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March 2018

Bugs cause bedlam across supply chain

The automotive sector has been crippled by insects found on ships from Japan, but is working hard to end the crisis

A vehicle logistics company is predicting a plethora of processes will be put in place to prevent any repetition of what's being described as the biggest crisis to face New Zealand's automotive industry.

Frank Willett, chief executive officer of Autohub NZ Ltd, says the supply chain – from transporter companies through to car dealers – is under immense pressure after four vessels were turned away from Ports of Auckland (POAL) when brown marmorated stink bugs (BMSBs) were found on-board.

The discovery of the insects – which can devastate horticulture and some arable crops – resulted in the ships ex-Japan being expelled from Kiwi waters for off-shore treatment.

In addition to the current mayhem, Willett expects extra biosecurity measures will result in extra costs.

The Ministry for Primary Industries (MPI) is working on a new import health standard (IHS)

for used vehicles and machinery, which is expected to be put out for consultation during April before coming into effect in August.

"We don't know how this problem will be addressed by the MPI as we have yet to see exact details," says Willett. "But we expect there will be a huge ramping up of processes required to tackle the BMSB and potentially other pests.

"There will be additional time and financial costs added to required processes, and complexities for the industry."

MPI action to keep the country free of BMSBs has virtually brought the motor industry to a standstill.

The crisis started in early February when Mitsui OSK Lines (MOL) had to reload the Courageous Ace at POAL and carry out off-shore treatment. Armacup's Tokyo Car, Toyofuji's Sepang Express and MOL's Glovis Caravel were also turned away.

Tokyo Car was likely to be discharged this week after being slowly unloaded, according to POAL,

but it was unable to offer timelines for the other vessels.

In addition, MOL sent its Glovis Caravel and Courageous Ace to Singapore for further treatment to avoid inspection delays here.

Autofile can reveal the four affected vessels were carrying 8,186 units for discharge. Of these, according to POAL, 4,911 were used vehicles, 2,125 were new, 829 were for trans-shipment and 321 were over-weights, such as diggers, buses and caravans.

Willett says: "The present situation has created a raft of issues it seems no one has planned for. It has been interesting to see what damage an insect has done, and how limited options for treatments and ongoing protection are.

"Most vessel lines bringing cars to New Zealand aren't keen to use sulfuryl fluoride gas, which is illegal in Japan, while other heat treatment [to kill the bugs] isn't readily available there either.

"If vehicles are heat-treated

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GUEST EDITORIAL

Playing active role in working parties

Craig Sain explains Ports of Auckland's response on the stink-bug crisis

It's about a month since the brown marmorated stink bug problem first arose. If it gets loose in New Zealand, it will have massive consequences so we're all working to keep it out.

This insect is causing pain for the vehicle-import industry and we know a lot of people are badly affected. Ports of Auckland's priority is to do what we can to help.

The current situation is that ships turned away from Auckland are allowed to come back, but under strict treatment rules. They are having to heat-treat 20 per cent of their cargo – a very slow process, which is adding a lot of time at berth. Instead of ships staying for 12-24 hours, we're now looking at days and weeks.

Vessels that haven't been turned away, but have called at Japan, have more rigorous treatment and inspection rules in place, so will also take longer to process – but not weeks. Ships which haven't called at Japan are unaffected and can be processed as normal.

As a result, we're juggling ships around general-cargo berths. We are using Bledisloe as our main treatment berth, with Captain Cook, Jellicoe and Freyberg being vehicle-handling berths. The last two are also used for bulk cargos and Pacific Island traders.

Things are tight, but we've got a good team and we're pulling out the stops to make things work.



CRAIG SAIN
Ports of Auckland

We're taking an active role in industry working parties working on solutions to the situation and for the longer term. Once a long-term solution has been found, we may have the opposite problem to what we have now – lots of cars

arriving at once to clear the backlog. We experienced similar congestion last year and have been updating business rules to streamline the supply chain.

As we have a relatively small land area and the public don't want us to build into the harbour, our focus has to be on getting vehicles off-wharf as efficiently as possible. As an example, a recent rule change has led to a 30 per cent increase weekend work. This is good long term as imports grow and will help if we get a post-bug surge of imports.

Extra general cargo berths would be useful at times like this and we're working on getting more infrastructure through our draft 30-year master plan. It was published for comment in November and we hope to finalise it in the first half of 2018 so we can focus on increasing capacity on general cargo wharves.

It's a tough time for the industry and we're doing our best to help. We hope the situation will return to normal as soon as possible and New Zealand will remain free of this dreadful pest. ☺

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in Japan, the rest of the ships' cargos needs to be infestation-free otherwise nothing is achieved.

"With returning vessels already turned away once, the MPI and industry are working on a case-by-case basis with each vessel based on intelligence logged by crews, what's been found on voyages, how much treatment has been carried out and MPI inspections on arrival."

What processes that can be sanctioned will become clearer when the revised IHS comes out, while shipping lines have suffered due to vessels being unable to dock and undergo normal discharge.

Willett says the potential costs of ships being berthed for a long time, and the unusually slow release of vehicles, is placing "tremendous strain" on all parts of the supply chain from transporter companies, compliance centres, inspection companies, and supporting service and parts suppliers.

"The sudden halt in a usually constant supply means some dealers are perilously low on stock.

How can you be a car dealer with no vehicles to sell?

"Some are struggling with cash-flow issues and to meet financial commitments. Others may have problems with credit or finance providers. Many still have to meet monthly payment requirements."

In Japan, there are issues with stock dockside and at other storage facilities because there are fewer sailings and purchasing hasn't reduced significantly.

"There remains great inertia on the buying side and pressure is building in the pipeline," says Willett. "Things have been turned on their heads and everyone's trying to do what they can to work through the problem."

"The MPI has commented insect population explosions and infestations tend to be cyclical. Given the conditions, we could be affected by this for one, two or even five years before the problem with BMSBs reduces."



Frank Willett

Meanwhile, it's essential systems are put in place to safeguard "pipelines", while the industry will have to meet new requirements for used imports from Japan that satisfy the MPI.

A technical industry working group facilitated by VIA (the Imported Motor Vehicle Industry Association)

is looking at broader options for processes and treatments, and is also liaising with the government.

"The MPI has stated its role is to set requirements and expectations," says Willett. "It has also made it clear it isn't its responsibility to provide solutions."

Darryl McGifford, general manager of AutoTerminal NZ, says: "The situation is drastically affecting our business and the whole industry. We have an empty yard and workshop, along with many others."

He has heard of car dealers going from seven to six and even five-day operations. "To say this

issue is dramatic and traumatic is no exaggeration. A few customers who have ordered cars from dealers are cancelling and requesting refunds due to delays."

McGifford stresses the crisis' massive impact means communication is key.

"We are keeping customers up to date with the latest from MOL and Jacanna as it comes to hand," he told Autofile. "Also, I've been talking to local MPs and they're keen to help. I've impressed on them the urgency of the situation, which is costing the industry millions of dollars."

He is pleased VIA is trying its best to push things forward, but says a solution needs to be found "to ensure this matter doesn't rear its head again in October".

"The automotive industry cannot operate for just six months of the year and the current issue is going to continue for at least another month."

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McGifford expects some stock to arrive soon, which will bring relief to some traders, but many of February's vehicles are still awaiting clearance.

"Our industry understands we cannot have stink bugs in this country and is committed to keeping them out," he says. "Hopefully working with numerous agencies will mean a foolproof resolution is found."

"The use of sulfuryl fluoride would seem to be a magic bullet. However, it's not just a simple process of spraying ships and cars. Factors around handling, storage, where and how it is done need to be worked through before it can be considered."

David Vinsen, chief executive of VIA, says: "We accept biosecurity is paramount and that has always been a long-term policy position."

He believes dealing with hazards, such as BMSBs, should be tackled overseas with vehicles and vessels inspected prior to departure rather than biohazards entering New Zealand and dealt with here.

Vinsen notes the MPI is taking serious steps to deal with the issue, while the crisis has three elements.

The first is vessels affected by stink bugs and their vehicles on-board. They need to be treated and re-inspected before controlled discharges take place.

"This is a slow method designed to catch everything with heat-treating and fogging. It's going to take a while to complete."

"The second issue surrounds fresh arrivals with vehicles unaffected by BMSBs, which may be discharged quickly. An affected vessel may have to be moved to create space for the new vessel before moving back again. POAL is managing berths on a dynamic basis."

The third strand is the backlog of awaiting shipment to New Zealand. "With a three-week hiatus, you are looking at 15,000 to 20,000" new and used vehicles at Japanese ports.

Systems and procedures need to be in place that are based on sound science, which can cater for and cope with any future upturn in bug proliferation.

Vinsen says: "Dealing with the three main issues around this situation has brought all elements of the industry – new and used –

"There has been a huge amount of goodwill, but also lots of tension and frustration" – David Vinsen



working hard together and with the MPI on systems and procedures to try to find a solution.

"We held an industry-wide meeting with the MPI. A working group was established from that and VIA offered to lead it. We're having teleconferences on Tuesday and Friday afternoons with the MPI reporting in on the state of play and developments."

"There has been dissemination of information both ways, with the NZTA and Ministry of Transport now sitting in to identify issues affecting them."

Vinsen notes the process to exempt vehicles from the latest electronic stability control rules, which came into effect on March 1, was promptly concluded after talks were well-received by the NZTA. VIA is now authorised to co-ordinate the list of used cars with engines over 2,000cc that missed the cut-off date so they can be used on Kiwi roads.

He cites this as "an example of industry and government departments working across the issue".

Towards the end of February, a technical working group was set up with biosecurity experts. It is now carrying out specific scientific research, such as the efficacy of fogging vessels and vehicles.

"This group is a medium-term engagement," Vinsen told Autofile. "We will bring in external scientists as needed. The group reports to myself and David Crawford of the Motor Industry Association, and operates under the auspices of the MPI for the scope of research conducted and approval of methodologies."

"We put this group together in less than 24 hours with keen interest from all sectors and VIA volunteering services."

"The MPI indicated to us that such a project would have taken about 18 months for it to set up internally, so this is another example of how pan-industry

co-operation can expedite how we deal with serious matters."

Vinsen notes the emergency use of sulfuryl fluoride on affected vessels has been denied by the Environmental Protection Agency because of possible side effects on horticulture and agriculture.

"The MPI applied for emergency use, but didn't meet the threshold. This was because the situation with the bugs is on New Zealand waters and there were no established colonies in this country."

"Australia has approved using sulfuryl fluoride, but only for goods arriving there because it doesn't want to become a decontamination station. Its use on vessels is problematic because of

the way car carriers are ventilated and crews cannot be on-board.

"It's issues such as this that have made this crisis a catch-22 situation all the way through. There has been a huge amount of goodwill, but also lots of tension and frustration working with the three main issues – the immediate control and discharge of contaminated vessels, fresh imports, and raising the bar on future systems and protocols."

Vinsen stresses there are no easy answers and huge effects downstream with many companies without work at the moment.

"Then there's the huge backlog building up in Japan. We will be going from dearth to glut. The industry is thinking about how it will cope with an upsurge of stock when it comes. It's really like a yo-yo."

"I have to say this is the biggest crisis I've ever been involved in. There have been some major issues over the years, such as how new legislation will affect the industry, but this is the biggest in that our industry has ground to a halt." ☹



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How the bug crisis has unfolded

Concerns have long existed about risks the brown marmorated stink bug (BMSB) pose, especially to New Zealand's horticulture industry, with strict biosecurity measures in place to stop them crossing the border.

The authorities went on high alert in December after 15 live insects were found in Christchurch after a fumigation failure. They were located inside panels on a mobile concrete plant.

Then, last month, the automotive industry was rocked when BMSBs were discovered in car carriers from Japan. Here's how February's events unfolded.

FEB 6: BUGS FOUND

Mitsui OSK Lines (MOL) had to reload the Courageous Ace at Ports of Auckland (POAL) and head out to sea as it and the Ministry for Primary Industries (MPI) worked to clear it of BMSBs.

The MPI later issued a directive to treat cargo holds with a fogging agent. A few days later, MOL was directed to undertake treatment offshore with fumigation options considered.

FEB 11: TOLD TO GO

Armocup's Tokyo Car was dispatched from POAL after more than 100 stink bugs and other insects were found. The ship wasn't allowed to unload on arrival and was ordered out of Kiwi waters.

FEB 14: TURNED AWAY

Three car carriers had been ordered offshore due to BMSBs. Toyofuji Shipping was advised its Sepang Express must undertake treatment with sulfuryl fluoride that kills the bugs – but that couldn't be done in NZ. Prior to this, the vessel was "thermo-fogged" to agitate insects and expose infestation, after which live BMSBs were found.

MOL diverted the Glovis Caravel



The brown marmorated, left, and yellow-spotted stink bugs

and was in talks with the Australian government about fumigation.

Paul Hallett, of the MPI, believed insects were getting on ships via vehicles and machinery. "The MPI is reviewing the craft risk-management standard for vessels and vehicle import health standard."

FEB 15: CRISIS TALKS

About 45 members of the ports, shipping, logistics, compliance and vehicle industries met at POAL to discuss the issue with the MPI.

Afterwards, Jacanna Customs and Freight said: "The only viable product MPI recognises – apart from heat treatment, which cannot be done for this volume of cars – that will eliminate the BMSB is to fumigate with sulfuryl fluoride. The best option is for the MPI to allow it to be used under emergency situation."

VIA (the Imported Motor Vehicle Industry Association) warned it was likely ship charterers would refuse to load in Japan. Up to 15,000 vehicles were awaiting export and this total would grow. The crisis could have "enormous consequences and affect thousands of jobs". It advised members to check vehicles for signs of stink bugs.

The MPI said car carriers from Japan now faced "additional inspection and fogging to flush insects out of confined spaces".

[continued on page 8]



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FEB 16: STOCK ISSUES

The Motor Industry Association was expecting "significant disruption to stock for the foreseeable future". Chief executive officer David Crawford said: "We will work with the MPI and industry to ensure a durable, cost-effective process is put in place."

David Vinsen, VIA's chief executive, said there had been nothing more serious during his 15 years in the role.

Euan Philpot, director JEVIC NZ, said the company was working with the MPI, and treatments in addition to inspections would help detect BMSBs, while Nigel Grindall, of Automotive Technologies, said extra checks could be put in place for the short window the bugs hibernated in, which ended in April.

Wallis Dumper, managing director of Subaru NZ, indicated about 250 of the marque's cars had been turned away.

FEB 16: IMPORT STANDARD

A working group was set up to find a way to eliminate stink bugs from ships. Autofile understood the MPI would change the import health standard so all used cars would require cleaning and inspection before leaving Japan.

Vinsen said: "The bugs are extreme-temperature intolerant, so heating or freezing are options we're looking into."

Damien O'Connor, the Agriculture and Biosecurity Minister, said stink bugs wouldn't



"Fogging" treatment on vehicles

be allowed anywhere near this country because they could cause billions in damage to the economy.

FEB 19: CARS ARRIVE

Some vehicles from Japan crossed the border over the weekend. The Trans Future 5 delivered its cargo having travelled via Melbourne.

Blain Paterson, of Toyofuji, believed 500 used and 600 new cars were delivered. Its Sepang Express was offshore near Noumea as work continued on how it could be treated.

MOL revealed a plan for the Courageous Ace, drifting off Brisbane, and the Glovis Caravel, off Noumea, to head to Auckland. They were to be fogged at sea. Tokyo Car was to return to POAL for re-inspection.

FEB 19: TRIAL TESTS

The MPI said a cross-industry group would tackle proposed treatments for affected vessels. Shipping lines and importers were to start trials of testing.

It discouraged vessels en-route or waiting to be loaded in Japan from

arriving without measures taken. It had applied to use restricted pest-control substances.

After fumigation off-shore, vessels would be sample unloaded with one-fifth of each deck checked for live bugs by using heat treatment. If the 20 per cent from a deck were bug-free, the rest of the deck could be unloaded. If further stink bugs were found, the ship could be asked to leave.

An application for emergency use of sulfuryl fluoride in NZ to kill bugs was declined, but Vinsen said the industry didn't agree with that. "Emergency use is restricted to treatment of pests already in NZ, [but] territorial sea has the same legal status as dry land."

FEB 20: CUTTING RISKS

The MPI confirmed new measures to reduce the risk of BMSBs from Japan. Changes would require all used vehicles to be inspected and cleaned at an approved facility before export.

In addition, they would require certification from an appropriate

provider, said the MPI's Paul Hallett.

"Nearly 95 per cent of used vehicles from Japan already go through approved facilities. The changes will reduce the chance of transporting dirty vehicles and machinery."

