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Looming regulations to slow loan deals on cars

Industry experts fear new rules around credit contracts and consumer finance will cost traders time and money

Car dealers and finance and insurance companies are racing against the clock to be ready for changes to laws governing credit contracts and consumer finance that come into force from October 1.

The new regulations are expected to make the loan process longer, which may in turn impact on sales and increase the cost for people seeking credit to help with their vehicle purchase.

Industry representatives say the time frame to adopt the Credit Contracts Legislation Amendment Act 2019, which was only finally approved by the government in February this year, has also been insufficient.

The legislation will update the Credit Contracts and Consumer Finance Act 2003 (CCCFA) to prescribe minimum standards for lenders' assessment of suitability and affordability of loans.

This includes a list of enquiries to establish if the lending is suitable for a borrower, and requirements for lenders to estimate customers' income and expenses to establish whether loans will be affordable.

Meanwhile, directors and managers of lenders will be required to exercise due diligence to ensure businesses comply with obligations under the act. Senior staff must also be certified by the Commerce Commission as "fit and proper" once the new regime starts operating.

Non-compliance with the revised CCCFA may result in penalties of up to $200,000 for an individual or $600,000 in any other case.

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GUEST EDITORIAL

Fleet renewal key to lowering emissions

Simon Rutherford says achievable timeframes are essential for clean car policies to succeed

It's a challenging and exciting time to be in the industry as the clean car policies start to phase in and the capabilities required to enable the change to low-emissions vehicles (LEVs) need to come together to keep pace with government ambitions.

SIMON RUTHERFORD
Managing director, Ford NZ

Kiwis are starting to understand the feebate scheme and its impact on the cost of vehicles, but they are largely unaware of the clean car standard, which may have a similar impact on pricing.

Ford NZ supports reducing national carbon dioxide (CO_2) emissions, improving air quality, increasing sustainability and better accessibility to LEVs.

The most effective and immediate method of achieving lower emissions is through fleet renewal – replacing older, more polluting vehicles with newer ones.

The key debate right now is whether policymakers have got the balance right or not. We recognise this is a challenging space and there is no solution that satisfies all, so our focus is on the policy's effectiveness.

There remains an opportunity to fine-tune the framework on targets and timings to ensure it is more productive in delivering its objectives. Left alone, there will be undesired outcomes along the way and we have sympathy with vehicle owners who face fees when there are no realistic alternatives to meet their functional needs.

In a nutshell, we believe the framework is sound, but the pace of change is not in-tune with the reality of our market's starting point.

It risks a societal "us and them" reaction that could be avoided if target timing was adjusted in-line with the Climate Commission's recommendations and technology availability in certain segments.

We are only months away from the introduction of the full clean car discount – there will be expanded eligibility for rebates alongside charges from January 1.

Much of the policy framework we now see here is based on the European experience. However, there are key differences in New Zealand that haven't been accounted for in the pace of change.

We are all looking for scalable change, and there is a trade-off between impact and target-setting. If targets are unrealistic, then so will benefits of scale.

Most new vehicles sold today are much cleaner than those in the fleet – unrealistic targets will hinder renewal and limit or restrict this contribution. If fleet renewal stalls, so will progress towards goals.

Clearly, there is tension between cost-of-ownership objectives, fit-for-purpose requirements, affordability and product availability in the pursuit of CO_2 reductions that need to be recognised.

We, alongside fellow industry members, made the point that the timeframe of any policy implementation needed to be equitable and in-step with the timing for scaled, new propulsion technology adoption across all market segments and not ahead of it. Right now, it is ahead of it in key segments and overall.

Read more of Simon Rutherford's views online at www.autofile.co.nz

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At a glance

Changes to credit laws coming in from October 1 include introducing duties on directors and senior managers to exercise due diligence and penalties for failing to comply.

Lenders will no longer be able to rely solely on the fact information has been provided by the borrower to show they have made reasonable enquiries about the affordability and suitability of loans.

They must also keep records demonstrating compliance with their obligations to undertake affordability and suitability inquiries, and minimum advertising standards and requirements for affordability and suitability inquiries will come in.

Finance providers – except for those exempt – and mobile traders must be certified by the Commerce Commission that their directors and senior managers are fit and proper persons to hold their positions.

"The key changes are the introduction of regulations that are very prescriptive, the way suitability of credit is assessed for customers' needs and objectives, and assessing affordability of the loan," says Lyn McMorran, executive director of the Financial Services Federation (FSF).

"There will be assessment of income, then what their fixed and any other outgoings are, and whether the consumer will stop some of that expenditure – some of which may be considered discretionary – to meet any requirements of the loan."

She told Autofile the process to access credit will become longer and more intrusive for consumers, and there will be greater onus on lenders to keep detailed records of how they reach their decisions.

"What's previously been guidance in the code on what you should or could do has been put into regulation as something lenders must do. It will add extra layers to the process that do not exist in the current regime.

"Initially, consumers will get quite a shock when they go to a lender or dealer and face more questions. They may walk into a dealership wanting to trade in a vehicle, buy a new one and set up a payment for the difference. But it won't be the same as before. The process will take longer and their word won't be taken at face value.

"The compliance cost is going to be massive. That cost has to be passed onto somebody and normally that's the customer."

The FSF is also concerned about the "stress and pressure" the extra measures are putting on businesses because the consequences for senior managers if they're not compliant are "severe".

Making substantial changes to documents and processes, and training staff to assess customers for affordability in just a few months is hard on lenders.

McMorran describes the penalties being introduced under the CCCFA as "horrendous" and predicts a lot less risk will be taken by lenders as a result.

"There's going to be an enormous amount of training required before October 1 to ensure people understand what they're supposed to be doing.

"We have tried to point out to the government and Commerce Commission that everyone's competing for the same professional advice, the same compliance people, the same contractors and the same project analysts. There will be members who, even with the best will in the world, just can't get across the line because of the lack of resources and time.

"We're hoping the commission will take a reasonable approach in such situations and understand officials are planning an educative approach to lenders if they find they aren't fully compliant, rather than going straight in with enforcement."

The FSF is helping members get to grips with the revamp of the laws in several ways, including webinars prepared by the Strategi Group that detail the main changes for frontline staff.

Lyn McMorran

One of the federation's affiliate members, Chapman Tripp, has also prepared a 125-page document that features a compliance plan and a checklist that goes through the legislation.

"We're also looking at producing a consumer resource to be launched on September 22 in time for the changes, because we think consumers have no idea that the way they normally access credit is changing."

McMorran adds the legal amendments are not good for the industry and are putting too much pressure on businesses at a time of ongoing economic uncertainty because of the coronavirus pandemic. Rather than fresh legislation, she believes the government should have instead pursued better enforcement of existing regulations.

"In Australia, they recognise access to credit is important for economic recovery post-Covid and they are looking at going back to a less restrictive regime. We're going in the opposite direction and it's going to have implications for access to credit for consumers and businesses."

The shake-up of the credit contracts and consumer finance laws come ahead of other looming legislative changes, including a forthcoming review of the insurance contract law regime that will affect credit-related providers.

"Also, there is a bill about the


Guy Bryden


Jaques Gray

conduct of financial institutions," notes McMorran. "The legislation is badly written and unclear on how we achieve good customer outcomes."

DIGITAL DRIVE

The likelihood of having to spend more time with customers seeking credit to complete vehicle purchases may also affect what other tasks dealers and agents can do while at work.

Guy Bryden, chief operating officer of Oxford Finance, says the changes will slow the credit-approval process and that may lead to credit availability reducing for some potential borrowers.

"A large majority of our loans are for the purchase of motor vehicles," he explains. "These changes could potentially result in a borrower waiting on a dealer's yard longer than usual due to these changes. That extra time could impact the dealer's general business as well.

"Our aim is to get a loan decision to dealers and brokers as quickly as possible while at the same time ensuring we are exercising the necessary due diligence to confirm the loan is affordable.

"Another area where the borrower may be impacted is an increase in fees. The extra costs associated with a longer loan assessment will likely hit the borrower's pocket in some cases."

Bryden agrees with the reasons for the new regulations – "to make sure everyone is lending responsibly and that people we're lending to can afford it" – but says the changes are far more prescriptive than what the industry has been used to.

He adds a lot of work is being undertaken to ensure the company is compliant by October 1 and it is looking at improving its digital services.

"It was always going to be a little frantic, but we'll be able to get there in time. What we're trying to do is drive our digital enhancement as much as we can to ensure the time it takes to approve a loan is as efficient and accurate as possible.

"It will likely impact on some new business, but everyone's in the same boat and companies that can enhance their digital offering will be the ones who benefit."

Bryden says Oxford Finance is largely complying with the new regulations already. The biggest impact is likely to be around verifying the suitability and affordability of a prospective borrower.

"The new requirements involve us making sufficient enquiries to make sure a loan is suitable and affordable and verifying a borrower's income and expenses, which will largely be done through requesting bank statements and other digital tools.

"We are already using a digital bank scraping tool. We will continue to develop this to ensure we are being as efficient and accurate as possible when completing a borrower's affordability assessment.

"We have confidence in the systems that we're using. It's now about organising training and making sure all processes are clearly documented and all procedures are being followed."

UNDER PRESSURE

Jaques Gray, national sales manager at Provident Insurance, says current stock-shortage issues facing the automotive industry may help dealers and agents as they adjust to the new rules.

He predicts the changes will extend the time it takes to complete lending arrangements, but that may be manageable until the availability of vehicles in our market increases.

"Business managers currently have more time with each customer to slow the process down due to the fact some are restricted by the number of sales completed in any given day because of issues with stock.

"The government is putting more and more pressure on an industry where most are currently acting as compliant lenders. It will be interesting to see if they then look in the right places to enforce any non-compliance."

Gray says it is going to be increasingly important to ensure there are records kept when insurance products are offered, which are designed to prove customers acknowledge they can afford payments for any loans and offers of insurance combined.

"Our motor-vehicle dealers have been offered disclosure check sheets to enable them to keep a record of a customer's acceptance to the required disclosure practice under the CCCFA. These days, a verbal record just doesn't cut it when a regulatory body may ask for a proof of process.

"Lenders will now have to follow a more in-depth record-keeping exercise regarding

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loan-servicing affordability to help prevent borrowers from suffering financial hardship. The same record is required when offering insurance products as add-ons.

"If a dealer or intermediary is also acting as a lender and offers insurance in-line with a finance contract, then it will fall under the same rules in the CCCFA."

Provident is training dealers to prepare them for the new regulations, although Gray says little will change around insurance disclosure because it is already covered under either the CCCFA, Insurance Intermediaries Act or Fair Trading Act.

"As a trader while acting as an insurer or lender's agent, you must be able to prove you have a process and how your sales conduct is compliant under the CCCFA. We, as a company, are out there training on these required processes."

FORMALISING STEP

The insurance sector is facing less disruption than lenders, but some development of products and processes will still be needed before October, according to James Searle, general manager of DPL Insurance.

"The industry will have to be very careful about maintaining its strict no-advice parameters" – James Searle

He says it will not create too much work for parent company Autosure and is likely to only require some extra questioning or confirmation check boxes during the insurance sales process.

"We're not as impacted to the same extent lenders are, but we're involved with the support and information provided to the finance companies for their obligations around relevant insurance contracts," explains Searle.

"Essentially, the changes coming through are around making sure the agent ensures the insurance product being sold is fit for purpose and appropriate for what the customer needs."

The extra emphasis on due diligence under the legislation is part of the company's training, and how agents sell and will be supported through its insurance systems and with documentation.

Searle notes Autosure may need to adjust its sales support materials and provide more information about its products at quote time once the new rules take effect.

"It's hard to know exactly what impact these changes might have, but we will constantly monitor them. If there's a situation when we feel we should change the policy or sales process to make it clearer for dealers and the customers, then we will quickly respond.

"The industry will have to be very careful about maintaining its strict no-advice parameters. If an agent is having a discussion with a customer, who is holding current insurance that will cover the purchase, there's a potential to drift or segue into giving advice or discussing that person's needs in more detail. We will be reinforcing the training to ensure they're not providing advice or getting into that situation.

"The good thing with the finance and insurance industry, and even the motor industry, is there are a lot of innovative people around.

"Those people will come up with solutions that perhaps keep the industry going, the customers informed and agents compliant."

Regulator to host workshops for industry

Lenders are being urged to seek independent legal advice ahead of changes to the Credit Contracts and Consumer Finance Act (CCCFA).

The Commerce Commission is in the process of updating its guidance around new rules starting in October and plans to release some advice in the coming weeks.

A series of in-person and online workshops will also be run by the regulator to help people in the finance and insurance sector better understand how the upcoming changes will affect their businesses.

A spokeswoman says the commission has already issued a range of guidance relating to the CCCFA, including some around due-diligence duty rules in June, with more to come.

"In the next week or so, we will be issuing updated disclosure guidance," she told Autofile. "Other guidance will be made available prior to October 1, including on annual returns once the regulations are issued. All the guidance will be available on our website.

"The impact of the changes that come into force on October 1 will vary depending on an individual lender's circumstances. We encourage lenders to seek independent legal advice."

The spokeswoman says key legal changes include the introduction of duties on directors and senior managers to exercise due diligence and penalties for failing to comply.

Lenders, except for those exempt, and mobile traders must also be certified that their directors and senior managers are fit and proper persons to hold their respective positions.

She adds the CCCFA amendments will introduce minimum advertising standards and requirements for affordability and suitability inquiries performed by companies.

"Lenders will no longer be able to rely solely on the fact that information has been provided by the borrower to show they have made reasonable inquiries about the affordability and suitability of loans.

"They must keep records relating to their compliance with their affordability and suitability obligations and to demonstrate fees are reasonable."

A full list of the changes can be found online at comcom.govt.nz.

The Financial Services Federation has raised concerns some companies, despite their best efforts, may not be fully compliant with the new laws by October.

The commission's spokeswoman says the approach to the regulatory changes will be in-line with its enforcement model and have a "substantial focus on engagement and education".

"While compliance is required from October 1, our response to non-compliance with the new laws will be driven by the factors of harm, lender conduct and public interest, including a lender's behaviour towards and willingness to comply with the new laws."

A series of workshops for lenders about the alterations to the CCCFA are being held by the commission in Auckland, Wellington and Christchurch in August. These will be followed up with online workshops that will go into more details around key changes. Email credit.advocacy@comcom.govt.nz if you are interested in attending.

Government wields ‘big stick’

The chief executive of a leading finance company fears the process for car loans will become slower and more cumbersome because of upcoming changes to a key piece of legislation.

Chris Stephenson, of CFS Finance, says the new regulations that kick in from October will put more compliance pressure on companies, but he fears those who have flouted the laws in the past will continue to do so.

The changes to the Credit Contracts and Consumer Finance Act (CCCFA) will force lenders to ask specific questions of consumers and maintain stricter records of their information gathering.

“All of the responsible lenders understand the government is trying to protect vulnerable customers and we’re on-board with that,” says Stephenson.

“However, they’re taking a big stick to the responsible people rather than irresponsible lenders who may already be skirting around the laws and trying to get away with things.”

CFS Finance is overhauling its computer systems because of the extra work and likely delays that the law changes will make to the loan-approval process.

The company began a major programme of IT work in January and is confident it will be ready for the new rules being introduced from October 1.

“From our perspective, the principle of the changes don’t represent a significant departure from how we have been financing as a business for 10 years,” Stephenson told Autofile.

“But the depth of the detail in the rest of the legislation means we have committed to significantly rebuilding the two computer systems we use – one at the front end for dealers and another for the internal approval process – to accommodate things like the new record-keeping requirements and iterative approach to affordability.”

He sees little benefit in moving from “principles-based legislation to prescriptive legislation” and says most people who can get a loan under the current rules will still be able to get one under the new regulations.

“There will be really high-quality due diligence on people’s affordability and some customers at the fringes of affordability will now be assessed properly, which means they may miss out, but I do not see any other pros for business,

Chris Stephenson

industry or consumers from these legislative changes.

“It will only make the loan process slower and more cumbersome. For most people there will be no difference in the outcomes. It’s taking what has become quite a customer-centric, smooth digital and automated process and forcing it to be an older, slower process with a lot more manual intervention.”

Stephenson says the next step will be training dealers and people handling the onboarding of customers to understand the new approach and what information they need to gather.

He notes the timeframe to be ready for the changes is “ridiculously tight”, with companies being given less than 12 months to implement a full system upgrade.

“There was significant consultation on the CCCFA, but Covid-19 came along and there were expectations the implementation of any changes may be pushed back until 2022. Then the government announced it was going to take effect from October.

“It’s a significant amount of work to be compliant. We were racing around at the end of last year to lock in resources, such as project management staff and tech staff, to bring them on-board for the project knowing they would be in high demand as other companies also aim to make changes and become compliant.”

CFS Finance has also expanded its risk and compliance team because of the CCCFA changes. In addition, it has integrated with more providers to accelerate the loan process.

“The consumer expectation is still likely to be that they can turn up at a yard in the morning, see a car they like and want to drive it home that afternoon,” says Stephenson.

“We have to work hard to find solutions that are compliant and still fulfil customers’ needs of a smooth and seamless service delivery.”

Approval for transitional facilities

Biosecurity New Zealand has approved six transitional facilities after overhauling the way used imports are verified.

Three of the approved sites are in Auckland outside its port. Wellington, Nelson and Christchurch have one each dockside.

The move comes after the government revised onshore procedures to reduce delays when discharging and follows its decision not to send Biosecurity NZ staff back to Japan.

Officials announced the changes back in April and hoped to have transitional facilities approved by July 1, but the deadline was extended to allow for more time audits.

It all means used vehicles are no longer held on vessels for further inspection if contamination is discovered. Instead, importers can have consignments taken to an approved transitional facility.

A Biosecurity NZ spokesman says such sites must meet strict rules outlined in import health standards and it expects to soon approve another three or four facilities in Auckland, Wellington, Nelson or Christchurch.

"They must have robust processes for tracking, security and management of any vehicles they receive for further decontamination, including cleaning and inspection procedures for processing vehicles. We hope to have additional facilities approved by September. Those already approved should meet demand when cleaning is required. Further facilities will add capacity and options for the future."

He notes the new system has already seen the time required for vehicle carriers to complete a full discharge drop considerably, and biosecurity compliance has been high.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association, says the new approach has seen supply-chain operators "tighten procedures and review what they're doing".

"The aim was to be ready by July 1, but there was room for flexibility for a progressive implementation. Everyone's working through it with best endeavours to ensure everything is in place as quickly as practicable without compromising biosecurity."

The addition of transitional facilities is another step in the process to ensure used-import vehicles are safe.

