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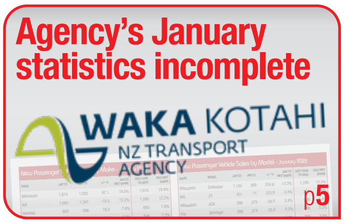
Car sales in jeopardy after finance shake-up

Calls for rules to be wound back after vehicle loan rejections soar just weeks after legislation kicks in



Finance and motor-industry representatives are calling for strict criteria on assessing loan affordability to be scrapped after seeing approvals for potential car buyers plummet over the past two months.

The lobbying comes amid reports of dealerships rejecting up to 90 per cent of applications, and the Financial Services Federation (FSF) writing to the government outlining problems linked to legal changes and how they can be fixed.

The FSF says winding back amendments to the Credit Contracts and Consumer Finance Act (CCCFA), which came into effect on December 1, is essential and that responsible lending regulations should be reinstated in their place.

Applicants are now facing more invasive questioning about their spending habits from finance companies and their agents, which in the case of the motor industry is usually dealers, since the legislation kicked in.

The government is being urged to review changes to the CCCFA that came in on December 1

Critics of the new CCCFA rules, which are designed to protect vulnerable consumers, say that rather than targeting unscrupulous lenders, the regime has severely affected finance providers across all tiers.

Lyn McMorran, the FSF's executive director, sent an open letter to David Clark, Minister of Commerce and Consumer Affairs, last month detailing the chaos caused by the changes and how it wants to work with officials to tackle the issues.

The correspondence was also sent to Duncan Webb, chairman of the finance and expenditure select committee, the Council of Financial Regulators (CFR), Andrew Bayly, National's spokesman for commerce and consumer affairs, and David Seymour and Damien Smith, Act's leader and spokesman for finance and expenditure respectively.

Clark has already called for the CFR to bring forward a scheduled investigation into whether lenders are implementing the CCCFA as intended, but the FSF says more needs to be done.

[continued on page 4]

GUEST EDITORIAL

Making predictions on future is tough

David Vinsen's views via his 'murky' crystal ball

DAVID VINSEN
Chief executive, VIA

Turning the calendar over for a new year always gives pause for reflection and the chance to look forward.

It's on these occasions, as individuals, we make resolutions and, in business, plan for the months and year to come based on our experience, knowledge and best understanding of likely future events.

At this time of the year, it's also become customary for leaders and commentators to give their views on the near future. That's where the crystal ball has been a little murky over the past few years.

The used-vehicle industry has always been extremely conscious of biosecurity risks, going way back to the days of the Asian gypsy moth infestation, so we're aware of the risk of becoming a sector for importing unwanted pests. As a result, we've been very vigilant about biosecurity.

But even with the best will in the world, and excellent systems and procedures, I don't think anyone could have predicted the most major biosecurity issues we've ever had to deal with.

Firstly, it was the brown marmorated stink bug three or four years ago followed by the coronavirus pandemic starting in December 2019.

The stink-bug issue, although serious, was a specific crisis dealt with by specific treatments and procedures. Covid-19, conversely, is an ongoing macro threat, out of the hands of any industry to deal with.

The virus impacts on all aspects of our lives and businesses – the supply chain, demand, staffing, health, education, the economy and other issues, practical and psychological. These major matters are in addition to regular and ongoing political and legislative initiatives.

So, in the face of this uncertainty, making predictions is almost impossible. As Yogi Berra, the famous New York baseball player and coach, wisely said: "It's tough to make predictions, especially about the future."

I will be bold enough, however, to predict the motor industry, new and used, will be subject to a raft of threats, challenges and opportunities over the next few years.

The first challenge is obviously Covid-19, its variants and how it's all handled by government and society. This is the great unknown and mainly out of our control. Business plays a largely reactionary role in such circumstances.

The next major development will be implementing the clean car programme, with incentives and penalties at wholesale and retail levels. No-one is yet sure how this will play out, or what effect the policies will have on supply and demand. On top of this, other government interventions, such as the responsible lending code, will significantly impact demand.

Anecdotally, despite or because of limited supply, we are hearing prices continue to rise and smart operators are attaining good margins, albeit on fewer sales.

In summary, my predictions are for continued volatility in supply and demand, and my recommendation to business people is to be agile enough to adjust to the inevitable changes coming.

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[continued from page 1]

It believes the prescriptive nature of the rules rather than how companies are interpreting them is a major factor in current problems surrounding loans for homes, motor vehicles and essential household items.

"The regulations are so prescriptive as to leave absolutely no room whatsoever for interpretation," says McMorran. "They must be complied with as written – no matter how poorly – and that's what lenders are doing. The liability of not doing so is so punitive as to leave lenders with no choice with respect to any kind of interpretation or judgement."

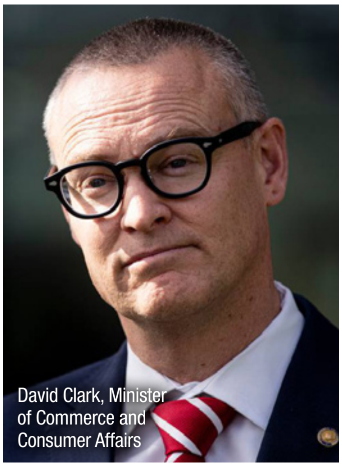
The FSF's letter adds the risk of borrowers falling victim to irresponsible lenders will not be solved by the legislation but by better enforcement of laws as they were before December.

McMorran explains regulations 4AA-4AO, which were among amendments introduced to the CCCFA, are seen as the key problem with the new regime. She says these outline the "granular nature of enquiries" companies must make about consumers' financial situations before assessing suitability for credit.

"The regulations now require lenders obtain information about the borrower's fixed commitments and all discretionary expenditure, verify these where possible and interrogate the customer as to what, if any, discretionary expenditure they would cease to make the loan more affordable.

"Previously, it was acceptable for lenders to obtain information from borrowers about their fixed financial commitments, then to determine reasonable allowable amounts for other costs, such as food and transport. And then to allow for some discretionary expenditure, without having to have all such expenditure itemised, to ensure the loan's affordability.

"This is no longer the case. Nor is it that the lender can rely on information provided by borrowers unless they have reason


David Clark, Minister of Commerce and Consumer Affairs

to believe this might be unreliable – as was allowed under lender responsibility principle 9C7, which was repealed under the Credit Contracts Legislation Amendment Bill much to the protest of the FSF."

The FSF is now calling on the government and officials to "engage with lenders, consumers and intermediaries to determine a way forward to ensure consumer credit legislation is fit for purpose for the future".

McMorran adds her organisation is eager to be part of such engagement. "The FSF believes the regime currently in place is significantly flawed and the FSF's biggest concerns throughout its development are being realised only weeks into its commencement."

The new-vehicle industry, meanwhile, warns sales could tumble as prospective buyers walk away from deals because of the CCCFA changes.

David Crawford, chief executive of the Motor Industry Association, has heard of "loan-approval rates dropping by between 50 and 90 per cent, so the number of vehicles sold will significantly reduce".

He adds some members are struggling to meet the regulations with more administrative requirements now required to run finance – from distributors to dealerships.

"There's a lot more admin work and with the risk of getting it wrong comes substantial penalties," Crawford told Autofile. "In addition, the risk of selling finance has gone up from the lender's side.

"Vehicle purchasers are finding it more difficult to get a loan, especially with their spending habits coming under extra scrutiny. Dealers are having to ask consumers about things like this. But it should all be about much how money people need to live, what their discretionary incomes are and if they can afford to service the finance they apply for.

"Instead, dealers are needing to have awkward discussions, which can come across as if they don't trust their customers. Would-be buyers have just been walking away because it's all too difficult."

Crawford welcomes the government calling for a review and says it urgently needs to take a close look at the severity of guidance on people's spending habits. An upshot of the current situation in New Zealand is that some marques may also steer away from campaigns that include finance.

The Imported Motor Vehicle Industry Association agrees sales reliant on finance are taking longer to complete since the "impractical and impracticable" changes were made to credit laws.

Chief executive David Vinsen adds lenders and dealers have also had to make substantial changes to their finance processes to accommodate the new rules.

"Once you could do a deal and sell a car in a day," he says. "Now if someone is buying on finance it's likely going to take at least a couple of days to get approval.

"It's been a huge investment in time, money and training by service providers – those selling warranties, insurance and providing finance – and has created more hurdles to jump over at point of sale.

"All vehicle finance companies were already set up with good systems and automated processing, but it's effectively reverted to a manual system. Everything has to be ticked off and approved to such a level that it's ridiculous."

Vinsen adds moves to help people avoid unaffordable debt have been well-intentioned, but what has been put into place is "unwieldy, unreasonable and unnecessary".

"It is aimed at irresponsible third and fourth-tier lenders but catching everybody in the legislation, including banks that now have to go into much more detail with consumers about their finances. The government should roll it right back and focus purely on those who are a cause for concern – fringe lenders with extortionate interest rates."

Besides problems around loan applications taking longer and more rejections, the Motor Trade Association (MTA) is concerned the regulations will make it harder to get cleaner and safer vehicles on the road. Tony Everett, dealer sector manager, says a number of consumers may have to rethink plans for their next vehicle purchase.

"The person who has been rejected on a loan has to find something cheaper and start the application process again," he explains. "People want newer, more fuel-efficient and safer cars. But if buyers are being pushed down to a cheaper proposition, are they still getting all those points.

"The bigger picture seems counterproductive as potentially buyers are unable to get into more fuel-efficient and safer vehicles because finance is being declined. The MTA's advice to dealers is to stay calm and carry on because there's no quick fix unless the government does something."

Everett notes with the loan process taking longer, application fees will likely increase and "if someone ends up with a contract that's close to the line, lenders will now likely take a defensive position and say, 'declined'".

ONGOING CONCERNS

The FSF will be gathering data over coming months to quantify the effect of the CCCFA changes on the time it's taking lenders to assess applications and if rejections have increased.

However, it has received sufficient anecdotal information from members to suggest assessment times and declines "have increased dramatically" since December 1.

Members of the FSF provided almost half of personal lending taken out by New Zealand consumers in the 12 months to the end of February last year, with the remainder being provided by banks.

"Our members already had a high average rate of declinature, reporting only 55 per cent of applications approved in the year to February 28, 2021," adds McMorran.

"It's also worth noting the average percentage of loans in arrears across the FSF membership as of February 28 had decreased to 4.4 per cent from 5.8 per cent in 2016, which suggests changes made to the CCCFA in 2015 and introducing the lender responsibility principles were working."

McMorran explains to the government in her letter that the

[continued on page 6]

January stats incomplete

Statistics published by Waka Kotahi on vehicle registrations for January 2022, and featured in this issue of Autofile, are incomplete.

The transport agency says data for January 29, 30 and 31 is not included in them. It adds work is under way to resolve this issue as soon as possible.

As of February 4, the full dataset for last month was unavailable to Autofile, so we have decided to publish the statistics for January 1-28 inclusive.

This is because Waka Kotahi is unable to advise a date for the resolution of this matter – it may not be able to until the latter half of February. The agency will provide an update once more information becomes available.

The incomplete dataset affects all pages in the statistics section of this issue of Autofile magazine, except for those provided by Customs on page 28.

We hope to be able to include January's missing numbers in year-to-date figures up to the end of February in the March issue of the magazine.

CHANGES TO REGIONS

From the start of 2022, registration statistics in Autofile have changed from 22 postal code areas, as previously reported, to areas based on Statistics NZ's regional council boundaries.

This has come about through changes to the way Waka Kotahi inputs stats into its database and the data we used to rely on is no longer available.

In addition to regional council areas, the agency also includes "Chatham Islands", "overseas" and "unknown". Because these cannot be incorporated into New Zealand's 16 regions, we have added "other" to capture these totals separately.

We hope these statistics continue to be of use to readers.

[continued from page 5]

FSF has set out its concerns on amendments to the act in many submissions over the past three years.

"Essentially, the FSF has said since the announcement of the reform process by then Commerce and Consumer Affairs Minister, Kris Faafoi, at the FSF's annual conference in October 2018 that the changes were unnecessary if the existing regime was being enforced with sufficient rigour.

"Throughout the consultation period, the FSF reiterated the reforms were swinging too far in the wrong direction by moving from the principles-based approach changes made to the CCCFA effective 2015, to that of a highly prescriptive one that was always going to be very manual and time-consuming from the lender's point of view – and intrusive and time-wasting from that of the consumer."

She adds the FSF believes the vast majority of lending was already being done responsibly and that, without enforcement, the proposed changes will do nothing to protect vulnerable consumers from unscrupulous lenders.

Kris Faafoi announcing changes to the CCCFA at the FSF's annual conference in October 2018. They kicked in on December 1, 2021

McMorran is also critical of the way details of the CCCFA changes were passed onto consumers.

"It has been left to the FSF and the NZ Bankers' Association, in association with FinCap, for a consumer resource to have been developed to explain reasons why the process has now become so fraught."

She highlights the FSF supported changes in the Credit Contracts Legislation Amendment Bill that placed into law a definition of a "high-cost lender" or "high-cost loan" – being one provided at an annual interest rate of more than 50 per cent.

It also backed a limit on fees and interest that could be charged by high-cost lenders to 100 per cent of the total amount of the loan, and introducing an interest-rate cap of 0.8 per cent per day per annum on all high-cost loans.

However, other recent changes to the CCCFA have long been considered unnecessary and the FSF feels members' concerns were never taken into sufficient consideration by officials.

"The FSF believes the regulations should never have had the effect of making access to credit difficult for all consumers, or of excluding some who have previously proven they can afford to meet loan commitments but do not now meet the prescriptive affordability requirements – as is becoming increasingly obvious."

The fall-out here is being compared to what happened in Australia when new regulations steered banks away from using benchmarks to assess people's ability to repay in favour of forensic examination of income and expenses. In 2019, a federal judge described the changes as irrelevant and they were subsequently rolled back by the government.

Guide to what's new

A raft of changes to the CCCFA came into force on December 1.

Lenders can no longer rely on details provided by clients to show they have made reasonable inquiries about affordability and suitability, they must keep records showing compliance with this, and directors and senior managers must exercise due diligence.

Finance providers must also undertake affordability and suitability inquiries before making "material changes".

There are now minimum advertising standards. High-cost consumer credit contracts must disclose prescribed information about disputes resolution and financial mentoring services. Such lenders' adverts must include a prominent statement that such products shouldn't be used for regular or long-term borrowing.

So, what about car dealers? In November's issue of Autofile, the FSF had some advice before the furore kicked off.

If traders include a weekly repayment amount, they must also include the interest rate and term of the loan used to calculate that, as well as any fees that may apply.

Products must meet customers' goals and objectives. If a range of finance and insurance products is offered, dealers need to choose the one that best meets the consumer's needs.

Fixed expenses must be considered, along with regular discretionary expenses customers aren't prepared to forego, and a buffer or surplus applied to those, as well as the new loan repayment to determine if finance is affordable.

Call to delay emissions policy

The Motor Trade Association (MTA) is urging the government for the implementation of the clean car standard to be put back.

It has joined other industry associations in projecting the supply of electric vehicles (EVs) "simply isn't there" for New Zealand to hit targets being proposed.

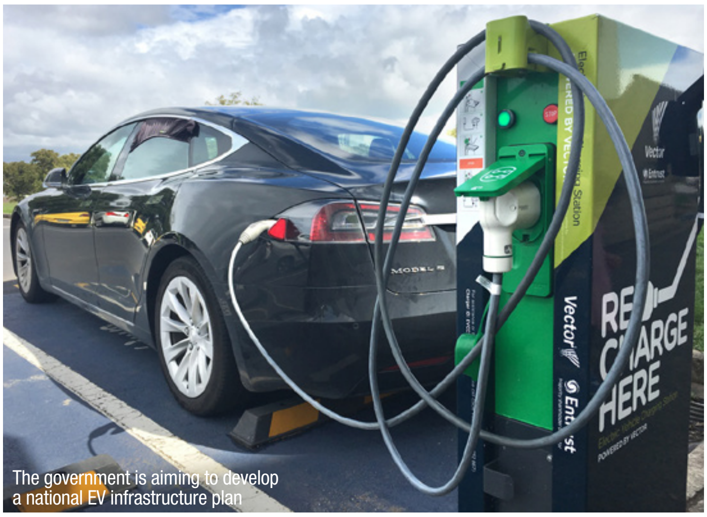
This means consumers looking to replace current vehicles with fresh imports in the future will have no choice but to turn to those with internal combustion engines (ICEs), says Greig Epps, the MTA's advocacy and strategy manager.

In future, ICEs will incur penalties under the standard, part of the proposed clean-vehicle legislation awaiting its second reading in parliament.

