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New-vehicle industry facing slow recovery



Association boss reveals how Covid-19 is disrupting sales, deliveries and may lead to businesses making major cuts

New Zealand's car industry is facing years in the doldrums with sales tipped to take longer to recover from Covid-19 than they did after the global financial crisis (GFC).

The Motor Industry Association (MIA) does not expect trading levels to be back to their pre-pandemic volumes for at least another five years.

In the meantime, distributors face having to review operations as they tackle the threat of shifting between alert levels, as well as battling production and distribution issues.

And vehicle parts are taking longer to arrive as companies turn to sea freight because the cost of deliveries by air is increasing.

David Crawford, the MIA's chief executive, admits it's a gloomy picture for the industry at present, and says business and consumer confidence will only return once there is an end in sight to the coronavirus pandemic.

"When the GFC arose, it took the new-vehicle sector about five years to get back up to previous sales levels," he told Autofile.

"The underlying drivers to

the economic recession at the moment are deeper and more pervasive than what we saw with the GFC, so we think it's going to take longer than five years to get out of this and we will see reduced car sales for some time.

"There's unlikely to be an increase in year-on-year sales until there is a vaccine that is shown to be effective because that's what it will take to give confidence back to the economy.

"We could be in for a really rough ride over the next couple of years and we think vehicle sales will

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GUEST EDITORIAL

Pressure on to keep country's fleet safe

Sean Stevens says, come the end of 2020, Kiwis will be able to congratulate themselves

So, New Zealand is back to level zero and Covid-19 has been beaten with a proven vaccine circulated to global communities.

Except this scenario is not 2020 but 2023, which is when it's estimated a vaccine will be in wide circulation although it's unlikely to be available anywhere until late 2021.

The level two and three alerts we've had may not be the last. We know the impacts on the country financially, but what about vehicle inspections and safety?

When it comes to warrants of fitness (WOFs) and COF A/B, an average month sees about 395,000 expiries with a 35-40 per cent fail rate. With rechecks, that's 580,000 visits to a provider a month. At April's lockdown peak, we had 84,000 visits for a backlog of some 500,000 from that month alone.

During level four, the government extended all expiry periods to October 2020. While many diligent owners have recertified, the variance is still more than 200,000 entries. Added to October's average, this is close to 800,000 visits required in September and October. That's well over capacity, so users will either not access inspections or will be having big wait times.

The NZTA and industry are working to publicise this, but vehicle owners have been encouraged to not wait until next month. Instead, the advice is to avoid the rush and get inspections done as soon as possible.

April 2020's volumes also create a major hole for April 2021



SEAN STEVENS
Chief executive, VINZ

with current expiries, including WOFs and six-month COFs, topping out under 100,000 units.

As for used imports, we knew 2020 was going to be difficult with the final requirement for electronic stability control (ESC). With the

average age of just over 10 years, its implementation was always going to have a significant effect as importers reworked sales models to accommodate newer vehicles. However, Covid-19 also effected used imports and, to a degree, helped cushion ESC's impacts.

Level four showed decreased sales, but post-lockdown positivity spurred them on. This encouraged buying out of Japan but with low volumes shipped, this was covered by current and pre-ESC stock.

We now find the unusual situation with used entry stronger than forecast pre-ESC impacts, even though total sales are still below normal. The big question is how will alert levels two and three impact on this?

A positive public outlook will be assisted by the onset of spring's warmer days and financial impacts need to be as well-managed as possible. However, this isn't a usual financial downturn as it doesn't relate to global finances and New Zealand was performing relatively well coming into 2020. We chose this downturn over the virus' risks.

Come December 31, we will mutter what a tough year it was. But we will be able to congratulate ourselves for weathering this storm and showing the world what we can do together. ☺

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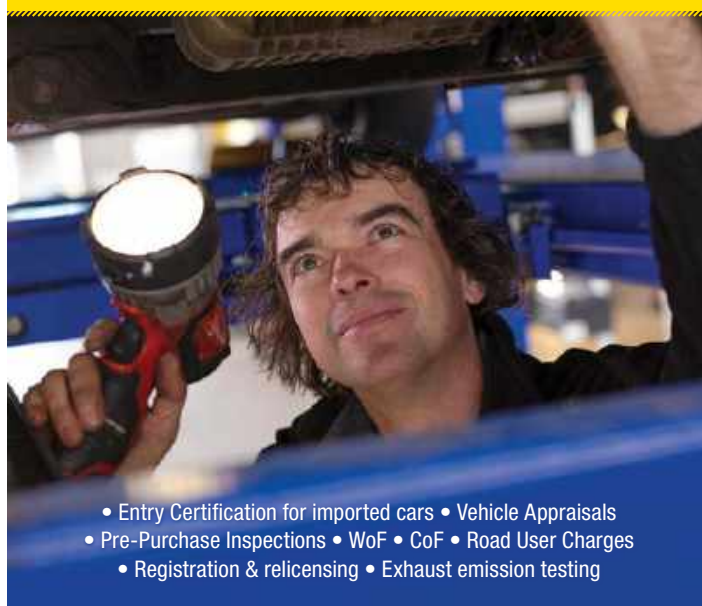
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be significantly reduced in 2020."

The MIA initially predicted new-vehicle registrations this year to drop between 30 and 40 per cent from 2019 levels.

Crawford says after a surprisingly buoyant June and July that decrease is now likely to be in the range of 25 to 30 per cent.

Disruption to shipping schedules and production of vehicles overseas, with some marques forced to close plants because of Covid-19 restrictions, is also unsettling for the industry.

Distributors are "continually assessing" the market and adjusting forward orders for the supply of vehicles with shipments becoming less frequent during the pandemic.

"From what I understand stock is still flowing, and shipping routes and frequencies have changed, but vehicles are still being imported.

"It has become a logistical challenge for businesses to determine how many vehicles they need in New Zealand for



Car dealers across the Auckland region had to follow strict procedures during alert level three. Photo: David Kemeys

"We could be in for a rough ride over the next couple of years" – David Crawford

current market conditions and what is the timeline to get them here. That's the challenge distributors are continuing to work with.

"We had a stronger June and July than we thought we would have, which has strained current supplies in some cases.

"Distributors have to think about how many vehicles they

need, what their shipping options are and how many do they carry in New Zealand in what are relatively unpredictable market conditions."

The threat of future lockdowns in response to possible Covid-19 outbreaks means companies are also having to ponder whether to cut back operations. With Auckland going into alert level three on August 12, new-vehicle sales have been "considerably slower" due to reduced footfall and contactless trading.

Crawford says while elevated restrictions are inevitable from a health perspective, he fears any future yo-yoing in and out of different alert levels poses a considerable risk to the automotive industry.

"Anything that affects sales will have a significant impact on profitability, and that is an area where distributors and franchise dealers are suffering, especially in Auckland.

"Any lockdown will have a continued negative impact on economic activity and create far tougher business conditions. At its worst, it would cause distributors and franchise dealer networks to undertake reviews in terms of profitability and sustainability. Some may review the overall size of their operations.

"If the market continues to be depressed, distributors will inevitably downsize to cut costs to match sales. Every time we yo-yo in and out of alert levels, it makes it harder for our economy to recover."

Adding to the industry's headaches are delays over getting parts sent to New Zealand to support the servicing and repairs of vehicles.

"Some parts for vehicles are taking longer to arrive," says Crawford. "Some that traditionally come by air are now coming by sea because the costs of air freight have gone up significantly and the number of flights has gone down significantly."

Despite Auckland being in level three during much of August, the transition to those tougher trading rules was easier than when changes to operations needed to be made coming out of the level-four lockdown in April.

"For distributors and franchise dealers, it's been similar territory. They aren't having to develop systems or put new ones in place so the switch-over was easier than the first time around, but I think the public responded a bit differently this time.

"There are still cases being reported so the public is a bit wary. That may be having an impact on people getting out and about and spending money."

Along with constraining sales in the Auckland market, the latest lockdown slowed the delivery of new vehicles to other parts of the country, which have remained at alert level two.

Distributors had to plan further ahead as a result and Crawford explains that instead of arranging deliveries of vehicles three or four days in advance, they were allowing a week or 10 days.

"It was taking longer for vehicles to be delivered to other areas outside of Auckland because of restrictions at the edge of the city. Trucks could go through bypass lanes, but it was a slower process than usual. Distributors had to plan around this and adjusted their ordering processes."

He adds the "world is hanging out for a vaccine". Until that happens there will continue to be "disruptive forces" on the market from economic and health perspectives.

While spending on vehicles – new and used – hit surprisingly



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◀ high levels in the aftermath of the first lockdown, there are fears consumers' appetites for splashing the cash and upgrading cars may soon start to wane.

"With Covid-19 so far, the market has defied the typical trends in terms of economic activity because when we went into lockdown three and four in March and April, no one could work," explains Crawford.

"People weren't out spending money. They were saving any money they had and then international travel stopped. June and July are strong months for Kiwis travelling but they couldn't go overseas this year and they have maybe done house renovations or traded in vehicles because they had extra money available.

"I think that period of spending is running out and I'm certain we haven't seen the full economic impact yet of Covid-19 here, let alone the rest of the world.

"It often takes time for the economic impact to flow through to what people buy and how much they spend. I think the worst is yet to come, economically.

"We remain unsure about the outlook for 2021. The longer our borders are locked down, the worse it will be because there's only so much an island economy, such as ours, can do within its borders."

COUNTING THE COSTS

The Imported Motor Vehicle Industry Association (VIA) says last month's level-three lockdown in Auckland slowed sales of used cars, but most other parts of the supply chain continued to operate close to normal.

But chief executive David Vinsen says the ongoing uncertainty for dealers may force some to close.

"When external events such as this pandemic happen there's always a shaking-out of the industry, which results in some sort of consolidation," he says. "Some people's businesses will go to the wall and others will pick up the pieces or fill in the gaps.

"When these severe external shocks happen it is the larger and, by definition, better capitalised



Business under level two at Blackwells in Christchurch. Photo: Matthew Lowe

organisations that are better-placed to cope because of the resources they have.

"Larger, well-funded and well-organised businesses have more resources to deploy to address changing health-and-safety rules and deliver training, whereas smaller operators may struggle to do all that. In contrast, the advantage for smaller operators is they have lower overheads, and the agility and ability to move at speed to any disruptions."

Vinsen says while Auckland's spell at level three during August impacted car sales, the transition to operating under those restrictions went smoothly because of New Zealand's March to May shutdown.

"We learnt about lockdown and Covid-19 at levels one, two, three and four earlier in the year. We were able to learn how to manage customers, how to conduct contactless sales and make any adjustments necessary to still be able to operate in a competitive state under different health restrictions.

"It meant the industry was able to go back to level three this time by reverting to what was done earlier in 2020. The guidelines had been developed. We just had to remind everyone of them.

"This latest lockdown has slowed things up considerably in terms of retail sales, but the areas I'm principally concerned with in the supply chain have carried on because vehicles have been declared an essential item.

"Ships can discharge all cargo. Vehicles can be processed and taken off wharves into storage or compliance, so that's what is still happening."

The industry has made small adjustments through the whole supply chain in response to Covid-19, but does not anticipate any major changes to how things are done in the long term. "It

means people need to continue to be nimble to adjust and adapt to whatever the prevailing health regimen is in place at the time."

Vinsen hopes the country can avoid going back into level three or four because the lower levels mean the industry can "get on with doing business".

He also warns the threat of future lockdowns poses more than just a financial risk for companies and their employees.

"It's been confusing having different alert levels across the country, but people have got on with business as best they can. If people are given clear indications and guidelines, then they will get on with it.

"I hope we won't lurch into higher levels of lockdown every time there's an outbreak. When that happens, it's very hard to adjust.

"In my opinion, the costs of these lockdowns – financially, emotionally and mentally – have far exceeded any potential health savings that can be made." ☺

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Port steps up testing regime

Ports of Auckland Ltd (POAL) is installing two Covid-19 testing stations as it prepares for mandatory testing of workers considered at high risk of infection.

The port is confident the new measures will not disrupt the discharge and processing of vehicles.

POAL was ordered in mid-August to test about 6,000 people following the re-emergence of the virus in the community, which led to New Zealand's biggest city being moved to alert level three.

A temporary testing station was installed on-site, although the order from the Ministry of Health (MoH) was subsequently downgraded to only "high risk" staff who go onto ships. It meant about 1,000 workers needed compulsory testing, but nearly 2,500 took the tests.

Matt Ball, POAL spokesman,

A worker at Ports of Auckland having his temperature checked as part of Covid-19 safety measures earlier this year. Swab-testing is now taking place on-site



says the company has been told another health order is being prepared to make testing mandatory for the foreseeable future as the government tries to contain the spread of Covid-19.

"The testing of high-risk workers at the port is soon going to be required on a regular basis," he told Autofile.

"There will be new testing facilities installed at the port for when testing does become mandatory, one at the container terminal end and one at the general cargo end. Until those are in place, we are asking workers to go to a regular testing station and get checked out."

Ball says there have been no positive tests to date among workers at the port, which has had Covid-19 security and restrictions in place since January.

He adds vehicle imports have been uninterrupted by the most recent lockdown measures and staff involved in those operations wear personal protective equipment.

"There's been no issues with discharging vehicles and getting them off the wharves. Last time we went through lockdown all the issues around the alert levels were ironed out and it means this time the port is working close to normal.

"It was not ideal being at level three. But we know what to do and just have to hope that we don't get more of these situations as we move ahead."

Work on a new car-handling building for the port also continues and it is on course to officially open in October.

"While the two lockdowns have delayed the building, it's still on schedule and budget," says Ball. "We would have had it finished earlier if not for the level-four lockdown this year, but at the

other levels the work has been able to continue."

Meanwhile, tackling the backlog of vehicles needing warrants of fitness (WOFs) became harder with Auckland's shift to Covid-19 alert level three, although the city is now in level 2.5.

Greig Epps, advocacy and strategy manager at the Motor Trade Association (MTA), says about 300,000 cars have had WOFs expire this year and are yet to be renewed.

The government has announced WOFs, COFs, driver licences and other documents temporarily extended because of the pandemic will need to be renewed by midnight on October 10.

"We know there are 300,000 cars that still need to be inspected from the earlier lockdown period and the shift to level three in Auckland made it more difficult as businesses had to slow down operations," says Epps.

The MTA is urging members to ensure they stay safe and follow the rules as the country fights to keep Covid-19 under control.

"We're encouraging businesses to follow government guidance, and pull out the plans and protocols. For car dealers, they will need to think about rebooking test drives and meetings to maintain social distancing and stay safe.

"For anyone outside of Auckland, the key part is staying safe and keeping distances, and the new request to consider using a mask if you're going to be in close contact with people." ☺

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In-car systems cut crashes

The automotive industry in Japan continues to make major strides in safety when it comes to producing new cars.

The Japan Automobile Manufacturers' Association (JAMA) says its members are "continuously striving" to develop active safety systems by upgrading equipment and expanding installation rates to help prevent accidents.

For example, 84.6 per cent of cars made for the country's domestic market in 2018 were equipped with forward collision-mitigation braking systems – including those for low-speed vehicle operation – and 77.1 per cent with ways of enabling accelerator suppression if pedals are wrongly applied.

Japanese marques are also seeking to increase levels of passive safety through enhanced structural safety and features designed to mitigate injuries and death when crashes do happen.

As a result of research conducted into a concept that JAMA calls advanced safety vehicle (ASV), a wide range of systems, such as full-range adaptive cruise control, have been developed in the driving-assistance arena.

Most of these advanced technologies have already been



Collision-mitigation braking is based on the distance from and speed relative to the vehicle ahead. This is normally obtained by radar technology with an electronic control unit calculating the risk of crash

introduced to the market, the association states in its annual report called The Motor Industry of Japan 2020.

These include lane-keeping assist. This works by sensors monitoring the road ahead. Through auxiliary control of the steering wheel, they help to keep the car centred in the lane whenever it deviates from its course due to a crosswind, for example, or an uneven road surface.

With collision-mitigation braking, multiple warnings are sounded and the auxiliary braking is applied. When an accident is imminent, full braking power is applied and seatbelts are retracted automatically.

Then there is full-range

adaptive cruise control. This gathers information from front sensors to help a vehicle keep a safe distance from the one ahead through brake or speed control based on a pre-set speed.

Other ASV features in new cars include power-window jamming prevention, vehicle perimeter and obstacle warning, blind-corner and night-vision monitoring, bend detection and driver inattention.

Systems are also becoming more advanced to ensure vehicles are seen by other motorists at night with the likes of automatic high-to-low beam, glare-free high-beam headlamp control and adaptive front lighting.

This doesn't mean passive systems have taken a back seat because active head restraints, child car seats and airbag technology are continually reviewed.

Then there is advanced and automatic collision notification, and J-EDRs – Japanese regulation-compliant event data recorders.

An EDR is also known as a car's "black box". They started to be installed in passenger vehicles in Japan about 12 years ago.

There have been trial cases worldwide involving data from them. The first such use of evidence from one was in the UK when the owner of a Ranger Rover Sport crashed into a Jeep in 2006.

The accident left a baby paralysed and the driver was jailed for 21 months. The EDR evidence allowed investigators to determine he was speeding at 72mph in a 30mph (48kph) zone.

Although EDR evidence can be valuable in the litigation of traffic-related accidents and incidents, the primary purpose of the technology is to improve driver safety.

JAPAN'S ROAD TOLL

In 2019 road fatalities in Japan, which are defined as occurring

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Sales of 21,281 electric vehicles accounted for just 0.41 per cent of all new vehicles sold in Japan last year. The country's top three plug-ins were Nissan's Leaf with 19,789 registrations, Toyota's Prius Prime on 9,569 and Mitsubishi's Outlander PHEV with 5,286



within 24 hours of an accident, dropped to 3,215. This was their lowest level recorded since such data started to be compiled by the National Police Agency in 1948.

Crashes and road injuries also declined for the 15th consecutive year to 381,237 and 461,775 respectively.

Seatbelt use is a major contributing factor to these reductions with a revision to Japan's Road Traffic Act in 2008 requiring all car occupants, including those in rear seats, to buckle up.

The rate of use of rear seatbelts last year came in at 39.2 per cent on "regular roads" and at 74.1 per cent on expressways, but that was low compared to front-seatbelt usage, which approaches 100 per cent. Further measures are needed to encourage rear-seat occupants to buckle up, says JAMA.

When it comes to safety, there is an increasing – if relatively small – demand for assisted-mobility vehicles (AMVs), which totalled about 42,000 units last year.

"Great emphasis is being placed in AMVs in Japan to promote greater road safety," reports JAMA. "Their aim is to provide a comfortable and convenient way for people with limited mobility to get around and play an essential role in providing public-transport services for all users.

"Japan's car makers have been working to enhance the convenience of AMVs while viewing road safety as having three factors – road users, vehicles and road infrastructure."

As a result, those three areas are the focus of JAMA and its member manufacturers' road-safety activities when it comes to cars' active and passive safety systems.

SIZE OF CAR INDUSTRY

JAMA's annual report provides some fascinating insights into just how big the country's automotive industry is.

For example, by the start of 2020 some 78.42 million motor vehicles, excluding motorcycles, were in use.

Passenger cars usage increased by 0.2 per cent to 62.14m units by the end of last year compared to 2018, with standard and mini-cars growing by 2.1 and one per cent to 19.6m and 22.68m respectively.