"Biosecurity is not one simple, high fence we have to leap over and that's it," says Vinsen. "It's like a series of hurdles, which starts in Japan with the initial inspection and treatment of a vehicle.

"It continues onto the ship, and processes when the vehicle is discharged and then further inspected. Each vehicle has this series of hurdles to pass and border inspection on arrival is another one.

"If something wrong is found with the vehicle, it will be sent it for further treatment and inspection. Once passed, it then goes to a compliance shop, which is another place where it's checked."

Test changes threaten new imports

The Motor Industry Association (MIA) is gearing up to make further submissions about how proposed legislation to change emissions-testing regimes will effectively ban most new light-vehicle imports from January if it remains unchanged.

The majority of new cars coming into New Zealand are currently assessed to Euro 5 or 6b on the New European Driving Cycle (NEDC) and used are approved on Euro 4.

But the government wants to use the Worldwide Harmonised Light-Duty Test Procedure (WLTP), to which Euro 6d applies, from the start of next year as the benchmark for clean car policies.

However, WLTP testing does not cover Euro 6b or Euro 5 standards. If this were to go ahead, it would mean about 90 per cent of new imports not being WLTP-assessed. Therefore, they wouldn't be compliant for use here.

> **"If the ministry does not revisit this, the new-car industry will basically have to shut down"**
> **– David Crawford**

Emissions of carbon dioxide (CO_2) form the backbone for the clean car discount that starts next year and the clean car standard, which is slated for roll-out later in 2022.

David Crawford, chief executive of the MIA, along with technical advisers from distributors, met with Ministry of Transport (MoT) and Waka Kotahi officials on July 27 to again raise their concerns. He says there was high-level discussion on a cabinet note on requiring new light vehicles to be WLTP tested from next year.

It was stressed that while the EU has required WLTP ratings for some time – and that has been the case in Japan from this year – this is only the case for models made for those markets.

"When it comes to NEDC and WLTP targets, we highlighted risks associated with the cabinet's decision to test new vehicles on the WLTP because this will not happen by January," Crawford told Autofile. "If the ministry does not revisit this, the new-car industry will basically have to shut down.

"We have provided explanations about why we cannot go from Euro 6b to Euro 6d, which is the same as WLTP. Officials will need to unpick that more as far as our lead times and land-transport rules go."

New vehicles destined for our shores are primarily built to Australian Design Rules (ADR) specifications with testing for exhaust emissions and fuel consumption being for that market.

Crawford emphasises New Zealand's fuel-consumption rule allows for NEDC and WLT4P test cycles, but does not yet enable the WLT3P protocol.

Because of this, the MIA is urging the government to enable WLT3P in addition to NEDC and WLT4P – and not scrap NEDC testing. Essentially, MIA members need lead times and grandfathering of provisions so there is a realistic transition to shift to WLPT testing.

This needs to be along the lines of allowing all three test cycles now, setting future dates for testing of new models by WLTP only and then testing of all models by WLTP, and for deadlines to align with introducing Euro 6d to the combined Australasian market.

"Officials noted they need to have further discussions with industry around interconnected issues being Euro 6d timing, fuel quality and so on," says Crawford.

Currently, the Japan WLTP3 cycle needs an exemption for cars tested to that level for them to comply here.

"We need to leave WLTP3 in place without disabling the NEDC and for there to be a timeline to move away from NEDC testing. We have got some work ahead on this."

The MIA understands a government bill to enable the clean car policies to go ahead will be introduced to parliament in August.

"The next chance of making any changes to it will be at the select committee stage and, subsequently, when the government amends the fuel-consumption information rule.

"To have Euro 6 and WLTP testing in place by January 2022 is simply not doable for the new-vehicle industry. If they go ahead, 90 per cent of our new models being imported will no longer comply."

The MIA estimates that about 70 per cent of light vehicles coming into this country must comply with the ADR and many marques supply New Zealand as an "add-on" to what is imported across the Tasman.

"We have needed to be pretty forceful when presenting our views and there are also differences in tare weight – there are a lot of definitions and formulae for light vehicles," adds Crawford.

"It may be hard to get industry agreement, but information on the motor-vehicle register needs to be more accurate when calculations are made. It's small things such as these that can make a big difference."

In-fleet issues on agenda

The Motor Trade Association (MTA) is joining forces with Michael Wood, Minister of Transport, to highlight the importance of vehicle maintenance to saving lives and cutting emissions.

Representatives from the industry and some government departments have been invited to a showcase at parliament that will address these topics on August 10.

Greig Epps, the MTA's advocacy and strategy manager, says the idea for a joint event to focus on vehicle safety was raised when members of the organisation met with Wood in February.

"Between that meeting and now, we've had the Climate Change Commission report and there's been a big focus on electric vehicles [EVs] and emissions," he told Autofile.

"We got back in touch with his office and said perhaps we can expand the conversation at this event to include emissions reduction.

"Part of our vehicle-safety message is about good maintenance. This has the benefit of keeping an eye on car safety and this can also make vehicles more fuel efficient. It makes a good double-header to talk about saving lives and reducing emissions."

Epps says the MTA accepts EVs will eventually be ubiquitous but with supply levels low and prices too high for many consumers at present, officials need to look at the current fleet. If motorists keep vehicles in a good state of repair and performing at optimum levels, then they will be doing their bit to minimise emissions.

The association has created a website – mta.org.nz/tackling-emissions – to address the issues and is putting out messages on social media.

The MTA is calling for a scrappage scheme

"From what we understand, a vehicle's emissions profile gets worse over time. We must stay on top of that by replacing worn-out components.

"We've had a mixed response from the public, but many people seem to think this is a great idea. They discuss things, such as keeping your vehicle serviced and tuned, and tyres pumped up."

The MTA is working with Unitec to research vehicles' emissions and efficiency profiles before and after servicing with tests taking place later this year.

"We're confident we will see improvements," says Epps. "On the mechanical side, we think you can get six or seven per cent improvement in fuel efficiency just by keeping your car running properly."

The MTA plans to continue pushing for a scrappage scheme to help get older cars off our roads, including a whole-of-vehicle approach to manage all end-of-life elements.

"The minister has been responsive and officials appear open to having conversations. A scrappage scheme can help the government achieve carbon-dioxide targets by reducing the number of older, high-emitting vehicles and ensuring there is a focus on older cars not being looked after."

'No frills' method to success

It's no secret that 2 Cheap Cars' business model comes down to its supply-chain efficiencies and retail approach.

The company has notched up major market gains since being founded 10 years ago, and it's fair to say it has had some trials and tribulations along the way.

Now, however, it is on a different level following the listing of its parent company, New Zealand Automotive Investments (NZAI).

The latter's other division is NZ Motor Finance, which was set up in 2019 to capitalise on the estimated one-third of its customers needing loans.

The company was in the spotlight in the run-up to listing day on February 25, when chief executive officer David Page and chairman Karl Smith rang the bell as NZAI's ticker went live. Some 45,554,500 ordinary shares were issued at $1.30 to value NZAI at about $59 million.

Stacking up the numbers – NZAI

	2018 FY	2019 FY	2020 FY	2020 1HY	2021 1HY
Dealerships	16	17	13	17	12
Vehicles sold	10,919	11,337	11,020	5,859	3,919
Ave revenue per unit*	$6,745	$6,918	$6,871	$6,684	$7,741
Gross profit per unit**	$1,386	$1,249	$1,388	$1,345	$1,418
Car sales via finance	31.5%	31.8%	33.9%	32.7%	28.2%

*Based on revenue from automotive retail division only. **Based on gross profit from automotive retail. For the 2020/21 full financial year, 2 Cheap Cars' profit per unit was up by 3.4 per cent on 8,207 sales for the 2020/21 and finance income from NZMF's loan book reached $1m – up by 208 per cent on 2019/20.

Selected financial results – NZAI

	2017/18	2018/19	2019/20	2020/21
Revenue	$73.65m	$78.43m	$76.01m	$66.13m
EBITDA	$7.13m*	$5.94m*	$8.64m*	$7.8m**
NPAT	$4.39m	$3.39m	$4.23m	$3.2m

*Pro-forma EBITDA; **underlying EBITA. Sources for tables: NZAI NZX listing profile, 2020/21 annual report

As part of its listing, it was obliged to publish a profile prepared in accordance with NZX rules. Widely unreported by other media, it sheds light on NZAI's journey and 2 Cheap's operating model.

For example, the 11,010 cars it sold in the 2020 financial year made up an estimated eight per cent of the used-imports market based on its sales data divided by the 137,016 total imported passenger sales.

In the same period, the listing profile states the average time from when a 2 Cheap vehicle arrived on one of its yards to being sold was only 24 days based on the 12-month period ending March 31 last year.

The average sale price was $6,871 with gross profit of $1,388 – or 20.2 per cent per unit. The company's annual report for 2020/21 references 8,207 sales with profit per car increasing by 3.4 per cent.

They are numbers that will turn the heads of many used-car dealers. So how do they do it?

PROCURING STOCK

NZAI, which has 12 dealerships trading as 2 Cheap Cars, puts much of its success down to its "cost efficient" supply chain and "no frills" retail approach. It utilises its own data to select models it considers popular with Kiwis to avoid "relying on third-party agent's stock".

It sources almost all its vehicles via Car Plus Kabushiki Kaisha, its procurement office in Japan. Its staff attend auctions, inspect cars and make buying decisions, which are passed onto its local agent for execution. This network allows it to "keep the cost of its vehicles low, manage quality and buy at scale". It also reduces time spent fixing up "sub-standard" cars.

A direct supply agreement with its Japan-based logistics operator allows for volume discounts in the shipping process and agents fees.

All cars are fully paid for in yen generally 60 days post-auction with forward cover taken on contracted prices to lock-in landed prices in Kiwi dollars. NZAI buys required currency within seven days of auction to mitigate cross-rate movement.

The Japanese agent receives a logistics facilitation fee on a per-vehicle basis. This is made three days before the car arrives here and after NZAI receives evidence it is cleared for entry, so it doesn't pay for stock until it is under its control here.

ON-SHORE PROCESS

After entry certification, NZAI's used imports go to its main hub in Mount Wellington, Auckland, for more checks. It can process up to 250 units a week and capacity can be extended by hiring more mechanics.

It takes about 53 days from when a vehicle arrives in New Zealand for it to get to a yard and then – on average – 24 days to be sold.

NZAI's retail model is based on high sales volumes and fast turnover. Leverage for this is gained from its marketing. It describes itself as an "early adopter of social media and digital advertising", which caters to its target market of 20 to 45-year-olds.

It adds a benefit of this approach is consumers arrive on yards ready to buy what they have already viewed online and agreed a price for. This reduces time salespeople spend with clients, increases turnover and minimises the need for large premises. 2 Cheap has more than 130,000 followers on Facebook and Instagram.

All dealerships are leased with

[continued on page 14]

ATNZ

(09) 257 0050

Welcome to ATNZ !

New Zealand's best source of Japanese used cars

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

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

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

Industry movers

BARRY WOODS has been promoted to the position of dealer principal for Iveco NZ after spending the past four years as its parts manager.

Woods says he is looking forward to the challenges of his new role and is committed to maintaining growth at the business, which imports light, medium and heavy commercials.

Woods has more than a decade of experience in the automotive industry in various management roles.

CLARKE HILL has been appointed as the general manager of logistics for after-market supplier Genuine Parts Company, which owns the Repco and NAPA brands.

Hill takes more than a decade of experience into the job, including senior executive roles at Musgrave's, a supermarket chain in Ireland, was more recently distribution and fulfilment operations manager with The Warehouse Group.

Nicolas Caillol

NICOLAS CAILLOL has taken on the role of motorsport manager at Toyota Gazoo Racing NZ. He is now responsible for domestic Best Bars Toyota 86 Championship as well as the Castrol Toyota Racing Series.

He replaces Marck Whittaker, who has moved into the new role as customer service workshop management for Toyota NZ as Fix It Right promoter, service, sales and operations.

Mark Whittaker

Caillol has engineered for teams in multiple international championships, including GP3, Formula Renault, A1GP, Super League Formula and the World Series by Renault 3.5.

Whittaker's career with Toyota NZ started in 1991. About a decade later, he became national sales manager for Honda NZ for five years before holding other industry positions.

In his new job, he will use his experience in service, product and training to assist the marque's dealer network.

KEVIN FLYNN, managing director of FCA Australia, is now responsible for business operations and performance of all brands in New Zealand and across the Tasman.

It follows the company assuming operational responsibility for the relationship with all former Groupe PSA and FCA general distributor partners in both countries.

There are no changes to partnerships with Inchcape, Ateco and Armstrong's, which continue to hold distributor responsibility for their respective marques and the relationships with their dealer networks.

PETER BARKER has become head of sales at Mercedes-Benz Vans Australia and New Zealand to replace Glen Dyer.

The company has also appointed Alex Hauser, who had been working at Mercedes-Benz Financial Services since May 2014, as sales operations manager with responsibilities for retail and fleets.

Brandon Page is now manager of national retail sales for both countries.

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

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an average tenure of 3.3 years with inventory financed via a $8m trade facility with ASB. They are in industrial areas with lower costs. All administration is centralised, so each site focuses only on sales and cars are priced for quick turnover.

CASH GENERATION

NZAI has been "historically highly cash generative" because the only major asset required by 2 Cheap is inventory.

Its pro-forma earnings before interest, taxes, depreciation and amortisation (EBITA) increased from $7.1m in the 2018 financial year to $8.6m in 2020. Over the same time, annual capital expenditure has been between $400,000 and $800,000.

This cash conversion has allowed NZAI to pay dividends – on average – of about 61 per cent of net profit after tax (NPAT) during the past three financial years.

It has a dividend policy with a target pay-out ratio of 50-60 per cent of underlying NPAT as it retains some earnings to grow its finance division.

NZ Motor Finance (NZMF), a subsidiary of NZAI, is relatively new and a growth area for the company. Its aim is to adopt a staged approach by focusing on one sub-segment of client at a time to maintain a level of commissions from existing finance partners.

2 Cheap has historically partnered with third parties to provide finance and insurance for customers. All partner solutions are non-recourse, so it bears no risk.

NZAI's success means it is generating more opportunities with consumers subscribing to about $31m of finance in the 2020 financial year. As of January 31, 2021, NZMF had established a loan book with total receivables of $3.1m.

CHEQUERED PAST

As part of strict disclosure rules, NZAI's listing profile details historical legal breaches and fines.

The Labour Inspectorate determined in November 2016 that some of 2 Cheap's practices failed to comply with employment law. An improvement notice was issued and a $70,000 penalty fine later sought.

Following a Commerce Commission investigation that started in 2017, it was ruled that advertising campaigns breached the Fair Trading Act and warranty waivers breached the Consumer Guarantees Act. Guilty pleas were entered and $438,000 in fines handed down.

It has not been plain sailing for NZAI. Two of its non-trading subsidiaries – 2 Cheap Rental Cars Ltd and 2CC Canada Inc – were being wound up at the date of the parent company's listing profile.

2 Cheap Rental Cars was set up to enter the tourist rental-car market in New Zealand. Covid-19 severely impacted its commercial viability. 2CC Canada was established to enter the Canadian market to sell Japanese used imports. It operated for six months before the decision was made to exit and close operations.

MOVING FORWARD

In his letter to investors, part of the listing profile, NZAI chairman Karl Smith outlines four main elements of the company's strategy.

The aim is to continue driving vertical integration through the retail and finance divisions, and grow NZMF's book by offering direct loans.

"NZAI will continue to leverage off its Japan-based procurement team on the ground, selecting and managing control over quality, standards and visibility of pricing to secure volumes from auctions and reducing costs," adds Smith.

Its digital offering will be improved. The final strand is driving increased profits at dealerships by "leveraging the understanding of our customer demographics" to maximise sales.

Who's at the top

David Page joined NZAI as chief executive officer in December 2020. He has more than 25 years' asset finance and banking experience, including a decade at ASB.

Karl Smith, a professional independent director recently on Ports of Auckland's board, was appointed board chairman last September.

Eugene Williams and David (Yusuke) Sena, 2 Cheap's co-founders, are executive directors.

What's the safety rating of that car?

Three out of four consumers are looking for vehicles with high safety ratings when they purchase their next car.

You can now print a vehicle safety rating label to display on cars for sale, providing consumers with simple information about a vehicle's safety performance to help keep people safe on our roads.

How do I generate a safety rating label?

The safety rating label sits below the Vehicle Fuel Economy Label (VFEL), which is administered by EECA (Energy Efficiency & Conservation Authority). The VFEL must be displayed on all cars for sale by motor vehicle traders and informs customers of the fuel efficiency and estimated yearly running costs of the vehicle.

Now, when traders generate labels for their vehicles, they can automatically generate a safety label to display alongside the VFEL, which makes displaying a safety label, and providing the current safety rating information, as easy as possible for traders.

To print safety rating information for the vehicle you are selling, just go to the label generator on EECA's website **resources.fuelsaver.govt.nz/label-generator** and follow the instructions.

How can I find out more information?

Visit **dealer.rightcar.govt.nz** to find out more information about how safety ratings work in New Zealand, and for links to useful resources for motor vehicle dealers.

RIGHTCAR®

visit **dealer.rightcar.govt.nz**

21-321

WAKA KOTAHI NZ TRANSPORT AGENCY
EECA TE TARI TIAKI PŪNGAO ENERGY EFFICIENCY & CONSERVATION AUTHORITY
ROAD TO ZERO
New Zealand Government

‘Tipping point’ for exemption

An extension granted for electric vehicles (EVs) to be exempt from road-user charges (RUC) until March 31, 2024, is likely to be the last with the proportion of such models in the light-vehicle fleet increasing.

Industry experts have welcomed last month’s announcement, although they predict this may be the final levy incentive of its kind because of the funding impact for the national road network.

While the clean car discount applies to new and used EVs when registered for the first time, the RUC exemption applies to all owners of such cars.

“This policy has been in place since the previous government and it makes sense to extend it to support EV uptake,” says Mark Gilbert, chairman of Drive Electric.

“We advocated for a short-term extension. However, as EVs become a larger share of our fleet, we will need to consider how we fund future roads and maintenance. We support the extension being temporary and it can be reassessed as necessary.”

He adds consumers in the market for new or second-hand cars should consider EV ownership costs are lower than a petrol equivalent. They are also becoming more affordable to buy with hundreds sold since the clean car discount began on July 1.

The Motor Industry Association is “pleased, but surprised” with the RUC exemption being extended.

Industry organisations would like the government to look at more incentives for EVs, such as them being allowed into transit lanes

However, chief executive David Crawford notes resentment from non-EV owners may be growing in that more motorists will not be paying for the upkeep of the roading network.