The government wants to implement the standard on January 1, 2023, after a soft launch this year and after the clean car discount becomes a full feebate scheme on April 1.

The MTA has raised its concerns about the standard in its submission on the discussion document for an emissions reduction plan (ERP), which the Ministry for the Environment (MfE) is looking to publish in May.

The association says import penalties slated for the standard will increase the price of ICE vehicles.



The government is aiming to develop a national EV infrastructure plan

"If this further suppresses demand for imports, many people will stay in old, carbon-emitting and unsafe cars for longer," adds Epps. "They will be unable to switch to public transport because it's not there.

"The biggest influence on achieving low-carbon goals will be consumer behaviour. We must ensure those unable to afford EVs or lower emitters aren't stigmatised and targeted by those who can.

"We must also provide them with options to contribute to carbon reduction in their own way, such as lower-emissions cars, and education and support to have their vehicles serviced to mitigate emissions deterioration from wear and tear."

It's on this basis the MTA has recommended deferring the roll-out of the clean car standard, instead suggesting "augmentation" on the demand-side with the feebate scheme.

As for the ERP, the government has gathered feedback to be used by the MfE to shape it. Cutting transport emissions will feature heavily, with the discussion document raising the prospect of setting a maximum carbon dioxide (CO_2) limit for ICEs, reducing average distances travelled by light vehicles and having a national EV infrastructure plan.

There's also a target to make 30 per cent of the light fleet zero emissions by 2035, while the Climate Change Commission has called for a ban on importing new and used petrol cars as early as 2030.

The MTA's submission for the ERP makes many suggestions. On the technology front, it says there should be no ICE ban but "we should continue to leverage improvements in ICE drivetrain technology".

It suggests emissions reductions from road transport should be encouraged by a mix of fuels and drivetrains, such as hybrids, plug-ins (PHEVs) and biofuel blends in the main fuel supply.

Consumer behaviour needs to be tackled by providing financial support, such as purchase incentives and tax breaks, to boost household uptake of low-emissions vehicles (LEVs). Other ideas include accelerated depreciation allowances for fleets to increase EV supply for private buyers and differential road-user charges to incentivise low-polluting options.

When it comes to regulatory issues, the MTA wants the government to co-ordinate the timing of import restrictions on vehicles with the expected roll-out of alternative transport options.

As for mitigating other risks, future technologies will require upskilling in the car industry. Epps says: "The government should implement permanent support for firm-based training, such as Apprenticeship Boost, to service and repair the new-tech fleet."

> **"The number of electric vehicles required is fantasy"**
> – Greig Epps

FOCUS ON CURRENT FLEET

The ERP discussion document poses questions to submitters, with the MTA taking the opportunity to flag up specific matters and policies.

A true partnership between government and business is needed to reduce New Zealand's emissions, says Epps. And small to medium-sized businesses will require predictable policies to enable investment so the country's 2050 climate targets can be delivered.

"For example, the service station sector faces a major financial barrier to investing in EV charging infrastructure.

"With the small number of EVs in the fleet now and no clear view on the size of it past 2035, the sector may be reluctant to invest in charging facilities – assets that will need to provide ongoing value for more than 20 years."

The existing fleet should be a focus for the government, says Epps. "A testing regime for in-service vehicles will ensure drivers are better educated about emissions profiles.

"In MTA-commissioned research, 75 per cent of respondents didn't know the level of their cars' CO_2 emissions and 39 per cent didn't know where they could look for that information.

"All vehicles, new and used, will – over time – operate at levels below original manufactured specifications. Being aware of their actual emissions is likely to impact consumer behaviour and guarantee the reduction of carbon leakage.

"The first use of emissions testing should be education. As time goes on, the government might consider establishing an in-service standard."

The MTA sees a role for biofuels and hydrogen for heavy fleets. "However, future production may rest with other developments and climate-change actions – for example, in agriculture, dairy and energy."

A co-ordinated scrappage scheme has been lobbied on for some years now. Epps says one will "pragmatically substitute LEVs for poor-performing ICEs". It needs to be well-designed and considered with in-fleet, age-appropriate emissions testing and limits "so it's effective to support the uptake of more efficient vehicles".

As for a target to slash the light fleet's vehicle kilometres travelled (VKT) by 20 per cent by 2035 through providing better travel options, Epps insists this is "the wrong measure".

"As people move to the LEVs, they will enjoy the benefits of lower cost operations and not necessarily reduce their VKT. The move to alternative vehicles is more likely to happen before comprehensive public-transport systems reduce travel people are doing in cars."

And as for the proposal to make 30 per cent of the light fleet consist of zero-emissions vehicles (ZEVs) by 2035, the government should introduce "more realistic targets".

"To achieve the targets if current numbers follow trends, the number of EVs required is fantasy.

[continued on page 10]

[continued from page 9]

This needs to be acknowledged. The supply of ZEVs is expected to remain scarce at least until 2025."

Historically, the supply of battery EVs (BEVs) to New Zealand has primarily been via Japan's used-import sector, but the MTA stresses:

- BEV sales in Japan are minimal with typical volumes of about 20,000 in an annual vehicle market of close to four million.
- The opportunity to significantly increase such used imports from Japan doesn't exist.
- In the past, we have taken around 50 per cent of all used BEVs exported from Japan.
- It's unrealistic to expect New Zealand will be able to do much better given growing interest from many other countries in Japan's zero-emissions stock.

The Climate Change Commission has recommended setting a time limit on light vehicles with ICEs entering, being made or assembled in New Zealand as early as 2030.

However, the MTA opposes such a goal because it believes the government must let the market take its course.

"Our view of impending supply constraints means it's unlikely we will achieve EV uptake targets by 2030," says Epps.

"If we were to stop importing ICEs from 2030 before we've been able to make a substantial impact on the fleet's composition, people will continue to use existing ICEs and hold onto them longer.

"Furthermore, any discussion of a ban on ICEs while charging infrastructure is in its infancy and without a roadmap to mitigate homes without charging facilities is wishful and dangerous.

"The MTA believes measures to avoid Aotearoa becoming a 'dumping ground' for high-emitters rejected by other countries are unnecessary. We will not become a dumping ground. New Zealand gets 95 per cent of its used vehicles from Japan. These are mainly smaller, more fuel-efficient

The government's discussion document on the emissions reduction plan

vehicles. If we focus on demand incentives and follow through with existing workstreams on introducing Euro 5 and Euro 6, we will find ourselves more in-line with overseas standards. Their 'rubbish' will not be fit to enter New Zealand. Nor will there be demand for it."

Overall, the MTA describes the discussion document for an ERP as "very high level and vague".

Epps adds: "We need clarity and certainty. There is no concrete detail in the proposals. The heavy reliance placed on the transport system means any transition must be practical, workable and fair for all.

"We must especially look at the existing fleet because this is the source of the bulk of our emissions. Tweaking the mix of vehicles coming in will only slowly move us towards better outcomes.

"The government has placed the onus on the industry to achieve emission reductions in five years other countries have worked towards for more than 20 years. We need to be clear about the timing and implementation of all relevant policies to ensure a just transition to a low-carbon economy."

FUELLING UP IS KEY

Ongoing talk of banning ICEs may be premature if synthetic fuels can be produced at scale, suggests the Motor Industry Association (MIA).

It has raised the point with the MfE in its submission on the ERP discussion document and it also recommends any ban on ICE vehicles should lag equivalent action in source manufacturing countries by two years.

However, the MIA says the focus of policies to cut transport emissions should be on "reducing or eliminating the use of hydrocarbon fuels rather than technology providing motive power".

Chief executive David Crawford says: "Discussion of ICE bans is premature if synthetic fuel can be produced at scale. The objective is to reduce emissions and solutions should be technology-agnostic.

"Any future ban on using ICEs would reduce choice and may not be practical for all vehicle classes where there are few or no low-emissions alternatives.

"If second-generation biofuels and synthetics can be locally produced in sufficient quantity and at reasonable cost from renewable energy, this could offer great potential for the progressive reduction of emissions from the fleet due to being fully compatible with any ICE vehicle while utilising existing refuelling infrastructure."

The MIA describes synthetic fuels, such as e-fuel, as the "most powerful greenhouse gas reduction initiative for transport in the short term".

It recommends the government invest in developing at-scale renewable synthetic fuels and set objectives to accelerate their domestic production. The association also wants similar commitments on hydrogen production and refuelling infrastructure.

As for the goal of ZEVs to make up nearly one-third of our light fleet by 2035, Crawford describes this as "bold" and predicts it may run into difficulties because manufacturers do not produce cars specifically for our "tiny" market.

It adds concerns New Zealand will become a dumping ground for ICE vehicles unless it introduces tougher rules are baseless. This issue has been raised by Michael Wood, Minister of Transport, among others.

"Less than 0.17 per cent of vehicles made in any one year end up in New Zealand's new-vehicle market," says Crawford. "New cars sold here are made for the Australasian or Oceania market, which makes up about two per cent of the world market.

"Our major source markets for

new cars are Japan, followed by Thailand, Europe and South Korea. As these countries introduce ICE bans, New Zealand will be able to follow suit as they will cease making them. There is no likelihood these countries will continue to make ICEs just for our small market and 'dump' them here."

The MIA warns New Zealand will only be able to introduce similar bans as those by manufacturing countries if there's a delayed timeline of two years. It highlights the small size of our market, its connection with Australia and that this country's right-hand-drive orientation limits access to EVs overseas.

"New Zealand is a non-priority market for manufacturers," says Crawford. "Local distributors are experiencing a rationing of supply due to global demand and prioritisation for larger markets, which is expected to remain for several years."

Introducing standards ahead of Australia will add to the problem because New Zealand will struggle to source such models as it isn't economically viable for marques to homologate them for this country due to our low volumes.

The situation is made worse by supply constraints due to reduced logistic supply channels caused by the Covid-19 pandemic, the microchip shortage, pressure on global battery supply and a potential shortage of magnesium used to construct car bodies.

The suggestion in the discussion document for the ERP to set a maximum CO_2 limit for individual light ICE imports to tackle the highest-emitting vehicles has also raised the MIA's ire.

It says the clean car standard, which is due to come in next year, aims to encourage the supply of LEVs with the average emissions target reducing over time.

"An alternative policy could be a maximum CO_2 limit, but not to operate both policies concurrently," says Crawford. "Such a policy would need to vary according to vehicle class to recognise that some classes are larger and heavier and will have larger engines.


The Covid-19 pandemic has exacerbated supply constraints, says David Crawford

"Moreover, it would restrict choice to impose a standard on classes where there are few if any lower-emissions options, such as utes where there aren't any hybrids yet let alone BEV options."

The MIA's submission supports policies to accelerate EV uptake, such as reviewing tax treatment, and scrappage to support consumers to purchase LEVs.

It also calls for extra consideration to be given to the role e-motorcycles and scooters can play in changing the way people travel, particularly in urban areas, and to reduce transport emissions.

The government is aiming for a reduction in VKT by cars and light vehicles by 20 per cent in 13 years' time and it also hopes to deliver cleaner travel options.

However, the MIA contends integrated transport networks remain a longer-term solution and will not apply to areas outside most cities.

"In provincial New Zealand, cars will still be a crucial mode of transport for many," says Crawford. "In the medium term, that will mean ICEs so there needs to be a focus on adopting cleaner liquid fuel to reduce fleet emissions.

"That notwithstanding, the MIA believes electric motorcycles and mopeds could play a greater role as alternative low-emissions modes, and in shifting urban commuters away from cars."

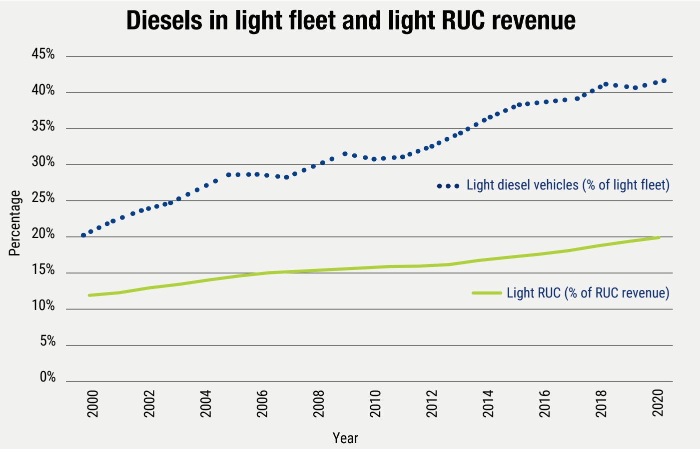
Vehicle fees under scrutiny

Lower road-user charges (RUC) for vehicles using cleaner fuels or powered by some form of electrification, along with getting rid of paper licence labels, are among ideas being considered by the government as it eyes a shake-up of the system.

Officials are seeking feedback on suggestions outlined in a discussion document to improve how RUC work and support the uptake of low-carbon vehicles.

Driving Change: Reviewing the Road-User Charges System, which was released by the Ministry of Transport (MoT) late last month, covers issues relating to light and heavy vehicles.

Some of the main points are how RUC might be used to charge for greenhouse gas (GHG) emissions and other factors beyond damage to roads, and how best to start imposing the fees on owners of electric vehicles (EVs).



The last major changes to the Road-User Charges (RUC) Act were in 2012. Since then, light diesels on our roads that are subject to RUC have increased significantly – often driven by private motorists rather than companies. Heavy diesels remain at the scheme's core, but are now only responsible for about 60 per cent of RUC revenue. Light diesels, which make up 20 per cent of the light fleet, contribute the rest. Once the EV RUC exemption ends, owners of EVs will also pay RUC in ever-increasing numbers, says the government. *Source: MoT*

RUC are payable on all vehicles that use fuels other than petrol or are heavier than three-and-a-half tonnes, with the fees set in proportion to costs they generate.

Light EVs are exempt until March 31, 2024, and heavy EVs until the end of 2025.

Submissions close on April 22 with the MoT expecting a package of measures for consideration will be submitted to the government in August.

"We expect some changes could be implemented as early as mid-2022," says Peter Mersi, Secretary for Transport. "More significant changes would involve further consultation and changes to legislation, and would come into force no earlier than 2023-24."

The last significant amendments to the RUC Act were made in 2012. But since then, the number of light diesels subject to charges have increased and eventually EV owners will also pay fees in increasing numbers.

Money from RUC goes into the National Land Transport Fund, which is administered by Waka Kotahi and spent on improvements to the land-transport system.

The fund totalled $4.3 billion in 2020/21. Its main sources of revenue were fuel excise duty at 50 per cent, RUC with 45 per cent, and motor-vehicle registration and annual licensing fees on five per cent.

Submitters are invited to consider 89 questions when providing feedback on the MoT document, which notes a recommendation last year from the Climate Change Commission was for government to encourage the production and use of low GHG-emissions fuels.

"One of the main reasons to allow climate policy or GHG emissions to be considered when setting RUC rates is that vehicles powered by low-carbon fuels are more expensive than their fossil-fuel counterparts," states the document.

"Providing an exemption or reduced rate of RUC could help support and promote the uptake of new fuels. This would be most relevant while the transition to low-carbon fuels, and lower cost technologies, is occurring.

"This assistance would most likely be through exempting vehicles subject to RUC – as happens with EVs – or through charging a lower rate than equivalent petrol or diesel vehicles to offset higher operating costs."

It adds such exemptions or reduced rates would likely need to be temporary to minimise any long-term risk to funding the land-transport system.

With regards to EVs, the MoT suggests that rather than being required to pay the full RUC rate when the exemption ends, the fleet could be transitioned to the full rate through annual increases over several years.

"We do not have good evidence for how important the existing exemptions have been for the uptake of EVs," it adds. "However, in other jurisdictions where subsidies to promote EVs have been removed, or new charges added as alternatives to fuel taxes, EV sales dropped afterwards.

"We do not want this to occur in New Zealand and the ability to phase in RUC may help avoid any slump in EV sales at the end of the current exemption."

The document also notes an increasing proportion of the fleet is powered by more than one type of fuel, including plug-in hybrid vehicles (PHEVs) that operate on petrol and batteries charged from an external source.

[continued on page 14]

Industry movers

SPENCER MORRIS has retired as general manager of after-sales at Toyota NZ after a 37-year career with the company.

For the past 15 years, he has been part of the executive team as general manager of used vehicles, and held roles in customer service, finance and business planning as well as being company secretary.

He began his automotive career with General Motors in 1976, initially as a trainee engineer and ultimately a qualified product engineer before moving to Toyota in the mid-1980s.

Under Morris' leadership, Toyota's customer dialogue centre won the national supreme diamond award for customer service at the 2017 CRM Awards.

