) because of four defects with it. The dealer denied liability because the car passed a warrant of fitness (WOF) inspection post-purchase and it hadn't since been serviced.

**The decision:** The adjudicator rejected the claim because the BMW had been driven about 22,000km before problems with the vehicle were confirmed by a mechanic, which suggested they were not – at least initially – serious.

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

## Background

Veronica Watene wanted to reject the 2005 BMW 523i she bought for $7,000 in December 2018.

She claimed it hadn't been of acceptable quality because of post-supply defects, wanted to return it and have its purchase price paid back.

## The case

Watene alleged the unacceptable defects with her BMW were a faulty transmission, coolant leak, high oil consumption and a left-front headlight leak.

She first noticed the transmission issue three weeks after purchase when a dashboard warning message appeared.

Watene said this corresponded with the car showing unusual symptoms, such as losing power, juddering when accelerating from a standstill and slipping down gears going uphill. Merchant Motors replaced a speed sensor.

She said it had the same symptoms about three months later. A photo of the warning message in July 2019 stated: "Transmission fault. Possible reduction in acceleration. Have problem checked by nearest BMW Service. Drive moderately."

Watene claimed the trader declined to help. She continued driving the car until March 2020 with the symptoms still present.

It was assessed by Kelly's Automotive in Whangarei, which has advised her the transmission was "stuffed".

Watene said a coolant-level warning first appeared on April 11, 2019, and this returned several times. She topped it up with at least five litres.

The car was again inspected by Kelly's Automotive, which confirmed engine-bay leaks.

An oil-level warning appeared shortly after the first coolant advisory and Watene again filled it up.

She also alleged the left-front headlight was leaking, which made it to fog up and causing the vehicle to fail its next WOF.

Merchant Motors found a fault with the speed sensor in January 2019, which it replaced. In that regard, it accepted the car had a defect that affected the transmission shortly after purchase.

However, it denied liability for any current transmission fault because it could have been different to the speed-sensor issue. It added Watene had managed to drive the BMW for about 20,000km without repairing it.

Merchant Motors denied liability for the alleged defects and said the car passed a WOF in February 2019 and hadn't since been serviced.

## The finding

The tribunal wasn't satisfied Watene was entitled to a remedy under the CGA for the most recent transmission fault because it was most likely it wasn't pre-existing.

Although symptoms were similar to the speed-sensor fault repaired by Merchant Motors, they were consistent with other potential problems. These included worn mechatronic loom seals, low transmission fluid or a faulty mechatronic unit.

The transmission and possibly the mechatronic unit required replacing because they were irreparably damaged, but the evidence also suggested the fault wasn't so serious initially.

Watene had driven more than 25,000km in the car since purchase. Based on her evidence, the adjudicator considered it was likely she had driven about 15,000km since then.

It was highly unlikely she could have travelled that distance with any significant transmission fault because it would have failed much sooner.

Instead, the evidence showed the car most likely had a minor fault that had worsened by extensive continued use since May 2019.

The tribunal wasn't satisfied Watene was entitled to a remedy under the CGA for a transmission that needed replacing so long post-purchase.

She had also not proven the coolant leak, oil consumption or leaking headlight would breach the legislation's guarantee of acceptable quality.

A reasonable person buying a 13-year-old BMW 523i for $7,000 with 92,382km on the clock would understand such a vehicle wouldn't be free of all minor defects and might develop defects consistent with its price, age and mileage, which could prove expensive to repair.

The car had been driven about 22,000km before leaks were confirmed by Kelly's Automotive, which suggested they weren't serious at first.

They might have worsened as Watene continued to use the vehicle, but the tribunal wasn't satisfied she had proven the coolant leaks were such the car was of unacceptable quality.

The car was consuming oil and now leaked from the rear main seal. But the adjudicator said BMWs of this age and mileage could be prone to oil consumption and leaks.

Also, Watene's evidence didn't show its consumption or leaks were unusual or unacceptable in such a BMW – particularly when it had been driven 25,000km since purchase without requiring repair.

In respect of the leaking headlight, the car passed its WOF in February 2019. It would have failed it if it was leaking and Watene's evidence didn't enable the adjudicator to form a view as to the seriousness of that.

## Order

The application was dismissed.

# Tribunal rules against dealer's claim repairs process was hit by Covid-19

**The case:** The owner rejected his Audi S6 after claiming the trader took too long to repair it. The dealer said it had since remedied the problem.

**The decision:** Extenuating circumstances, such as challenges posed by coronavirus lockdowns, meant this repair took longer than usual. But the tribunal ruled it wasn't a difficult job and the trader should have rectified the manifold flap fault well before the purchaser claimed a refunded.

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

## Background

Liam Brown wanted to reject the 2007 Audi S6 supplied by CNB 1 Ltd for $14,250 on December 31, 2019.

He said it had an intake manifold fault, which wasn't fixed in the six months since the car had been returned.

Brown wanted the purchase price refunded and compensation for other costs.

## The case

Brown, who lived in Christchurch, drove the Audi home from Auckland after buying it.

He noticed an engine warning light came on near Cheviot, north Canterbury, and took it to Matipo Garage, which performed a smoke test and found an air leak from the intake manifold.

After discussions with CNB 1, the vehicle was taken to Dubworld, a Christchurch-based European vehicle repairer. Its work included machining the manifold's surface to fix the leak.

The vehicle was returned to Brown on February 19, 2020, but within two days it went into limp mode.

After further discussions with the trader, the car was taken back to Dubworld. Delays ensued, and its manifold was removed and sent to Auckland. It hadn't been repaired when Brown rejected the vehicle on July 17.

CNB 1 Ltd agreed it had a fault that caused the engine warning light to come on. It said carbon build-up in the intake manifold, or on the intake manifold flap's seating surface, caused the flap to seat incorrectly and allowed unmetered air into the manifold.

The trader claimed this was a common fault in S6s, which had V10 engines, and said the issue had since been rectified by Engine Specialties 2012 Ltd.

The dealer produced an invoice from September 2020 for that work, which stated intake manifold repairs had been performed.

This included "an ultrasonic clean, bead blast, fill and shape hole as required" with CNB 1 being charged $230 for the job.

## The finding

The tribunal's assessor advised the symptoms described by Brown – the engine warning light, unusual engine noise and the car entering limp mode – were consistent with an intake manifold flap fault.

He said the noise was most likely caused by the flap's motor repetitively trying to correctly seat the manifold flap, which would in turn have triggered a warning and caused the vehicle to go into limp mode to protect engine damage.

The adjudicator – based on evidence presented and the assessor's advice – was satisfied the Audi had a defect that caused excessive carbon build-up between the intake manifold flap and its seating surface.

Although the problem with the flap had been inexpensively fixed, it was nonetheless a fault of some significance that required repair.

The assessor advised this problem would cause excessive fuel consumption, and poor performance at idle and while cruising.

This defect meant the Audi wasn't of acceptable quality as required by section six of the Consumer Guarantees Act (CGA) because a reasonable consumer wouldn't consider such a defect to be acceptable in a recently bought, $14,250 and 13-year-old vehicle.

Brown returned the car in mid to late-February 2020 to be remedied. He rejected it when repairs hadn't been completed by July 17, nearly five months later.

CNB 1 said the delay wasn't unreasonable in the circumstances because of difficulties finding a suitable repairer with the manifold needing to be transported from Christchurch to Auckland to be fixed.

In addition, there had been delays caused by the unavailability of repairers during Covid-19 lockdowns in March and April, and then in August and September 2020, as well as the general demands of running a business during the shutdowns.

The tribunal's assessor advised the manifold didn't need to be transported to Auckland for repairs.

He added the work described in the invoice from Engine Specialties wasn't complicated and could have been performed by any experienced automotive machinist in Christchurch or elsewhere in the South Island.

The assessor also considered that the required diagnosis, removal of the manifold, and its repair and refitting should ordinarily take no longer than two weeks.

Although there were extenuating circumstances, particularly challenges posed by the coronavirus lockdowns that meant this repair took longer than usual, this wasn't a difficult job.

The adjudicator was satisfied CNB 1 should have rectified the manifold flap well before Brown rejected the vehicle on July 17, 2020.

The buyer was therefore entitled to reject the car because of the trader's failure to rectify the problem within a reasonable time.

Brown also sought to recover the cost of insuring the vehicle, but the tribunal considered he had suffered no loss by doing this.

The car had remained insured to his benefit during ownership. The adjudicator was certain that if the vehicle had been damaged or stolen, Brown would have made a claim against the policy.

That being the case, the cost of insurance in these circumstances wasn't recoverable under the CGA.

