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# Industry on high alert for stink-bug season

Typhoon hits Japan as importers of used vehicles are being affected by extra biosecurity, transport and cross-rate costs

The automotive supply chain is expected to cope with the onset of the high-risk period for brown marmorated stink bugs (BMSBs) – although teething problems are possible.

September 1 saw the start of the new season for the biosecurity threat that wreaked havoc across the supply chain earlier this year.

Now heat treatment of all used vehicles and machinery from Japan is mandatory, as well as approved pathways for new vehicles, to prevent the bugs getting into New Zealand.

The measures result from the new import health standard (IHS) released by the Ministry for Primary Industries (MPI) last month.

Issues facing the supply chain have been exacerbated by Typhoon Jebi hitting western Japan on September 4, killing at least seven people and injuring about 200.

Logistics companies and border-inspection organisations are now assessing its impact on facilities at Kobe and Osaka and are warning of likely reductions in capacity, reports VIA (the Imported Motor Vehicle Industry Association).

High alert – the new stink-bug season has started

Although delays will be possible during the stink-bug season, which ends on March 30, not as many forward bookings for vehicles in Japan as normal are being made at the moment.

Traders have been reporting lower business activity, the dollar's cross-rate with the yen has tumbled and there's a lack of vehicle storage space in Japan.

On top of this, extra costs are being borne by importers. Heat-treatment surcharges currently range from $225-$250 per vehicle depending on the service provider, land-transport prices in New Zealand are rising and the price of shipping – or bunker – fuel is rising.

David Vinsen, VIA's chief executive, says despite the short timeframe, with the new IHS being released just three weeks ago, businesses are well-prepared.

"It's still going to be tough, but companies involved say they are ready to various degrees," he told Autofile. "This stink-bug season

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GUEST EDITORIAL

# Initiatives connect skills to industry

Janet Lane says focus is needed on developing skilled workers for the automotive industry

JANET LANE
Chief executive, MITO

In today's tight labour market where there aren't enough qualified technicians to fill vacancies, it makes sense that employers reach out to emerging talent.

The automotive sector is forecast to need more than 3,400 new workers per year on average between 2018 and 2022 to meet new job growth and replace those leaving it.

With only four per cent of school leavers going directly into an apprenticeship or on-the-job training, and 40 per cent not progressing to any tertiary education, facilitating pathways for secondary students to enter the motor-vehicle industry is an obvious strategy.

The Got a Trade? Got it Made! campaign has gained huge momentum over the past few years. Designed to raise awareness of the trades and services industries, it targets secondary-school students, careers advisers and parents.

Its "earn and learn" message is supported by BERL research that shows because apprentices don't incur student debt, they're on an earning pathway immediately.

This provides them with security ahead of their peers at university – and they are in about the same financial position when they retire.

A number of initiatives are in progress to help support employers engage school leavers and youth with apprenticeships.

The government's fees-free initiative provides eligible school leavers and jobseekers two years of industry training for free – as opposed to one year for polytechnic and university study.

And the Mahi in Mana programme provides funding to employers to support apprentices aged 18-24, who have been unemployed for six months or more. The pilot is currently supporting 150 people and this will increase to 4,000 in 2019.

At MITO, we're committed to initiatives that focus on engaging schools and students in the industries we support.

This year we realigned our structure to increase focus on secondary-school engagement, and introduced a vocational career adviser to work directly with schools in co-ordination with our regionally based advisory teams.

We've revamped our automotive programme StartUp for year 11-13 students. Taking the form of a "mini apprenticeship", it's a perfect way for students to gain valuable work experience along with getting a compelling insight into the industry. With just under 25 per cent of StartUp students progressing to an apprenticeship, it works.

Timing is of the essence with school leavers and their parents currently making critical decisions around earning and learning pathways.

During September, we're pleased to see a number of automotive employers getting involved in eight Got a Trade SpeedMeet events, which introduce students to prospective employers "speed dating" style.

We encourage employers to list vacancies on our website without delay – it's free and all entry-level jobs are promoted via our Facebook page.

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has come when there are reduced forward orders because of the way the market is here at the moment.

"VIA is monitoring problems when and if they arise, such as heat-treating electric vehicles [EVs] and possible effects on their batteries. We're working on those sorts of things. It hasn't been a case of someone dropping a flag when the season started and it's all go.

"We've had concerns about whether shipping companies will allow mixed cargos, and changes to sailings and their frequency.

"The industry needs to be congratulated, especially biosecurity companies. They have made huge investments without knowing what would finally be in the new IHS. They had a good idea, but that could have changed, and millions have been spent designing and building heat-treatment plants."

The new IHS requires vehicles to be exposed to 60 degrees Celsius for at least 10 minutes, so the treatment time per unit is 30-40 minutes with ramp up and down temperatures included.

Vinsen adds: "That process is fine, but what about downstream effects with about 12,000 units a month? This scale-up in production is a step-change overnight.

"Whether it goes smoothly will depend on how companies cope with volumes in Japan and outcomes when vessels arrive, but the possibility of delays may be mitigated by a reduction in demand and forward orders.

"The MPI and companies based here have been sending more staff to Japan with everyone focusing on the job, and there will be extra costs to be borne by importers."

> "This is huge volume-based heat treatment for the first time. Given the scale, there are likely to be some issues"
>
> – Frank Willett, Autohub

Frank Willett, chief executive of Autohub, questions who really knows if the industry is ready for the BMSB season.

"We just need to press the button and hope it runs smoothly. That said, this is huge volume-based heat treatment for the first time. Given the scale, there are likely to be some issues."

Willett believes the used-import industry from Japan has entered a period of significant change because of the new IHS.

"Given issues created by BMSBs earlier this year, the IHS puts in place measures to ensure no stink-bug threats exist to New Zealand from used imports, but even if one live stink bug is found on-board on arrival, a ship will be scrutinised and possibly turned away."

Willett notes forward bookings have reduced because "dealers have been reporting sluggish sales around the country and this will cause cash-flow issues for many".

"Sales have possibly been affected by economic uncertainty and a loss in business confidence. Also not helping is the rate with the yen has slid. Issues are affecting the market and are resulting in about a 30 per cent dip on volumes earlier in the year. There are other ▶

# Typhoon wreaks havoc

Investigations are be carried out on the impact on port facilities at Kobe and Osaka after Typhoon Jebi left a trail of devastation in parts of Japan.

Warnings have been issued for reductions in vehicle deliveries to New Zealand with indications it will at least two weeks before normality is resumed.

Moana Blue and Automotive Technologies Ltd's operations out of Kobe have been severely affected.

General manager Matt Battle told Autofile: "Kobe is one of our seven locations we receive cars at. We will be in a position to receive cars into this yard in a matter of days. We're grateful no staff or contractors were injured, and a vessel loaded a few days before reducing the number of cars held.

"Kobe will likely be fully functioning within a couple of weeks at the outside. Should the delay be greater, we will subsidise any additional costs incurred to transfer vehicles to one of our other facilities to ensure shippers and consignees aren't disadvantaged."

Autohub's Frank Willett believes there is significant damage to vehicles and infrastructure at both ports, but full assessments have yet to be completed.

"We're assessing vehicles involved to ascertain which ones have been damaged and who they belong to, but it's too early to say. Our offices in Japan are open, and there have been no reports of our staff being injured."

Malcolm Yorston, VIA's technical manager, adds it will be a case of how long it takes to repair infrastructure when it comes to delays.

"There will be reduced capacity with Kobe and Osaka knocked out," he says. "Compounding this is the heat-treatment regime for stink bugs.

"I would expect these two ports to be up and running in not a great length of time. However, I would imagine there will be lower numbers coming out of them for a couple of weeks."

things that will lead to further prices increases for importers."

Over the past six months, for example, bunker-fuel prices have jumped by more than 40 per cent. Extra costs are being faced by car importers with New Zealand transport and delivery costs increasing due to fuel-price rises and taxes, while road-user charges are about to go up.

"There are wider implications of the MPI's requirements for New Zealand-bound used vehicles," adds Willett.

"For example, used vehicles destined for Fiji require heat treatment, but those for Australia don't. This has caused concerns for shipping lines about potential cross-contamination of cargo."

Kiwi importers of damaged vehicles for parts or repair may have difficulties in continuing supply as they must be heat-treated. This is also the case with parts, such as engines, which aren't easy to handle, while some machinery – such as forklifts – are problematic.

"The main issue is whether service providers carry out treatment so they can be imported, and what the extra fees and costs will be."

Nigel Grindall, chief executive officer of Moana Blue Shipping and Automotive Technologies Ltd, says implementing heat treatment correctly and according to MPI guidelines is complex and time-consuming.

"It has been a long process to get to this stage with massive investment – with more people on-site, the extra time treatment takes, bringing in cars for this to be done and MPI rules for vehicles to be parked in special areas afterwards.