IAIN McGLINCHY has left the Ministry of Transport (MoT) after 17 years to join Waka Kotahi.

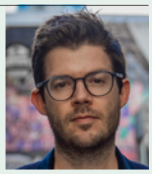
McGlinchy was principal adviser with the MoT's demand management and revenue team before starting with the transport agency on January 10 as lead adviser – future transport.

"The new role promises to be much more hands-on than policy work I've done until now, so quite a change," he says. "It will also allow me to go back to work I was doing when I helped to develop the ITS Action Plan."

GILLIAN WATSON and **ASHLEY WAUGH** have been elected to Colonial Motor Company's board of directors.

Watson has a business background in the real-estate industry and has worked in production management with the television industry. She is a significant shareholder who has had a lifelong focus and interest in the company.

Waugh has experience in the dairy industry on both sides of the Tasman. Early in his career, he was marketing manager of Ford NZ and Ford Lio Ho in Taiwan.



ALEX McLEAN has been promoted by BMW Australia to become general manager of BMW marketing.

He was most recently head of marketing across New Zealand and Australia for Mini before taking on his new role at the start of 2022. McLean has worked for BMW Group Australia since 2013 in senior marketing roles for Mini.

DEAN BRACEWELL, who was managing director of Freightways for more than 18 years, has been appointed to the board of directors at Port of Tauranga.

He is also a director of Air NZ, Property for Industry, the Halberg Trust and Tainui Group Holdings.

"A resilient and integrated supply chain is vital to New Zealand's ongoing prosperity," says Bracewell. "I'm grateful for the opportunity to make my contribution to the port's ongoing success."

RAFAEL ALVARENGA is Scania NZ's new managing director. He has worked in the automotive industry since 1996.

For the past four years, he has been services director at Scania India.

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

[continued from page 12]

PHEVs are currently exempt from RUC, as they are considered EVs, but excise duty is paid on the petrol they use.

At present, if a vehicle uses a fuel subject to duty and pays RUC, the owner is entitled to a refund for any duty paid.

"This can be administratively complex to claim," according to the MoT. "It would be simpler if owners of these dual-fuel vehicles could pay a lower rate of RUC that recognises the amount of excise duty also being paid."

As an example of how a partial rate might work, RUC for a PHEV could be set at 80 per cent of the standard rate to recognise that on average 20 per cent of travel is made using petrol.

Other matters for consideration include distance-based rather than time-based exemptions to RUC for EVs, and adjusting fines and infringement fees for breaches of the RUC Act.

Also on the agenda is requiring the checking of odometers on RUC vehicles at the time of warrant or certificate of fitness inspections to ensure their accuracy.

The MoT says this would be a shift in focus for such inspections because verification wouldn't be directly safety related and may incur extra costs to inspection organisations. "We would also need to consider whether there would be a legal penalty if odometer tampering was detected."

Then there's amending the definition of EVs in legislation. Section five of the RUC Act defines heavy and light EVs as having "motive power wholly or partly derived from an external source of electricity", but there is no definition of what "partly" means in this context.

"There is a risk any exemption provided to EVs could be exploited by making relatively simple modifications to enable a vehicle to travel short distances on electric power and claim the exemption," the document adds.

"There are a range of options for defining 'partly' that could warrant consideration. These include a requirement of being able to drive a minimum distance on a public road on electric power alone or having a minimum kWh contribution to motive power from the battery."

Officials are also pondering removing the requirement for owners of light vehicles to display physical or digital RUC licences, which they say would make the system "simpler and more cost-effective", as well as rego labels.

The MoT says this proposal only relates to light vehicles and would enable RUC licences to be purchased in increments of less than 1,000km.

"Requirements to display equivalent physical labels have been removed gradually since 2011 in comparable countries, such as Australia and the UK, without any reported effects on compliance."

It also questions whether the exemption for heavy EVs should end in 2025, if hydrogen-powered vehicles or other new fuels should be exempt, and if electric motorbikes or all-terrain vehicles used on the road should pay RUC.

Japanese take title

Toyota has been crowned the world's biggest marque for the second year in a row with its sales rising by 10.1 per cent in 2021.

Its registrations came in at 10.5 million to widen the gap on rival Volkswagen, which delivered 8.9m units globally – its lowest figures in a decade and a year-on-year drop of 4.5 per cent.

Toyota has weathered the Covid-19 and supply-chain storms better than some marques because its home market and economy have been less impacted by disruptions compared to Europe.

However, despite its aim to deliver 800,000 vehicles by the end of January, the company has reported it will not achieve its nine-million production target for the financial year ending March 31 because of impacts from the virus.

Legislating our rights to repair

The Ministry for the Environment has recently been consulting on the "right to repair" as part of a new waste strategy.

New Zealand Inc, and especially the automotive industry, needs to think carefully about how it can meet the requirements of such a rule while maintaining a level playing field in our unique market.

A law on right to repair would encourage and enable older vehicles to be maintained and kept in the fleet for longer.

The right-to-repair movement is sweeping the world, with legislation already passed or being explored in several major jurisdictions including the EU, US and Australia.

Traditionally, such laws require manufacturers to supply parts, documentation and access to goods to permit third-party repairs. This provides many benefits including competition and consumers having the right to choose who works on their vehicles.

While I support the right to repair in principle, there are unique hurdles in adopting it here.

New Zealand has a supply dynamic unlike any other. Specifically, we permit parallel imports. To allow this, our laws have been shaped in innovative ways, such as the Consumer Guarantees Act (CGA) treating importers like manufacturers.

Parallel imports have brought many direct benefits to Kiwis including more competition and access to goods.

They have led to increased choice, lower prices and improved quality. This can be considered a truism since incentives to parallel-import goods really only exist if source market prices are lower than those here.

KIT WILKERSON
Policy adviser and analyst
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A comment in the bill that enables parallel imports states the purpose is to amend the Copyright Act to make our "goods markets more competitive and ensure New Zealanders are paying internationally competitive prices".

Parallel importers, however, are not OEMs. They don't always have the data or access necessary to make provision under a traditional right-to-repair policy.

Our laws need to be suitable to our market as opposed to simply parroting decisions of other jurisdictions that might not be applicable here. Our regulations need to be fair across an industry and shouldn't disadvantage one type of importer over another, nor mandate importers provide support to competitors.

If New Zealand implements a traditional right-to-repair law, it might have the unintended consequence of stopping parallel imports overnight because such importers might not be able to guarantee to meet the legal requirements, like supplying information and parts for the life.

This wouldn't just affect cars but many products, including those that might not even have an alternative "authorised" importer. It would be catastrophic for our economy. In the long term, prohibiting parallel imports would create distribution monopolies leading to inflated prices and less choice.

VIA and the motor-vehicle industry must take this matter seriously. To start, right to repair should be combined with the "right to modify". Part of the movement to a circular economy is the ability to "rebuild" goods to extend their lives or rebuild a product without consuming new resources. The government should implement a single future-proof policy to empower both.

To meet the needs of right to repair and "right to tinker" policies, we would suggest a ban preventing manufacturers or importers from restricting access by a consumer or their agents to access components or software in a product owned by that consumer. This could look like the following:

- Consumers or their agents have unrestricted right to modify a product they own. Repairs would be a modification.
- Consumers or their agents have the right to create and protect intellectual property related to the modification and publicly provide the modification as long as it does not violate an existing copyright.
- The CGA applies to modifications as if the modifier were the manufacturer of that modification.
- All modifiers are considered "in trade" if behaving in ways that appear to be in trade.

The government should move quickly to declare more goods as priority products to ensure their inclusion in stewardship schemes. This would combat planned obsolescence by requiring importers to pay for the eventual disposal of goods when imported or manufactured.

It needs to propose and push for an international right-to-repair ruling through a body such as the World Trade Organisation.

This would benefit every jurisdiction that's under-represented if it doesn't have domestic manufacturing and will confirm the continued right of consumers to modify their property, including repair.

It would also draw on Kiwis' number-eight wire mentality while turning the challenge of figuring out how to repair or improve a product into economic opportunity, driving innovation.

As for the documents and parts, current parallel-import policies already assure we're able to source these from other jurisdictions where domestic manufacturing and right-to-repair laws guarantee it will be available.

Another long-term risk of any such legislation will be to push commercial interests further towards business models that only allow leasing or other goods-as-a-service arrangements.

Of course, this movement is happening anyway with the World Economic Forum stating that by 2030, "you'll own nothing and you'll be happy". I think a clarification is due. Will everyone own nothing or a very few own everything?

The month that was... February

February 10, 1997

Ford poised to steal market leadership

It should have happened in 1996 and it didn't. But it looked like 1997 could be the year Ford that managed to snatch the new-car leadership from Toyota – although the latter was anxious to hang onto it for a 10th consecutive year.

All the signs were there that the blue-oval brand would nab the leadership in 1996. Toyota had been undergoing a major restructuring and publicly stated it might not have been able to hold sales at previous levels. However, Ford didn't grab the top spot in 1996 even though Toyota finished its year 12 per cent behind 1995 levels. Ford was further back – 18 per cent down.

So, what went wrong? Tony Brigden, managing director Ford NZ, said a variety of factors were to blame.

He believed the announcement of the closure of the vehicle-assembly plant in Auckland was one because customers were wary when such a decision was made public. Vehicle supply was another problem for Ford. When ordering needed to happen six months out, Brigden said it was hard to judge the market and ensure the correct numbers of appropriate vehicles were in stock when required.

The biggest issue was the fall of new-vehicle sales resulting from the influx of used imports, which impacted on Ford.

February 1, 2008

New meaning for online auctions

The Commerce Commission and Motor Vehicle Disputes Tribunal (MVDT) clarified their views on online auctions, signaling an important change in position with ramifications for dealers.

In its latest edition of The Lot, the Motor Trade Association (MTA) stated the view of the regulator and MVDT that vehicles sold online in this way could qualify as being auctioned, so Consumer Guarantees Act (CGA) provisions didn't apply.

Tony Everett, dealer services manager, said the MTA's interpretation had been that purchases via online auctions weren't officially viewed as auctions.

"The conditions of sales were, therefore, applicable under the CGA, so if anything was wrong with the vehicle there was redress to the dealer," he said.

"This decision essentially claims the opposite – that online auctions are viewed as legitimate auctions and the CGA isn't applicable."

Certain procedural conditions applied and the MTA advised dealers to strictly adhere to them. Any deviations would potentially take the sale outside of the auction process with the CGA's provisions then applying.

February 11, 2005

Dealer margins undermined

Despite crackdowns on roadside displays, operations facilitating public-to-public sales continued to spring up, which prompted renewed calls for enforcement of illegal trading laws.

Peter "PJ" Johnston, of Genuine Vehicle Imports in Penrose, Auckland, described the situation as a "free for all" with illegal dealers exploiting public facilities.

"We haven't seen any evidence of enforcement on them," he said. "These illegal traders will continue to erode the market until someone is prosecuted and substantially fined to scare a few off."

The Independent Motor Vehicles Dealers' Association had already been in correspondence with Otaki Community Board regarding a park and sell being run on roadside land under its control.

According to the Malcolm Yorston, by operating it the board was defined as a "car-market operator" under sections six and seven of the Motor Vehicle Sales Act.

"Failure to register as a trader and to permit this operation to continue could mean the national enforcement unit of the Ministry of Economic Development taking action," he stated in a letter, but the board replied it wouldn't be registering as a trader.

February 26, 2010

Chinese battle begins

After months of talk and speculation – and with Ateco launching Great Wall utes and SUVs – the time had come for Chinese cars to hit our roads.

Geely, China's largest vehicle manufacturer and the new owner of Volvo, was to start selling its MK sedan and hatchbacks to the public from March 11.

Geely Motors NZ appointed Silvester Geely in Christchurch and Auckland-based Autosell Geely as the brand's main dealerships with others to be announced.

The Imported Motor Vehicle Industry Association said some used-import dealers were looking to diversify.

But Scott Billman, Geely Motors NZ's general manager, said it was only looking at "dealerships with an existing franchise and an approved franchise", and that his company would be targeting the used-import market. "Buyers looking at a $15,000 used import could instead be told that for $17,000 they can get a brand-new car with a three-year parts and service warranty."

He added the reason the Geely brand had been launched slowly was to ensure parts were available and there was back-up servicing.

Results tell story of two sectors

Having said goodbye to 2021, it's time for a brief recap on last year's numbers.

Starting with new vehicles, it was a record result with 165,575 registrations of passenger cars, and light and heavy commercials. That's simply staggering stuff in times heavily impacted by Covid-19, business shutdowns, working from home, non-existent in-bound tourism and limited domestic travel. It's hard to believe such times would result in such high sales.

Looking at light vehicles – cars, SUVs and light commercials – private buyers were the reason behind a good chunk of the increase, based on Motor Industry Association data.

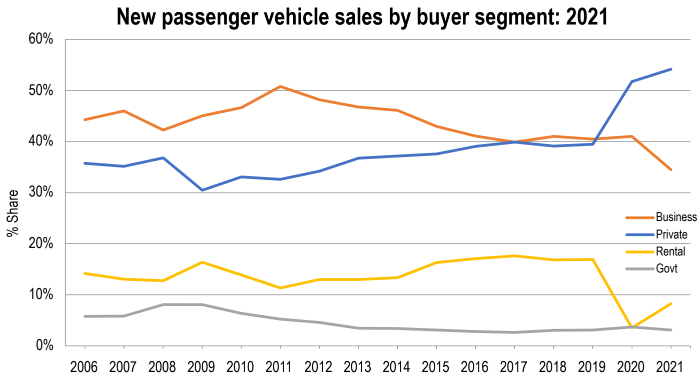
Over 2021 and 2020, the private-buyer share surpassed business sales by increasing significantly from an historic market share of 35 per cent to about 45 per cent. The ratios showed the results, but so did the actual numbers. Private buyers were genuinely out there in force with more than 70,000 purchases – up from the typical 50,000-unit level.

Also, the increase wasn't due to "weekend warriors" in cities buying utes. Contrary to some speculation, private purchases of light commercials were at similar levels to previous years.

There has been plenty of conjecture why, including new-found wealth on the back of increased house values, spare funds due to travel restrictions, people going stir crazy in lockdown and perhaps "getting in" before the "ute tax". It's hard to prove the latter, but with the threat of higher prices looming under the clean car policies, it might well have been a valid motivator.

TONY EVERETT
Sector manager – dealers, Motor Trade Association

The product mix also changed in the new market. SUVs continued their rise taking a 51 per cent market share followed by commercials, which were static at 28 per cent, so it wasn't all utes. Passenger cars again lost ground with a miserable 17 per cent. An interesting point is these trends were largely mirrored in Australia.



"Electrified" vehicles are always in the news these days with staggering tales of growth and expansion. Well yes, albeit from a low base that is.

Internal combustion engines (ICEs) claimed 86 per cent of the new-vehicle market. They were followed by hybrids with eight per cent, battery EVs (BEVs) on four per cent and plug-in hybrids (PHEVs) with two per cent. Those splits are likely to change going forward, but last year the good'ol ICE still ruled.

So, what about the used-import market? With 128,876 combined passenger and commercial purchases, the total was up by five per cent year on year, but well below the most-recent peak in 2017 with 178,685.

If we go back far enough, used imports at their best sold at a ratio of close to two-to-one used for new. For comparative purposes, last year's ratio was 0.78-to-1 for a considerable reversal.

A range of factors contributed to 2021's "constrained" used-import market. These included newer and, therefore, more expensive models coming in because of the electronic stability control rule, reduced new-vehicle sales in Japan resulting in less trade-in stock, increased buying competition and Covid-19 shipping constraints.

Last year's best-seller was a hybrid, Toyota's Aqua. In general, hybrids played a big part in the top five models. However, the overall mix in used-import drive technologies was much like the new market with ICEs making up 77 per cent. They were followed by hybrids on 19 per cent, BEVs with two per cent and PHEVs on one per cent.

Even though the new and used-imports markets are sometimes seen as competitors, in practice they serve different niches.

The obvious variance is price, but segment is also an interesting aspect. The used-import sector brings in most of the traditional cars and people movers for our fleet. Conversely, the new market is responsible for most SUVs, vans and, of course, utes.

Roll on 2022 along with a whole new set of challenges and opportunities.

Past rivalries to be reborn

Back in 1970, "Stormin" Norm Beechey drove his iconic Monaro GTS350 to a famous Australian Touring Car Championship victory, the first for a locally built Holden.

On the way to the title, he also won at Mount Panorama. It was Holden against the rest, including the Mustang, Camaro and even the underdog Porsche 911.

Beechey's greatest opponents were often in Fords, and it was Allan Moffat who became Holden's ultimate rival when he wheeled out his Trans-Am Mustang and Falcon.