However, small cars fell back by 2.6 per cent to 19.86m while there were 14.3m trucks on Japanese roads.

By the end of March last year, the average service life of motor vehicles in Japan was 13.26 years for cars, 15.17 for trucks and 18.36 for buses.

Domestic and export automotive shipments, including motorbikes and parts, topped ¥63.3 trillion – or about NZ\$910.1 billion – in 2018 for a year-on-year increase of 2.6 per cent.

They accounted for 18.8 per cent of the total value of Japan's manufacturing shipments and 40.7 per cent of the value of the country's combined machinery industries' shipments.

Investments in equipment by the automobile industry in 2018 totalled ¥1.5tr, and its research and development expenditures stood at ¥2.9tr. Those figures represent more than 20 per cent of the value of overall investments in Japan's major manufacturing sectors.

Motor-vehicle exports, in value terms, amounted to ¥15.9tr with some 5.43m people employed in automotive, which is one of the Japanese economy's core industrial sectors.

"Vehicles are the focus of a wide range of industrial and related activity, from materials supply and vehicle production to sales, servicing, shipping and other

operations," states JAMA's report.

"In 2019, Japan's gross exports and imports declined from the previous year by 5.6 per cent and five per cent respectively. In value terms, automotive exports fell by 4.7 per cent from 2018 to ¥15.9tr and imports decreased 4.8 per cent year on year to ¥2.4tr."

ESSENTIAL STATISTICS

The number of motor vehicles made in Japan fell for the first time in three years during 2019.

Statistics published in JAMA's

annual report show that the number of units rolling off the country's production lines came in at 9.68 million, which was down by 0.5 per cent when compared to 2018.

The number of passenger vehicles made slipped by 0.4 per cent to 8.33m. Although standard-sized cars increased

by 1.2 per cent to 5.32m, small cars fell by 4.2 per cent to 1.54m and mini-cars dropped by 1.6 per cent to 1.47m.

Truck production shrank by 1.9 per cent last year from 1.23m units. On the flipside, the number of buses made grew by 8.3 per cent to 123,000.

Some of trends seen in the manufacturing statistics are mirrored in the registration figures for new vehicles, but there are some differences.

Demand for passenger cars and commercials in Japan in 2019 came in at 5.2m units, which was down by 1.5 per cent from 2018.

Overall car sales contracted by 2.1 per cent to 4.3m. Small and

mini-cars dropped by 5.9 per cent to 1.24m and by 1.1 per cent to 1.48m respectively. However, standard cars rose by 0.2 per cent to 1.59m.

Registrations of trucks increased by 1.5 per cent last year over 2018 to 881,000 units, whereas sales of buses declined by 0.8 per cent to 14,000 units.

There was a notable drop in sales of new imported vehicles in Japan in 2019. They came in at 348,000 units, down by 4.9 per cent from the previous year with new cars dropping by 4.8 per cent to 326,000 units. On the flipside, sales of used imports rose by 2.2 per cent to 578,000 year to year.

In 2019, sales of used vehicles already in Japan nudged up by 0.5 per cent to reach 6.99m. Used car sales totalled 5.88m – up by 1.2 per cent. Standard-sized cars climbed by 2.8 per cent to 1.89m and mini-cars increased by 2.2 per cent to 2.5m, but small cars dropped by 2.5 per cent to 1.49m units.

Exports of motor vehicles in 2019 totalled 4.82m, with passenger car and bus exports rising 0.3 per cent and 10 per cent from the previous year to 4.37m and 121,000 respectively. Truck exports fell 7.2 per cent from 2018 to 325,000.

The top three exports market of 2019 were North America with 1.92m units, or 39.8 per cent of the total. Next up were Europe and Asia with 981,000 and 652,000 respectively.

Oceania accounted for 383,261 units, which was market share of 2.6 per cent and down from 2018's total of 438,362. Other markets were the Middle East with 464,000 units and Latin America on 286,000.

As for two-wheelers, production in 2019 dropped by 13 per cent to 567,000 with domestic sales down by 1.8 per cent.

Exports of new motorbikes from Japan in 2019 decreased 13.2 per cent from 2018 to 396,000, with Oceania accounting for 22,000. ☺

Top five for safety

These are the leading advanced safety features, in percentage terms, installed in new passenger vehicles made in Japan during 2018 for its domestic market.

Power-window jamming prevention with auto-up function 99.8%

Brake assist 99.7%

Electronic stability control 98.9%

Emergency-brake warning with ABS 87.4%

Traction control with ABS 84.8%

Source: JAMA

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Thorn Finance*

Q. Can you tell us a bit about Finance Central?

MG. Finance Central is a customer-led, dealer-centric financing solution we have always wanted to deliver to the market. It's been designed to fit seamlessly into the customer's online research and buying phase where it can have the most impact. Finance Central has been designed to improve customer experience, increase finance penetration, save time and provide a service that will evolve with regulatory change that dealers can trust. Our partnership with Thorn Finance and their expertise and systems has made this a reality.

Q. What is Thorn Finance's background?

SM. Thorn Finance has been around for more than 50 years. We started off as a black-and-white television rental company before evolving to become a multi-faceted financial provider under our brands dtr and Thorn. During that time, we have written more than 350,000 loans making things like vehicles, furniture and appliances more accessible to everyday Kiwis.

Q. Why has Thorn decided to diversify into vehicle retail financing?

SM. Financing cars was not completely foreign to us. In fact, historically a large part of our personal-lending arm at dtr was in this area. We've also been working with dealers for more than four years now, supporting customers who are typically categorised as "lower tier". We saw finance companies providing very good technology and services to people in the upper tiers, but at the lower end we thought it was a little underwhelming. So we approached car dealers that we thought we had a cultural and commercial alignment with to see if we could make a difference, and we have.

Q. What types of dealerships are you set up to provide services to?

MG. We're set up commercially and operationally to support any dealer looking to finance customers from tier one right through to tier three. Hopefully, we can make dealers' lives a little easier, and in turn their customers' by only having to have a relationship with one finance company.

Q. What benefits would a customer experience in financing through Finance Central?

SM & MG. A couple of examples are:

- The ability to apply with just one financier 24/7 regardless of what risk tier they fall into, meaning they don't need to bounce from one financier to another potentially impacting their credit enquiry record and their confidence.
- The entire finance process from application, document submission, reviewing and signing can all be done electronically wherever they may be, whenever it suits them.
- We have some of the lowest fees in the industry which can make a significant difference to their total cost of borrowing. That combined with our affordability assessment ensures the customer is being lent to responsibly.

Q. What are your main points of difference for dealerships?

SM & MG.

- Our ability to lend across a wide range increases customer experience and conversion. A true one-stop shop.
- Market leading technology that provides an easy to use completely online financing process allowing dealers to deliver financed vehicles faster regardless of whether someone is local or out of town.
- Motorcentral DMS integration further increases efficiencies and through our partnerships with popular listing sites like Trade Me and Autotrader we can bring the finance journey to the customer in more places online than before.
- A completely contactless financing solution for their customers including identify verification and contract signing.
- We continually focus on delivering a future-proof finance solution that dealerships can trust and rely on.

Q. How can a dealer find out more information about working with Finance Central?

MG. Just get in touch with our Client Solution Team on dealers@financecentral.co.nz.

A customer-led, dealer-centric financing solution

An artist's impression of Honda's new retail store for Nelson



Marque takes back car sales

Honda New Zealand is strengthening its roots in Nelson with a bespoke retail concept store.

Construction of the customer service centre in Elm Street, which will be home to the company's assembly and fit-out operations, service and sales, is expected to be up and running by November.

Nobuya Sonoda, managing director of Honda NZ, says the marque has a long and proud history with the city and its community.

"We started out with our manufacturing facility here in 1980, initially for our Honda Civic model, and eventually transitioned into our current national distribution and fit-out centre on Elm Street," says Sonoda.

"Over the past 40 years, our



Nobuya Sonoda, managing director of Honda NZ

relationship with our customers has been incredibly well-supported through a trusted partnership with the Bowater family.

"This partnership is coming to an amicable end when Honda NZ will be 'jumping into the driver's seat and taking the wheel' here in Nelson.

"We want to shape our operations to meet future needs and demands of customers, and

have chosen our Nelson site as the ideal place to showcase this. We will retain all of our assembly and fit-out operations and will have service and sales on-site."

Chris Bowater, director and chief executive of Bowater Motor Group, says: "Regretfully, after 47 years our partnership with Honda New Zealand will come to an amicable and mutually agreed end.

"We will be a leaner organisation going forward but we will actually come through these changes in good shape, more focused and determined than ever to continue to successfully serve the Nelson-Tasman communities for many more years to come.

"It has been a privilege to work so closely with the senior Honda NZ team. I'm pleased all our valued staff are being looked after in these changes. Honda's vision to get closer to its customers in Nelson is an exciting new journey for them and we wish them all the best."

Sonoda adds Bowater Motor Group – a local family business that was established in Nelson in 1945 – has been an outstanding dealership to work with and has served the brand well in the region. ☺

Group notes crisis may bring opportunities

Geneva Finance is aiming to return to sustainable profit and revenue growth after what it describes as a "difficult year".

Geneva's overall pre-tax profit of \$4.1 million for the year ending March 2020 was down by 24.5 per cent on 2018/19, while profit at Geneva Financial Services (GFSL) fell by 25 per cent to \$4.2m. The group offers lending through car dealers and direct to consumers.

Robin King, chairman, and David O'Connell, managing director, say some operations performed well over the past financial year, while others required restructuring to turn around performance.

"Now these changes have been made, despite the Covid-19 impact, the group is well-positioned to

return to sustainable profit and revenue growth. The company has a strong balance sheet, the receivables ledgers are well-provisioned and the board is looking forward to taking advantage of opportunities the coming market will offer."

On the positive side, the group saw profit growth in Quest Insurance climb by 30 per cent, investment in its Tonga finance operation jump by 22 per cent and its consumer debt-collection operation climb by 219 per cent.

This was offset by lower contributions from GFSL, its debt-litigation operation MFL and invoice-factoring business GCL.

"GFSL's poor performance in the current financial year reflects the profit impact of static lending volumes and lower yields as

focus was on maintaining asset quality over lending volumes," say O'Connell and King.

"During the latter part of the March 2020 year, changes were made, including personnel, pricing and a shift to increase the tier-one mix in our lending business. These changes saw an immediate lending lift to 26 per cent above last year – previously up seven per cent – and an improvement to collections performance.

"The profit result also includes the 'one-off' cost of a Covid-19 overlay provision totalling \$625,000."

The company says trading was "severely interrupted" during the level-four lockdown with revenue from new business originations down by 62 per cent on the previous year.

Since April 2020, Quest and

GFSL have seen growth in sales and lending, plus GFSL is showing improved collections arrears.

"The full impact of Covid-19 is still unknown and it is still widely expected the slowdown in the economy will be widespread and unemployment increase.

"These factors have been taken into consideration by the board, particularly in determining provisioning referred to in GFSL, but Covid-19 could also bring opportunities to aspects of the group's operations."

Geneva's assets increased to \$125m by the end of March 2020, up by 6.6 per cent on the previous financial year. Overall revenue rose by \$3.9m, or 14 per cent, to \$31m, and operating costs climbed by 25.8 per cent to \$15.9m. ☺

Protecta sharpens up learning

Protecta Insurance is helping staff at dealerships learn more about its policies and how they can benefit customers with the launch of a new dealer online platform.

The company has joined forces with Elmo, an Australasian human-resources tech business, to develop the system currently being trialled by 16 dealerships.

The online platform helps salespeople increase their understanding of key policy details such as inclusions, exclusions and optional benefits, so they can better inform customers and deliver fit-for-purpose insurance products.

Users receive learning modules covering motor insurance, mechanical breakdown insurance, payment protection insurance and guaranteed asset protection insurance. Each one features written and video content and a short quiz at the end.

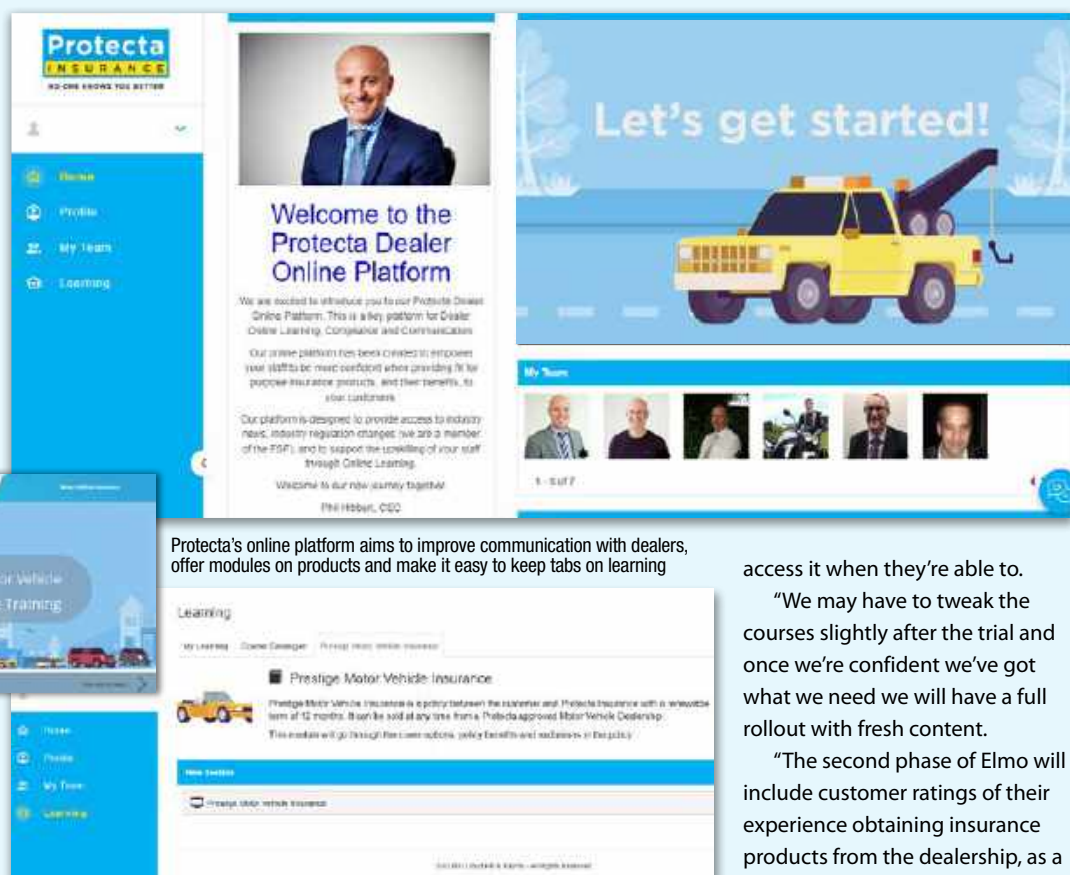
Protecta's dealer platform will also provide real-time access to industry news, industry regulation changes and the chance for further learning opportunities.

Phil Hibbert, chief executive officer, says it has been developed to address legislation changes for the industry and provide more consistent training for dealership staff.

Changes facing the industry are looming through the Financial Markets (Conduct of Institutions) Amendment Bill, which is awaiting its second reading in parliament.

There have also been recent amendments to the Credit Contracts and Consumer Finance Act (CCCFA), and the government is reviewing insurance contract law, which is enforced by the Commerce Commission.

"There's a real groundswell of changing legislation and regulation and there's going to be some significant incurred costs around how we become more compliant,"



Protecta's online platform aims to improve communication with dealers, offer modules on products and make it easy to keep tabs on learning

Hibbert explains. "We're a wholesale provider and it's up to us to ensure dealerships are fulfilling obligations that regulators expect of us, so real-time online training and updates are important."

"This project with Elmo is a great step forward where we can demonstrate to the Commerce Commission and other regulators that we have accessible products and offer training that is fit for purpose and adds good outcomes for the customer."

Dealer principals can follow the progress of staff as they tackle the modules and Protecta's arrangement with Elmo means users can access 400 other training sources covering areas such as the CCCFA, anti-money laundering, customer focus training and much more.

Hibbert says the platform will also improve the contacts between Protecta and dealerships. As part of the system's rollout, the company is doing away with contracted territory managers and replacing them with full-time, salaried

business development managers.

"Previously, we have relied on one point of contact, our salesperson at the coalface, to ensure dealers are doing the right thing around compliance. People at dealerships can now reach out to anyone at Protecta and will no longer be depending on the one point of contact."

"We believe the consistency of communication and relationships between Protecta and dealers will be far more productive and efficient when supported by the Elmo platform."

Hibbert says early feedback from those using the online offerings has been good. After assessing the trial, Protecta plans to have the system in place for 100 dealers by the end of January 2021 and roll it out to 200-plus dealers thereafter.

"Staff at the dealerships seem to love the fact they can refer back to it and stop if they need to," he says. "With the various modules they don't have to spend a day at a training course and learn all the products at once because they can

access it when they're able to.

"We may have to tweak the courses slightly after the trial and once we're confident we've got what we need we will have a full rollout with fresh content."

"The second phase of Elmo will include customer ratings of their experience obtaining insurance products from the dealership, as a result of consumer activation once they have received the certificate of insurance via email or SMS – this is a current project. This will allow dealerships to use this to measure performance and or include KPIs."

Hibbert is excited at the platform's development after work on it began soon after he joined the company in December 2018. He says the push to digitalise more of Protecta's work comes as consumers spend more time researching online before visiting a car yard, which means the window for a dealership to sell insurance products has become narrower. This trend has sped up since the start of the coronavirus pandemic.

"Covid-19 has accelerated our strategy to be more digital because it challenges your service model and we need to deliver a different communication platform where everything is consistent."

"It's our duty in this new world to be investing in giving the consumer more transparency about our products and making sure dealerships are more informed. That's what Protecta and Elmo are changing."

Board halts dividend pay-outs

Motor Trade Finance Ltd (MTF) says suspending dividend distributions to ordinary shareholders is a “precautionary response” to the crisis caused by Covid-19.

The decision will be reviewed at the end of the company’s 2019/20 financial year with the intention of resuming them if the board is satisfied it has “prudent levels of working capital to meet forecast requirements”.

The suspension, with most ordinary shareholders also receiving commission income as originators, comes on the back of MTF’s profits plunging by more than one-third.

Glen Todd, chief executive officer, says: “Prior to the arrival of Covid-19, the first half of the 2020 financial year was encouraging. Sales for the period increased by \$12m, or 4.7 per cent, from the same period last year.

“With lockdown in the last week of March and uncertainty ensuing, we took measures to increase our provisioning in response to forecasted deterioration of credit risk.”

This resulted in profit after tax tumbling by 37 per cent to \$2.7m from the same period in 2018/19 as the credit-risk adjustment to finance receivables increased by \$1.5m.