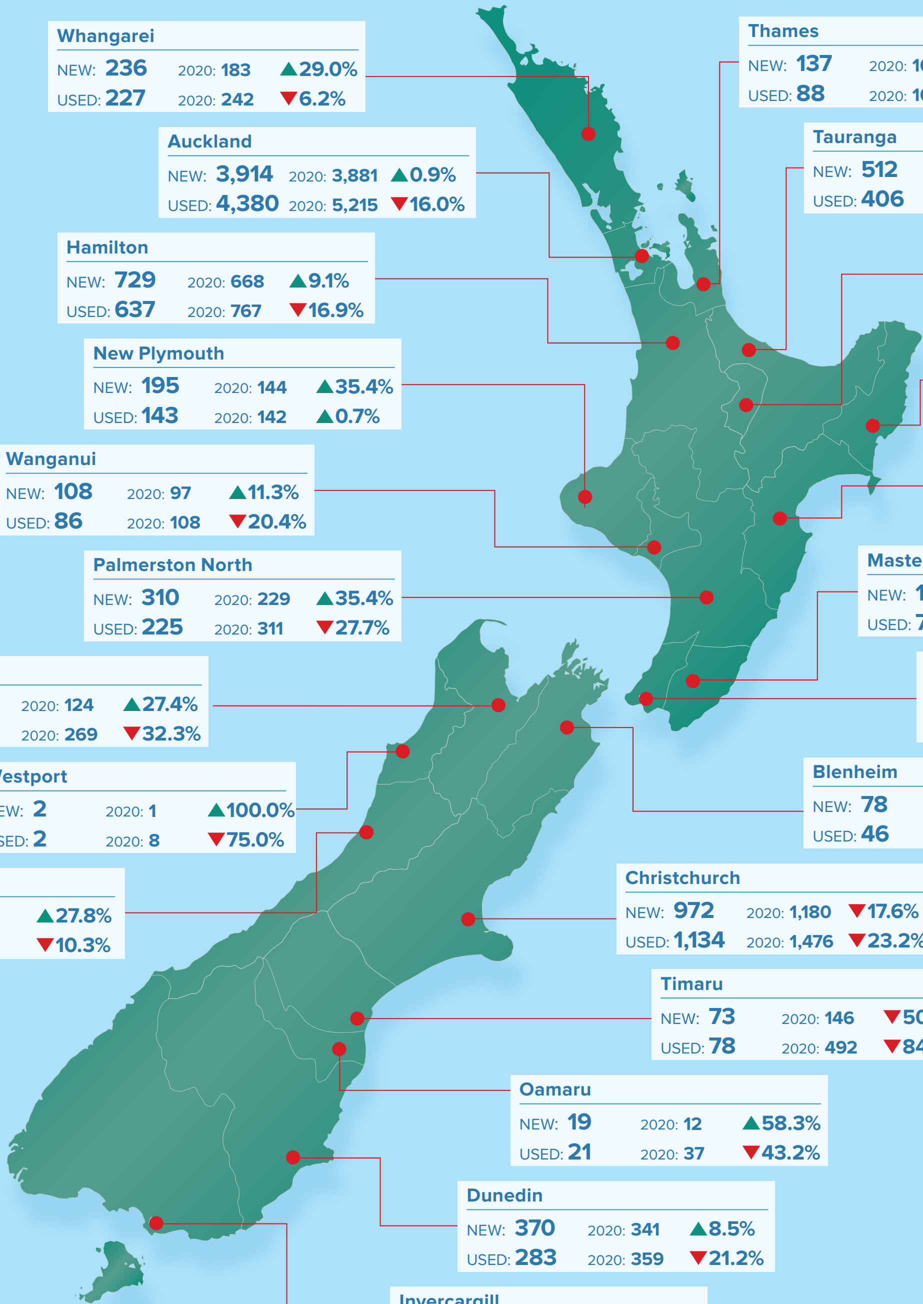
## Order

The rejection of the vehicle was upheld. The tribunal ordered the dealer to pay the buyer $14,250 within 10 working days.

# Around the Country
## January 2021

**Total new cars**
**9,712**
2020: 9,099 ▲ 6.7%

**Total imported used cars**
**9,404**
2020: 11,693 ▼ 19.6%



| | NEW | 2020 | | USED | 2020 | |
|---|---|---|---|---|---|---|
| Whangarei | 236 | 183 | ▲29.0% | 227 | 242 | ▼6.2% |
| Thames | 137 | 103 | ▲33.0% | 88 | 107 | ▼17.8% |
| Auckland | 3,914 | 3,881 | ▲0.9% | 4,380 | 5,215 | ▼16.0% |
| Tauranga | 512 | 426 | ▲20.2% | 406 | 443 | ▼8.4% |
| Hamilton | 729 | 668 | ▲9.1% | 637 | 767 | ▼16.9% |
| Rotorua | 237 | 166 | ▲42.8% | 131 | 186 | ▼29.6% |
| New Plymouth | 195 | 144 | ▲35.4% | 143 | 142 | ▲0.7% |
| Gisborne | 48 | 46 | ▲4.3% | 59 | 79 | ▼25.3% |
| Wanganui | 108 | 97 | ▲11.3% | 86 | 108 | ▼20.4% |
| Napier | 313 | 259 | ▲20.8% | 267 | 252 | ▲6.0% |
| Palmerston North | 310 | 229 | ▲35.4% | 225 | 311 | ▼27.7% |
| Masterton | 133 | 102 | ▲30.4% | 71 | 61 | ▲16.4% |
| Nelson | 158 | 124 | ▲27.4% | 182 | 269 | ▼32.3% |
| Wellington | 990 | 796 | ▲24.4% | 758 | 856 | ▼11.4% |
| Westport | 2 | 1 | ▲100.0% | 2 | 8 | ▼75.0% |
| Blenheim | 78 | 52 | ▲50.0% | 46 | 63 | ▼27.0% |
| Greymouth | 23 | 18 | ▲27.8% | 26 | 29 | ▼10.3% |
| Christchurch | 972 | 1,180 | ▼17.6% | 1,134 | 1,476 | ▼23.2% |
| Timaru | 73 | 146 | ▼50.0% | 78 | 492 | ▼84.1% |
| Oamaru | 19 | 12 | ▲58.3% | 21 | 37 | ▼43.2% |
| Dunedin | 370 | 341 | ▲8.5% | 283 | 359 | ▼21.2% |
| Invercargill | 155 | 125 | ▲24.0% | 154 | 191 | ▼19.4% |

## Imported Passenger Vehicle Sales by Make - January 2021

| MAKE | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 2,620 | 2,936 | -10.8 | 27.9% | 2,620 | 27.9% |
| Nissan | 1,378 | 2,246 | -38.6 | 14.7% | 1,378 | 14.7% |
| Mazda | 1,352 | 1,925 | -29.8 | 14.4% | 1,352 | 14.4% |
| Honda | 875 | 1,174 | -25.5 | 9.3% | 875 | 9.3% |
| Subaru | 641 | 795 | -19.4 | 6.8% | 641 | 6.8% |
| Volkswagen | 460 | 335 | 37.3 | 4.9% | 460 | 4.9% |
| BMW | 435 | 353 | 23.2 | 4.6% | 435 | 4.6% |
| Mitsubishi | 386 | 480 | -19.6 | 4.1% | 386 | 4.1% |
| Audi | 248 | 185 | 34.1 | 2.6% | 248 | 2.6% |
| Suzuki | 222 | 536 | -58.6 | 2.4% | 222 | 2.4% |
| Mercedes-Benz | 171 | 120 | 42.5 | 1.8% | 171 | 1.8% |
| Lexus | 161 | 116 | 38.8 | 1.7% | 161 | 1.7% |
| Volvo | 65 | 67 | -3.0 | 0.7% | 65 | 0.7% |
| Ford | 63 | 86 | -26.7 | 0.7% | 63 | 0.7% |
| Land Rover | 36 | 29 | 24.1 | 0.4% | 36 | 0.4% |
| Jaguar | 35 | 29 | 20.7 | 0.4% | 35 | 0.4% |
| Mini | 26 | 24 | 8.3 | 0.3% | 26 | 0.3% |
| Jeep | 25 | 20 | 25.0 | 0.3% | 25 | 0.3% |
| Chevrolet | 24 | 40 | -40.0 | 0.3% | 24 | 0.3% |
| Porsche | 23 | 20 | 15.0 | 0.2% | 23 | 0.2% |
| Hyundai | 22 | 18 | 22.2 | 0.2% | 22 | 0.2% |
| Holden | 21 | 29 | -27.6 | 0.2% | 21 | 0.2% |
| Peugeot | 21 | 12 | 75.0 | 0.2% | 21 | 0.2% |
| Dodge | 19 | 21 | -9.5 | 0.2% | 19 | 0.2% |
| Kia | 13 | 8 | 62.5 | 0.1% | 13 | 0.1% |
| Chrysler | 12 | 12 | 0.0 | 0.1% | 12 | 0.1% |
| Bentley | 5 | 1 | 400.0 | 0.1% | 5 | 0.1% |
| Citroen | 3 | 6 | -50.0 | 0.0% | 3 | 0.0% |
| Lincoln | 3 | 1 | 200.0 | 0.0% | 3 | 0.0% |
| Tesla | 3 | 1 | 200.0 | 0.0% | 3 | 0.0% |
| Daihatsu | 2 | 2 | 0.0 | 0.0% | 2 | 0.0% |
| Isuzu | 2 | 2 | 0.0 | 0.0% | 2 | 0.0% |
| Mercury | 2 | 3 | -33.3 | 0.0% | 2 | 0.0% |
| Oldsmobile | 2 | 0 | 200.0 | 0.0% | 2 | 0.0% |
| Renault | 2 | 11 | -81.8 | 0.0% | 2 | 0.0% |
| Others | 26 | 50 | -48.0 | 0.3% | 26 | 0.3% |
| **Total** | **9,404** | **11,693** | **-19.6** | **100.0%** | **9,404** | **100.0%** |