The competitors took a "no-prisoners approach" to racing, swapping paint and denting panels with their colourful line-up of muscle cars.

Times might have changed, but that doesn't mean the rivalries are dead and buried with two big nameplates being readied in overhauled configurations more akin to their road-legal siblings.

In a blast from the past, the Mustang and Chevrolet Racing's Camaro will face off in the 2023 Repco Supercars Championship season under Gen3 regulations.

The almost all-new cars will be V8-powered, front-engined and rear-wheel drive. They will be raced under technical parity rules with smaller control chassis to broaden the range of vehicles that can compete.

Ready to face off – the Gen3 Mustang and Camaro Supercars with their yesteryear predecessors in the background

The Gen3 rules require all cars to have the same dimensions as road vehicles they are based on when it comes to key body components, such as doors, the roof, windows and bonnet.

The quest for "better racing" includes a targeted aerodynamic downforce reduction of more than 50 per cent from current levels and a new Dunlop control tyre is being developed.

There will also be less reliance on engineering and data, but more on driver skill to make racing closer.

In addition, Supercars is aiming to reduce acquisition and operating costs by 30 to 40 per cent on current levels to improve sustainability for teams.

"The cars will retain their V8 formats to ensure they're fast and loud but will be 'hybrid ready' and more closely resemble road vehicles they're based on," explains Sean Seamer, chief executive of Supercars.

"They are incredible looking and give a nod to the past with as much attention given to design and appearance as new technologies.

"The Gen3 project will support Supercars' longevity by increasing relevance to fans and partners, reducing operating costs and making racing fiercer."

Components being carried over from Gen2 vehicles include the transaxle gearbox, dampers and independent rear suspension. The power-to-weight ratio is expected to be unchanged, with a small reduction in power offset by 100kg less weight.

Chevrolet Racing says Gen3's technical regulations have resulted in significant changes and an important aspect has been to accurately reflect aesthetics of the regular roadgoing Camaro ZL1.

Work on the project has been handled by Triple Eight Race Engineering teaming up with the design and racing division of General Motors in North America.

Chevrolet's powertrain componentry was a core element of Holden's success in motorsport and it says this philosophy continues with the Gen3.

Powering the Camaro from the family of GM's aluminium small block engines is the 5.7-litre LTR V8. Homologation partner KRE Race Engines is tasked with its development, which will continue during 2022.

Claiming early bragging rights, Chevrolet Racing describes its ZL1 Supercar as "the boldest of the breed".

As for next-generation Mustang GT, it sports iconic Ford Performance Racing livery, and cuts a striking figure with the swooping low roof, wide track and curving hip line.

Boasting a production-based 5.4-litre Coyote DOHC V8, it will be the closest to the roadgoing Mustang that Supercars has seen in nearly two decades.

Ford says its Gen3 aims to increase its relevance to the roadgoing product, lower costs for teams and increase on-track entertainment.

Mark Rushbrook, global director of Ford Performance Motorsports, says racing a Mustang that looks like its road-going counterpart is important.

"There's no question when you look at the Supercar that it's a Mustang, which was focus one in the design and development phase. The fact it's powered by a production-based Ford engine is the icing on the cake."

Get plugged in for extra range

Following its global launch in October, the next-generation Outlander PHEV arrives in New Zealand later this month.

It's being dubbed by Mitsubishi Motors NZ as a "game-changer" with "significant improvements to build on its class-leading status".

These include an electric vehicle (EV) range extended by 52 per cent and 45 per cent more battery capacity. The plug-in hybrid also has more power with 185kW from its EV drive system.

"The Outlander PHEV has been the clear leader in its class for several years and the next-generation model improves its capabilities," says Reece Congdon, the marque's head of marketing and corporate affairs.

"With an extended EV range – from 55km to 84km – and increase in battery capacity, it will expand the horizons of adventure-loving families wanting to go further without fuel."


The new Outlander PHEV

With a full tank, which is 24 per cent larger at 56 litres, the combined driving range is more than 50 per cent further than the previous model.

Upgrades to the front and rear motors have resulted in maximum output jumping by 55kW from 130kW with a hefty 450Nm of torque – up from 332Nm – for more powerful, efficient performance.

Starting at a special launch price of $59,990 plus on-roads, which is reduced to $54,240 with the clean car discount applied, the five-seat LS is equipped with dual-zone climate control, reversing camera, front and rear parking sensors, and a nine-inch smartphone-link display audio screen.

The XLS variant, priced from $75,990, offers seven seats, black synthetic leather upholstery, smartphone wireless charging, and three-zone automatic climate control.

The premium VRX has a price-tag of $79,990. It boasts memory leather seats, a Bose sound system with nine speakers, 1,500w AC power outlets, multi-around view mirror, a kick tailgate and 10.8-inch head-up dash display.

"The PHEV concept remains one of the most viable options available for environmentally conscious motorists, especially with the clean car discount," adds Congdon.

"It has been the leader in its class by combining affordable efficiency, functionality and comfort with the backing of New Zealand's best new-car warranty, plus an eight-year or 160,000km battery warranty.

"We firmly believe our next-generation model will prove to be an even bigger hit. We've been encouraged by the response to our online pre-order platform, which was launched in October."

Spare millions?

The Swiss have joined the list of Europeans to hit the hypercar scene with a speed machine set to be available in full electric and plug-in hybrid (PHEV) guises.

Due to go into production in 2023, both versions of the Morand Hypercar are expected to get from 0-200kph in less than seven seconds and have top speeds of 400kph.

The entry-level model will be powered by a PHEV system based around a V10 petrol engine boosted by three electric motors. It's expected to develop more than 883kW of power and have an electric-only alone range of about 70km.

The battery-electric version's predicted output is more than 1,471kW from its quad electric-motor set-up.

Weighing less than 1,250kg, it is lighter than the PHEV and with nearly double the power it should be considerably faster off the mark although an official figure has yet to be released.

Morand says the BEV Hypercar will cover 301km on a full charge, something that can be achieved after just 10 minutes "depending on the charging point".

A million-dollar price-tag is more than likely with prototypes set to emerge this year.

Covid forces racers overseas

Kiwi drivers are aiming to compete overseas following the cancellation of the New Zealand Grand Prix.

The inability to get international drivers in and out of the country under the MIQ system had already forced the abandonment of the Castrol Toyota Racing Series (TRS).

The system has locked out overseas sportspeople despite robust representations from Toyota Gazoo Racing and Toyota NZ.

Initially, this reduced the popular and highly esteemed world's "winter" series to a depleted locals-only championship in 2021 and then to full cancellation this year. For more than a decade, the TRS has drawn top young racers from around the globe during the northern hemisphere's off-season.

Kiwis were able to test their craft against those they would meet when making the leap into international categories in Europe and the US, with the likes of Earl Bamber, Chris van der drift, Liam Lawson and Marcus Armstrong enjoying huge success as a result.

Last year's TRS champion Matthew Payne is looking to secure a V8 Supercar drive

The TRS' most recent graduate, Matthew Payne, went on from winning last year's series to top-level Porsche racing in Australia and is now lining up a V8 Supercar drive.

The first-ever TRS winner, Brendon Hartley, went onto Formula One and then winning form in the FIA World Endurance Championship.

Covid-19 and the global effects on the sport have forced racers, such as Conrad Clark, to pivot their plans for 2022. Fourth in last year's TRS, he has had few opportunities to sit in a race car since last February.

"We struggled at the start of TRS, but finished where we should have started," he says. "It was unfortunate we couldn't keep the momentum going so it was a bit of a frustrating year and a few opportunities were missed."

Australia is likely to be Clark's next stop as he looks to continue developing his career.

GRAND TOURERS FILL GAP

The loss of TRS and the NZGP leaves the summer series without a premier category, although the growing ranks of exotica entering the new Super GT category suggest it could fill that spot.

Geoff Short, head of motorsport at Speed Works, has announced a one-off feature GT race to replace the grand prix from February 11-13 at Hampton Downs.

He says what was once New Zealand's biggest single-seater weekend will now be heavily GT-focused with the Super GT category having its own races at the same event.

"There are 15 or so high-quality GT3s out there and there's a real appetite among those teams to race," adds Short. "They're very quick and are always popular with fans. The show must go on."

Tough start to series

The Rodin Cars Super NZ GT Series kicked off in spectacular fashion at Highlands Park.

The first race in mid-January was abandoned after pole-sitter Shane Hodgson smashed into a circuit wall.

Then Steve Scoles driving his Ginetta G55 became the first official race winner of Speedworks' summer series when he led the field home under the safety car after crashes took out David Rogers and Allan Sargeant late on.

Scoles was followed to the line by Grant Aitken in his Porsche Cayman GT4 with Chris Nicholas in his Porsche 997 rounding out the podium.

In the final and feature race of the weekend at Cromwell, more collisions blighted the racing and forced multiple safety-vehicle deployments.

Gene Rollinson and Gary Derrick made contact on the run-up to the bridge. Rollinson ended up in the tyre barrier with Derrick parked on the other side of the track. With the safety car deployed, most of the field came in for compulsory pit stops.

Ben Byers in action

A handful of laps later, another incident at the same section between Scoles' Ginetta and Chris Nicholas' Porsche saw the latter make heavy side-on contact with the wall. Scoles then collided with the rear of Bawden's McLaren – the Ginetta hit a concrete wall and the McLaren retired with suspension damage.

Ben Byers claimed the win with Connor Adam second and Martin Dippie third.

Rival Kiwi drivers switch F2 teams

Marcus Armstrong and Liam Lawson are changing teams for the forthcoming FIA Formula 2 Championship.

Lawson will move to the British Carlin team, while Armstrong takes over his seat at Hitech GP and has bid "arrivederci" to the Ferrari Driver Academy (FDA) after four successful years.

It has been a productive time for Armstrong. Since starting his single-seater career, he has been F4 Italy champion, finished second in the German F4 championship, fifth in the European F3, second in the "main game" FIA F3 and second in the Castrol Toyota Racing Series.

Now, with two years of F2 under his belt, he says the time has come to exit the FDA for fresh challenges with new team Hi-Tech. He will remain under the mentorship of All Road Management (ARM) run by Nicolas Todt, the son of FIA president Jean Todt.

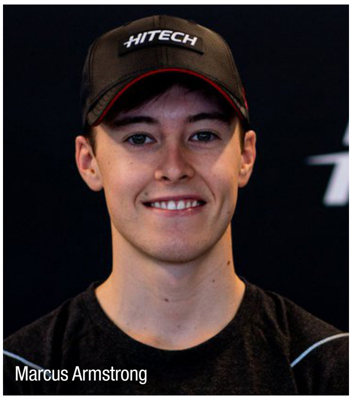
Established in 2003, ARM operates at all levels from karting to single-seater categories, GT, Endurance and Formula E to F1. It has helped shape the careers of Felipe Massa, Jose-Maria Lopez and Daniil Kvyat.

Up to the end of his time in F3, Armstrong had run with the powerful Prema team, latterly under ARM's guidance, but switched to ART Grand Prix in 2020 and then DAMS last year.

With two difficult F2 seasons testing his patience and the chance to jump to a new team, the decision was taken – mutually – to end the association with Ferrari's academy.

"We parted on good terms and that's important," says Armstrong. "I learned a lot, had a chance to get inside the F1 operation and drove a 2017 Ferrari F1. I did 60 days' F1 development with the team and academy in 2021, and built some great networks with some great people."

Ultimately, everyone in Armstrong's situation has one goal and that's an F1 drive. "The line of drivers trying to do this is long. Right now there wasn't a chance to advance into F1 with Ferrari, so this is a fresh start."



Marcus Armstrong

Liam Lawson

At the same time, the FDA has placed Armstrong's friend Callum Ilott on a "gap year" as the British driver heads to the US to race in Indycar with Juncos Racing.

The past two years with ART Grand Prix and DAMS have been hard for Armstrong. Both teams have a strong pedigree in the top "junior formulas". But with key personnel defecting, the shift to 17-inch wheels and new Pirellis turning the cars into difficult beasts in practice, qualifying and racing, his resilience has been tested at every turn.

"The performance envelope is tight. One day the car can be amazing, the next nowhere. Temperature changes have a huge influence and it takes a lot of work to get the best out of it. Last year we found the car was very good when it was warm but struggled when colder. The tyres too were hard to manage."

Through all these issues – and the pandemic's ongoing disruptions – Armstrong consistently out-qualified his team-mate, Israeli Roy Gelael. A flash of his true potential showed through at the end of the year with a win in Saudi Arabia, underlining his assessment of the vehicle's hot-weather speed and putting Hitech's Lawson and Jüri Vips behind him.

Lawson, meanwhile, remains a member of Red Bull Junior as he moves to Carlin for 2022. Following a strong debut season last year and a championship challenge in the German touring car championship, he lines up at the Carlin Williams Academy with Logan Sargeant.

Team boss Trevor Carlin expects Lawson to be a championship contender this year. "We're excited to have Liam join," says Carlin. "He's a great talent and we've watched him with interest over the past few seasons. Liam did a great job in the post-season official tests in Abu Dhabi and slotted straight into the team. We're proud and thankful Red Bull and Rodin have entrusted us with the next stage in Liam's career."

The official F2 post-season testing in Abu Dhabi always indicates likely driver team pairings for the following year. Lawson went out in a Carlin-prepared car, Armstrong in a Hitech. As part of his Red Bull junior programme, he also tested for AlphaTauri F1 in young-driver tests.

"I'm super-excited for the new opportunity," says Lawson. "The pre-season test went really well. It was a completely different experience to what I've been used to. The team is focused on the right things and motivated going into the season."

F2 pre-season tests are at Sakhir in Bahrain from March 2-4 and in Barcelona, Spain, from April 12-14.

Numerous road tests fail to identify surge while vehicle operated in cruise control

The case: The buyer wanted to reject her SsangYong Rexton soon after purchase because she claimed it surged while in cruise control and had high fuel consumption. The trader fixed two minor issues, but couldn't detect a surge issue or faults with the fuel system.

The decision: The tribunal couldn't find any faults that breached the guarantee of acceptable quality in the Consumer Guarantees Act (CGA).

At: The Motor Vehicle Disputes Tribunal, Christchurch.

Background

Sarah Masters purchased a 2011 Rexton on December 17, 2020, from Christchurch SsangYong for $17,990.

She alleged the car surged when it was in cruise control and it had "exceptionally high" fuel consumption that was inconsistent with the fuelsaver.govt.nz rating on the vehicle at the time of sale. The flyer indicated the Rexton used 9.8l/100km.

Masters rejected the car and wanted a refund of the purchase price, compensation for excessive fuel consumed, reimbursement for diagnostic costs and damages for "emotional stress".

The case

A month after purchase, Masters returned the vehicle to Christchurch SsangYong so that it could fix a "high screaming noise when acceleration was applied", stop the car from surging while in cruise control and because it used large amounts of diesel.

The trader traced the noise to leaking exhaust gas recirculation (EGR) gaskets, which it replaced. It scanned the engine and no trouble codes were found.

The car was road-tested on the motorway between 50kph and 100kph and no surge was detected.

In February, Masters again experienced surging when cruise control was on. Christchurch SsangYong scanned the Rexton and found a fault with the turbocharger's vacuum modulator and replaced it. It also tested fuel-system components for excessive use but no problems were found.

The trader completed a road test with the cruise control activated in numerous ranges from 50-100kph. Service manager Frazer Talbot was unable to replicate the original fault.

In an email dated April 8, Masters told the dealer the surging issue was "nowhere near as bad" and engine-speed fluctuations weren't visible on the tachometer, but the surging was "still present in the road feel of the vehicle". She said it felt as if the car was braking on its own before accelerating to correct speed reduction.

On May 31, her husband took the Rexton to Anything Mechanical, which found a fault code indicating the throttle pedal was stuck.

It recommended taking the vehicle to a specialist because the filters looked old and the transmission oil was dirty. Anything Mechanical also noted there was a torque converter lock-up fault.

Masters passed this information on to Christchurch SsangYong. Talbot emailed Masters to ask whether Anything Mechanical's invoice stated a fault-code number to indicate the throttle pedal was stuck.

Talbot also asked if the fault had been erased from the memory of the engine control unit after the car had been scanned. This was important because it would indicate if the problem was current or historical.

He offered to talk with a technician or scan the vehicle and complete live-data recordings of the torque converter operating to see if there was an issue present.

Masters refused to return the vehicle to the dealer for tests. Instead, she said she was taking the matter to the tribunal.

Before the hearing, the adjudicator asked Masters to obtain a written report from an automotive transmission specialist and provide an average fuel-consumption reading.