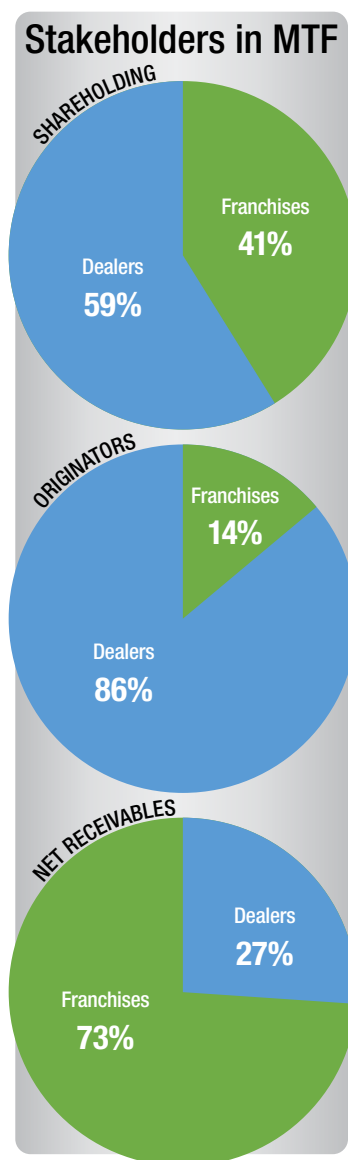
Underlying profit after tax was reasonably steady with a small drop of 1.5 per cent to \$3.86m, while net interest income of 2.9 per cent “reflects continued competitive pressures of the current lending market”. Expenses were up 6.3 per cent at the end of March – in-line with budget with MTF investing in “moving to more agile work methods”.

Total payment to shareholder originators, including commission, fees and payment waivers, increased by 1.7 per cent to \$34.4m, while their commission rose by the same percentage to \$21.5m. Total interim dividends are two cents per share – down from four cents.

Perpetual preference share dividends totalled \$500,000. The board will continue to approve these dividends in the normal course of business “unless there is a material change in the company’s ability to do so”.

Following the nationwide lockdown, MTF reviewed its operating budget in anticipation of declining sales. Staff and directors accepted temporary pay cuts and resources have been directed away from non-critical activities.

Todd says: “This has protected originators from a deterioration in their commission and will be



closely monitored. The board and management continue to work together to shape strategic direction. This is crucial in the response to the Covid-19 crisis as we enter an extremely uncertain and, perhaps, very different future.

“The value of our company is directly linked to the success of originators, so it is in the best interests of the company we support our originators through this once-in-a-lifetime event.

“Our immediate focus is on helping customers who have suffered a material change in circumstances get back on-track. We have developed tools for originators to help collect the required information and have put payment arrangements in place that support customers’ circumstances.”

MTF has also been monitoring originator activity – particularly those who have significant exposure to industry sectors at higher risk of economic deterioration.

Todd adds: “Work undertaken to strengthen our financial position after the global financial crisis has placed the business in a good position to face the coming challenges with the majority of the executive team that helped steer MTF through that time still on-board.” ☺

Luxury marque moves to agency model

Mercedes-Benz Cars is shifting to an agency system in this country following successful trials of the approach in other markets.

It is part of the company moving into the digital world when it comes to sales and after-sales.

“In the interest of best customer experience, Mercedes-Benz is adopting an agency sales model in several markets for new-vehicle sales,” says a spokesman for Mercedes-Benz NZ. “This will include New Zealand from January 2022.

“Mercedes-Benz NZ is working closely with its retail network to

develop a plan that ensures we continue to address customers’ present and future expectations.”

The agency model was introduced in Sweden in 2019 and it also operates in South Africa. It is set to be rolled out in Austria this year before Australasia makes the switch the following year.

Britta Seeger, Mercedes-Benz AG board member for marketing and sales, says the company expects 25 per cent of its global passenger-vehicle sales to be made online by 2025, up from the current rate of less than five per cent.

In an agency model, the

distributor retains ownership of stock, sets the retail price of vehicles and pays dealerships a fee for each one sold. The programme requires Mercedes-Benz to renegotiate its dealer contracts to allow it to control the sales process.

Seeger says the aim is to make the buying and servicing process easier and quicker, as well as improving experiences for consumers.

She adds dealers will still play a vital role, with interaction between them and customers expected in at least 80 per cent of sales and service cases.

“I cannot imagine going forward

with this model without having any contact with dealers,” says Seeger. “The dealer is still the brand ambassador. The agency model means no change to the customer except there are no-haggle prices.

“Dealers have a new role. If you compare now with five years ago, the customer was visiting them up to eight times before buying a car.

“Today, around the globe, because of digital, the visits are one or two if at all. Obviously, we discuss what this means going forward and then we are prepared for the new way of customers buying cars.” ☺

TV and radio in advertising mix

From our regular discussions with car dealers, it has become clear that today's push toward digital marketing has led many to mistakenly believing that advertising on traditional mediums, such as radio and television, is a thing of the past.

It is true that online advertising is superior in the way it enables a more refined form of customer targeting that can pinpoint the right message to the right customer at the right time.

However, the old faithfuls of TV and radio still have their place in the marketing mix because they play an integral part in developing awareness of a brand to a broad audience.

The key to remember with these forms of more traditional advertising types in the modern era is that they deliver a far higher return on investment if your digital campaigns are in place to support them and there is consistency in your messaging across all mediums.

Despite music-streaming services and the increasing popularity of podcasts, 89 per cent of people still listen to the radio in their car, according to a survey by Backstage. It is an engaging and well-loved medium for consumers, with many holding loyalties to certain stations and shows.

A Colmar Brunton study found that people are six times more likely to visit a business' website if they have heard it advertised on the radio.

It also found that a combination

of radio and online advertising delivers an average return on investment three times greater than combining TV and digital.

This tells us that establishing a multi-faceted media plan that includes both radio and digital is key to successful and cost-effective advertising.

Radio advertising can be targeted at a basic level in that media agencies will choose stations, shows and timeslots based on the known demographics of listeners when selecting where to place your ad.

Complete listener recall following a radio advertisement, however, is rarely reliable. People may hear the features and benefits messaging and call to action in an advert, but can forget or mishear the name of your dealership.

It is at this point that most customers will engage Google, so having your digital advertising in place – namely your search-engine optimisation (SEO) and search-engine marketing (SEM) – is vital. Without it, you may find that your radio ad has driven your customer to your competitor's website.

Similar to radio advertising, television is a medium that reaches the masses to build awareness.

The key difference, however, is that



TODD FULLER
General manager
AdTorque Edge NZ

we now live in a time of double-screening with many people simultaneously being on their phone while watching TV. This enables people to take immediate action upon seeing an advert that sparks their interest.

Again, emphasis needs to be placed on ensuring that SEO and SEM are established to ensure that anyone who runs a search during or following a television advertisement is captured and directed to your website. Without these mechanisms in place, you may lose the customer's interest or worse – they may land on another business' site.

With both TV and radio advertising, consistent and clear

website, they must also be presented with related creative content that delivers the same messages as your radio or television advert to prevent them becoming lost or confused and falling away. Such creativity can be in the form of a home-page banner or a landing page dedicated to your offer.

The other important aspect of an effective, multi-channel campaign is the implementation of retargeting. Awareness advertising through the combination of radio, TV and digital will drive traffic to your website, so it is important to also have a follow-up campaign that targets these new visitors on social and digital platforms, reiterating your earlier messaging while introducing some form of retail offer.

The aim of an effective advertising campaign is to close the loop, ensuring you are capturing customers at every possible stage of their purchasing journeys – never missing an opportunity to engage them.

This can be done using multi-faceted campaigns combining traditional and digital advertising mediums that drive people to your website.

Such campaigns build awareness of your dealership or offer and push a prospective customer down the purchasing path to a point where they are considering engaging with you – and are one step closer to that all-important vehicle purchase. ☺



The 'old faithfuls' of broadcasting, radio and television still have a place in the marketing mix

messaging, along with creative content is key, and these must flow through to your website. If someone sees or hears your promotion, it is important they receive the same messages when running a search.

Then, when they reach your

TIME TO HIT REFRESH ON YOUR DIGITAL MARKETING?

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Industry movers

HORST VON SANDEN, the longest-serving chief executive officer of Mercedes-Benz Australia-Pacific, is retiring at the end of this year.

He has led the marque in the region, which includes New Zealand, since July 2003 as its managing director before adding the CEO role in 2014. He arrived in Australia in September 2000 from Germany to take up the role of general manager of marketing.

Since 2003, he has overseen the marque from selling fewer than 10,000 cars per year across the Tasman to more than 35,000 and to topping the Kiwi luxury-vehicle market every year from 2015.

Von Sanden will be replaced by Florian Seidler, head of sales and marketing for overseas regions for Mercedes-Benz Cars based in Stuttgart.

Seidler was previously the CEO of Mercedes-Benz South Africa from 2012-17. He joined the marque in 2006, and has held various retail and wholesale roles.



Horst Von Sanden



Florian Seidler

NATHAN LOCKYER has been appointed as Fleetwise's client service manager. He joins the Palmerston North-based company after 20 years working in the automotive industry, most recently with Toyota NZ.

Lockyer, pictured, held a range of roles over those two decades, including in dealership auditing and client-relationship management. He is also a qualified automotive engineer, and has extensive technical expertise and knowledge of the original equipment manufacturer sector.

In his new role, he will help support and manage Fleetwise's fleet management and vehicle-disposal teams. "I'm looking forward to focusing on collaborative business interactions and adding value to Fleetwise's strong operational management," he says.

Ambrose Plaister, chief executive, says Lockyer's experience in a mix of technical service engineering and customer-facing roles equips him well to lead the client servicing and maintenance management teams.



ANGUS FOGG, the well-known race driver and engineer, has become a member of MotorSport NZ's historic advisory commission.

It follows the resignations of former commission chairman Tony Roberts and member Dale Mathers.

"Angus [pictured] is one of New Zealand's most respected and well-liked drivers, as well as being an accomplished engineer and constructor of quality race cars," says Wayne Christie, president.

"He has a wealth of knowledge of historic and classic race categories. Alongside Bruce Dyer and Barry Leitch, we believe we have an excellent advisory commission to take these categories into the future."



BLAIR HAMILL has started as Port of Tauranga's new commercial manager. He has replaced Leonard Sampson, who was appointed as chief operating officer in September 2019.

Hamill was previously chief global supply officer at Zespri International where he worked for 20 years.

Chairman unveiled for association's new era

The chief executive of the Enterprise Motor Group has been elected as the first chairman of an industry organisation's board of directors.

Chris Stephenson has been voted into the position following a major restructuring of the Imported Motor Vehicle Industry Association (VIA).

He joined the company as national manager 12 years ago. He was then

appointed chief operating officer of Enterprise and Community Financial Services in August 2015 before becoming CEO last October.

The vice-chairman of VIA's board is Sean Stevens, chief executive officer of Vehicle Inspection NZ.

The other two board members are Ken Quigley, managing director of Jacanna Customs & Freight, and Matt Battle, general manager at Moana Blue.

Stephenson was among those working on VIA's new structure over the past year-and-a-half and served on its interim board.

"I'm really happy and excited to be involved, and to have worked on this as part of the team helping to design the new structure," he told Autofile last month.

Stephenson notes some experienced people have now stepped back from VIA. "Now is a chance for us all to try to fill their big shoes in our association."

"The difference now is that we have the council, which will be making those weighty decisions on issues, with those on the board of directors holding governance roles."

David Vinsen, VIA's chief executive, says the board met for



"I'm really happy and excited to be involved"

– Chris Stephenson

the first time towards the end of August and since then he has had a meeting with Stephenson.

"I'm very pleased to be working with Chris, the other board members and our council moving forward," says Vinsen.

"The whole of the association has been restructured and it's great to have some fresh eyes looking at the issues. There is real enthusiasm from everyone."

"VIA's board is solely focused on

the association's governance. When it comes to industry issues and how to deal with them, that is the property of our council. We are already working on some governance matters."

The revamp of the association's structure follows its annual general meeting in July, which was the last time it was to have a national executive with co-chairmen representing its two-branch system.

Although VIA recorded a \$180,619 loss during 2019/20, it was significantly down on deficits recorded in the two previous years. With new subscriptions kicking in and cost reductions already made, there will be a zero loss during 2020/21.

Members have been allocated a spot in one of five different levels. Those in tier one – of which there are 10 – pay \$26,000 a year and have guaranteed council seat. Tier two costs \$13,000 a year with membership then stepped downwards to tier five, which costs about \$1,500-\$1,600 per annum.

The overhauled structure means some VIA members have upped how much they will contribute annually to the association. ☺

Bandwidth issue comes to fore

More than a decade ago, some Japanese vehicle manufacturers, led by Toyota, gazed into their crystal balls and saw a future in which drivers were assisted by automated safety features.

These companies saw a time when their cars would act independently if the occupants were put at risk.

Is the driver not braking or not braking fast enough? If yes, the vehicle takes over and acts as is necessary to prevent a crash.

Is a tired motorist drifting across lanes? Then the car intervenes and keeps it centred in its current lane.

These manufacturers envision a future where people enjoy driving and automated functions only help drivers do it safer or better.

To accomplish this, these manufacturers needed a way for on-road vehicles to communicate with each other.

Whatever frequency they operated on would need to be reserved for this use because of the safety focus – interference could prevent systems from working as intended or erroneously activate the autonomous functionality due to noise in the environment.

The automotive industry lobbied the Japanese government to reserve radio frequencies for the purpose. The frequencies that were set aside were part of the spectrum that was previously used for analogue television.

In New Zealand, Australia and most of the rest of the world, these frequencies were sold off to telecommunications companies, also known as telcos.

A few years ago, VIA and the Ministry of Transport sent a joint delegation to Japan to speak to the government there and vehicle manufacturers. One of the topics we wanted to explore was the vision for the future of this frequency.

We received conflicting messages. Most of the government officials we spoke to distanced themselves from the questions we asked, denying any interest or involvement in promoting the technology.

The manufacturers gave different responses. Many did not understand the rationale behind focusing on a technology that cannot be harmonised with the rest of the



KIT WILKERSON
Policy adviser and analyst
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on the technology.

Moving forward to today, we find ourselves in a situation where this technology is reaching maturity. Vehicles equipped with this – it's called ITS Connect – have been available since 2016. Some of these vehicles are entering the Japanese used market. Unfortunately, they cannot be imported into our market because the safety features work on a frequency that needs a licence in our country.

When Japan set this frequency aside for road safety, the rest of the world – including New Zealand – sold it to telcos. As a "managed frequency", it is illegal to be in possession of a device

technology could be turned off from the feature menu in the vehicle.

This means that if it was turned off, it would not be found by our detectors. We feared that relying on such a system would result in a false sense of security and an eventual rise on false negatives.

Moving forward, we do not know if Japan will one day mandate that all vehicles sold into the Japanese fleet must be equipped with this technology.

We do not know if they will geofence this technology so it will automatically turn off if the vehicle leaves Japan. We also do not know how long the transmitters for these devices will be accessible – eventually, they will be integrated into a vehicle's computer.

VIA has provided advice to the industry and will continue to explore ways to identify and disable this technology so we can still take advantage of other modern safety features.

We do know that some Japanese manufacturers have objected to the plan to use the dedicated 760MHz frequency. These manufacturers would prefer to develop technology that utilises 5.9GHz, which is used everywhere else in the world.

We cannot know what direction marques in Japan will end up going, but we do know the Japanese government must be able to justify not selling the 760MHz band to their telcos.

I predict, that for that reason alone, these autonomous features will one day in the future be mandated in all new vehicles in Japan, eventually. ☺

“Vehicles equipped with ITS Connect have been available since 2016. Some are entering the Japanese used market”

world, but acknowledged that a minority of marques were actively pushing to have it mandated.

Interestingly, I was invited to a conference a week later sponsored by the Japanese government where government, academia and industry representatives were presenting the status of their autonomous vehicle-related projects to cabinet officials.

Several of the same government officials who told us a week earlier that they had no interest in the technology presented updates on projects that were under way based

that's capable of transmitting on it without a licence.

Telcos purchased the sole and exclusive right to use the frequency. They have a right and reason to object to anyone else using it because other devices may cause interference and might degrade the quality of services they provide their customers.

Currently, the best solution is to not import these vehicles.

We have explored ways to detect vehicles broadcasting on 760MHz during inspection in Japan. Unfortunately, we found out the



Advocate ▪ Advise ▪ Connect

The month that was... September

September 21, 1998

Calls to abolish licences

Usually on opposite sides of the automotive fence, the Imported Motor Vehicle Dealers' Association (IMVDA) and Motor Industry Association (MIA) reached agreement on one thing – and that was dealer licences should go.

The organisations representing New Zealand's car industry had presented submissions on proposed changes to the Motor Vehicle Dealers' Act (MVDA) to a select committee in Wellington earlier that month.

Both the MIA and IMVDA presented similar submissions, arguing legislative changes shouldn't proceed and that the MVDA needed to be revoked mainly on the grounds that the amendment bill applied to only about one-third of vehicle sales in this country.

They said it also failed to address the problems of modern and different selling methods, such as 0800 numbers and the internet, let alone auctions, car fairs, park-and-sell facilities, rentals, leased cars and taxis.

The proposed alterations applied only to licensed traders. Unlicensed and fraudulent dealers would obviously not submit to a licensing regime with its associated regulations, taxation and social-welfare fraud constraints.



September 14, 2007

Geneva reports credit line secure

Geneva Finance pledged confidence in its credit line after Standard & Poor's (S&P) flagged concerns about its liquidity and funding.

S&P, one of the three largest international credit-rating agencies, said it had placed Geneva's B+ rating on "credit watch with negative implications" with "increasing pressure" to blame for this.

"We believe there is a possibility that current financial market disruptions may lead to Geneva being unable to manage liquidity and funding pressures affecting the New Zealand finance company industry," explained Derryl D'Silva, a credit analyst with S&P.

The announcement came in the wake of five finance companies collapsing in three weeks to make it nine in the past 16 months with a total of about \$1.1 billion owed to investors, many of whom had taken their money out of companies.

Geneva Finance's chief executive, Shaun Riley, said its Royal Bank of Scotland line of credit was secure and maintained it still had significant capacity remaining to fund its operations for some time yet.



September 30, 2005

Closures cause concern

The demise of a number of large used-imported car dealerships was sending tremors through the automotive industry's finance and sales sectors.

Several million dollars were believed to be at risk as wholesalers and finance companies moved to take stock from traders' yards.

Closures included the high-profile Venture 4x4 Motor Company yard in Takanini, Auckland, and DriveTime with three branches in the city and Wellington, as well as others.

The used-vehicle market was regarded as being "tight", although some import dealers were "doing well in patches".

Tight trading conditions for dealers – including competition from newly registered traders, auctions and websites such as Trade Me – had led to wholesalers providing "stretch", or extended payment, terms to dealers to get their stock onto retail yards.

"Everyone wants dealers to keep on trading, but neither the wholesalers nor finance companies want to be second if they have to move to secure their interests," explained one senior industry executive.

"Everything is okay as long as no one blinks. No one wants to take precipitous action if there's a chance of the dealer trading through."



September 19, 2008

Vehicle arrivals down by 17%

Imports of new and used vehicles into New Zealand in August fell by 17 per cent in total compared with August 2007, dropping from 19,012 to 15,775.

Driven mostly by big drops in the used-import arrival market, the total was also down from the previous month's 16,316 units.

In the passenger car market, new-vehicle arrivals dropped by 11.4 per cent from 7,992 to 7,080, while used imports decreased by 36.9 per cent from 9,314 on the same time in 2007 to 5,877.