## Imported Passenger Vehicle Sales by Model - January 2021

| MAKE | MODEL | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Aqua | 661 | 440 | 50.2 | 7.0% | 661 | 7.0% |
| Mazda | Axela | 453 | 628 | -27.9 | 4.8% | 453 | 4.8% |
| Toyota | Prius | 404 | 418 | -3.3 | 4.3% | 404 | 4.3% |
| Honda | Fit | 373 | 532 | -29.9 | 4.0% | 373 | 4.0% |
| Mazda | Demio | 302 | 462 | -34.6 | 3.2% | 302 | 3.2% |
| Volkswagen | Golf | 279 | 218 | 28.0 | 3.0% | 279 | 3.0% |
| Nissan | X-Trail | 279 | 188 | 48.4 | 3.0% | 279 | 3.0% |
| Mitsubishi | Outlander | 241 | 269 | -10.4 | 2.6% | 241 | 2.6% |
| Toyota | Corolla | 211 | 204 | 3.4 | 2.2% | 211 | 2.2% |
| Nissan | Leaf | 208 | 265 | -21.5 | 2.2% | 208 | 2.2% |
| Subaru | Impreza | 205 | 298 | -31.2 | 2.2% | 205 | 2.2% |
| Subaru | Legacy | 184 | 269 | -31.6 | 2.0% | 184 | 2.0% |
| Toyota | Vanguard | 182 | 135 | 34.8 | 1.9% | 182 | 1.9% |
| Suzuki | Swift | 176 | 456 | -61.4 | 1.9% | 176 | 1.9% |
| Mazda | Atenza | 167 | 241 | -30.7 | 1.8% | 167 | 1.8% |
| Toyota | Wish | 162 | 236 | -31.4 | 1.7% | 162 | 1.7% |
| Mazda | CX-5 | 157 | 115 | 36.5 | 1.7% | 157 | 1.7% |
| Toyota | MarkX | 154 | 96 | 60.4 | 1.6% | 154 | 1.6% |
| Honda | Odyssey | 120 | 67 | 79.1 | 1.3% | 120 | 1.3% |
| Mazda | Premacy | 119 | 221 | -46.2 | 1.3% | 119 | 1.3% |
| Honda | CRV | 114 | 101 | 12.9 | 1.2% | 114 | 1.2% |
| Toyota | Blade | 111 | 121 | -8.3 | 1.2% | 111 | 1.2% |
| Nissan | Note | 109 | 238 | -54.2 | 1.2% | 109 | 1.2% |
| Nissan | Skyline | 102 | 106 | -3.8 | 1.1% | 102 | 1.1% |
| Nissan | Serena | 100 | 148 | -32.4 | 1.1% | 100 | 1.1% |
| Subaru | Forester | 98 | 104 | -5.8 | 1.0% | 98 | 1.0% |
| BMW | 320i | 97 | 65 | 49.2 | 1.0% | 97 | 1.0% |
| Nissan | Fuga | 91 | 45 | 102.2 | 1.0% | 91 | 1.0% |
| BMW | 116i | 80 | 38 | 110.5 | 0.9% | 80 | 0.9% |
| Toyota | Vitz | 72 | 218 | -67.0 | 0.8% | 72 | 0.8% |
| Volkswagen | Polo | 69 | 34 | 102.9 | 0.7% | 69 | 0.7% |
| Nissan | Juke | 66 | 138 | -52.2 | 0.7% | 66 | 0.7% |
| Audi | A3 | 61 | 44 | 38.6 | 0.6% | 61 | 0.6% |
| Toyota | Auris | 55 | 193 | -71.5 | 0.6% | 55 | 0.6% |
| Nissan | March | 55 | 107 | -48.6 | 0.6% | 55 | 0.6% |
| Others | | 3,087 | 4,235 | -27.1 | 32.8% | 3,087 | 32.8% |
| **Total** | | **9,404** | **11,693** | **-19.6** | **100.0%** | **9,404** | **100.0%** |

# Positive feedback from car dealers

A specialist dealer in electric vehicles (EVs) is turning his attention to used cars unavailable as new in this country.

Steve Greenwood, owner of Taupo-based Drive EV, is targeting the likes of Honda's e, Volkswagen ID.3 and Kia's e-Soul.

"Take the Honda e. It was only launched in Europe and Japan last year, and interest has been huge from Kiwis wanting one."

Greenwood has been importing from the UK for more than six years and securing stock from suppliers by putting in early orders.

A Honda e he recently imported was registered in the UK before export to New Zealand, but it was "basically undriven" with about 18km on the clock when it arrived.

"Our focus is on EVs and getting as many models as possible into New Zealand," says Greenwood. "The Honda e buyer only wanted that model and by bringing more EVs in means there are more on our roads."

He adds his dealership was one of New Zealand's first to focus solely on EVs and, over the past three years, the business has built up in-depth knowledge that's proving invaluable to Kiwis wanting to switch.

"We work with customers to source the right cars for them," Greenwood told Autofile. "We are one of the country's only importers with access to such an extensive range.

"The customer base for EVs has broadened significantly.

"The Honda e is a good example of this. Many traditional petrol-vehicle buyers are keen to look at the concept that made it into production. There's been huge interest.

"All of the new-generation EVs are at the top end and cost $55,000-plus, and a lot of significant models aren't coming out new locally.

"VW's ID3 is an example. It's designed to take on Tesla and isn't coming here as far as we understand. But there is so much demand for that model in Europe and the UK."

Greenwood notes there are often challenges getting such vehicles set up for the local market, although his business carries warranties on them.

"It's what we specialise and are experienced in – making the opportunity for local buyers to own these vehicles. It can take up to three months to get a car from the UK, so we have several orders waiting for them to arrive."

As for 2021, Greenwood has been giving this much thought and "wondering if the business we're getting at the moment is only temporary or will continue".

He adds: "Getting supply and getting stock here could start to get very tough this year, but I'm feeling positive about it. We are in a growing market and I think we will go well, perhaps back to pre-Covid-19 levels."

Ross Brown is the owner of Greenfield Motors in Greymouth and his company also has a New Zealand Rent A Car franchise, which has been "going well".

He says: "We haven't been doing the numbers we were pre-Covid, but business has been steady."

Brown has de-fleeted some older vehicles from the rental busines and has held onto better-quality cars because there are still Kiwis visiting the area for weekend getaways.

However, he notes it has been harder to source higher quality used models.

"There are plenty of cars out there, but many aren't worth owning. There used to be rentals coming off-lease at the end of March and April when summer was over.

"I'm guessing rental companies aren't leasing the same number they used to before Covid-19 with no overseas tourists being here, so that side of their business is down.

"We bought a number of ex-rental Suzukis through Europcar after lockdown when they were being de-fleeted. There were some good buys in there but, of course, we've sold that stock."

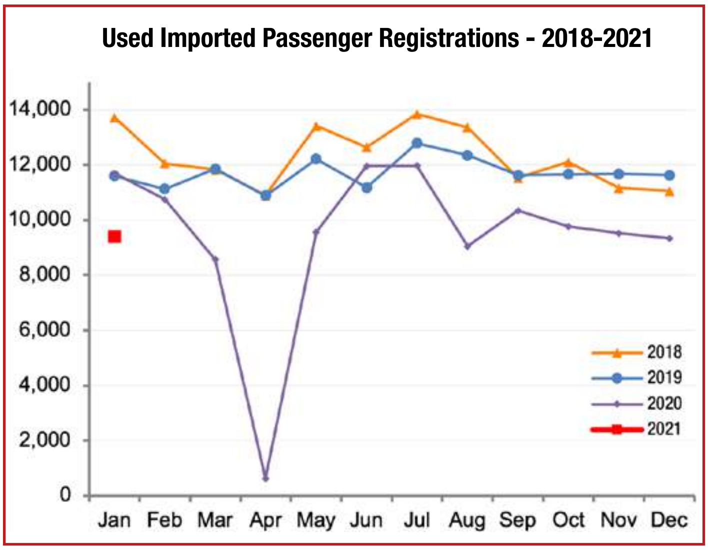
Brown says how 2021 pans out is a matter of crystal-ball gazing, but adds other traders will also be finding it tricky to source vehicles, while the delivery of new stock has taken longer to arrive due to delays caused by coronavirus although this has yet to be a major issue for his business. ⊕

## Aqua back on top

There were 9,404 used-imported cars registered in New Zealand last month, a drop of 19.6 per cent when compared to 11,693 sales in January 2020.

The Toyota Aqua was the most popular model for the month with 661 registrations for a seven per cent share of the market. Next up were the Mazda Axela with 453, the Toyota Prius on 404, Honda's Fit on 373 and the Mazda Demio on 302.

**"Our focus is on EVs and getting as many models as possible into New Zealand" – Steve Greenwood**






# Trading like the ‘old days’

Legislation governing what vehicles can be imported into New Zealand and changing market conditions have had little impact on Lyndon Lambert’s business.

“We are getting more enquiries because of these changes,” enthuses the owner of Allkars in Whangarei. “It’s like we are back to the old days of being a proper dealership and I’m enjoying that.”

He says cheap used imports are no longer crossing the border due to the roll-out of the final phase of the electronic stability control (ESC) rule in March last year, “so that supply has gone”.

“When you look at established yards such as ours, we never bought those cheap imports – it was fringe dealers, backyarders and car-fairers bringing them into New Zealand.

“Due to the ESC rule change, that market has gone. I think that’s good for the country and consumers will buy better quality vehicles.

“We are always trading and that has come back around. If you’re a seller and cashed your car out to an auction house, those auction houses are no longer there because they have become retailers so that supply has also gone.

“If you don’t have the capital in your business to be able to take the trade, then how are you doing business?

“Although the biggest seller in the country is Trade Me, there are many buyers who want the protections of purchasing through a car dealer and who don’t want the hassle of selling privately.”

As for the number of dealers in New Zealand, the total fell by 141 to 3,079 in the year to the end of December, according to the Motor Vehicle Traders’ Register.

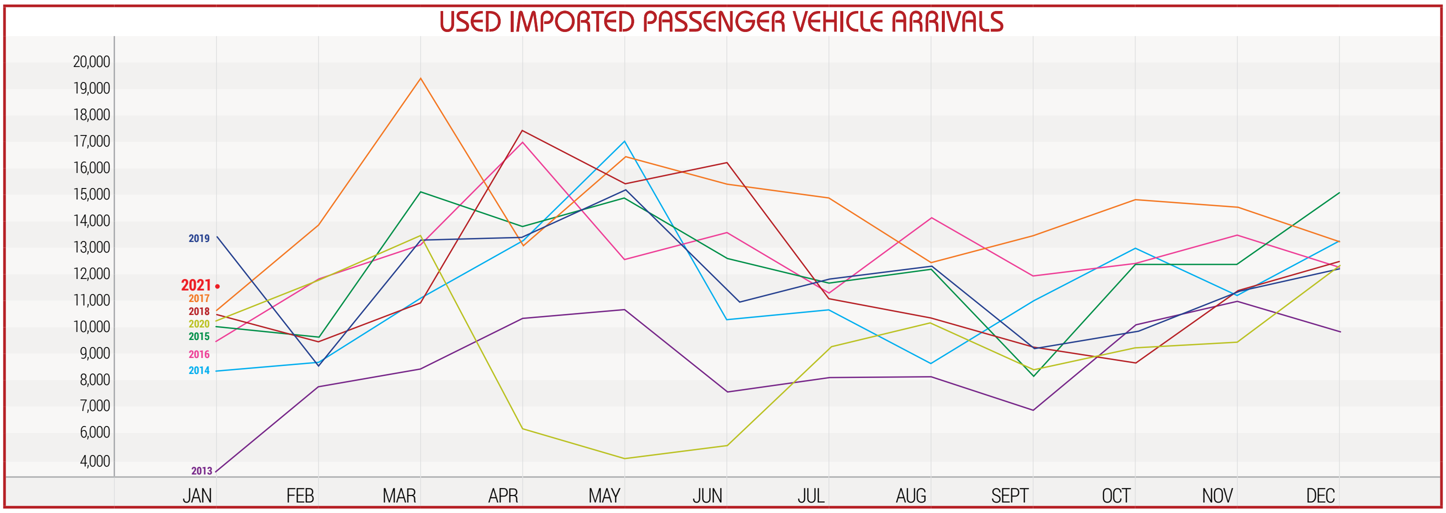
This represented a 4.4 per cent drop from 3,220 in 2020. However, last year’s decrease was lower than 2019 when the industry saw the register shrink by 5.8 per cent, or 199 traders. Dealer numbers have largely been in decline since peaking at 3,536 in November 2017.