"Our focus is looking after customers. If there's any slack, we're prepared to tackle that. The real pressure may come in January more than September and October.

"If there are delays, they may be from the shipping side with lines separating new and used vehicles for at least the first part of the BMSB season when we will be holding our breath due to bugs hibernating."

If the MPI discovers stink bugs and sends vessels offshore, Grindall would be worried about effects on the industry.

Automotive Technologies' heat-treatment chambers

"That would be expensive. We also have to factor in the upcoming emergency bunker-fuel surcharge. It has been a challenging time, but we will meet MPI requirements."

Ken Quigley, director of Jacanna, says: "Our heat-treatment programme is tracking along well. We are all set up and running, and we're happy with the results.

"If we do encounter teething issues further down the line, we will do our best to iron them out quickly. It's obviously a new process that our industry hasn't seen on this scale before."

Malcolm Jackson says Mitsui OSK Lines (MOL) will follow all IHS requirements and MPI guidelines.

"MOL will continue to monitor for stink bugs in transit to New Zealand as to the effectiveness of pathways and treatment facilities approved," he told Autofile. "We hope the measures are successful and we will not see any impact on shipping like we did during February to May."

Ports of Auckland says the first vessel loaded in Japan during September has an estimated date of arrival of the 18th. Matt Ball, head of communications, says: "It's a wait-and-see situation with all shipping lines working to comply with the new IHS to the best of their ability."

The MPI told Autofile it appreciates there were delays in confirming the new rules, but its discussions with industry have been positive.

"We're not expecting any shipping delays for new vehicles and machinery," says a spokesman. "For used vehicles, we are informed systems in place in Japan can meet the new requirements."

There were no issues with vessels arriving up to September 9 and no problems identified moving forward.

"We will keep a close eye on how the processes are working, including staying in close contact with industry. We're confident the new rules will significantly reduce the risk of imported vehicles acting as a vector for BMSBs."

Under the new IHS, 14 countries have been added to the list requiring mandatory treatment of vehicles during the stink-bug season. This previously only applied to vehicles from the US and Italy.

Used imports from Japan now need to be treated and cleaned offshore as part of the approved system. All other imports from other countries covered by the IHS during the BMSB season need to be treated or go through an approved system.

As for moving forward, Vinsen says VIA will ensure there are good communication channels between all parties, while regular teleconferences have been reinstated.

He says: "These meetings are about open communication, full and transparent discussion, and exchanging useful information.

"We need experts in biosecurity to focus on this issue and collaborate, and communicate as much as possible.

"VIA's role during the stink-bug season is to co-ordinate efforts, and collaborate between government departments, and interested and effected businesses."

# Focused on electric uptake

New Zealand can locally enable a fast take-up rate of electric vehicles (EVs) through co-ordinated actions – even though the country is a technology taker.

That's the view of Dean Sheed, board member of Drive Electric and general manager of Audi NZ.

Sheed took the opportunity at last month's EVworld NZ expo in Auckland to stress the need for organisations in the industry to agree on strategies moving forward to support changes coming, such as the fleet's wider electrification with the release of more models.

"Brands in New Zealand continue to push hard to gain factory approval for the release of plug-in hybrid [PHEV] and battery EVs," Sheed told delegates.

According to a Motor Industry Association survey, there should be nine new EVs and seven PHEVs coming to the market next year.

The research, which included most light-vehicle distributors, included 13 EVs and eight PHEVs in 2020, although the estimated number for 2018 has already been overtaken.

On top of this, Sheed said it was important to take on-board marques' announcements in regards to models and strategies for the global market in the longer term.

And the government's role – from procurement to education and funding – was one that needed to lead by example, and especially around EV infrastructure support and enablement.

"Businesses can also take a lead role in trials and then fleet procurement," noted Sheed. "They will become a good supply of used cars post the general three-year term."

He said the government-set target of 64,000 new and used EVs in the fleet in 2021 was achievable with "exponential growth" seen over the past four years, while the numbers were ahead of target with the total expected to be reached by 2020.

Dean Sheed

Issues affecting EV uptake had included people's perceptions, which had also been tackled by fleets – that's to say range awareness, education and understanding – while clear economic benefits of private and business uses had broken down barriers.

Sheed highlighted that past technological issues included driving ranges, charging times, performance and limited model selection. Then there had been purchase prices and residuals, and a lack of charging points.

It was only in the recent past that supply was rare. For example, EVs accounted for 0.02 per cent of the passenger fleet in 2013 before rising to 0.28 per cent in 2014.

The New Zealand market was now dominated by Japanese imports, Sheed said, although in 2015 some 58 per cent of EVs were sold new and 42 per cent were used. The pendulum had swung by 2017 when 30 per cent were new and used accounted for 70 per cent.

The market here has been highly dependent on supply and that was now dominated by used imports with stock accessible at attractive price-points for dealers.

Sheed said: "Japan is the main source of used-imports subsidies and incentive programmes on EVs. There was the green-vehicle purchasing promotion measure from 2009-12, tonnage and acquisition tax reductions from 2009-12, and automobile tax reductions from 2009-10."

The Kiwi market's progression in recent years has provided greater consumer choice through sourcing, a fast-developing infrastructure, development in technology, business trials, and government focus and incentives. EV infrastructure has boomed with ChargeNet citing 98 existing charging stations, 17 being built, 26 planned for this year and 105 by 2019.

"Government incentives have included extending the road-user charges [RUC] exemption for light EVs and introducing an RUC exemption for heavy EVs," added Sheed. "There is work across government and the private sector to investigate bulk purchasing, and support to develop and roll out of public charging infrastructure."

He highlighted a nationwide EV information and promotion campaign, a contestable fund of up to $6 million a year to support innovation, and allowing EV drivers to use bus and high-occupancy lanes. "Then there's a review of tax-depreciation rules, ACC levies and the method for calculating fringe-benefit tax for EVs."

Looking to the future, Sheed said some marques were committed to all-electric futures. While New Zealand was a technology taker, the country could support or drive initiatives nationwide.

"There needs to be a business case and openness with manufacturers, infrastructure built, awareness and communication with business and government, and acceptance of EVs to normalise their use."

## INDUSTRY FORUMS

EVworld NZ was held at Auckland's ASB Showgrounds from August 9-11 and attracted about 4,400 people – up from 2,600 at last year's inaugural event in the south of the city.

There were more than 100 exhibitors, ride-drive experiences and marques showcasing vehicles, while industry forums covered fleet development, network and

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## Future global milestones

Dean Sheed summarised at the EV expo what some marques are planning in the run-up to 2030 as a way to illustrate how the market will expand.

**2018**: General Motors produces two EVs within 18 months.
**2019**: All new Volvo models to either be electric or hybrid.
**2020**: Jaguar Land Rover to electrify its new line-up.
**2022**: Renault, Nissan and Mitsubishi to produce 12 battery EV models, with Daimler to release 50 electric and hybrid models.
**2023**: Ford to produce 13 EV models, GM to introduce 20.
**2025**: BMW to roll out 12 new BEVs.
**2030**: Volkswagen to electrify its 300-car line-up.

Hyundai's Kona Electric on show at EVworld NZ

infrastructure, and local government.

Janet Lane, chief executive of MITO, the industry training organisation for the automotive sector, was on a forum panel about "meeting the needs of the future EV retail industry".

MITO was successful in its bid to receive funding in last year's round of the government's low-emission vehicle project fund to develop a qualifications framework for the safe inspection, servicing and repair of EVs, and – with the project under way – she was keen to spread the message.

"New Zealand's adoption of EVs and physical infrastructure to support this is moving rapidly," said Lane. "We see this as a vital contribution to the human infrastructure required for the uptake of EVs and will effectively expand the network of service providers available to owners, which will increase consumer confidence."

MITO is developing a standalone level-five EV qualification and training programme to launch in early 2019, which is relevant to light and heavy-vehicle workshops.

Lane told Autofile safety was a key issue when workshop staff dealt with EVs. "While some of our existing training programmes include working safely on and around them, the new programme will be more expansive in its service competencies allowing qualified technicians to upskill so they can safely inspect, service and repair them."

She added having an EV qualification as part of the automotive career pathway would further entice new workers to the industry.

"The rate of progress in the EV industry is exciting," said Lane. "While there will be a need for qualified engine technicians for quite some time, a transition to EVs reinvigorates interest among our pipeline of new apprentices, and their career influencers at school and home."

Craig Pomare, chief executive officer of the Motor Trade Association (MTA), was another panel speaker.

He said EVworld NZ was a good opportunity for the MTA to review the impact of EVs on its members, which were responsible for selling, fixing and fuelling the fleet.

Pomare was pleased to see focus on building infrastructure, the provision of materials for consumers via the Energy Efficiency and Conservation Authority, and developing "micro" training material for learning specific skills at the same time as developing the EV qualification via MITO.