He added the MPI would work with industry to develop longer-term options to avoid turning ships around. "This could include treatment prior to entering NZ waters or fumigating vessels here if detections are made."

The MPI was looking to implement changes for the new-vehicle sector, and would treat ships on a case-by-case basis.

FEB 20: HEADING BACK

Some bug-infected ships were returning. The Tokyo Car was in the Hauraki Gulf, while the Morning Menad – suspected of having BMSBs when in Fiji – was steaming south off Northland's coast.

The Courageous Ace was off Queensland, the Glovis Carvel was heading to Auckland and the Sepang Express was off New Caledonia.

Armacup was working with the MPI for Tokyo Car to return to POAL for further fogging – a process with insecticide applied in cargo holds – followed by re-inspection. The chemical couldn't guarantee a 100 per cent kill rate, but would irritate stink bugs to make them detectable.

FEB 22: FREE OF BUGS

Inspections of the Tokyo Car revealed no new BMSBs. Following

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◀ fumigation at sea, MPI officers found some dead bugs.

Its vessel had been subjected to strict controls, including fogging. The next step was the discharge of sample vehicles from each deck for screening by detector dog, followed by heat treatment.

MOL said that due to Cyclone Gita, fogging on the Courageous Ace had been delayed. The Glovis Caravel was en-route and would be fogged off Auckland.

FEB 23: IMPORT DATES

NZ Customs said it would amend declarations to change import dates for vehicles on vessels affected by stink bugs. The changes would be system-generated when import dates were known.

Original entry charges would appear as usual on statements and GST entities could claim Inland Revenue credits. An admin nightmare would have been caused had the system not been changed – and an increased charge of about \$85 per vehicle.

The NZTA offered an exemption for class MA vehicles, cars over 2,000cc, purchased in Japan on or before February 26 that would miss the March 1 deadline for the next phase of electronic stability control regulations. Importers had to provide evidence their vehicles had been affected.

FEB 23: STRICT RULES

POAL said the three ships turned away were allowed to return, but under strict MPI treatment rules with 20 per cent of their cargos to be heat-treated.

"It will take weeks to process these vessels," warned spokesman Matt Ball. "Auckland has the only heat-treatment facilities in the country, which can handle 10 to 15 cars a day.

"These ships could be at berth for weeks. Vessels that don't call at Japan are unaffected and we aim to get them processed as fast as possible. Vessels that have called at Japan will be subject to greater MPI scrutiny.

"Once a long-term solution is worked out, we could have lots of cars arriving at once. This could overload the supply chain and we could experience congestion we had 12 months ago with ships waiting at anchor."

FEB 26: MITIGATING RISK

The MPI issued new recommendations for managing risks associated with vehicles from Japan to reduce BMSBs and YSSBs. It said they were minimum measures to increase the prospect of imports achieving compliance and encouraged operators to apply further appropriate action.

The Courageous Ace had been fogged in Brisbane, while the Glovis Caravel was outside Auckland. The Morning Christina had been fogged and treated in Australia.

Australia's Department of Agriculture and Water Resources issued an advice notice to assess and manage BMSBs on roll-on, roll-offs.

"Vessels may receive a questionnaire to assess biosecurity risk. Those that report the BMSB may be asked to conduct inspections to determine the extent of infestation. They may require treatment at anchorage to manage unacceptable risk."

FEB 28: SHIP UPDATE

MOL clarified where its car carriers were, and the detection and treatment of BMSBs and YSSBs. It reported 600 bugs found by crew included all insects, not specifically stink bugs. They were found from February 14-26 by daily monitoring of the Glovis Caravel.

The MPI was informed on February 27. MOL didn't berth the ship until a treatment plan was in place. It left Kiwi waters on the 27th for fogging then re-inspection. The Courageous Ace had been fogged off Australia and was sailing to NZ.

FEB 28: EXPERT VIEWS

A technical working group of Japanese and NZ-based individuals – with biosecurity expertise and industry support – was set up.

Its members were leader Kevin Nalder of Autoterminal, Nigel Ironside of POAL, Aaron Treadaway of JEVIC, and Jacob Bates of Automotive Technologies. Vinsen said: "It will be industry-led and funded working under the MPI on developing and testing treatment procedures."

The Tokyo Car, Sepang Express and Courageous Ace were still delayed, and no quick discharge was likely from Tokyo Car. ☺



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Marque's spending hits \$50m

The president of General Motors International has outlined Holden's multi-year investment in its New Zealand operations.

Barry Engle says the marque is laying the groundwork for long-term success in this country on the back of spending \$50 million on customer experience, facilities, technology and its people.

Holden and its dealer network have embarked on an upgrade programme across its 51 locations nationwide, including 16 new dealership builds and major developments.

This comes hot on the heels of upgrades to Holden NZ's headquarters, and a 50 per cent expansion of the company's parts and distribution warehouse in South Auckland.

Engle, who also launched the latest Commodore range



Opening Holden NZ's new training centre in Pavilion Drive, Mangere. From left, Kristian Aquilina, Barry Engle and Mark Bernhard. Above right: Holden NZ's revamped head office

last month, says: "New industry-leading technology, a modernised retail presence and next-generation vehicles set Holden up for a great future."

He joined staff to officially open the marque's training academy at Auckland's airport precinct along with Kristian Aquilina, managing director of Holden NZ, and Mark Bernhard, chairman and chief executive officer of Holden Australia.

Engle describes vehicle connectivity as the start of the pathway towards realising the

company's vision for a future with zero collisions, congestion and emissions.

"The connectivity of cars to its users, as well as infrastructure, is the first important step towards this mobility future," he says.

To this end, new Holdens launched on these shores from late 2019 will be linked to the internet via Onstar.

Already launched in North America, the technology's offerings are broken into five streams – emergency, security, navigation

and commerce, connectivity and vehicle management.

OnStar will offer Kiwis features such as automatic crash and emergency response. This uses GPS satellites and enhanced mobile capability to provide accurate locations and greater coverage.

The system will also provide alerts if a vehicle is moved from its defined location, ignition blocking and remote slowdown of cars confirmed as stolen.

Aquilina notes Holden is "undergoing a product renaissance", and launching 24 new vehicles between 2015 and 2020.

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- Ensuring strong relationships across the industry and the Group
- Supporting, developing and implementing processes and practices that ensure customer and client expectations are exceeded
- Developing and leading strategic initiatives to grow the business and achieve market share

To be successful in this role you will have:

- Proven business and financial management experience in a large dealership
- General Management or Dealer Principal experience or a mix of sales, service and business development
- Leadership experience for a minimum of 5 years
- Communication, influence, negotiation and relationship building skills
- Strong PC skills/knowledge of CRM, DMS and other sales management systems

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Transition to a digital nation

I attended the Digital Nations 2030 conference in Auckland from February 19-20 – an international summit sponsored by New Zealand's government welcoming delegations from many of the world-leading "digital nations".

With more than 550 attendees from 18 countries, the event was an opportunity for these representatives to convene with digital leaders from our government and industry. Of the group, 49 per cent of attendees were from government and 44 per cent were from industry.

So, what is a digital nation? It's not necessarily a nation with the flashiest technology. While the term covers the uptake of new technologies, that uptake is a consequence of what it really means to be a digital nation.

In this context a digital nation means one that's shifting, or has shifted, how it solves problems, shifting from the solutions of yesterday to the possibilities of tomorrow – entirely data-driven, smarter solutions.

In transport, for example, think about the problem of congestion. Congestion is extremely inconvenient and results in tremendous losses in productivity.

I drive from Mount Wellington in Auckland to Pukekohe, spending an average of about an hour on the road each way. That is two hours a day I could be doing other things, such as learning, researching, writing or even just spending time with my kids.

It is currently estimated that traffic congestion in Auckland costs the economy around \$1.3 billion

annually. Most planners will tell you that we cannot simply build our way out of congestion.

As a long-term solution, there is only so much room. What we can do, however, is make the road smarter. A digital nation looks for ways to use data in making smarter decisions, smarter optimisation and smarter problem-solving.

Excitingly, the use of data for decision-making is self-reinforcing. Smarter decision-making leads to smarter choices on which data to collect, as well as smarter ways of processing data to make it useful – which, of course, leads to even smarter decision-making.



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

transparency to increase trust with citizens. This, it hopes, will lead to a stronger, people-centred democracy.

► Minimising the gap between the internet "haves" and "have nots" will strengthen social inclusion and cohesion.

► The government wants to strengthen protection of digital

rights, which is one that is close to my heart. I hope this includes ownership of digital data.

► It also wants to take an integrated, far-sighted approach to promoting a digital economy – to use the principles, technologies and connectedness of a digital

that adopting these changes has risks – all change does.

However, it argues – and I agree – that the opportunities outweigh the risks so much that to not take these steps is negligent. Ignoring the potential benefits, especially in the face of both global competition and global risks, is unconscionable.

As expressed by Clare Curran, Minister of Government Digital Services, the government can lead by example, showing leadership to industry and communities.

The government can be the catalyst for a "thriving, agile, intelligent, compassionate digital nation that leaves no one out".

Following on from this, industry also has a part in creating this transformation. Many of the technologies that drive this change will be introduced by industry, not government.

Examples of this technology include electric vehicles, solar panels, batteries, artificial intelligence, blockchain, 3D and 4D printing, and even robotics – in the form of automated cars and drones, as well as in manufacturing.

Adopting these technologies will require new skills in our workforce. The adoption of the skills necessary to develop, implement and even maintain these technologies will lead to new-way solutions, new ways of solving old problems – in other words, innovation.

New Zealanders have a long history of leading the way with new technology and now, more than ever, we stand ready to embrace the change and all the opportunity it brings. ☺

"As expressed by Clare Curran, Minister of Government Digital Services, the government can lead by example, showing leadership to industry and communities"

In the short term, as this movement to a digital nation begins, we will see industry and government taking stock of the data they have, and working with what they have got already.

In the long term, though, we can expect data needs to shift as the smarter decision-making begins to have an effect.

Our government has presented several goals it sees as a basis for our transformation.

► It wants to increase the principles of openness and

nation to increase productivity.

► The government also seems to recognise some of the risks of technology, specifically in the communication space. It supports an independent public-service media.

► Finally, it intends to embrace the ideals of a digital nation within its own ministries and departments, to destroy traditional silos, and encourage new ways of thinking and solving problems.

The government acknowledges



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Action needed on recalls

The government is being urged to intervene in the Takata airbag crisis to ensure owners of affected vehicles comply with recall notices.

By the end of February, about 320,000 new and used vehicles in New Zealand had been affected by the call-back process.

But only around 134,000 owners – or 41 per cent – had taken their vehicles in for remedial work to be completed.

Now the Motor Industry Association (MIA) wants the government to require people to take them into franchised dealerships for the recalled component to be replaced if they fail to respond to letters from manufacturers within a reasonable time.

"This is a large and complex logistical issue affecting vehicles with two different types of Takata airbags," says David Crawford, chief executive

officer of the MIA.

"Current owners have a choice as to whether they want to close out the recall. At present, there's no mandatory process requiring owners to undertake a recall if they are notified by the manufacturer to do so."

Crawford adds the issue is being exacerbated by importers of used vehicles who may not properly check – as required under the Fair Trading Act – that stock being brought into New Zealand has had recalls closed out in the source country.

To that end, the MIA wants government action to prevent used imported vehicles from securing import compliance unless those bringing them across the border can prove their call-backs have been completed.

"Mostly, these vehicles are



David Crawford

proceeding through compliance without checking and then on-sold to unsuspecting consumers," says Crawford.

"It's then left up to New Zealand distributors to try to identify these vehicles

and endeavour to manage a recall, which under legislation they aren't obliged to undertake."

Crawford notes this is because under consumer laws the person importing goods, including vehicles, is considered the manufacturer of them for call-back purposes.

He stresses: "The MIA is not opposing imports of used vehicles, but these vehicles should not be on-sold to consumers with outstanding, or open, recalls."

Meanwhile, the Australian government has ordered call-backs for 2.3 million vehicles to replace defective Takata airbags on the

advice of the Australian Competition and Consumer Commission (ACCC).

Twenty-five marques are involved in the first government-mandated compulsory recall in Australia where there have been voluntarily administered by manufacturers in the past.

It reflects the ACCC's unhappiness with the reluctance of some car makers to replace airbag inflators associated with 23 deaths worldwide. There has been one death and one serious injury across the Tasman.

It's also unsatisfied with the completion rate of repairs under the voluntary system, saying last year only 38 per cent of affected vehicles recalled since 2009 had been fixed.

Takata's faulty airbags have a propellant that can degrade when exposed to moisture so that when they deploy in a crash, they may explode with too much force and can blast out metal shrapnel. ☹

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- Driving high performance and promoting overachievement
- Meeting and exceeding group and manufacturer sales targets
- Managing and increasing profitability across all departments
- Building on and maintaining strong relationships with Manufacturers
- Enhancing brand awareness and promoting model line up
- Supporting, developing and implementing processes and practices that ensure customer and client expectations are exceeded
- Developing and producing strategic initiatives to grow the business
- Maintaining and building on a strong and close-knit team

To be successful in this role you will have:

- Proven Sales Management experience or a mix of sales, service and business development skills
- Communication, influence, negotiation and relationship building skills
- PC skills/knowledge of CRM, DMS and other sales management systems

Please apply with a cover letter and CV to Rachel Kirkland, Executive Assistant rkirkland@giltrap.com by COB 22nd March 2018.

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Getting processes established

From the many motor-vehicle dealers I'm in contact with day to day, I am frequently asked questions along these lines:

- ▶ How do I track my leads? I don't feel they are being correctly captured.
- ▶ How do I measure my referral traffic?
- ▶ Why does my reporting have unspecified or blank referral sources?
- ▶ I don't feel my team is capturing all the information the business needs for customer retention or reporting. What's not being done correctly?

As I work with dealers to discover answers, the issue commonly tends to be there has been no process established to assist in these areas, and that are aligned with goals the business wishes to achieve.

There's nothing documented or agreed on for staff to refer to when completing a new task as part of their role. This is generally something that's important – regardless of whether they are new to the role, it's something they haven't done for some time, or them going about their work with old habits.

Think about how many times you have had a new staff member come into your dealership and you have been unsure where to start with their training, or you've been unsure of how an existing or a previous employee was completing a task.

Generally in this scenario, past staff never shared their process with anyone else and never

documented it. The important aspect to remember here is the process of completing a task associated with someone's role should complement business objectives, not just the way the individual wants to do it.

Once some form of agreed process is created, it can then be shared with appropriate members of the dealership to provide a uniformed approach. This not only provides for a professional customer experience, but also leads to reporting and other functions within the dealership that rely on the accuracy of data capture.

Creating processes can feel overwhelming especially if you are completing them for the first time. Therefore, it's important to keep them simple. Initially think about the processes and activities that happen in your dealership day to day, and start by documenting what these could be at a high level.

This is an example of areas to consider: 1 – purchasing a vehicle, 2 – transport, shipping and customs, 3 – getting the vehicle yard-ready, 4 – lead management, 5 – test drives, 6 – creating a sale, 7 – after-sale process and customer relationship management (CRM).

From here, you will be able to break down each section into the process that meets your business requirements and helps achieve your goals. Get your team involved in completing these in identified areas.

This can also create a great level



JAZ ROGERS
Regional sales manager
Motorcentral

of engagement and allow employees to apply their knowledge, have a better understanding of tasks, the benefits to the dealership and, in many situations, themselves.

It is important staff understand how their actions, or lack of them, impact the business.

If employees don't understand the outcome of their actions, or lack of them, they won't see the importance of what they have been asked to complete, and therefore be less committed and disciplined with the process you are trying to implement.

RECORDING TEST DRIVES

Capturing information on test drives allows you to see how many are converted to sales, how many times a vehicle has been test-driven and how many a sales person has completed, while securing customer details can reduce time when converting to a sale. The process can also:

- ▶ Provide confirmation of customers accepting the terms and conditions of your test drive.
- ▶ Meet your insurance requirements.
- ▶ Record customer information in case of traffic infringements while on a test drive.
- ▶ Trigger CRM functions to aid in pre-sale conversion, automated or manual follow-up.

The process outline doesn't have to be a fancy timeline with multiple

colours explaining each step in detailed paragraphs. It can be as simple as bullet points outlining each step with key activities and data required.

TEST-DRIVE PROCESS

The test drive can be captured by the sales person at the time and added to the test-drive management system.

Mandatory information to be captured should include a copy of the driver's licence, customer's first and last name, email address, mobile number, referral method, time and date of test drive, acceptance of test-drive terms and conditions, and client's signature.