Aceomatic Transmission Services checked the Rexton for surging at 50kph, 60kph and 70kph. It reported surging was more noticeable with cruise control on, but it was very intermittent.

It found scan code "P0108 boost pressure sensor", which usually indicated a problem with the manifold air-pressure sensor. This could impact on fuel consumption.

Aceomatic also road-tested the Rexton, checking live data on its scan tool for more than an hour, but was unable to find a fault with the car at that time.

On April 17, Talbot test drove the vehicle with the scan tool connected with Masters and her brother-in-law as passengers. He reported Masters stated "she hasn't really experienced the surge recently".

However, she did notice it felt like the Rexton was surging at 55kph. Talbot said that was due to it self-adjusting to meet the undulating road. Ultimately, no fault was detected.

To test the fuel consumption, the vehicle would have to be driven without the use of cruise control for a number of full tanks to compare and used in Masters' normal driving conditions. The trader would also need receipts with the fuel amounts and distances driven on a full tank to refill.

The finding

The Rexton had a faulty vacuum modulator and EGR gaskets, which the trader had repaired.

In regard to the surging, especially while cruise control was activated, no technicians nor the trader were able to replicate such a fault.

Christchurch SsangYong was prepared to again check the Rexton, but Masters didn't allow it.

It was ruled that there was insufficient evidence to establish any fault with the cruise-control system without further investigation, which the trader had offered to carry out.

Without more evidence on the Rexton's fuel consumption, the tribunal was unable to doubt the dealer's assessment that there wasn't excessive fuel use.

Order

The buyer's application under the CGA was dismissed by the tribunal.

Repairs paid by dealer as manufacturer's warranty only covers 'inherent' defects

The case: The selective catalytic reduction system in the buyer's 2019 Holden Commodore failed. The trader referred the issue to General Motors NZ. However, the manufacturer refused to pay for repairs after it was claimed that fuel had been added to the AdBlue tank. The consumer denied doing this.

The decision: The adjudicator ruled the buyer had established his vehicle failed to comply with the Consumer Guarantees Act (CGA), so the trader had to fix it.

At: The Motor vehicle Disputes Tribunal, Christchurch.

Background

About three weeks post-purchase, Hardeep Narang's near-new 2019 Holden Commodore's selective catalytic reduction (SCR) system, which reduced exhaust emissions, failed. Repairs were estimated at $5,747.

Despite the vehicle still being covered by its manufacturer's warranty, General Motors NZ (GM) refused to pay for the repairs.

The company said petrol or diesel had been added to its AdBlue tank, which caused the damage, rather than a faulty system. Narang denied adding anything to his Holden's AdBlue tank.

GM and GWD Russells Ltd, from which the vehicle was purchased on February 29, 2020, were both unwilling to pay for repairs.

The case

On March 25, three-and-a-half weeks after purchase, the Holden's check-engine light illuminated as New Zealand entered its first Covid-19 lockdown.

Narang was an essential worker and needed a reliable vehicle, so he took the car to Blackwell Motors, which was open to service police vehicles. It scanned the Holden on March 30 and found two sensor fault codes – one for slow response and the other was for heater performance.

Both codes related to an oxygen sensor in the exhaust system. It cleared the codes. It road-tested the vehicle and the codes didn't return.

The check-engine light illuminated on May 18. Narang took the car back to Blackwell Motors the next day and had it scanned again for diagnostic codes. It discovered the slow-response sensor code and oxygen sensor was blocked, which it fixed.

On October 19, the check-engine light came on again and an inspection uncovered soot accumulation on the oxygen sensor, so a warranty claim was made to remedy the problem.

Then, on March 30, 2021, the engine light was activated. Blackwell Motors found fault codes for reductant pump low speed, reductant pressure-sensor performance and reductant pump-control circuit.

The technician concluded the Holden's reductant-fluid reservoir assembly needed to be replaced, but Narang could still use the car. He understood Blackwell Motors would order the correct parts for replacement.

During this time, Narang asked the repairer if there had been any problems with the vehicle pre-purchase before he bought it and asked GWD Russells if it would consider replacing it or buying it back.

On April 9, GWD Russell's sales manager, Rhys White, suggested that Narang deal with GM about the problems, but the latter declined Narang's request to buy back or replace the Holden.

Up to this point, it appeared that Holden NZ was prepared to treat the matter as a warranty repair.

On May 19, Blackwell Motors' service manager, Adam Welsh, told Narang the wrong replacement parts had been supplied.

Eight days later, Narang was informed that Holden NZ wouldn't proceed with the repairs because Blackwell Motors had found contamination in the car's AdBlue tank.

Welsh showed Narang a container with fluid from the AdBlue tank, which looked and smelled like petrol.

In an email dated May 28 to Narang, Welsh explained that due to the AdBlue being contaminated by petrol, its electrical sensors had failed, which resulted in the check-engine light coming on. He confirmed the repair costs lay with Narang or her insurer.

Blackwell Motors wouldn't proceed with the repair under the new-vehicle warranty, but did report the car needed a new pipe, injector and tank costing $5,747.04.

Welsh said the vehicle was driveable, but its check-engine light would continue to illuminate and the SCR system wasn't working. If the fault was ignored, the Holden would enter limp mode.

Narang was adamant that he hadn't added petrol or diesel to the AdBlue tank. It also became apparent at the hearing that neither Welsh nor GM's technical specialist, Brendon Harvey, could be sure when that tank became contaminated.

Harvey acknowledged the contamination could have occurred before Narang purchased the vehicle.

The finding

Ultimately, the tribunal was unable to ascertain when the AdBlue tank was contaminated.

There was insufficient evidence to prove Narang had done that and the car had no warning system to alert the driver that the AdBlue system was contaminated.

The tribunal accepted GM wasn't liable to repair the vehicle under the manufacturer's warranty because no manufacturing or inherent defect had been proven.

But as far as GWD Russells was concerned, Narang had established the trader had supplied a vehicle that wasn't of acceptable quality under the CGA.

This was because a reasonable consumer wouldn't regard the Holden as being sufficiently durable given that – within two years of purchase and about 18,000km of driving – it had a fault with its SCR system.

Orders

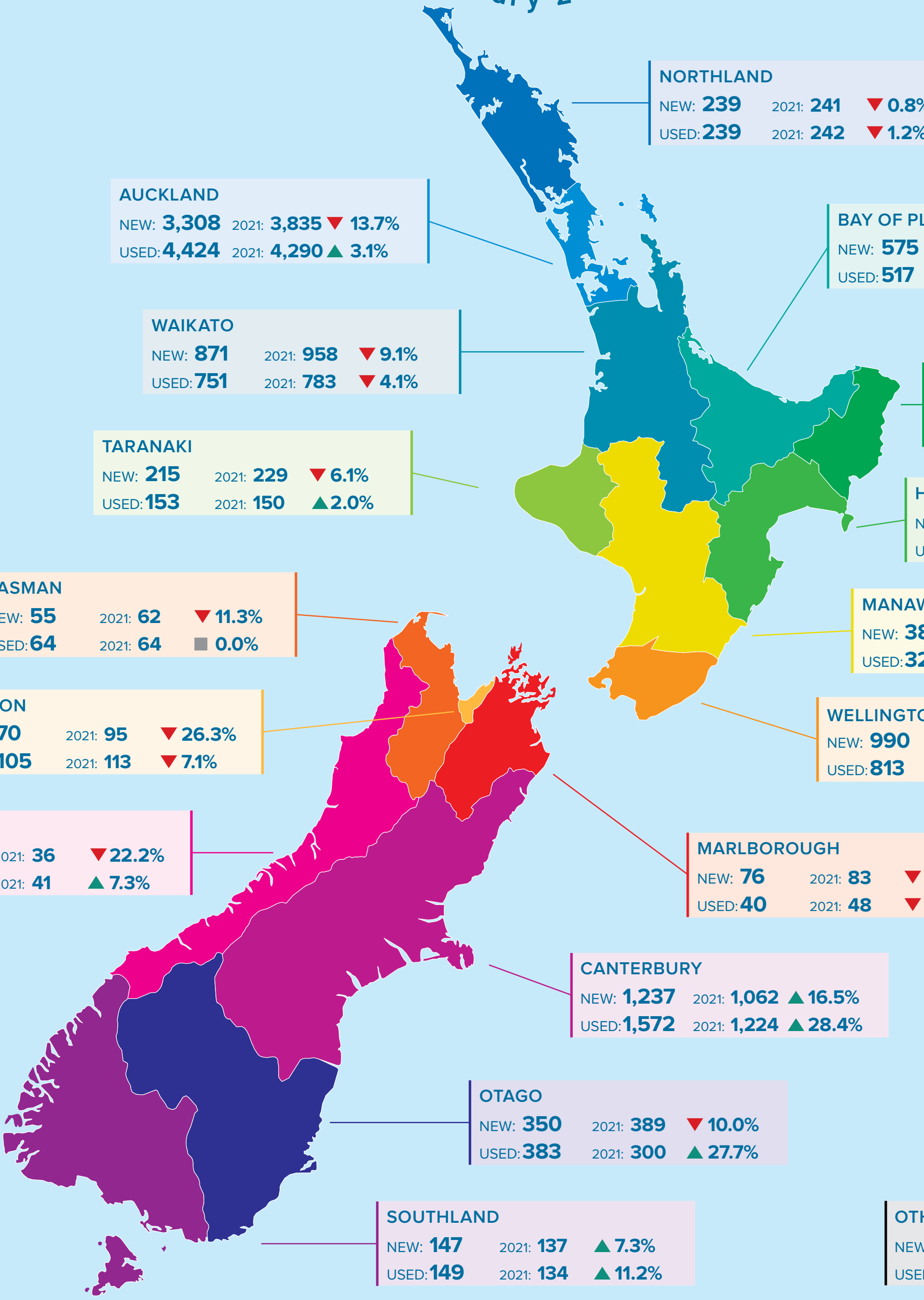
The dealer had to fix the car at its own expense and pay for Blackwell Motors' work.

AROUND THE COUNTRY
January 2022

Total new cars
8,883
2021: 9,702 ▼ 8.4%

Total imported used cars
9,913
2021: 9,396 ▲ 5.5%

Note: Waka Kotahi dataset incomplete.
Statistics are for January 1-28 only



NORTHLAND
NEW: 239 2021: 241 ▼ 0.8%
USED: 239 2021: 242 ▼ 1.2%

AUCKLAND
NEW: 3,308 2021: 3,835 ▼ 13.7%
USED: 4,424 2021: 4,290 ▲ 3.1%

BAY OF PLENTY
NEW: 575 2021: 686 ▼ 16.2%
USED: 517 2021: 521 ▼ 0.8%

WAIKATO
NEW: 871 2021: 958 ▼ 9.1%
USED: 751 2021: 783 ▼ 4.1%

GISBORNE
NEW: 47 2021: 47 ■ 0.0%
USED: 63 2021: 57 ▲ 10.5%

TARANAKI
NEW: 215 2021: 229 ▼ 6.1%
USED: 153 2021: 150 ▲ 2.0%

HAWKE'S BAY
NEW: 279 2021: 319 ▼ 12.5%
USED: 242 2021: 260 ▼ 6.9%

TASMAN
NEW: 55 2021: 62 ▼ 11.3%
USED: 64 2021: 64 ■ 0.0%

MANAWATU/WHANGANUI
NEW: 386 2021: 391 ▼ 1.3%
USED: 324 2021: 312 ▲ 3.8%

NELSON
NEW: 70 2021: 95 ▼ 26.3%
USED: 105 2021: 113 ▼ 7.1%

WELLINGTON
NEW: 990 2021: 1,115 ▼ 11.2%
USED: 813 2021: 814 ▼ 0.1%

WEST COAST
NEW: 28 2021: 36 ▼ 22.2%
USED: 44 2021: 41 ▲ 7.3%

MARLBOROUGH
NEW: 76 2021: 83 ▼ 8.4%
USED: 40 2021: 48 ▼ 16.7%

CANTERBURY
NEW: 1,237 2021: 1,062 ▲ 16.5%
USED: 1,572 2021: 1,224 ▲ 28.4%

OTAGO
NEW: 350 2021: 389 ▼ 10.0%
USED: 383 2021: 300 ▲ 27.7%

SOUTHLAND
NEW: 147 2021: 137 ▲ 7.3%
USED: 149 2021: 134 ▲ 11.2%

OTHERS (Chatham Islands, overseas, unknown)
NEW: 10 2021: 17 ▼ 41.2%
USED: 30 2021: 43 ▼ 30.2%

Imported Passenger Vehicle Sales by Make - January 2022*

MAKE	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Toyota	2,841	2,619	8.5	28.7%	2,841	28.7%
Nissan	1,346	1,378	-2.3	13.6%	1,346	13.6%
Mazda	1,299	1,351	-3.8	13.1%	1,299	13.1%
Subaru	846	639	32.4	8.5%	846	8.5%
Honda	769	875	-12.1	7.8%	769	7.8%
BMW	509	434	17.3	5.1%	509	5.1%
Volkswagen	459	460	-0.2	4.6%	459	4.6%
Mitsubishi	376	386	-2.6	3.8%	376	3.8%
Audi	316	248	27.4	3.2%	316	3.2%
Lexus	264	160	65.0	2.7%	264	2.7%
Mercedes-Benz	263	171	53.8	2.7%	263	2.7%
Suzuki	196	222	-11.7	2.0%	196	2.0%
Volvo	69	65	6.2	0.7%	69	0.7%
Ford	49	61	-19.7	0.5%	49	0.5%
Jaguar	36	35	2.9	0.4%	36	0.4%
Chrysler	32	12	166.7	0.3%	32	0.3%
Land Rover	29	27	7.4	0.3%	29	0.3%
Chevrolet	23	24	-4.2	0.2%	23	0.2%
Porsche	21	23	-8.7	0.2%	21	0.2%
Dodge	20	19	5.3	0.2%	20	0.2%
Land Rover	18	9	100.0	0.2%	18	0.2%
Hyundai	16	22	-27.3	0.2%	16	0.2%
Jeep	15	25	-40.0	0.2%	15	0.2%
Mini	14	26	-46.2	0.1%	14	0.1%
Holden	11	21	-47.6	0.1%	11	0.1%
Kia	10	13	-23.1	0.1%	10	0.1%
Citroen	7	3	133.3	0.1%	7	0.1%
Peugeot	6	21	-71.4	0.1%	6	0.1%
Tesla	6	3	100.0	0.1%	6	0.1%
Alfa Romeo	5	1	400.0	0.1%	5	0.1%
Cadillac	5	1	400.0	0.1%	5	0.1%
Renault	5	2	150.0	0.1%	5	0.1%
Bentley	4	5	-20.0	0.0%	4	0.0%
Isuzu	3	2	50.0	0.0%	3	0.0%
Ferrari	2	1	100.0	0.0%	2	0.0%
Others	23	32	-28.1	0.2%	23	0.2%
Total	**9,913**	**9,396**	**5.5**	**100.0%**	**9,913**	**100.0%**

Imported Passenger Vehicle Sales by Model - January 2022*

MAKE	MODEL	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Toyota	Aqua	902	661	36.5	9.1%	902	9.1%
Mazda	Axela	406	453	-10.4	4.1%	406	4.1%
Toyota	Prius	369	404	-8.7	3.7%	369	3.7%
Nissan	X-Trail	321	280	14.6	3.2%	321	3.2%
Volkswagen	Golf	296	279	6.1	3.0%	296	3.0%
Honda	Fit	281	373	-24.7	2.8%	281	2.8%
Mazda	CX-5	270	157	72.0	2.7%	270	2.7%
Mitsubishi	Outlander	241	241	0.0	2.4%	241	2.4%
Subaru	Legacy	238	184	29.3	2.4%	238	2.4%
Subaru	Impreza	229	204	12.3	2.3%	229	2.3%
Nissan	Leaf	206	208	-1.0	2.1%	206	2.1%
Mazda	Demio	186	302	-38.4	1.9%	186	1.9%
Toyota	Corolla	180	211	-14.7	1.8%	180	1.8%
Toyota	Vanguard	167	182	-8.2	1.7%	167	1.7%
Mazda	Atenza	157	167	-6.0	1.6%	157	1.6%
Suzuki	Swift	139	176	-21.0	1.4%	139	1.4%
Toyota	Mark X	135	154	-12.3	1.4%	135	1.4%
Nissan	Note	126	108	16.7	1.3%	126	1.3%
Honda	CR-V	124	114	8.8	1.3%	124	1.3%
Honda	Odyssey	115	120	-4.2	1.2%	115	1.2%
Mazda	Premacy	115	118	-2.5	1.2%	115	1.2%
Nissan	Serena	115	100	15.0	1.2%	115	1.2%
Subaru	Forester	112	97	15.5	1.1%	112	1.1%
Toyota	Wish	108	162	-33.3	1.1%	108	1.1%
Nissan	Skyline	103	102	1.0	1.0%	103	1.0%
Toyota	Blade	93	110	-15.5	0.9%	93	0.9%
BMW	116i	92	80	15.0	0.9%	92	0.9%
Subaru	XV	84	51	64.7	0.8%	84	0.8%
BMW	320i	83	97	-14.4	0.8%	83	0.8%
Volkswagen	Polo	82	69	18.8	0.8%	82	0.8%
Toyota	Vellfire	82	40	105.0	0.8%	82	0.8%
Ford	Crown	80	40	100.0	0.8%	80	0.8%
Audi	A3	79	61	29.5	0.8%	79	0.8%
Audi	A4	79	54	46.3	0.8%	79	0.8%
Subaru	Exiga	75	47	59.6	0.8%	75	0.8%
Others		3,443	3,190	7.9	34.7%	3,443	34.7%
Total		**9,913**	**9,396**	**5.5**	**100.0%**	**9,913**	**100.0%**

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only

Fees and rebates coming soon

The Imported Motor Vehicle Industry Association (VIA) is reminding members that the feebate scheme for light vehicles is due to come into force on April 1.