Arrivals of new commercials had fallen by 5.9 per cent from 1,756 to 1,652, while used commercials had dropped by a massive 69.5 per cent to 225 from 740.

Year-to-date arrivals of combined passenger and commercial vehicles saw new arrivals reaching 70,951 and used reaching 68,557.

David Vinsen, chief executive of the IMVDA, said: "The number is obviously down from previous years, but slightly better than we expected given the effects of the exhaust emissions rule and state of the economy."

"Our volumes are down a lot more, probably by 65 to 70 per cent," added Graeme Macdonald, of Croydon Wholesalers in Auckland. "It's reasonably difficult to buy the stock we want in Japan due to the current state of the New Zealand market."



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Extra ideas for registration process

The Ministry of Business, Innovation and Employment (MBIE) is looking into making some changes to the registration process for car dealers and has already identified a few ideas for potential consideration.

These include the provision of full legal name and some form of supporting identification, such as passport or driver-licence details, an address for service including an email, the ability to cite a rural address for traders living in country areas, 20 days' notice if a change of manager is planned and removing the ability to search via the dealer's date of birth.

These are all plausible changes, but perhaps they don't go far enough. The motor-vehicle traders' register has always been short on content and it might be a good time to "fatten it up" a bit.

No doubt, some of the long-established dealers would like to see a return to the old days when traders were licensed and had to meet strict requirements before opening shop.

The MTA is not pushing for that, but we think it should involve a bit more than putting your name on a list, so we have taken the opportunity to suggest a few

additional ideas for MBIE's consideration.

These include the disclosure of a physical business address, that's to say place of trade. This is distinct from and in addition to the "address for service". This may be online, but searchers of the register should be able to determine if the dealer occupies a physical site.

If a trader operates predominantly through roadside or car-fair sites, this should be noted. This important information can help consumers contact the respective dealer.

If a dealer is registering participation in the business, it is appropriate that the operation's physical location be declared. This can be required if there are post-sale issues to resolve.

In some cases, consumers can struggle to contact some traders who do not operate from or don't cite a defined place of business.

Another suggestion the MTA is making is for a declaration of time spent and roles held in the industry



TONY EVERETT
Sector manager – dealers,
Motor Trade Association

"The motor-vehicle traders' register has always been short on content"

because current entry requirements are minimal.

Declaration of tenure in the industry would have some relevance, even though this shouldn't limit registration because it might be a barrier to new entrants to the industry.

Online disclosure of this information would provide

consumers who check the register with a better understanding of a trader's experience.

We also feel a base level of consumer-law knowledge should be demonstrated. Traders should be familiar with a range of

compliance issues they may face, such as through the Consumer Guarantees Act, Fair Trading Act, Anti-Money Laundering and Countering Financing of Terrorism Act, responsible lending and insurance to name a few.

Ideally, a short online test could be administered – such as that required under the Second-hand

Dealers and Pawnbrokers Act – as part of the registration process and the score achieved displayed in the register details. At the very least, new traders should receive from the registrar a guide to relevant consumer law for car dealers.

A better declaration on who is the nominated on-site manager would be beneficial. A registered motor-vehicle trader might be a person who operates several dealer sites, so defining the designated site manager would be useful.

The MTA would like to see declarations of interested parties and of bans. When an application is made by a company or legal entity, its directors should be declared with their trader-registration history being disclosed. That would mean saying if the directors of a company have been previously banned from trading, but that the company is applying for trading registration.

Finally, membership of a trade association would provide consumers with confidence that trader have access to information and training.

It's early days in the process and we hope our suggestions help encourage government officials to undertake a more substantial review. ☺

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Time to focus on energy efficiency

Energy efficiency is an important consideration when choosing any sort of car, but even more so when thinking about buying an electric vehicle (EV).

Efficiency is a key determinant of an EV's running costs and its practicality – the more efficient your battery and motor, the less electricity you need to use and the longer you can go between recharges.

Battery capacity and energy efficiency combined set the maximum range on a full charge.

Many would-be EV buyers are put off by “range anxiety”, which is the fear they are going to be stranded with a flat battery.

Flip The Fleet's surveys have repeatedly shown this fear is overblown compared to the reality. The median trip distance out and back to base is about 30km, way less than the maximum range of most current EVs.

However, if driving a very early model you may be nearing the time when you need to refurbish or replace the traction battery – the car body and motor are likely to last a lot longer than an internal combustion engine (ICE) because EVs vibrate less, don't get so hot and the motor has relatively few moving parts.

But battery capacity fade may eventually make an electric car's maximum range too short for most needs. With refurbishment or replacement being expensive, buying a model with high energy efficiency contributes to an excellent lifetime return on investment in the vehicle by

staving off that need for a battery reboot.

Batteries are heavy and bulky, so they are built into the floor of the EV to give it a low centre of gravity and stability when cornering.

The good news is that batteries are becoming more “energy dense” with the latest ones providing more energy for a given weight and bulk. That means there's less weight to lug around and efficiency is improving.

You can already see a hint of this improvement in the Flip The Fleet database for EVs from all around New Zealand. The average energy efficiency of the entire electric fleet stepped up by between 1.5 and three per cent over the past two years. However, energy efficiency hardly changed at all between 2019 and 2020.

Changes in national averages will partly reflect the changing proportions of different models



Henrik Moller, co-founder, Flip The Fleet

on our roads. Back in 2018, a much higher proportion of the EVs were the early Gen 1.1 model of the 24kWh Nissan Leaf. Since then, second-hand Gen 1.2 (24kWh), Gen 1.3 (30kWh) and Gen 2.1 (40kWh) Leafs have entered our fleet.

Dr Daniel Myall's statistical modelling estimates the average energy efficiency of the Gen 1.1 Leafs to be 6.7km/kWh after removing the effects of season and year. The Gen 1.2 has an improved average efficiency of 7.3km/kWh.

The Gen 1.3 had a heavier 30kWh battery to provide 25 per cent more energy-holding capacity, but its average energy efficiency dropped only marginally to 7.2km/kWh. The Gen 2.1 Leaf has a different body shape and heavier battery to step up the energy-holding capacity by a further one-third.

Some mix of these changes and perhaps also changes in driving style will have caused a drop in the energy efficiency to an average of 6.7km/kWh for the Gen 2.1, about the same as the original Gen 1.1 Leaf built six years earlier.

These changes illustrate a bigger picture in EV manufacturing and design. As the batteries are getting more energy dense and the cars more efficient, gains are being sunk back into making bigger traction batteries to overcome range anxiety and match the range of ICEs on a full tank of petrol.

The real star in the energy efficiency contest is Hyundai's Ioniq. Flip The Fleet estimates its average efficiency at 8.2km/kWh.

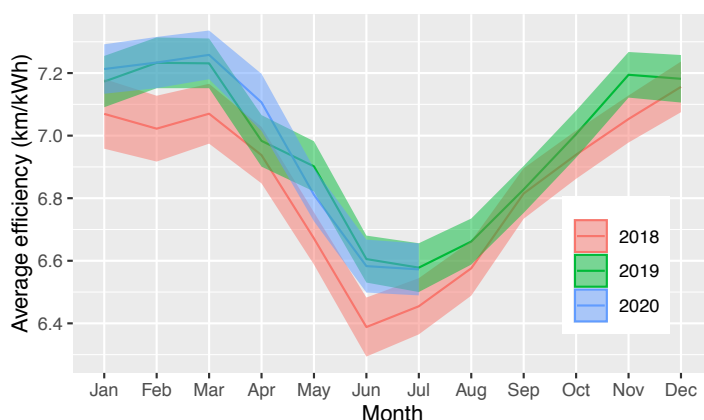
A large part of the higher purchase price of EVs comes from the cost of manufacturing the traction battery. Price matters less to high-end buyers, so manufacturers can load a bigger car body with a heavier battery so efficiency decreases.

It's great to see new high-end EVs, such as the Tesla S and X, Audi e-tron, Jaguar I-Pace, Mercedes-Benz EQC and Porsche Taycan, coming onto our roads, but they are less energy efficient.

As a sustainability scientist, I look forward to the time when the lower cost of battery manufacture refocuses design on improving the overall energy efficiency of electric cars. Then more ordinary Kiwis will be able to afford an EV with a 400km-plus range on a fully charged battery. ☺

Henrik Moller is a retired sustainability scientist. Additional research by Daniel Myall and Dima Ivanov.

Average energy efficiency of EVs each month since January 2018



The above shows the 95 per cent uncertainty bands around monthly average efficiency. The latter and range decrease by about 10 per cent in midwinter compared to the summer, but there's an 0.1 to 0.2km/kWh improvement in energy efficiency over the the past two years.

Eye on EVs



Live EV listings on Trade Me:

-0.6%
Compared to last month

-12.5%
Compared to prior year

New EV listings on Trade Me:

-5.1%
Compared to last month

-29.0%
Compared to prior year

City's charge to cut pollution

Owners of electric vehicles (EVs) in New Zealand's capital now have 28 more charging stations to use as part of a drive to reduce carbon dioxide (CO₂) emissions.

The stations are part of a two-year pilot between the Energy Efficiency and Conservation Authority (EECA), Wellington City Council and ChargeNet NZ to assess the viability of providing slow-charging facilities for people who live in suburban areas.

EVs can be charged with a standard plug at home, but this is not an option for residents without access to off-street parking.

Since the first one was installed in September 2019, each charging station has been used on average twice a week. If the pilot scheme is successful, officials plan to install more around the city.

The chargers are part of a programme to halve the city's emissions over the next decade. Vehicle travel makes up 35 per cent

of Wellington's gross emissions and EVs emit 80 per cent less CO₂ than equivalent fuel-powered cars, according to the council.

Users must register to use the stations and are charged for power they use. The chargers can accommodate two cars, with parking spaces on either side of stations reserved for EV users.

Wellingtonians can make use of another first with a mobile-charging breakdown van on patrol in the city.

The AA now has a van kitted out with an on-board lightweight EV charger that can – in up to 25 minutes – deliver enough charge to allow motorists to drive up to 10km so they can get home or to a charging station.

"Wellington is home to the highest number of EVs per capita with almost 3,000 registered in the region," says Mandy Mellor, general manager of AA Battery Service.

"While there's been an increase in charging infrastructure in recent years, 'range anxiety' is still a

deterrent for some potential buyers and previously we've had no choice but to provide a tow."

The van is available to AA members all-year around between 7am and 11pm at no extra cost. It will also attend battery-related breakdowns of vehicles with internal combustion engines.

If the trial, which was announced days after the city council's plan to install 28 charging

stations was revealed, is successful, AA Battery Service will look at introducing similar vans to other parts of the country.

Finally, Audi and its partner ABB NZ are installing high-output EV fast-chargers across the country, the first of which will go live in August.

The two companies are rolling out a series of 50kW and 175kW chargers to the marque's dealerships nationwide, with New Zealand's first 175kW DC charger at Archibalds Motors in Christchurch.

Giltrap Audi in Auckland, Ebbett Audi in Hamilton and Farmer Audi in Tauranga will all follow in Archibalds' footsteps in having 175kW DC chargers on-site.

All Audi dealerships have 50kW ABB Terra 54 chargers, which can charge an E-tron's 90kWh battery fully in two hours.

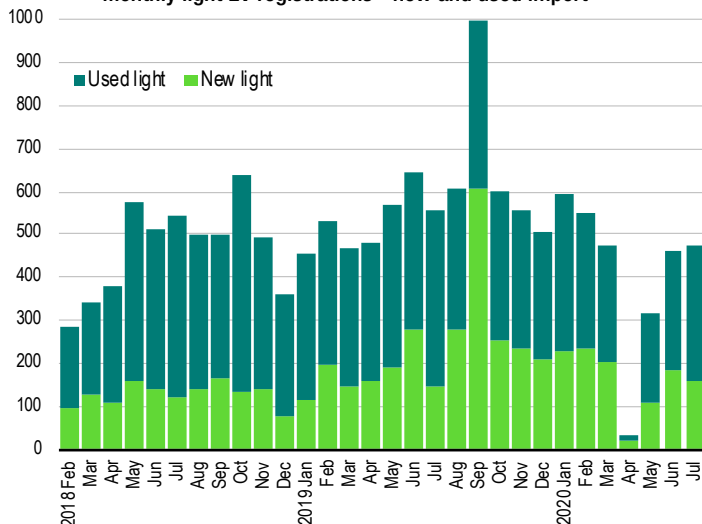
The 175kW charger can add up to 80 per cent in 40 minutes. A full E-tron battery offers 400km of range and charges at a DC rate of up to 150kW. ⚡

Total EVs by region

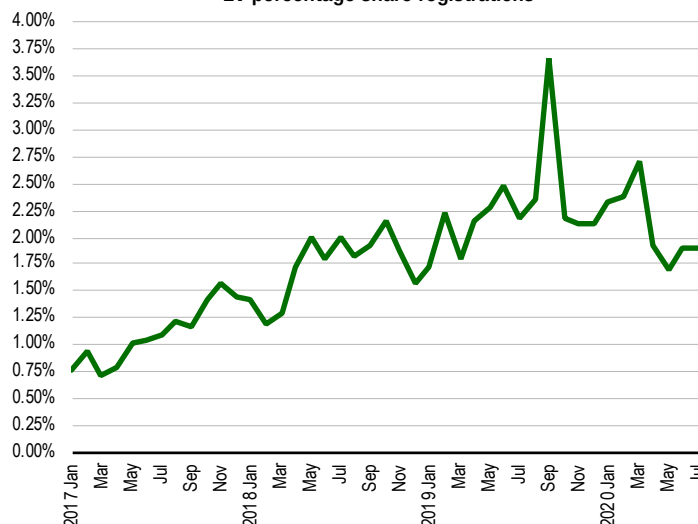
Northland	654
Auckland	8,971
Waikato	1,180
Bay of Plenty	767
Hawkes Bay	354
Gisborne	63
Taranaki	271
Manawatu/Wanganui	662
Wellington	3,086
Nelson/Marlborough	766
Canterbury	3,299
West Coast	31
Otago	1,301
Southland	162

Source: MoT, July 8, 2020

Monthly light EV registrations - new and used import



EV percentage share registrations



Source: MoT, July 8, 2020

EV watchlists on Trade Me:

-14.0%

Compared to last month

-14.6%

Compared to prior year

Top 5 EV models

listed on Trade Me last month:

1. Nissan Leaf
2. BMW i3
3. Nissan e-NV200
4. Volkswagen e-Golf
5. Hyundai Kona

Average listing price for the month:

\$29.8k

* Figures as per the end of August 2020

Model offering boosts brand

Ram Trucks is increasing its 1500 ute range to five variants with the imminent arrival of the Warlock in New Zealand.

Based on the new crew cab, its features include aggressive exterior styling, a RamBox cargo management system (CMS), leather-trimmed upholstery and suspension lift.

Headlining the exterior styling is the Rebel-look front grille with sports hood, black powder-coated front and rear bumpers and fender flares, 20-inch semi-gloss black alloys, black-smoked headlamps, accent badging and unique decals.

The one-inch factory-fit suspension lift allows for greater wheel articulation and ground clearance. Working in unison with the high and low range settings of the four-wheel-drive system, this enhances the Ram 1500's off-road ability.

The CMS is more than a toolbox. It consists of lockable storage units built into the tub's side rail, and features lighting and drainage.

Inside, there's leather-trimmed



The 1500 Warlock

upholstery, dual-zone climate control, satellite navigation, and Apple CarPlay and Android Auto connectivity via the UConnect 8.4-inch touchscreen.

Powering the Warlock is the 5.7-litre V8 Hemi, producing 291kW of power and 556Nm of torque. With an 820kg payload and the standard trailer brake-control system, the Warlock, which is priced from \$119,990 plus on-road



costs, has a 4.5-tonne maximum braked towing capability.

RAM Trucks has seen demand for its products across Australasia increase over the past 12 months. This is attributed to the introduction of variants, a significant expansion

and financial investment in its 25,000 square-metre Melbourne remanufacturing facility, and growth of its dealer network.

In addition, the all-new 1500 Limited is on the horizon to sit alongside and complement the current model mix.

The company started remanufacturing left-hand drive (LHD) heavy-duty models to RHD in late 2015 before they went on sale in early 2016. The volume-selling 1500 light-duty model came on-stream in July 2018.

Each nameplate undergoes a thorough re-engineering process, which designs and produces RHD trucks for Australia and New Zealand, including more than 400 locally sourced remanufacturing parts.

RAM Trucks Australia is also a major source of employment in automotive engineering, design and production excellence for RAM Trucks in both countries, as well as Australian component companies that keep the factory supplied with parts. ☺

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Out of the shadows

Dealers have been taking deposits for the limited number of Mustang GT Black Shadow Fastbacks due to arrive on our shores in October.

"Customers have been asking for more ways to customise and individualise vehicles, so we're pleased to offer more ways of doing just that with this eye-popping limited edition," says Simon Rutherford, managing director of Ford NZ.

The pack, exclusive to the Fastback GT, adds quite a bit of

black, such as its roof, bonnet and side stripes, Pony badging, grille and performance spoiler. It also boasts 10-spoke dark-finish 19-inch alloys and Recaro seats.

It will be available in four colours including "grabber lime", which was first offered in North America on early 1970s Mustangs.

The Black Shadow Fastback features a five-litre V8 engine producing 339kW of power and 556Nm of torque. It is priced from \$87,990 plus on-road costs. ☺

Pussy Galore's dreams come true

The heady days of the Sixties have been invoked in what Aston Martin has dubbed "Job 1".

An unapologetic nod to Oddjob, that sinister hat-throwing henchman, the marque's latest model is an homage to a film with one of the classic lines of all time.

"I must be dreaming," the hero quips after Honor Blackman's character teases, "my name is Pussy Galore".

James Bond is back – from 1964, to be precise, in the shape of the first customer car in the DB5 Goldfinger Continuation programme, which has rolled off the marque's UK production line.

It's the first new DB5 to be built by Aston Martin in more than half a century after fewer than 900 sedan examples were manufactured from 1963-65.

Fifty-five years after the last one was constructed at the company's then-global manufacturing base in Newport Pagnell, Buckinghamshire, work there on a strictly limited number of new models carries on.

Created in association with Bond film-maker EON Productions, the DB5 Goldfinger Continuation could be said to be history in the making with its array of functioning gadgets created by special-effects supervisor Chris Corbould. They include simulated



Some of the Bond gadgets fitted to Aston Martin's DB5 Goldfinger Continuation include simulated twin-front machine guns, a simulated radar-screen tracker map and an oil-slick delivery system



twin-front machine guns and, of course, a hidden weapons tray.

Each of the 25 new vehicles are meticulously detailed authentic reproductions of the DB5 seen on-screen with some sympathetic modifications and enhancements to ensure high build quality and reliability.

All the Goldfinger edition cars are being built to one exterior colour specification – silver birch – just like the original.

They feature original DB5-styled aluminium exterior body panels cloaking an authentic mild-steel chassis structure.

Under the bonnet, there is a four-litre naturally aspirated inline six-cylinder engine with a six-plug head, three Skinners Union carburettors and oil cooler. It's all capable of generating about 216kW of power.

This is mated to a five-speed ZF manual transmission in the rear-wheel-drive DB5, which also features a mechanical limited-slip differential.