He was also impressed by supply across new and used vehicles – with new cars, in particular – and the commitment to going electric across the range through to luxury vehicles, while there was realistic view on timeframes for mass adoption of EVs with consequential effects on the internal combustion engine industry.

The event provided an understanding of what's happening overseas and potential learns for New Zealand with keynote speaker Kellen Schefter, of the Edison Electric Institute in Washington, saying main barriers to EV uptake globally were awareness and education, charging infrastructure, and vehicle cost and availability.

"We see challenges and opportunities as we head down the EV path," said Pomare. "Dealers need ongoing access to accurate information they can provide to consumers.

"Repairers need to start the process of retraining to prepare to deal with hybrids and EVs, while service stations need to think about their offering as we move from fossil fuel to other sources.

"The key opportunity across all sectors will be for the early adopters who get to steal a march on the competition."

Award-winners on stage at EVworld NZ

## 'CHAMPIONS' HONOURED

One of the most celebrated aspects of EVworld NZ was its "champions" with a dealership in Auckland taking out a title for the second year in a row.

GVI Electric, which is based in Penrose, has opened a second EV centre in Wellington to allow the company "to deliver better service to existing owners in the lower North Island as well as assisting others join EV life".

The judging panel added the business "shows fantastic commitment to sales and service of its customers as detailed in many testimonials submitted as part of the nomination process". The results of an online public poll backed up the judges' decision.

Hayden Johnston, general manager, told Autofile: "We're incredibly proud to be nominated and win for a second year. We've always done things 'our way' and it's nice to know that 'way' is appreciated by the EV community.

"We don't do things for the awards, but it's nice for the team to get appreciation for its hard work. We work hard to do things properly, we don't take shortcuts – I think that's essential."

Another award-winner familiar to the automotive industry is Walter Larason, whose Christchurch-company EVs Enhanced took out the gong for small to medium-sized enterprises.

The business developed English language conversions on Nissan Leafs. The judges said: "Any car dealer can use this solution to quickly and cost-effectively change the small dashboard display to English. EVs Enhanced has also provided strong technical knowledge and support in battery technology."

It was the engineering company that developed a software patch for Leafs with 30kWh batteries a few months ago to update their systems. It teamed up with GVI Electric to provide fixes for current owners.

Fleet champion of the year was Foodstuffs NZ. A national strategy it championed "brought high visibility to EVs delivering groceries supermarkets around New Zealand".

Foodstuffs' submission justified daily travel was well within EV range for urban fleet requirements, and the results of doing so showed significant carbon and cost savings.

The EV champion of the year was Martin Kane. The judges said: "Martin is a tireless EV advocate. He's always at Dunedin and Christchurch EV events, and regular offers his car for test drives."

Whangarei was judged to be New Zealand's most EV-friendly town with the district council, Northland Regional Council, Northpower, district health board, local "EV-angelists" and Rev-Up collaborating to pioneer adoption.

In May 2014, Northpower opened the country's first fast-charger. Now Whangarei boasts one of the highest concentration of EVs in New Zealand.

Finally, Steve and Dee West took out the title for outstanding contribution to EVs. They own ChargeNet NZ, which develops and provides infrastructure – and the aim is to have 105 fast-chargers installed by the end of 2018.

They advise and work alongside government, the energy sector, motor-vehicle industry, business and schools to boost awareness about the importance of EVs for a low-carbon New Zealand.

The judges – Mike Underhill, Stella Stocks and Elizabeth Yeaman – agreed the fleet wouldn't have 9,000 EVs without the Wests' work.

# Expansion for dealerships

Colonial Motor Company (CMC) is continuing to invest in new and expanded facilities for its dealerships across the country.

The NZX-listed operation has just returned a record trading profit after tax of $24.75 million for the year to June 30, which is up by 12.5 per cent on 2016/17.

"The total new-vehicle industry has continued to run at all-time record levels in the 12 months to June," says chairman Jim Gibbons.

"However, the rate of growth has reduced to 2.5 per cent compared to 14 per cent a year ago. In among this slowing growth, the movement from cars to SUVs has continued."

Despite the retraction, CMC – which owns 13 dealerships that primarily focus on Ford with seven also having Mazda franchises – is moving forward with its capital developments.

Macaulay Ford and Mazda in Queenstown will move to new premises which are currently under construction

For example, a new dealership for Macaulay Ford and Mazda is being built in Queenstown, and a new truck preparation facility at Southpac Trucks in Manukau City has been expanded with an extension to the parts warehouse under way.

"The heavy-truck industry has been stronger with 13 per cent growth year over year," says Gibbons. "Southpac – with Kenworth and DAF – has grown both its volume and market share this year.

"In Wellington, a newly refurbished retail service facility is close to completion, and the waterfront brand hubs for Mazda and Ford are being fitted out. We have acquired additional land in Lower Hutt adjacent to the dealership."

In Christchurch, an agreement has been reached with Ōtākaro Ltd, which is delivering Crown-led anchor projects in the city centre.

"This will allow the south-frame greenway to proceed and our dealership to be rebuilt on its existing site," says Gibbons. "Work will commence shortly."

As for CMC's financials for 2017/18, trading revenue rose by 5.8 per cent to $902.1m and operating profit jumped by 18.1 per cent to $37.8m, while net profit before tax was $37.9m – an increase of 17.8 per cent.

Basic earnings per share increased by 11.3 per cent to 75.7 cents, while net tangible assets per share rose by 8.9 per cent to $5.99.

CMC's directors have declared a fully imputed dividend of 35c per share. This takes the total dividend for the year to 50c and totalling $16.3m, which compares to 44c and $14.4m in 2016/17.

Looking ahead, Gibbons says: "There is currently a myriad of mixed messages influencing the confidence of business and consumers that could influence the medium-term outlook for the economy and our industry."



# Markets close to records

Revenues from the motor-vehicle division of Automotive Holdings Group (AHG) have boomed over the past year despite company-wide profits falling.

The Perth-based company, which owns dealerships in New Zealand, has posted profit before tax of NZ$127.2 million for its automotive arm with revenue climbing by 7.2 per cent to NZ$6.1 billion.

It has grown its new car and truck market share to about 6.7 per cent across the Tasman and three per cent in this country "leaving room for further expansion in both markets as value-driven opportunities arise".

The markets for new vehicles in both countries "remain close to record levels despite recent softening of demand in Australia".

During the year, AHG's franchised automotive division suffered a $31.59m drop in finance and insurance commissions.

"Despite the challenging operating environment, we have invested organically and by acquisition when we see value and future opportunity."

This has included gaining seven dealerships in Australia and two in South Auckland, which expanded its footprint to nine franchises in the city.

AHG announced in January it had agreed to acquire the co-located Hyundai and Mitsubishi dealerships near its existing Holden and Nissan sites in Manukau.

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

"These are well-run businesses and brands that can be rolled into an existing AHG hub with initiatives we can put in place to drive revenue and cost synergies across both dealerships."

# Online trader revenues rocket

Trade Me Motors has been described as "the star performer" for the website company after reporting a 12.7 per cent increase in revenue during the 2017/18 financial year as it "continues to be the market leader in the automotive category".

"Our motors result was underpinned by a 41 per cent year-on-year revenue increase from dealer depth products," says Jon Macdonald, chief executive officer of Trade Me.


Across all of platforms, company revenue hit a record $250.4 million – up by 6.6 per cent on $234.9m in 2016/17. In the second half of the financial year, revenue grew by 6.4 per cent year on year.

Earnings before interest, tax, depreciation and amortisation came in at $163.8m for an increase of 6.2 per cent, while net profits after tax climbed by 3.9 per cent to $96.6m.

Macdonald is "delighted" to see double-digit growth from the classified businesses. "Motors, property and jobs are growing strongly with combined revenue growth of 12.3 per cent to $141m. Their success was largely due to growth in depth revenue from features and premiums." Jobs saw a 14.1 per cent increase in revenue and property climbed by 10.2 per cent.

As for Trade Me Motors, Macdonald notes "superb results are strengthening our core propositions to dealers".

While overall motors revenue growth was 12.7 per cent, revenue from Motorweb and directs – non-dealer listings – rose by 15.7 and 2.1 per cent respectively.

Revenue from dealer depth – formerly known as premium – rose by 41 per cent and dealer listings went up by 1.9 per cent.

"There was strong revenue momentum driven by depth-product uptake and record inventory numbers for the full year," says Macdonald.

He also puts success down to new depth features for car dealers, including trading branding, was-now pricing and transparency of weekly finance rates, along with investment in core functions such as enhancing search functionality by expanding filter options.

On the flipside, the company is "very disappointed" the Commerce Commission declined its bid, which was announced in July 2017, to acquire Christchurch-based dealer platform Motorcentral.

After 10 months, Trade Me received the full decision refusing approval.

"We've chosen not to appeal and have since signed commercial agreements with Motorcentral. We will work together to increase value we provide to dealers."

Over the past year, the company's new payment system, Ping, was released. This allows all members to take instant payments and spend with Ping on-site, and removes the need to wait for bank payments to clear.