With the clean car discount in place, there is now an element of “double-dipping” and he predicts the RUC exemption could well be the last with the proportion of in-fleet EVs growing.

“I think we are now reaching that tipping point and we would be very surprised to see the exemption extended again beyond April 2024,” Crawford told Autofile.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association, says the RUC extension is just one of the measures the government can use to encourage consumers to switch to electric cars.

“It should have been a given, really, as one of the tools to incentivise uptake,” he adds. “The government needs to pull all the levers it can, not just rebates. Other incentives should be looked at as well, such as EVs being allowed to use bus and transit lanes.”

At the moment, motorists pay either excise duty at the fuel pump or RUC charged by the kilometre.

Vinsen notes: “With all cars becoming more fuel-efficient, over time excise duty collected is going to decrease so it may be that RUC will have to be applied to all vehicles. This would make more sense in that the user will pay based on distance travelled.

“The government will need to have a different way of collecting money because excise duty will decrease due to improving fuel-economy levels in addition to more EVs entering the fleet.”

Michael Wood, Minister of Transport, says the government will continue to take action to tackle transport emissions to meet its 2050 carbon-neutral target and “part of this is helping Kiwis into cleaner cars”.

“New Zealanders can save about $800 per year with this exemption giving them another reason to make the switch,” he adds. “Given charging an EV at home off-peak is like buying petrol at around 40 cents per litre, there are huge savings to be made.

“The clean car discount is also helping with the upfront cost of getting an electric vehicle, with Kiwis getting up to $8,625 back in the hand.”

Wood says while rebates are providing support to those purchasing zero-emissions cars now, the RUC exemption continues to provide support for those who bought one before the discounts were announced.

“We’re doing the work to ensure Kiwis can have confidence to make the switch by giving the low emission transport fund nearly four times the funding by 2023 to continue to grow the nationwide charging network. EV chargers are already available every 75km along most state highways.

“Given there are more than five times the number of EVs registered on our roads since we came to office, and this is likely to grow even faster with our new policies, we will need to look closely at any further extensions to the RUC exemption for light electric vehicles.”

Green options arrive

Ford NZ has welcomed rebates for buyers of electric vehicles introduced through the government’s clean car programme.

The marque has three plug-in hybrids (PHEVs) available to order now – the all-new Escape, Transit Custom and Tourneo, with the first two qualifying for a $5,750 rebate.

Managing director Simon Rutherford says the Transit’s price has been lowered to “make it a more viable option”.

From August 1, the Custom PHEV was available from $78,990 plus on-roads, “which enhances its consideration level for new van buyers because it now falls within rebate-eligibility requirements.”

“Feedback was that customers were prepared to pay a premium for the PHEV compared with the diesel, but we’ve been able to make it a more attractive proposition,” he adds.

“Ford Motor Company continues to invest significantly in no and low-emissions vehicle solutions. Over time, we look forward to introducing an expanded range of fully capable electric and plug-in hybrid models.”

The second quarter of 2022 will see the arrival of an all-electric Transit Cargo with a range of up to 350km.

Rutherford says: “A range of 350km will likely be more than enough for the majority of city-based drivers, such as couriers and tradesmen, and is far in excess of the average distance most people drive each day.

“For tradies and other customers with key functional needs who are likely to be one of the groups most affected by future penalties, we are looking at providing them with alternatives in the new Transit Custom and Tourneo PHEVs.”

Incentives push up auction prices

Government policies are continuing to impact on the market for used cars being imported from Japan and are likely to in the future as well.

Consumers in New Zealand can claim rebates on new and used battery electric vehicles (BEVs) and plug-in hybrids (PHEVs) when they are first registered in New Zealand until December 31, after which the full clean car discount kicks in.

The amounts are $8,625 for a new BEV and $5,750 for a new PHEV. For used, they are $3,450 and $2,300 respectively. They must have a safety rating of at least three stars and cost less than $80,000, including GST and on-road costs.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association, says the government's incentives are still having the predicted affect – and that's the rebates for used imported EVs are going straight to Japanese exporters in price increases at auctions.

"This happened, in fact, within hours of the government's announcement [in June]," he says.

"The whole scheme has been rushed and there have been some cock-ups. There have been people who should have got subsidies but didn't, so we had to arrange to have that corrected."

Vinsen adds that when it comes to the BEVs and PHEV rebates, the scheme should have enabled the discounts to form part of purchase prices in New Zealand, rather than be claimed post-transaction.

A promissory note enabling the incentive to be paid to the dealer as part of the sales process would have simplified matters, instead of buyers having to apply after registration.

Looking ahead, Vinsen says the fees to be charged from January 1 under the clean car discount are intended to penalise the purchase of inefficient models.

"They will reduce demand for these vehicles at auction in Japan and their prices will come down. This means less desirable cars for our fleet will become cheaper, and EVs and low-emissions vehicles will become dearer, which is the complete opposite of the intention of the feebates scheme.

"All of that said, VIA and its members have done everything possible by contributing to the discussion and consultation over the years.

"When it comes to the fuel-economy standard, which is due to start in the middle of next year, we have even been involved with helping to design and implement it.

"Our role now is to try to ensure all of this goes as smoothly as it can for the industry and that it has all of the information it needs."

VIEW ON THE GROUND

Patrick Davey, owner of Davey Japan, a vehicle export agent, says the government's rebates as well as other conditions are impacting on the market.

"July and August are always the traditionally expensive months to buy vehicles in Japan," he told Autofile.

"Auction numbers tend to be generally low during these two months, which seems to have a direct impact on prices. This year is in-line with previous years – prices are high and you need to pay up to get the good cars."

Davey points out electric cars now cost more at auctions in Japan because of our government's incentives, although battery life and state-of-health levels usually influence and determine sale prices.

"However, in short, we are getting belted on the Nissan Leaf," he says. "They are selling for $3,000 to $5,000 over what we were buying them for three to six months ago.

"We also supply some Leafs to markets outside New Zealand. These clients have also noted the recent price hikes and have pointed the finger at the New Zealand government's rebate scheme.

"Hybrid product hasn't had as big of an increase. But 'bread and butter' hybrids, such as Toyota's Aqua and Corolla Fielder, have certainly risen. Whether this is a result of dealers wanting to buy up now or simply a reflection of the current market is hard to tell."

GENERAL GUIDANCE

Waka Kotahi has reiterated its advice to dealers when it comes to helping buyers apply for EV rebates online.

The vehicle must be registered before an application is submitted because the plate number is needed in addition to a signed sales agreement.

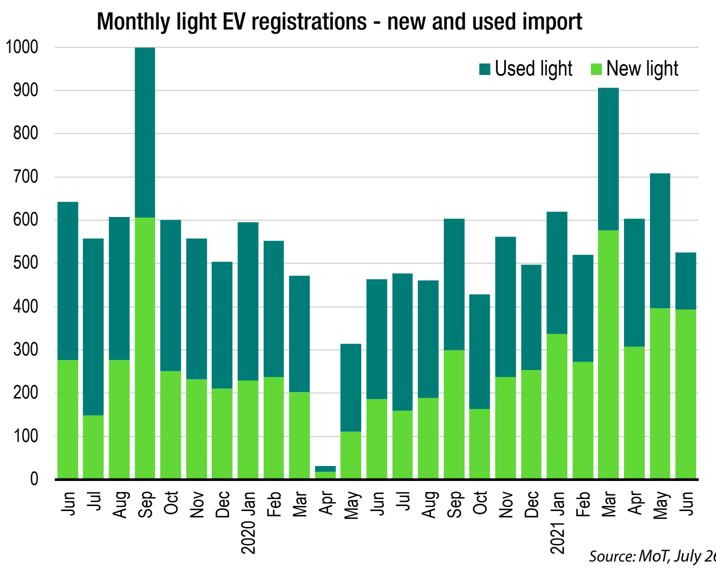
The discounts can only be paid into the bank account of the registered person. Applications for them will be accepted until February 28 for vehicles registered until December 31.

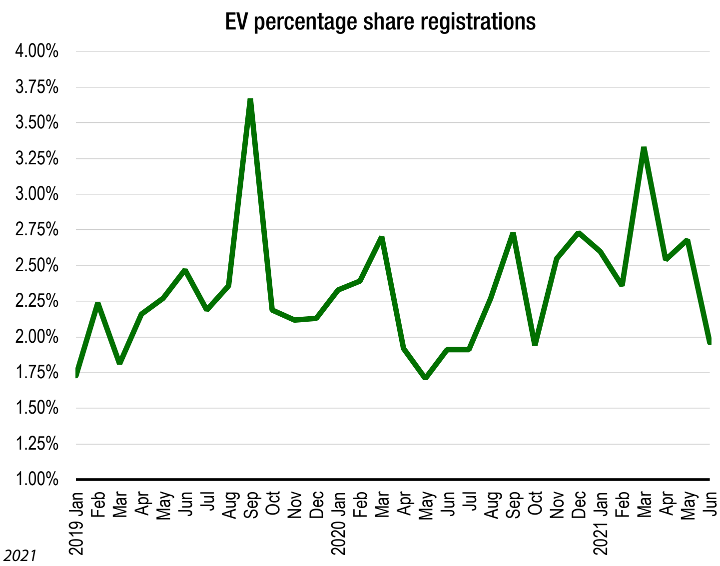
Visit www.nzta.govt.nz/cleancar for more information about the government's clean-car programme.

Total EVs by region

Northland	816
Auckland	11,569
Waikato	1,577
Bay of Plenty	1,021
Gisborne	72
Hawkes Bay	504
Taranaki	344
Manawatu/Wanganui	803
Wellington	4,233
Nelson/Marlborough	979
Canterbury	4,157
West Coast	39
Otago	1,645
Southland	184

Source: MoT, July 26, 2021





Source: MoT, July 26, 2021

Less action means more pain

When it comes to global warming, there is a disconnect between reality and understanding.

Mid-July's protests illustrate New Zealanders' unhappiness with the shift to an economy with low greenhouse gas (GHG) emissions.

Unfortunately, for all of us, we haven't even scratched the surface of the changes that are necessary to address the problem we are facing.

A hardening demeanour among many, especially in business, seems to argue that because we have been free to emit GHGs in the past, it was a right and limiting it now infringes on that right. And, since global warming appears to currently have a limited negative impact in New Zealand, it is easy to dismiss.

There was a previous worldwide environmental issue, one that effected this country in a way that was much more readily apparent than global warming.

During the 1900s, chlorofluorocarbons (CFCs) were widely used in industrial and household appliances and products. CFCs were seen as miracle materials, and were used in everything from refrigerators to aerosols for hairspray and shaving cream.

In the 1980s, however, it was recognised these gases were having an unintended effect on the environment. They were destroying an ozone shield in our upper atmosphere that absorbed UV radiation from the sun.

Scientists argued that without that UV shield, Earth's surface would eventually be sterilised. I didn't live in New Zealand at the time, but I imagine the news was full of horror stories about the damage UV would do to crops and to the eyes of our sheep, leading to cataracts and blind flocks.

Similar to global warming, ozone depletion by CFCs was a problem that wasn't recognised until it was urgent. Unlike global warming, this country was one of the world's areas that was – and is – most negatively impacted.

We can see this same dynamic occurring with global warming. Many New Zealanders are underwhelmed by the apparent impacts of global warming, but other places in the world are seeing much more apparent and egregious effects.

> **"Many people in New Zealand are underwhelmed by the apparent impacts of global warming"**

Back to CFCs, in 1987 the world signed up for the Montreal Protocol. The world united in recognition of the problem and unified to stop it. Entire industries and types of products, which were previously unregulated, were banned overnight.

Two camps emerged from the wreckage of that regulation. One actively embraced not only the explicit requirements of the protocol, but also the intent by abandoning CFCs and moving to new technologies entirely.

KIT WILKERSON
Policy adviser and analyst
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Those in the other camp saw these new regulations as a violation of their rights and obligations to their bottom lines. These companies did, and in fact continue to do, everything possible to continue business as usual.

Today, it is estimated the degradation of the ozone layer has resulted in a 10 to 12 per cent rise in sunburns. This might seem like a silly metric, but every five per cent jump in sunburning UV leads to increases in skin-cancer rates – 15 per cent being squamous cell carcinoma and eight per cent being basal cell carcinoma.

Latest estimates predict the ozone hole will repair itself by 2050. But had CFCs not been regulated, today's hole would be more than 40 per cent larger and the rate of growth would have continued to increase.

In this scenario, today we would be looking at 14 per cent more skin-cancer cases globally. Here in New Zealand, where we already have one of the highest mortality rates from this disease, we would have seen deaths from skin cancer of eight to 12 per cent higher.

Again, not only would the problem be getting worse without regulating CFCs, but the rate at which harm is increasing would be accelerating.

That is the world we would be living in if we, as a society, were unable to pass regulation. This is the world we would live in if the bottom line were prioritised over social and environmental well-being. Unfortunately, when it comes to global warming, this appears to still be a matter of debate.

When painting this scenario, I stressed how the problem accelerates over time. That's because CFCs can remain in the atmosphere for more than 100 years to make the issue cumulative over time.

The effect from GHGs is also cumulative, but some GHGs stay in the atmosphere for much longer, warming the atmosphere the entire time. Carbon dioxide, for instance, remains for between 300 and 1,000 years.

I suspect that reports coming out in the near future will illustrate the abysmal job we've done in addressing this challenge.

Governments will continue to talk about limiting global warming to 2°C by 2050 while ignoring the growing body of evidence that we likely shot past that goal in the past decade. Once our failure becomes irrefutable, we will shift the discussion to limiting warming by 6°C by 2100.

At this point, the debate on adaptation versus mitigation is moot. We now have no choice but to do both. The longer we attempt to maintain the status quo and the longer we object to necessary changes, the more painful the requirements of both will be.

Robot chats to customers

Hyundai's DAL-e chats to customers. The robot is being trialled at a dealership in South Korea's capital and there are plans for it to be rolled out further afield

Hyundai has developed a robot to help advise potential buyers at its showrooms.

The DAL-e communicates with people using recognition capabilities and mobility functions. Its name is an acronym for "Drive you, Assist you, Link with you-experience".

Designed to "pioneer the future of automation", it is equipped with artificial intelligence (AI) technology for facial recognition and a communication system based on a language-comprehension platform.

"It's expected to become capable of delivering consistent messages to customers in a more personal way than conventional robots," says Dong Jin Hyun, head of Hyundai's robotics lab.

"With continuous updates and improvements, the DAL-e will provide pleasant experiences in a contact-free environment."

A pilot scheme with the robot is being trialled at a Hyundai franchise in Seoul. There are plans for it to be rolled out at other locations and used in fields that require everyday interactions with clients.

The robot comes in at about 1.1 metres high, weighs 80kg and has four omni-directional wheels.

If a customer enters a dealership without wearing a mask, the android can recognise this and advises the person to wear one. Hyundai plans to update the DAL-e based on data from its pilot operations.

The marque has also invested in US-based robot maker Boston Dynamic. Its controlling stake is aimed at reducing its reliance on making cars.

The deal will help it expand automation in its vehicle factories and to design autonomous cars, drones and robots as it seeks to become a broader mobility service provider.

Hyundai predicts robotics will account for 20 per cent of its future business with making cars coming in at 50 per cent and urban air transport accounting for the remaining 30 per cent.

Boston Dynamics was bought by Google in 2013 and sold to SoftBank in 2017. Spot, a dog-like robot that can climb stairs, is among its products with Ford leasing two of those creations in July 2020 for a pilot programme.

IS BIG BEST?

Set to make its debut in the EQS S-Class all-electric sedan, the MBUX's hyperscreen system is the latest evolution of the German marque's central command centre.

Abbreviated from Mercedes-Benz User Experience, it blends a wide screen with the infotainment, vehicle control and AI functions of the second-generation MBUX that first appeared in the new S-Class late last year.

The hyperscreen is also optimised to display electric vehicle (EV) driving information relating to battery-charge status, regeneration and other key statistics. It blends three independent screens to stretch more than 56 inches across the dash.

Based entirely on voice and touchscreen commands, the system eliminates redundant controls, such as the middle-console touchpad in previous versions.

The portion of the display in front of the passenger can operate independently of the centre screen and instrument panel. This allows passengers to access information and entertainment of their own choosing.

When no front passenger is present, this part of the screen becomes a decorative element showing animated stars in the Mercedes-Benz pattern.

The marque has strived to simplify operation and reduce driver distraction by reserving primary-screen real estate for its "zero layer" feature, which keeps important applications at the top of the motorist's field of vision and eliminates the need to click through menus.

AI further streamlines operation by developing use cases for a given driver's routes and habits before proactively displaying a desired function at the appropriate time.

MBUX is also capable of remembering certain geographic-motivated operations. If a motorist routinely raises the suspension to navigate a steep driveway, the system will recognise the GPS position and remind the driver the next time the vehicle approaches the same location.

Motorists annoyed by constant reminders can switch the AI features off while preserving the functionality of the navigation, phone, entertainment and vehicle control functions.

POWER PLAY

Groupe Renault and Plug Power have launched a joint venture with the aim of leading the market in hydrogen fuel-cell technology for light-commercial vehicles (LCVs).

The partnership will launch in the middle of 2021. It will position the two companies at the forefront of research and development, transformation, manufacturing and sale of fuel-cell vehicles and hydrogen turn-key solutions.

A global leader in hydrogen ecosystem solutions, Plug Power has deployed more than 40,000 fuel-cell systems, designed and built 110 refuelling stations that dispense more than 40 tonnes of hydrogen daily, and is a leader in green hydrogen solutions via electrolysis.

The initial focus will be on the heavy-van segment utilising Renault's Trafic and Master platforms.

A vertically integrated fuel-cell stack and system manufacturing centre in France for integration into LCV platforms will be set up. In addition, it will provide hydrogen refuelling systems, a key part of the hydrogen ecosystem.

The two companies will begin sales of fuel-cell LCVs in Europe later this year with pilot fleet deployments.

Mercedes-Benz's hyperscreen system

The month that was... August

August 10, 1998

Grey imports threaten franchise dealers

New Zealand's franchise dealerships could become little more than glorified parts and service outlets if parallel importing of new and near-new vehicles really began to take off.

And the country could lose up to half its dealers as a result, warned John Steele, managing director of German Motor Distributors and Motor Industry Association (MIA) co-chairman.

He said the size of the Kiwi market was too small to support the current number of small businesses and that dealers needed to act quickly.

"When prices and margins drop as much as they have done here, and where the total market will not grow much in the short to medium term, then the only way out is to take it from others," said Steele.

"It seems to us that many retailers and dealers have no choice but to merge or combine to get higher throughput so they can provide add-on customer services, which simply can't be offered when you're on small volumes and gross margins."