Servo-assisted hydraulic Girling-type steel disc brakes, rack and pinion steering, which does not feature assistance, and a suspension set-up comprising coil over spring and damper units with front anti-roll

bar, and a live axle rear suspension with radius arms and Watt's linkage, complete the package.

"The DB5 is, without question, the most famous car in the world by virtue of its 50-plus year association with Bond," says Marek Reichman, chief creative officer of Aston Martin Lagonda. "To see the first customer car finished and realise this is the first new DB5 we've built in more than half a century is quite a moment."

First deliveries of the DB5 Goldfinger Continuation to customers have started and will continue through the second half of this year. ☺

Crossing over to electric

Nissan has unveiled the Ariya – its first new global model in half a decade – as it seeks the road to recovery after more than a year of earnings losses and scandal.

Featuring the marque's latest self-driving technologies, the electric SUV crossover goes on sale in Japan in mid-2021 before being rolled out globally.

Nissan plans to sell 30,000 units in the model's first full year of worldwide sales before

eventually ramping up annual production to 100,000.

The Ariya is the marque's first all-new electric car in a decade since the Leaf hatchback. It will be priced from about NZ\$71,000 and will be able to be driven up to 610km on a single charge.

It will come with two-wheel and all-wheel-drive options, two different battery sizes – 65kWh or 90kWh – and its top speed will range from 160-200kph.

The Ariya marks the start



The all-electric Ariya

of Nissan's plan to roll out 12 new models in 18 months with it anticipating sales of electric vehicles to exceed one million units per annum by the end of the 2023 fiscal year.

The Ariya is also the most technological Nissan car to date with its ProPilot 2.0 advanced driver-assistance system, and the ProPilot's remote park and e-pedal features. ☺

On-track after two years' testing

The biggest race series in New Zealand has announced a new single-specification class for the coming season using the E46 version of BMW's ever-popular 3 Series.

Organisers say the aim is to give competitors a chance to compete in motorsport at reasonable cost by limiting permissible modifications. In fact, any modification not specifically tagged in the class rules is prohibited.

The E46 class features "showroom" 320i two or four-door cars with the 2.2-litre M54B22 24-valve, twin-cam, six-cylinder engine, which produces 125kW of power and 220Nm of torque in roadgoing form.

To control costs, the engine block, pistons, crankshaft, con-rods, cylinder head, camshafts and valves must be retained in the standard specification. Freedoms



A car being fitted out for the E46 class. The racing will feature production versions of the BMW 320i

around air intake and exhaust are expected to slightly boost the stock figures. "Balancing" of engines by the removal or addition of material is specifically prohibited.

Gearboxes allowed are the Getrag and ZF manual five-speed transmissions used in the road cars. For most entrants, the transmission will be bought separately due to most New Zealand-new cars being sold as automatics.

Side glass can be removed and replaced with clear plastic, sound-

deadening material removed and other limited lightening is permitted. In addition, the suspension can be replaced with race struts and shock absorbers, while suspension bushes can be replaced.

A race seat and multi-point safety-harness belts must be fitted after the standard seats have been removed. All cars must have a MotorSport NZ approved multi-point safety roll cage.

The specification has been finalised on the back of two years

of testing various configurations with two vehicles.

The BMW Race Driver Series started in 2006 with a single-class competition for the marque's E30 3 Series. Inspired by a similar competition in the UK, it rapidly grew to become the most successful such series in New Zealand.

Its popularity bloomed rapidly to the point where organisers added additional grids for the E30 class. Race weekends soon expanded to include a class for two-litre cars and an "open" class, which enables exotica such as World Touring Car Championship E90 320i racers and turbocharged early-model cars to compete.

Entry lists across the existing classes regularly top 100 vehicles and the new E46 class already has 12 cars confirmed with the possibility of that doubling once racing is under way. ☺

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Electrifying victory

He left it until the last race, but Simon Evans has landed the Jaguar I-Pace eTrophy.

The Aucklander slipped past defending champion Sergio Jimenez in the standings with a second-place finish in the finale at Berlin's Tempelhof Airport Street Circuit on August 13 to seal his maiden driver's championship by one point.

Evans went into the round as a strong contender, but trailing Jimenez on points. In the first three of the opening four races, he had struggled to make any headway on the runaway Brazilian leader.

That changed in the final as Team Asia NZ unlocked fresh speed for their driver. Evans took three consecutive wins before running a cautious strategy in the final to ensure he finished ahead of his main rival.

He described winning the championship in the last race by one point as "unreal", adding "mega pace all week and I just did what I needed to do."

The Jaguar I-Pace eTrophy will not return for a third season due to economic aftershocks of the global coronavirus pandemic, meaning Evans becomes the second and final champion. ☺



Goonan takes wheel at the top

Elton Goonan is steering through some tricky waters at the moment and doing an exceptional job.

He's a competitor and an official – general manager of motorsport with MotorSport New Zealand (MSNZ) and, since the May departure of Simon Baker, also the organisation's acting chief executive officer.

Goonan learned to drive on a farm in the Thames area and his first foray into competition was "a couple of years of motocross" before university intervened. The classic Kiwi OE with an added flavour of motorsport followed.

When he returned to New Zealand he followed his passion – working at Formula Challenge in Taupo and then for Tony Quinn at Hampton Downs Motorsport Park.

"I was [then] presented with the opportunity to join the team in Wellington and saw that I could use the knowledge gained over all of those years and reinvest it back into the sport I love," says Goonan.

"I joined the team at the end of 2018 as competitions manager. This role evolved into general manager of motorsport where I was overseeing all the motorsport elements of the organisation and now into acting CEO, which involves overseeing the whole organisation as we focus on getting the sport back in motion."

Among its post-coronavirus measures is a \$200,000 Back in Motion support package, which includes discounts on licences, participation levies, authority cards and permit fees to entice competitors back after lockdown.



New MotorSport NZ boss, Elton Goonan, brings plenty of off- and on-track experience to the job

"So far this has proven very successful," says Goonan. "We've seen the same number of, if not more, events as during the same period in 2019. Club sport is seeing strong growth as it is accessible and affordable. With the NZ Rally Championship postponed, many of our top rally drivers have been participating in these events."

The biggest focus for MSNZ has been to support organisers running events in a safe manner. Active communication has been a watchword for Goonan's time in the dual roles of CEO and motorsport manager.

"We started a social-media feature called Weekly Watch, which highlights all the events happening around the country. This has been great and we've had a lot of feedback from clubs that they are getting a number of last-minute entries as people become aware of what's happening on the coming weekend."

"For me, it really highlights the fact that, as a governing body, we need to take a more active role in promoting motorsport to the



wider community around what it is, how easily accessible it is to go and watch, and – in some cases – even take part."

Goonan says New Zealand is fortunate to have a strong and proven driver development pathway in the Elite Academy along with the Toyota Racing Series (TRS). The latter gives Kiwis in circuit racing the chance to benchmark themselves against the world's best rising talent.

Looking to the future, Goonan is working on a case for increased funding from Sport New Zealand.

"We estimate the motorsport-related industry returns around \$250 million into the economy and we're working with the FIA to undertake an economic impact study to try to get a true indication of what this number is."

"We need to ensure the government and wider public are aware of our athletes' achievements on the world stage and the economic value motorsport has in New Zealand."

Events such as the TRS, Supercars and the recently cancelled World

Rally Championship round have helped show this country's beauty to the world. The next step is to tell these stories and show the numbers to government departments.

While MSNZ has directly promoted championships in the past, its role is currently more "pure" by enabling staff to work specifically on the sport's future.

"We are the governing body for motorsport in New Zealand, so we have a huge range of responsibilities," says Goonan.

"This model is working and has allowed the office, particularly in more recent times, to focus on the sport's wider promotion. We are fortunate to have some very good event promoters active in the sport."

With race and rally promoter agreements up for renewal in 2022, Goonan says MSNZ will be reviewing the current arrangement to see if the business model is delivering what the sport needs.

"In the current environment, we need to be looking at all options and what can be done to get the best outcome for the sport in the future."

Goonan says uncertainty about Covid-19 in April and May forced some series and championships to act early and cancel their events "because no-one knew what the remainder of 2020 had in store for us".

"We've seen since New Zealand has pretty much returned to normality, excluding our borders, and we are able to get back behind the wheel again. This, however, has hit a bit of a road bump [with Auckland's second wave of coronavirus], so we need to wait to see how this plays out." ☺



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Manufacturer counters claim vehicle's fault with cylinder head was pre-existing

Background

Stephen Snoad bought a 2015 Holden Cruze from Heartland Bank Ltd in May 2018 for \$13,995. The car had an odometer reading of 88,509km at the time of the transaction. It was manufactured in 2014, first registered in January 2015 and was used as a lease vehicle.

Snoad replaced its engine in November 2019 after it suffered significant damage to its cylinder head. As a result, he filed a claim against Holden NZ alleging the problem was due to a known defect.

Initially, Snoad wanted to recover the cost of replacing the engine and for the tribunal's filing fee. He later updated his claim seeking to also recover \$11,999 in costs, which was his assessment of the further damage he had suffered because of the loss in value to his car.

Holden NZ denied the cylinder-head issue was the same as what was identified in its internal bulletin.

The case

Despite the Cruze being due for a service in July 2018 or at 90,000km, whichever came first, Snoad didn't have this done until June 2019 when its odometer reading was 97,604km.

In November 2019, he noticed the engine misfired and had it assessed by Midas Howick. It found this was caused by coolant fluid leaking from the cylinder head into the spark-plug tubes. Midas Howick told Snoad the head needed to be replaced.

Keith Ireland, of Midas Howick, described the damage to the Cruze's cylinder head as "atypical" meaning he didn't see that type of problem in other vehicles, including this model.

Ireland added the damage wasn't caused by the manner in which the car was used or serviced, but instead was due to a manufacturing defect.

Snoad took this matter to a franchised Holden dealership and was advised the Cruze was outside of its manufacturer's warranty. He opted for a second-hand engine at a cost of \$3,625.

After the car was remedied, he discovered an internal Holden bulletin titled "#A172110231 – ZSP: Special coverage cylinder head cracking".

Dated September 7, 2017, it stated that JH Cruzes manufactured between 2014 and 2016 could have a defect that might cause the cylinder head to crack.

Snoad believed this defect was the underlying cause of the cylinder-head failure in his car, so he claimed the Cruze was of unacceptable quality for the purposes of the CGA because of a pre-existing manufacturing defect.

He also alleged in an email sent by Jesse Shaw, of Holden NZ's dealer technical support, in January 2020 that Shaw raised concerns about Midas Howick's repairs and, in the near future, the replacement engine could fail rendering the vehicle worthless.

Shaw told the tribunal the problem with Snoad's car was different from the manufacturing

defect covered by the bulletin. That caused the cylinder head in some Cruzes to crack, allowing coolant fluid to enter the combustion chamber rather than the spark-plug well, as in Snoad's car.

Holden NZ also submitted it had no liability under the CGA because the vehicle was sufficiently durable.

The finding

The sole issue was whether the Cruze was of acceptable quality for the purposes of the CGA.

Snoad claimed his car wasn't of acceptable quality because it was unfit for purpose, not free of minor defects nor durable because it had a known pre-existing manufacturing defect, which caused the engine damage discovered in November 2019.

The tribunal was satisfied the evidence showed the vehicle had cylinder-head damage that wasn't caused by the manner in which Snoad drove it.

Although he didn't service the Cruze as he should have, that didn't create the problem. Instead, it was caused by a fault in the cylinder head, which allowed coolant fluid to enter the spark-plug well.

However, the tribunal wasn't satisfied Snoad had proven the cylinder head was of unacceptable quality for two reasons.

Firstly, it ruled he didn't prove the car had the manufacturing defect identified in Holden's bulletin. Although the tribunal

The case: The buyer alleged his car wasn't of acceptable quality under the Consumer Guarantees Act (CGA) because it wasn't fit for purpose, free of minor defects or durable. He claimed it had a known existing manufacturing defect with its cylinder head, which caused engine damage after four years of use.

The decision: Holden New Zealand said the defect, identified by the purchaser's mechanic, was different from that covered by an internal bulletin. The application was dismissed.

At: The Motor Vehicle Disputes Tribunal, Auckland.

couldn't discount the possibility it had that pre-existing problem, the evidence didn't show that.

Midas Howick didn't determine the cause of the cylinder-head leak. Although the vehicle had a misfire, which was a symptom of the manufacturing defect, there were other cylinder-head problems that could cause such a misfire.

The tribunal also noted that none of the other common symptoms identified in Holden's bulletin were present in this Cruze.

Secondly, the tribunal was satisfied the vehicle had been fit for purpose, free of minor defects and as durable as a reasonable consumer would consider acceptable.

The cylinder head failed nearly 18 months after purchase, by which time the car's mileage was about 100,200km.

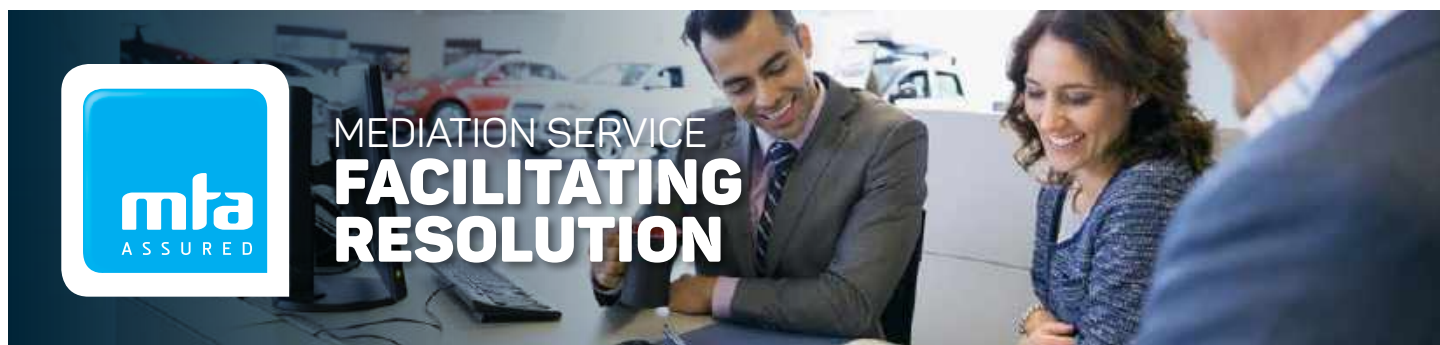
The CGA's protections are not indefinite and last only as long as is reasonable in the circumstances of each case. In this matter, the fault happened nearly five years after the vehicle was first registered.

Order

The application was dismissed. ☹



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Ruling based on contract legislation results in buyer's deposit on car being returned

Background

Raewyn Bonniface agreed to buy a 2011 Lexus RX 450H for \$30,475 from Mars Motors Ltd on March 6, 2019.

She paid a deposit of \$1,000 to secure the car and signed a sale and purchase agreement (SOPA) that was conditional upon her obtaining finance to buy it. However, no deadline was set for the condition about the loan to be satisfied.

Bonniface had difficulty in obtaining finance and, by the end of March, she advised Mars Motors that although she still wanted to purchase the Lexus, she considered it was fair to allow the dealer to sell the car if it found another customer for it.

The trader went on to sell the vehicle for \$32,500 at the beginning of April and it retained the deposit paid by Bonniface.

After the dealer refused to refund the deposit, Bonniface applied to the tribunal seeking an order that Mars Motors give her back the \$1,000.

Mars Motors claimed that Bonniface wasn't entitled to recover the deposit because the form she had signed clearly stated that the \$1,000 might be forfeited if she later changed her mind about purchasing the Lexus.

The case

Although Bonniface and her partner William Croudiss alleged that Mars Motors engaged in deceptive conduct, the tribunal considered the evidence presented showed that this

case was a matter involving the repudiation and cancellation of a contract.

In this application, the Contract and Commercial Law Act (CCLA) applied. Section 36 of that legislation outlines that repudiation occurs when one party makes it clear to the other that they do not intend to perform their obligations under the relevant agreement.

Although Mars Motors failed to express its case as such, the tribunal understood the trader was saying that it was entitled to retain the deposit because the purchaser repudiated the sales agreement to purchase the Lexus, meaning that it was entitled to cancel the SOPA by selling the vehicle to another customer and retain the deposit.

Mars Motors stated that an email from Bonniface, which was dated March 28, showed that she had changed her mind and no longer wanted to purchase the vehicle.

The trader also said the purchaser changing her mind meant that Mars Motors was entitled to retain the deposit because the car deposit form stated the \$1,000 might be forfeited if the buyer went back on her decision to go ahead with the transaction.

The finding

The tribunal did not agree that the buyer repudiated the agreement to purchase the Lexus.

It found that Bonniface's email

to the dealer of March 28 clearly stated that she remained willing to purchase the car, but because of delays in obtaining finance she believed that it was "fair for you to sell the car if another person wishes to purchase it".

That correspondence contained an affirmation – rather than a repudiation – of the agreement, while offering to release Mars Motors of its obligation to sell the vehicle to her if it found a different customer for it.

The buyer's willingness to honour the sales agreement and purchase the Lexus was also confirmed by another email, which was dated May 8, 2019. In this, she advised Mars Motors that she had obtained finance and made inquiries about whether the vehicle remained available for purchase.

Against this background, the adjudicator said it wasn't the buyer who repudiated the agreement. Instead, it was Mars Motors that ultimately did this by supplying the vehicle to a third party on April 4, 2019.

Because Mars Motors had repudiated the agreement by selling the car, Bonniface was entitled to cancel the agreement as stipulated under section 36 of the CCLA.

And by bringing this application to the tribunal to recover her deposit, the adjudicator was satisfied that, by her actions, Bonniface had cancelled the agreement.

The case: The consumer sought the tribunal's ruling after the trader refused to refund the \$1,000 deposit that had been paid towards a 2011 Lexus. The sale and purchase agreement was conditional upon the buyer obtaining finance, which she was unable to do in the short term. The trader said the vehicle's deposit form clearly stated the \$1,000 might be forfeited if the purchaser changed her mind about going ahead with the transaction.

The decision: The dealer was ordered to refund the buyer's deposit.

At: The Motor Vehicle Disputes Tribunal, Auckland.

The adjudicator then investigated if the buyer was entitled to a remedy under the CCLA.

Section 43 of this legislation states that when a contract has been cancelled, the tribunal can grant relief when it is just and practicable to do so. That relief may include an order under the act directing a party to pay a sum that it thinks is just.

In the circumstances of this case, the adjudicator considered it was just for Mars Motors to refund the \$1,000 deposit to the buyer.

It was ruled that Mars Motors had no contractual right to retain that money because the purchaser had not changed her mind about the transaction and the trader had suffered no loss from the buyer's delay in obtaining finance to purchase the vehicle.

In fact, the dealer was able to sell the vehicle for \$2,025 more to the subsequent purchaser.