A government discount on new and used electric vehicles (EVs) and plug-in hybrids (PHEVs) has been operating since July 1, 2021, but this will soon be upgraded to the full clean car discount scheme, which means rebates and penalties based on a models' emissions.

The government was initially due to introduce the feebate scheme on January 1. However, its roll-out was postponed because of disruption caused by the delta outbreak of Covid-19.

Under the scheme, vehicles emitting more than 190g of carbon dioxide (CO_2) per kilometre will attract a penalty that must be paid by the consumer at the time of first registration, says VIA. Those emitting between 140 and 190gCO_2/km will be zero-rated and attract no fee nor get a rebate. However, all limits are set to reduce each year.

"Customers purchasing vehicles emitting less than 140gCO_2/km and having a safety rating on the Rightcar website of three stars or more will be able to claim a rebate in a manner similar to what EV and PHEV purchasers are doing at the moment, albeit with lesser rebates," adds Malcolm Yorston, VIA's technical manager. "And, as with the zero-rated vehicles, this limit will reduce each year."

He says some models, such as Lexus' RX450h with emissions from 178-186gCO_2/km, are in the upper end of the zero-rated zone and for this coming year will attract no fee or rebate. Ratings of makes and models can be checked online at dealer.rightcar.govt.nz.

This Toyota Land Cruiser, which was used in Antarctica, was the most-viewed listing on Trade Me Motors last year

LISTINGS LADDER

A Toyota Land Cruiser that spent much of its life in the Antarctic was the most-viewed vehicle on Trade Me during 2021.

The 2004 Land Cruiser spent nearly two decades at Scott Base where it was used as an exploration vehicle, and for transporting people and cargo across ice shelves. It attracted some 112,209 views before selling for $40,200.

A red Mazda ute belonging to Kieran McAnulty was the second most-popular listing and gained nearly 108,000 views before going for $3,400. The Labour MP sold the workhorse after deciding to purchase an EV with funds from the auction being donated to the Rural Support Trust.

"Another of our most popular listings was a bright yellow 1986 Honda City that was chopped into a ute, known as 'hoonigan'," says Jayme Fuller, Trade Me Motors' sales director.

"In a display of Kiwi ingenuity, the seller whipped out the back seats, added quad tyres and popped on a tailgate. Although not road-legal, the 'hoonigan' racked up 91,305 views and sold for $2,500."

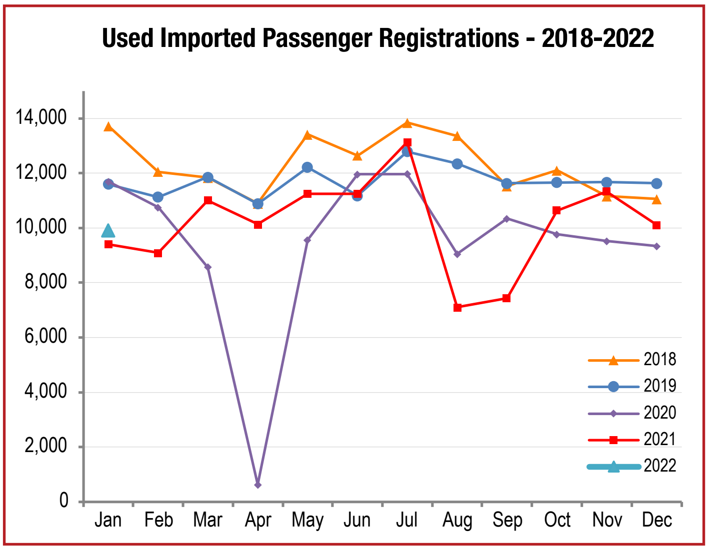
Fuller notes colourful vehicles also caught the attention of consumers in 2021.

A red 1973 Mazda RX-3 Super Deluxe, a pink 1996 Toyota Starlet and an orange 2016 Ford Ranger with a custom-made LED light bar made the top 10.

The top bid on the RX-3 was $131,700 and it received 96,476 views, but was withdrawn from sale. The Starlet Glanza V got 42,172 views and sold for $4,010. The Ranger, which had an asking price of $47,500, received 40,902 views.

Also in the top 10 were a 1999 Bakewell-White Police RHIB – 59,645 views, asking price $150,000, and a 1971 Holden Monaro LS Coupe – 47,669 views, sold for $50,100.

The others were a 1981 Nissan Skyline – 47,481 views, sold for $16,600, and a RB30 Skyline-powered jet boat – 43,596 views, asking price $80,000.



TRADER NUMBERS

The number of dealers in New Zealand decreased by 14 last month to come in at 3,042 by the end of January, according to figures from the motor-vehicle traders' register.

This was down from the 3,056 registered traders at the end of December and was the second month running that the total has dropped. The latest figure is just one less than it was at the end of September last year.

Chip shortage hits availability

The supply of used vehicles in Japan "remains consistent", although increased competition is being experienced at auctions there.

David Page, chief executive officer of NZ Automotive Investments Ltd, says this is due to the semi-conductor shortage impacting on new-car production.

"Demand remained strong for used vehicles across 2 Cheap Cars' dealerships in November and the business expects to have an improved second half of the [financial] year under the traffic-light system," says Page.

Electric cars and hybrids made up 21 per cent of the company's sales in the half-year to September 30. This was up from eight per cent over the same period in 2020, so it's "well-placed to service the growing demand for this type of vehicle" created by the clean car discount scheme.

In addition, rising prices at the pump are "pushing" consumers towards more fuel-efficient vehicles.

The past half-year wasn't without its challenges. 2 Cheap Cars halted shipping from Japan in September, and extended some short-term trade-facility contracts to November to preserve cash and hold inventory levels.

During the reporting period, turnover jumped to 98 days from 92 due to holding extra inventory because of coronavirus disruptions.

It is estimated Covid-19 impacted the retail business by an estimated $7.5 million in lost revenue in the first half of 2021/22.

However, this was a 3.4 per cent rise in income compared to the same coronavirus-affected period of 2020/21.

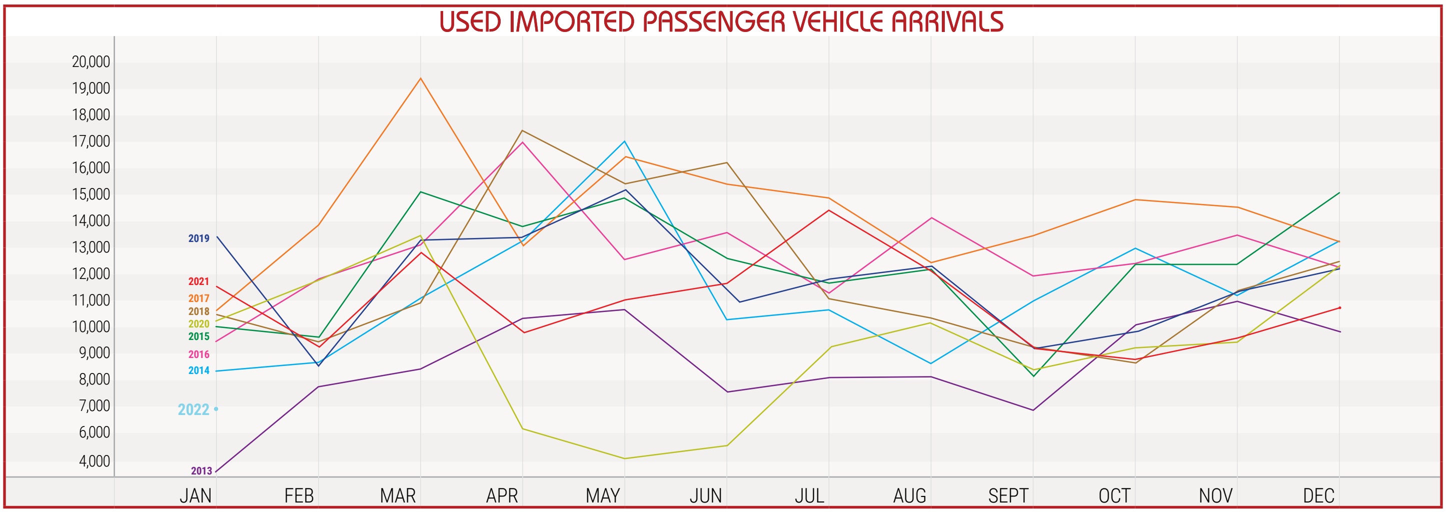
2 Cheap Cars sold 3,864 units in the six months to the end of September, slightly down from the same period of 2020 when it retailed 3,911. Average profit per vehicle was $1,570 with more higher-value models retailed.

Through the lockdown from mid-August to September, 39 per cent of sales were via click and collect. For the half-year, nine per cent of all such trade was undertaken digitally. In 2020, the company didn't have this capability.

CROSSING THE BORDER

There were 6,956 used cars imported during January. This was down by 39.4 per cent from 11,471 compared to the first month of 2021.

The market shares for Japan and Australia came in at 93.3 and 3.9 per cent respectively.



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2022 JAN '22	2022 JAN MARKET SHARE %	2022 TOTAL	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 TOTAL	2021 MRKT SHARE	2020 TOTAL	2020 MRKT SHARE
Australia	273	3.9%	**273**	847	860	747	618	3,072	2.4%	4,185	3.9%
Great Britain	62	0.9%	**62**	367	424	271	197	1,259	1.0%	690	0.6%
Japan	6,493	93.3%	**6,493**	31,773	30,673	33,160	27,902	123,508	94.8%	100,994	92.9%
Singapore	46	0.7%	**46**	433	363	351	231	1,378	1.1%	1,846	1.7%
USA	50	0.7%	**50**	87	235	190	185	697	0.5%	480	0.4%
Other countries	32	0.5%	**32**	91	132	96	84	403	0.3%	468	0.4%
Total	**6,956**	**100.0%**	**6,956**	**33,598**	**32,687**	**34,815**	**29,217**	**130,317**	**100.0%**	**108,663**	**100.0%**

Fresh focus on business spending

A car dealer has put funding aside in case the industry is as disrupted by coronavirus this year as it was in 2021.

Since the pandemic hit our shores almost two years ago, Lewis Rowe, of Devonport Car Company on Auckland's North Shore, has been running "a much tighter ship", which has allowed his operation to grow and for money to stay in the business.

"For my yard, Covid has been a blessing in disguise because there are a lot of people who have money or have come into it and have spent it on vehicles.

"Builders have been super-busy and construction costs are high, so people have rediverted their cash into other things, such as luxury goods and – for me selling European cars – that has put me in line for that spending. I had a huge jump in turnover last year taking lockdown into account.

"But I've put money aside for future lockdowns, and in case 2022 sees back-end effects of the virus with the economy slowing, more unemployment or less spending. If that doesn't happen it will be fantastic, but I'm preparing for the worst just in case.

"The pandemic has helped me focus on business spending. When you're on a good thing and cruising along and something like this happens, it makes you refocus, which is what I did after Covid-19 hit in 2020."

About 60 per cent of Rowe's clients are repeat referrals. He's been able to sell a lot of cars to buyers outside Auckland and people in MIQ thanks to his "great" reviews. "They've felt comfortable to buy from me because my online reviews are so positive. They are genuine from customers who have bought from me. That extra bit helped to grow the business last year."

Rowe adds his business is now the only standalone yard on the peninsular from Takapuna to Devonport.

"Two yards have closed and, as sad as that is, it's good for me but it's not cheap being located where I am," he told Autofile.

"The lease and running costs are significant, but it pays off being in a premium area and selling premium products to people who generally have money. A lot of European vehicles have good margins and we're selling many outside Auckland.

"Business has been steady. I was pleasantly surprised by how well 2021 went for us."

SECONDHAND CAR SALES - January 2022*

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
REGION	JAN'22	JAN'21	+/- %	MARKET SHARE	JAN'22	JAN'21	+/- %	JAN'22	JAN'21	+/- %
Northland	416	553	-24.8	3.17	1,724	1,958	-12.0	202	208	-2.9
Auckland	4,294	5,234	-18.0	32.75	11,332	13,107	-13.5	4,387	5,140	-14.6
Waikato	1,299	1,566	-17.0	9.91	3,647	4,182	-12.8	1,089	1,153	-5.6
Bay of Plenty	919	1,133	-18.9	7.01	2,583	3,105	-16.8	519	699	-25.8
Gisborne	128	149	-14.1	0.98	305	441	-30.8	46	69	-33.3
Hawke's Bay	524	623	-15.9	4.00	1,300	1,591	-18.3	358	412	-13.1
Taranaki	360	417	-13.7	2.75	928	1,172	-20.8	199	245	-18.8
Manawatu/Whanganui	756	890	-15.1	5.77	1,887	2,321	-18.7	552	718	-23.1
Wellington	1,390	1,622	-14.3	10.60	3,012	3,707	-18.7	781	1,099	-28.9
Tasman	102	159	-35.8	0.78	430	525	-18.1	20	27	-25.9
Nelson	106	175	-39.4	0.81	370	436	-15.1	101	153	-34.0
Marlborough	132	132	0.0	1.01	355	416	-14.7	95	90	5.6
West Coast	102	114	-10.5	0.78	268	311	-13.8	42	51	-17.6
Canterbury	1,670	2,106	-20.7	12.74	4,570	5,372	-14.9	1,614	2,014	-19.9
Otago	583	731	-20.2	4.45	1,645	2,091	-21.3	413	477	-13.4
Southland	275	329	-16.4	2.10	790	972	-18.7	186	255	-27.1
Other	55	84	-34.5	0.42	137	243	-43.6	183	232	-21.1
NZ Total	**13,111**	**16,017**	**-18.1**	**100.00**	**35,283**	**41,950**	**-15.9**	**10,787**	**13,042**	**-17.3**

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only

New Passenger Vehicle Sales by Make - January 2022*

MAKE	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Mitsubishi	1,674	1,002	67.1	18.8%	1,674	18.8%
Kia	1,085	1,347	-19.5	12.2%	1,085	12.2%
Hyundai	693	586	18.3	7.8%	693	7.8%
Suzuki	646	719	-10.2	7.3%	646	7.3%
Toyota	497	1,420	-65.0	5.6%	497	5.6%
Honda	495	364	36.0	5.6%	495	5.6%
MG	471	257	83.3	5.3%	471	5.3%
Mazda	460	808	-43.1	5.2%	460	5.2%
Mercedes-Benz	276	227	21.6	3.1%	276	3.1%
Nissan	269	320	-15.9	3.0%	269	3.0%
Subaru	266	233	14.2	3.0%	266	3.0%
Ford	243	367	-33.8	2.7%	243	2.7%
Haval	235	103	128.2	2.6%	235	2.6%
Volkswagen	233	320	-27.2	2.6%	233	2.6%
BMW	175	191	-8.4	2.0%	175	2.0%
Audi	127	151	-15.9	1.4%	127	1.4%
Lexus	105	132	-20.5	1.2%	105	1.2%
Skoda	105	129	-18.6	1.2%	105	1.2%
Volvo	102	110	-7.3	1.1%	102	1.1%
Land Rover	93	183	-49.2	1.0%	93	1.0%
Peugeot	93	71	31.0	1.0%	93	1.0%
SsangYong	88	91	-3.3	1.0%	88	1.0%
Mini	78	48	62.5	0.9%	78	0.9%
Porsche	70	56	25.0	0.8%	70	0.8%
Jaguar	38	69	-44.9	0.4%	38	0.4%
Cupra	37	4	825.0	0.4%	37	0.4%
LDV	35	22	59.1	0.4%	35	0.4%
Jeep	30	62	-51.6	0.3%	30	0.3%
Renault	21	24	-12.5	0.2%	21	0.2%
Isuzu	19	36	-47.2	0.2%	19	0.2%
Polestar	18	0	1,800.0	0.2%	18	0.2%
Citroen	16	32	-50.0	0.2%	16	0.2%
Fiat	15	15	0.0	0.2%	15	0.2%
Alfa Romeo	13	11	18.2	0.1%	13	0.1%
Maserati	12	2	500.0	0.1%	12	0.1%
Mahindra	9	25	-64.0	0.1%	9	0.1%
Aston Martin	8	14	-42.9	0.1%	8	0.1%
Can-Am	5	7	-28.6	0.1%	5	0.1%
Yamaha	5	6	-16.7	0.1%	5	0.1%
Bentley	4	12	-66.7	0.0%	4	0.0%
Chevrolet	4	0	400.0	0.0%	4	0.0%
Rolls-Royce	4	2	100.0	0.0%	4	0.0%
Lamborghini	3	3	0.0	0.0%	3	0.0%
Ferrari	2	5	-60.0	0.0%	2	0.0%
McLaren	2	8	-75.0	0.0%	2	0.0%
Others	4	108	-96.3	0.0%	4	0.0%
Total	**8,883**	**9,702**	**-8.4**	**100.0%**	**8,883**	**100.0%**