## ARRIVALS INCREASE

There were 11,523 used passenger vehicles imported into New Zealand during January, which was an increase of 14.1 per cent compared to 10,101 in the same month of 2020.

Of those, 10,917 came in from Japan for a market share of 94.7 per cent. Japan’s total was up by 14.4 per cent when compared to 9,541 units in January last year.

There were also 303 arrivals from Australia, 128 from Singapore and 110 from the UK.




## Used Imported Passenger Vehicles By Country Of Export

| COUNTRY OF EXPORT | 2021 | | | 2020 | | | | | | 2019 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | JAN ’21 | JAN MARKET SHARE % | 2021 TOTAL | Q1 | Q2 | Q3 | Q4 | 2020 TOTAL | MRKT SHARE | 2019 TOTAL | MRKT SHARE |
| Australia | 303 | 2.6% | **303** | 1,053 | 876 | 1,001 | 1,255 | 4,185 | 3.9% | 5,148 | 3.6% |
| Great Britain | 110 | 1.0% | **110** | 184 | 122 | 143 | 241 | 690 | 0.6% | 894 | 0.6% |
| Japan | 10,917 | 94.7% | **10,917** | 33,191 | 13,662 | 25,627 | 28,514 | 100,994 | 92.9% | 132,494 | 93.8% |
| Singapore | 128 | 1.1% | **128** | 384 | 337 | 601 | 524 | 1,846 | 1.7% | 1,678 | 1.2% |
| USA | 34 | 0.3% | **34** | 169 | 79 | 126 | 106 | 480 | 0.4% | 664 | 0.5% |
| Other countries | 31 | 0.3% | **31** | 54 | 129 | 170 | 115 | 468 | 0.4% | 340 | 0.2% |
| **Total** | **11,523** | **100.0%** | **11,523** | **35,035** | **15,205** | **27,668** | **30,755** | **108,663** | **100.0%** | **141,218** | **100.0%** |

# High prices 'probably unsustainable'

A fleet management company, which also runs three retail car-sales yards, has reported an increase in the price of used cars.

David Breen, head of asset risk at Orix New Zealand, describes the market as having been a "moving target" in recent months.

For example, around October to November prices for Ford Rangers going through auctions could be increasing by $500 to $1,000 a week.

"From one month to the next, you could get a $3,000 to $4,000 shift in price," says Breen. While noting this hasn't happened with all vehicles, the market has been "a bit erratic although overall pricing is very high and probably unsustainable".

"As we started raising our prices of used vehicles towards the end of last year, there was a bit of slowdown in demand. I think people were surprised by prices in the market. But if people need a vehicle, they will buy one."

Another factor impacting on the supply of used cars is the "uncertain flow of lease returns from lease customers" because of delays getting new vehicles into New Zealand.

"We are finding clients are holding onto current vehicles a bit longer than expected. At some point, however, that's going to turn around into a more normal situation and there will be a catch-up, but we can't predict when that will happen.

"Also, we are keeping more trade-ins. We might take a risk on a vehicle we don't have the full history on if it is the type we're familiar with. We've always kept a few trades – anything suitable for our market.

"And we've always had waiting lists. It is the nature of the business that people know we have certain types of models coming through. If they want a red Mazda CX-5, they will wait for one to come up.

"As a business we are looking positive this year. We survived 2020 and worked through the various issues of lockdowns and we are confident we could do that again. We just hope there will not be as much disruption again."

## TRADE-INS DECLINE

Dealers sold 16,300 second-hand cars to the public last month, which was down by 5.9 per cent compared to January 2020 when there were 17,313 ownership changes.

Last month's trade-ins came in at 12,493 for a decrease of 2.5 per cent compared to 12,808 a year earlier.

## SECONDHAND CAR SALES - January 2021

| | DEALER TO PUBLIC | | | | PUBLIC TO PUBLIC | | | PUBLIC TO DEALER | | |
|---|---|---|---|---|---|---|---|---|---|---|
| REGION | JAN '21 | JAN '20 | +/- % | MARKET SHARE | JAN '21 | JAN '20 | +/- % | JAN '21 | JAN '20 | +/- % |
| Whangarei | 561 | 522 | 7.5 | 3.44 | 1,979 | 2,005 | -1.3 | 196 | 218 | -10.1 |
| Auckland | 5,596 | 5,600 | -0.1 | 34.33 | 13,913 | 13,558 | 2.6 | 4,912 | 5,012 | -2.0 |
| Hamilton | 1,221 | 1,286 | -5.1 | 7.49 | 3,362 | 3,479 | -3.4 | 956 | 1,006 | -5.0 |
| Thames | 232 | 254 | -8.7 | 1.42 | 686 | 617 | 11.2 | 172 | 259 | -33.6 |
| Tauranga | 775 | 801 | -3.2 | 4.75 | 2,181 | 2,154 | 1.3 | 564 | 506 | 11.5 |
| Rotorua | 373 | 364 | 2.5 | 2.29 | 957 | 1,027 | -6.8 | 124 | 120 | 3.3 |
| Gisborne | 165 | 152 | 8.6 | 1.01 | 448 | 433 | 3.5 | 63 | 55 | 14.5 |
| Napier | 616 | 664 | -7.2 | 3.78 | 1,625 | 1,531 | 6.1 | 408 | 398 | 2.5 |
| New Plymouth | 404 | 355 | 13.8 | 2.48 | 1,061 | 978 | 8.5 | 217 | 209 | 3.8 |
| Wanganui | 186 | 235 | -20.9 | 1.14 | 623 | 678 | -8.1 | 137 | 132 | 3.8 |
| Palmerston North | 721 | 753 | -4.2 | 4.42 | 1,806 | 1,744 | 3.6 | 598 | 675 | -11.4 |
| Masterton | 208 | 183 | 13.7 | 1.28 | 496 | 547 | -9.3 | 127 | 102 | 24.5 |
| Wellington | 1,466 | 1,662 | -11.8 | 8.99 | 3,305 | 3,275 | 0.9 | 1,029 | 1,159 | -11.2 |
| Nelson | 336 | 327 | 2.8 | 2.06 | 997 | 1,141 | -12.6 | 208 | 205 | 1.5 |
| Blenheim | 133 | 154 | -13.6 | 0.82 | 405 | 429 | -5.6 | 88 | 85 | 3.5 |
| Greymouth | 66 | 62 | 6.5 | 0.40 | 151 | 192 | -21.4 | 39 | 40 | -2.5 |
| Westport | 5 | 7 | -28.6 | 0.03 | 33 | 31 | 6.5 | 1 | 1 | 0.0 |
| Christchurch | 1,948 | 2,169 | -10.2 | 11.95 | 4,991 | 5,627 | -11.3 | 1,834 | 1,885 | -2.7 |
| Timaru | 183 | 515 | -64.5 | 1.12 | 506 | 834 | -39.3 | 97 | 84 | 15.5 |
| Oamaru | 41 | 61 | -32.8 | 0.25 | 131 | 145 | -9.7 | 5 | 7 | -28.6 |
| Dunedin | 676 | 756 | -10.6 | 4.15 | 1,942 | 2,210 | -12.1 | 438 | 418 | 4.8 |
| Invercargill | 388 | 431 | -10.0 | 2.38 | 1,103 | 1,181 | -6.6 | 280 | 232 | 20.7 |
| **NZ Total** | **16,300** | **17,313** | **-5.9** | **100.00** | **42,701** | **43,816** | **-2.5** | **12,493** | **12,808** | **-2.5** |