Order

Accordingly, the tribunal ordered the trader to pay the buyer \$1,000 under section 43 of the Contract and Commercial Law Act. ☐

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LATEST SCHEDULE

	Port Calls	Morning Midas v2017	Turandot v2018	Tokyo Car v2019	Morning Midas v2020
JAPAN	Moji	–	14 Sep	–	14 Oct
	Osaka	2 Sep	15 Sep	1 Oct	15 Oct
	Nagoya	3 Sep	16 Sep	2 Oct	16 Oct
	Yokohama	4 Sep	18 Sep	3 Oct	18 Oct
	Hitachinaka	–	17 Sep	–	–
NEW ZEALAND	Auckland	21 Sep	6 Oct	20 Oct	5 Nov
	Wellington	28 Sep	11 Oct	26 Oct	8 Nov
	Lyttelton	26 Sep	9 Oct	24 Oct	9 Nov
	Nelson	29 Sep	13 Oct	27 Oct	13 Nov

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Total new cars
7,072
2019: 8,506 ▼ 16.9%

Total imported used cars
9,054
2019: 12,353 ▼ 26.7%

Whangarei
NEW: 207 2019: 173 ▲ 19.7%
USED: 171 2019: 269 ▼ 36.4%

Thames
NEW: 81 2019: 103 ▼ 21.4%
USED: 76 2019: 99 ▼ 23.2%

Auckland
NEW: 2,584 2019: 3,778 ▼ 31.6%
USED: 3,807 2019: 5,935 ▼ 35.9%

Tauranga
NEW: 380 2019: 361 ▲ 5.3%
USED: 431 2019: 492 ▼ 12.4%

Hamilton
NEW: 594 2019: 530 ▲ 12.1%
USED: 630 2019: 836 ▼ 24.6%

Rotorua
NEW: 102 2019: 126 ▼ 19.0%
USED: 115 2019: 169 ▼ 32.0%

New Plymouth
NEW: 149 2019: 145 ▲ 2.8%
USED: 172 2019: 169 ▲ 1.8%

Gisborne
NEW: 40 2019: 34 ▲ 17.6%
USED: 67 2019: 65 ▲ 3.1%

Wanganui
NEW: 107 2019: 88 ▲ 21.6%
USED: 68 2019: 113 ▼ 39.8%

Napier
NEW: 262 2019: 192 ▲ 36.5%
USED: 230 2019: 272 ▼ 15.4%

Palmerston North
NEW: 296 2019: 260 ▲ 13.8%
USED: 238 2019: 318 ▼ 25.2%

Masterton
NEW: 83 2019: 85 ▼ 2.4%
USED: 72 2019: 92 ▼ 21.7%

Nelson
NEW: 116 2019: 100 ▲ 16.0%
USED: 181 2019: 273 ▼ 33.7%

Wellington
NEW: 749 2019: 670 ▲ 11.8%
USED: 743 2019: 910 ▼ 18.4%

Westport
NEW: 7 2019: 3 ▲ 133.3%
USED: 12 2019: 5 ▲ 140.0%

Blenheim
NEW: 60 2019: 50 ▲ 20.0%
USED: 46 2019: 60 ▼ 23.3%

Greymouth
NEW: 11 2019: 11 ■ 0.0%
USED: 36 2019: 31 ▲ 16.1%

Christchurch
NEW: 762 2019: 1,356 ▼ 43.8%
USED: 1,299 2019: 1,478 ▼ 12.1%

Timaru
NEW: 87 2019: 53 ▲ 64.2%
USED: 119 2019: 109 ▲ 9.2%

Oamaru
NEW: 23 2019: 7 ▲ 228.6%
USED: 33 2019: 18 ▲ 83.3%

Dunedin
NEW: 267 2019: 278 ▼ 4.0%
USED: 334 2019: 417 ▼ 19.9%

Invercargill
NEW: 105 2019: 103 ▲ 1.9%
USED: 174 2019: 223 ▼ 22.0%

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Imported Passenger Vehicle Sales by Make - August 2020

MAKE	AUG '20	AUG '19	+/- %	AUG '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	2,262	2,722	-16.9	25.0%	17,974	24.2%
Nissan	1,500	2,386	-37.1	16.6%	13,318	18.0%
Mazda	1,458	2,007	-27.4	16.1%	11,876	16.0%
Honda	754	1,388	-45.7	8.3%	7,023	9.5%
Subaru	681	753	-9.6	7.5%	5,258	7.1%
Mitsubishi	431	567	-24.0	4.8%	3,177	4.3%
Volkswagen	343	399	-14.0	3.8%	2,517	3.4%
BMW	340	454	-25.1	3.8%	2,909	3.9%
Suzuki	308	600	-48.7	3.4%	3,056	4.1%
Audi	217	239	-9.2	2.4%	1,580	2.1%
Mercedes-Benz	155	139	11.5	1.7%	1,001	1.3%
Lexus	129	135	-4.4	1.4%	980	1.3%
Ford	81	86	-5.8	0.9%	563	0.8%
Volvo	61	61	0.0	0.7%	453	0.6%
Jaguar	39	53	-26.4	0.4%	240	0.3%
Jeep	35	29	20.7	0.4%	179	0.2%
Chevrolet	31	40	-22.5	0.3%	248	0.3%
Land Rover	30	37	-18.9	0.3%	260	0.4%
Holden	28	47	-40.4	0.3%	229	0.3%
Hyundai	25	31	-19.4	0.3%	172	0.2%
Chrysler	23	26	-11.5	0.3%	113	0.2%
Mini	22	22	0.0	0.2%	201	0.3%
Porsche	20	12	66.7	0.2%	112	0.2%
Kia	15	10	50.0	0.2%	81	0.1%
Dodge	6	20	-70.0	0.1%	135	0.2%
Renault	5	4	25.0	0.1%	52	0.1%
Citroen	4	5	-20.0	0.0%	34	0.0%
Daihatsu	4	9	-55.6	0.0%	25	0.0%
Fiat	4	5	-20.0	0.0%	26	0.0%
Peugeot	4	10	-60.0	0.0%	58	0.1%
Tesla	4	0	400.0	0.0%	12	0.0%
Smart	3	4	-25.0	0.0%	13	0.0%
Alfa Romeo	2	1	100.0	0.0%	16	0.0%
Cadillac	2	6	-66.7	0.0%	36	0.0%
Chrysler Jeep	2	3	-33.3	0.0%	20	0.0%
Others	26	43	-39.5	0.3%	236	0.3%
Total	9,054	12,353	-26.7	100.0%	74,183	100.0%

Imported Passenger Vehicle Sales by Model - August 2020

MAKE	MODEL	AUG '20	AUG '19	+/- %	AUG '20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Mazda	Axela	475	627	-24.2	5.2%	4,034	5.4%
Toyota	Aqua	379	316	19.9	4.2%	2,882	3.9%
Toyota	Prius	323	362	-10.8	3.6%	2,428	3.3%
Mazda	Demio	310	444	-30.2	3.4%	2,548	3.4%
Honda	Fit	300	609	-50.7	3.3%	2,964	4.0%
Suzuki	Swift	255	507	-49.7	2.8%	2,560	3.5%
Subaru	Legacy	244	262	-6.9	2.7%	1,754	2.4%
Mitsubishi	Outlander	239	328	-27.1	2.6%	1,742	2.3%
Volkswagen	Golf	218	247	-11.7	2.4%	1,597	2.2%
Toyota	Corolla	217	164	32.3	2.4%	1,431	1.9%
Subaru	Impreza	212	300	-29.3	2.3%	1,895	2.6%
Nissan	X-Trail	197	204	-3.4	2.2%	1,332	1.8%
Nissan	Leaf	180	259	-30.5	2.0%	1,460	2.0%
Mazda	Atenza	173	257	-32.7	1.9%	1,514	2.0%
Nissan	Tiida	171	452	-62.2	1.9%	2,090	2.8%
Mazda	CX-5	161	133	21.1	1.8%	894	1.2%
Toyota	Blade	148	104	42.3	1.6%	931	1.3%
Mazda	Premacy	147	245	-40.0	1.6%	1,201	1.6%
Toyota	Wish	131	269	-51.3	1.4%	1,218	1.6%
Toyota	Vanguard	124	122	1.6	1.4%	932	1.3%
Nissan	Skyline	118	133	-11.3	1.3%	885	1.2%
Toyota	Vitz	118	235	-49.8	1.3%	1,196	1.6%
Toyota	MarkX	116	118	-1.7	1.3%	681	0.9%
Honda	CRV	110	120	-8.3	1.2%	729	1.0%
Nissan	Note	110	221	-50.2	1.2%	1,201	1.6%
Nissan	Dualis	104	246	-57.7	1.1%	1,104	1.5%
Nissan	Serena	91	125	-27.2	1.0%	837	1.1%
Nissan	Juke	83	105	-21.0	0.9%	751	1.0%
Toyota	Auris	77	154	-50.0	0.9%	867	1.2%
Subaru	Forester	76	83	-8.4	0.8%	631	0.9%
Nissan	Fuga	73	58	25.9	0.8%	430	0.6%
Nissan	March	70	98	-28.6	0.8%	637	0.9%
Honda	Odyssey	67	87	-23.0	0.7%	534	0.7%
Toyota	Ractis	66	108	-38.9	0.7%	619	0.8%
Honda	Stream	59	156	-62.2	0.7%	670	0.9%
Others		3,112	4,095	-24.0	34.4%	25,004	33.7%
Total		9,054	12,353	-26.7	100.0%	74,183	100.0%


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WHAT DO YOU WANT FROM YOUR VEHICLE SUPPLIER?

Company's focus on digital

The spread of coronavirus has affected more industries than the global financial crisis (GFC) and companies need to be prepared for more uncertain times.

That's the view of Phil Hilbbert, chief executive of Protecta Insurance, who says maintaining sales is increasingly a challenge and most businesses need to "assume the worst, hope for the best and look at cost structures constantly".

"The GFC was a massive correction. It affected the banking and monetary system. Many other industries weren't so badly impacted, but Covid-19 has impacted everyone. The loss of consumer confidence and investment has been more challenging around this pandemic.

"Companies like ours look at how we operate. If you are going to sell 25 per cent less stock or products, what does that mean to the business and how can you support it when there's a loss of revenue."

Protecta has made "difficult" structural changes, such as some redundancies and changes to its service model so it's set up for sustainable sales in coming years.

"The key thing to work on is being more accessible by means of an online environment," says Hilbbert. "Your shop window needs to be more visible across different regions. As an industry, I believe we've been slow-adopters of technology. Covid-19 has exposed us and I think we need to transition.

"Our cost structures are becoming more challenged as an insurer. With looming regulation changes, we will be expected to demonstrate clearer customer

outcomes. We are shifting our traditional service model to digital to support increased costs that are coming."

Protecta is also moving away from contracted and commission-based territorial managers and replacing them with salaried business development managers.

The changes come as it launches a dealer online platform to deliver better communications, real-time and online training, and updates around regulatory changes.

Meanwhile, the chairman of Colonial Motor Company warns market volatility is expected to continue because of lockdowns imposed by the government to limit the spread of coronavirus in New Zealand.

Jim Gibbons says the response from consumers to shutdowns is having an adverse impact on the wider economy and warns of more uncertain times ahead.

"It is currently not possible

Down by 27%

There were 9,054 used-imported cars registered in New Zealand last month. That was down by 26.7 per cent when compared to 12,353 sales in August 2019. The year-to-date total is now 74,183, which is 21.1 per cent behind 93,995 for the same period last year.

August's top model was the Mazda Axela with 475 sales. It was followed by two Toyotas – the Aqua and Prius with 379 and 323 registrations respectively.

to make predictions with any confidence into the future," he adds. "However, the company has demonstrated it can absorb and bounce back from adverse conditions. The balance sheet is strong, providing resilience in this environment."

In Colonial's preliminary annual report, which was released to the NZX on August 26, directors say they consider financial results for 2019/20 to be "very satisfactory" given the

challenges created by the pandemic.

Revenue was \$754.9 million for the year, a drop of 17 per cent on 2018/19, while trading profit after tax fell by 21 per cent to \$17.3m.

The annual results come on the back of revenue having tumbled by 37 per cent in March, 87 per cent in April and 27 per cent in May.

Gibbons says there was a sudden and strong bounce-back with profits recovering in May and June after the initial restrictions for Covid-19 were lifted, which followed the company being in "hibernation" during April.

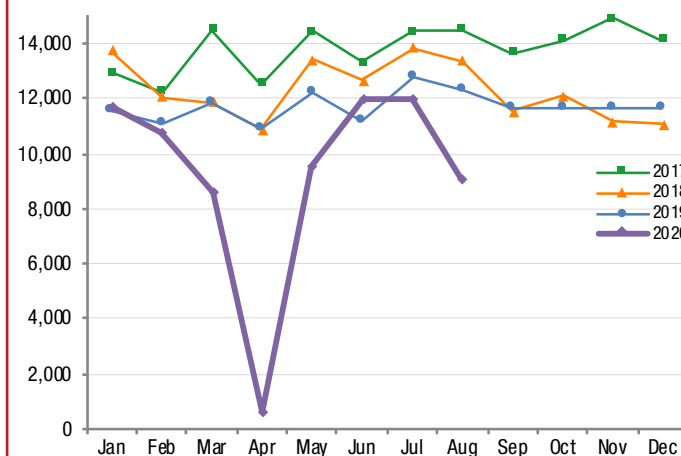
Total profit for the year was affected by valuation and tax changes, while tax deductibility of depreciation on buildings will be resumed as part of the government's response to the Covid-19 crisis.

"This has an impact on deferred tax, reversing the tax loss recorded in 2010 when the depreciation deductibility was stopped, and creating a non-cash deferred tax gain of \$6.58m," explains Gibbons.

The Covid-19 lockdowns of March and April have delayed Colonial's developments in Cromwell, Wanaka, Christchurch, Lower Hutt, Manukau and Botany, while inventory – along with floorplan finance and bank borrowing – is down on last year at balance date.

The company's interim dividend of 15 cents per share was cancelled at the start of the level-four lockdown on March 24. However, a fully imputed dividend of 32c per share has now been declared and will be paid on October 5. It represents 60 per cent of the full year trading profit after tax. ☺

Used Imported Passenger Registrations - 2017-2020



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Technology alert over imports

The Imported Motor Vehicle Industry Association (VIA) is advising members it is illegal to import or possess a device – whether active or not – that broadcasts on 760MHz.

Malcolm Yorston, technical manager, says used vehicles with it installed are becoming available in Japan, but 760MHz is a frequency owned by Kiwi telecommunications companies.

“There are large fines under the Radiocommunications Act for possession of the transmitters,” warns Yorston. “This means people transporting or working on vehicles in New Zealand are

potentially affected. VIA has been working with the government and industry to prevent importers inadvertently breaking the law.”

The advice is don’t import vehicles with 760MHz technology or disconnect devices before they cross the border, and consult with agents and inspection companies to identify affected models.

“We understand Toyota is the only manufacturer to date to release vehicles with this and is using this frequency in ITS Connect,” adds Yorston. “This shouldn’t be confused with ITS Spot, Toyota Connect or T-Connect. In most affected models, ITS Connect is an option.”

Vehicles with ITS Connect will have an option for the system in its “features” menu. It may be in the menu even if not installed but can only be selected or navigated into if it is fitted. The ignition must be on for the menu to be accessed but the car doesn’t have to be moving, so it can be checked prior to purchase.

VIA has data on models that may have ITS Connect fitted. As a manufacturer option, these are the Lexus RX, Prius PHV, Prius and Crown from 2016. The Lexus LS from 2018 has it as standard in all variants.

From 2018 onwards, ITS Connect is an option with the Harrier,

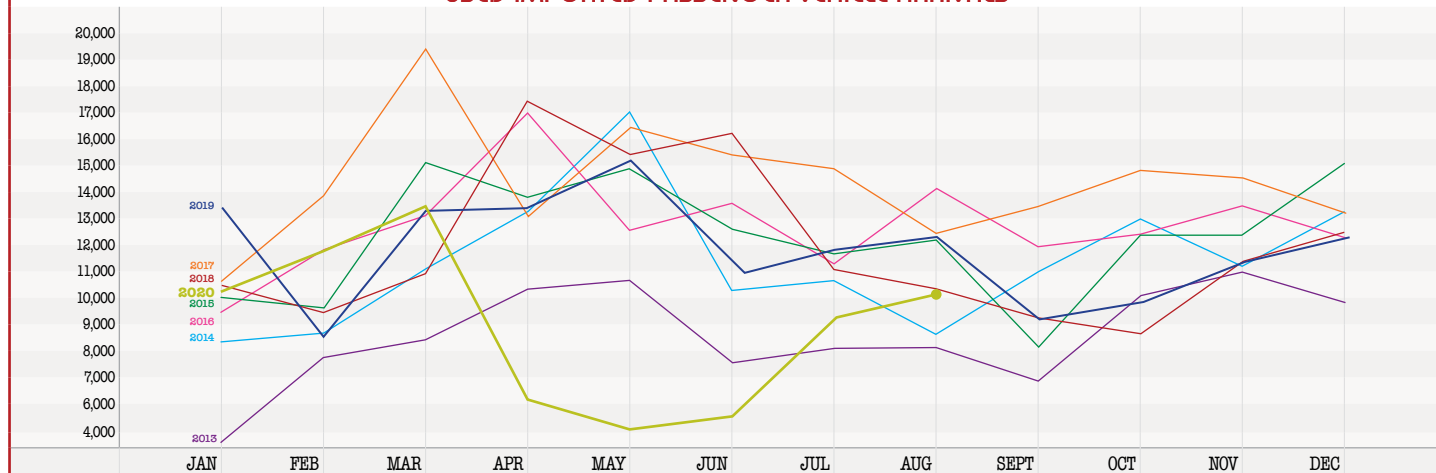
Alphard and Vellfire. It’s standard in advanced variants, and likely as an option in others, with the Lexus RX, ES and UX from 2018.

It was optional in the Noah from 2018 and may only be in the ambulance model of the Hiace from 2021. Other models from 2016 onwards may be affected. Visit www.autofile.co.nz to find out how to disable ITS Connect.

IMPORTS RESURGENT

There were 10,141 used passenger vehicles imported into New Zealand last month. This was down by 17.2 per cent when compared to August 2019’s total of 12,253. ☺

USED IMPORTED PASSENGER VEHICLE ARRIVALS



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2020										2019		2018	
	JAN '20	FEB '20	MAR '20	APR '20	MAY '20	JUN '20	JUL '20	AUG '20	AUG SHARE %	2020 TOTAL	2019 TOTAL	MRKT SHARE	2018 TOTAL	MRKT SHARE
Australia	278	449	326	254	274	352	415	284	2.8%	2,632	5,148	3.6%	4,183	2.9%
Great Britain	76	52	56	45	52	25	17	52	0.5%	375	894	0.6%	1,026	0.7%
Japan	9,541	11,096	12,554	5,678	3,603	4,413	8,453	9,485	93.5%	64,823	132,494	93.8%	134,510	94.2%
Singapore	105	132	147	101	81	155	181	248	2.4%	1,150	1,678	1.2%	1,531	1.1%
USA	72	50	47	37	24	18	38	44	0.4%	330	664	0.5%	1,108	0.8%
Other countries	29	10	15	21	14	95	117	28	0.3%	329	340	0.2%	415	0.3%
Total	10,101	11,789	13,145	6,136	4,048	5,058	9,221	10,141	100.0%	69,639	141,218	100.0%	142,773	100.0%



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Warning issued about online trading

Car dealers need to heed advice issued by the Commerce Commission to all businesses about their legal obligations when selling online.

The regulator has received a significant increase in complaints, such as traders advertising goods no longer available, delivery timeframes not being met, cancelled orders, frustration about lack of communication and extensive delays in processing orders.