Steele's views were echoed by Adam Poulopoulos, managing director of Kia Motors, who believed there would be a major impact on the pattern of representation and distribution in New Zealand.

August 17, 2007

Fuel-labelling paper released

The Ministry of Energy had lodged with cabinet its paper on mandatory fuel-economy labelling. The car industry was willing to help implement but was opposed to it in principle.

The proposed scheme, which was being spearheaded by the Energy Efficiency and Conservation Authority, involved the mandatory application of point-of-sale labels on new and used imported vehicles when their fuel-economy information was available.

They would allow potential buyers to compare fuel-economy ratings across those vehicles and the labels would also show the annual fuel cost for a typical user.

Both the MIA and Independent Motor Vehicle Dealers' Association objected "in principle" to labelling, but accepted the government was committed to implementing the scheme.

David Vinsen, the latter's chief executive, said his organisation was against the proposal because it didn't think it would be effective, would cost too much and would inconvenience traders. "However, we will work with the government to minimise those costs and inconvenience to dealers."

August 22, 2008

Diesel, hybrid sales on the rise

Rapid increases in petrol prices in 2008 had directly affected sales of diesel and hybrid vehicles in New Zealand, with both sectors experiencing growth that bucked the economic trend towards recession.

According to figures released by the MIA, year-to-date sales of new passenger and commercial diesels were up by 12.8 per cent from 17,467 to 19,702, while registrations of new petrol vehicles were down by 3.5 per cent from 40,318 to 38,912.

Meanwhile, year-to-date sales of hybrids had reached 424, which was well on the way to surpassing 613 such units sold by the end of 2007.

Perry Kerr, the MIA's chief executive, said the hybrid market was expanding and companies involved in the sale of those vehicles reported demand as increasing.

The issue was hybrids were in demand globally and, because New Zealand was a small market, they simply couldn't get as many into the country as they wanted to sell.

Steve Prangnell, Toyota NZ's general manager of sales, said global demand was causing back orders in this country.

August 28, 2009

Plain sailing ahead

For landlubbers and shipping giants alike, 2009 had been a rough year with used-import dealers closing, and near-empty boats sailing from Japan and Singapore.

But after months in the doldrums, there was help on the horizon. With the stabilisation of the exchange rate, more buyers were heading back to Japan's auction houses and ships were filling fast with stock heading for our shores.

Business was picking up for Ports of Auckland after a slow first quarter, said Wayne Mills, general manager of port services.

"There's no question about it, the market was a little bit soft late in 2008. But I believe we've bounced along the bottom in the past quarter and are seeing a lift in volume of vehicles coming through."

So much so that the port had reported a 14 per cent increase in business during June. "We are seeing a lift and there's certainly an upward trend of forward bookings."

"It's a sign of confidence in the market after uncertainty from consumers. They've deferred purchasing a vehicle, but they can't put it off any longer."

Educate consumers about batteries

The current provision of government rebates on plug-in hybrids (PHEVs) – and then traditional petrol hybrids from January 1 – is resulting in increased interest from consumers about them.

Most people like the notion of a promised lower fuel bill and, in some cases, they may have already factored in savings they can make before they even visit a dealer's yard.

Today's EV and hybrid buyers might be a bit less informed about the respective technologies than perhaps a few months ago simply because they are now motivated by the related discounts.

They might differ from previous "early adopters", who perhaps knew much more about the technologies on offer.

It is, therefore, more important than ever for dealers to ensure buyers understand published fuel-use figures are based on prescribed test situations.

Official figures serve as a great way to compare vehicles that have been subject to the same fuel-consumption testing regime. However, despite improvements to these methodologies to close the gap between test and real-world outcomes, differences can still exist.

Travel distances, load, conditions – such as headwinds, hilly terrain and so on – and driving style with the likes of vigorous acceleration, strong breaking, and heater and air-conditioning use can all play a part in actual outcomes.

TONY EVERETT
Sector manager – dealers, Motor Trade Association

Dealers should ensure customers understand that real-world fuel use might differ from official data. If an explanation is not undertaken prior to sale, it might well arise later in the form of a complaint, which can absorb a lot of time and resource.

A recent issue dealt with by the MTA's mediation team illustrated this very point. A consumer who bought a used PHEV tried to return it to the trader shortly afterwards because it was using much more fuel that she thought it should.

She had noted the vehicle fuel-economy label showed an official test rating of 2.4l/100km. But after a 500km trip to Taupo and back to Auckland, the car displayed a consumption rate of between 7.5l and 9.5l/100km.

The customer didn't understand the vehicle's technology and that the EV battery only had a range of 20km. She took it back to the dealership to complain after driving it mostly around town for a couple of days and achieving 3.7l/100km.

There was no fault with the car, but it took quite some time for the buyer to understand the situation and that fuel use varies depending on distance travelled on the battery and driving style.

The matter was resolved, but perhaps this could have been avoided if the required discussions were addressed pre-sale rather than post-supply.

When it comes to battery degradation, it's best to ensure buyers know that drive batteries degrade with use and time. Some customers might not understand that reality. Again, awareness might help bridge the gap between expectation and reality.

Battery failures are also beginning to feature more often in dispute tribunal decisions. The incidence of such cases will only increase as battery-assisted vehicles become more common.

Petrol hybrids make up a big part of current monthly used-import registrations. Popular models include the Toyota Aqua and Prius, along with some Honda Fits, Nissan Notes, various Lexus models and others.

The Aqua is New Zealand's top-selling used import so far this year and the Prius is up there at number three, and clean-car discount rebates will drive up petrol-hybrid volumes further in the new year.

The consequences of a drive-battery failure can be significant for dealers, with tribunal orders for hybrid replacements coming at considerable cost – $3,000 to $4,000 isn't uncommon. This cost is significant given the sale price for the car might often be between $10,000 and $15,000.

The situation is further compounded when considering the Prius and other hybrids are often cars of choice for taxi and Uber drivers.

Then add into the equation that it's now very difficult, if not impossible, to successfully contract out of the provisions of the Consumer Guarantees Act when selling a vehicle for commercial use, assuming you even knew the buyer's intended use at the outset.

The prospect of battery replacement is an important factor to consider when setting sticker prices. It's best to remember that "forearmed is forewarned".

Concept fuelled by hydrogen

A prototype hydrogen fuel-cell electric vehicle (FCEV) based on the new Land Rover Defender is being developed with testing slated to begin later this year.

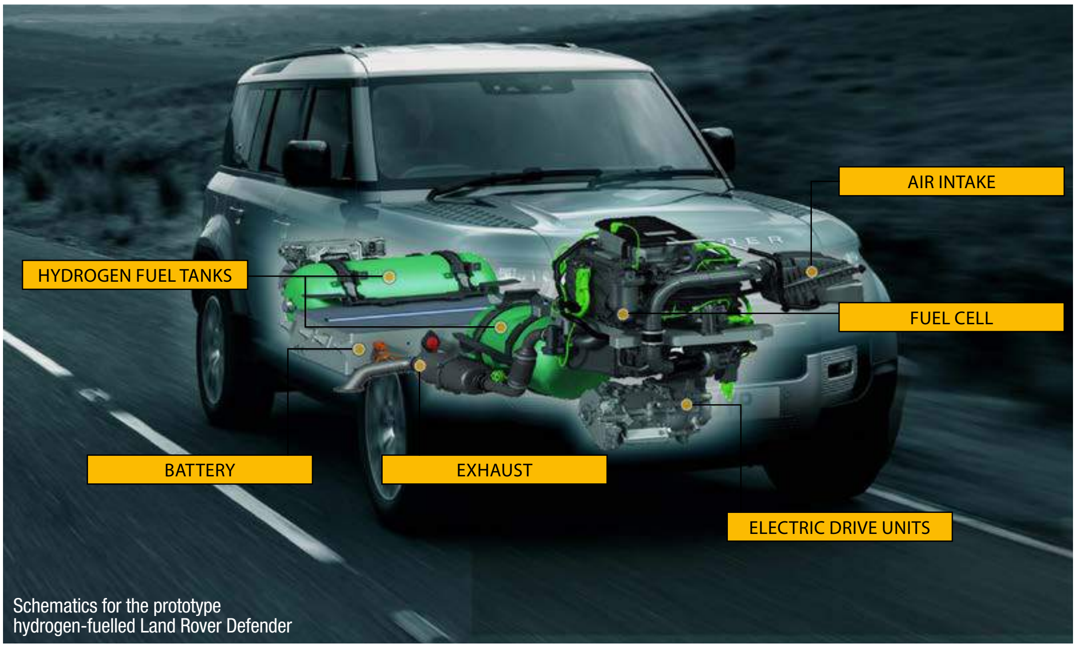
The FCEV concept is part of Jaguar Land Rover's aim to achieve zero tailpipe emissions by 2036, and net-zero carbon emissions across its supply chain, products and operations by 2039 in-line with its recently announced Reimagine strategy.

FCEVs, which generate electricity from hydrogen to power an electric motor, are complimentary to battery electric vehicles (BEVs) on the company's journey, it says.

Hydrogen-powered vehicles provide high-energy density and rapid refuelling, and minimal loss of range in low temperatures. This can make the technology ideal for larger, longer-range vehicles, or those operated in hot or cold environments.

Since 2018, the global number of FCEVs on the road has nearly doubled while hydrogen refuelling stations have increased by more than 20 per cent. By 2030, forecasts predict hydrogen-powered FCEV deployment could top 10 million with 10,000 stations worldwide.

Jaguar Land Rover's advanced engineering project, known as Project Zeus, is part-funded by the UK government-backed Advanced Propulsion Centre.



Schematics for the prototype hydrogen-fuelled Land Rover Defender

It will allow engineers to understand how hydrogen powertrains can be optimised to deliver the performance and capability expected by its customers – from range to refuelling, and towing to off-road ability.

Testing on the prototype New Defender FCEV will begin towards the end of 2021 to verify key attributes, such as off-road capability and fuel consumption.

To deliver Project Zeus, Jaguar Land Rover has teamed up with a host of research and development partners, such as Delta Motorsport, AVL, Marelli Automotive Systems and the UK Battery Industrialisation Centre to research, develop and create the prototype.

Ralph Clague, head of hydrogen and fuel cells for Jaguar Land Rover, says: "We know hydrogen has a role to play in the future powertrain mix across the whole transport industry.

"Alongside BEVs, it offers another zero tailpipe emissions solution for the specific capabilities and requirements of Jaguar Land Rover's line-up.

"The work done alongside our partners in Project Zeus will help us on our journey to become a net-zero carbon business by 2039 as we prepare for the next generation of zero-emissions vehicles."

The company's Reimagine strategy includes Jaguar becoming an all-electric luxury brand and Land Rover introducing six pure electric variants.

The aim is for all Jaguar and Land Rover nameplates to be available in BEV form by the end of the decade with the first all-electric Land Rover model coming in 2024.

CREATING POWER

Fuel cells produce electricity through an electro-chemical process. There are various types of fuel cells available globally with most following straightforward designs.

Typical fuel cells are made up of three segments – anode, electrolyte and cathode. Two chemical reactions occur within a fuel cell, the results of which are based on the fuel used for the energy system.

The electrolyte used in a fuel cell is highly dependent on what type the latter is. If hydrogen is used as a fuel, the anode acts as a catalyst capable of turning the fuel into electrons and ions.

The cathode then converts the ions into the fuel cell's waste produce, which is typically water vapour, while also using the electrons to generate an electric current.

For years, fuel cells have been used as industrial power systems. Since about 1980, hydrogen fuel cells have been growing in popularity in the automotive industry.

Most major car makers are now planning to commercialise hydrogen-powered vehicles equipped with small, yet powerful, fuel cells.

Backed by the interest of the motor-vehicle industry, fuel cells are also starting to enter other industries, such as finding more support as residential energy systems.

Maximising output from road model

Aston Martin has taken what it describes as a "revolutionary" road vehicle through a "radical evolution" to create a machine capable of winning Le Mans 24 Hours as its starting point.

The British marque says the new Valkyrie AMR Pro pushes further to explore extremes of performance unconstrained by racing regulations or registration for road use.

In 2019, Aston Martin, Red Bull Advanced Technologies – along with Adrian Newey, its chief technical officer – and engineering partner Multimatic worked intensively on a race car's design in a bid to take out Le Mans' new hypercar class. That well-advanced project has now formed AMR Pro's basis.

While the original concept proposal – first seen at the Geneva Motor Show in 2018 – was an exercise in getting as much performance from the road-legal Valkyrie platform, the AMR Pro benefits from a race-optimised chassis, aerodynamic and powertrain developments.


The Valkyrie AMR Pro

With its design and performance freed from race-rule constraints, its capabilities now exceed those of the machine designed to challenge for outright victory at Le Mans.

The AMR Pro uses a unique version of the Valkyrie chassis, which is 380mm longer in wheelbase, 96mm wider in track at the front and 115mm at the rear.

It also features an aggressive aerodynamic package. This adds an additional 266mm in length and, thanks to underbody and overwing airflow, generates extreme levels of downforce to achieve lateral acceleration of more than 3G.

The AMR Pro relies solely on a modified version of the sensational Cosworth-built 6.5-litre naturally aspirated V12 engine. Revving to 11,000rpm, it is on-target to develop 745.7kWh of power.

Weight savings come from binning the battery-electric hybrid system, ultra-lightweight carbon fibre bodywork, carbon suspension wishbones, and perspex windscreen and side windows, which all adds up to track performance approaching that of a Formula One car.

While more details of the AMR Pro's specification and performance will be released later this year, it has a target lap time around the 13.67km Le Mans circuit of three minutes 20 seconds, which would see it battling with the front-running LMP1s to win the endurance race outright.

All cars will be left-hand drive, with a production run of 40 units plus two prototypes. First deliveries are scheduled to start in the fourth quarter of this year.

Erupting onto scene

Fuel created from what's produced by volcanos may one day power internal combustion engines.

Koenigsegg is aiming to develop a methanol-based fuel. It's made by combining hydrogen and carbon, so the Swedish carmaker is working with Icelandic company Carbon Recycling International to harness carbon dioxide from a semi-active volcano.

Called Vulcanol, the aim is to reduce emissions output by 90 per cent compared to fossil fuels. It could be used across production and supply chains in addition to Koenigsegg's production vehicles.

The brand is also developing ultra-high-voltage battery packs to ensure its future fully electric, and plug-in cars are lighter and more powerful than its competitors'.

To do so, it has enlisted former Tesla executive Evan Horetsky to incorporate its eco-friendly technologies into a wider range of models and drivetrains.

The first model to benefit from all of this will be the four-seater Gemera plug-in, which boasts a two-litre, twin-charged three-cylinder engine to generate 447kW of power and 600Nm of torque. Three electric motors and a 15kWh battery pack boost output to 1268kW and 3500Nm.

Koenigsegg says while developing alternative fuels is difficult, it shouldn't be hard for fuel companies to start offering Vulcanol because "you only need to change the content at the pumps and change the sign".


The Gemera plug-in

Hunt stays loyal to the core

Two outright championship titles in four years as the New Zealand Rally Championship (NZRC) opened up to purpose-built AP4+ and R5 cars – it has been an impressive run for defending champion Ben Hunt and navigator Tony Rawstorn.

Loyalty has paid dividends in a white-hot series with long-time supporter Subaru of NZ sustaining its involvement with the team through his rise to the top.

Hunt is the oldest of three brothers. His middle brother, James, has been bitten by the rally bug but hasn't yet stepped up to a Subaru, while youngest brother Alex shows potential and "could well smoke James and I."

Having won the inaugural Rising Stars Rally Scholarship in 2009 and gone onto two-wheel-drive (2WD) and RWD championship class wins, Hunt's step-up to Subaru and an AWD Group N Impreza WRX in 2013 was a revelation.

Long-time "car guy" Paul Burborough at Winger Subaru helped him get into the 2008 Impreza WRX formerly run by Emma Gilmour.

In 2014, the Hunt-WRX combination, with upgrade parts supplied through Winger, took podiums at five out of six rallies contested.

That went a step further in 2015 when Hunt moved to Glenbrook in the Auckland region, running the Impreza out of Cam and Bob Vernon's property at Drury.

"They are rural boys like me and the car was fettled in a shed on their farm," recalls the 33-year-old.

That season brought Hunt and Rawstorn their first outright rally championship title.

"At that point, Subaru had a cool surprise for us – a new WRX hatch to run in the championship in 2016."

Dealing with Subaru of NZ means dealing with car people, enthusiasts who eat and sleep motorsport – right from boss Wal Dumper and then on down.

"It's great to go into a meeting with people who avidly follow what we're doing."

Starting 2016 in the fresh Subaru WRX STI, the team shouldered dual challenges. These were developing and progressively lightening the new vehicle as they contested the championship.

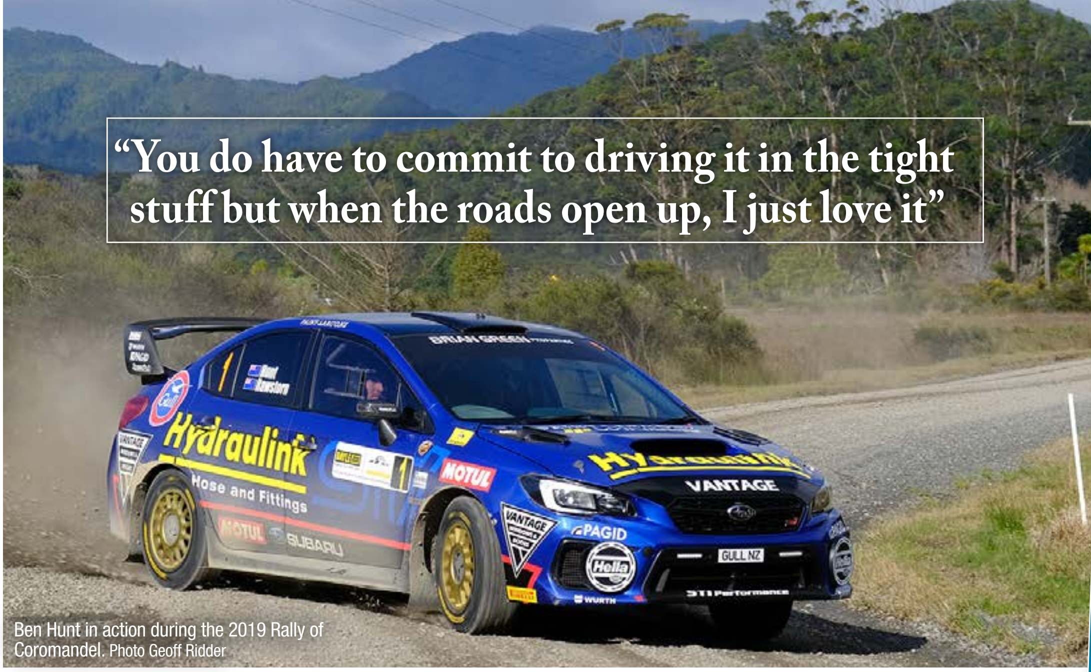
There were new diff programmes, carbon-fibre panels, upgrading and tuning the suspension with STI parts out of Japan, with much of them for the R4 rally specification that preceded the current R5 AWD cars.