The next action should be a phone follow-up that's recorded against the customer and vehicle. If the test drive was in the morning, follow up in the afternoon. If in the afternoon, the follow-up should be completed the next morning.

Sound and adhered-to business processes also assist management in assigning tasks to most appropriate staff members, when writing job descriptions, business planning and reviewing implemented procedures easily.

Well-documented processes are key factors for a successful business no matter the size.

What information or customer experience are you missing out on because you have nothing defined or practised?

One thing you will find when you start exploring these areas of your business is many lost opportunities that were ultimately in your control.



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NEWS in brief

Japanese brands may close factories in Brexit's wake

Theresa May has told business leaders that leaving the EU will allow the UK to negotiate a free-trade deal with Japan.

The prime minister has told top executives – including those from Nissan, Toyota, Mitsubishi and Honda – that her government's industrial strategy makes the island nation "more attractive".

Japanese marques' UK operations started in the 1980s and now build nearly half of the country's 1.67 million cars with most being exported.

But they are concerned their exports may face tariffs of up to 10 per cent and be subject to Customs delays when the UK quits the EU.

Nissan and Toyota have declined to comment on the talks. But Koji Tsuruoka, Japan's ambassador to the UK, warns if companies cannot make a profit in the UK they will pull out.

Swedish crossover victory touted as 'unexpected'

Volvo's XC60 has won the 2018 Japan Car of the Year title. The Swedish crossover triumphed with 294 points, 52 and 62 ahead of the BMW and Toyota respectively. It was the first time in the award's 38-year history a Volvo has won.

"To be honest, I would have been happy with import car of the year," says Takayuki Kimura, pictured, of Volvo Japan. "To come away with the overall title is unexpected."

Suzuki's Swift finished fourth ahead of the Honda N-Box, Lexus LC, Alfa Romeo Giulia, Mazda CX-5, Citroen C3 and Volkswagen Tiguan.

The N-Box won the small mobility award as best vehicle in the 660cc category. Toyota picked up gongs for best innovation for its Prius PHEV and the hybrid's 10 millionth sale.



Watchdog updates guidelines on how cartels operate

The Commerce Commission has released final guidelines for assessing collaborations between competitors as a result of amendments to cartel legislation previously reported on by Autofile. They provide an overview of the watchdog's approach to enforcing new law.

Changes to the Commerce Act include a ban on cartels with exceptions for collaborative activities, vertical supply contracts and joint buying agreements.

The Commerce Amendment Act introduces a clearances regime for businesses that enter into collaborative activities that risk breaching the law.

The guidelines explain the legislation, which was introduced to provide for more pro-competitive collaboration between businesses while deterring cartel conduct within certain industries, such as shipping.

Changes since the previous draft of the guidelines include dropping criminal sanctions for cartel conduct and updating confidentiality provisions.

Australian company expands presence in city

Automotive Holdings Group (AHG) took over the Manukau Hyundai and Auckland Motors Mitsubishi dealerships last month.

The \$7.5 million acquisition increases the Australian company's portfolio to nine automotive franchises in this country.

"This adds two important volume brands to our New Zealand portfolio, and aligns with our automotive growth strategy to acquire and aggregate dealerships in and around existing AHG dealerships," says John McConnell, managing director of AHG.

The company's focus remains on Auckland with its strong private and fleet sectors. ☺



Most powerful engine for tribute model

The rear-wheel-drive McLaren Senna has been designed and engineered as the marque's "ultimate track-concentrated car for the road".

Its twin-turbocharged V8 with electro-hydraulic steering is mid-mounted, while its race-derived suspension delivers control and dynamic balance.

Codenamed M840TR, the four-litre engine is the most powerful internal-combustion engine created by McLaren for a road vehicle with 588kW and torque of 800Nm.

Its dry-sump lubrication and

flat-plane crankshaft are rooted in motorsport. Lightweight internal parts cut powertrain mass, and combine with ultra-low inertia twin-turbochargers and electronically controlled wastegates for quick throttle responsiveness.

The dual-clutch, seamless-shift, seven-speed gearbox has fully automatic mode as its default with the driver able to choose full manual control via paddles mounted behind the steering wheel.

The character of the V8 and transmission can be tailored using the active dynamics panel with

comfort, sport or track modes.

The Senna's chassis develops the structure underpinning the 720S. It's the strongest built by the marque for a road-legal vehicle while weighing in at just 1,198kg.

Viewed from above, the body is teardrop-shaped with components "clipped" onto the cabin to deliver optimal aerodynamic performance.

McLaren's designers have cut open the "shrink-wrapped" body to reduce weight visually and functionally. This means a single line from the front to rear cannot be followed without it passing through

a functional air intake or vent.

The Senna also has front and rear active aerodynamics, raising downforce and aero control to an unprecedented level to ensure performance potential is exploited.

All body-design elements – from the front splitter to the rear's double diffuser – have been developed to optimise downforce and aerodynamic balance, while visual drama can be added with front aero-blades.

The supercar will make its public debut this month at the Geneva Motor Show. ☎

Variant to 'stand out'

The Endura, Ford's premium five-seater SUV known as the Edge in other markets, is being launched here as the premium sports-orientated ST-Line variant.

It features distinctive alloys, body-styling kit, unique badging, upgraded sports suspension and a twin-turbo performance diesel engine compliant with Euro VI emissions standards.

"It will be a stand-out offering in what's a fiercely competitive market," says Simon Rutherford, managing director Ford NZ.

"While SUVs grow in popularity, the capability, design and technology that comes with the

ST-Line gives the Endura an edge."

Built in Canada, it joins the marque's expanding SUV range in New Zealand alongside the Everest, Escape and EcoSport.

The ST-Line features include active noise control, park assist and pre-collision assist with pedestrian detection. Ford's intelligent all-wheel-drive (AWD) technology is standard, which transitions between front and AWD performance for more secure footing on roads.

The advanced two-litre Duratorq TDCi engine has been upgraded with a 154kW bi-turbo to maximise performance. Vital statistics include torque of 450Nm, fuel consumption of 5.9l/100km and CO₂ emissions of 152g/kg.

A limited number of Endura ST-Lines will arrive in May with a recommended retail price of \$73,990. ☎



Ford's Endura ST-Line

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Company makes record profits

The Colonial Motor Company (CMC) made unprecedented half-yearly trading profits of \$11.9 million for the period ending December 2017 – up by 15.9 per cent on last year.

Its total new light-vehicle industry for the second half of the last calendar year was up 3.9 per cent on the same period 12 months before, but this was a materially lower rate of growth than 13.5 per cent a year earlier.

“This slowing rate of growth impacted on the profitability of our car dealerships,” says chairman Jim Gibbons.

“Car dealerships’ trading profit was lower than the record result a year earlier, but above that achieved in 2015 and 2014.”

CMC’s overall record results were driven by heavy trucks with sales volume and

trading profit booming in the six-month period. Kenworth and DAF experienced strong growth with 482 heavy vehicles being registered in the full calendar year.

The company’s directors have declared a fully imputed interim dividend of 15 cents per share, totalling \$4.904m – up two cents from the same period last year.

“Segment shifts in the market continue with the established pattern away from sedans and hatches into SUVs and light commercials,” notes Gibbons.

“This trend affects Ford and Mazda differently. Mazda is strong in the important SUV

segment, while Ford is successful in the light-commercial sector.”

Looking ahead, Gibbons says the total new-vehicle market continues to grow and there are strong forward orders for heavy trucks.

“Mazda is strong in the SUV segment, while Ford is successful in the light-commercial sector”

– Jim Gibbons

“However, the pace of growth has slowed from a year ago and business confidence is more cautious.”

As for developments, South Auckland Motors’ new leased facility in Takanini opened on time in December.

Late in 2017, Southern Autos-Manukau was appointed the Suzuki franchisee to replace Moyes in Panmure, and on January 23 began selling the marque’s vehicles in addition to Isuzu utes, Peugeot and Citroen.

Construction work has started on a CMC-owned workshop facility in Wellington for Capital City Motors. ☺



Motor-vehicle ledger boosts profits

Hearthland Bank Ltd has posted net profit after tax (NPAT) of \$31.1 million for the six months to December 31.

This was up by \$2m, or seven per cent, on the corresponding half-year in the previous financial year.

The figures posted by the company, which owns Marac Finance, were boosted by loans on its motor-vehicle ledger, which increased by 15 per cent to \$886.3m – or by \$62m.

Heartland says its increase in profitability was primarily driven by annualised growth in receivables of 13 per cent, return on equity of 10.8 per cent, the successful issue of \$150m in retail notes, its \$59m rights issue and the Open For Business online working-capital platform

growing by 45 per cent.

Overall its lending book increased by \$237.2m to \$3.8 billion with personal loans, reverse mortgages and Harmony, its online lending business, performing strongly.

“Looking forward, underlying asset growth is expected to continue with strong household, business and rural volumes projected through the execution of Heartland’s strategy,” the company says.

The household division recorded net operating income of \$50.3m, a 10 per cent increase of \$4.8m, while its net receivables jumped by \$190m to \$2.1b.

Net operating income from

the consumer division, which includes vehicle and personal loans and Harmony, increased by \$1.1m or four per cent on the corresponding reporting period to \$31.5m.

The rural division’s net operating income was \$16.3m, up by 17 per cent, while the total for business was \$26.3m – a rise of 14 per cent.

Over the past six months, Heartland has focussed on using technology and partnerships with intermediaries to reach more customers, and has continued to offer “best or only” products in its markets.

It will continue targeting markets with significant

opportunity and focus on niche products when customers are underserved by other banks, such as with small business and vehicle loans and reverse mortgages.

“Heartland has made excellent progress having launched digital platforms, including Open For Business,” the company adds.

“The focus for the remaining six months of the financial year is to continue to grow Open For Business, increase lending through Harmony and launch a mobile app for depositors.”

Underlying asset growth is expected to continue with strong household, business and rural volumes projected.

It expects its NPAT for the year ending June 30 to be at the upper end of its previously advised range of \$65-\$68m. ☺

HEARTLAND
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Motors powers up website

Trade Me's half-year results show its motors division as being one of its top performers with chief executive officer Jon Macdonald describing its 16 per cent growth as "stellar".

Overall, the company posted net profit after tax of \$46.1 million, which was a year-on-year increase of 3.1 per cent on an operating basis.

Revenue went up by seven per cent to a record \$123m, while it jumped by 13.8 per cent in Trade Me's classifieds segment, which motors is part of, with Trade Me Property and Jobs also performing well.

The three classified businesses now make up 55 per cent of the company's overall revenue.

"Motors, the largest of our classified verticals, reported a superb result," says Macdonald. "We've seen dealer premium revenue increase by

43.2 per cent year on year and record inventory levels.

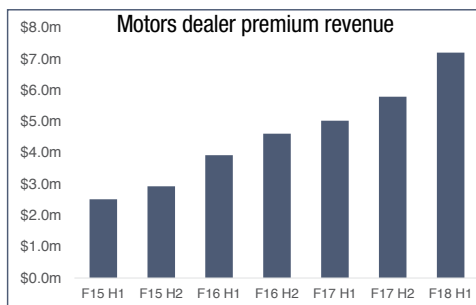
"We have continued to make core product improvements to deliver strategic and financial benefits across many areas of the business.

"Product highlights included the vehicle price-estimation guide for consumers launched in November."

A new analytics tool uses Trade Me data "to help vehicle dealers improve their performance and provides insights into potential new customers". MotorWeb and advertising revenue grew strongly resulting in higher cost-of-sales growth.

The 16 per cent growth in revenue for Trade Me Motors included a jump of 23.1 per cent in dealer revenue.

Total listings growth year on



year rose by 5.5 per cent. Dealer premium revenue jumped by 43.2 per cent and MotorWeb's went up by 24 per cent. Total direct yield growth rose by 1.88 per cent, while overall dealers' yield growth was 14.4 per cent.

There were several changes made to Trade Me's executive team during the reporting period with Alan Clark becoming head of Trade Me Motors and Jeremy Wade heading up the jobs division.

Trent Mankelow was appointed chief customer officer, while Mark

Rees became chief product and technology officer.

As for Trade Me's outlook, Macdonald says: "The first half of the 2018 financial year has broadly tracked to expectations.

"We reiterate our November 2017 guidance that we expect total revenue growth to be similar to that

reported in 2017. However, the soft property-listing market means there's some continued uncertainty.

"We're well-placed to convert on opportunities and keep growing – both in our core businesses and through extending into new things."

Meanwhile, the Commerce Commission has further extended its timeframe on deciding if Trade Me can acquire Motorcentral. A decision was due to be made on March 9. Visit www.autofile.co.nz for more on this story and updates.

Advice on law changes

Car dealerships need to start preparing for new anti-money-laundering obligations.

The Financial Services Federation (FSF) teamed up with Protecta Insurance at roadshows last month to help its dealer clients understand how pending changes to legislation will affect their businesses.

They kicked off in Wellington on February 9 when Lyn McMorran, the FSF's executive director, explained what customer-facing staff will have to do as a result of the second stage of anti-money laundering and countering the financing of terrorism legislation.

Protecta then took the roadshow to Christchurch on February 13 before finishing up in Auckland on the 22nd.

The new legal framework is part of the fight to mitigate crime associated with money laundering, such as drug trafficking, financing terrorist organisations, online child exploitation, fraud, theft and tax evasion.

Phase two means lawyers, accountants, real-estate agents and traders in high-value goods – such as vehicles – will be captured under the legislation for the first time.

The biggest changes for car dealers will concern policies on accepting and handling cash.

If customers take in cash deposits over a certain threshold, the Financial Intelligence Unit (FIU) will have to be informed. Traders will also be encouraged to report activities that seem suspicious – even if below the threshold, which will be determined by regulation.

Dealers will be captured from July 1, 2019, but need to start preparing now.

McMorran says: "Companies will need to make considered changes to cash-handling policies and processes to ensure they comply, and such changes always take longer than expected."

From July next year, dealerships will have to join GoAML, the FIU's online reporting portal.

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The month that was.... March

With more than 30 years of history, Autofile looks back on what made the headlines

March 22, 1999

Truce between dealers and marque

Franchised dealers, up in arms over the move by Toyota New Zealand (TNZ) into direct selling to fleets and lease companies, declared a truce with the company.

At a March dealer council meeting, the traders decided to try to work with TNZ instead of working against it.

Council chairman Bryan Jackson said dealers were dedicated to trying to make the new system work for both sides. However, he said there were always going to be tensions about anything outside the normal way of doing business.

Jackson said he was sure there would be other changes yet to come because of the nature of the automotive industry, but that TNZ was aware of the pressures dealers were under and was "pretty supportive".

Paul Carroll, TNZ's general manager of customer operations division, said: "The latest refinements to our trading terms for dealers are designed to develop a healthier sale mix for our dealers."

"A key part of our success is the performance focus we place on all of the Toyota team, including dealers. We accept that this places some added pressure on dealers, but it was also responsible for helping dealers to enjoy a big lift in profitability over the past 12 months."



March 23, 2007

Mandatory treatment considered

The used car import industry was opposed to new biosecurity analysis that proposed treatment for every vehicle crossing the border.

The Ministry of Agriculture and Fisheries (MAF) report found about half of imported used vehicles had contamination that could not be seen during the visual inspection regime.

MAF proposed mandatory treatment and cleaning of used imports – heat treatment at 60 degrees celsius for 10 minutes or fumigation with methyl bromide.

David Vinsen, chief executive of the Independent Motor Vehicle Dealers' Association, said both treatments posed problems – from a logistical and sales perspective.

"Heat treatment is costly in terms of facilities, time required and the actual cost of the procedure, not to mention the carbon footprint that it would leave," he said. "A huge amount of energy would be required."

As for the spraying of vehicles, Vinsen added: "In many cases, methyl bromide renders the car unsaleable simply because of the residual smell. On top of that, the use of methyl bromide to treat vehicles is being phased out internationally due to environmental issues."

Vinsen preferred improvements to the present scheme to combat biosecurity issues. "The current scheme involves inspection, then cleaning if required, then reinspection. Our preference is for a continuation of the current regime with improvements."



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March 20, 2008

Industry unhappy with fuel-label scheme

Members of the used vehicle industry voiced their opposition to mandatory fuel-economy labelling to start at the beginning of April, calling the scheme misleading.

Geoff Kenny, of Rotorua's Airport Motors, said he was tired of the amount of regulations placed on New Zealanders. "The scheme is nonsense and inaccurate."

Kenny wrote to the Energy Efficiency and Conservation Authority (EECA) voicing his opinion that the scheme was politically correct, green nonsense that would do little to affect people's buying decisions.