"We're experimenting with artificial intelligence [AI] to speed up the listing process," says Macdonald. "We've built an Android app called Pinhole, which allows members to take a photo of what they want to sell, Pinhole's AI then understands what the item is, suggests the best category, a title and recommends a price.

"We'll be experimenting further with AI in 2018/19 to create better and faster buying and selling experiences."

The number of employees at Trade Me increased from 546 to 594 in the 12 months to June 30. Most are based in Wellington, but its operation in Auckland now has about 150 people. The Christchurch team has more than doubled to 28 and will move to new premises in 2018/19.

Earnings per share increased to 24.33 cents up from 23.76c last year for a final dividend of 10.5c. The board has also decided to pay a special dividend of 22c per share.

Chairman David Kirk says: "We have determined the best use of $100m capital is to pay a special dividend. We have consistently accumulated cash and reduced debt since we listed, and are now in a position to make a distribution."

Looking ahead, Macdonald says: "We see a lot of opportunity and this company will thrive in coming years.

"We expect total revenue growth in 2018/19 of between five and eight per cent. We also expect operating profit after tax to grow at a similar rate in percentage terms.

"These expectations are contingent on wider economic conditions, including employer and consumer sentiment, and real-estate volumes."

# IN BRIEF

## Luxury vehicle donated to boost foundation's work


Steve Fulks, sales supervisor at Archibald & Shorter, with trustee Duane Dalton

A charity helping young sportswomen achieve their goals has received a $100,000-plus donation from a premium car brand.

The Tania Dalton Foundation was launched to honour Silver Fern Tania Dalton, who died last year, and helps scholarship recipients' development and connects them with mentors, such as Bernice Mene and Adine Wilson.

Now Jaguar NZ and Archibald & Shorter North Shore have donated an F-PACE SUV worth more than $100,000 and auction items for a gala, which amassed $200,000, while a portion of Jaguar and Land Rover sales made by the dealership to foundation supporters go to the charity.

"We're honoured to be involved," says Steve Kenchington, general manager of Jaguar NZ. "We hope the partnership will inspire other organisations to support this cause."

Trustee Duane Dalton says Tania had a long relationship with Archibald & Shorter, and is "thrilled" it's supporting the foundation.

Shawn Rushby, the dealership's general manager, says: "Tania was someone our team knew personally and we feel privileged to help. It's giving something back to our community."

## Insurance provider teams up with underwriter


Protecta Insurance NZ Ltd has appointed Virginia Surety Company (VSC) as its new underwriter starting this month.

Stephen Glading, pictured, managing director of Protecta, says: "VSC provides a great alignment of direction for us. It will increase our focus on delivering knowledge, experience, innovation and adding value to the market, our customers and policy holders."

VSC is owned by Assurant, one of the world's largest underwriters of insured service plans and warranties. Its New Zealand head office is in Christchurch. Visit www.autofile.co.nz to find out more.

## 'Buoyant' industry helps increase lending revenue

UDC Finance has posted half-year net profits after tax of $32.7 million – up by eight per cent on the same period in 2016/17.

Revenue was $66.3m, an increase of 10 per cent off the back of an improving economy, buoyant car industry, and people investing in plant and machinery. The result was achieved against tighter margins.

Wayne Percival, chief executive officer, says: "The outlook continues to be positive in many key industries we focus on, such as forestry, road transport, construction and the motor-vehicle sector."

## Franchise kicks off interactive retail concept store

Mercedes-Benz North Shore, which is moving to a larger two-level showroom in Takapuna, will be the country's first retailer to operate a new retail concept being rolled out globally.

The 8,200 square-metre site, with a 3,300sqm showroom, should open in 2020. Managing director Craig Innes says: "The opportunity to build a better experience will help us continue to meet customers' needs."

# Feebate and fleet on green agenda

The Productivity Commission has outlined how a "feebate" scheme for the light-vehicle fleet would help New Zealand move towards a low-emissions economy.

The think-tank's final report has gone to the government for it to consider its recommendations – and the automotive industry comes under the microscope.

At the moment, transport accounts for about 20 per cent of the country's harmful emissions with the light-vehicle fleet responsible for 59 per cent of those from road transport.

Commission chairman Murray Sherwin believes a price-based feebate scheme will "offer a tool to encourage households and businesses to purchase less emissions-intensive vehicles".

Under a feebate scheme, new and used vehicles would be assessed for potential greenhouse gases (GHGs). Essentially, higher-emitters would incur a fee, while lower-emission vehicles would receive a rebate.

The report states: "The feebate could be a one-off transaction at the point of importing a vehicle, a yearly transaction, or a combination of the two. The difference between its emissions and an emissions benchmark would determine the feebate's size.

"An advantage of a scheme is that it wouldn't only encourage consumers to switch to electric vehicles [EVs], it would also encourage the purchase of more fuel-efficient fossil-fuel vehicles, including hybrids, until EVs become more cost-competitive.

"If early EV uptake is slow, improving the efficiency of fossil-fuel vehicles would become especially important."

The commission says the scheme could be revenue-neutral for the government with total revenue from fees offsetting rebate costs, but when the feebate is applied is important.

It favours applying a one-off feebate when the vehicle enters the fleet with those already on our roads unaffected.

"A one-off feebate would be more effective in addressing the upfront price barrier and affecting purchase decisions given consumers' high discounting of future vehicle costs," says the report.

"A scheme would effectively raise prices for high-emitting vehicles newly imported and should replace existing road-user charge exemptions for light EVs."

The commission also suggests introducing vehicle-emissions standards to reduce the risk of importing more high-emitters.

It notes New Zealand is one of the few developed countries without vehicle-emissions standards, while the average age of light vehicles jumped from 11.8 to 14.2 years from 2000-16.

"Older vehicles tend to be more emissions intensive. A key reason for the age and economy of the fleet is that most vehicles entering New Zealand are used imports, while most in other OECD countries enter the fleet as new.

"[However,] the dominance of used imports, while damaging to the climate, has been hugely important for reducing the cost of ownership for low-income households.

"New Zealanders tend to hold on to vehicles longer than individuals in other developed countries. They are scrapped on average after 19 years compared with about 14 years in the UK."

It is recognised autonomous vehicles (AVs) are expected to be commercially available globally by the early 2020s.

"Digital and AV technology advances could lead to a shift from traditional individual vehicle ownership to an on-demand model of transport provided through driverless shared fleets. A shift to such a model may mean fewer vehicles are needed to meet mobility needs."

*Turn to page 21 for more on the Productivity Commission's views of EVs*

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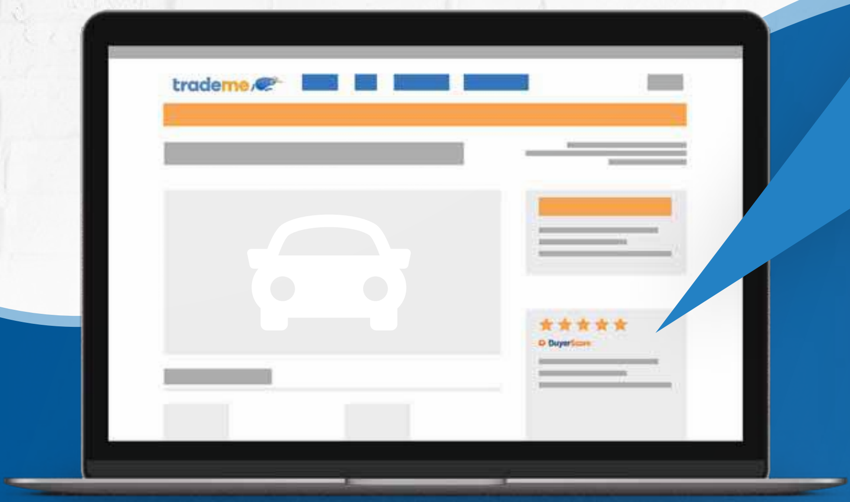

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# Commission to target dealers

A government watchdog is planning to investigate various sectors involved in the automotive industry over the next 12 months.

The Commerce Commission will be scrutinising the activities of car dealers, finance companies and electricity suppliers in 2018/19.

When it comes to registered motor-vehicle traders, it will be aiming to ensure they don't abdicate from legislative responsibilities laid down in the Consumer Guarantees and Fair Trading Acts.

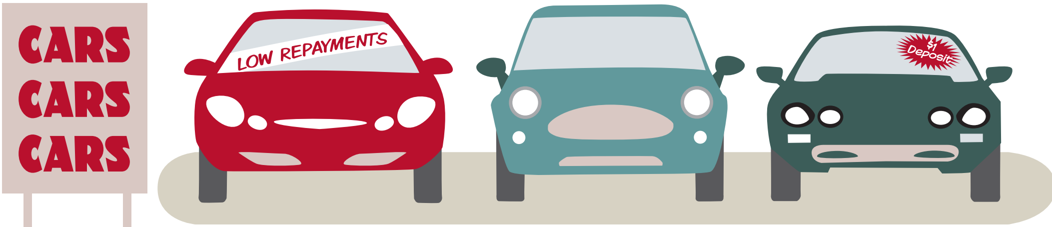
"Priority areas we are targeting affect large numbers of consumers every day," says Dr Mark Berry, chairman of the commission. "We will be working with businesses to tackle particular issues we're concerned about through education and enforcement."