## New Passenger Vehicle Sales by Make - January 2021

| MAKE | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 1,422 | 1,220 | 16.6 | 14.6% | 1,422 | 14.6% |
| Kia | 1,352 | 964 | 40.2 | 13.9% | 1,352 | 13.9% |
| Mitsubishi | 1,002 | 588 | 70.4 | 10.3% | 1,002 | 10.3% |
| Mazda | 808 | 674 | 19.9 | 8.3% | 808 | 8.3% |
| Suzuki | 719 | 596 | 20.6 | 7.4% | 719 | 7.4% |
| Hyundai | 586 | 592 | -1.0 | 6.0% | 586 | 6.0% |
| Ford | 369 | 510 | -27.6 | 3.8% | 369 | 3.8% |
| Honda | 364 | 413 | -11.9 | 3.7% | 364 | 3.7% |
| Nissan | 320 | 467 | -31.5 | 3.3% | 320 | 3.3% |
| Volkswagen | 320 | 293 | 9.2 | 3.3% | 320 | 3.3% |
| MG | 258 | 65 | 296.9 | 2.7% | 258 | 2.7% |
| Subaru | 233 | 291 | -19.9 | 2.4% | 233 | 2.4% |
| Mercedes-Benz | 226 | 272 | -16.9 | 2.3% | 226 | 2.3% |
| BMW | 191 | 237 | -19.4 | 2.0% | 191 | 2.0% |
| Land Rover | 185 | 132 | 40.2 | 1.9% | 185 | 1.9% |
| Audi | 151 | 145 | 4.1 | 1.6% | 151 | 1.6% |
| Lexus | 132 | 76 | 73.7 | 1.4% | 132 | 1.4% |
| Skoda | 130 | 145 | -10.3 | 1.3% | 130 | 1.3% |
| Volvo | 110 | 64 | 71.9 | 1.1% | 110 | 1.1% |
| Haval | 103 | 82 | 25.6 | 1.1% | 103 | 1.1% |
| SsangYong | 91 | 70 | 30.0 | 0.9% | 91 | 0.9% |
| Peugeot | 71 | 88 | -19.3 | 0.7% | 71 | 0.7% |
| Jaguar | 69 | 61 | 13.1 | 0.7% | 69 | 0.7% |
| Jeep | 62 | 90 | -31.1 | 0.6% | 62 | 0.6% |
| Porsche | 56 | 61 | -8.2 | 0.6% | 56 | 0.6% |
| Holden | 48 | 534 | -91.0 | 0.5% | 48 | 0.5% |
| Mini | 48 | 107 | -55.1 | 0.5% | 48 | 0.5% |
| Isuzu | 36 | 16 | 125.0 | 0.4% | 36 | 0.4% |
| Tesla | 35 | 59 | -40.7 | 0.4% | 35 | 0.4% |
| Citroen | 32 | 35 | -8.6 | 0.3% | 32 | 0.3% |
| Mahindra | 25 | 18 | 38.9 | 0.3% | 25 | 0.3% |
| Renault | 24 | 23 | 4.3 | 0.2% | 24 | 0.2% |
| LDV | 22 | 6 | 266.7 | 0.2% | 22 | 0.2% |
| Seat | 21 | 19 | 10.5 | 0.2% | 21 | 0.2% |
| Fiat | 15 | 1 | 1,400.0 | 0.2% | 15 | 0.2% |
| Aston Martin | 14 | 9 | 55.6 | 0.1% | 14 | 0.1% |
| Bentley | 12 | 6 | 100.0 | 0.1% | 12 | 0.1% |
| Alfa Romeo | 11 | 23 | -52.2 | 0.1% | 11 | 0.1% |
| McLaren | 8 | 7 | 14.3 | 0.1% | 8 | 0.1% |
| Can-Am | 7 | 8 | -12.5 | 0.1% | 7 | 0.1% |
| Yamaha | 6 | 1 | 500.0 | 0.1% | 6 | 0.1% |
| Ferrari | 5 | 10 | -50.0 | 0.1% | 5 | 0.1% |
| Cupra | 4 | 0 | 400.0 | 0.0% | 4 | 0.0% |
| Lamborghini | 3 | 4 | -25.0 | 0.0% | 3 | 0.0% |
| Genesis | 2 | 0 | 200.0 | 0.0% | 2 | 0.0% |
| Others | 4 | 17 | -76.5 | 0.0% | 4 | 0.0% |
| **Total** | **9,712** | **9,099** | **6.7** | **100.0%** | **9,712** | **100.0%** |

## New Passenger Vehicle Sales by Model - January 2021

| MAKE | MODEL | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | RAV4 | 471 | 569 | -17.2 | 4.8% | 471 | 4.8% |
| Mitsubishi | Outlander | 389 | 232 | 67.7 | 4.0% | 389 | 4.0% |
| Kia | Seltos | 387 | 430 | -10.0 | 4.0% | 387 | 4.0% |
| Mitsubishi | ASX | 375 | 199 | 88.4 | 3.9% | 375 | 3.9% |
| Kia | Sportage | 374 | 280 | 33.6 | 3.9% | 374 | 3.9% |
| Mazda | CX-5 | 302 | 254 | 18.9 | 3.1% | 302 | 3.1% |
| Toyota | Corolla | 253 | 245 | 3.3 | 2.6% | 253 | 2.6% |
| Suzuki | Swift | 247 | 289 | -14.5 | 2.5% | 247 | 2.5% |
| Toyota | C-HR | 221 | 79 | 179.7 | 2.3% | 221 | 2.3% |
| Mitsubishi | Eclipse Cross | 178 | 79 | 125.3 | 1.8% | 178 | 1.8% |
| Kia | Sorento | 166 | 42 | 295.2 | 1.7% | 166 | 1.7% |
| Nissan | Qashqai | 158 | 270 | -41.5 | 1.6% | 158 | 1.6% |
| Hyundai | Santa Fe | 157 | 136 | 15.4 | 1.6% | 157 | 1.6% |
| Honda | HR-V | 148 | 121 | 22.3 | 1.5% | 148 | 1.5% |
| Hyundai | Kona | 147 | 185 | -20.5 | 1.5% | 147 | 1.5% |
| Suzuki | Vitara | 142 | 131 | 8.4 | 1.5% | 142 | 1.5% |
| Kia | Rio | 139 | 102 | 36.3 | 1.4% | 139 | 1.4% |
| Nissan | X-Trail | 134 | 145 | -7.6 | 1.4% | 134 | 1.4% |
| Suzuki | Jimny | 128 | 36 | 255.6 | 1.3% | 128 | 1.3% |
| Toyota | Yaris Cross | 120 | 0 | 12,000.0 | 1.2% | 120 | 1.2% |
| Mazda | CX-9 | 116 | 54 | 114.8 | 1.2% | 116 | 1.2% |
| Subaru | XV | 110 | 105 | 4.8 | 1.1% | 110 | 1.1% |
| Honda | CRV | 109 | 117 | -6.8 | 1.1% | 109 | 1.1% |
| Ford | Escape | 105 | 105 | 0.0 | 1.1% | 105 | 1.1% |
| Volkswagen | T-Roc | 103 | 0 | 10,300.0 | 1.1% | 103 | 1.1% |
| Toyota | Yaris | 101 | 75 | 34.7 | 1.0% | 101 | 1.0% |
| KIA | Stonic | 96 | 0 | 9,600.0 | 1.0% | 96 | 1.0% |
| Suzuki | Baleno | 94 | 56 | 67.9 | 1.0% | 94 | 1.0% |
| Mazda | Mazda3 | 91 | 65 | 40.0 | 0.9% | 91 | 0.9% |
| Mazda | CX-3 | 90 | 114 | -21.1 | 0.9% | 90 | 0.9% |
| Mazda | CX-30 | 87 | 10 | 770.0 | 0.9% | 87 | 0.9% |
| Haval | H2 | 84 | 56 | 50.0 | 0.9% | 84 | 0.9% |
| Land Rover | Defender | 81 | 0 | 8,100.0 | 0.8% | 81 | 0.8% |
| Ford | Mustang | 81 | 43 | 88.4 | 0.8% | 81 | 0.8% |
| Hyundai | Tucson | 79 | 137 | -42.3 | 0.8% | 79 | 0.8% |
| Hyundai | Ioniq | 76 | 23 | 230.4 | 0.8% | 76 | 0.8% |
| Subaru | Forester | 74 | 98 | -24.5 | 0.8% | 74 | 0.8% |
| Honda | Jazz | 72 | 118 | -39.0 | 0.7% | 72 | 0.7% |
| MG | ZS | 71 | 23 | 208.7 | 0.7% | 71 | 0.7% |
| Volkswagen | T-Cross | 70 | 0 | 7,000.0 | 0.7% | 70 | 0.7% |
| Hyundai | Venue | 69 | 0 | 6,900.0 | 0.7% | 69 | 0.7% |
| Ford | Everest | 67 | 81 | -17.3 | 0.7% | 67 | 0.7% |
| Volvo | XC40 | 67 | 28 | 139.3 | 0.7% | 67 | 0.7% |
| MG | ZST | 66 | 0 | 6,600.0 | 0.7% | 66 | 0.7% |
| Toyota | Landcruiser | 65 | 29 | 124.1 | 0.7% | 65 | 0.7% |
| Others | | 2,952 | 3,938 | -25.0 | 30.4% | 2,952 | 30.4% |
| **Total** | | **9,712** | **9,099** | **6.7** | **100.0%** | **9,712** | **100.0%** |

# Marque posts 'exceptional' results

Volvo New Zealand set a sales volume record with January being its strongest-ever month thanks to securing a rapidly growing share of the premium small SUV market.

General manager Ben Montgomery describes the start of 2021 as being "exceptional" with the company selling more than 100 vehicles in January, which was an increase of some 36 per cent on its previous record.

"Confidence in our part of the market is being driven by a strong residential property sector and higher levels of disposable income available as more Kiwis spend their international travel budget in the domestic market," he says.

"This shift has aligned well with our growing recognition in the premium SUV market and the XC40 now being one of our strongest performers."

Montgomery adds Volvo is on-track to again be the fastest-growing European marque on our shores.

Increasing local volumes have seen a new pricing structure being introduced across the range providing up to five per cent – or $11,000 – in savings. For example, the XC40 will now retail from $59,900.

Upgraded models landing from the start of this year will have new safety technology and more environmental focus with the 2021 being the final year the company offers diesel engines buyers in New Zealand.

In addition, this year will see every new Volvo sold here installed with speed-limiting technology as standard. It prevents vehicles from being driven at speeds of more than 180kmph and will allow owners to programme in further restrictions when they are in the hands of younger motorists, for instance.

Sustainability measures will see a no-cost option of an eco-fabric made from recycled plastic bottles and 30 per cent wool, which reduces vehicle weight by 3kg compared to leather upholstery.

The new model year also signals the end of an era for diesel-powered Volvos as the brand repositions for an electrified future, and all hybrids in the current Kiwi line-up being offered eight-year battery warranties.

Toyota NZ saw its new-vehicle registrations tumble by nearly one-third in 2020 compared to the previous year.

Its annual sales fell 31 per cent as coronavirus weighed on rental sales because of the halt of international tourism and the local economy being hit.

It sold 21,600 new passenger and light commercial vehicles in 2020 – down from 31,026 in 2019 – although trade picked up towards the end of last year.

Neeraj Lala, chief executive, says the lift in activity in late 2020 can be attributed to several factors, including private demand for newly introduced models.