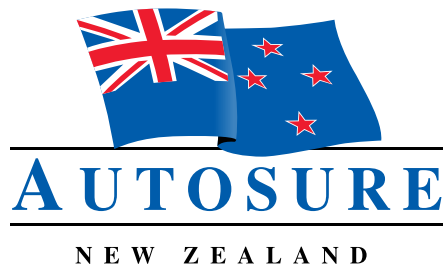
He described the choice to include an average dollar value to run a car on average kilometres, speed and fuel price as "ridiculous".

Terry Collins, product manager at the EECA said: "A handful [of dealers] have expressed concern that the cost per year on the label wasn't realistic because people's driving habits varied so much, and that consumers would not understand that the cost per year was a guide not a guarantee." However, it was as accurate as it could be, he said.

Kenny said customers would blame dealers when vehicles didn't live up to claims on labels.

"When you start making dealers put labels on cars, you are inadvertently making dealers responsible for these claims. The public will blame us when they can't achieve this mythical figure."





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Industry movers

PAUL AH KUOI has been appointed dealer principal at John Andrew Mazda in Grey Lynn, Auckland, after being promoted from sales manager.

He has been with John Andrew for 24 years and started as a used-car salesman before becoming assistant used-car sales manager in 1998.

When parent company Auckland Auto Collection acquired the Mazda franchise in 2000, Ah Kuoi was asked to run the brand's new-car operation.

He retained this role for 17 years, leading the retail and fleet sales teams through Automotive Holdings Group's acquisition of the business in 2005, a complete dealership rebuild in 2011, and the split of the Ford and Mazda franchises into stand-alone dealerships the following year.



PHIL SAUNDERS has joined John Andrew Ford as dealer principal.

Saunders has a career spanning about 34 years in the automotive industry, and has worked with many brands including Volkswagen, Audi, Skoda, Toyota, Peugeot, Alfa, Chrysler, Jeep and Ford.

Previously national sales manager at Nissan NZ, Saunders was responsible for 32 dealer sales operations, ensuring they achieved budgets and increased market share in line with industry volumes. He also oversaw vehicle launches and sales training nationwide.

Before joining Nissan, Saunders was after-sales manager at Queenstown Motor Group and held numerous roles in the UK before moving to New Zealand in 2012.



MORRIE CHANDLER received a lifetime achievement award at the 55th Halberg Awards.

The ex-president of MotorSport NZ from 1977-98 and chairman of Rally NZ from 1978 to 2006 while a rally competitor, the Aucklanders' contributions to the sport have been varied across several decades.

Chandler was also involved in the governance of global motorsport holding roles with the Federation Internationale de l'Automobile starting with his appointment to its rally commission in 1983.



ROB McENIRY is the new chairman of Automotive Holdings Group. He has taken over from David Griffiths, who held the role in Australia since November 2010.

McEniry has more than 25 years' industry experience with five as chairman, president and chief executive of Mitsubishi Australia. He was also chairman of the Burson Group, now known as Bapcor Ltd.



SIMON BRIDGES, Minister of Transport in the last government, secured the leadership of the National Party after two ballots.

Judith Collins, National's current transport spokesperson, also contested the leadership. It was unclear whether she would retain the position when Bridges reshuffled opposition portfolios.



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

NZ labour market report

ANNUAL NET MIGRATION IN the December 2017 year numbered 70,000, according to Stats NZ.

There were 131,600 arrivals while departures came in 61,600.

Last year's annual net migration was down by 600 from 70,600 in the December 2016 year. Annual net migration reached a record high of 72,400 in the July 2017 year, but has slowed since then.

"Most migrants are non-New Zealand citizens," says Peter Dolan, senior manager of population statistics. "While arrivals increased to 99,300 in the past 12 months, there was also an increase in those leaving the country after migrating here in the past."

In comparison, the number of Kiwis leaving the country intending to live long-term overseas and those returning home almost balanced each other out.

There was a net gain of 71,100 non-NZ citizens and a net loss of 1,000 New Zealanders in the December 2017 year.

Most migrant arrivals were from Australia at 20 per cent. Next up was the UK on 12 per cent and China with 10 per cent. Three-in-five coming in from Australia were returning Kiwis.

The majority of migrants arrived in this country on work and student visas. Arrivals on work visas rose by 11 per cent with the largest increases being from the UK and the Philippines.

Economics consultancy Infometrics says although hype remains around the government's looming changes to migration rules, it expects 2018 to see net migration to continue slowly dropping due to the previous government's tightening of settings.

"Moves by the National government in October 2016 and April 2017 continue to weigh on foreign arrivals," it notes. "In the December quarter, annual growth in arrivals slowed to 3.3 per cent per

annum, considerably slower than the 17.2 per cent peak in the three months to January 2015."

Residence visa arrivals tumbled in the December quarter, down by 17 per cent from a year earlier, but still made up the largest component of arrivals. This follows double-digit growth in 2016, and underscores changes to points requirements and restrictions on family-visa categories implemented in October 2016.

Work-visa growth pared back to 3.4 per cent per annum in the last quarter after double-digit growth from mid-2016 to mid-2017, which may pose risks to businesses' ability to source skilled labour.

Most migrant arrivals were from Australia at 20 per cent. Next up was the UK on 12 per cent and China with 10 per cent

"Strengthening wage prospects and a strong labour force is expected to keep net arrivals high with less Kiwis headed overseas," says Infometrics.

"Our outlook is for migration to gradually fall over 2018 before a more rapid decrease from 2019 as new policy kicks in. We expect

the biggest effects of new policy to be felt in 2020 with annual net migration falling to 21,000 by June 2022."

Meanwhile, New Zealand's labour force – currently 2.6 million people – is projected to keep growing driven by an increasing population and people working into older ages.

Stats NZ says latest new projections point to this rising to about three million in 2030 and by another 500,000 by 2068.

People aged 65 and over will make up an increasing share of the labour force. In 1991, just one per cent of it was aged 65-plus. Currently, this age group's share is six per cent and is predicted to increase to nine per cent in the late 2020s.

Dolan says: "The labour force will grow into the future but at a slowing rate, reflecting what is happening with our population. We are also seeing more people aged 50 and over in it." ☺

Offer all products all the time

Over the past 15 years, we have worked closely with a large number of dealerships across New Zealand and are seeing an increase in insurance strike rates and, therefore, more profit for traders and customers leaving with "peace of mind".

Is your dealership offering all of the products all of the time? Are you being a responsible lender? Responsible lenders do just that. However, make sure the products you're offering will benefit your customers at the time of a claim.

The economy may be growing, but many businesses are either closing or reducing staff numbers due to efficiencies through technology.

We are beginning to see a higher incidence of claims. Your customers are feeling the effects of redundancy or not receiving increases in wages to keep up with

higher costs of living.

Over the past few years, we have suffered major natural disasters and, lately, we are experiencing an increase in extreme weather events. These create stress, illness and a change in employment conditions, which result in insurance claims.

Are you protecting your clients? Are you being a responsible lender? Your customers may find it more difficult to meet vehicle repayments.

Car insurance should be a necessity. If you are not insured and cause an accident, it could financially cripple you for many years while you pay for repairs to the vehicle and or property that were damaged.

New Zealand drivers consider themselves as the best, safest,



TONY HEADLAND
General manager
Protecta Insurance

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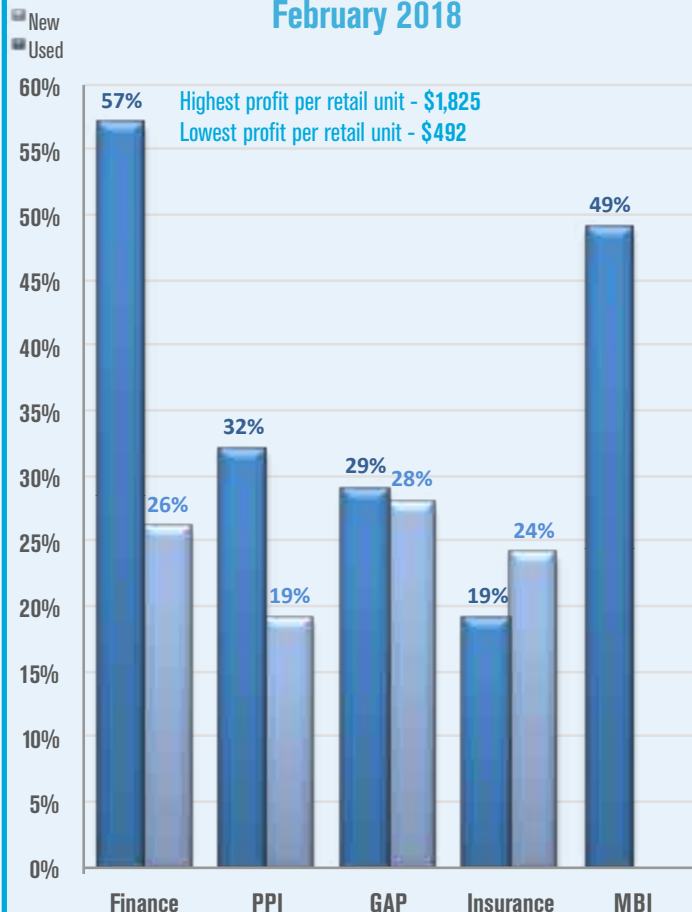
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SPEED DIARY

8 - 11 MARCH

WRC - Rally Guanajuato Mexico

11 MARCH

NASCAR Cup Series - Phoenix International Raceway, USA

17 MARCH

Formula E Championship - Punta del Este, Uruguay

18 MARCH

MotoGP - Losail International Circuit, Qatar
NASCAR Cup Series - Auto Club Speedway, Fontana, USA

22 - 25 MARCH

Australian Supercars - Melbourne, Australia

24 - 25 MARCH

Superbikes - Chang International Circuit, Thailand

24 - 26 MARCH

European Rally Championship - Sata Rally Azores, Portugal

25 MARCH

F1 - Melbourne, Australia
NASCAR Cup Series - Martinsville Speedway, USA

5 - 8 APRIL

WRC - Rally de France, Corsica

6 - 8 APRIL

Australian Supercars - Tyrepower Tasmania SuperSprint

7 - 8 APRIL

Formula 2 Championship - Sakir, Bahrain
World Touring Car Cup - Marrakech, Morocco

8 APRIL

F1 - Shanghai, China
MotoGP - Termas de Rio Hondo, Argentina
NASCAR Cup Series - Texas Motor Speedway, Fort Worth, USA

13 APRIL

European Le Mans Series - Circuit Paul Ricard, France

14 APRIL

Formula E Championship - Rome, Italy

14 - 15 APRIL

Superbikes - MotorLand Aragon, Spain
World Rallycross Championship - Circuit de Catalunya, Barcelona, Spain

Supercars grab GT series

Tony Quinn's run as the owner and boss of the Australian GT Series is over.

The management of the Virgin Australia Supercar Championship, also known as the V8 Supercars, has confirmed the series will now run alongside the V8 – and soon V6 – Championship.

The deal confirmed by Supercars.com, which is still subject to approval from the Confederation of Australian Motor Sport, will see the series rebranded as SuperGT.

The change will take effect from the start of the 2019 season.

The GTs would thus travel just once to New Zealand to race at Pukekohe when the main championship comes to these shores.

Meanwhile, the Supercar Championship expands to 16 rounds this year with the promotion of the Australian F1 event to full status for the first time and the debut of the new Tailem Bend circuit. Ⓜ



2018 Virgin Australia Supercars Championship

1	March 1-4	Adelaide 500, Adelaide
2	March 22-25	Formula 1 Rolex Australian Grand Prix
3	April 6-8	Tyrepower Tasmania SuperSprint
4	April 20-22	WD-40 Phillip Island 500
5	May 4-6	Perth SuperSprint
6	May 18-20	Winton SuperSprint
7	June 15-17	CrownBet Darwin Triple Crown
8	July 6-8	Watpac Townsville 400
9	July 20-22	Coates Hire Ipswich SuperSprint
10	Aug 4	Red Rooster Sydney SuperNight 300
11	Aug 24-26	The Bend SuperSprint
12	Sep 14-16	Sandown 500
13	Oct 4-7	Supercheap Auto Bathurst 1000
14	Oct 19-21	Vodafone Gold Coast 600
15	Nov 2-4	ITM Auckland SuperSprint
16	Nov 23-25	Coates Hire Newcastle 500

Heartbreak for Kiwi drivers

New Zealand drivers are counting their bruises – literally in some cases – after the whirlwind five-week Castrol Toyota Racing Series (TRS) wound up at Manfeild.

The 2018 TRS may have been down on its usual 20 entries, but the quality of the international component of the grid remained as high as ever in mid-February.

There were six Kiwis in the 14-strong grid with motorsport legend Kenny Smith wheeling out an FT50 to contest his 47th New Zealand Grand Prix.

Marcus Armstrong was the class of the field, scoring two race wins and leading the championship

until the grand prix when a combination of rapidly improving internationals and an overheated car conspired to steal his title. He was third overall.

"I can't remember ever being this disappointed," says Armstrong. "To have the title in sight and then have it wrenched away like that, but you have to pick yourself up, look forward and go onto the next challenge."

Second Kiwi and seventh overall was nuggety Southlander Brendon Leitch, who struggled for form early in the championship and found himself the victim of other drivers' incidents on two occasions – one of which cracked the ITM car's "tub", the composite structure

at its heart that protects the driver from harm during impacts.

Leitch fought back, taking emphatic wins at Taupo and Manfeild. "We just went back to basics on car set-up and used our best tyres for the wins," he says. "That was pretty satisfying."

New Zealanders filled the next three spaces on the points table – Reid Harker was eighth, Ryan Yardley ninth and Taylor Cockerton 10th.

Harker and Yardley were fresh from top finishes in the previous year's Toyota 86 Championship and making their TRS debuts, while Cockerton was back from winning the Formula Masters Championship in Malaysia and China. Ⓜ



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Engine's turbo fails on day of purchase but tribunal powerless to take action

Background

Jake Symonds bought a 2006 Subaru Legacy for \$7,650 from Turners Group NZ Ltd on June 27, 2017.

Turners auctioned the repossessed car on behalf of Financial Holdings Ltd, but its turbo failed that evening.

Symonds returned the vehicle to Turners. Northland Parts Warehouse assessed the car and found it had a chipped turbo blade.

Financial Holdings refused to provide any remedy to Symonds saying it had advised prospective customers that the car was repossessed and might not have been properly maintained.

The seller said it recommended buyers complete independent inspections on vehicles, but Symonds failed to do so. Turners also declined to provide any remedy for the buyer.

The purchaser applied to the tribunal to recover the \$2,625 to repair the car. Symonds said the turbo wasn't as durable as a reasonable consumer would expect under the terms of the Consumer Guarantees Act (CGA).

He also claimed he suffered loss because Turners misled him about the condition of the Legacy's engine, which he considered was in breach of Fair Trading Act (FTA).

The case

Symonds claimed Financial Holdings was liable for repair costs because the turbo fault breached the CGA's acceptable quality guarantee.

However, the tribunal ruled it would only consider that aspect

of Symonds' claim if it had the jurisdiction to do so.

This is set out in section 89 of the Motor Vehicle Sales Act (MVSA), which states it can hear any application or claim relating to the sale of any car under the FTA, CGA, and certain provisions of the Contract and Commercial Law Act.

Under the MVSA, the tribunal has jurisdiction only when one of the parties to a claim is a motor-vehicle trader.

Although Financial Holdings routinely sold repossessed vehicles, it wasn't a trader because it used Turners – a registered trader – to sell the Legacy on its behalf.

Under the MVSA, when a finance company sells a car using a dealer as an intermediary between it and the buyer, the finance company is not deemed to be a trader.

Therefore, the tribunal had no jurisdiction to hear a claim against Financial Holdings.

The tribunal then considered if Symonds could bring a claim against Turners under the CGA.

The tribunal said the CGA's definition of a supplier excluded Turners because it was an auctioneer acting as an agent.

Next the tribunal considered if Turners had engaged in misleading conduct.

Turners published a basic vehicle-condition guide with information about the mechanical condition of the car for buyers.

The guide had a checklist of mechanical items that had been inspected and graded as pass, fail or not applicable.

The Legacy's engine received a pass grade for its oil level, smoke and fumes, performance and noise.

Symonds claimed the guide gave him the misleading impression that the engine had been inspected by a person with sufficient mechanical knowledge to observe a reasonably detectable fault.

He added the guide was misleading because it didn't mention the turbo fault, which he considered would have been reasonably detectable when the Legacy was inspected.