The package came together emphatically in 2019 when the team scored its second outright title. The Group N vehicle is now run from Speedhub Motorsport in Pukekohe. This year, it goes up against smaller and more agile AP4+ hatchbacks from Mitsubishi, Mazda and others.

"Our car has a longer wheelbase, which makes it much more stable, and we have a torque advantage in the EJ20 two-litre turbo engine," Hunt told Autofile.

"You do have to commit to driving it in the tight stuff but when the roads open up, I just love it. Awesome sound, awesome performance, awesome people behind all the effort."

As the Covid-19 lockdown brought the championship to a halt last year, Hunt found the chance to "chill" and consider his ramped-up fitness regime, which includes a four-kilometre loop track around the sub-division where he lives. And he jumped online. The Nike training app was his guide to greater fitness, while wife and "bubble partner" Emma was his companion.



"You do have to commit to driving it in the tight stuff but when the roads open up, I just love it"

Ben Hunt in action during the 2019 Rally of Coromandel. Photo Geoff Ridder

"I chose to take the positives. People are all so busy with their lives that for me it was great to take some time to just slow things down and appreciate what we have here."

Also online, Sim Racing kept the rally fever going.

"Although I couldn't physically drive the car during lockdown, I used Dirt Rally on my simulator to keep my hand-eye co-ordination in. Until I could get back behind the 'real wheel', it was a fun distraction. While there are some epic locations and stages to compete on, nothing beats the real thing."

His Dirt Rally vehicle of choice was, of course, a blue Impreza. Also popular, although similarly frustrating, was Hunt's radio-controlled scale rally car – also in blue and an Impreza.

"I've been into cars for as long as I can remember. Mum and dad had Subarus back in the day. The cool thing about the Group N car is its similarity to vehicles people can drive out of the showroom every day. That's important."

In May of this year, Hunt was awarded the Rally Founders' Trophy by MotorSport New Zealand. The trophy recognises a driver who performs with distinction during the rally season, either nationally or internationally. The team also contributed to Subaru winning the NZRC's manufacturers' trophy in 2014, 2015, 2017 and 2019.

Tool of the trade

Ben Hunt's Group N Subaru WRX STi has the marque's EJ20 turbocharged intercooled flat-four engine under the bonnet.

It can produce "about" 328kW and 400Nm of torque. It is mated with a six-speed Modena sequential transmission with STI Group N front and rear limited-slip differentials.

The car boasts three Motec components – a M150 engine computer, diff controller and C125 dash.

The brakes are AP Racing four-piston front and rear calipers and rotors, while the Reiger suspension has double-piston strut units with R4 turrets and STI top hats. The roll cage is made by Paul Hayton.

The car has been lightened by using custom carbon-fire fittings and panels, such as the boot lid and rear wing, door mirrors, door cards, bonnet vents, roof and navigator footrest, while the unique panel for the Motec dash has been created by Bryan Hayton.

Kiwis do global battle

The cut and thrust of Formula 2 street racing left Kiwis Liam Lawson and Marcus Armstrong adrift of the championship battle.

But the latter has fought back with the return to "proper" tracks at Silverstone.

Marcus Armstrong

At a "difficult" Azerbaijan round of the FIA Formula 2 series, Armstrong had his best qualifying performance of the season and took much-needed points in the first race. Lawson, however, was put into the wall by Australian Oscar Piastri.

It was Armstrong's turn in the second race as he hit the barriers during the tussle for fourth with Lawson coming back from a starting position of 20th to finish seventh.

Then, at Silverstone, Armstrong celebrated his first podium of the season – a hard-fought second overall in the second sprint race.

Meanwhile, other "graduates" from New Zealand's Toyota Racing Series (TRS) are in winning form.

Shane van Gisbergen has extended his Australian V8 championship lead still further and Jaxon Evans picked up his first win of the 2021 Porsche Supercup season at Austria's Red Bull Ring in early July.

Brendon Hartley – the first-ever TRS race winner – took a 20-point lead in the FIA World Endurance Championship, racing a factory Toyota in the premier hyper-car class.

A non-finish at Monza dented that advantage, but Hartley remains in the lead going into this month's 24 Hours of Le Mans.

Case referred to regulator after trader sells vehicle on 'as is, where is' basis

The case: The buyer rejected his BMW 320i two months after purchase because it used "huge" amounts of oil and needed a reconditioned head. The trader said the car was sold "as is, where is" so consumer laws didn't apply to this sale, but it had fixed its faulty exhaust.

The decision: The dealer was ordered to refund the consumer $4,700 plus $169 for engine oil. The tribunal did not accept the dealer's submission this was a private transaction.

At: The Motor Vehicle Disputes Tribunal, Christchurch.

Background

Taranbir Singh rejected the 2005 BMW 320i he bought on September 24, 2020, from TM Trading Group Ltd for $4,700.

He did so because it was blowing blue smoke from its exhaust pipe and had been consuming excessive quantities of engine oil – he claimed to have added between 10 and 12 litres in some 4,000km he had driven the vehicle.

Singh rejected the BMW on October 7 and demanded a full refund of its purchase price.

The trader's director, Treat Mahara, said the car was sold to Singh on an as-is, where-is basis and the Consumer Guarantees Act (CGA) didn't apply to this transaction. However, in an act of "goodwill", the dealer repaired the problem the buyer had identified.

The case

Singh purchased the BMW from the trader's yard in Colombo Street, Christchurch.

He had a copy of the Facebook listing by Hot Kiwi Motors with viewings at the dealer's premises. There were several photos of the car at a yard showing signage for Hot Kiwi Motors, which was a trading name for TM Trading Group.

Singh negotiated the purchase with Mahara, who also went by the name Tony Surano, and the trader's representative Paul Skowronski.

Prior to purchase, the BMW was assessed by a mechanic, who advised Singh of a "crank issue". This led to a reduction in the original purchase price.

There was no vehicle offer and sale agreement or consumer information notice relating to the sale.

However, Mahara produced a handwritten document recording the details of the sale and purchase of the car signed by himself and allegedly Singh.

The document stated: "25/09/2020, SCRi, TM Trading Group Ltd HZJ948, sold 2005 BMW 320I, as is where is deal, 496 Colombo Street, $4,700."

Singh claimed it was a forgery, but he didn't dispute the document's information.

Mahara said he made it clear to Singh that he hadn't checked the car and told him, "we will make this a private deal".

He added the vehicle didn't "go through the company procedure" and gave Singh a personal bank-account number to pay the purchase price. Also, the trader said it didn't have a smokey exhaust at the time of sale, but the buyer contested there was heavy blue smoke coming out of the BMW and excessive engine-oil consumption.

On November 3, Premium Tyres & Auto 1 Ltd checked the car and concluded it needed new rings and a reconditioned head. It also had an oil leak and it was noted the vehicle shouldn't have had a warrant of fitness because it was "too smokey".

Mahara didn't accept it was producing too much smoke and contested that all of the issues identified by Singh had been repaired at the trader's expense.

But the only invoice produced by the dealer was dated October 19 from Auto Scanning Solutions indicating it replaced an oil-level sensor. It also changed the engine oil and filter in response to diagnostic trouble codes, which indicated a fault with the catalytic converter and thermal oil-level sensor.

After the hearing, Mahara produced an undated handwritten note from Derek Sangster confirming he "performed mechanics" on a silver BMW for Hot Kiwi Motors, including "oil change plus stop smoke, oil filter, diagnostics reset and recon crank".

Singh also produced invoices recording oil purchased by him totalling $169 for the BMW.

The finding

The tribunal noted the expression "as is, where is" was sometimes used as an attempt to contract out of a trader's obligations under the CGA, which was unlawful.

When consumers buy cars from dealers such purchases are covered by statutory guarantees, including that the vehicle is of acceptable quality and complies with its description, and any attempt by traders to mislead customers about their rights will likely breach the Fair Trading Act.

The tribunal did not accept Mahara's submission this was a private transaction. The sale document made it clear the seller was TM Trading Group, so the CGA applied to this purchase.

Singh complained there were heavy blue smoke emissions from the BMW's exhaust and the car was using an excessive amount of oil.

Mahara didn't accept the vehicle had a smokey exhaust and said the trader had repaired all the issues identified by the buyer.

Based on the evidence, the tribunal concluded the BMW failed to comply with the CGA's guarantee of acceptable quality. It found this 15-year-old car needed a new engine or significant repairs only two months post-supply.

Singh had also established that its failure to comply was a failure of a substantial character because the cost of replacing the engine was likely to be more than the purchase price.

Orders

The trader was ordered to refund Singh $4,700 plus the $169 cost of engine oil he purchased.

A copy of the tribunal's decision was referred to the Commerce Commission for it to consider investigating the trader's selling of vehicles on an as-is, where-is basis.

Buyer showed 'contributory negligence' for failing to deal with engine warnings

The case: The buyer wanted to reject his Jeep after its engine failed. The trader said the purchaser had to ensure his vehicle didn't run out of oil – potentially damaging the powertrain. The dealer added the customer drove 6,000km in the car without raising any concerns about it.

The decision: The evidence showed the consumer negligently allowed the engine to lose oil pressure on several occasions but continued to drive the Jeep, so the application was dismissed.

At: The Motor Vehicle Disputes Tribunal, Christchurch.

Background

Robert McCall wanted to reject the 2002 Jeep Cherokee he purchased from Cathedral Car Company Ltd on September 1, 2020, for $5,800. He said it had an undiagnosed fault, which made its engine sound like "a washing machine with knives and forks in it".

He said the oil light came on more than once soon after purchase. He added lubricant to the engine and continued to drive the vehicle.

McCall said he couldn't afford to get the car assessed or repaired, but believed it needed a new $5,000 engine.

The trader said McCall had driven the vehicle for more than 6,000km without making any complaints about it.

Cathedral Cars' director, Ramon Luxon, said it was up to the buyer to check the engine-oil levels and when a red warning light came on, the driver had a "duty of care" to stop and not drive the vehicle until the problem was fixed.

The case

McCall didn't notice anything wrong with the Jeep during a pre-purchase test drive. However, soon after supply, he became aware of an engine knocking noise while driving it.

He took the vehicle to Waltham Mechanical to get a warrant of fitness on September 3 at the trader's expense. McCall asked the technician about the noise and was told the suspension bushes might have needed replacing, but he could continue to drive the car without any problems.

The technician added there was something else wrong with the Jeep and recommended it be sent to an automotive electrician.

McCall said Waltham Mechanical took the car to another workshop, but was unable to provide any details about that remedial work.

There was no report from Waltham Mechanical to confirm another repair happened and McCall didn't take it to an electrician.

The vehicle's oil light illuminated on September 4 and McCall added three litres of lubricant to the engine.

He then drove about 649km towing a caravan behind the Jeep. The steering was grinding on hard turns and there was a knocking sound, but he didn't take it to a mechanic and nor did he inform Cathedral Cars.

About two weeks later, the light again illuminated so he called AA Roadservice. Its technician said the engine had no oil and he should take the car to a mechanic as soon as possible.

The next day, McCall put in three litres of oil, but the knocking noise became louder so he called the AA, which towed the vehicle to Christchurch.

Before the hearing, the tribunal asked McCall to obtain a report from a Motor Trade Association workshop to determine what was wrong with the car, but he didn't do that.

Instead, he provided the tribunal with an email from Armstrong Prestige. To provide a quote for an engine replacement or repair, it would need to assess the vehicle at a cost of $1,000 plus GST.

McCall contacted Cathedral Cars for assistance, but was told that because it was an old vehicle it was likely to use engine oil.

The trader said the Jeep's oil level was checked pre-supply and it was sold in an acceptable condition.

Luxon noted McCall had driven it more than 6,000km without raising any concerns with the trader. He said when a warning light came on, the owner had a duty of care to stop immediately and not drive the vehicle until the problem was remedied.

He added that, by continuing to drive the Jeep after an oil light came on, McCall risked seizing the motor and was likely to have caused the main bearings to fail.

The evidence showed McCall allowed the engine to lose oil pressure on several occasions, but he continued to drive the vehicle. Therefore, Luxon submitted, any damage was his responsibility through his own negligence.

The finding

The Jeep's engine didn't appear to have been damaged when it was sold because the buyer was able to drive a significant distance before it failed.

Instead, the tribunal ruled McCall's claim under the Consumer Guarantees Act failed because he failed to provide evidence of the vehicle's fault and estimated repair costs.

On that basis alone, it wasn't possible to reach a finding that the Jeep failed to comply with the guarantee of acceptable quality as there was insufficient evidence to establish that, at the time it was supplied, the vehicle was unfit for purpose.

Also, the evidence suggested McCall might have been able to prevent the engine damage if he had paid more attention to its oil levels and fixed the cause of the oil light coming on.

In addition, he should have raised concerns about the Jeep when they first arose with the trader.

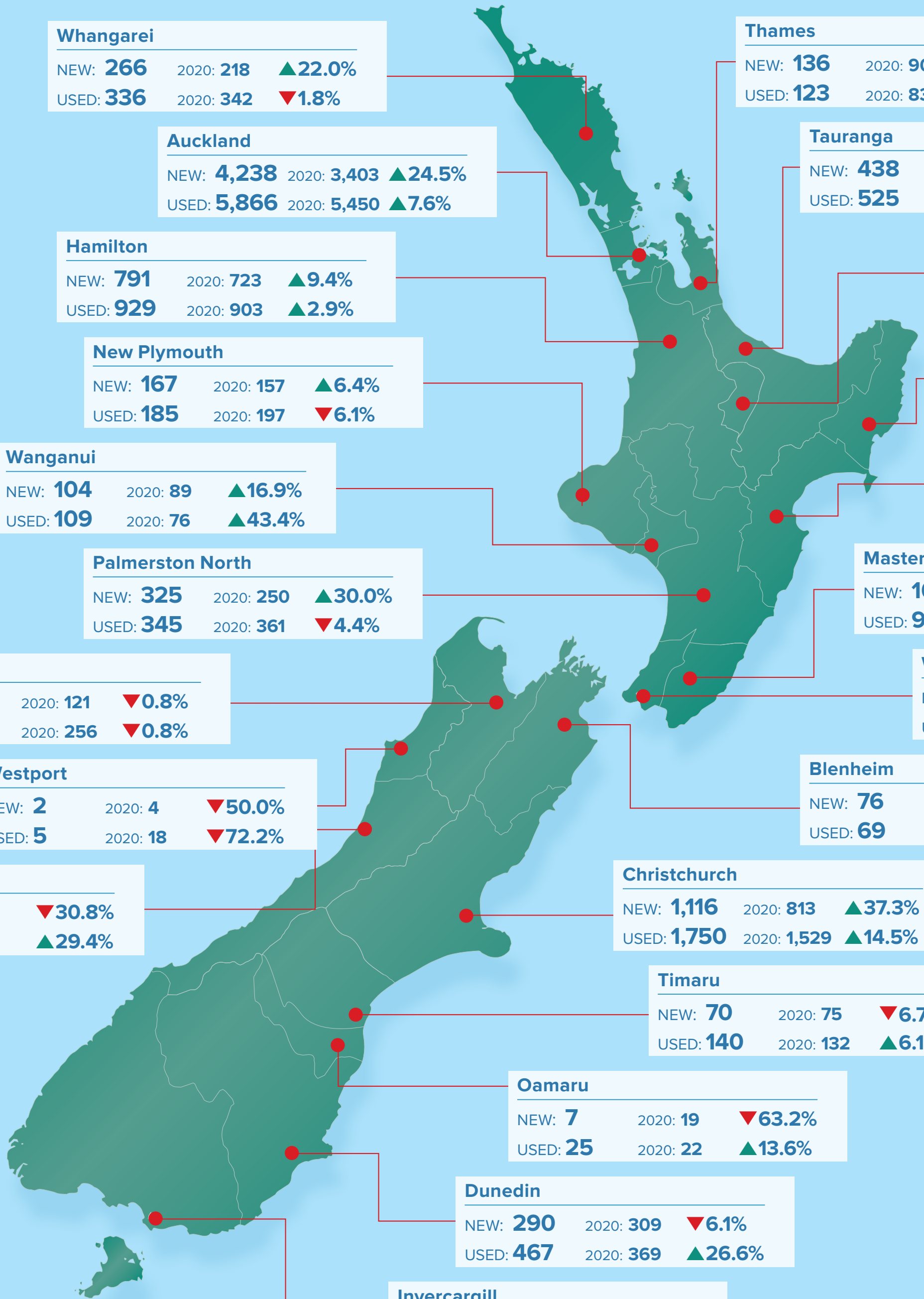
Therefore, the tribunal was unable to assist McCall due to his contributory negligence in failing to attend to warning signs that likely led to engine damage.

Order

The application was dismissed.