"Excluding our rental volume, our market share improved by 2.4 per cent, which was a great result despite the challenges of 2020."

Lala notes growing demand for low carbon-emitting vehicles with more than 36 per cent of Toyota NZ's sales now being hybrids.

"If there is a challenge, it is securing enough supply for New Zealand as there is a global demand for hybrid cars and SUVs despite the impact of Covid-19."

He says demand for hybrids has grown since 2017 when such models accounted for just seven per cent of all new Toyota car sales.

No Toyota hybrid SUVs were sold in 2017, but it registered more than 5,000 in 2020. Lala adds the RAV4 was the main driver behind the increase with 5,346 overall sales – 3,830 were hybrids delivered during the year with 574 pre-sold.

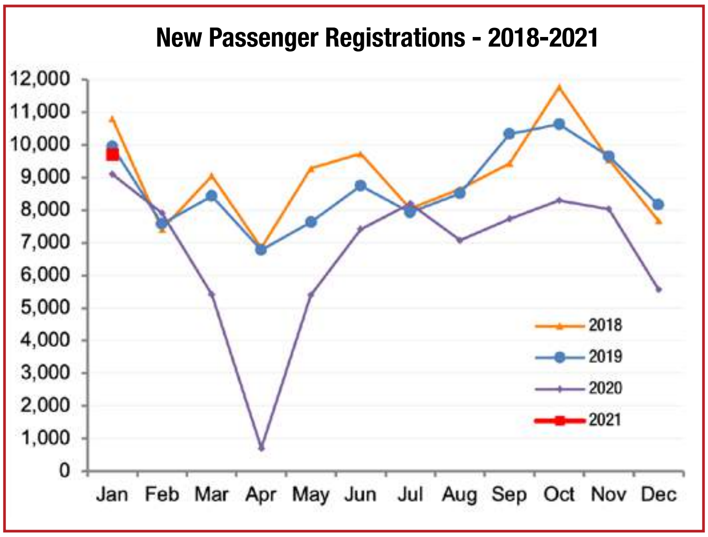
Lance Bennett, in his first full year as general manager, is celebrating Mercedes-Benz Cars being New Zealand's best-selling luxury marque for the sixth year in a row after launching 17 new models and variants in 2020. He notes a sign of "a voracious appetite" for AMG models is that 12 new variants launched in 2020 featured that badge, including the A 45 S and CLA 45 S.

## Strong trading

There were 9,712 new passenger vehicles registered in New Zealand last month – the third strongest January on record.

This was an increase of 6.7 per cent when compared to January 2020 when there were 9,099 registrations.

Last month's most popular model was the Toyota RAV4 with 471 sales. It was followed by the Mitsubishi Outlander with 389, the Kia Seltos on 387, and the Mitsubishi ASX on 375.




Looking ahead, Bennett says 2021 is full of promise with the all-new S-Class arriving early this year followed by a number of models, including the EQA pure electric compact SUV and all-new C-Class.

"The further diversification and expansion of our EQ range in 2021 will help us continue to provide a mix of luxury, performance, technology and social responsibility. We hope to finish another year as New Zealand's favourite luxury car brand."

David Breen, of Orix NZ, says: "Our working forecast is that it is going to take another 12 months for things to settle back.

"Even when the normal flow of new vehicles starts coming in, it will be a long time. There will be a lag because there will be a catch-up period."

As for overall new-vehicle sales in 2020, the Motor Industry Association (MIA) says the market performed above expectations.

"Although the 2020 market was down by 23 per cent, the result was better than anticipated back in April in the depths of lockdown when we thought the market could be down by as much as 35 per cent by year end," says David Crawford, chief executive officer.

However, he adds the new-vehicle sector is still being affected by stock constraints for high-volume models, which the MIA expects to ease as 2021 progresses.

When it came to segments, last year's top spot went to medium-sized SUVs with 20 per cent. They were closely followed by compact SUVs on the same rounded percentage, and the pick-up/chassis four-by-four segment on 15 per cent.

During 2020, there were 1,519 pure EVs, 756 PHEVs and 8,664 hybrids registered, reports Crawford. He adds sales of hybrid vehicles last year were up by 2,789 units when compared to 2019, while pure EVs were down by 338 and PHEVs dipped by 170.

# Company expanding operations

Mercedes-Benz's division for light commercials and vans (LCVs) has opted for Keith Andrews as its dealer in the Auckland region south of the harbour bridge.

The company is now providing full sales, parts and service support for the brand from its Wiri dealership.

In addition, it holds franchises for Mercedes-Benz LCVs in Whangarei and Hamilton with sales support from its Bay of Plenty branch.

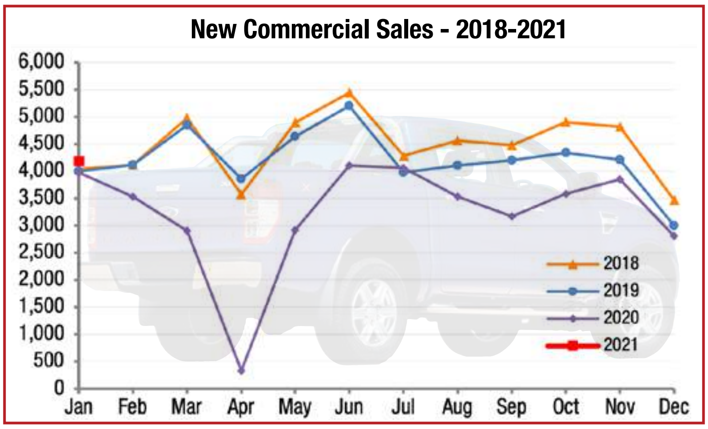
Aaron Smith, managing director of Keith Andrews, says the marque has an exciting range of products.

His company, which has taken out its van dealer of the year award three times, is looking forward to expanding its customer base.

Meanwhile, CablePrice has expanded its Mercedes-Benz and Freightliner sales, parts and service network by opening a branch on the former Prestige Commercial site in Halsey Street, Dunedin.

It will service the Otago region, and offer truck and van customers full workshop services and 24/7 mobile support if needed.

Aidan Mahony, deputy managing director of CablePrice, says the two brands and Fuso are all successful in the South Island.




As for Mercedes-Benz LCVs, it will be looking to recover from a sales drop in 2020. It sold 1,024 new commercials in New Zealand last year for a market share of 2.6 per cent. That total was down by 27.9 per cent and 398 units from 1,420 in 2019.

There were 850 registrations of its Sprinter vans in 2020 – down by 424 and by 49.9 per cent compared to the previous year.

As for January's market, there were 4,180 new commercials sold across the country for an increase of 5.1 per cent compared to the first month of 2020. The Ranger was the top model with 948 sales.

## New Commercial Sales by Make - January 2021

| MAKE | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|
| Ford | 1,021 | 1,024 | -0.3 | 24.4% | 1,021 | 24.4% |
| Toyota | 946 | 683 | 38.5 | 22.6% | 946 | 22.6% |
| Mitsubishi | 434 | 367 | 18.3 | 10.4% | 434 | 10.4% |
| Isuzu | 302 | 197 | 53.3 | 7.2% | 302 | 7.2% |
| Nissan | 281 | 274 | 2.6 | 6.7% | 281 | 6.7% |
| Mazda | 225 | 180 | 25.0 | 5.4% | 225 | 5.4% |
| LDV | 147 | 73 | 101.4 | 3.5% | 147 | 3.5% |
| Volkswagen | 130 | 119 | 9.2 | 3.1% | 130 | 3.1% |
| Hyundai | 93 | 76 | 22.4 | 2.2% | 93 | 2.2% |
| Great Wall | 92 | 47 | 95.7 | 2.2% | 92 | 2.2% |
| Fiat | 73 | 56 | 30.4 | 1.7% | 73 | 1.7% |
| Fuso | 60 | 61 | -1.6 | 1.4% | 60 | 1.4% |
| Mercedes-Benz | 56 | 95 | -41.1 | 1.3% | 56 | 1.3% |
| SsangYong | 49 | 46 | 6.5 | 1.2% | 49 | 1.2% |
| Hino | 37 | 52 | -28.8 | 0.9% | 37 | 0.9% |
| Ram | 26 | 23 | 13.0 | 0.6% | 26 | 0.6% |
| Kenworth | 25 | 22 | 13.6 | 0.6% | 25 | 0.6% |
| Renault | 25 | 27 | -7.4 | 0.6% | 25 | 0.6% |
| Iveco | 19 | 23 | -17.4 | 0.5% | 19 | 0.5% |
| MAN | 18 | 5 | 260.0 | 0.4% | 18 | 0.4% |
| Others | 121 | 529 | -77.1 | 2.9% | 121 | 2.9% |
| **Total** | **4,180** | **3,979** | **5.1** | **100.0%** | **4,180** | **100.0%** |

## New Commercial Sales by Model - January 2021

| MAKE | MODEL | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Ford | Ranger | 948 | 885 | 7.1 | 22.7% | 948 | 22.7% |
| Toyota | Hilux | 750 | 473 | 58.6 | 17.9% | 750 | 17.9% |
| Mitsubishi | Triton | 414 | 366 | 13.1 | 9.9% | 414 | 9.9% |
| Nissan | Navara | 281 | 274 | 2.6 | 6.7% | 281 | 6.7% |
| Isuzu | D-Max | 244 | 117 | 108.5 | 5.8% | 244 | 5.8% |
| Mazda | BT-50 | 225 | 180 | 25.0 | 5.4% | 225 | 5.4% |
| Toyota | Hiace | 173 | 184 | -6.0 | 4.1% | 173 | 4.1% |
| Hyundai | iLoad | 85 | 74 | 14.9 | 2.0% | 85 | 2.0% |
| Fiat | Ducato | 73 | 56 | 30.4 | 1.7% | 73 | 1.7% |
| Great Wall | GWM Cannon | 73 | 0 | 7,300.0 | 1.7% | 73 | 1.7% |
| Ford | Transit | 73 | 139 | -47.5 | 1.7% | 73 | 1.7% |
| Volkswagen | Amarok | 63 | 57 | 10.5 | 1.5% | 63 | 1.5% |
| LDV | T60 | 57 | 20 | 185.0 | 1.4% | 57 | 1.4% |
| SsangYong | Rhino | 49 | 46 | 6.5 | 1.2% | 49 | 1.2% |
| Mercedes-Benz | Sprinter | 48 | 47 | 2.1 | 1.1% | 48 | 1.1% |
| LDV | G10 | 42 | 21 | 100.0 | 1.0% | 42 | 1.0% |
| LDV | V80 | 32 | 32 | 0.0 | 0.8% | 32 | 0.8% |
| Isuzu | N Series | 31 | 25 | 24.0 | 0.7% | 31 | 0.7% |
| Volkswagen | T6 | 31 | 34 | -8.8 | 0.7% | 31 | 0.7% |
| Ram | 1500 | 26 | 23 | 13.0 | 0.6% | 26 | 0.6% |
| Others | | 462 | 926 | -50.1 | 11.1% | 462 | 11.1% |
| **Total** | | **4,180** | **3,979** | **5.1** | **100.0%** | **4,180** | **100.0%** |

# Some utes doubling in price

A dealer on the East Coast reports prices for some used utilities have almost doubled.