He describes motor-vehicle sales as a big part of New Zealand's retail economy. They are often major purchases and – for some buyers – are important in improving their financial situations by providing work or transport to employment.

"We continue to receive a range of complaints about this sector, including misrepresentations about vehicle quality and consumers' rights, and the failure of dealers to provide redress for serious faults," says Berry.

"We will identify systemic issues consumers are facing, step up education efforts and take appropriate enforcement action when the law is breached.

"With more purchases on the internet, we will also be taking a close look at issues associated with online shopping for consumers and businesses."




Sales of motor vehicles are on the Commerce Commission's radar for 2018/19

## LENDING PRINCIPLES

Responsible lending and the credit sector will remain a priority during 2018/19. Areas targeted by the commission last year included high-cost and short-term loans, online lenders, unreasonable credit fees and mobile traders.

Its investigations, industry monitoring and outreach activities indicate there are still finance providers, including some providing loans for cars, failing to comply with the responsible lending principles.

> "We receive complaints including the failure of dealers to provide redress for serious faults"
> – Mark Berry

"These lenders are not only breaching the law, they're potentially putting people at risk of hardship," says Berry.

"This year, we will continue to focus on conduct that has the most impact on vulnerable consumers and enforce the responsible lending principles, which require lenders to act reasonably and ethically."

For example, reasonable enquiries must be made before borrowers are signed up to ensure loans meet their needs and they can afford the repayments. This often needs to be done at the point of sale, for example at car yards. Issues such as unreasonable fees will also be on the regulator's radar.

## POWERING THE MARKET

Of interest to those operating in the electric vehicle (EV) market, or owning such a car, the commission will cast its spotlight on the quality of service provided by power distributors.

It will consult on revenue limits and quality standards that should apply to electricity networks for the five years from April 2020 with a decision due in November 2019.

"We will consider whether 'no material deterioration' remains the ▶

# Hot topics being tackled by experts

Some major issues affecting the automotive industry now and into the future will be tackled by experts at a conference.

Car-sharing services, autonomous technology and electric vehicles (EVs) are on the agenda as movers and shakers take the hot seat as part of a panel on October 10 to discuss big topics.

The panel is part of the Driving Excellence Conference in Auckland hosted by the Financial Services Federation (FSF), which represents finance and leasing firms such as Honda Finance NZ, BMW Financial Services, Orix, Go Car Finance and Fleet Partners.

Lyn McMorran, the FSF's executive director, says: "The focus topics will be EVs, vehicle-sharing models and driverless cars. Between the three fantastic panellists, the level of knowledge and insight on that stage will be palpable.

"We're excited to be able to hear their honest and unique perspectives on the confronting future of the motor-vehicle industry, how this might affect other sectors, such as financial services, and where it will leave those who don't adapt."

The experts include Dean Sheed, general manager of Audi NZ, who also sits on the board of Drive Electric. He will provide an update on New Zealand's EV transition, and what it means for fleet leasing and vehicle finance and insurance.

Michelle Herlihy

Also appearing will be Oscar Ellison, founder and chief executive officer of YourDrive, the peer-to-peer car-sharing service that aims to shape the future of transport by exploring viable alternative to vehicle ownership.

The third panellist is lawyer Michael Cameron. He won the 2016 Law Foundation's international research fellowship for his project on "realising the potential of driverless vehicles".

The panel will be chaired by the Michelle Herlihy, general counsel of Custom Fleet Australia and New Zealand, and a Drive Electric board member.

Among those also presenting at the conference are Kris Faafoi, the Minister for Commerce and Consumer Affairs, a representative from the Commerce Commission, business and political journalist Bernard Hickey, and Helen Gordon, executive director of the Australian Finance Industry Association. Visit www.fsf.org.nz for more details.

appropriate basis for minimum reliability standards," explains Berry. "We'll also consider whether other dimensions of quality should be monitored, such as communication to customers during outages.

"In addition, we will be seeking to better understand why some distributors have failed to comply with minimum standards for network reliability.

"Alongside this work, the government is reviewing if the electricity market is delivering a fair and equitable price to consumers."

## NEW TECHNOLOGIES

For the commission to be effective, it needs to understand the operating environment for industries and consumers especially when it comes to developing markets, changes in consumer and business behaviour, and overseas trends.

"For example, we recognise emerging technologies – such as battery storage, EVs and home automation systems – have the potential to revolutionise the way New Zealanders live and the types of energy they consume.

"We want to better understand technologies electricity distributors are deploying, and avoid regulation creating a barrier to uptake so consumers can benefit."

## RULES FOR CARTELS

Policy and guidelines to assist parties involved in cartel conduct to understand what steps they must take when applying for leniency have been updated.

Such business dealings are hard to detect because they are often carried out in secret, so the commission wants to incentivise those involved to report behaviour such as bid rigging, price fixing and allocating markets.

Its leniency programme encourages reporting of cartel conduct by offering the first party that applies the chance to obtain immunity from enforcement in exchange for co-operation.

Under the Commerce Act, an individual can be fined up to $500,000 for cartel conduct, and or be banned from being a company director or managing a company. A body corporate can be fined the greater of $10 million, or three times the commercial gain from the breach or 10 per cent of turnover.

## THE BIGGER PICTURE

While identifying specific targets, the commission has "enduring priorities" – areas it considers essential because of potential significant impact on consumers, businesses or markets, or because they are core to its statutory role.

"Credit issues and those impacting vulnerable consumers are priorities because they have a disproportionate impact on those affected," says Berry.

"We prioritise cartel and anti-competitive conduct when it has the potential to have a significant impact on consumers and markets.

"Merger clearance and authorisation applications are a large part of our competition work. We prioritise these when we receive them, along with investigations into mergers that could substantially lessen competition when an application hasn't been made.

"We use a number of tools to detect non-compliance and harmful behaviour, and use advocacy and education to make businesses and consumers aware of their obligations and rights."

## Website revamped

The Commerce Commission launched its new website last month with a key difference being content tailored by audience.

Information for consumers and businesses is organised by topic or situation rather than legislation, while a case register holds enforcement outcomes, clearances, authorisations and selected investigations. A section on regulatory projects has timelines and related documents.

# IN BRIEF

## Companies strike deal for venture on electric cars

BMW and Great Wall have signed an agreement to develop and make electric Minis through Spotlight Automotive Ltd, a 50-50 joint venture based in China.

The agreement will also see electric vehicles (EVs) made for the Chinese marque after both partners have built a production facility in Jiangsu province.

The production of battery-electric Minis in China, the world's largest market for electro-mobility, is key to the marque's strategic development.

This step towards electrifying Mini comes in addition to its first EV to come off its plant in Oxford, England, next year. Its concept design is shown above.

## Manufacturers in spotlight over test procedures

Mazda, Suzuki and Yamaha are the latest marques to have improperly tested vehicles for fuel economy and emissions with the Japanese government ordering them to check their operations.

It follows revelations of incorrect testing at Subaru and Nissan last year, with wrong data for the latter found as part of a probe into why 1.2 million units were recalled in 2017.

The latest errors relate to deviations in vehicle speed that should have invalidated results. None of the marques found significant issues with actual emissions and fuel-economy performance of vehicles destined for sale in Japan.

Suzuki says about 50 per cent of 12,819 sample vehicles tested since June 2012 were checked improperly. Mazda reports irregularities in four per cent of inspections, or about 70 units. In Yamaha's case, it was two per cent of tests – a handful of vehicles.

## Luxury British marque to take off with air travel

Aston Martin has unveiled its Volante Vision Concept – an aircraft with vertical take-off and landing capabilities.

Being made with Cranfield University, Cranfield Aerospace Solutions and Rolls-Royce, it aims to bring luxury personal transport to the skies.

With room for three adults, it's a "near-future study", which previews a flying autonomous hybrid-electric vehicle for urban and inter-city travel.

## Recession avoided as Japan's economy grows

The economy in Japan has bounced back from a poor start to 2018 by growing at 1.9 per cent in the second quarter. The result marks a recovery from first-quarter contraction to avoid a recession.

Japanese companies selling goods overseas face uncertainty from escalating global trade tensions with car makers – including Toyota, Nissan and Honda – worried about Donald Trump's threats to impose tariffs on vehicle imports into the US.

Japan's economy has another danger on the horizon with a scheduled hike in sales tax next year. The last time this happened, the country went into recession.