"We recognise retailers and consumers are facing challenging times as a result of Covid-19 restrictions, but the online marketplace is not a free-for-all where

anything goes," says Anna Rawlings, who chairs the commission.

"The same rules prohibiting misleading conduct that apply to physical stores also apply to online."

She adds it is important for traders to have systems to manage stock properly and for websites to not mislead buyers, while refunds must be provided, when applicable, within specified timeframes.

Businesses in the automotive and finance industries need to pay particular attention to their legislative obligations with the regulator having highlighted them as targeted sectors for enforcement.

"Restrictions on trading and

supply-chain disruptions due to the response to Covid-19 can have an impact on the availability of goods," says Rawlings. "We are encouraging consumers to pay attention to any messaging on websites before making a purchase."

The bottom line is that all traders must adhere to the Fair Trading Act and Consumer Guarantees Act when selling goods and services in New Zealand regardless of the method of sale. Visit www.comcom.govt.nz/business for further guidance.

Meanwhile, the government has extended the expiry date of an addendum to the responsible

lending code until March 31, 2021.

The addendum elaborates on and offers guidance on how lender responsibility principles may be implemented when dealing with consumers impacted by Covid-19. It says that at this time of "heightened uncertainty", it's valuable for all lenders to know it remains in force beyond November 30.

INCREASE IN TRADES

Dealers sold 18,388 second-hand cars to the public last month – down by 4.3 per cent on August 2019 when the total was 19,219. But trade-ins climbed by 4.7 per cent from 12,825 to 13,432. 📈

SECONDHAND CAR SALES - July 2020

	DEALER TO PUBLIC					PUBLIC TO PUBLIC				PUBLIC TO DEALER		
	AUG '20	AUG '19	+/- %	MARKET SHARE		AUG '20	AUG '19	+/- %		AUG '20	AUG '19	+/- %
Whangarei	579	612	-5.4	3.15		2,171	1,995	8.8		237	217	9.2
Auckland	5,319	7,151	-25.6	28.93		12,400	13,946	-11.1		4,488	5,053	-11.2
Hamilton	1,608	1,469	9.5	8.74		3,960	3,552	11.5		1,255	877	43.1
Thames	235	291	-19.2	1.28		539	681	-20.9		95	200	-52.5
Tauranga	1,006	850	18.4	5.47		2,608	2,125	22.7		683	548	24.6
Rotorua	285	411	-30.7	1.55		799	1,058	-24.5		101	159	-36.5
Gisborne	169	154	9.7	0.92		442	399	10.8		47	54	-13.0
Napier	755	725	4.1	4.11		1,684	1,556	8.2		509	465	9.5
New Plymouth	472	408	15.7	2.57		1,173	1,002	17.1		232	223	4.0
Wanganui	194	246	-21.1	1.06		553	685	-19.3		154	129	19.4
Palmerston North	963	788	22.2	5.24		2,127	1,737	22.5		717	793	-9.6
Masterton	163	247	-34.0	0.89		460	531	-13.4		100	102	-2.0
Wellington	1,938	1,752	10.6	10.54		3,512	3,218	9.1		1,307	1,102	18.6
Nelson	328	291	12.7	1.78		1,157	1,086	6.5		200	188	6.4
Blenheim	205	172	19.2	1.11		468	468	0.0		116	85	36.5
Greymouth	97	77	26.0	0.53		228	176	29.5		41	25	64.0
Westport	27	7	285.7	0.15		100	33	203.0		0	1	-100.0
Christchurch	2,399	2,172	10.5	13.05		5,507	5,165	6.6		2,242	1,825	22.8
Timaru	285	207	37.7	1.55		643	552	16.5		120	123	-2.4
Oamaru	74	37	100.0	0.40		228	131	74.0		12	3	300.0
Dunedin	849	664	27.9	4.62		2,099	2,029	3.4		503	384	31.0
Invercargill	438	488	-10.2	2.38		1,213	1,111	9.2		273	269	1.5
NZ total	18,388	19,219	-4.3	100.00		44,071	43,236	1.9		13,432	12,825	4.7

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New Passenger Vehicle Sales by Make - August 2020

MAKE	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	1,363	1,468	-7.2	19.3%	8,013	15.6%
Kia	735	511	43.8	10.4%	4,921	9.6%
Suzuki	558	522	6.9	7.9%	3,700	7.2%
Mazda	552	701	-21.3	7.8%	3,769	7.4%
Hyundai	490	626	-21.7	6.9%	3,402	6.6%
Mitsubishi	435	659	-34.0	6.2%	3,611	7.1%
Honda	309	398	-22.4	4.4%	2,337	4.6%
Volkswagen	299	322	-7.1	4.2%	1,985	3.9%
Ford	288	253	13.8	4.1%	1,990	3.9%
Nissan	231	544	-57.5	3.3%	2,429	4.7%
Subaru	210	330	-36.4	3.0%	1,666	3.3%
Mercedes-Benz	178	148	20.3	2.5%	1,268	2.5%
Holden	158	633	-75.0	2.2%	2,805	5.5%
Audi	142	176	-19.3	2.0%	956	1.9%
Skoda	131	161	-18.6	1.9%	805	1.6%
BMW	129	163	-20.9	1.8%	1,010	2.0%
Land Rover	97	111	-12.6	1.4%	722	1.4%
MG	97	51	90.2	1.4%	598	1.2%
Mini	81	61	32.8	1.1%	457	0.9%
Peugeot	81	83	-2.4	1.1%	535	1.0%
Haval	70	71	-1.4	1.0%	494	1.0%
Lexus	66	73	-9.6	0.9%	514	1.0%
SsangYong	60	42	42.9	0.8%	532	1.0%
Jeep	51	69	-26.1	0.7%	491	1.0%
Volvo	40	47	-14.9	0.6%	315	0.6%
Renault	37	10	270.0	0.5%	129	0.3%
Tesla	37	62	-40.3	0.5%	326	0.6%
Porsche	32	30	6.7	0.5%	255	0.5%
Jaguar	20	41	-51.2	0.3%	263	0.5%
Isuzu	18	17	5.9	0.3%	149	0.3%
Alfa Romeo	12	12	0.0	0.2%	99	0.2%
Citroen	11	32	-65.6	0.2%	132	0.3%
LDV	10	3	233.3	0.1%	45	0.1%
Mahindra	7	21	-66.7	0.1%	97	0.2%
Seat	7	9	-22.2	0.1%	79	0.2%
Ferrari	5	2	150.0	0.1%	28	0.1%
Yamaha	5	4	25.0	0.1%	25	0.0%
Aston Martin	4	3	33.3	0.1%	29	0.1%
Bentley	3	4	-25.0	0.0%	32	0.1%
Can-Am	3	6	-50.0	0.0%	55	0.1%
Chevrolet	3	6	-50.0	0.0%	33	0.1%
Maserati	3	1	200.0	0.0%	28	0.1%
Fiat	1	0	100.0	0.0%	26	0.1%
Genesis	1	0	100.0	0.0%	9	0.0%
Lamborghini	1	3	-66.7	0.0%	18	0.0%
Others	1	17	-94.1	0.0%	35	0.1%
Total	7,072	8,506	-16.9	100.0%	51,217	100.0%

New Passenger Vehicle Sales by Model - August 2020

MAKE	MODEL	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	RAV4	638	468	36.3	9.0%	3,697	7.2%
Kia	Sportage	313	250	25.2	4.4%	1,762	3.4%
Kia	Seltos	243	0	24300.0	3.4%	1,680	3.3%
Suzuki	Swift	220	220	0.0	3.1%	1,622	3.2%
Toyota	C-HR	200	62	222.6	2.8%	841	1.6%
Mazda	CX-5	196	243	-19.3	2.8%	1,437	2.8%
Toyota	Corolla	194	388	-50.0	2.7%	1,575	3.1%
Hyundai	Tucson	188	198	-5.1	2.7%	1,051	2.1%
Toyota	Yaris	183	176	4.0	2.6%	504	1.0%
Mitsubishi	Outlander	159	215	-26.0	2.2%	1,354	2.6%
Suzuki	Vitara	154	115	33.9	2.2%	800	1.6%
Mitsubishi	ASX	145	289	-49.8	2.1%	1,262	2.5%
Ford	Escape	129	59	118.6	1.8%	660	1.3%
Honda	CRV	121	179	-32.4	1.7%	589	1.2%
Nissan	X-Trail	120	211	-43.1	1.7%	876	1.7%
Hyundai	Santa Fe	105	120	-12.5	1.5%	654	1.3%
Hyundai	Kona	104	212	-50.9	1.5%	892	1.7%
Honda	Jazz	90	53	69.8	1.3%	634	1.2%
Suzuki	Jimny	81	39	107.7	1.1%	271	0.5%
Mazda	Mazda3	81	146	-44.5	1.1%	419	0.8%
Volkswagen	Touareg	81	27	200.0	1.1%	261	0.5%
Mazda	CX-30	78	0	7800.0	1.1%	383	0.7%
Volkswagen	Tiguan	74	135	-45.2	1.0%	731	1.4%
Honda	HR-V	73	136	-46.3	1.0%	783	1.5%
Nissan	Qashqai	73	269	-72.9	1.0%	1,192	2.3%
Subaru	Outback	71	106	-33.0	1.0%	490	1.0%
Mazda	CX-9	67	83	-19.3	0.9%	435	0.8%
Ford	Focus	66	58	13.8	0.9%	325	0.6%
Holden	Equinox	65	115	-43.5	0.9%	502	1.0%
Kia	Rio	65	90	-27.8	0.9%	597	1.2%
Mitsubishi	Eclipse Cross	60	84	-28.6	0.8%	478	0.9%
Subaru	Forester	60	113	-46.9	0.8%	482	0.9%
Subaru	XV	60	82	-26.8	0.8%	544	1.1%
Skoda	Kodiaq	56	64	-12.5	0.8%	296	0.6%
Toyota	Highlander	54	51	5.9	0.8%	378	0.7%
Land Rover	Defender	53	0	5300.0	0.7%	118	0.2%
Haval	H2	50	41	22.0	0.7%	342	0.7%
Mazda	CX-3	49	106	-53.8	0.7%	457	0.9%
MG	ZS	46	17	170.6	0.7%	249	0.5%
Mini	Hatch	44	32	37.5	0.6%	216	0.4%
Mazda	Mazda2	43	77	-44.2	0.6%	333	0.7%
Mercedes-Benz	A-Class	41	35	17.1	0.6%	246	0.5%
Suzuki	Ignis	41	26	57.7	0.6%	313	0.6%
Volkswagen	T-Roc	40	0	4000.0	0.6%	76	0.1%
Kia	Cerato	38	29	31.0	0.5%	256	0.5%
Others		1,960	3,087	-36.5	27.7%	18,154	35.4%
Total		7,072	8,506	-16.9	100.0%	51,217	100.0%

'Crystal ball waste of time'

The managing director of a multi-franchise operation in Auckland says the business has been hard hit by the city being placed in lockdown for most of last month.

Andrew Simms says: "Level three was a real challenge for us and we have suffered significantly, but we recognise the government had no option but to make that move.

"There was still some business occurring, and I think our staff and customers have got better at understanding how to operate at level three.

"They have got used to processes for dropping cars off for services and there has been a greater determination for people to carry on this time, but it's certainly been a significant hindrance.

"Demand during the latest lockdown came from across the board and was mostly from those with a determination that life will carry on. They were the ones coming out and buying."

Simms' business – Andrew Simms Newmarket and Botany – is the largest volume outlet in New Zealand for the brands it represents, such as Jeep, Fiat, Great Wall, Haval and Ram, and sells about 5,000 vehicles from its sites annually including some 1,800 and 1,300 new vehicles made by Mitsubishi and Kia respectively.

He told Autofile operating the business would be "very difficult" if there are repeated moves to level three following the latest lockdown, which came in on August 12.

"I've got an interest in a business in Dunedin and you can operate a motor business at level two almost unhindered, but there's a big difference between levels two and three," explains Simms.

"That said, we would rather go to level three than have Covid-19 in the community because that would be a complete disaster, so we're supportive of what the government is doing.

"We're hopeful technology and knowledge learnt by the

government will allow us not to have to go to level three again – maybe just a level two with some extra restrictions.

"We would be naïve if we didn't think there are difficult times to come and we're preparing for that, but I think as a domestic economy we're probably number one in the world right now."

Simms says factors for good trading levels pre-August 12 included people previously spending money on travel overseas now spending it locally, "which is a big plus for retailers".

"Good support from older customers is something else we've noted. I think they're keen to ensure they have a reliable new vehicle in the garage."

There was also "consistent support" from fleets and private buyers before level three was reinstated.

"What we have learnt so far this year is that what we thought would happen, did not happen, but there are so many unknowns about the recovery from Covid-19 that a crystal ball would be a waste of time."

That said, Simms believes it would be foolish not to think there will be a significant impact on business at some stage.

"We're playing the pitch of

Car sales drop

There were 7,072 new passenger vehicles registered in New Zealand during August. That was a drop of 16.9 per cent when compared to the same month of last year when there were 8,506 registrations.

Last month's best-selling car was the Toyota RAV4 with 638 registrations. Two models by Kia were next up with the Sportage on 313 and Seltos with 243.

Toyota also topped the marques ladder with 1,363 and a market share of 19.3 per cent. Kia, with 10.4 per cent and 735 sales, came second and third spot went to Suzuki on 7.9 per cent and 558 units.

So far this year, 51,217 new passenger vehicles have been sold. That's down by 10.2 per cent compared to 57,020 by the same time last year.

people buying cars. We are pretty fortunate with Mitsubishi and Kia in that we have brands that are widely acceptable and in a moderate price range."

Farmer Autovillage, like Andrew Simms Newmarket and Botany, is another significant multi-franchise operation with its portfolio extending to Nissan, Subaru, Volkswagen, Skoda, Jeep, Audi, Great Wall, Ram, MG and Haval.

The business is spread over two sites in Mount Maunganui, and also stocks a wide range of used vehicles and motorhomes.

Mike Farmer, group managing director, says feedback he has received from the public and owners of small to medium-sized business owners has been positive since coronavirus lockdown ended in the Bay of Plenty.

"Everyone seems to have a little spring in their step and people have resigned themselves to the fact they are going nowhere in a big hurry. Vehicle purchases are up and even high-end vehicles are selling. During a normal month, we would sell 12 to 14 Audis, whereas in July we sold 18 or 19 of them."

He notes the business needed to put in a "huge amount of work" during level-four lockdown to ensure its after-sales department was strong.

Farmer says this was the right strategy because "we hit the ground running on day one of level three. We were 110 per cent booked and that continued all the way through it".

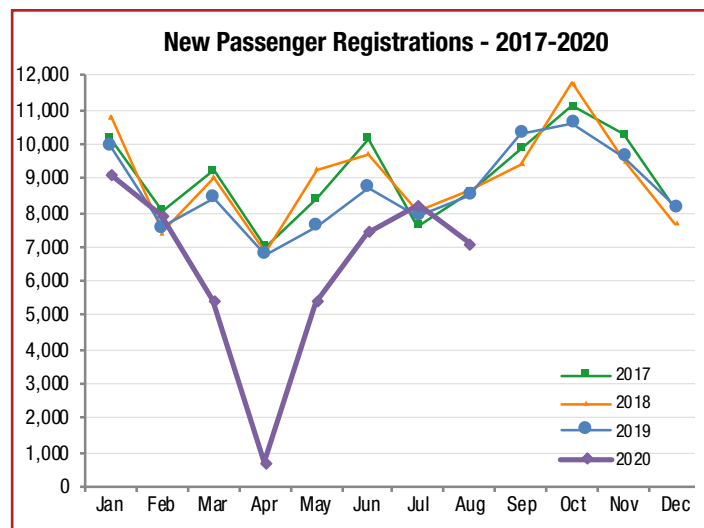
"We had all staff on-deck collecting customers' cars in the morning for servicing and dropping them off at night – all contactless, of course. Our strategy was to ensure after-sales were bullet-proof under level three and that went well.

"We had a bit of downtrading over the lockdown. This was mainly from some of the industries that were heavily exposed to the impact of Covid-19, such as tourism."

As for moving forward, Farmer believes the fallout from the pandemic will have a big impact. He believes many companies have probably failed to fully account for the impact of the government's wage-subsidy scheme and it ending.

"Even though there are businesses that have made money, they really haven't because they haven't extrapolated out the wage subsidy that has propped a lot of them up," he says.

"Long term, who knows what will happen, but I do think business will continue to be strong for another couple of months. It will then settle down to more level volumes, which I think will be about 10 to 15 per cent less than what we are currently experiencing." ☺



Sales levels varying across country

Purchasing decisions when it comes to utes have varied between the type of buyer since the national lockdown for coronavirus, the head of a multi-franchise dealership reports.

Mike Farmer, of Farmer Autovillage in Mount Maunganui, says there have been no significant changes to consumer patterns when it comes to the passenger-vehicle market, such as customers shifting to smaller or cheaper cars.

However, that has been not the case when it comes to light commercials. "Sales of new utes have been strong from the private buyer point of view, but some of the small and medium-sized businesses in our area have been

a little slower to make purchasing decisions," Farmer told Autofile.

That said, utes have been performing well across the board when it comes to private and business sales at an operation in Auckland.

"The mix of vehicles being bought remains the same and utes are always very strong," says Andrew Simms, of Andrew Simms Newmarket and Botany.

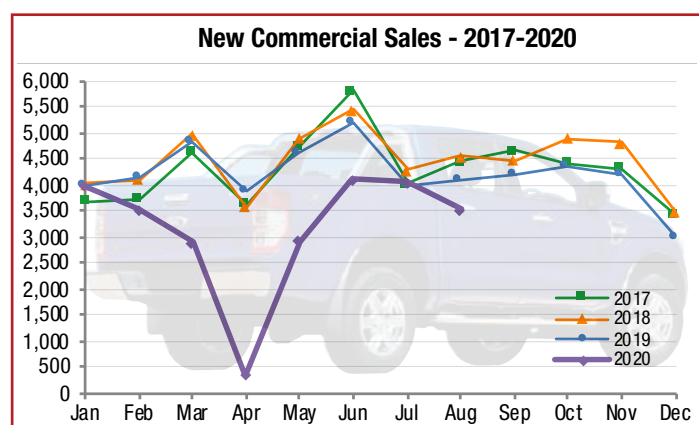
"We have been seeing similar

demand for utes as to what we had before the level-four lockdown and trade customers, who are the main buyers of those vehicles, also seem to be busy so are still out there buying utilities."

"It has been business as usual," says Nathan Ford, of Macaulay Mazda in the South Island. "We have sold a couple of Mustangs and we are always selling Rangers – these are not small-ticket items.

"We are surrounded by primary industry, so business is strong. Farmers are doing well and there seems to be money going around."