Damon Gunness, sales manager at Ray Scragg Motors in Gisborne, says there have been examples of second-hand utes jumping by $2,000 to $4,000.

"The market is more competitive than ever and, in some cases, it's almost unviable because the used price is getting close to the price of a new ute," he told Autofile.

"There has been a shortage of new vehicles coming in. This means buyers are having to wait up to three months to get their new stock, so their trade-ins have been delayed.

"People are also having to wait for new lease vehicles. There has been a contraction in the amount of used stock coming onto the market for us. However, there are still used cars out there, so it's not dire straits yet."

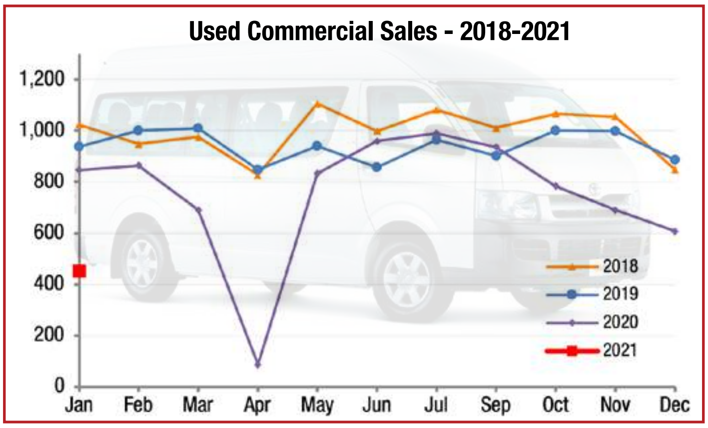
Gunness says business has been steady since last year's national lockdown due to Covid-19 and only slowed down slightly in the two weeks before Christmas.

Overall, he describes 2020 as "a good year" for the business.

"However, you have to ask how much of the spending that has been going on is real money, if it's due to the government's stimulation of the economy or if it's because Kiwis usually spend a lot of money traveling overseas.

"I believe 2021 could be a hard year. There could be some tough times ahead, but that's out of our control. The local economy has been fine, but who knows what this year holds for everyone."

As for last month's statistics, there were 454 used imported commercials registered in New Zealand for the first time – down by 46.4 per cent on January 2020's total of 847.




## Used Commercial Sales by Make - January 2021

| MAKE | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 177 | 345 | -48.7 | 39.0% | 177 | 39.0% |
| Nissan | 69 | 200 | -65.5 | 15.2% | 69 | 15.2% |
| Isuzu | 43 | 26 | 65.4 | 9.5% | 43 | 9.5% |
| Mitsubishi | 31 | 25 | 24.0 | 6.8% | 31 | 6.8% |
| Hino | 26 | 26 | 0.0 | 5.7% | 26 | 5.7% |
| Ford | 22 | 40 | -45.0 | 4.8% | 22 | 4.8% |
| Mazda | 17 | 41 | -58.5 | 3.7% | 17 | 3.7% |
| Holden | 13 | 14 | -7.1 | 2.9% | 13 | 2.9% |
| Chevrolet | 7 | 11 | -36.4 | 1.5% | 7 | 1.5% |
| Dodge | 6 | 5 | 20.0 | 1.3% | 6 | 1.3% |
| Fiat | 6 | 66 | -90.9 | 1.3% | 6 | 1.3% |
| Hyundai | 6 | 2 | 200.0 | 1.3% | 6 | 1.3% |
| Suzuki | 5 | 4 | 25.0 | 1.1% | 5 | 1.1% |
| Volkswagen | 5 | 8 | -37.5 | 1.1% | 5 | 1.1% |
| Daihatsu | 4 | 5 | -20.0 | 0.9% | 4 | 0.9% |
| Mercedes-Benz | 4 | 5 | -20.0 | 0.9% | 4 | 0.9% |
| Mitsubishi Fuso | 3 | 3 | 0.0 | 0.7% | 3 | 0.7% |
| DAF | 1 | 1 | 0.0 | 0.2% | 1 | 0.2% |
| International | 1 | 0 | 100.0 | 0.2% | 1 | 0.2% |
| Kenworth | 1 | 2 | -50.0 | 0.2% | 1 | 0.2% |
| Others | 7 | 18 | -61.1 | 1.5% | 7 | 1.5% |
| **Total** | **454** | **847** | **-46.4** | **100.0%** | **454** | **100.0%** |

## Used Commercial Sales by Model - January 2021

| MAKE | MODEL | JAN'21 | JAN'20 | +/- % | JAN'21 MKT SHARE | 2021 YEAR TO DATE | 2021 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Hiace | 129 | 266 | -51.5 | 28.4% | 129 | 28.4% |
| Isuzu | Elf | 33 | 14 | 135.7 | 7.3% | 33 | 7.3% |
| Fuso | Canter | 26 | 7 | 271.4 | 5.7% | 26 | 5.7% |
| Hino | Dutro | 22 | 21 | 4.8 | 4.8% | 22 | 4.8% |
| Toyota | Dyna | 21 | 33 | -36.4 | 4.6% | 21 | 4.6% |
| Nissan | NV350 | 20 | 48 | -58.3 | 4.4% | 20 | 4.4% |
| Nissan | Atlas | 12 | 9 | 33.3 | 2.6% | 12 | 2.6% |
| Nissan | Caravan | 12 | 55 | -78.2 | 2.6% | 12 | 2.6% |
| Ford | Ranger | 11 | 11 | 0.0 | 2.4% | 11 | 2.4% |
| Mazda | Bongo | 9 | 30 | -70.0 | 2.0% | 9 | 2.0% |
| Toyota | Toyoace | 8 | 13 | -38.5 | 1.8% | 8 | 1.8% |
| Chevrolet | Colorado | 7 | 8 | -12.5 | 1.5% | 7 | 1.5% |
| Nissan | E-NV200 | 7 | 4 | 75.0 | 1.5% | 7 | 1.5% |
| Toyota | Regius | 7 | 20 | -65.0 | 1.5% | 7 | 1.5% |
| Fiat | Ducato | 6 | 65 | -90.8 | 1.3% | 6 | 1.3% |
| Ford | F150 | 6 | 3 | 100.0 | 1.3% | 6 | 1.3% |
| Hyundai | iLoad | 6 | 1 | 500.0 | 1.3% | 6 | 1.3% |
| Nissan | Navara | 6 | 9 | -33.3 | 1.3% | 6 | 1.3% |
| Nissan | Vanette | 6 | 23 | -73.9 | 1.3% | 6 | 1.3% |
| Suzuki | Carry | 5 | 4 | 25.0 | 1.1% | 5 | 1.1% |
| Others | | 95 | 203 | -53.2 | 20.9% | 95 | 20.9% |
| **Total** | | **454** | **847** | **-46.4** | **100.0%** | **454** | **100.0%** |

# Huge sales drops reported

Registrations of new vehicles in Japan fell by 11.5 per cent last year when compared to 2019 with the total of 4,598,615 including kei-class cars with engines up to 660cc.

Statistics published by the Japan Automobile Dealers' Association show the decline was the biggest since 2011.

While the coronavirus crisis impacted on trading in 2020, nine years ago the country's economy was reeling in the aftermath of its east coast earthquake and tsunami, which disrupted supply chains.

New-car trade, excluding mini-vehicles, dropped by 12.3 per cent last year to 2,880,527 units from 2019's tally. In addition, 1,718,088 kei-class cars were sold – down 10.1 per cent.

Market leader Toyota notched up 1,423,151 sales for a drop of 5.8 per cent. Most other marques recorded double-digit declines with the worst hit being Mitsubishi and Nissan with 41.3 and 27.5 per cent slumps respectively. Daihatsu bucked the trend with a 28.5 per cent jump.

The car industry, along with most other parts of economy there, suffered when Japan was placed under a state of emergency (SoE) in April 2020 in a bid to contain the spread of coronavirus.

However, there were positive signs by year's end with December's figures showing a 7.4 per cent rise in sales compared to the same month of 2019 – up from 243,753 to 226,951.

However, there were some positive signs by the end of the year with statistics for December showing a 7.4 per cent increase in registrations compared to the same month of 2019 – up from 243,753 to 226,951.

On January 13, the latest SoE was expanded to include Osaka, Kyoto, Hyogo, Aichi, Gifu, Tochigi and Fukuoka to become effective in 11 out of 47 prefectures.

In Australia, registrations of new vehicles decreased by 13.7 per cent in 2020 to 916,968 from 1,062,867 in 2019, reports the Federal Chamber of Automotive Industries.

The total included 454,701 SUVs for a market share of 49.6 per cent. Light commercials amounted to 205,597 units and 22.4 per cent with passenger vehicles on 24.2 per cent and 222,103 sales.

The Hilux was Australia's best-selling model of 2020 on 45,176 with Ford's Ranger coming second with 40,973.