# Remarkable views from showroom

A bold and stylish showroom concept housed in an angular building is home to the country's newest Lexus store.

The facility in Queenstown has been designed by Arrowtown architect Anna Marie Chin to "reflect" the marque's ethos.

"The vision to have Lexus here started about three years ago after seeing accelerating growth in the area," says Glen Rutherford, chief executive officer of Lexus of Queenstown.

"We were a service centre and approached Lexus NZ about the opportunity. Our design of the 'Lexus lounge' had to fit with the dramatic landscape and luxury product."

GWD Motor Group wanted to provide clients with a visually pleasing experience, and the design brief was to make the facility, which is near Queenstown Airport and has the Remarkables as its backdrop, unique and fit in with the environment.

"They're quite progressive," says Chin. "It had to highlight Lexus as forward thinking and be compact because there wasn't a lot of space. The building is designed to respond to its surroundings."

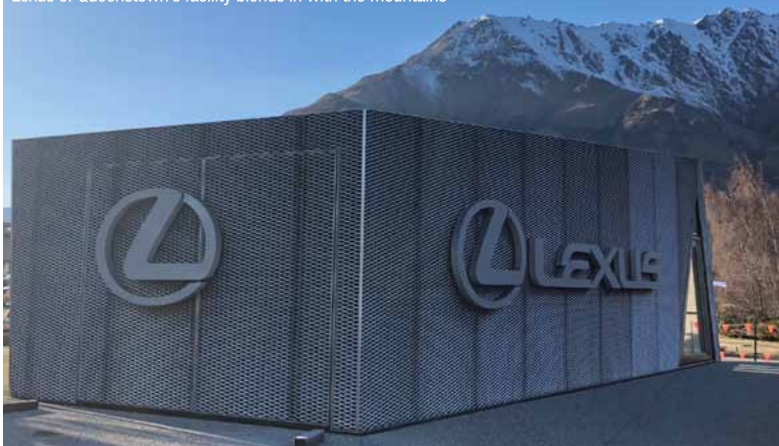
As part of the design, the Lexus signage and logo were split. "The building is the sign," says Chin. "Lexus was supportive of our proposal. It's a 'less is more' philosophy and curiosity in the building will attract people."

The inside differs from a conventional car showroom. The roof opens up, so it's not a static space, and the platform for vehicles sits in a gallery-like space.

The main structure was built off-site in Invercargill to minimise disruption and trucked to Queenstown for installation where finishing was completed. It can also be moved in the future if necessary.

Paul Carroll, senior general manager for Lexus NZ, says: "With the rapidly expanding Queenstown and Wanaka region, and our own expanding sales – up 16 per cent this year – we felt it was time to provide a better level of support to the region."

Lexus of Queenstown is the seventh dealership in the marque's nationwide network, while the GWD Motor Group already has outlets in the town, Invercargill, Alexandra and Gore.



Lexus of Queenstown's facility blends in with the mountains

# Old tyres on political agenda

Industry experts are hoping priority product status for end-of-life tyres (ELTs) is one step closer with the government announcing a programme to tackle major waste problems.

The expansion of product stewardship schemes is part of the review with ELTs being one of the issues focused on.

Industry-led working group Tyrewise is ready to move forward with a mandatory stewardship scheme, and will work with the government and industry so priority status can be declared as efficiently as possible.

"While an ELT announcement has been long-awaited, the working group recognises there is a regulatory process to go through," a group update states.

Because five years have passed since Tyrewise presented an industry-led framework for ELT stewardship to the National government, the group understands fresh consultation going forward is likely to be needed.

It adds market developments also need to be taken into account, such as Waste Management opening a tyre-recycling facility in Auckland in May and building capacity for Golden Bay Cement to use ELTs.

"These facilities compliment the proposed model for product stewardship as they provide on-shore processing capabilities. While Tyrewise's first priority is to create transparency through auditability and traceability, the second is to support development for new uses for ELTs."

Part of the programme announced by Eugenie Sage, Associate Environment Minister, is to look at expanding the waste-disposal levy to apply to more than 400 landfills not currently subject to it.

Tyrewise says increased levies will result in more funding for the Waste Minimisation Fund. This, in turn, will mean greater capacity to incentivise onshore processing, which will be key to promoting a "circular economy approach to a mandatory product stewardship for ELTs".

End-of-life tyres have been put back on the agenda by Eugenie Sage, Associate Environment Minister

Frustration remains, however, about what happens with old tyres at the moment and that the working scheme developed under the previous government remains sidelined.

David Vinsen, chief executive of VIA (the Imported Motor Vehicle Industry Association), believes the current situation can be solved in two ways – with political will and the government declaring ELTs a priority product.

He says a lot of time and money was spent by various associations, such as VIA, and businesses on the previous – and still unused – stewardship scheme.

"I cannot understand the need to go back and reinvent the wheel," says Vinsen. "It's ready to go. All they have to do is say 'yes, used tyres are a priority product', which means a lot of legislative support comes around that.

"They can review the work already done, but it has been peer-reviewed under the direction of the previous government.

"We don't need another working group. At the very most, we need someone to review the work that has been done. Then someone to champion the cause, take the decision to declare used tyres a priority product and press the switch to go.

"The initiative put together before was to ensure that all used tyres could be properly collected and delivered to people who had already approved schemes in place for the use of them."

Vinsen says a variety of businesses are prepared to invest significant amounts of money to develop systems and processes to use ELTs.

For example, they can be grinded into the mixture to make roads and used as fuel, but all ventures need a continuous stream of high-volume old tyres.

At the moment, when people replace tyres they pay a $5 fee to the retailer. A tyre recycler takes the levies to dispose of them in an environmentally friendly way, but they often get dumped in landfills.

"There are all sorts of worse rorts, such as renting a warehouse, filling it with empty tyres before walking away and leaving the owner to dispose of them," says Vinsen.

"Then there's dumping them on land a farmer is unaware of. In one case, more than one million tyres were stored on a farmer's property without his knowledge."

Sage is adamant her programme of work will better manage waste going to landfills and improve the collection of data on waste. The review will also consider a mix of voluntary and mandatory stewardship schemes for products such as e-waste, starting with lithium batteries, and synthetic greenhouse gases.

# Plug-in hybrid's price-tag slashed

Mitsubishi Motors NZ has chopped thousands of dollars off its 2019 top-of-the-range plug-in hybrid electric vehicle (PHEV) to bring it in line with many of its petrol and diesel SUV competitors.

At $55,990, plus on-road costs, the new Outlander PHEV VRX is available for $8,000 less than its predecessor with stock now arriving in the country.

"We don't want price to be a barrier to people deciding to join the move towards EV motoring," says Reece Congdon, head of marketing and corporate affairs.

"By bringing the cost of the PHEV VRX in line with a number of petrol and diesel equivalents, we're offering real choice. Our PHEV was the first hybrid SUV in New Zealand and it has remained the most popular vehicle in its class since its launch in 2014."

The 2019 Outlander PHEV VRX

Both model year 2019 variants – the XLS and VRX – have been upgraded for a smoother, quieter ride and boast one-tonne towing capacity.

The revised front and rear suspension, and increased use of structural adhesives, provide improved comfort and stability, while steering responsiveness has been enhanced through an increased stroke ratio and revised control programme.

To reduce engine noise, a double layer cover has been added to the exhaust manifold, catalytic converter and muffler, as well as a mass plate on the main muffler.

On the VRX, hill-climbing performance has been boosted by improving traction control. LED high beams and fog-lamp bezels have also been added.

The new PHEV has an electric range of 54km and a combined range of more than 600km thanks to two electric motors and one two-litre petrol engine. Regenerative braking helps boost combined fuel consumption to 1.7l/100km.

Having fast charge and AC sockets means drivers can fill up overnight – six-and-a-half hours from empty – from a standard power outlet, or refuel the battery to 80 per cent in about 20 minutes using a fast charger.

And Mitsubishi's EV control app allows owners to remotely set charging times and climate mode.



## Concept to reality

Designs for Aston Martin's first SUV have been signed off with the car set to come to market in 2019.

The hand-built model will launch as a petrol model and is set to be called the Varekai.

It's expected the DBX concept, which was previewed in three-door form at the Geneva Motor Show three years ago, will heavily influence the design of the production-ready Varekai, which is likely to adopt the marque's wider grille and elegant front profile.

A select number of buyers have been invited to see the finished item, which has been transformed into a more conventional five-door and will be built at Aston Martin's new facility in St Athan, Wales.

Simon Sproule, vice-president, says: "We've shown it to prospective customers and the design freeze has happened.

"We know what it looks like and we're working on the first prototypes. It's a proper car programme and it's going through its first milestones." He confirmed its launch next year.

The DBX concept used a futuristic, all-electric and all-wheel-drive powertrain, but the Varekai will launch with petrol power the sole option and diesel firmly ruled out.