Around the Country July 2021

Total new cars	Total imported used cars
9,984	13,132
2020: 8,200 ▲21.8%	2020: 11,975 ▲9.7%



			2020	
Whangarei	NEW:	266	218	▲22.0%
	USED:	336	342	▼1.8%
Auckland	NEW:	4,238	3,403	▲24.5%
	USED:	5,866	5,450	▲7.6%
Hamilton	NEW:	791	723	▲9.4%
	USED:	929	903	▲2.9%
New Plymouth	NEW:	167	157	▲6.4%
	USED:	185	197	▼6.1%
Wanganui	NEW:	104	89	▲16.9%
	USED:	109	76	▲43.4%
Palmerston North	NEW:	325	250	▲30.0%
	USED:	345	361	▼4.4%
Nelson	NEW:	120	121	▼0.8%
	USED:	254	256	▼0.8%
Westport	NEW:	2	4	▼50.0%
	USED:	5	18	▼72.2%
Greymouth	NEW:	18	26	▼30.8%
	USED:	44	34	▲29.4%
Thames	NEW:	136	90	▲51.1%
	USED:	123	83	▲48.2%
Tauranga	NEW:	438	428	▲2.3%
	USED:	525	555	▼5.4%
Rotorua	NEW:	203	98	▲107.1%
	USED:	220	139	▲58.3%
Gisborne	NEW:	55	50	▲10.0%
	USED:	171	71	▲140.8%
Napier	NEW:	321	284	▲13.0%
	USED:	300	260	▲15.4%
Masterton	NEW:	102	91	▲12.1%
	USED:	90	81	▲11.1%
Wellington	NEW:	990	729	▲35.8%
	USED:	942	881	▲6.9%
Blenheim	NEW:	76	69	▲10.1%
	USED:	69	47	▲46.8%
Christchurch	NEW:	1,116	813	▲37.3%
	USED:	1,750	1,529	▲14.5%
Timaru	NEW:	70	75	▼6.7%
	USED:	140	132	▲6.1%
Oamaru	NEW:	7	19	▼63.2%
	USED:	25	22	▲13.6%
Dunedin	NEW:	290	309	▼6.1%
	USED:	467	369	▲26.6%
Invercargill	NEW:	149	154	▼3.2%
	USED:	237	169	▲40.2%

HEIWA AUTO

Imported Passenger Vehicle Sales by Make - July 2021

MAKE	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	3,699	2,881	28.4	28.2%	21,342	28.3%
Nissan	1,953	2,049	-4.7	14.9%	10,277	13.6%
Mazda	1,759	1,936	-9.1	13.4%	10,383	13.8%
Subaru	1,051	902	16.5	8.0%	5,622	7.5%
Honda	1,028	1,050	-2.1	7.8%	6,529	8.7%
BMW	660	526	25.5	5.0%	3,809	5.1%
Mitsubishi	654	585	11.8	5.0%	3,298	4.4%
Volkswagen	557	439	26.9	4.2%	3,577	4.8%
Audi	371	280	32.5	2.8%	2,187	2.9%
Suzuki	319	423	-24.6	2.4%	1,894	2.5%
Lexus	270	182	48.4	2.1%	1,484	2.0%
Mercedes-Benz	244	184	32.6	1.9%	1,365	1.8%
Volvo	83	79	5.1	0.6%	490	0.7%
Land Rover	66	43	53.5	0.5%	337	0.4%
Ford	56	88	-36.4	0.4%	429	0.6%
Jaguar	40	44	-9.1	0.3%	265	0.4%
Porsche	40	15	166.7	0.3%	194	0.3%
Jeep	36	23	56.5	0.3%	205	0.3%
Dodge	35	18	94.4	0.3%	167	0.2%
Chevrolet	34	41	-17.1	0.3%	206	0.3%
Holden	28	37	-24.3	0.2%	153	0.2%
Chrysler	20	14	42.9	0.2%	132	0.2%
Hyundai	13	21	-38.1	0.1%	142	0.2%
Mini	11	30	-63.3	0.1%	168	0.2%
Kia	10	7	42.9	0.1%	76	0.1%
Peugeot	10	9	11.1	0.1%	95	0.1%
Tesla	8	1	700.0	0.1%	25	0.0%
Chrysler Jeep	7	5	40.0	0.1%	24	0.0%
Renault	7	10	-30.0	0.1%	34	0.0%
Bentley	6	3	100.0	0.0%	29	0.0%
Cadillac	6	3	100.0	0.0%	23	0.0%
Citroen	6	3	100.0	0.0%	40	0.1%
Daihatsu	6	4	50.0	0.0%	23	0.0%
Rover	6	2	200.0	0.0%	20	0.0%
MG	5	1	400.0	0.0%	16	0.0%
Others	28	37	-24.3	0.2%	241	0.3%
Total	**13,132**	**11,975**	**9.7**	**100.0%**	**75,301**	**100.0%**

Imported Passenger Vehicle Sales by Model - July 2021

MAKE	MODEL	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Aqua	944	484	95.0	7.2%	5,181	6.9%
Mazda	Axela	611	666	-8.3	4.7%	3,573	4.7%
Toyota	Prius	527	385	36.9	4.0%	3,045	4.0%
Nissan	Leaf	488	223	118.8	3.7%	1,567	2.1%
Nissan	X-Trail	476	259	83.8	3.6%	2,535	3.4%
Mitsubishi	Outlander	445	340	30.9	3.4%	2,102	2.8%
Honda	Fit	409	411	-0.5	3.1%	2,575	3.4%
Mazda	CX-5	360	167	115.6	2.7%	1,582	2.1%
Subaru	Legacy	304	274	10.9	2.3%	1,613	2.1%
Subaru	Impreza	287	285	0.7	2.2%	1,664	2.2%
Toyota	Vanguard	283	185	53.0	2.2%	1,579	2.1%
Toyota	Corolla	274	239	14.6	2.1%	1,627	2.2%
Suzuki	Swift	254	352	-27.8	1.9%	1,506	2.0%
Mazda	Demio	230	378	-39.2	1.8%	1,844	2.4%
Mazda	Atenza	205	254	-19.3	1.6%	1,265	1.7%
Toyota	Mark X	202	120	68.3	1.5%	1,278	1.7%
Toyota	Wish	202	169	19.5	1.5%	1,273	1.7%
Nissan	Skyline	168	150	12.0	1.3%	849	1.1%
Subaru	Forester	162	127	27.6	1.2%	851	1.1%
Mazda	Premacy	144	201	-28.4	1.1%	834	1.1%
Honda	CR-V	142	145	-2.1	1.1%	922	1.2%
Toyota	Blade	137	189	-27.5	1.0%	920	1.2%
Honda	Odyssey	135	101	33.7	1.0%	864	1.1%
BMW	116i	116	99	17.2	0.9%	640	0.8%
BMW	320i	114	107	6.5	0.9%	767	1.0%
Nissan	Fuga	112	79	41.8	0.9%	646	0.9%
Nissan	Note	109	163	-33.1	0.8%	753	1.0%
Nissan	Serena	108	138	-21.7	0.8%	717	1.0%
Ford	Crown	93	27	244.4	0.7%	481	0.6%
Toyota	Camry	85	57	49.1	0.6%	466	0.6%
Subaru	XV	85	56	51.8	0.6%	441	0.6%
Audi	A4	82	66	24.2	0.6%	492	0.7%
Subaru	Exiga	81	68	19.1	0.6%	453	0.6%
Nissan	Juke	81	96	-15.6	0.6%	458	0.6%
Toyota	Vitz	81	153	-47.1	0.6%	639	0.8%
Others		4,596	4,762	-3.5	35.0%	27,299	36.3%
Total		**13,132**	**11,975**	**9.7**	**100.0%**	**75,301**	**100.0%**

Supply issues dominate market

An independent operator in Auckland reports car dealers are continuing to struggle to access quality vehicles.

Henry Schmidt, who owns Autolink EV in Newmarket, says: "You can get stock if you buy cars you normally wouldn't.

"I try to buy new-model electric cars, but there are very few for sale in Japan and there are some EV dealers fighting over new stock. If there are eight to 10 used EVs for sale in Japan today, I would be lucky to get one."

Schmidt says customers are prepared to wait to get the used EVs they want. "If we get the right car, people will put down a deposit and are happy to wait for up to five weeks for it to arrive from Japan.

"Buyers shop around so we also supply all the leads and warranties, and try to get that edge over other dealers, such as changing everything from Japanese into English and ensuring Apple's CarPlay works here."

Schmidt adds accessing parts, which he orders direct from Japan, is also a problem with some manufacturers having three-month wait lists.

While he keeps an eye on the UK market, he adds it takes at least two-and-a-half months to get used vehicles shipped here.

"During that time, things can change – such as pricing," he told Autofile. "It's also more expensive to ship cars from England.

"Japan isn't coping well with its Covid-19 outbreaks and its production is down due to lockdowns. I don't see things improving in the short term.

"Everyone is in the same boat. It has been hard to get good stock for six months, and we can't buy South Korean or Chinese EVs in Japan as there's limited stock available.

"We used to be able to get used electric vans from Japan, but there are now none for sale. If I could get low-kilometre vans, I would sell them straight away.

"Because we sell the new Nissan Leaf, we are getting old Leafs as trade-ins. If they are $8,000 to $10,000, we sell them to buyers on Waiheke Island. They are happy to own an EV that will only do 80 to 90km."

Autolink EV gives customers good offers when trading petrol vehicles, but they often decide to sell them themselves or pass them onto family.

"An eight or nine-year-old car in Japan will have high kilometres and we don't look at them because we trade those high-mileage EVs.

"It's easy to sell cars at the moment, but it's hard to get the stock. It's the same with dealers selling cars with internal combustion engines."

The used-car sector is likely to remain stock-constrained for the next 12-18 months due primarily to impacts on the supply chain for new vehicles, predicts Turners Automotive Group.

It also forecasts new lending in finance will be strong, its arrears will continue to improve and sales of insurance policies will be buoyant.

This comes on the back of underlying net profit before tax (NPBT) at the end of March coming in at $34.3 million, up 19 per cent on 2019/20, while April and early May saw "positive momentum" continue.

Todd Hunter, chief executive officer, is confident of delivering growth over the next three years, with a focus on four key areas.

The first is retail optimisation, which includes expanding Turners' network with sites already acquired in Rotorua and Nelson.

Vehicle purchasing decision-making using data and tools will help identify new sourcing opportunities.

Growing premium finance lending will be targeted, and there will be continued investment in digital and improving customer experience.

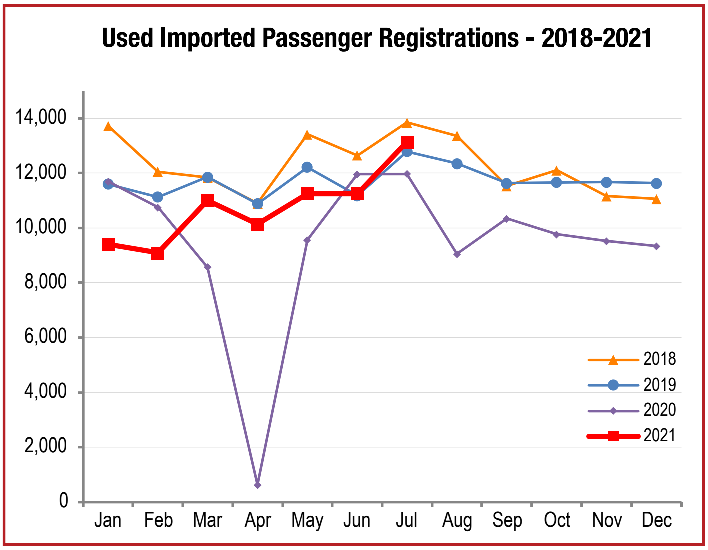
"Our team responded well to the pandemic in the first half of the year," says Hunter.

"Their high levels of engagement combined with the diversified nature of the business ensured we were well-positioned moving out of the lockdown. Our growth plans are working with more to come."

Although Turners reported record earnings for the year to March 31, 2021, revenue from automotive retail dipped by 11 per cent to $201m on the back of the division's NPBT rising by 11 per cent to $15.4m.

Boost for dealers

There were 13,132 used-imported cars registered last month for the first time. That was up by 9.7 per cent from 11,975 when compared to July of last year. Toyota's Aqua was once again the top model with 944 sales. Mazda's Axela was second on 611 with the Toyota Prius third on 527. Nissan's Leaf and X-Trail completed the top five on 488 and 476 respectively. Toyota was the top-selling marque with 3,699 units. Second spot was claimed by Nissan on 1,953.



Greener shipping fuel secured

Ports of Auckland has teamed up with BP to secure fuel-oil supplies with low levels of sulphur.

The port's subsidiary Seafuels and the multi-national have reached an agreement for the bunker barge Awanuia to deliver very low-sulphur fuel oil (VLSFO) and marine gas oil.

The two types of fuel will be compliant with the International Convention for the Prevention of Pollution from Ships, also known as MARPOL.

The agreement will help ensure Aotearoa can meet its obligations under Annex VI of the convention and allows BP to re-enter the Kiwi market for VLSFO.

The Awanuia will deliver fuel to BP's shipping customers in Auckland "in a safe, reliable and efficient barge-bunkering service" to minimise delays, the port stays.

New Zealand joined MARPOL in 1998. It is due to sign up to Annex VI, which is the primary global regulation for addressing the impacts of climate change from shipping, from late 2021.

New emissions standards for fuel oil used by vessels are laid down in a regulation known as IMO 2020. It means the global sulphur limit, outside sulphur-emissions control areas, has dropped from an allowed 3.5 per cent of sulphur in marine fuels to 0.5 per cent.

More than 170 countries have signed up for the changes since January 1, 2020. They are expected to create massive changes for the shipping and oil industries, with major updates required to vessels and increased production of lower-sulphur fuel.

Meanwhile, two companies have been added as exempted seatbelt re-webbing organisations by Waka Kotahi.

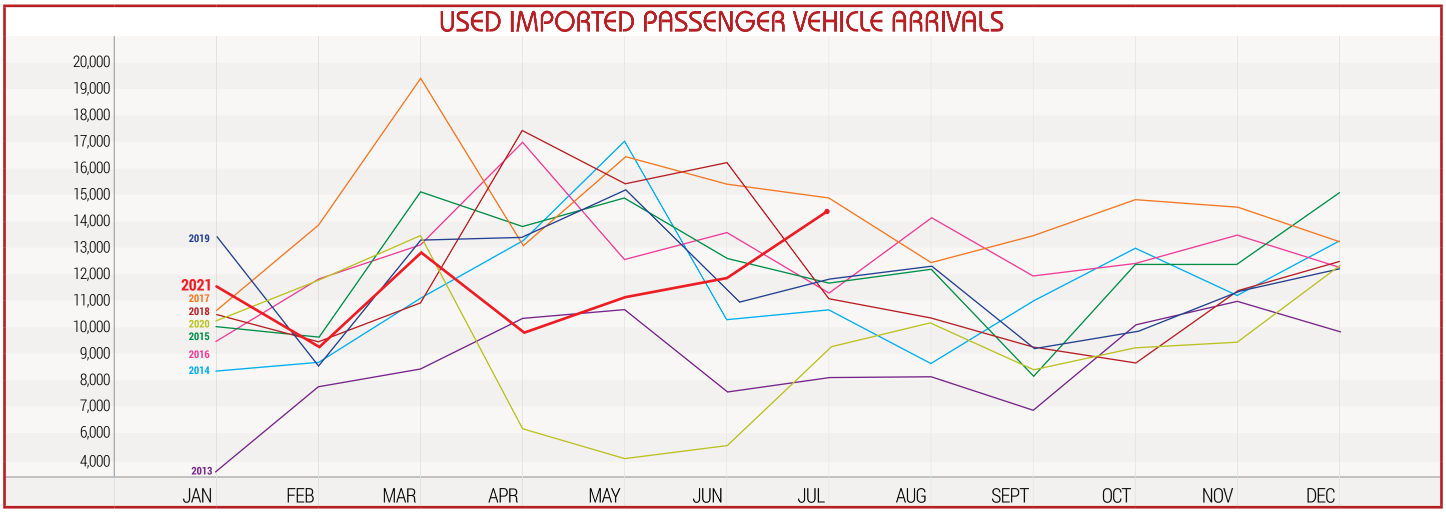
Belt Tech NZ and Seatbelts NZ have joined APV Australia and Autosafe as being allowed to legally repair seatbelts made by other providers.

The transport agency has updated its relevant technical bulletin to include the new companies and how to identify them on labels for remedied seatbelts.

USED IMPORTS BOOM

There were 14,397 used passenger vehicles imported during July – up by 56.3 per cent compared to 9,212 in the same month of 2020.

There were 13,805 used cars brought in from Japan last month and 282 came in from Australia.



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2021 JAN '21	FEB '21	MAR '21	APR '21	MAY '21	JUN '21	JUL '21	JUL SHARE %	2021 TOTAL	2020 2020 TOTAL	MRKT SHARE	2019 2019 TOTAL	MRKT SHARE
Australia	300	283	264	285	315	271	282	2.0%	**2,000**	4,185	3.9%	5,148	3.6%
Great Britain	106	123	138	120	147	161	97	0.7%	**892**	690	0.6%	894	0.6%
Japan	10,877	8,744	12,152	9,243	10,451	11,296	13,805	95.9%	**76,568**	100,994	92.9%	132,494	93.8%
Singapore	128	140	165	137	141	90	130	0.9%	**931**	1,846	1.7%	1,678	1.2%
USA	30	33	24	97	79	61	55	0.4%	**379**	480	0.4%	664	0.5%
Other countries	30	36	25	40	34	63	28	0.2%	**256**	468	0.4%	340	0.2%
Total	**11,471**	**9,359**	**12,768**	**9,922**	**11,167**	**11,942**	**14,397**	**100.0%**	**81,026**	**108,663**	**100.0%**	**141,218**	**100.0%**

Trader advice on electric rebates

Waka Kotahi has updated its guidance to dealers on rebates available to buyers of battery electric vehicles (BEVs) and plug-in hybrids (PHEVs) until December 31.

Providing the new owner hasn't taken possession of it, an application to reverse the registration can be submitted to claim the discount.

Conditions apply, such as the dealer completing the form needs to be who registered the vehicle and it must not have since been driven.

The MR2D, plates, rego label and supporting documents must be received by the transport agency within 28 days of processing the MR2A. Documents to accompany the MR2D must include a written request on letterhead from the dealer who registered the car explaining why the buyer didn't take possession.

A refund will be paid to the trader once the application has been accepted. A handling fee of $57.50 and an admin charge of $6.26 will be deducted. Because the plates and label are not reusable, those fees are also deductible.

Traders who want to buy a BEV or PHEV for business use, such as a demo or courtesy vehicle, are eligible for a rebate if it is registered after July 1. A declaration must state it isn't for on-selling to show it is for legitimate business reasons.

This is to be included in the uploaded scanned file of the sale agreement or internal equivalent, which must include the vehicle identification number. Dealer registrations for any other purpose will invalidate the rebate claim for the trader and any subsequent purchaser.

Waka Kotahi's general advice to traders on EV sales is that they must be registered before rebate applications are made, and a signed sales agreement is needed for the discount to be paid.

Applications will be accepted until February 28 for vehicles registered up to December 31. To qualify, a used or new BEV or PHEV must cost less than $80,000, including GST and on-roads, and have at least a three-star safety rating on www.rightcar.co.nz.

DECLINE IN BUSINESS

Dealers sold 18,250 second-hand cars to the public last month.

That was down by 19.7 per cent compared to July 2020's total of 22,734 units.

There were 14,443 trade-ins – a decrease of 12.6 per cent compared to 16,529 – over the same period.