New Passenger Vehicle Sales by Model - January 2022*

MAKE	MODEL	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Mitsubishi	Outlander	1,185	389	204.6	13.3%	1,185	13.3%
MG	ZS	301	71	323.9	3.4%	301	3.4%
Mitsubishi	ASX	298	375	-20.5	3.4%	298	3.4%
Kia	Sportage	288	374	-23.0	3.2%	288	3.2%
Hyundai	Kona	269	147	83.0	3.0%	269	3.0%
Kia	Seltos	268	384	-30.2	3.0%	268	3.0%
Suzuki	Swift	253	247	2.4	2.8%	253	2.8%
Honda	Jazz	235	72	226.4	2.6%	235	2.6%
Nissan	X-Trail	174	134	29.9	2.0%	174	2.0%
Mazda	CX-5	167	302	-44.7	1.9%	167	1.9%
Kia	Stonic	165	95	73.7	1.9%	165	1.9%
Suzuki	Jimny	157	128	22.7	1.8%	157	1.8%
Honda	CR-V	140	109	28.4	1.6%	140	1.6%
Haval	Jolion	118	0	11,800.0	1.3%	118	1.3%
Haval	H6	117	12	875.0	1.3%	117	1.3%
Mitsubishi	Eclipse Cross	107	178	-39.9	1.2%	107	1.2%
Hyundai	Tucson	107	79	35.4	1.2%	107	1.2%
Hyundai	Santa Fe	104	157	-33.8	1.2%	104	1.2%
Kia	Niro	103	30	243.3	1.2%	103	1.2%
Ford	Everest	100	67	49.3	1.1%	100	1.1%
Subaru	Outback	95	38	150.0	1.1%	95	1.1%
Toyota	RAV4	94	471	-80.0	1.1%	94	1.1%
MG	3	90	43	109.3	1.0%	90	1.0%
Subaru	XV	90	110	-18.2	1.0%	90	1.0%
Toyota	Yaris	87	101	-13.9	1.0%	87	1.0%
Honda	HR-V	84	148	-43.2	0.9%	84	0.9%
MG	HS	80	29	175.9	0.9%	80	0.9%
Hyundai	Ioniq	78	76	2.6	0.9%	78	0.9%
Toyota	Corolla	77	252	-69.4	0.9%	77	0.9%
Ford	Escape	77	105	-26.7	0.9%	77	0.9%
Suzuki	Baleno	74	94	-21.3	0.8%	74	0.8%
Subaru	Forester	74	74	0.0	0.8%	74	0.8%
Kia	Sorento	74	165	-55.2	0.8%	74	0.8%
Volkswagen	Polo	71	45	57.8	0.8%	71	0.8%
SuzukI	Ignis	69	64	7.8	0.8%	69	0.8%
Mercedes-Benz	GLE	68	15	353.3	0.8%	68	0.8%
Mazda	CX-3	62	90	-31.1	0.7%	62	0.7%
Kia	Stinger	62	40	55.0	0.7%	62	0.7%
Mazda	CX-30	59	87	-32.2	0.7%	59	0.7%
Hyundai	Ioniq 5	59	0	5,900.0	0.7%	59	0.7%
Toyota	Yaris Cross	54	120	-55.0	0.6%	54	0.6%
Mitsubishi	Pajero Sport	51	15	240.0	0.6%	51	0.6%
Suzuki	SX4 S-Cross	50	38	31.6	0.6%	50	0.6%
Toyota	C-HR	44	221	-80.1	0.5%	44	0.5%
BMW	i	42	0	4,200.0	0.5%	42	0.5%
Others		2,462	3,911	-37.0	27.7%	2,462	27.7%
Total		**8,883**	**9,702**	**-8.4**	**100.0%**	**8,883**	**100.0%**

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only

Emissions targets to hit prices

The Motor Industry Association (MIA) warns costs incurred by new-vehicle distributors because of the clean car standard will be passed onto customers.

David Crawford, chief executive, says the transition to a more fuel-efficient fleet is "nowhere fast enough to avoid the government's looming penalties from 2023 onwards".

That's despite average greenhouse gas (GHG) emissions from new vehicles sold last year decreasing by 4.7 per cent compared to 2020 for the largest annual drop recorded by the MIA since it started collecting data in 2006.

Much of the decline can be attributed to 25,194 units sold here in 2021 being powered by some form of electrification. That was a 94 per cent increase on the previous year when 12,997 were registered.

While the accelerating rate in the reduction of emissions from the new-vehicle fleet is "pleasing", it highlights the severity of targets and penalties in the Land Transport (Clean Vehicles) Amendment Bill.

"For our sector to reach the proposed 2025 target, we needed to have reduced our average emissions by 10 per cent in 2021, not 4.7 per cent," explains Crawford. "Failing to meet the targets means prices for vehicles will increase to offset penalties faced by new-vehicle importers.

"New Zealand distributors are working closely with their parent companies to transition as fast as we can to a more fuel-efficient fleet."

With the bill coming back to parliament soon for its second and third readings, the MIA is urging Michael Wood, Minister of Transport, to review the targets "so they remain challenging, but not crippling".

As for how the new-vehicle industry is shaping up this year, Crawford says recent shipments have helped to alleviate some long waiting lists for popular models while other brands suffer supply constraints.

"The market remains solid despite stock levels remaining low."

His comments come with 13,514 registrations of new vehicles in January for a decrease of 2.73 per cent – or by 379 units – compared to the same month of last year, according to MIA statistics. The total included 470 battery electric vehicles (BEVs), 208 plug-in hybrids (PHEVs) and 828 traditional hybrids.

Last month's top two BEVs were Hyundais – the Kona with 78 sales and Ioniq 5 on 59. BMW's i range was third with 42. The PHEVs' ladder was topped by the MG HS on 53 units. Next up were Mitsubishi's Eclipse Cross on 46 and Kia's Sorento with 20.

There were 828 traditional hybrids sold in January with the Honda Jazz being the most popular with 149. It was followed by two Toyotas – the Yaris on 87 and RAV4 with 77.

SETTING RECORDS

Mitsubishi Motors NZ describes its total of 2,811 new vehicles sold last month as "phenomenal". It was nearly double its January 2021 result of 1,436 and eclipsed its previous all-time monthly high of 2,314 from November 2021.

The results meant it was number-one car and commercial brand last month with an overall market share of 22 per cent. The Outlander and Triton contributed 1,185 and 1,118 sales respectively. These were also record numbers.

Reece Congdon, head of marketing and corporate affairs, says: "The Outlander has long been a Kiwi family favourite and the Triton wins more fans every year. Knowing the number of owners is increasing across our range is something that drives us to do better."

He adds the next-generation Outlander PHEV, which is due to be launched later this month, has 500 pre-orders waiting to be filled. "We're starting the year as we mean to go on."

SURGE IN DEMAND

BMW Group NZ secured double-digit percentage increases in 2021 for new-vehicle registrations for both of its brands as demand for its electrified products boomed.

There were 1,827 new BMWs sold last year for a 15 per cent increase on 2020's total. Mini set a record with 848 units for a 28 per cent year-on-year jump with 16 per cent electrified.

The Mini Electric Hatch with 138 sales and Countryman PHEV with 120 units were key drivers – up by 160 and 71 per cent respectively.

The X range made up more than 55 per cent of BMW sales. Its fully electric line-up had an upsurge with the addition of the iX and iX3 in December as total BEV registrations climbed by 65 per cent. Its electric portfolio will be strengthened in April with the launch of the i4 in two variants – the eDrive40 and the first emissions-free BMW M – the i4 M50.

Last month also saw a 146 per cent rise in BMW's PHEV registrations. Results included 67 per cent growth for the 330e and a 44 per cent uplift for the X5 xDrive45e.

Every fifth BMW Group vehicle sold in 2021 was electrified and every third Mini had a form of electric propulsion.

Karol Abrasowicz-Madej, managing director of BMW Group NZ, says: "We were delighted to finish 2021 with excellent growth across many segments. We look ahead to building on these results as we continue to strategically expand our line-up with fully electric models."

BREAKING BARRIER

Holland's Suzuki in Christchurch, the brand's highest-selling New Zealand dealer since 1986, notched up 1,001 new car and SUV sales in 2021 to crack the 1,000-mark for the first time. The result was a 22 per cent increase on 2020.

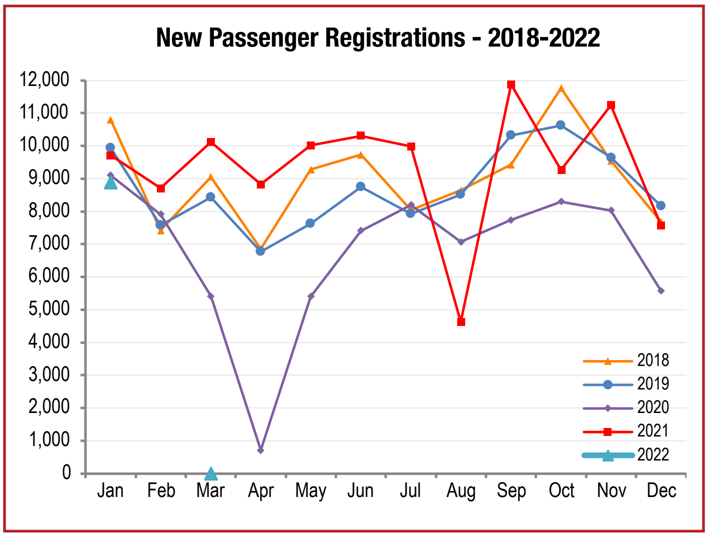
Gordon Holland, chief executive officer, describes the achievement as a "total team effort" and partly the result of adapting to change.

Nationwide last year, new Suzuki vehicles sold rose by 32 per cent compared to 2021 for seven per cent of the market. It took fourth place overall, up from fifth.

SPLASHING CASH

Spending on motor vehicles increased by $135 million, or 27.8 per cent, to $619m in the December 2021 quarter when compared to the prior three-month spell.

The amount used on retail cards, when adjusted for seasonal effects, was up from $484 in the September quarter. It also represented a 1.5 per cent jump from $610m in the same period at the end of 2020, according to Stats NZ. The increase was bolstered after spending on vehicles, excluding fuel, climbed for the fourth consecutive month in December last year.



Tradies struggling to upgrade

A dealer based in east Auckland says time is fast running out to sell certain types of vehicles ahead of the full clean car discount starting on April 1.

"When it comes to vans, I'm stymied by the feebate rules coming in soon," says Martie Browne, owner of Betta Value Vehicles in Pakuranga.

"We've been between a rock and a hard place on the commercial side. The only way we can see change is if product comes onto the ground in Japan.

"The older model Toyota Hiace, which is preferred by many here, is available but not at a price that works for New Zealand buyers because of the exchange rate. Until we get the rate with the yen up to 85 or 86, we will be behind the eight-ball.

"Then you're only targeting 2019 Hiaces and upwards, so you are stymied with them and on product unless you want to join other dealers and buy hybrid Honda Fits or a Toyota Aqua or Prius."

Browne says that with the way the market has been, there have been a lot of people with plenty of money who can afford to buy what they want.

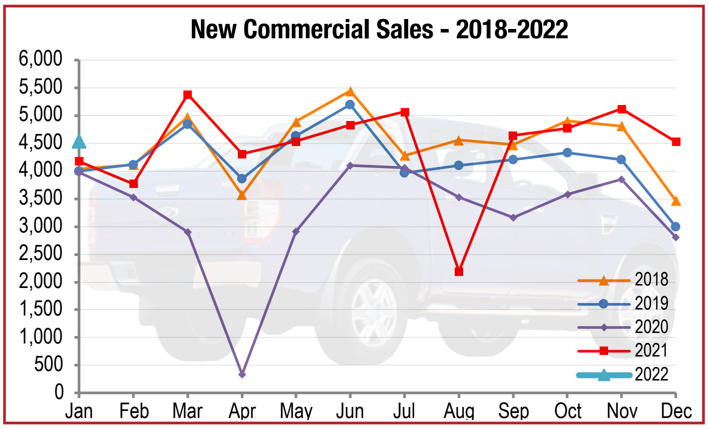
However, average tradies are struggling to afford to upgrade work vehicles because of last year's shutdowns due to Covid-19.

"Their vans also haven't done the mileage they would normally have done, or they aren't in a position to trade," he explains.

"A tradie who works in Auckland and bought a van 12 to 18 months ago hadn't used it for about three months due to lockdowns. Those people don't need to upgrade.

"It would be the same for a lot of lease vehicles with contracts on them probably being extended."

Browne suggests buyers will have avoided looking at new-



New Commercial Sales by Make - January 2022*

MAKE	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Mitsubishi	1,137	433	162.6	25.0%	1,137	25.0%
Ford	976	1,021	-4.4	21.5%	976	21.5%
Toyota	668	944	-29.2	14.7%	668	14.7%
Nissan	384	280	37.1	8.5%	384	8.5%
LDV	251	145	73.1	5.5%	251	5.5%
Isuzu	225	302	-25.5	5.0%	225	5.0%
Mazda	100	224	-55.4	2.2%	100	2.2%
Volkswagen	98	130	-24.6	2.2%	98	2.2%
Great Wall	96	92	4.3	2.1%	96	2.1%
Fuso	71	60	18.3	1.6%	71	1.6%
Fiat	64	73	-12.3	1.4%	64	1.4%
Mercedes-Benz	60	55	9.1	1.3%	60	1.3%
Hino	56	37	51.4	1.2%	56	1.2%
SsangYong	55	49	12.2	1.2%	55	1.2%
Ram	38	26	46.2	0.8%	38	0.8%
Iveco	33	19	73.7	0.7%	33	0.7%
Hyundai	32	93	-65.6	0.7%	32	0.7%
Scania	27	12	125.0	0.6%	27	0.6%
Foton	26	13	100.0	0.6%	26	0.6%
Kenworth	26	25	4.0	0.6%	26	0.6%
Others	121	138	-12.3	2.7%	121	2.7%
Total	**4,544**	**4,171**	**8.9**	**100.0%**	**4,544**	**100.0%**

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only

New Commercial Sales by Model - January 2022*

MAKE	MODEL	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Mitsubishi	Triton	1,118	413	170.7	24.6%	1,118	24.6%
Ford	Ranger	953	948	0.5	21.0%	953	21.0%
Toyota	Hilux	506	748	-32.4	11.1%	506	11.1%
Nissan	Navara	384	280	37.1	8.5%	384	8.5%
Isuzu	D-Max	172	244	-29.5	3.8%	172	3.8%
Toyota	Hiace	146	173	-15.6	3.2%	146	3.2%
Mazda	BT-50	100	224	-55.4	2.2%	100	2.2%
Great Wall	GWM Cannon	96	73	31.5	2.1%	96	2.1%
LDV	T60	85	57	49.1	1.9%	85	1.9%
LDV	G10	78	42	85.7	1.7%	78	1.7%
Fiat	Ducato	64	73	-12.3	1.4%	64	1.4%
SsangYong	Rhino	55	49	12.2	1.2%	55	1.2%
LDV	V80	44	32	37.5	1.0%	44	1.0%
Mercedes-Benz	Sprinter	43	47	-8.5	0.9%	43	0.9%
LDV	Deliver 9	38	14	171.4	0.8%	38	0.8%
Ram	1500	34	26	30.8	0.7%	34	0.7%
Volkswagen	Crafter	34	18	88.9	0.7%	34	0.7%
Hino	500	33	17	94.1	0.7%	33	0.7%
Isuzu	N Series	29	31	-6.5	0.6%	29	0.6%
Hyundai	Staria Load	27	0	2,700.0	0.6%	27	0.6%
Others		505	662	-23.7	11.1%	505	11.1%
Total		**4,544**	**4,171**	**8.9**	**100.0%**	**4,544**	**100.0%**

model launches until February when it is closer to the end of their financial years before opting for replacements although there have been waiting lists of up to five months for new trucks.