Turners said the guide was prepared by Northland Parts Warehouse, which performed a low-speed test drive on the Legacy and then inspected its condition.

The guide stated it wasn't a warranty, and prospective purchasers were advised it was a superficial inspection in that parts had not been dismantled and diagnostic testing wasn't undertaken.

However, the tribunal said the guide was a statement as to the condition of the vehicle, which consumers were bound to rely on when deciding to make a purchase.

It also found the guide would give a reasonable consumer the impression that the car's engine had been inspected by a person with sufficient mechanical knowledge to observe a reasonably detectable fault.

Therefore, the tribunal found that Turners, in the guide, represented the Legacy was free of reasonably detectable faults.

If the fault with the turbo had

The case: The buyer wanted to recover repair costs from the seller to replace the failed turbo in his Legacy. He also said he suffered loss because the auctioneer misled him about the condition of the engine.

The decision: The tribunal ruled it had no jurisdiction to hear the claim because the seller wasn't a registered motor-vehicle dealer and the auctioneer was acting as an agent for the vendor. It said the turbo fault wasn't detectable when the auctioneer prepared its basic vehicle-condition guide for prospective buyers.

At: The Motor Vehicle Disputes Tribunal, Whangarei.

been reasonably detectable at the time the guide was prepared, representations about the document would have been misleading.

However, the tribunal's assessor said problems with turbos were often undetectable until the system failed.

The Legacy was test-driven by at least three people – a Northland Parts Warehouse employee, the purchaser and the buyer's father – and none of them detected any fault.

The finding

The tribunal was unable to provide the buyer with a remedy regarding his car's faulty turbo.

It found the problem wasn't reasonably detectable when the guide was prepared or when Symonds purchased the vehicle. Therefore, Turners hadn't engaged in misleading conduct that breached the FTA.

The tribunal had no jurisdiction to hear any claim against Financial Holdings, while Turners had no liability under the CGA because it was an auctioneer acting for the seller.

Order

The application was dismissed. ☹



Fault with battery-charge indicator causes buyer to reject electric vehicle

Background

Michael Loveland purchased a low-mileage 2011 Nissan Leaf for \$12,480 from Motor 1 Ltd, trading as City Motor Group, on July 30, 2017. He also paid transport costs of \$300 and \$400 for a reversing camera.

The Leaf's battery-charge capacity indicator (BCCI) had 12 bars and with all of them illuminated it indicated capacity exceeded 85 per cent of a new battery's.

As an EV battery ages, its ability to hold charge diminishes. In time, the BCCI slowly drops, showing reduction in capacity.

Loveland bought the Leaf because of the healthy state of its battery capacity. He wanted an EV with sufficient range to travel between Katikati, Tauranga and Auckland.

A photo on its Trade Me listing showed the BCCI was on 12 bars. When Loveland inspected the vehicle, all 12 bars were lit up. Shortly after purchase, he noticed the Leaf's range was inconsistent with the BCCI.

He wanted to reject the vehicle and obtain a refund of amounts paid in respect of it. He said he was misled, the Leaf had a fault that caused the indicator to give a false reading and its range was much less than indicated by the BCCI.

The trader denied the car had any fault. It said its performance was consistent with a Leaf of its age and mileage.

The tribunal had to decide if the vehicle had a fault with its BCCI,

and if City Motor Group made any representation about the car's battery capacity or health.

If so, were those representations misleading in breach of section nine of the FTA and what remedy Loveland was entitled to under the legislation.

The case

Shortly after purchase, Loveland drove 60km from Katikati to Matata. He stopped in Tauranga to charge the car.

When he arrived in Matata he discovered that the Leaf's battery had 22km of range remaining.

Loveland said the BCCI was at 12 bars, so he expected the Leaf to have a minimum range of 108km. The car was towed to Whakatane where it was charged.

He said the experience demonstrated the Leaf's battery capacity was much lower than he was led to believe.

On August 22, Loveland had the car assessed by Farmer Autovillage. It found that although the Leaf's BCCI was between 85 and 90 per cent, the car's capacity was 74.9 per cent.

Farmer Autovillage also found the Leaf's computer recorded the car had only been charged on 13 occasions, which was impossible due to the car's age and mileage.

City Motor Group said an assessment prior to purchase showed the Leaf's battery capacity was 82 per cent.

Loveland alleged that the Leaf's computer has been tampered with and its charge history deleted.

However, the tribunal was satisfied the Leaf had a fault with the BCCI and evidence showed battery capacity was less than shown on the indicator.

During the hearing, City Motor Group suggested it did not make any representation as to the Leaf's battery capacity.

But the tribunal said the photo on the Trade Me listing, which showed the BCCI's 12 bars illuminated, was a representation to the battery's capacity.

Therefore, the tribunal was satisfied that a reasonable person who relied on the BCCI's accuracy would have been misled about the battery's capacity because the car had a significant fault.

The adjudicator found that Loveland had suffered loss as a result of being misled because the fault would reduce the Leaf's resale value.

The tribunal ruled EV owners were reliant on the accuracy of in-vehicle displays to enable them to determine the range of these cars – in much the same way as owners of those with internal combustion engines were reliant on the fuel gauge.

The authority decided any reasonable prospective purchaser would be cautious in purchasing an EV with an inaccurate BCCI, and anyone prepared to buy such a vehicle would seek a discount to reflect the significance of the fault.

The finding

The Leaf had a fault that caused

The case: The buyer said he was misled by the dealer and suffered loss in regards to the capacity of the battery in his 2011 Nissan Leaf. He wanted to reject the electric vehicle (EV). The dealer denied the car had a fault. It said its performance was consistent with a Leaf of its age and mileage.

The decision: The tribunal ruled in favour of the buyer because the fault with the Leaf substantially lowered its value. The trader was ordered to pay \$13,180 to the buyer and uplift the car.

At: The Motor Vehicle Disputes Tribunal, Auckland.

the BCCI to give a false reading as to the EV's battery capacity and health.

City Motor Group made representations to the effect that the car's capacity and health exceeded 85 per cent of a new battery's capacity.

Those representations were misleading and therefore breached section nine of the Fair Trading Act (FTA) because the Leaf's battery capacity was less than 85 per cent.

Loveland suffered loss as a result of being misled as to the car's battery capacity. City Motor Group's conduct was an effective cause of Loveland's loss.

The tribunal was satisfied that Loveland purchased the Leaf because of the trader's representations as to its battery capacity and health.

The tribunal ruled the Leaf was worth substantially less than the purchase price because of the fault.

Order

The trader was ordered to pay \$13,180 to the buyer and uplift the vehicle. ☺

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LATEST SCHEDULE

Port Calls		Carrera v1803	Dream Beauty v1805	Carrera v1806	Lake Taupo v1807
JAPAN	Moji	-	-	15 Mar	-
	Osaka	8 Feb	6 Mar	17 Mar	3 Apr
	Nagoya	-	7 Mar	18 Mar	4 Apr
	Toyohashi	-	-	19 Mar	-
	Yokohama	-	8 Mar	20 Mar	5 Apr
NZ	Auckland	27 Feb	25 Mar	7 Apr	21 Apr
	Wellington	6 Mar	1 Apr	11 Apr	11 May
	Lyttelton	12 Mar	31 Mar	10 Apr	10 May
	Nelson	13 Mar	3 Apr	14 Apr	14 May

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2017: 12,260 ▼ 1.7%

Whangarei
NEW: 175 2017: 195 ▼ 10.3%
USED: 276 2017: 260 ▲ 6.2%

Auckland
NEW: 3,176 2017: 3,596 ▼ 11.7%
USED: 5,713 2017: 5,861 ▼ 2.5%

Hamilton
NEW: 502 2017: 535 ▼ 6.2%
USED: 826 2017: 812 ▲ 1.7%

New Plymouth
NEW: 144 2017: 156 ▼ 7.7%
USED: 175 2017: 181 ▼ 3.3%

Wanganui
NEW: 97 2017: 96 ▲ 1.0%
USED: 99 2017: 92 ▲ 7.6%

Palmerston North
NEW: 224 2017: 279 ▼ 19.7%
USED: 315 2017: 321 ▼ 1.9%

Nelson
NEW: 103 2017: 93 ▲ 10.8%
USED: 254 2017: 234 ▲ 8.5%

Westport
NEW: 1 2017: 5 ▼ 80.0%
USED: 3 2017: 13 ▼ 76.9%

Greymouth
NEW: 10 2017: 16 ▼ 37.5%
USED: 35 2017: 26 ▲ 34.6%

Thames
NEW: 100 2017: 78 ▲ 28.2%
USED: 122 2017: 121 ▲ 0.8%

Tauranga
NEW: 338 2017: 357 ▼ 5.3%
USED: 466 2017: 513 ▼ 9.2%

Rotorua
NEW: 151 2017: 91 ▲ 65.9%
USED: 180 2017: 143 ▲ 25.9%

Gisborne
NEW: 39 2017: 33 ▲ 18.2%
USED: 69 2017: 56 ▲ 23.2%

Napier
NEW: 209 2017: 216 ▼ 3.2%
USED: 219 2017: 249 ▼ 12.0%

Masterton
NEW: 98 2017: 56 ▲ 75.0%
USED: 64 2017: 77 ▼ 16.9%

Wellington
NEW: 790 2017: 807 ▼ 2.1%
USED: 896 2017: 1,019 ▼ 12.1%

Blenheim
NEW: 64 2017: 72 ▼ 11.1%
USED: 66 2017: 64 ▲ 3.1%

Christchurch
NEW: 703 2017: 814 ▼ 13.6%
USED: 1,571 2017: 1,554 ▲ 1.1%

Timaru
NEW: 74 2017: 87 ▼ 14.9%
USED: 116 2017: 118 ▼ 1.7%

Oamaru
NEW: 9 2017: 16 ▼ 43.8%
USED: 19 2017: 33 ▼ 42.4%

Dunedin
NEW: 235 2017: 306 ▼ 23.2%
USED: 380 2017: 381 ▼ 0.3%

Invercargill
NEW: 173 2017: 146 ▲ 18.5%
USED: 184 2017: 132 ▲ 39.4%

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Imported Passenger Vehicle Sales by Make - February 2018

MAKE	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	2,872	3,038	-5.5	23.8%	6,104	23.7%
Nissan	2,220	2,200	0.9	18.4%	4,849	18.8%
Mazda	1,996	1,871	6.7	16.6%	4,306	16.7%
Honda	1,232	1,308	-5.8	10.2%	2,588	10.0%
Subaru	696	546	27.5	5.8%	1,505	5.8%
Suzuki	682	643	6.1	5.7%	1,404	5.4%
BMW	467	528	-11.6	3.9%	990	3.8%
Volkswagen	366	439	-16.6	3.0%	811	3.1%
Mitsubishi	325	413	-21.3	2.7%	765	3.0%
Mercedes-Benz	250	267	-6.4	2.1%	460	1.8%
Audi	192	227	-15.4	1.6%	442	1.7%
Ford	122	109	11.9	1.0%	237	0.9%
Lexus	79	76	3.9	0.7%	176	0.7%
Chevrolet	63	53	18.9	0.5%	128	0.5%
Land Rover	54	71	-23.9	0.4%	96	0.4%
Volvo	52	74	-29.7	0.4%	117	0.5%
Jaguar	49	39	25.6	0.4%	106	0.4%
Holden	39	61	-36.1	0.3%	85	0.3%
Mini	30	44	-31.8	0.2%	67	0.3%
Dodge	28	25	12.0	0.2%	66	0.3%
Hyundai	28	30	-6.7	0.2%	55	0.2%
Jeep	24	24	0.0	0.2%	47	0.2%
Chrysler	21	14	50.0	0.2%	38	0.1%
Porsche	18	31	-41.9	0.1%	45	0.2%
Peugeot	16	19	-15.8	0.1%	42	0.2%
Kia	15	12	25.0	0.1%	24	0.1%
Cadillac	9	4	125.0	0.1%	10	0.0%
Renault	9	8	12.5	0.1%	23	0.1%
Citroen	8	4	100.0	0.1%	17	0.1%
Daihatsu	8	19	-57.9	0.1%	16	0.1%
Plymouth	6	2	200.0	0.0%	8	0.0%
Pontiac	6	1	500.0	0.0%	9	0.0%
Oldsmobile	5	2	150.0	0.0%	8	0.0%
Maserati	4	12	-66.7	0.0%	8	0.0%
Mercury	4	2	100.0	0.0%	6	0.0%
Others	53	44	20.5	0.4%	109	0.4%
Total	12,048	12,260	-1.7	100.0%	25,767	100.0%

Imported Passenger Vehicle Sales by Model - February 2018

MAKE	MODEL	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Suzuki	Swift	581	551	5.4	4.8%	1,200	4.7%
Mazda	Axela	572	570	0.4	4.7%	1,225	4.8%
Nissan	Tiida	514	540	-4.8	4.3%	1,089	4.2%
Mazda	Demio	499	447	11.6	4.1%	1,087	4.2%
Honda	Fit	461	468	-1.5	3.8%	994	3.9%
Subaru	Legacy	328	269	21.9	2.7%	726	2.8%
Mazda	Atenza	264	257	2.7	2.2%	544	2.1%
Toyota	Vitz	264	224	17.9	2.2%	546	2.1%
Toyota	Wish	255	279	-8.6	2.1%	563	2.2%
Volkswagen	Golf	237	263	-9.9	2.0%	533	2.1%
Toyota	Prius	214	271	-21.0	1.8%	489	1.9%
Mazda	Premacy	210	202	4.0	1.7%	429	1.7%
Toyota	MarkX	203	245	-17.1	1.7%	466	1.8%
Nissan	Note	174	132	31.8	1.4%	372	1.4%
Mazda	MPV	172	171	0.6	1.4%	415	1.6%
Mitsubishi	Outlander	172	205	-16.1	1.4%	416	1.6%
Toyota	Auris	169	164	3.0	1.4%	362	1.4%
Toyota	Corolla	160	213	-24.9	1.3%	353	1.4%
Nissan	Dualis	160	172	-7.0	1.3%	358	1.4%
Subaru	Impreza	154	114	35.1	1.3%	353	1.4%
Nissan	Leaf	146	100	46.0	1.2%	388	1.5%
Nissan	Murano	146	133	9.8	1.2%	313	1.2%
Toyota	Blade	143	107	33.6	1.2%	322	1.2%
Toyota	Estima	142	175	-18.9	1.2%	311	1.2%
Honda	Odyssey	140	186	-24.7	1.2%	308	1.2%
Honda	CRV	139	116	19.8	1.2%	255	1.0%
Toyota	RAV4	128	121	5.8	1.1%	256	1.0%
Honda	Stream	125	114	9.6	1.0%	271	1.1%
Nissan	Skyline	121	105	15.2	1.0%	246	1.0%
Nissan	X-Trail	117	104	12.5	1.0%	266	1.0%
Nissan	Teana	112	103	8.7	0.9%	218	0.8%
Mazda	Verisa	112	102	9.8	0.9%	230	0.9%
Nissan	Bluebird	107	144	-25.7	0.9%	234	0.9%
Toyota	Ractis	107	106	0.9	0.9%	204	0.8%
Toyota	Alphard	99	80	23.8	0.8%	214	0.8%
Others		4,401	4,707	-6.5	36.5%	9,211	35.7%
Total		12,048	12,260	-1.7	100.0%	25,767	100.0%



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Bug crisis will 'see clear-out'

Most car dealers in New Zealand will be caught up in the stink-bug situation, says Hayden Johnston, general manager of Genuine Vehicle Imports (GVI).

"We are fortunate because we have money in the bank and have stock available," he told Autofile.

GVI, which is based in Penrose, Auckland, has about 500 vehicles on ships at sea or delayed in Japan – with half being electric vehicles.

"Most are pre-sold and people would like them," says Johnston. "It's challenging when these things happen, it's tough.

"However, it will get rid of some of the low-price guys who don't know how to operate a business, so the industry may see a clear-out of the bottom end. There could be a few empty lots in South Auckland."

He adds the situation will be hurting compliance shops, groomers, panel-beaters and tyre suppliers, while his stock is coming off the Tokyo Car in "drips and drabs".

"I've heard the boys from NCC car carriers are on the boat killing bugs and doing their best for customers.

"We were having our biggest year in trading until this happened. If we get the cars, March will be a great month. I think we will catch up. This is the biggest event since the global financial crisis, which we weathered."

Johnston believes now is the time when people who have equity in operations and run good businesses will be fine.

"But if this situation goes on for a couple of months, you could feel the

effects throughout the economy."