SECONDHAND CAR SALES - July 2021

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
REGION	JUL '21	JUL '20	+/- %	MARKET SHARE	JUL '21	JUL '20	+/- %	JUL '21	JUL '20	+/- %
Whangarei	629	764	-17.7	3.45	2,121	2,394	-11.4	257	293	-12.3
Auckland	6,092	7,455	-18.3	33.38	14,277	15,657	-8.8	5,908	6,466	-8.6
Hamilton	1,532	1,965	-22.0	8.39	3,595	4,298	-16.4	1,153	1,412	-18.3
Thames	291	296	-1.7	1.59	739	656	12.7	172	128	34.4
Tauranga	894	1,139	-21.5	4.90	2,255	2,854	-21.0	659	756	-12.8
Rotorua	362	344	5.2	1.98	982	943	4.1	159	92	72.8
Gisborne	161	206	-21.8	0.88	429	487	-11.9	64	56	14.3
Napier	762	934	-18.4	4.18	1,643	1,879	-12.6	494	571	-13.5
New Plymouth	384	571	-32.7	2.10	1,040	1,380	-24.6	242	275	-12.0
Wanganui	255	262	-2.7	1.40	643	652	-1.4	168	163	3.1
Palmerston North	839	1,095	-23.4	4.60	1,782	2,290	-22.2	757	888	-14.8
Masterton	206	226	-8.8	1.13	454	460	-1.3	98	127	-22.8
Wellington	1,563	2,142	-27.0	8.56	3,308	3,745	-11.7	1,147	1,366	-16.0
Nelson	324	372	-12.9	1.78	1,047	1,140	-8.2	182	230	-20.9
Blenheim	163	223	-26.9	0.89	436	507	-14.0	78	155	-49.7
Greymouth	80	114	-29.8	0.44	181	245	-26.1	34	59	-42.4
Westport	10	26	-61.5	0.05	46	94	0.0	0	1	0.0
Christchurch	2,300	2,780	-17.3	12.60	5,342	5,657	-5.6	2,000	2,453	-18.5
Timaru	214	301	-28.9	1.17	562	726	-22.6	87	138	-37.0
Oamaru	41	98	-58.2	0.22	144	262	-45.0	7	6	16.7
Dunedin	719	932	-22.9	3.94	1,983	2,236	-11.3	508	547	-7.1
Invercargill	429	489	-12.3	2.35	1,229	1,291	-4.8	269	347	-22.5
NZ Total	**18,250**	**22,734**	**-19.7**	**100.00**	**44,238**	**49,853**	**-11.3**	**14,443**	**16,529**	**-12.6**

New Passenger Vehicle Sales by Make - July 2021

MAKE	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Mitsubishi	1,435	658	118.1	14.4%	8,345	12.3%
Toyota	1,357	1,416	-4.2	13.6%	8,846	13.1%
Suzuki	791	529	49.5	7.9%	5,055	7.5%
Mazda	737	580	27.1	7.4%	5,095	7.5%
Kia	713	719	-0.8	7.1%	7,300	10.8%
Hyundai	610	509	19.8	6.1%	3,734	5.5%
Nissan	441	380	16.1	4.4%	3,020	4.5%
Volkswagen	436	341	27.9	4.4%	3,088	4.6%
MG	403	118	241.5	4.0%	1,995	2.9%
Honda	352	371	-5.1	3.5%	2,507	3.7%
Haval	253	92	175.0	2.5%	1,114	1.6%
Mercedes-Benz	249	192	29.7	2.5%	1,502	2.2%
Skoda	242	113	114.2	2.4%	1,134	1.7%
BMW	203	167	21.6	2.0%	1,294	1.9%
Audi	199	169	17.8	2.0%	1,178	1.7%
Tesla	197	16	1,131.3	2.0%	910	1.3%
Subaru	185	257	-28.0	1.9%	1,886	2.8%
Ford	182	334	-45.5	1.8%	2,182	3.2%
Mini	131	47	178.7	1.3%	607	0.9%
Jeep	107	79	35.4	1.1%	934	1.4%
Land Rover	106	173	-38.7	1.1%	976	1.4%
Peugeot	97	81	19.8	1.0%	788	1.2%
Isuzu	91	29	213.8	0.9%	380	0.6%
Lexus	90	78	15.4	0.9%	641	0.9%
SsangYong	78	118	-33.9	0.8%	602	0.9%
Volvo	52	53	-1.9	0.5%	443	0.7%
Renault	45	14	221.4	0.5%	186	0.3%
Cupra	34	0	3,400.0	0.3%	93	0.1%
LDV	24	13	84.6	0.2%	165	0.2%
Porsche	23	6	283.3	0.2%	367	0.5%
Jaguar	21	54	-61.1	0.2%	306	0.5%
Citroen	15	15	0.0	0.2%	185	0.3%
Mahindra	14	23	-39.1	0.1%	94	0.1%
Alfa Romeo	11	16	-31.3	0.1%	79	0.1%
Seat	9	12	-25.0	0.1%	111	0.2%
Bentley	8	3	166.7	0.1%	52	0.1%
Fiat	8	5	60.0	0.1%	64	0.1%
Can-Am	7	13	-46.2	0.1%	45	0.1%
Aston Martin	6	1	500.0	0.1%	42	0.1%
Maserati	5	8	-37.5	0.1%	38	0.1%
Lamborghini	4	1	300.0	0.0%	17	0.0%
Yamaha	4	2	100.0	0.0%	36	0.1%
Ferrari	3	4	-25.0	0.0%	30	0.0%
McLaren	2	1	100.0	0.0%	21	0.0%
Rolls-Royce	2	1	100.0	0.0%	10	0.0%
Others	2	389	-99.5	0.0%	163	0.2%
Total	**9,984**	**8,200**	**21.8**	**100.0%**	**67,660**	**100.0%**

New Passenger Vehicle Sales by Model - July 2021

MAKE	MODEL	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Mitsubishi	ASX	737	265	178.1	7.4%	3,398	5.0%
Toyota	RAV4	553	796	-30.5	5.5%	3,218	4.8%
Mitsubishi	Outlander	365	220	65.9	3.7%	3,162	4.7%
Mazda	CX-5	305	222	37.4	3.1%	2,162	3.2%
Nissan	Qashqai	293	157	86.6	2.9%	1,500	2.2%
Suzuki	Swift	275	251	9.6	2.8%	1,949	2.9%
Hyundai	Kona	270	118	128.8	2.7%	1,249	1.8%
MG	ZS	268	62	332.3	2.7%	1,080	1.6%
Mitsubishi	Eclipse Cross	251	76	230.3	2.5%	1,040	1.5%
Toyota	Highlander	243	61	298.4	2.4%	708	1.0%
Toyota	Corolla	227	230	-1.3	2.3%	1,702	2.5%
Tesla	Model 3	197	11	1,690.9	2.0%	903	1.3%
Suzuki	Vitara	166	101	64.4	1.7%	907	1.3%
Kia	Sportage	162	320	-49.4	1.6%	1,701	2.5%
Kia	Stonic	133	0	13,300.0	1.3%	1,885	2.8%
Haval	Jolion	132	0	13,200.0	1.3%	379	0.6%
Honda	Jazz	126	104	21.2	1.3%	822	1.2%
Hyundai	Santa Fe	121	93	30.1	1.2%	1,095	1.6%
Haval	H6	120	22	445.5	1.2%	180	0.3%
Suzuki	Jimny	119	34	250.0	1.2%	749	1.1%
Volkswagen	T-Roc	119	36	230.6	1.2%	554	0.8%
Volkswagen	Tiguan	119	110	8.2	1.2%	1,016	1.5%
Suzuki	Baleno	106	47	125.5	1.1%	739	1.1%
Honda	HR-V	97	163	-40.5	1.0%	719	1.1%
Kia	Cerato	94	49	91.8	0.9%	339	0.5%
Kia	Seltos	93	184	-49.5	0.9%	1,452	2.1%
Honda	CR-V	91	57	59.6	0.9%	698	1.0%
Isuzu	MU-X	91	29	213.8	0.9%	380	0.6%
Nissan	X-Trail	88	147	-40.1	0.9%	1,229	1.8%
Kia	Niro	84	12	600.0	0.8%	369	0.5%
Mazda	CX-30	83	69	20.3	0.8%	546	0.8%
Subaru	Outback	83	53	56.6	0.8%	735	1.1%
Suzuki	Ignis	82	50	64.0	0.8%	404	0.6%
MG	HS	81	31	161.3	0.8%	300	0.4%
Skoda	Superb	75	5	1,400.0	0.8%	262	0.4%
Mazda	CX-3	74	85	-12.9	0.7%	586	0.9%
Toyota	Yaris	73	9	711.1	0.7%	754	1.1%
Mazda	Mazda3	72	53	35.8	0.7%	451	0.7%
Ford	Puma	72	2	3,500.0	0.7%	611	0.9%
Kia	Rio	68	66	3.0	0.7%	545	0.8%
Toyota	Yaris Cross	68	0	6,800.0	0.7%	611	0.9%
Ford	Everest	65	40	62.5	0.7%	456	0.7%
Mini	Hatch	65	30	116.7	0.7%	279	0.4%
Mazda	CX-9	61	81	-24.7	0.6%	661	1.0%
Toyota	Fortuner	61	27	125.9	0.6%	204	0.3%
Others		2,856	3,622	-21.1	28.6%	22,971	34.0%
Total		**9,984**	**8,200**	**21.8**	**100.0%**	**67,660**	**100.0%**

Demand outstripping supply

Holes are appearing on car yards across the country as the demand for new vehicles reaches levels seldom seen by many in the industry and the supply of replacement stock remains constrained.

The launch of the government's clean car discount last month has also seen a boost in the number sales of battery electric vehicles (BEVs) and plug-in hybrids (PHEVs).

Oliver Gazley, dealer principal of the Gazley Motor Group, says buoyant buying activity is not limited to any particular segment of the market and that "everything is selling at the moment".

"We're short on supply of so many different makes and models, and the one that people are after are flying out the door," he told Autofile. "I've never seen anything like it in the 20-odd years I have been doing this.

"Some dealerships are looking a bit nude because they're struggling to fill holes on their yards. There's a huge demand and not a high amount of stock to back it up.

"While the demand is high, it's also hard work because you have to convince buyers to wait if the vehicle they want is not here right now. A lot of dealers aren't used to that. It's been a big change for those who are perhaps used to having pools of cars to offer people."

He says Gazley Motor Group, which represents 12 brands across dealerships in Wellington, Lower Hutt and Kapiti, sold a record number of EVs in July.

A key model in that success was the MG ZS, which sold 268 units nationwide in July compared to 61 in the same month a year ago for an increase of 332.3 per cent.

"Sales of the MG have just been phenomenal," notes Gazley. "When you can buy a new electric car for $48,000 and get about $8,000 back, it's a no-brainer for someone considering an EV because it's about the same price as a petrol-powered car."

He says there's no obvious reason why the whole industry is so busy at the moment, but points out it means customers are also seeing an increase in their trade-in values.

Armstrong's has opened the doors at its three-storey Peugeot and Citroen dealership in Greenlane, Auckland

Another big climber in the past month was the Mitsubishi Eclipse Cross, with sales increasing 230.3 per cent to 251 last month when compared to 76 in July 2020.

Matthew Wales is group dealer principal of Auckland-based AndrewSimms.co.nz, which has Mitsubishi as one of its marques. He says unprecedented demand and restricted supply means such vehicles are producing solid sales.

"We have seen a lift in demand for PHEVs and BEVs, and the Eclipse Cross was launched days before the rebates announcement and couldn't have been better timed," says Wales.

"The mid-size SUV segment is a sweet spot for buyers here because it fits the lifestyle of the typical New Zealand family quite well.

"We're certainly seeing a lot more awareness of emissions and fuel economy among buyers. The clean car discount has brought that to the fore. Customers are certainly taking that on-board as part of their purchasing decisions."

Wales adds that Mitsubishi has managed to maintain a good supply of key models and those cars are getting quickly snapped up by the public.

"I think this quarter will be a little bit restricted on supply, but the fourth quarter will hopefully see a pretty strong end to the year."

Sales up 21.8%

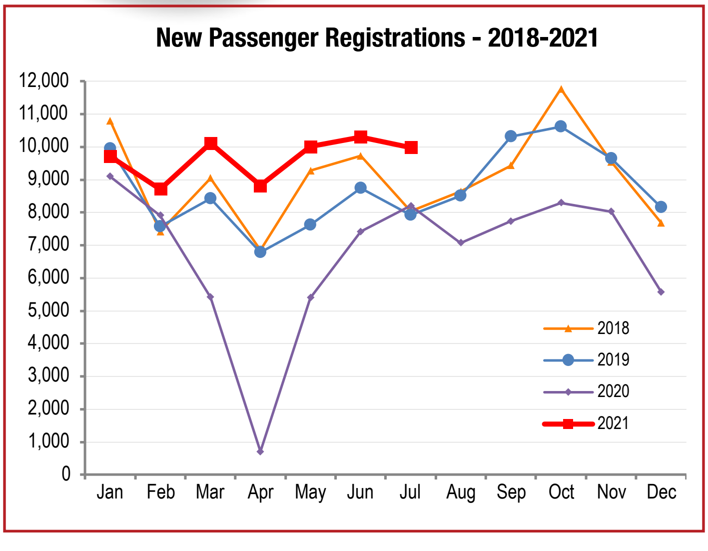
There were 9,984 new cars registered last month compared to 8,200 in July 2020 for an increase of 21.8 per cent.

The best-selling model was Mitsubishi's ASX on 737 units for a market share of 7.4 per cent.

Toyota's RAV4 was second with 5.5 per cent thanks to 553 registrations, while the Mitsubishi Outlander came third on 365 and a 3.7 per cent share of the market.

STRONG SALES

The Motor Industry Association (MIA) describes July and the first seven months of this year as "the strongest on record" for new-vehicle sales.



Mitsubishi was the market leader for passenger and SUV registrations with a 14.4 per cent market share and 1,435 units. Toyota came second with 13.6 per cent and 1,357 units. Suzuki was third on a 7.9 per cent share and 791 units.

The top-selling passenger and SUV model for the month was the Mitsubishi ASX on 737 units. It was followed by Toyota's RAV4 with 553 and Mitsubishi's Outlander on 365.

David Crawford, the MIA's chief executive, notes the rebates helped boost demand for BEVs and PHEVs, "while [petrol] hybrid sales remain strong".

"Year to date, there are 2,377 passenger BEVs – not including light commercial vans – registered compared to the same period last year when there were only 701 BEVs registered," he says. "There were 760 BEVs, 431 PHEVs and 1,163 hybrid vehicles sold for the month."

Mark Gilbert, chairman of Drive Electric, welcomes the extra interest in EVs – with a record 1,944 new and used sold during July. He also believes the clean car discount is behind unprecedented demand.

"We will continue to monitor the uptake over the coming months, but early signs are very encouraging, particularly given some importers faced stock shortages.

"Members are telling us that they have never seen consumer interest in electric vehicles quite like it. Hits on the Drive Electric website, which independently details EV models available, are also up by tens of thousands.

"There has been some public debate about this policy, but at its core it's about encouraging the uptake of e-mobility while maintaining choice.

"From a climate-change perspective, we all benefit when someone chooses to buy an EV instead of a petrol vehicle."

The clean car discount for BEVs and PHEVs offers rebates on vehicles with a safety rating of three stars or more and that cost less than $80,000, including GST and on-road charges.

Electric options in van market

The government's clean car policies are already impacting on sales of light commercials.

For example, there has been increased demand for petrol and diesel utes ahead of January 1 when they will face penalties under the feebate scheme.

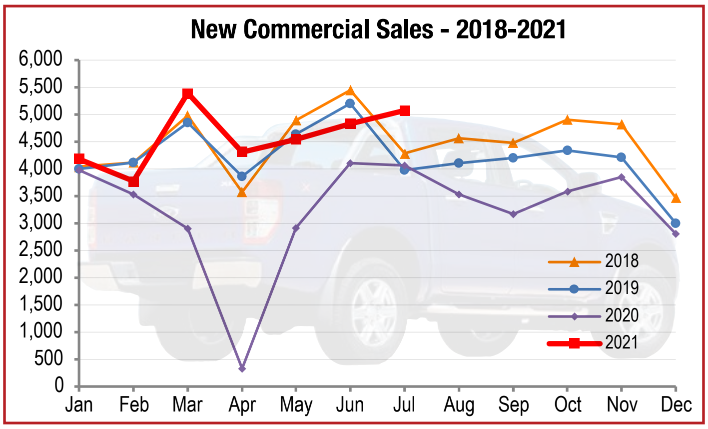
However, there's always two sides to a coin. In the case of the clean car discount, a beneficiary may well be the van segment in which zero and low-emissions models already exist.

So far this year, Toyota tops the ladder for new-van registrations, but LDV is snapping at its heels.

Andrew Bayliss, general manager of Great Lake Motor Distributors, which imports the Chinese marque and SsangYong, says the government's rebate scheme is a boost for the former's vans.

The LDV eDeliver 3 has just come to market, which is "probably the sweet spot in terms of what buyers are looking for and at a good price point".

"The EV80 van has gone well for us," adds Bayliss. "In coming months, we will have the eDeliver9, which is bigger than the eDeliver3."



Bayliss says LDV will soon have the light-commercial sector "covered" when it comes to electric options. While a launch date for the new eT60 ute has yet to be confirmed, it should be here during 2022.

"We do have a pilot vehicle arriving in New Zealand that we will be able to evaluate," he told Autofile. "We've had huge interest from fleet buyers, corporates and businesses for an electric ute."

He says the government rebates scheme for electric vehicles (EVs) and plug-in hybrids, which started on July 1, was good timing for the eDeliver3's launch.