There were 3,533 new commercials sold last month, down by 13.9 per cent – and 568 units – compared to August last year. ☹



New Commercial Sales by Make - August 2020

MAKE	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Ford	1,061	831	27.7	30.0%	5,641	22.3%
Toyota	685	904	-24.2	19.4%	5,180	20.4%
Mitsubishi	376	348	8.0	10.6%	2,538	10.0%
Mazda	200	200	0.0	5.7%	1,250	4.9%
Holden	195	337	-42.1	5.5%	2,368	9.3%
Isuzu	166	242	-31.4	4.7%	1,435	5.7%
Nissan	122	242	-49.6	3.5%	1,428	5.6%
LDV	91	102	-10.8	2.6%	572	2.3%
Mercedes-Benz	82	148	-44.6	2.3%	701	2.8%
Hyundai	77	61	26.2	2.2%	381	1.5%
Volkswagen	62	131	-52.7	1.8%	613	2.4%
Hino	53	63	-15.9	1.5%	344	1.4%
Fiat	48	68	-29.4	1.4%	391	1.5%
Scania	36	21	71.4	1.0%	227	0.9%
Fuso	34	80	-57.5	1.0%	378	1.5%
Iveco	33	33	0.0	0.9%	208	0.8%
Great Wall	29	24	20.8	0.8%	279	1.1%
SsangYong	26	37	-29.7	0.7%	237	0.9%
Volvo	26	23	13.0	0.7%	194	0.8%
Kenworth	22	33	-33.3	0.6%	115	0.5%
Others	109	173	-37.0	3.1%	870	3.4%
Total	3,533	4,101	-13.9	100.0%	25,350	100.0%

New Commercial Sales by Model - August 2020

MAKE	MODEL	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Ford	Ranger	964	733	31.5	27.3%	4,970	19.6%
Toyota	Hilux	524	690	-24.1	14.8%	3,733	14.7%
Mitsubishi	Triton	376	348	8.0	10.6%	2,535	10.0%
Mazda	BT-50	199	200	-0.5	5.6%	1,249	4.9%
Holden	Colorado	193	327	-41.0	5.5%	2,337	9.2%
Toyota	Hiace	124	181	-31.5	3.5%	1,229	4.8%
Nissan	Navara	122	242	-49.6	3.5%	1,428	5.6%
Ford	Transit	97	98	-1.0	2.7%	671	2.6%
Hyundai	iLoad	70	60	16.7	2.0%	364	1.4%
Isuzu	F Series	57	44	29.5	1.6%	292	1.2%
Isuzu	D-Max	54	137	-60.6	1.5%	766	3.0%
Fiat	Ducato	46	67	-31.3	1.3%	388	1.5%
Isuzu	N Series	43	39	10.3	1.2%	280	1.1%
Toyota	Landcruiser	37	33	12.1	1.0%	218	0.9%
LDV	T60	37	30	23.3	1.0%	187	0.7%
Mercedes-Benz	Sprinter	33	100	-67.0	0.9%	233	0.9%
LDV	V80	30	29	3.4	0.8%	204	0.8%
Great Wall	Steed	29	24	20.8	0.8%	279	1.1%
Volkswagen	Amarok	28	42	-33.3	0.8%	295	1.2%
Mercedes-Benz	X-Class	28	27	3.7	0.8%	337	1.3%
Others		442	650	-32.0	12.5%	3,355	13.2%
Total		3,533	4,101	-13.9	100.0%	25,350	100.0%

Know what's going on in **YOUR** industry

Supply of vans 'inconsistent'

A specialist in light commercials says dealers are facing up to filling the gap created by popular models of used-imported vans, such as the Toyota Hiace and Nissan Caravan, because of electronic stability control (ESC) being mandatory on vehicles entering the fleet.

Lance Warren, managing director of 1 Stop Cars in Onehunga, Auckland, reports business as being busy and demands for vans as "pretty strong".

However, he predicts that will soon dry up soon "because once we sell one, you can't easily replace it at the same price because of the ESC rule". As a result, he has been looking at models from 2018 onwards, but

they are much more expensive.

"The local supply of light commercials is inconsistent, so we have a challenge to fill the void left behind once we have sold vehicles, so the only option is to

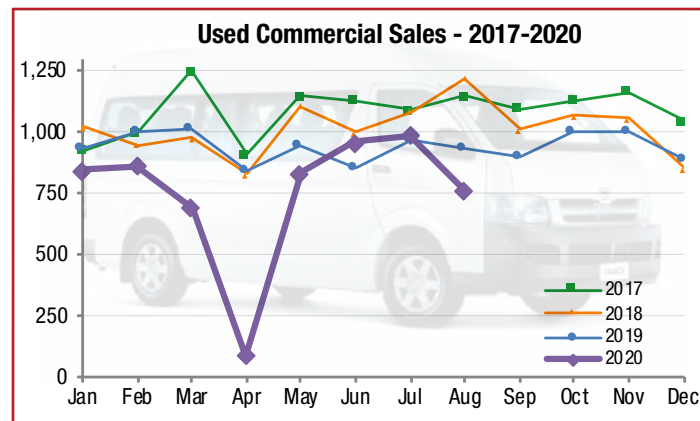
make a jump to 2018 models," Warren told Autofile.

"We have been looking at 2018 models from Japan that are ESC-compliant, but you have to spend quite a bit more.

"You are looking at close to the \$30,000 bracket, which puts a lot of tradies off. If they are just expanding or buying a new van to get a driver on the road, it makes it difficult for them because they want something more in the \$15,000 to \$20,000 price bracket."

"It means local vans will be bought more and more as replacements. That defeats the purpose of the ESC rule because older stock will stay on our roads longer."

There were 761 used-imported commercial vehicles registered for the first time in New Zealand last month for a decline of 18.7 per cent when compared to August 2019's total of 936. 📉

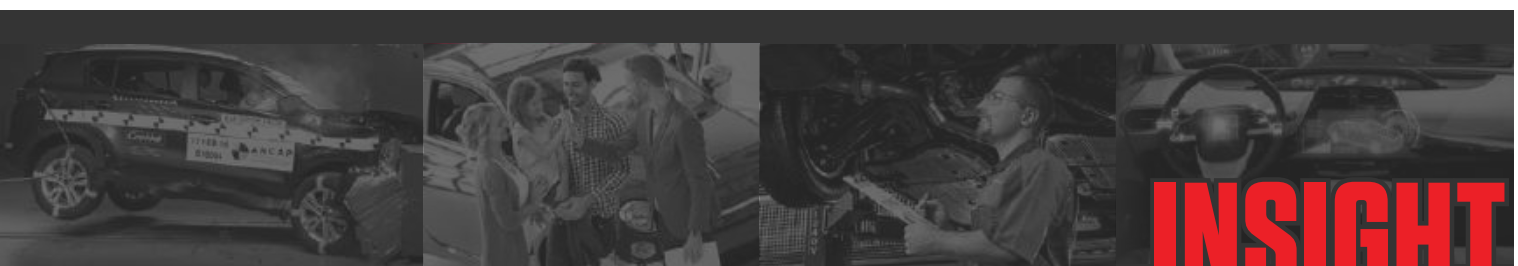


Used Commercial Sales by Make - August 2020

MAKE	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	338	421	-19.7	44.4%	2,700	44.8%
Nissan	156	212	-26.4	20.5%	1,468	24.3%
Isuzu	45	42	7.1	5.9%	271	4.5%
Mazda	31	60	-48.3	4.1%	272	4.5%
Ford	30	35	-14.3	3.9%	224	3.7%
Hino	25	31	-19.4	3.3%	197	3.3%
Mitsubishi	25	37	-32.4	3.3%	175	2.9%
Holden	18	14	28.6	2.4%	100	1.7%
Chevrolet	14	16	-12.5	1.8%	84	1.4%
Volkswagen	9	13	-30.8	1.2%	58	1.0%
Renault	8	2	300.0	1.1%	23	0.4%
Fiat	6	4	50.0	0.8%	112	1.9%
Volvo	6	3	100.0	0.8%	25	0.4%
Daihatsu	5	7	-28.6	0.7%	28	0.5%
Dodge	5	5	0.0	0.7%	27	0.4%
Mercedes-Benz	4	8	-50.0	0.5%	23	0.4%
DAF	3	0	300.0	0.4%	12	0.2%
GMC	3	5	-40.0	0.4%	17	0.3%
Mitsubishi Fuso	3	2	50.0	0.4%	17	0.3%
Scania	3	1	200.0	0.4%	15	0.2%
Others	24	18	33.3	3.2%	185	3.1%
Total	761	936	-18.7	100.0%	6,033	100.0%

Used Commercial Sales by Model - August 2020

MAKE	MODEL	AUG'20	AUG'19	+/- %	AUG'20 MKT SHARE	2020 YEAR TO DATE	2020 MKT SHARE
Toyota	Hiace	253	313	-19.2	33.2%	2,004	33.2%
Nissan	NV350	48	34	41.2	6.3%	346	5.7%
Nissan	NV200	41	55	-25.5	5.4%	375	6.2%
Toyota	Regius	33	23	43.5	4.3%	224	3.7%
Nissan	Caravan	30	53	-43.4	3.9%	367	6.1%
Isuzu	Elf	27	30	-10.0	3.5%	175	2.9%
Mazda	Bongo	22	39	-43.6	2.9%	193	3.2%
Toyota	Dyna	21	28	-25.0	2.8%	231	3.8%
Hino	Dutro	19	18	5.6	2.5%	142	2.4%
Toyota	Toyocace	18	30	-40.0	2.4%	126	2.1%
Nissan	Vanette	16	19	-15.8	2.1%	167	2.8%
Ford	Ranger	14	15	-6.7	1.8%	91	1.5%
Nissan	Atlas	13	22	-40.9	1.7%	94	1.6%
Isuzu	Forward	12	7	71.4	1.6%	53	0.9%
Mitsubishi	Canter	11	19	-42.1	1.4%	83	1.4%
Holden	Colorado	11	7	57.1	1.4%	62	1.0%
Mitsubishi	Triton	9	4	125.0	1.2%	43	0.7%
Holden	Commodore	7	3	133.3	0.9%	26	0.4%
Toyota	Hilux	7	12	-41.7	0.9%	64	1.1%
Volkswagen	Amarok	6	9	-33.3	0.8%	32	0.5%
Others		143	196	-27.0	18.8%	1,135	18.8%
Total		761	936	-18.7	100.0%	6,033	100.0%



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'Crunch coming' with supply

Two big players in the new-vehicle market are anticipating the supply of stock will become a problem – not just with cars, but parts as well.

With the coronavirus pandemic resulting in lockdowns coming into force globally, many production lines have ground to a halt. In turn, issues are mounting up along the chain to New Zealand.

"Our biggest concern for the industry is the supply of new vehicles and parts," says Mike Farmer, group managing director of Farmer Autovillage.

"I believe we will see significant new-car shortages around the last three months of the year, and dealers will then be reporting lower registration numbers for October, November and December.

"However, I think it will rebound with some significance in the first

quarter of 2021 as supply starts to get reinstated provided Covid-19 doesn't continue to decimate overseas production capacity."

Andrew Simms, managing director of Andrew Simms Newmarket and Botany, warns: "The crunch on stock is coming.

"We held off buying in stock thinking that was the right thing to do, but the brands have been able to turn the orders back on quite quickly."

However, there will probably be a one to two-month period when popular vehicles are difficult to get, he says. "While there is likely to be that six to eight-week period of not being able to provide some vehicles, it's a nice problem to have compared to what we thought we would have."

When it comes to sales, Farmer says trade has been holding up well

in the Bay of Plenty post-lockdown. For example, many people who have postponed holidays have instead opted to spend money on new vehicles.

"Overseas travel has been off the cards and people are now spending that cash in New Zealand," he told Autofile. "People are also doing that with other things, such as installing swimming pools and kitchens.

"I think everyone needs to take things one step and one day at a time, and – while the market here is quite strong – my advice is do the very best job you can to maximise any opportunities because I don't think we will see this continue in the long run.

"However, nothing good lasts forever and neither does nothing bad. We just have to ride whatever wave we get." ☺

Stock levels drop

Imports of new cars in August came in at 5,405. This was down 45.4 per cent on the same month of last year and a decrease of 24.9 per cent on July's 4,327 units.

Registrations of new passenger vehicles amounted to 7,072 last month for a decrease of 16.9 per cent on August 2019. This was also a decrease of 13.8 per cent from July's 8,200 sales and ends three months of increases since April this year when there were just 707 registrations.

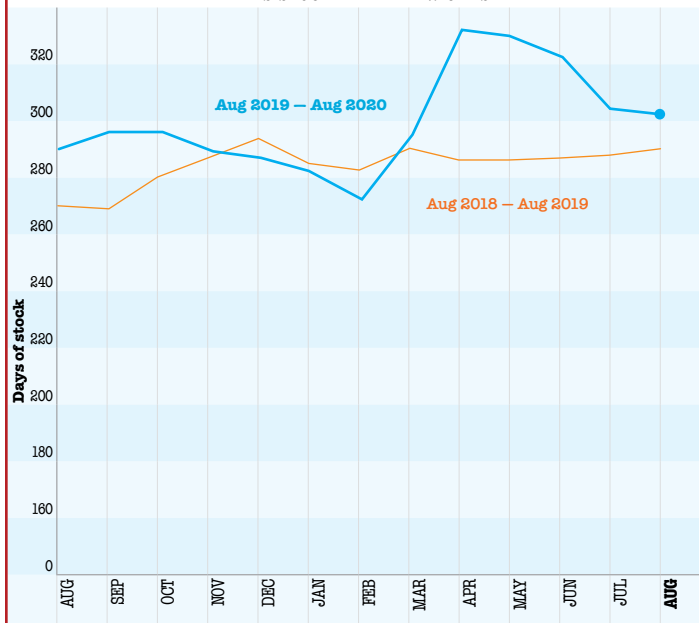
The numbers have resulted in the stock of new cars still to be registered dropping by 1,667 units to 74,540 – the lowest monthly total in the past year.

Daily sales, as averaged over the previous 12 months, stand at 246 units per day. August's results mean stock at-hand now sits at 302 days, or 9.9 months, if sales continue at current the rate.

Dealer stock of new cars in New Zealand

	CAR SALES					
	IMPORTED	REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Aug '19	9,907	8,506	1,401	83,821	285	294
Sep '19	10,967	10,322	645	84,466	287	294
Oct '19	8,122	10,622	-2,500	81,966	284	289
Nov '19	9,408	9,641	-233	81,733	284	287
Dec '19	8,191	8,159	32	81,765	286	286
Jan '20	6,750	9,099	-2,349	79,416	283	280
Feb '20	6,058	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	4,619	7,413	-2,794	80,080	250	321
Jul '20	4,327	8,200	-3,873	76,207	250	304
Aug '20	5,405	7,072	-1,667	74,540	246	302
Year to date	43,992	51,217	(7,225)			
Change on last month	24.9%	-13.8%		-2.2%		
Change on Aug 2019	-45.4%	-16.9%		-11.1%		
	LESS IMPORTED	LESS SOLD		LESS STOCK		

DAYS STOCK IN NZ - NEW CARS



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Mixed messages on securing stock

A dealer in Auckland has been able to access the stock he needs despite upheavals caused by Covid-19.

"You can buy cars locally on a Monday and have them on the yard by the Friday," says John Murphy, director of Cornwall Motor Company, Greenlane. "They have been registered and I was getting a margin out of that."

"However, franchises, where I get my vehicles from because I'm not importing this year, have found it has now gone quiet. They had been doing the numbers, but in the past few weeks that slowed right down."

Murphy says when New Zealand came out of national lockdown earlier this year, he had quite good trade.

"We found people were positive despite being off work for a long time and some had disposable money. But this time, things have

slowed down. We are looking forward to summer and getting back to normal retail conditions."

Lance Warren, managing director of 1 Stop Cars in Onehunga, Auckland, says access to used stock in Japan at good prices has been hampered by the electronic stability (ESC) rule.

"The Japanese domestic market will eventually become more affordable," he says. "In the meantime, there's going to be a two-year gap for the sort of stock we want."

"It's challenging to find enough commercials. If the building industry keeps going up, there is going to be a deficit of quality used vehicles for the market and older stuff will keep being recycled."

"What stock we have has been selling at premium prices due to the demand. We've been buying some local stock, but it's not

consistent and not as good quality."

Warren notes while some dealers are buying in smaller vans, these may be too small for many of his clients. On the flipside, high demand points to the building industry "booming at the moment and, as a result, vehicles are selling quite aggressively".

Nathan Ford, of Macaulay Mazda in Queenstown and Invercargill, says there has been no significant change to buyers' habits, such as them wanting smaller cars.

However, Ford notes stock is becoming a problem. "Everyone is always looking for stock. Generally, provincial dealers have been doing well compared to those in the main centres."

He reports sales as good. "It could be because people can no longer go overseas, so they are spending on cars." ☺

Imports top sales

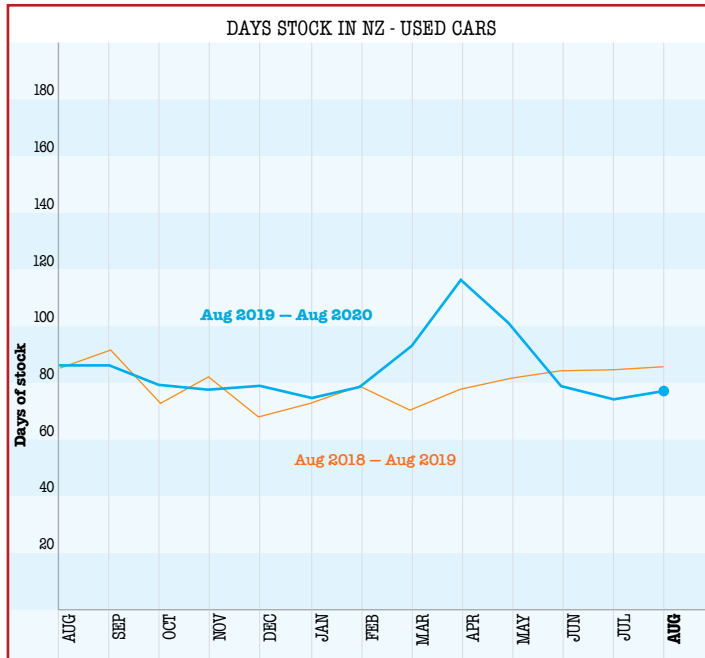
There were 10,141 used cars imported in August for a decrease of 2,112 units, or by 17.2 per cent, on the same month of last year.

The monthly total was an increase of 10 per cent from 9,221 vehicles in July.

A total of 9,054 units were sold during August. This was down from 12,353 registrations during the same month of 2019, and it is the lowest figure of the past four months.

With 1,087 more used cars imported than registered in August, this brought stock sitting on dealers' yards, or in compliance shops, to 25,754 units – 8,559 fewer than the total in August 2019 and the second lowest level of the past 13 months.

With current average daily sales now at 331 units per day, there would be 78 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				
Aug '19	12,253	12,353	-100	34,313	383	90
Sep '19	9,183	11,630	-2,447	31,866	383	83
Oct '19	9,875	11,663	-1,788	30,078	382	79
Nov '19	11,401	11,674	-273	29,805	384	78
Dec '19	12,121	11,628	493	30,298	385	79
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	5,058	11,962	-6,904	27,421	342	80
Jul '20	9,221	11,975	-2,754	24,667	340	73
Aug '20	10,141	9,054	1,087	25,754	331	78
Year to date	69,639	74,183	(4,544)			
Change on last month	9.98%	-24.4%		0.04		
Change on Aug 2019	-17.2%	-26.7%		-24.9%		
	LESS IMPORTED	LESS SOLD		LESS STOCK		

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