Greig Epps, industry relationship manager at the Motor Trade Association, reports the effect of the brown marmorated stink bug (BMSB) issue on members has been mixed.

"It is dependent on existing stock levels and whether individual members have cargo on affected ships," he says.

"We understand the NZTA may have already been considering a review of the entry-inspection process and we expect engagement with the MPI on the bio-protection element will be part of any review.

Epps adds the association recognises New Zealand's "island status" makes the protection of the agricultural sector an important issue for the nation.

"Given the aggressive nature of the BMSB, we understand and support the measured, detailed approach being taken by the government and vehicle-entry

inspection sector," he says.

"We have remained in contact with the MIA, VIA and inspection companies such as VINZ, and know they are committed to finding the best solution."

It comes as no surprise that registrations of used imported cars dropped back last month compared to February 2017, but they only dipped by 1.7 per cent – or by 212 units – for a total of 12,048.

The used imports market is up by 2.3 per cent year to date – or by 574 cars – compared to the first two months of last year.

In terms of the regions, Invercargill went from 132 sales in February last year to 184 last month, an increase of 39.4 per cent. Rotorua and Gisborne did well with jumps of 25.9 and 23.2 per cent respectively.

Toyota retained top spot in February with a market share of 23.8 per cent and 2,872 registrations. Nissan was second with 2,220 units for a share of 18.4

per cent and Mazda notched up 1,996 sales for 16.6 per cent.

The Suzuki Swift was February's top model on 581 units for a market share of 4.8 per cent compared to 551 in the same month of last year – up by 5.4 per cent. It sits second on the models table with 1,200 year-to-date sales, or a 4.7 per cent share of the market.

Second spot went to Mazda's Axela with 4.1 per cent of February's market and 572 registrations – two more than in the same month of 2017. So far this year, 1,225 Axelas have been sold for 4.8 per cent of the market.

Nissan's Tiida secured third with 4.3 per cent of the market thanks to 514 sales. This was down by 4.8 per cent compared to 540 in February 2017. Its annual total is 1,089 for a market share of 4.2 per cent.

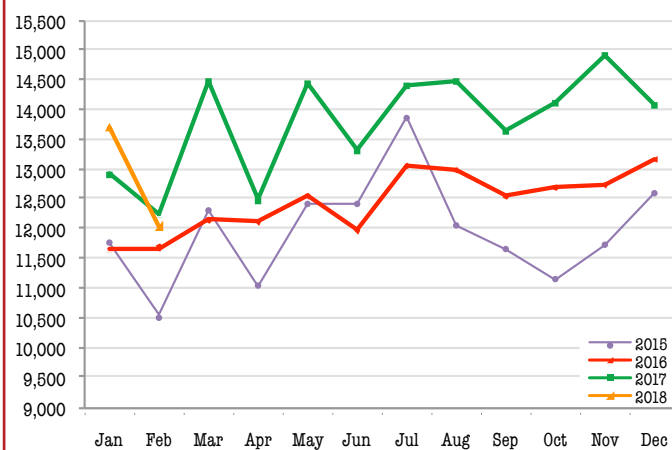
Another Mazda – the Demio – was fourth on 499 units. This was a market share of 4.1 per cent and up by 11.6 per cent on 447 in the same month of last year. Its year-to-date total is 1,087.

Rounding out the top five was Honda's Fit on 461 units – down by seven against last February, or by 1.5 per cent, for a market share of 3.8 per cent. So far this year, 994 Fits have been registered.

The biggest percentage climber in February's top 20 compared to the same month of 2017 was the Subaru Impreza – up by 154 units and 35.1 per cent.

It was followed by Nissan's Note, up by 31.8 per cent with 174 units, and Subaru's Legacy, up by 21.9 per cent to 328. ☺

Used Imported Passenger Registrations - 2015-2018



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Official 'arrivals' take a dive

There are unquantifiable differences in the number of used and new vehicles that came into New Zealand last month.

This is because NZ Customs' statistics included some vehicles that had been cleared, but were unable to be offloaded from vessels due to stink-bug incursions.

They were deemed to have "arrived" in this country because they docked even though the Ministry for Primary Industries then sent them off-shore for treatment.

This means not all vehicles accounted for in Customs' figures will be available to be complied and prepared for sale.

That said, Autofile understands there were about 8,000 vehicles, more than half of them used, on-board the affected vessels – the Tokyo Car, Courageous Ace, Sepang Express and Glovis Caravel.

In terms of official arrivals, 9,525 used cars, 8,043 new cars, 422 used light commercials and 2,634 new light commercial vehicles arrived in February. All of these totals were down on last year's numbers for the same month and year to date.

The total for used cars included 8,852 from Japan, 359 from Australia, 111 from Singapore, 101 from the US and 66 from the UK.

An advisory was issued last

month by Customs in regards to vehicles on affected ships. As they were deemed to have "arrived", import declarations were entered and passed with either deferred accounts or cash accounts being debited or raised. Customs said it would amend original declarations to change dates of import.

A spokesman says: "This amendment approach does not affect duty, GST and other charges debited to broker-deferred and client-deferred accounts when original entries were cleared. This is because those charges are triggered by entry clearance, not date of importation.

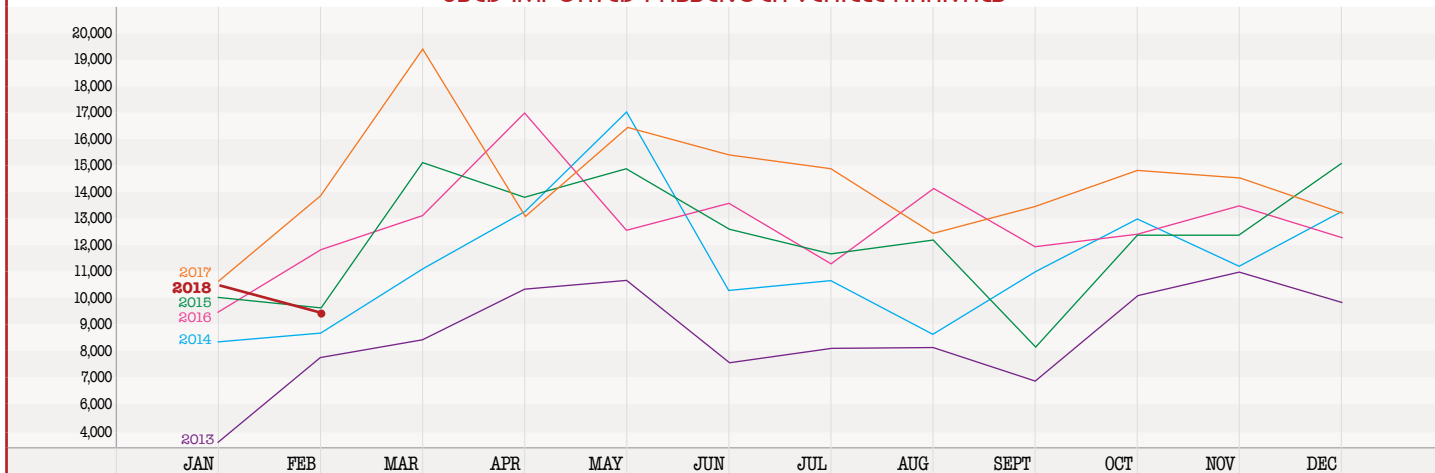
"Original entry charges will appear as usual on deferred payment account statements for the period and GST-registered entities can claim credits from Inland Revenue."

David Vinsen, chief executive of VIA, describes Customs' decision as a pragmatic response.

He says there were talks with the authorities to adjust import systems so only one entry date – and declaration – is needed for vehicles on vessels told to leave Kiwi waters.

This "obviates the need for a lot of admin work" for agents and Customs, as well as importers avoiding extra costs of about \$85 per unit. ☺

USED IMPORTED PASSENGER VEHICLE ARRIVALS



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2018				2017							2016	
	JAN '18	FEB '18	FEB MARKET SHARE %	2018 TOTAL	Q1	Q2	Q3	Q4	2017 TOTAL	MRKT SHARE		2016 TOTAL	MRKT SHARE
Australia	416	359	3.8%	775	1,529	1,414	1,339	1,258	5,540	3.2%		5,151	3.4%
Great Britain	121	66	0.7%	187	687	485	478	523	2,173	1.3%		1,537	1.0%
Japan	9,660	8,852	92.9%	18,512	41,047	42,489	37,311	39,975	160,822	93.8%		143,080	93.7%
Singapore	119	111	1.2%	230	225	324	296	357	1,202	0.7%		1,231	0.8%
USA	79	101	1.1%	180	391	309	337	382	1,419	0.8%		1,275	0.8%
Other countries	28	36	0.4%	64	79	110	88	110	387	0.2%		438	0.3%
Total	10,423	9,525	100.0%	19,948	43,958	45,131	39,849	42,605	171,543	100.0%		152,712	100.0%



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Traders report slowdown in sales

Dealer-to-public sales of second-hand cars during February fell by 587 units compared to January.

There were 16,380 passenger vehicles sold by traders last month – down by 3.4 per cent on January's 16,967 sales, but up by 3.9 per cent compared to 15,772 in February 2017.

Wanganui experienced a 52.5 per cent increase with 270 dealer-to-public sales compared to 177 in February 2017. Rotorua was second with a 40.7 per cent jump, while Masterton came third with a rise of 38.1 per cent.

There was a two per cent increase

in trade-ins with dealers buying 12,265 units compared to 12,030 in the same month of last year.

Traders in Rotorua notched up an 82.8 per cent jump in trade-ins during February with 117 units compared to 64 in the same month of last year.

Dmitry Mayorov, director of DNA Motors in Panmure, Auckland, says the business has about 100 cars on-board stink-bug affected ships, which need to go through fumigation treatment outside New Zealand waters before being permitted to unload here.

"There's nothing you can do about it," he told Autofile. "We

have stock, but everyone will feel it later with compliance when stock lands because the supply chain will slow down.

"The compliance centres will be busy and there could be unexpected damage to stock from storage."

Mayorov's premises suffered "moderate" damage after an electrical fault caused a fire in the roof of the dealership on March 6. The incident hasn't closed the yard.

"It's business as usual and we now have to get some serious sales," he says. The fire is reported in more depth online at www.autofile.co.nz.

CashBack Cars in Whangarei uses a range of options to stock the

yard – from importing some vehicles direct from Japan to trade-ins, as well as using wholesale suppliers to get what it needs to meet the market.

Despite February's wet and humid weather, the business had a "good solid month". A spokeswoman adds: "The rain does put a dampener on things and we have had a couple of quiet days."

The business has noticed a surge of interest in electric vehicles (EVs) over the past three months.

"We get a lot of retired buyers. Their thinking is that they want vehicles that will last through their retirements. EVs are cheap to run and fit into their lifestyles." ☺

SECONDHAND CAR SALES - February 2018

	DEALER TO PUBLIC					PUBLIC TO PUBLIC				PUBLIC TO DEALER		
	FEB '18	FEB '17	+/- %	MARKET SHARE		FEB '18	FEB '17	+/- %		FEB '18	FEB '17	+/- %
Whangarei	573	524	9.4	3.50		1,927	1,918	0.5		282	232	21.6
Auckland	5,546	5,239	5.9	33.86		13,906	14,380	-3.3		4,626	4,474	3.4
Hamilton	1,250	1,342	-6.9	7.63		3,163	3,401	-7.0		957	1,097	-12.8
Thames	279	230	21.3	1.70		699	543	28.7		157	98	60.2
Tauranga	765	848	-9.8	4.67		1,950	2,107	-7.5		530	552	-4.0
Rotorua	370	263	40.7	2.26		971	804	20.8		117	64	82.8
Gisborne	139	152	-8.6	0.85		431	382	12.8		79	52	51.9
Napier	552	527	4.7	3.37		1,480	1,498	-1.2		370	349	6.0
New Plymouth	329	365	-9.9	2.01		966	1,036	-6.8		153	229	-33.2
Wanganui	270	177	52.5	1.65		602	480	25.4		153	124	23.4
Palmerston North	715	706	1.3	4.37		1,665	1,636	1.8		947	704	34.5
Masterton	221	160	38.1	1.35		487	378	28.8		112	73	53.4
Wellington	1,478	1,413	4.6	9.02		3,055	2,857	6.9		1,101	1,143	-3.7
Nelson	320	317	0.9	1.95		1,054	1,056	-0.2		229	201	13.9
Blenheim	146	155	-5.8	0.89		445	405	9.9		79	113	-30.1
Greymouth	71	66	7.6	0.43		171	189	-9.5		18	30	-40.0
Westport	5	15	-66.7	0.03		25	77	-67.5		0	0	0.0
Christchurch	2,077	1,972	5.3	12.68		5,316	5,221	1.8		1,609	1,670	-3.7
Timaru	178	228	-21.9	1.09		536	544	-1.5		114	129	-11.6
Oamaru	36	58	-37.9	0.22		104	175	-40.6		4	12	-66.7
Dunedin	660	632	4.4	4.03		2,046	1,960	4.4		359	426	-15.7
Invercargill	400	383	4.4	2.44		1,093	954	14.6		269	258	4.3
NZ total	16,380	15,772	3.9	100.00		42,092	42,001	0.2		12,265	12,030	2.0

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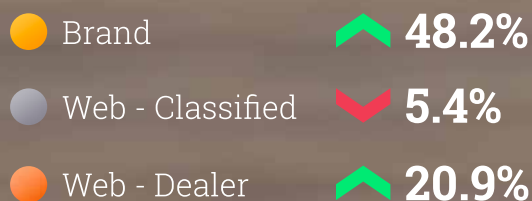
New Passenger Vehicle Sales by Make - February 2018

MAKE	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	1,013	990	2.3	13.7%	3,503	19.2%
Mazda	773	755	2.4	10.4%	1,798	9.9%
Holden	602	654	-8.0	8.1%	1,379	7.6%
Suzuki	577	624	-7.5	7.8%	1,168	6.4%
Kia	512	513	-0.2	6.9%	1,274	7.0%
Hyundai	489	606	-19.3	6.6%	1,042	5.7%
Mitsubishi	489	547	-10.6	6.6%	1,115	6.1%
Honda	412	373	10.5	5.6%	936	5.1%
Ford	395	611	-35.4	5.3%	1,241	6.8%
Volkswagen	342	355	-3.7	4.6%	642	3.5%
Nissan	269	346	-22.3	3.6%	692	3.8%
Audi	169	176	-4.0	2.3%	347	1.9%
Mercedes-Benz	166	245	-32.2	2.2%	354	1.9%
Subaru	157	305	-48.5	2.1%	499	2.7%
BMW	144	160	-10.0	1.9%	331	1.8%
Jeep	142	56	153.6	1.9%	224	1.2%
Skoda	104	104	0.0	1.4%	244	1.3%
Peugeot	86	48	79.2	1.2%	175	1.0%
Land Rover	76	93	-18.3	1.0%	149	0.8%
Mini	70	45	55.6	0.9%	147	0.8%
Lexus	69	62	11.3	0.9%	131	0.7%
SsangYong	64	93	-31.2	0.9%	146	0.8%
Volvo	47	48	-2.1	0.6%	104	0.6%
Porsche	35	22	59.1	0.5%	89	0.5%
Haval	30	0	3000.0	0.4%	67	0.4%
Jaguar	24	26	-7.7	0.3%	44	0.2%
Isuzu	22	12	83.3	0.3%	52	0.3%
Citroen	18	15	20.0	0.2%	44	0.2%
Fiat	15	13	15.4	0.2%	24	0.1%
Renault	13	30	-56.7	0.2%	37	0.2%
Seat	13	0	1300.0	0.2%	22	0.1%
Yamaha	13	3	333.3	0.2%	23	0.1%
Tesla	12	21	-42.9	0.2%	35	0.2%
Maserati	10	29	-65.5	0.1%	21	0.1%
Mahindra	7	5	40.0	0.1%	17	0.1%
Others	36	65	-44.6	0.5%	97	0.5%
Total	7,415	8,050	-7.9	100.0%	18,213	100.0%