"The issue is we're now scrambling to get as many of

New Commercial Sales by Make - July 2021

MAKE	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Ford	1,546	912	69.5	30.5%	7,282	22.7%
Toyota	1,077	801	34.5	21.2%	7,134	22.2%
Mitsubishi	525	384	36.7	10.4%	3,843	12.0%
Isuzu	302	250	20.8	6.0%	2,207	6.9%
LDV	237	124	91.1	4.7%	1,535	4.8%
Nissan	227	229	-0.9	4.5%	2,101	6.5%
Mazda	160	227	-29.5	3.2%	1,408	4.4%
Great Wall	136	35	288.6	2.7%	909	2.8%
Hyundai	116	53	118.9	2.3%	981	3.1%
Volkswagen	108	101	6.9	2.1%	728	2.3%
Fuso	90	48	87.5	1.8%	528	1.6%
Hino	74	55	34.5	1.5%	415	1.3%
Mercedes-Benz	61	125	-51.2	1.2%	392	1.2%
Renault	61	28	117.9	1.2%	205	0.6%
SsangYong	54	33	63.6	1.1%	299	0.9%
Fiat	50	70	-28.6	1.0%	484	1.5%
Scania	50	38	31.6	1.0%	233	0.7%
Iveco	34	28	21.4	0.7%	212	0.7%
Foton	23	15	53.3	0.5%	83	0.3%
Chevrolet	21	5	320.0	0.4%	116	0.4%
Others	117	502	-76.7	2.3%	994	3.1%
Total	**5,069**	**4,063**	**24.8**	**100.0%**	**32,089**	**100.0%**

New Commercial Sales by Model - July 2021

MAKE	MODEL	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Ford	Ranger	1,418	781	81.6	28.0%	6,559	20.4%
Toyota	Hilux	809	627	29.0	16.0%	5,590	17.4%
Mitsubishi	Triton	489	383	27.7	9.6%	3,492	10.9%
Isuzu	D-Max	241	146	65.1	4.8%	1,647	5.1%
Nissan	Navara	227	229	-0.9	4.5%	2,101	6.5%
Toyota	Hiace	209	147	42.2	4.1%	1,214	3.8%
Mazda	BT-50	160	227	-29.5	3.2%	1,408	4.4%
Great Wall	GWM Cannon	133	0	13,300.0	2.6%	744	2.3%
Ford	Transit	128	131	-2.3	2.5%	723	2.3%
Hyundai	iLoad	109	49	122.4	2.2%	929	2.9%
LDV	T60	64	33	93.9	1.3%	536	1.7%
LDV	Deliver 9	63	0	6,300.0	1.2%	237	0.7%
LDV	G10	60	45	33.3	1.2%	456	1.4%
Toyota	Land Cruiser	59	27	118.5	1.2%	330	1.0%
SsangYong	Rhino	54	33	63.6	1.1%	299	0.9%
Volkswagen	Amarok	51	46	10.9	1.0%	323	1.0%
Fiat	Ducato	50	69	-27.5	1.0%	484	1.5%
Mercedes-Benz	Sprinter	44	23	91.3	0.9%	313	1.0%
LDV	V80	38	42	-9.5	0.7%	274	0.9%
Mitsubishi	Express	36	0	3,600.0	0.7%	347	1.1%
Others		627	1,025	-38.8	12.4%	4,083	12.7%
Total		**5,069**	**4,063**	**24.8**	**100.0%**	**32,089**	**100.0%**

them as we can. As with all manufacturers at present, supply isn't huge, but we are getting a decent number of vehicles.

"We are happy that customers can get rebates on EVs. Obviously from January 1, when the rules change on vehicles with internal combustion engines [ICEs], the government's aim is to encourage people away from ICEs to electric. But there's still a place in the market for petrol and diesel.

"We have huge demand for the T60 and are launching the 480-litre T60. We will have that new model in the market in reasonable volume by the fourth quarter of this year."

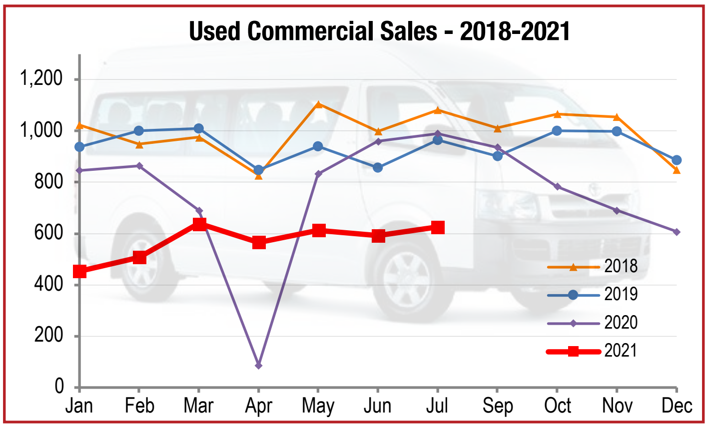
Bayliss describes demand for petrol and diesel-powered vans as "unprecedented".

He adds: "We are having record months and don't expect that to change before the end of the year. If anything, volumes will probably ramp up even more.

"While we see this year being strong for diesel sales between now and the end of 2021, that might slow down a bit next year because of the extra tax that will be applied to those vehicles. There is still a place in the market for diesels. That volume may drop off a little, but it will be made up by an increase in sales of our electric vans.

"Like everyone else, we were caught by the short notice of when the EV rebate scheme would come into place. We didn't anticipate it would happen so soon.

"But we were fortunate to be launching two new EVs by now. And by the time the tax is applied in January, we will have all our EVs on the ground in New Zealand so what we might lose in some diesel and petrol van sales will be made up by electric vans."



HUGE MONTH FOR RANGER

There were 5,069 new commercials registered during July, up by 24.8 per cent from 4,063 in the same month 2020.

The Ranger was last month's top model with 1,418 sales – up by 81.6 per cent compared to 781 in the same month of 2020. It leads the year-to-date ladder with 6,559 registrations. Toyota's Hilux was second with 809 sales and third place went to Mitsubishi's Triton on 489.

Meanwhile, there were 625 used-imported commercials registered for the first time last month, which was down by 36.9 per cent compared to 990 in July 2020.

Used Commercial Sales by Make - July 2021

MAKE	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	247	437	-43.5	39.5%	1,597	39.8%
Nissan	133	247	-46.2	21.3%	649	16.2%
Hino	43	36	19.4	6.9%	293	7.3%
Mitsubishi	36	36	0.0	5.8%	217	5.4%
Isuzu	35	36	-2.8	5.6%	331	8.3%
Ford	25	43	-41.9	4.0%	197	4.9%
Holden	15	14	7.1	2.4%	99	2.5%
Chevrolet	12	14	-14.3	1.9%	77	1.9%
Mazda	11	43	-74.4	1.8%	106	2.6%
Volkswagen	10	12	-16.7	1.6%	49	1.2%
Daihatsu	9	6	50.0	1.4%	46	1.1%
Suzuki	5	3	66.7	0.8%	37	0.9%
Mercedes-Benz	4	3	33.3	0.6%	31	0.8%
UD Trucks	4	4	0.0	0.6%	23	0.6%
Dodge	3	1	200.0	0.5%	26	0.6%
Fiat	3	4	-25.0	0.5%	47	1.2%
Kenworth	3	2	50.0	0.5%	14	0.3%
Renault	3	2	50.0	0.5%	14	0.3%
Subaru	3	0	300.0	0.5%	4	0.1%
Volvo	3	7	-57.1	0.5%	16	0.4%
Others	18	40	-55.0	2.9%	135	3.4%
Total	**625**	**990**	**-36.9**	**100.0%**	**4,008**	**100.0%**

Used Commercial Sales by Model - July 2021

MAKE	MODEL	JUL '21	JUL '20	+/- %	JUL '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Hiace	175	333	-47.4	28.0%	1,079	26.9%
Nissan	NV350	65	59	10.2	10.4%	282	7.0%
Toyota	Dyna	33	37	-10.8	5.3%	233	5.8%
Nissan	Caravan	26	65	-60.0	4.2%	115	2.9%
Mitsubishi	Canter	23	18	27.8	3.7%	142	3.5%
Isuzu	Elf	23	25	-8.0	3.7%	214	5.3%
Hino	Dutro	22	20	10.0	3.5%	203	5.1%
Toyota	Toyoace	20	13	53.8	3.2%	125	3.1%
Hino	Ranger	15	14	7.1	2.4%	65	1.6%
Nissan	Atlas	14	23	-39.1	2.2%	96	2.4%
Ford	Ranger	14	20	-30.0	2.2%	87	2.2%
Holden	Colorado	9	9	0.0	1.4%	60	1.5%
Daihatsu	Hijet	9	6	50.0	1.4%	46	1.1%
Toyota	Hilux	9	12	-25.0	1.4%	54	1.3%
Nissan	e-NV200	8	5	60.0	1.3%	34	0.8%
Isuzu	Forward	7	7	0.0	1.1%	68	1.7%
Volkswagen	Amarok	6	8	-25.0	1.0%	29	0.7%
Nissan	Civilian	6	0	600.0	1.0%	21	0.5%
Holden	Commodore	6	0	600.0	1.0%	34	0.8%
Toyota	Regius	6	30	-80.0	1.0%	57	1.4%
Others		129	286	-54.9	20.6%	964	24.1%
Total		**625**	**990**	**-36.9**	**100.0%**	**4,008**	**100.0%**

Marques outline road ahead

Mitsubishi Motors NZ has set a precedent by making a model available for consumers to pre-order online after high levels of enquiry.

The move by the company follows its record-breaking total of 2,116 new-vehicle registrations in June.

"We're on an unprecedented winning streak and interest in the next-generation Outlander has resulted in greater demand than expected," says Reece Congdon, head of marketing and corporate affairs.

"We have received a mountain of enquiries and requests to pre-order. With interest so high and early shipments limited, we hope this helps avoid disappointment for those eager to experience this SUV."

Would-be buyers have been asked to pay a $500 deposit online to secure a new Outlander, which is expected to reach our shores in late 2021. The marque will then work with the customer's preferred dealer to complete the order. The deposit is fully refundable if the purchaser changes his or her mind.

Meanwhile, Skoda NZ is expanding its dealer and service network as it prepares for further market growth from winning the police-supply contract and introducing new models, such as the Octavia wagon.

The electrification of the marque's line-up starts in the third quarter with the arrival with the Superb iV plug-in hybrid. It will be followed by the Octavia iv PHEV in early 2022, while the arrival of the all-electric Enyaq iV SUV has been pushed back until 2023.

Rodney Gillard, general manager of Skoda NZ, is confident the new two-model Octavia range will return to its former volume of 250 to 300 registrations after dropping to about 150 last year. He notes the company securing the supply contract for NZ Police's Prime 1 patrol car has boosted brand awareness.

Finally, electronic-card spending on vehicles during the June quarter climbed by $29 million – or 4.8 per cent – when compared to the March quarter. Stats NZ also reports fuel spending via electronic-card transactions rose by $61m, or by 3.9 per cent.

Overall, the total value of all spending climbed by $989m – or 4.5 per cent – in the June quarter when compared to this year's first quarter.

As for the month of June, such spending on motor vehicles was steady. It rose by 0.2 per cent, or some $0.3m, when compared to May. Spending on fuel went up by 1.8 per cent and $10m. ⊕

Stock dwindles

Imports of new cars in July came in at 9,293. This was 115.1 per cent more than in the same month of 2020 but 23.2 per cent lower than June's 12,094 units.

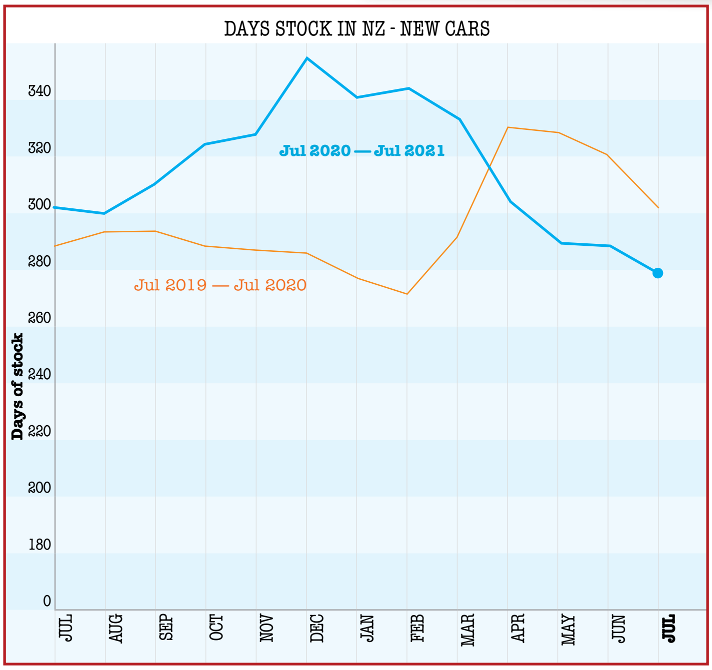
Registrations of new passenger vehicles totalled 9,984 last month, which was up by 21.8 per cent from 8,200 in July 2020 when businesses were still recovering from Covid-19. It also represented a fall of 3.1 per cent from 10,305 units in June.

The numbers have resulted in the stock of new cars still to be registered decreasing by 691 to 79,835. Daily sales, as averaged over the previous 12 months, stand at 286 units per day, eclipsing the high of 284 in February 2020.

July's results mean stock at-hand has dropped to 279 days, or 9.2 months, if sales continue at the current rate. In the same month of 2020, the figures were 303 days or 10 months respectively.

Dealer stock of new cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Jul '20	4,321	8,200	-3,879	75,904	250	303
Aug '20	5,371	7,072	-1,701	74,203	246	301
Sep '20	8,313	7,735	578	74,781	239	312
Oct '20	8,998	8,296	702	75,483	233	324
Nov '20	7,483	8,029	-546	74,937	229	328
Dec '20	9,452	5,572	3,880	78,817	222	356
Jan '21	7,031	9,712	-2,681	76,136	223	341
Feb '21	10,547	8,710	1,837	77,973	225	346
Mar '21	11,091	10,112	979	78,952	238	331
Apr '21	8,032	8,825	-793	78,159	260	300
May '21	10,590	10,012	578	78,737	273	288
Jun '21	12,094	10,305	1,789	80,526	281	287
Jul '21	**9,293**	**9,984**	**-691**	**79,835**	**286**	**279**
Year to date	**68,678**	**67,660**	**1,018**			
Change on last month	**-23.2%**	**-3.1%**		**-0.9%**		
Change on Jul 2020	**115.1%** MORE IMPORTED	**21.8%** MORE SOLD		**5.2%** MORE STOCK		



Supply 'risk' with electric models

A major player in the used-imports industry says the market will adjust if, and when, it faces extra competition from other jurisdictions for low-emissions vehicles (LEVs).

NZ Automotive Investments (NZAI), which owns 2 Cheap Cars, realises other countries may have greener models in their sights as global pressure grows to meet climate-change targets.

"It is difficult to predict how much competition will increase by in Japan," says David Page, chief executive officer. "But we are well-positioned to access cars from other markets if supply in Japan doesn't meet demand.

"We expect demand for clean cars will increase over time. As manufacturers increase volumes, prices will flow down. This will lead to an increase in battery EVs [BEVs], plug-in hybrids [PHEVs] and other LEVs as a percentage of sales."

The impact on 2 Cheap Cars of interim rebates for BEVs and PHEVs until the end of the year has been limited because most of its compliant used cars are traditional hybrids with clean car discounts on them starting in January.

While Page feels a fair level of information about the scheme has been provided by the Ministry of Transport and Waka Kotahi, "like any change, there will be areas that need to be expanded on".

As for buyers needing loans to complete transactions on models attracting discounts, Page says financiers have been working on solutions to assist customers.

NZAI expects increased demand for electric cars, but it is hard to predict to what level.

"We have a long-term strategy, and are looking to increase supply of quality affordable EVs and hybrids to help meet demand.

"Supply is a risk. It is hard to predict what level of appetite other countries will have and how quickly they will come on-stream. We will be looking to provide our customers with a range of solutions to meet their needs."

Looking at the bigger picture, Page says: "Availability and awareness will help accelerate mass-market adoption of electric and LEVs.

"Making sure EVs are affordable, safe and reliable will be fundamental to making the switch that needs to happen over time.

"There is still significant work to be done to ensure we have infrastructure in place around the country to enable Kiwis to confidently make the shift."

Daily sales rise

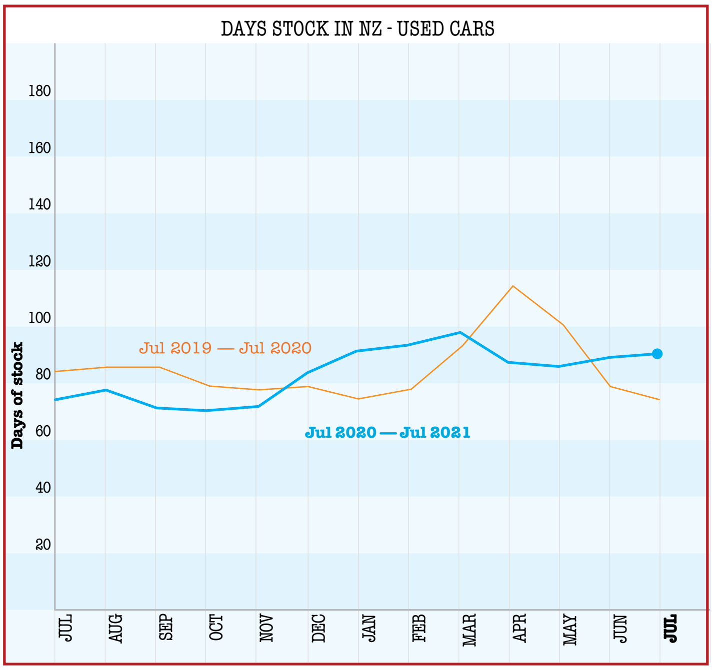
There were 14,397 used cars imported in July for an increase of 5,185 units, or by 56.3 per cent, on the same month of 2020 when the industry was recovering from the impact of the coronavirus pandemic.

Last month's figure was also up by 20.6 per cent on the 11,942 units imported in June this year.

A total of 13,132 units were sold during July, which compared to 11,975 in the same period a year ago. The latest tally was 16.7 per cent higher than the 11,256 units sold in June.

With 1,265 more used cars imported than registered last month, it brought stock sitting on dealers' yards, or in compliance shops, to 31,558 units. This was 28.2 per cent, or 6,937 cars, higher than at the end of July 2020.

With current average daily sales increasing to 338, there are 93 days' stock remaining.



Dealer stock of used cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Jul '20	9,212	11,975	-2,763	24,621	340	72
Aug '20	10,098	9,054	1,044	25,665	331	78
Sep '20	8,358	10,339	-1,981	23,684	327	72
Oct '20	9,064	9,763	-699	22,985	322	71
Nov '20	9,553	9,523	30	23,015	316	73
Dec '20	12,138	9,334	2,804	25,819	310	83
Jan '21	11,471	9,404	2,067	27,886	304	92
Feb '21	9,359	9,096	263	28,149	299	94
Mar '21	12,768	11,008	1,760	29,909	306	98
Apr '21	9,922	10,134	-212	29,697	332	89
May '21	11,167	11,257	-90	29,607	337	88
Jun '21	11,942	11,256	686	30,293	335	91
Jul '21	**14,397**	**13,132**	**1,265**	**31,558**	**338**	**93**
Year to date	**81,026**	**75,287**	**5,739**			
Change on last month	**20.6%**	**16.7%**		**4.2%**		
Change on Jul 2020	**56.29%** MORE IMPORTED	**9.7%** MORE SOLD		**28.2%** MORE STOCK		