"If you look at our electric-vehicle strategy, by mid next decade every car we make will be hybrid or electric," says Sproule. "Our electrification plan is the Rapide next year and the Lagonda from 2021."

The Varekai could be based on the DBX concept which was revealed in 2015

# Extending range of batteries

The all-electric version of the Niro has gone on sale in South Korea with a driving range of 380km on a single charge.

Kia New Zealand has confirmed it wants to bring the electric vehicle (EV) to this country to join its two Niro models already on sale.

General manager Todd McDonald describes the acceptance of the hybrid and plug-in hybrid variants, which went on sale here in March, as "exceptional".

He says: "It has proved to us there's a place in the regular market for a well-designed SUV that delivers astonishingly low fuel consumption."


The Niro EV is powered by the marque's next-generation electric powertrain using new production technologies.

Equipped with a high-capacity 64kWh lithium-polymer battery pack, it targets a zero-emissions range of more than 380km on a single charge. Plugged into a 100kW fast charger, it takes 54 minutes to top up to 80 per cent.

Power is provided to the front wheels through a 150kW motor producing 395Nm of torque delivering acceleration from standstill to 100kph in 7.8 seconds.

The battery pack is located low down in the body beneath the boot floor. This creates a centre of gravity more akin to that of a sedan or a hatchback, and ensures maximum stability and driving enjoyment on winding roads.

Buyers can specify an optional smaller 39.2kWh battery pack with a range of up to 246km from a single charge.

The SUV offers drivers a range of Kia's advanced driver-assistance systems, such as forward collision warning with collision-avoidance assist, and smart cruise control with intelligent stop and go.

It also boasts lane-following assist, which is a level-two autonomous driving technology that tracks vehicles in front and detects road markings to keep the Niro in its lane.

The system, which operates up to 130kph, controls acceleration, braking and steering according to the behaviour of motorists ahead by using external sensors to maintain a safe distance.

Kia hopes to introduce the Niro EV to this country in 2019.

# Small outside, big inside

Volkswagen is set to launch a new small crossover later this year based on its popular hatchback, the Polo.

The T-Cross will borrow design cues from the larger T-Roc SUV and Polo, including a full-width grille with a flatter front profile.

The marque revealed the T-Cross Breeze convertible concept at 2016's Geneva Motor Show and it's likely to be similar in looks.

It will be built on the modular transverse matrix platform, which is used on the Polo and Seat Arona among others.

The T-Cross will have four engine options, three petrol and a diesel, and all models will be front-wheel drive.

In terms of size, the T-Cross will be similar to the Golf, but boast some of the practicality features of a crossover.

"I am more" is the slogan for the T-Cross' introduction, which the marque says reflects the philosophy behind it – "to offer more than others, but without costing more".

The front axle moves forward to lengthen the wheelbase, create more inside space and increase available stowage. Depending on the situation, the rear-seat bench can be adjusted lengthwise as standard.

The maximum cargo volume represents leading value in the segment. The back of the rear seat can be divided 60-40 or completely folded down. This creates a flat loading area for 1,281 litres of space.

The T-Cross is one of the 19 SUVs Volkswagen is planning to launch by 2020.


Only images of a disguised version of VW's T-Cross have been released so far. The production version is likely to be unveiled at next month's Paris Motor Show

# Range anxiety – is it a reality?

Electric vehicles (EVs) aren't idiot-proof, but they aren't far off. Anyone with a spoonful of common sense is unlikely to run the main traction-battery flat.

Yet one of the main things that puts people off buying EVs is "range anxiety", the fear of getting stranded out in the whops or, more embarrassingly, 100 metres short of home. The thing is, it hardly ever happens.

Seventy-two per cent of EV owners feel little or no range anxiety, according to one of Flip The Fleet's monthly surveys of more than 1,000 owners in New Zealand.

Owners quickly gain confidence with experience as they learn the vehicle's limits. It just needs simple forward planning, attention to the EV's excellent instrumentation and driving to the car's capacity. An initial fright or two is sometimes needed to concentrate the driver's mind on ensuring enough energy remains to get to the next plug, but after that forward planning becomes automatic, even subliminal.

People enjoy the benefits of having a private "energy station" at home and mostly plug in every couple of days as needed at base. Nearly everyone can keep their cellphones charged by morning, so what's the big deal about making sure your car is fully charged by the next time you need it? It's just a matter of plugging in and walking away.

The median – 50 percentile – trip distance away and back to base in Flip The Fleet's communal database is just 27km. This is way less than the range of even the most degraded battery of the oldest EVs in New Zealand. Obviously, in terms of day-to-day running, range anxiety is a non-issue for most.

Henrik Moller, co-founder, Flip The Fleet

But it's important to not dismiss the range issues altogether – EVs don't meet special transport needs of some people. The key challenge for car dealers is to match capacity with what buyer needs it to do. Convincing them may take some time.

It is occasional long trips away that seem to spook a lot of non-EV owners. More concentration is needed to not run your battery flat on such journeys into unfamiliar terrain. It's a natural concern if you just have the one car in your family or business, especially in more remote parts of New Zealand – the national roll-out of rapid chargers every 75km down main highways is only about 80 per cent complete.

Navigating long trips in a small EV is not just about not running out of battery. The added time needed to charge along the way may be a hassle if you have a back seat full of restless children, or for a small business that needs to pay the driver's wages while topping up the battery.

Actually, many owners enjoy these charging stops – it's a chance to walk, explore some new places, multi-task if the laptop or cellphone allows, or take a nano-nap. Each charge takes about 20-30 minutes.

Some EV owners rent a combustion vehicle for longer trips. I look forward to a time when there are communal car-sharing schemes, not just EVs but shared combustion vehicles to support businesses and families needing the petrol or a heavy-duty vehicle for special trips or tasks.

New Zealanders sure love their cars. Our 2013 census showed only eight per cent of households have no car and 38 per cent have one, leaving 54 per cent with at least two.

There is a huge opportunity here for dealers who want to start clients on EV journeys. Eighty-two per cent of EV families contributing to Flip The Fleet retain an old combustion vehicle or plug-in hybrid for long trips or to tow the trailer, but then transfer most short range and daily travel to their EV. This saves running costs, reduces emissions or gives better rides.

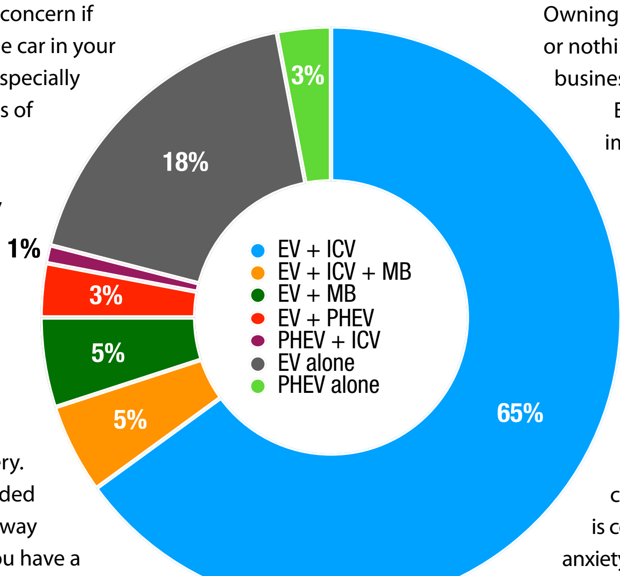
Dealers can urge most families keep one combustion vehicle as back-up. This totally removes range anxiety – the old car has a few days of renewed glory on occasional long trips. The work horse will also last longer because the bulk of the travel is now carried out by the EV. Owning an EV need not be an all or nothing choice for families or business fleets.

EV batteries are rapidly improving in terms of energy density and cost, so range is rapidly expanding. As charging infrastructure and battery technology improve further, range anxiety will fade.

Most Flip The Fleet contributors already reckon it's no big deal. The challenge for most EV dealers is convincing buyers that range anxiety is more a perception of onlookers than a real practical hassle for those who own one.

*Henrik Moller is a retired sustainability scientist from Dunedin. You can get more details on EVs from the discussion and resources pages of www.flipthefleet.org, or email wecan@flipthefleet.org.*

## VEHICLE OWNERSHIP




Most EV owners retain a combustion vehicle for back-up, partly to avoid range anxiety on longer trips, according to Flip The Fleet

Key: **EV** = electric vehicle, **PHEV** = plug-in hybrid, **ICV** = internal combustion vehicle, **MB** = motorbike

| **Live EV listings** on Trade Me: | | **New EV listings** on Trade Me: | | **EV watchlists** on Trade Me: | |
|---|---|---|---|---|---|
| **+6%** Compared to last month | **+56%** Compared to prior year | **-33.8%** Compared to last month | **+13.9%** Compared to prior year | **-3.7%** Compared to last month | **+60.9%** Compared to prior year |

# Fast change to electric cars needed

Switching the light-vehicle fleet to electric vehicles (EVs) and low-emitters is among policies the Productivity Commission has recommended to the government for a low-emissions economy.