New Passenger Vehicle Sales by Model - February 2018

MAKE	MODEL	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Suzuki	Swift	307	171	79.5	4.1%	549	3.0%
Mazda	CX-5	276	213	29.6	3.7%	581	3.2%
Toyota	Corolla	258	351	-26.5	3.5%	1,216	6.7%
Kia	Sportage	223	279	-20.1	3.0%	538	3.0%
Holden	Commodore	214	102	109.8	2.9%	302	1.7%
Toyota	RAV4	205	148	38.5	2.8%	626	3.4%
Mitsubishi	Outlander	170	217	-21.7	2.3%	367	2.0%
Honda	CRV	169	43	293.0	2.3%	337	1.9%
Hyundai	Kona	141	0	14100.0	1.9%	330	1.8%
Nissan	Qashqai	140	113	23.9	1.9%	357	2.0%
Hyundai	Tucson	139	213	-34.7	1.9%	268	1.5%
Mazda	CX-3	137	123	11.4	1.8%	268	1.5%
Toyota	Yaris	137	47	191.5	1.8%	294	1.6%
Volkswagen	Tiguan	132	176	-25.0	1.8%	254	1.4%
Mazda	Mazda3	131	178	-26.4	1.8%	397	2.2%
Ford	Escape	128	178	-28.1	1.7%	321	1.8%
Toyota	Highlander	128	203	-36.9	1.7%	555	3.0%
Mitsubishi	ASX	121	133	-9.0	1.6%	271	1.5%
Volkswagen	Golf	119	83	43.4	1.6%	222	1.2%
Holden	Captiva	112	148	-24.3	1.5%	323	1.8%
Honda	Jazz	112	125	-10.4	1.5%	304	1.7%
Mazda	Mazda2	110	112	-1.8	1.5%	241	1.3%
Hyundai	Santa Fe	105	189	-44.4	1.4%	208	1.1%
Ford	Focus	101	131	-22.9	1.4%	421	2.3%
Holden	Astra	94	67	40.3	1.3%	182	1.0%
Suzuki	Vitara	94	162	-42.0	1.3%	241	1.3%
Mitsubishi	Eclipse Cross	90	0	9000.0	1.2%	252	1.4%
Jeep	Grand Cherokee	85	23	269.6	1.1%	132	0.7%
Nissan	X-Trail	85	126	-32.5	1.1%	241	1.3%
Subaru	Outback	79	135	-41.5	1.1%	196	1.1%
Toyota	C-HR	78	22	254.5	1.1%	161	0.9%
Mazda	CX-9	77	69	11.6	1.0%	207	1.1%
Honda	HR-V	68	108	-37.0	0.9%	145	0.8%
Ford	Mondeo	68	65	4.6	0.9%	189	1.0%
Kia	Sorento	68	93	-26.9	0.9%	171	0.9%
Others		2,714	3,504	-22.5	36.6%	6,546	35.9%
Total		7,415	8,050	-7.9	100.0%	18,213	100.0%

Top 3 Sources for Leads, Test Drives and Sales - New Zealand Dealerships

LEADS

**TEST
DRIVES**


Franchises look to catch up

Two new-vehicle distributors have spoken out about how the bedlam caused across the automotive industry by brown marmorated stink bugs (BMSBs) has affected them.

Two Japanese marques – Subaru and Mazda – are among the companies affected by the crisis with the unloading of four vessels severely delayed after it was found stink bugs had hitched lifts from the source market.

Wallis Dumper, managing director of Subaru NZ, says the issues created by the insects have been hard on the distributor with hundreds of its vehicles yet to arrive on-shore.

“We have run a ‘just in time’ delivery system for the past 20 years,” he says. “We only carry three to four weeks of stock, so our customers know they are buying new vehicles that are only one to six weeks old.

“We have 250 cars worth \$10 million on a boat. You like to look for the positives if there are any in this situation. Any aged cars will sell, but our vehicles will not be processed until late March so there will be backlogs.

“We had no wholesales in February and hope to catch up during March. The first quarter is not looking good, but we’ve brought future shipments forward. We have to forecast a year in advance and most cars are pre-sold before they arrive in this country, so we already have frustrated buyers.”

Dumper told Autofile that Subaru dealers are trying to swap cars to meet customers’ needs.

“We could do without this, but we have been fortunate. We’ve had

six record years in a row, so we’ll work through it and catch up. Our dealers work well together and help each other out.”

He notes stink-bug hibernation is a seasonal issue so the marque has to ensure future shipments aren’t held up and work out what it can do to mitigate risks.

David Hodge, managing director of Mazda NZ, says the entire industry is affected by the BMSB crisis.

“It isn’t a laughing matter,” he says. “We all understand how important it is to keep this bug out of New Zealand. This will have a short-term impact on us and we hold a reasonable amount of stock in this country. We have a boat due in Auckland soon, the Triton Ace, which should be clear to unload.”

His the marque has about 780 cars on the Courageous Ace, which is yet to unload at Auckland.

“We’ve been able to find stock in-country for some customers. We have been keeping customers and dealers up to date with what’s

happening, and finding alternative solutions if possible. We were only a few units off our best February ever when this happened.”

Hodge says there’s nothing else to do, but patiently wait. “Everyone is working hard to resolve this issue and stink-bug season is nearing an end.”

Haydn Mackenzie, chief executive officer for Albany Toyota in Auckland and Warkworth Toyota, says the BMSB issue has had no impact on his dealerships.

As for last month’s statistics, there were 7,415 new passenger vehicles registered to bring the year-to-date total to 18,213. This was a 7.9 per cent drop on 8,050 in February 2017.

Toyota was the market leader for car and SUV sales with a 13.7 per cent market share and 1,013 units. The total was up by 2.3 per cent on the same month of last year when 990 units were sold. Toyota has so far sold 3,503 units this year, or 19.2 per cent on the market.

It was followed by Mazda with

10.4 per cent and 773 units, which was a 2.4 per cent increase on 755 registrations during February 2017. Its year-to-date sales mean it has a market share of 9.9 per cent.

Holden took out third place with 602 registrations, although this was a drop of eight per cent when compared to 654 units in the same month of last year. Its share of the market for 2018 is 7.6 per cent.

February’s top-selling model was the Suzuki Swift on 307 units, which was up by 79.5 per cent from 171 in the same month of last year. Mazda’s CX-5 sold 276 units, while 258 Toyota Corollas were registered.

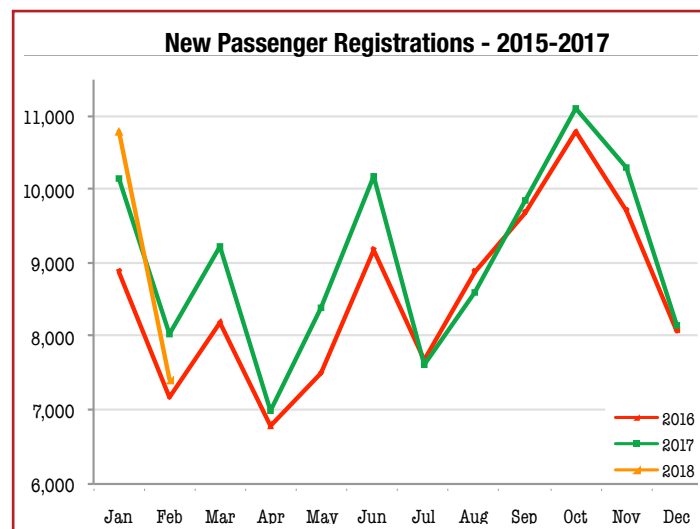
Commenting on the overall new-vehicle market, David Crawford, of the Motor Industry Association, says: “February’s new-vehicle registrations of 11,531 were down by two per cent – or 254 units – on February 2017 reflecting a mature and stable market.

“Year to date, the market is up by three per cent and 751 units compared to the first two months of 2017.

“With a record number of commercials sold during February, it came as no surprise to see the pick-up, chassis cab four-by-four segment come first with 17 per cent of the market.”

The medium-sized SUV segment accounted for 16 per cent of overall sales and was followed by compact SUVs with a 12 per cent market share.

“While the market for new vehicles remains strong, some segments were constrained by low stocks levels, which will continue into the foreseeable future.” ☺



February 2018 (vs January 2018)

SALES

Web - Dealer

23.7%

Repeat

3.2%

Web - Classified

12.3%

autoPLAY

Smart Digital Tools

Demand exceeding supply

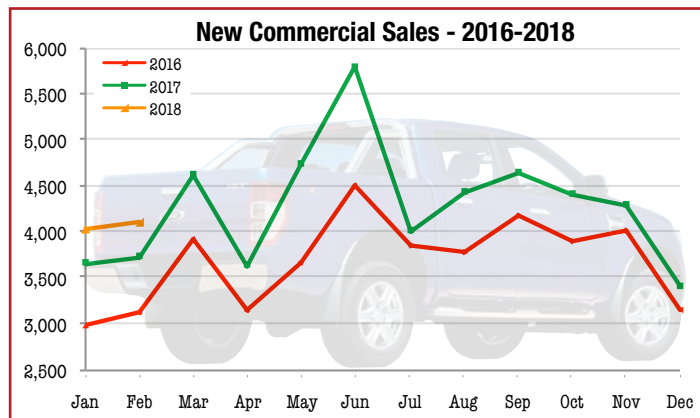
Most manufacturers of new light commercials experienced bumper sales last month.

Overall sales went up by 10.2 per cent in February with 4,116 registrations. This compared to 3,734 in the same month of 2017.

Toyota continued to dominate sales with a 26.6 per cent increase and 946 units sold last month compared to 747 in February last year for a 21.2 per cent year-to-date market share.

Ford came second with 788 sales – up by 10.5 per cent on 713 units during the same month of last year.

Once again, Ford's Ranger was the top model with 735 registrations during February – up by 10.7 per cent on 664 sales in the



same month of last year.

Toyota's Hilux was second with 703, up by 31.9 per cent on February 2017.

Stephen Coutts is the dealer principal of Cartown in Palmerston

North, which mostly sells utilities and SUVs, and has buyer waiting lists for Great Wall's new single and double-cab ute – the Steed.

He says the single cab offers more space. "It's a real worker's ute.

It's a new ute with a diesel engine, so that will be popular."

Demand for Foton's automatic utes has also outstripped supply. "We can't keep up with these," says Coutts. "The new Haval SUV range has also kicked off with a roar."

He says February's wild weather was far from doom and gloom.

"In my experience, bad weather usually brings people into town.

"However, there will be frustrated buyers having to wait a little longer for their utes because of the stink bugs on-board ships."

Haydn Mackenzie, chief executive officer for Warkworth Toyota and Albany Toyota, says his dealerships have been unaffected by stock delays. ☺

New Commercial Sales by Make - February 2018

MAKE	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	946	747	26.6	23.0%	1,726	21.2%
Ford	788	713	10.5	19.1%	1,596	19.6%
Nissan	384	346	11.0	9.3%	668	8.2%
Mitsubishi	368	282	30.5	8.9%	686	8.4%
Holden	366	364	0.5	8.9%	751	9.2%
Isuzu	304	255	19.2	7.4%	562	6.9%
Mazda	169	186	-9.1	4.1%	341	4.2%
Volkswagen	110	76	44.7	2.7%	275	3.4%
LDV	102	101	1.0	2.5%	255	3.1%
Hino	68	45	51.1	1.7%	114	1.4%
Hyundai	64	97	-34.0	1.6%	128	1.6%
SsangYong	63	52	21.2	1.5%	157	1.9%
Fiat	59	64	-7.8	1.4%	160	2.0%
Fuso	49	30	63.3	1.2%	115	1.4%
Mercedes-Benz	48	51	-5.9	1.2%	105	1.3%
Foton	47	66	-28.8	1.1%	113	1.4%
DAF	27	15	80.0	0.7%	48	0.6%
Kenworth	20	14	42.9	0.5%	52	0.6%
Iveco	19	17	11.8	0.5%	44	0.5%
UD Trucks	17	19	-10.5	0.4%	39	0.5%
Others	98	194	-49.5	2.4%	218	2.7%
Total	4,116	3,734	10.2	100.0%	8,153	100.0%

New Commercial Sales by Model - February 2018

MAKE	MODEL	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Ford	Ranger	735	664	10.7	17.9%	1,448	17.8%
Toyota	Hilux	703	533	31.9	17.1%	1,339	16.4%
Nissan	Navara	384	346	11.0	9.3%	668	8.2%
Mitsubishi	Triton	368	282	30.5	8.9%	686	8.4%
Holden	Colorado	362	351	3.1	8.8%	738	9.1%
Toyota	Hiace	208	196	6.1	5.1%	335	4.1%
Isuzu	D-Max	195	161	21.1	4.7%	387	4.7%
Mazda	BT-50	169	186	-9.1	4.1%	341	4.2%
SsangYong	Actyon Sport	63	52	21.2	1.5%	157	1.9%
Volkswagen	Amarok	63	12	425.0	1.5%	174	2.1%
Hyundai	Iload	61	95	-35.8	1.5%	124	1.5%
Fiat	Ducato	59	58	1.7	1.4%	160	2.0%
Ford	Transit	53	49	8.2	1.3%	148	1.8%
Foton	Tunland	44	61	-27.9	1.1%	106	1.3%
Isuzu	F Series	40	44	-9.1	1.0%	66	0.8%
Isuzu	N Series	40	35	14.3	1.0%	62	0.8%
Hino	500	38	12	216.7	0.9%	60	0.7%
LDV	G10	36	38	-5.3	0.9%	74	0.9%
Mercedes-Benz	Sprinter	36	39	-7.7	0.9%	77	0.9%
LDV	V80	36	63	-42.9	0.9%	85	1.0%
Others		423	457	-7.4	10.3%	918	11.3%
Total		4,116	3,734	10.2	100.0%	8,153	100.0%

Setting the Benchmark

6 Ports in Japan. 7 Ports in New Zealand

SPEED, SERVICE, VALUE & INDEPENDENCE

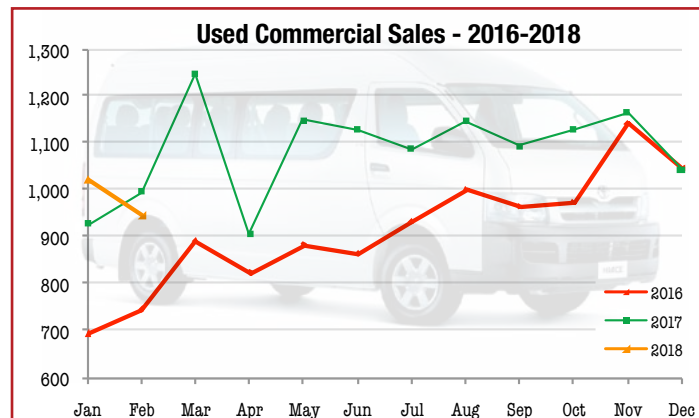
Marques record mixed results

February was a topsy-turvy month when it came to the top five manufacturers in the used commercial market.

Toyota, predictably, came top even though its registrations dropped by 12.7 per cent compared to February 2017's total – from 466 to 407. That said, its year-to-date total is 848 units or 43 per cent of the market.

Nissan climbed by 6.3 per cent from 191 to 203 sales over the same timescale to take its aggregate so far this year to 413 units and a market share of 20.9 per cent.

Hino came third in February with 49 units. This was up by 58.1 per cent, or 18 units, compared to the same month in 2017. Isuzu sales came in at 47 last month, up by 4.4



per cent, while Mazda nosedived by 56.4 per cent to 41.

Overall, 948 used commercials were registered last month – down by five per cent on 998 in February 2017. This year's total now stands at 1,972.

Toyota's Hiace was the top-selling model with 300 units – an 18.3 per cent drop compared to February 2017. Nissan's Caravan came second on 74 and 41 NV200s were registered.

Mike Bullock, of AutoSpot in

West Auckland, says: "We sell Euros, commercials and four-by-fours. You can't get enough utes."

"We get a lot of referrals and a lot of business from small-to-medium businesses that need small fleets of trucks and vans."

Adam Campi, of Free To Sell Cars in Whangarei, blames heavy rain and wet weather during February for a slightly quieter month.

"Four-wheel-drive utes sell well," he told Autofile. "We tend to try to have one of everything on the yard. Our general price range is \$8,000 to \$10,000."