In addition, some contracts for commercial work have been cancelled or are being renegotiated because the cost of building has increased.

"Rental companies aren't prepared to let old stock go to dealers and will sell it on Trade Me instead," Browne told Autofile.

"If I do have to look at selling more cars than vans this year, I will look at NZ-new stock from 2017-19 if available for less than $50,000. But it's uncertain if those vehicles would be made available to traders by rental companies.

"I believe we're in a holding pattern. There are glimmers of hope, but there's also a downside that could happen quite quickly depending on interest-rate rises and product availability.

"There's a narrow band of late-model vans to buy and everyone will be competing within that band. Pricing and margins will be affected by the numbers available."

Browne predicts there will be mortgagee sales due to interest-rate increases, which will lead to more vehicle repossessions.

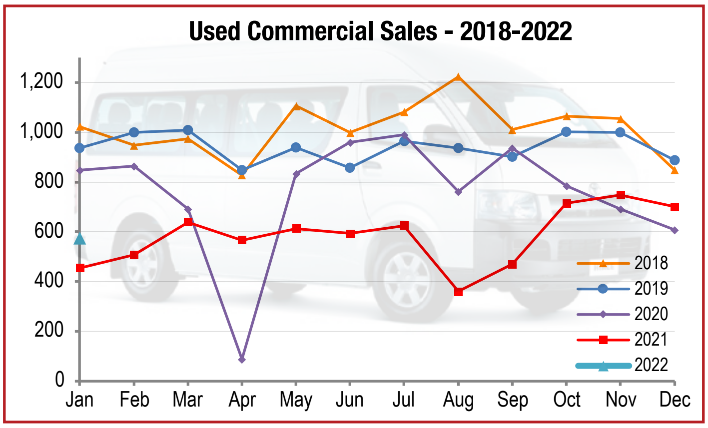
On the market in general, he adds many dealers have been under pressure to make way for new stock they may have coming into the country.

"That's where I see problems developing. Those with good cashflow will be able to make it, others will bail out because it's too hard. That's sad.

"When you get back up and adapt to the current situation, there's another setback, such as the electronic stability control rule, clean cars and finance law changes."

Meanwhile, Covid-19 isn't dampening the expansion plans of CAL Isuzu, the country's largest independent franchise for the marque. It's building new dealerships and workshops costing about $34 million in East Tamaki, Auckland, and Whangarei. Both sites should be operational early next year.

Owner Ashok Parbhu says: "When the first lockdown occurred, people were spooked and cancelled orders. Materials were also in short supply. But rather than shrink our operations, I thought we should take advantage of the new landscape."



Used Commercial Sales by Make - January 2022*

MAKE	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Toyota	211	176	19.9	36.6%	211	36.6%
Nissan	137	68	101.5	23.8%	137	23.8%
Hino	49	26	88.5	8.5%	49	8.5%
Isuzu	42	43	-2.3	7.3%	42	7.3%
Mitsubishi	29	31	-6.5	5.0%	29	5.0%
Ford	18	22	-18.2	3.1%	18	3.1%
Holden	13	13	0.0	2.3%	13	2.3%
Mazda	12	17	-29.4	2.1%	12	2.1%
Daihatsu	8	4	100.0	1.4%	8	1.4%
Kenworth	7	1	600.0	1.2%	7	1.2%
Suzuki	7	5	40.0	1.2%	7	1.2%
Chevrolet	5	7	-28.6	0.9%	5	0.9%
Fuso	5	0	500.0	0.9%	5	0.9%
DAF	4	1	300.0	0.7%	4	0.7%
UD Trucks	4	1	300.0	0.7%	4	0.7%
Volkswagen	4	5	-20.0	0.7%	4	0.7%
Mercedes-Benz	3	4	-25.0	0.5%	3	0.5%
Dodge	2	6	-66.7	0.3%	2	0.3%
Fiat	2	6	-66.7	0.3%	2	0.3%
GMC	2	0	200.0	0.3%	2	0.3%
Others	12	16	-25.0	2.1%	12	2.1%
Total	**576**	**452**	**27.4**	**100.0%**	**576**	**100.0%**

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only

Used Commercial Sales by Model - January 2022*

MAKE	MODEL	JAN'22	JAN'21	+/- %	JAN'22 MKT SHARE	2022 YEAR TO DATE	2022 MKT SHARE
Toyota	Hiace	153	128	19.5	26.6%	153	26.6%
Nissan	NV350	85	20	325.0	14.8%	85	14.8%
Nissan	Caravan	34	12	183.3	5.9%	34	5.9%
Isuzu	Elf	33	33	0.0	5.7%	33	5.7%
Hino	Dutro	31	22	40.9	5.4%	31	5.4%
Toyota	Dyna	26	21	23.8	4.5%	26	4.5%
Fuso	Canter	19	26	-26.9	3.3%	19	3.3%
Toyota	Toyoace	13	8	62.5	2.3%	13	2.3%
Ford	Ranger	12	11	9.1	2.1%	12	2.1%
Hino	Ranger	11	2	450.0	1.9%	11	1.9%
Chevrolet	Colorado	9	7	28.6	1.6%	9	1.6%
Daihatsu	Hijet	8	4	100.0	1.4%	8	1.4%
Mazda	BT-50	7	4	75.0	1.2%	7	1.2%
Suzuki	Carry	7	5	40.0	1.2%	7	1.2%
Toyota	Regius	7	7	0.0	1.2%	7	1.2%
Nissan	Atlas	6	11	-45.5	1.0%	6	1.0%
Toyota	Hilux	6	5	20.0	1.0%	6	1.0%
Isuzu	Forward	5	4	25.0	0.9%	5	0.9%
Fuso	Canter	4	26	-84.6	0.7%	19	3.3%
Nissan	Civilian	4	2	100.0	0.7%	4	0.7%
Others		96	94	2.1	16.7%	81	14.1%
Total		**576**	**452**	**27.4**	**100.0%**	**576**	**100.0%**

Marque calls for 'fair' goals

Suzuki New Zealand says weight-based emissions targets proposed for the clean car standard effectively penalise "typically more efficient" light models because they will need to achieve lower criteria than some larger vehicles.

Tom Peck, chief executive officer, says one of the implications of the timing of the policy as it stands is prices of the most affordable options in the marque's range will need to increase significantly.

He notes the Swift GL automatic is one of this country's most fuel-efficient and affordable petrol vehicles with a suggested selling price of $23,500 plus on-roads.

The new model improves emissions by 25.2 per cent compared to its previous generation. However, to sell the same new Swift in 2027 under the standard would incur more than $6,000 of government penalties.

Peck says: "Suzuki has the lowest emissions of the top 10 brands in New Zealand and we support the introduction of an emissions standard.

"Our concern is any targets need to be fair and well-planned to prevent unforeseen ramifications. We are a brand that sells to 'real Kiwis'. It's important these customers continue to have access to affordable new-vehicle options."

Under the standard, the proposed emission targets for 2026 and 2027 are set to be the most challenging in the world. With current planning, it's not until 2030 that Europe will have the same target as proposed here in 2027.

"Suzuki is continuing to work towards offering the most affordable, fuel-efficient models available," says Peck. "The introduction of fair targets with timing in-line with Europe would assist the industry to achieve our collective goal of reducing emissions."

He stresses the marque remains committed to the Kiwi market. "However, we are concerned not all our customers can afford EV technologies. Planned government penalties on our current fuel-efficient vehicles may make them unaffordable, so many customers will retain their current vehicles, which will make the fleet older. This will not assist the country to reduce emissions and will deny customers access to the latest safety technologies."

Peck says the marque is looking to continue its nearly 60-year history in New Zealand of providing affordable options as a leading seller to private buyers.

Imports tumble

Imports of new cars last month came in at 6,400. This was a nine per cent decrease on January 2021 and a 38 per cent drop compared to 10,322 last month.

Registrations of new passenger vehicles totalled 8,883 up to January 28 for a jump of 17.5 per cent on December's figures. However, it represented a fall of 8.4 per cent from 9,702 units in the same month of last year.

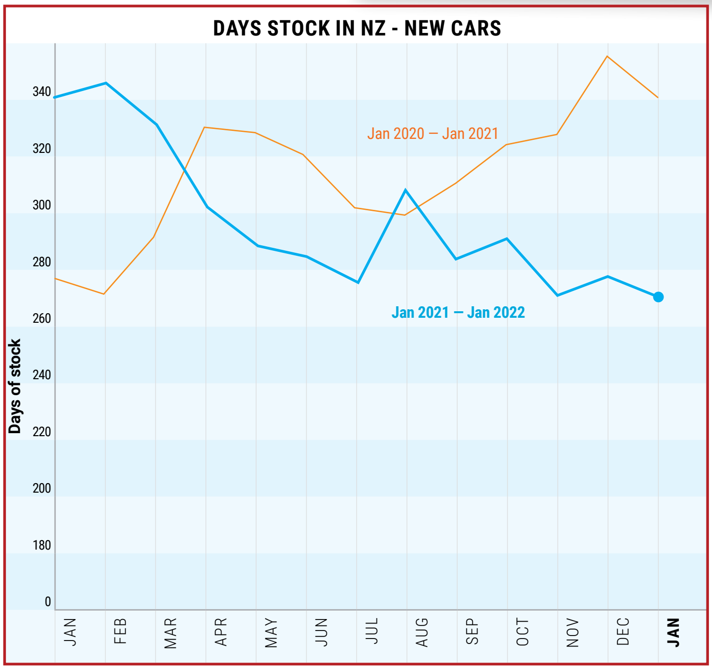
The numbers have resulted in the stock of new cars still to be registered dropping by 2,483 to 82,462. Daily sales, as averaged over the previous 12 months, stand at 305 units per day – up from 223 a year ago.

January's results mean stock at-hand has gone down to 271 days, or 8.9 months, if sales continue at the current rate. In the same month of 2020, the figures were 342 days and 11.3 months respectively.

Dealer stock of new cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Jan '21	7,031	9,702	-2,671	76,298	223	342
Feb '21	10,547	8,703	1,844	78,142	225	347
Mar '21	11,091	10,093	998	79,140	238	333
Apr '21	8,032	8,815	-783	78,357	260	301
May '21	9,988	9,984	4	78,361	273	287
Jun '21	11,871	10,276	1,595	79,956	281	285
Jul '21	9,264	9,954	-690	79,266	285	278
Aug '21	10,921	4,609	6,312	85,578	279	307
Sep '21	8,725	11,853	-3,128	82,450	290	284
Oct '21	12,086	9,248	2,838	85,288	293	291
Nov '21	8,121	11,227	-3,106	82,182	301	273
Dec '21	10,322	7,559	2,763	84,945	307	277
Jan '22	**6,400**	**8,883**	**-2,483**	**82,462**	**305**	**271**
Year to date	**6,400**	**8,883**	**(2,483)**			
Change on last month	**-38.0%**	**17.5%**		**-2.9%**		
Change on Jan 2021	**-9.0%** LESS IMPORTED	**-8.4%** LESS SOLD		**8.1%** MORE STOCK		

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only



Issues with shipping and compliance

A trader on Auckland's North Shore has factored supply-chain issues into his operating model.

Lewis Rowe, who owns Devonport Car Company, says all his used-imported stock comes from Japan and takes longer to arrive here because of shipping delays and, in some cases, due to compliance.

"But I've factored that into how I buy so when it might have been a five to six-week turnaround, now it's eight weeks so I'm aware there's that extra gap and my purchasing habits reflect that," he told Autofile.

"I describe the extra two weeks as the new normal because I don't think the longer delays are going to change anytime soon. That's what the world is going to have to deal with."

Rowe normally stocks about 25 units, but in the months before August's lockdown in Auckland, he was turning over about 20 a month, which was "crazy numbers for the size of my business".

He adds: "I have a great supplier with whom I've had a good relationship with for six-plus years and, because I'm not a huge-volume dealer, I've been lucky to keep a steady stream of quality stock coming through.

"I also don't get too bogged down on looking at exchange rates on the day. I just put bids through and if I own cars on the day then I do. If I don't then I don't get too stressed about it."

However, Lowe doesn't hold a lot of trade-ins and has one wholesaler who takes many of them.

"There's so much time and effort in reconditioning a vehicle that it's not worth the effort for me as a small business," he explains.

"Basically, I'm running the yard on my own and pull small margins out of trades, so I flick them onto my wholesaler and focus on fresh European imports that are clean, tidy and don't need much work to get them saleable.

"I will sell the odd New Zealand-new car on behalf of a customer, but a lot of that stock I get offered is wrecked compared to their Japanese counterparts because of damage done by kids, dogs and sand, and towing boats and caravans.

"You can throw as much grooming and panel and paint as you like at them, but they are never the same quality as how Japanese vehicles come in."

High stock levels

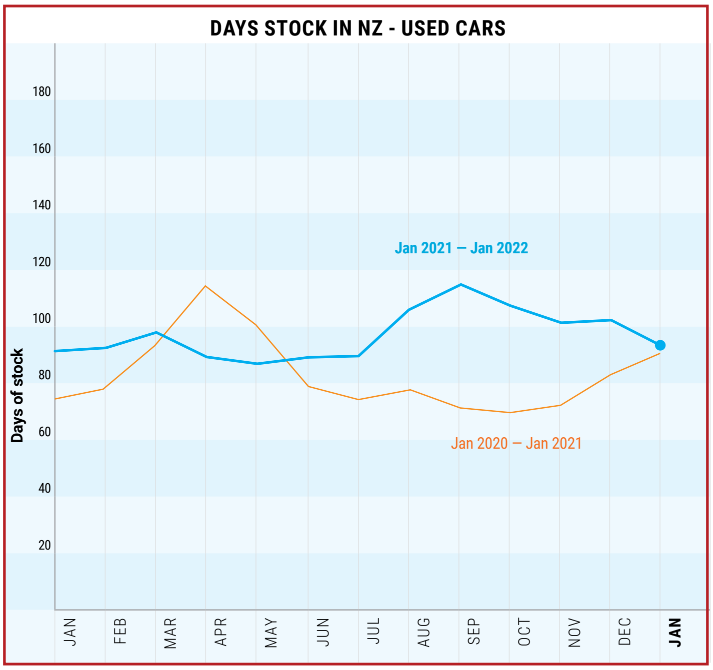
There were 6,956 used cars imported in January for a decrease of 39.4 per cent from 11,471 units in the same month of 2021.

The monthly figure was a decrease of 35.4 per cent from 10,776 vehicles in December.

A total of 9,913 units were sold up to January 28. This was up by 1.9 per cent from 9,396 in January last year, but was a drop of 1.9 per cent from the 10,109 units sold in December.

With 2,957 fewer used cars imported than registered last month, it brought stock sitting on dealers' yards or in compliance shops to 31,360 units. This was 11.8 per cent, or 3,311 cars, more than at the end of January 2021.

With current average daily sales rising to 335 per day, there are 94 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
Jan '21	11,471	9,396	2,075	28,049	303	92
Feb '21	9359	9087	272	28321	299	95
Mar '21	12,768	11,001	1,767	30,088	306	98
Apr '21	9,922	10,128	-206	29,882	332	90
May '21	11,016	11,250	-234	29,648	336	88
Jun '21	11,749	11,252	497	30,145	334	90
Jul '21	13,728	13,121	607	30,752	338	91
Aug '21	11,932	7,096	4,836	35,588	332	107
Sep '21	9,155	7,430	1,725	37,313	324	115
Oct '21	8,680	10,631	-1,951	35,362	327	108
Nov '21	9,628	11,330	-1,702	33,660	332	101
Dec '21	10,766	10,109	657	34,317	334	103
Jan '22	**6,956**	**9,913**	**-2,957**	**31,360**	**335**	**94**
Year to date	**6,956**	**9,913**	**(2,957)**			
Change on last month	**-35.4%**	**-1.9%**		**-8.6%**		
Change on Jan 2021	**-39.36%** LESS IMPORTED	**5.5%** MORE SOLD		**11.8%** MORE STOCK		

* Waka Kotahi dataset incomplete. Statistics are for January 1-28 only