Toyota rounded off the top five with the RAV4 on 38,537 units, the Corolla on 25,142 and Landcruiser with 38,537.

## Registrations leap

Imports of new cars in January came in at 7,511. This was 11.3 per cent more than in the same month of 2020 but 20.5 per cent down on December's 9,452 units.

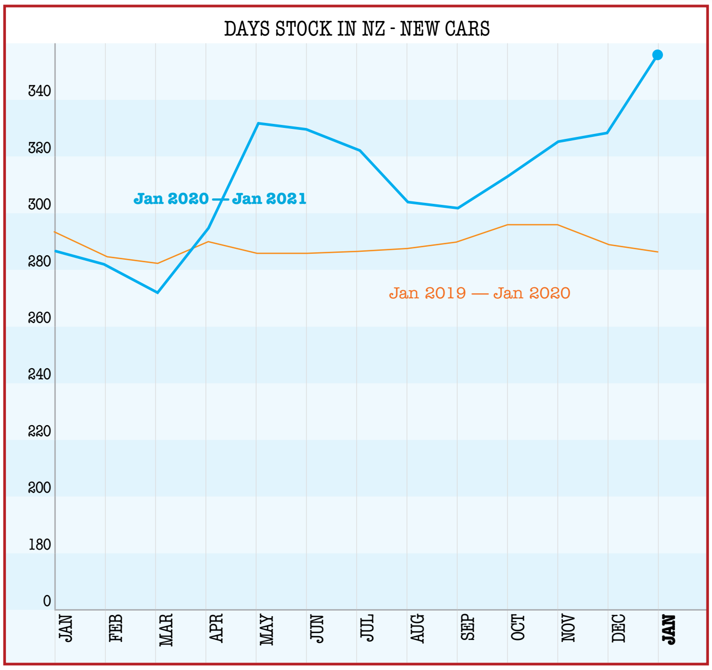
Registrations of new passenger vehicles totalled 9,712 last month for an increase of 6.7 per cent from January 2020's figures. It also represented a leap of 74.3 per cent from 5,572 units in December.

The numbers have resulted in the stock of new cars still to be registered decreasing by 2,201 to 76,616. Daily sales, as averaged over the previous 12 months, stand at 223 units per day.

January's results mean stock at-hand has dropped to 343 days, or 11.3 months, if sales continue at the current rate. In the same month of 2020, the figures were 280 days, or 9.2 months, respectively.

### 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 |
|---|---|---|---|---|---|---|
| Jan '20 | 6,750 | 9,099 | -2,349 | 79,416 | 283 | 280 |
| Feb '20 | 6,058 | 7,911 | -1,853 | 77,563 | 284 | 273 |
| Mar '20 | 8,531 | 5,415 | 3,116 | 80,679 | 276 | 292 |
| Apr '20 | 5,537 | 707 | 4,830 | 85,509 | 259 | 330 |
| May '20 | 2,765 | 5,400 | -2,635 | 82,874 | 253 | 327 |
| Jun '20 | 4,322 | 7,413 | -3,091 | 79,783 | 250 | 320 |
| Jun '20 | 4,321 | 8,200 | -3,879 | 75,904 | 250 | 303 |
| Aug '20 | 5,371 | 7,072 | -1,701 | 74,203 | 246 | 301 |
| Sep '20 | 8,313 | 7,735 | 578 | 74,781 | 239 | 312 |
| Oct '20 | 8,998 | 8,296 | 702 | 75,483 | 233 | 324 |
| Nov '20 | 7,483 | 8,029 | -546 | 74,937 | 229 | 328 |
| Dec '20 | 9,452 | 5,572 | 3,880 | 78,817 | 222 | 356 |
| **Jan '21** | **7,511** | **9,712** | **-2,201** | **76,616** | **223** | **343** |
| **Year to date** | **7,511** | **9,712** | **(2,201)** | | | |
| **Change on last month** | **-20.5%** | **74.3%** | | **-2.8%** | | |
| **Change on Jan 2020** | **11.3%** MORE IMPORTED | **6.7%** MORE SOLD | | **-3.5%** LESS STOCK | | |



# 'More competition' between dealers

A used-car importer reports competition between traders has ramped up because less stock is available overseas.

"After lockdown, we found it was easy to buy stock because the local market was down – it basically stopped – whereas we still had a lot of demand and were on the front foot," says Steve Greenwood, owner of Drive EV in Taupo.

"But with fewer new cars now being sold, people have been hanging onto their vehicles so there are fewer used ones for auction in Japan. That causes more competition between dealers.

"The market has been volatile. Prices are back to where they were with the expectation of being even higher than before lockdown."

Greenwood's dealership only imports used cars out of Japan and brings in new vehicles from the UK.

"It is getting tough sourcing from Japan. We are lucky being a reasonably small business for stock levels, so we can be quite fussy about what we bring in.

"When we find electric cars with good battery condition, we just pay the higher prices for them. We do get a fantastic deal on them. It will be traders who need to have 200 vehicles on yards that might be finding it tough."

Ross Brown, owner of Greenfield Motors in Greymouth, highlights an issue for dealers getting good stock this year.

"I sell new and used supplemented by buying used cars at auction and off Trade Me," he says.

"Good quality stock – low-mileage, late-model, tidy cars – are thin on the ground and that's what everyone is chasing.

"I'm not sure how used-import stock is going because we haven't bought any Japanese imports for at least three years."

Although there are issues getting the stock he wants, Brown has no plans to return to importing used vehicles from Japan.

Meanwhile, New Zealand's current account is back in the red with an increase in vehicle imports helping push the deficit to $400 million in the September 2020 quarter. The seasonally adjusted figure follows a $600m surplus in the previous quarter.

The main contributor to the deficit was an increase in goods imported of $1.1 billion after a fall in the June 2020 quarter, reports Stats NZ.

"The rise in goods imports was mainly driven by an increase in car imports," says Peter Dolan, senior manager of international statistics. ⊕

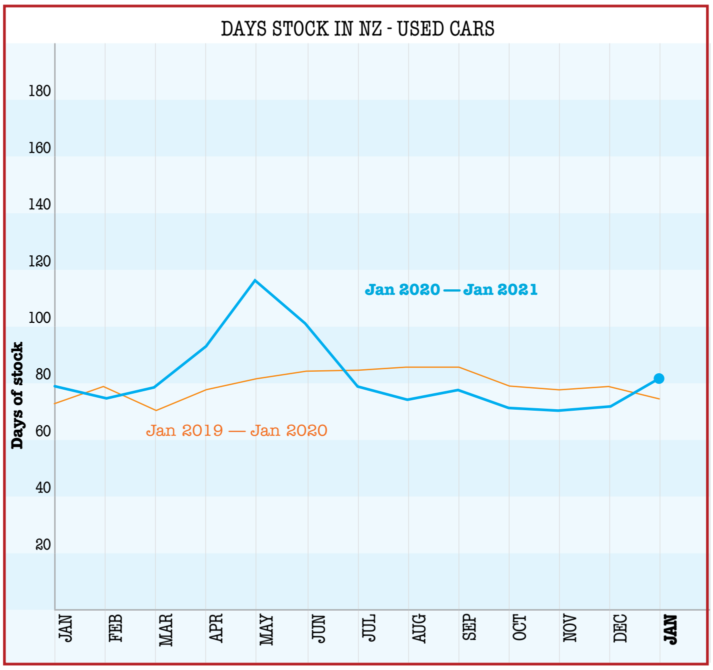
## Stock levels building

There were 11,523 used cars imported in January. This was an increase of 1,422 units, or by 14.1 per cent, on the same month of 2020, but down 5.1 per cent on the 12,138 imported the previous month.

A total of 9,404 units were sold during January. This was down 19.6 per cent from 11,693 registrations during the same month of 2020 and represented a drop of 0.7 per cent from the 9,334 units sold in December last year.

With 2,119 more used cars imported than registered last month, it brought stock sitting on dealers' yards, or in compliance shops, to 27,938 units. This was 2.7 per cent, or 2,887 cars, lower than at the end of January 2020.

With current average daily sales falling to 304, there are 92 days' stock remaining if sales continue at this rate.




### Dealer stock of used cars in New Zealand

| | CAR SALES | | VARIANCE | STOCK | DAILY SALES - 12-MONTH AVERAGE | DAYS STOCK AT HAND |
|---|---|---|---|---|---|---|
| | IMPORTED | REGISTERED | | | | |
| Jan '20 | 10,101 | 11,693 | -1,592 | 28,706 | 385 | 74 |
| Feb '20 | 11,789 | 10,747 | 1,042 | 29,748 | 384 | 77 |
| Mar '20 | 13,145 | 8,565 | 4,580 | 34,328 | 375 | 91 |
| Apr '20 | 6,136 | 622 | 5,514 | 39,842 | 347 | 115 |
| May '20 | 4,048 | 9,565 | -5,517 | 34,325 | 340 | 101 |
| Jun '20 | 5,021 | 11,962 | -6,941 | 27,384 | 342 | 80 |
| Jun '20 | 9,212 | 11,975 | -2,763 | 24,621 | 340 | 72 |
| Aug '20 | 10,098 | 9,054 | 1,044 | 25,665 | 331 | 78 |
| Sep '20 | 8,358 | 10,339 | -1,981 | 23,684 | 327 | 72 |
| Oct '20 | 9,064 | 9,763 | -699 | 22,985 | 322 | 71 |
| Nov '20 | 9,553 | 9,523 | 30 | 23,015 | 316 | 73 |
| Dec '20 | 12,138 | 9,334 | 2,804 | 25,819 | 310 | 83 |
| **Jan '21** | **11,523** | **9,404** | **2,119** | **27,938** | **304** | **92** |
| **Year to date** | **11,523** | **9,404** | **2,119** | | | |
| **Change on last month** | **-5.07%** | **0.7%** | | **8.2%** | | |
| **Change on Jan 2020** | **14.1%** MORE IMPORTED | **-19.6%** LESS SOLD | | **-2.7%** LESS STOCK | | |