"But we are on target despite the weather and we're happy with how things are going. We just work harder to get sales." ☺

Used Commercial Sales by Make - February 2018

MAKE	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	407	466	-12.7	42.9%	848	43.0%
Nissan	203	191	6.3	21.4%	413	20.9%
Hino	49	31	58.1	5.2%	75	3.8%
Ford	48	35	37.1	5.1%	93	4.7%
Isuzu	47	45	4.4	5.0%	104	5.3%
Mazda	41	94	-56.4	4.3%	119	6.0%
Mitsubishi	41	40	2.5	4.3%	77	3.9%
Chevrolet	19	15	26.7	2.0%	32	1.6%
Holden	16	19	-15.8	1.7%	38	1.9%
Fiat	15	9	66.7	1.6%	50	2.5%
Volkswagen	8	10	-20.0	0.8%	11	0.6%
GMC	7	7	0.0	0.7%	14	0.7%
Mercedes-Benz	7	3	133.3	0.7%	12	0.6%
Iveco	5	1	400.0	0.5%	7	0.4%
Suzuki	4	1	300.0	0.4%	9	0.5%
Dodge	3	2	50.0	0.3%	11	0.6%
Renault	3	3	0.0	0.3%	6	0.3%
Volvo	3	1	200.0	0.3%	5	0.3%
Citroen	2	1	100.0	0.2%	2	0.1%
DAF	2	1	100.0	0.2%	5	0.3%
Others	18	23	-21.7	1.9%	41	2.1%
Total	948	998	-5.0	100.0%	1,972	100.0%

Used Commercial Sales by Model - February 2018

MAKE	MODEL	FEB'18	FEB'17	+/- %	FEB'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	Hiace	300	367	-18.3	31.6%	642	32.6%
Nissan	Caravan	74	67	10.4	7.8%	139	7.0%
Nissan	NV200	41	30	36.7	4.3%	87	4.4%
Mazda	Bongo	38	78	-51.3	4.0%	103	5.2%
Toyota	Dyna	35	21	66.7	3.7%	67	3.4%
Nissan	NV350	29	6	383.3	3.1%	55	2.8%
Toyota	Regius	28	33	-15.2	3.0%	60	3.0%
Isuzu	Elf	24	28	-14.3	2.5%	57	2.9%
Hino	Dutro	23	17	35.3	2.4%	31	1.6%
Toyota	Toyoace	22	10	120.0	2.3%	30	1.5%
Mitsubishi	Canter	20	26	-23.1	2.1%	34	1.7%
Hino	Ranger	20	9	122.2	2.1%	33	1.7%
Nissan	Vanette	20	46	-56.5	2.1%	38	1.9%
Nissan	Atlas	18	14	28.6	1.9%	45	2.3%
Fiat	Ducato	15	8	87.5	1.6%	46	2.3%
Ford	Transit	13	7	85.7	1.4%	21	1.1%
Toyota	Hilux	12	21	-42.9	1.3%	33	1.7%
Isuzu	Forward	11	10	10.0	1.2%	29	1.5%
Nissan	Navara	10	15	-33.3	1.1%	16	0.8%
Ford	Ranger	10	8	25.0	1.1%	33	1.7%
Others		185	177	4.5	19.5%	373	18.9%
Total		948	998	-5.0	100.0%	1,972	100.0%

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motor vehicle shipping & logistics

Processes being put into place

Importations and registrations of new passenger vehicles dropped during February compared to the same month of last year.

Last month's import total of 8,043 new cars was only down by 0.7 per cent on February 2017 and was up by 1.4 per cent on January 2018 as problems with brown marmorated stink bugs (BMSBs) came to the fore.

However, there were only 7,415 new cars registered last month – down by a massive 31.3 per cent on January's 10,798 units and down by 7.9 per cent on the same month of last year.

As a result, there was a small increase of stock in-hand of 628 units leaving a total of 68,964 vehicles unsold.

This was up by 7.2 per cent on February 2017's 64,309 units and up by 0.9 per cent on January 2018.

Average daily sales remained

strong at 298 units per day, which was up by 11 units compared to the same month of last year.

There are now seven-and-a-half months – or 232 days – of supply of new car stock sitting in distributor or dealership yards. This is up from 228 days in January and 224 days in the same month of last year.

Year to date, 15,976 new cars have crossed the border and 18,213 of those cars have been sold leaving a variance of 2,237.

It needs to be borne in mind NZ Customs' statistics on imports are based on arrivals when a ship docks – not when they are landed – and four vessels were sent offshore for biosecurity treatment last month before one started unloading.

The total of new vehicles on these ships was 2,125, according to Ports of Auckland, while there were 4,911 used and 829 units for transhipment.

In regards to the stink-bug issue, David Crawford, chief executive officer of the Motor Industry Association (MIA), told Autofile: "We support the need to ensure New Zealand's biosecurity is maintained – it's our number-one priority as a country and no-one wants to inadvertently import the BMSB on vehicles.

"Manufacturers are currently putting processes in place to give effect to an advisory notice issued by the Ministry for Primary Industries [MPI] on February 23 to ensure vehicles are clean at loading and on arrival in New Zealand ports."

The MIA is co-ordinating with the MPI to facilitate its discussions with manufacturers in Japan so they can carry out audits to determine the risk profile by each marque for vehicles as they roll off production lines and are moved to ports for loading.

Crawford adds: "The MPI will assess the logistics pathways from end of production to loading on a ship, dwell times if stored, and proximity to stink-bug feeding, breeding and hibernation locations. The outcome of this work will inform a revised import health standard from September this year."

Greg Hedgepeth, chief executive officer of Turners Group NZ, has considerable experience in the new-vehicle sector.

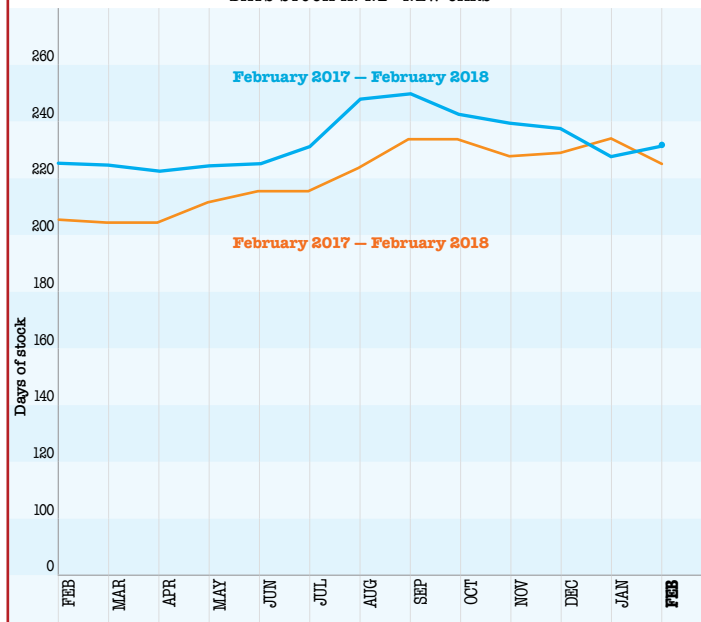
He believes the BMSB issue will be tough for franchises that have pre-ordered cars to customers' specifications, as well as those waiting on stock that's in high demand.

"The new-car dealers will have no other options, so things will ground to a halt for them," he adds. "I think this crisis will have a bigger impact on new-vehicle dealers than used." ☹

Dealer stock of new cars in New Zealand

	CAR SALES				DAILY SALES	DAYS
	IMPORTED	REGISTERED	VARIANCE	STOCK	- 12-MONTH AVERAGE	STOCK AT HAND
Feb '17	8,099	8,050	49	64,309	287	224
Mar '17	9,200	9,230	-30	64,279	290	222
Apr '17	8,234	6,996	1,238	65,517	290	226
May '17	9,539	8,386	1,153	66,670	293	228
Jun '17	10,483	10,181	302	66,972	296	227
Jul '17	12,591	7,605	4,986	71,958	295	244
Aug '17	10,599	8,606	1,993	73,951	295	251
Sep '17	7,620	9,855	-2,235	71,716	295	243
Oct '17	10,473	11,109	-636	71,080	296	240
Nov '17	9,825	10,289	-464	70,616	297	237
Dec '17	8,736	8,151	585	71,201	298	239
Jan '18	7,933	10,798	-2,865	68,336	299	228
Feb '18	8,043	7,415	628	68,964	298	232
Year to date	15,976	18,213	(2,237)			
Change on last month	1.4%	-31.3%		0.9%		
Change on Jan 2017	-0.7%	-7.9%		7.2%		
	LESS IMPORTED	LESS SOLD		MORE STOCK		

DAYS STOCK IN NZ - NEW CARS



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Traders waiting for supply

A dealer with 55 years' experience in the automotive industry says disruption caused by the discovery of stink bugs on four car carriers from Japan is starting to hit his operation.

Rob Milner, who owns Rod Milner Motors in Auckland and mostly sells disability vehicles, says his business has 15 units waiting to be unloaded from ships caught up in the crisis.

"It is affecting us, there's no doubt about that," he told Autofile. "It's affecting our workshops. I have a technician standing around with nothing to do, but it's not affecting sales.

"We have about four months' stock, but if this carries on for another month it will get serious for many people in the industry. It affects cash flow – you have to have stock coming through."

Milner is pleased to see agencies pulling together, and the situation is an opportunity for new and used dealers to work together. "There's always something happening in this industry."

Mike Bullock, of AutoSpot in West Auckland, describes business as being constant during February, but was quiet on wet weekends.

"Everyone is back at work and the kids are at school, so it's a time to catch up after the busy summer period," he says.

"We have plenty of stock. Most of our customers aren't from around here. We sell a better class of car and mostly sell out of Auckland – everyone is on Trade Me. Our stock is upwards of \$8,000.

"We work hard to provide quality stock and looking after customers rather than being focused on price. It's all about service."

As for last month's statistics, "arrivals", as reported by NZ Customs, are based on when a ship docks – not when unloaded – and only one of four vessels sent offshore for biosecurity treatment last month was being unloaded when Autofile went to press.

That said, daily sales of used cars continued at the same pace during February as the previous two months despite the number of used imports falling by one-third on the same month of last year.

Average daily sales have remained in the mid-450s since December compared to the low of 415 days in February last year.

There were 9,525 used cars imported last month – down by 31.1 per cent on February 2017 and down by 8.6 per cent on January's 10,423 units.

Registrations of used passenger

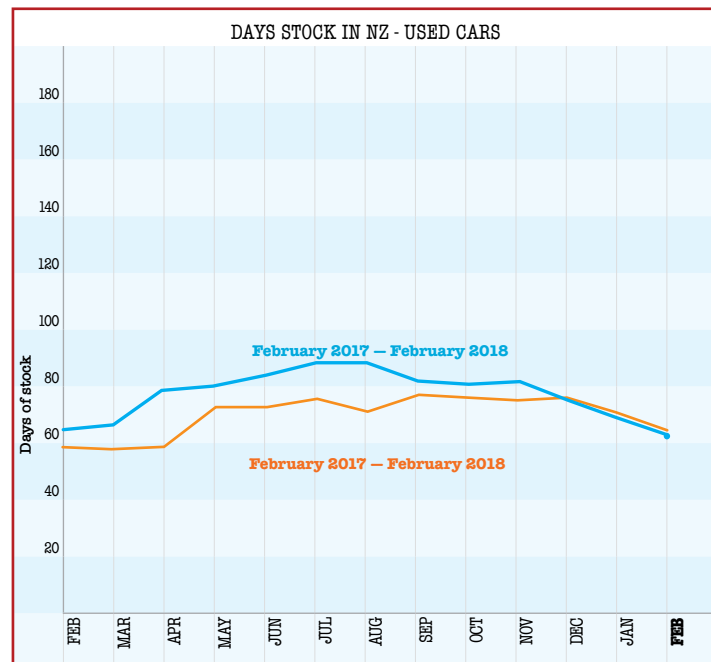
vehicles also tumbled last month. There were 12,048 units sold – down by 12.2 per cent on January and down by 1.7 per cent on the same month of last year.

However, more used cars were sold by dealers than were imported for the fourth month in a row.

As a result, dealers' stock on-hand dropped to 63 days, or just over two months' supply, in February. This was down from 67 in the same month of last year and down 25 days on June 2017's 12-month high of 88 days.

Stock of used cars sits at 28,783 units – a decrease of 8.1 per cent compared to January – but the stockpile was up by three per cent on the same month of last year.

Year to date, 19,948 used cars have entered the country and 25,767 have been sold, resulting in a reduction of stock by 5,819 units. ☺



Dealer stock of used cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Feb '17	13,829	12,260	1,569	27,932	415	67
Mar '17	19,546	14,474	5,072	33,004	421	78
Apr '17	13,017	12,507	510	33,514	422	79
May '17	16,584	14,439	2,145	35,659	427	84
Jun '17	15,530	13,339	2,191	37,850	431	88
Jul '17	14,055	14,430	-375	37,475	434	86
Aug '17	12,416	14,483	-2,067	35,408	439	81
Sep '17	13,378	13,645	-267	35,141	442	80
Oct '17	14,866	14,118	748	35,889	445	81
Nov '17	14,642	14,924	-282	35,607	451	79
Dec '17	13,097	14,102	-1,005	34,602	454	76
Jan '18	10,423	13,719	-3,296	31,306	456	69
Feb '18	9,525	12,048	-2,523	28,783	455	63
Year to date	9,525	12,048	(2,523)			
Change on last month	-8.6%	-12.2%		-8.1%		
Change on Jan 2017	-31.1%	-1.7%		3.0%		
	LESS IMPORTED	LESS SOLD		MORE STOCK		

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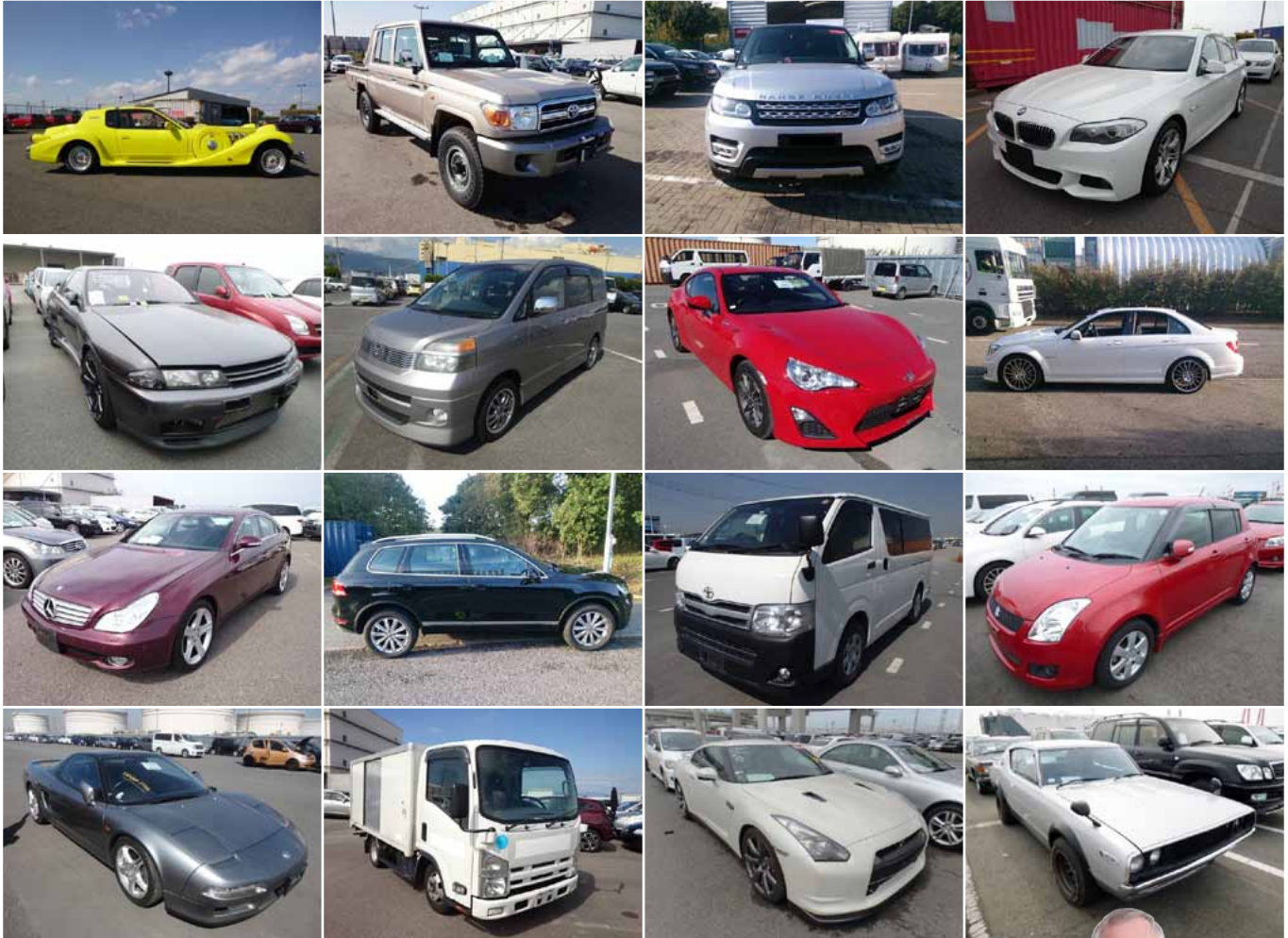
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