Its 590-page report advocates substantial afforestation, changing farming methods and strategies across many sectors, while the adoption of EVs is the best chance to cut transport emissions.

"If technology development in other sectors or forest planting is slow, the speed of EV uptake becomes even more crucial," the report states.

"To electrify the bulk of the light-vehicle fleet by 2050, nearly all newly registered vehicles – including used imports – would need to be electric by the early 2030s.

"The importance of early uptake reflects the long period vehicles stay in the fleet. Because of the lock-in effect of high-emitting vehicles, the earlier EV uptake accelerates, the lower New Zealand's total emissions will be over the next few decades."

To encourage EV uptake, the commission suggests the government should introduce a feebate scheme, take the lead on procurement and continue supporting the charging network's development.

"New Zealand is well-suited to EVs due to our abundance of renewable electricity, off-street parking and low-average commuting distances," states the report.

"The cost of electricity is far lower than petrol at the equivalent of 30c/litre and running costs of EVs are lower due to fewer moving parts.

"While manufacturing EVs tends to produce more emissions compared to fossil-fuel vehicles, they still produce fewer emissions from a whole-of-life perspective. They also contribute to reduced air and noise pollution."

The commission recognises a large uptake of EVs would add significant load to the electricity grid.

Without cost-reflective pricing, electricity emissions could rise due to increased demand with EVs being charged at peak periods. The extra load could put pressure on the network and require large investments for more capacity.

The biggest driver of EV uptake will likely be a continued reduction in price. Achieving parity with fossil-fuel vehicles, in terms of lifetime costs, could be a tipping point in stimulating uptake.

"Policies to address the upfront cost barrier are needed to achieve accelerated uptake of EVs until the price premium disappears.

"In choosing a vehicle, consumers are likely to undervalue the large emissions locked in over its lifetime due to high discounting of future running costs and uncertainty about future emissions prices.

"Additionally, underpricing of $CO_2$ emissions and air pollution from fossil-fuel vehicles and overpricing of off-peak electricity mean running costs of EVs are higher than they should be. This provides a case for the government to provide some form of transitional price support to incentivise EV uptake."

Fossil-fuel vehicles emit a significant volume of cumulative emissions over their lifetime. The more of these that enter the fleet, the smaller New Zealand's remaining emissions budgets will be over the next 10-20 years.

The commission says the Ministry of Transport should evaluate the benefits incentivising the early scrapping of fossil-fuel vehicles to be replaced by low-emissions ones while considering impacts on low-income households.

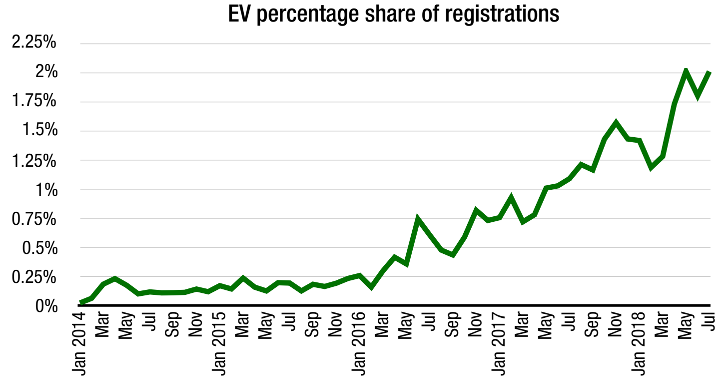
"Committing to phase out importing fossil-fuel vehicles for the light fleet could give a signal to households and businesses to transform the fleet that could accelerate uptake of EVs," the report states.

## Total EVs by region

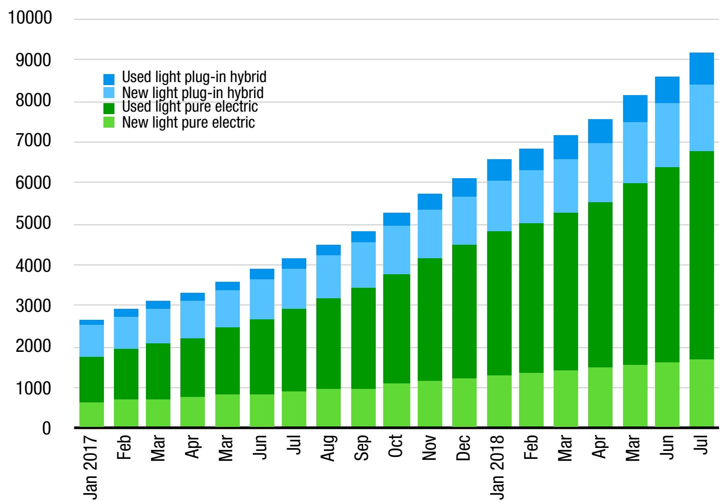
| | |
|---|---|
| Northland | 277 |
| Auckland | 4,109 |
| Waikato | 444 |
| Bay of Plenty | 265 |
| Hawkes Bay | 150 |
| Gisborne | 27 |
| Taranaki | 111 |
| Manawatu/Wanganui | 227 |
| Wellington | 1,175 |
| Nelson/Marlborough | 277 |
| Canterbury | 1,093 |
| West Coast | 9 |
| Otago | 465 |
| Southland | 67 |

*Source: Ministry of Transport, August 3*

EV percentage share of registrations




EV fleet size 2017-2018



# Autonomous world in his sights

To describe the journey Mohammed Hikmet and his family have faced in life as being challenging at times would be an understatement.

They left their homeland in Iraq after the Gulf War in 1991 and lived in Jordan, a shift many compatriots made, for five years before arriving in New Zealand in 1996 to start afresh.

The past 22 years have been another journey with Hikmet pushing the boundaries of intelligent transportation systems (ITS) and becoming a pioneer in autonomous vehicles (AVs).

He is the chairman of HMI Technologies, a global leader in ITS and road-signage systems, and its subsidiary Ohmio, which develops AVs.

The driverless vehicles – made here in New Zealand and aligned to no single manufacturer – are proving so successful the technology is now being exported to the world.

The Ohmio HOP is a four to six-seater shuttle for indoor and outdoor mixed environments. Its laser-imaging detection and ranging system allows it to navigate areas that may contain pedestrians. It's ideal for short leisure travel.

The flagship Ohmio LIFT can carry up to 20 people. It boasts a modular and flexible level-four-plus autonomous platform with systems that can be added or removed. It operates on a pre-determined route similar to a tram, but with virtual rails.

Its extra-long variant, the Ohmio LIFT XT1, has space for 40 and plays the same role as a bus on transport networks.

Mohammed Hikmet is president of ITS NZ and is on the board of directors of the ITS World Congress

The vehicles are 100 per cent electric, plug-in and inductive charging optional, and boast safety and navigational technologies enhanced by artificial intelligence (AI) for continuous improvement. Self-mapping means they are quick and easy to deploy and can "platoon" to form connected convoys.

While the vehicles and their technology are heading the charge to mass autonomy, Ohmio has hit a major turning point.

In June, Hikmet signed a NZ$30.2 million deal with the Chinese city of Heshan to set up an AV plant and AI transport research centre.

"It's a financial investment, but most important is the vote of confidence in our technology and we are much closer to the biggest market in the world," he told Autofile. "It will enable us to match or succeed steps our competitors are taking.

"While this is an important milestone, we regard it as a first step in building the company as a global AV manufacturer.

"Our research and development [R&D] centre in New Zealand will continue as the main one, but we look forward to the Heshan centre starting as soon as possible supervised by key technology and AI leaders in our company.

This isn't Hikmet's only big news of 2018. In April, he signed an agreement to supply 150 shuttles to Southwest Coast Enterprise City Development Company, which is aiming to secure a contract to build a large-scale smart city in Korea. The outcome of its bid will be known later this year.

"This commitment to source our vehicles for Korea is a great demonstration of what we can do in New Zealand. We think this will be the largest single deployment of autonomous shuttles in the world.

"We have to see how the new city will work. You will leave your vehicle outside the city and use an AV to get around inside. It is a massive leap forward, and it will take about two to three years for the work to be done.

"I feel like an ambassador for our country at times, and we're also excited by the strong level of interest we have had in the US and Asia."

## SELF-CONFESSED GEEK

Technology is in Hikmet's blood. He loves developing it so much he sold his first car, a 1972 Toyota pick-up, in 1988 to buy an IBM XT with a floppy drive.

While living in Iraq, Hikmet, who has a degree in science, and his brother Ahmed opened a computer services store. "At that time, hands-on computer knowledge was more important than having wheels. The shop was close to home, so I could walk to work."

They worked hard in Jordan too and were soon in business again – this time making satellite receivers and adding dish positioners to them.

Hikmet then jumped at the opportunity to move to New Zealand with his wife, son and daughter. They settled in Bucklands Beach, East Auckland, where they had support from other Iraqi immigrants.

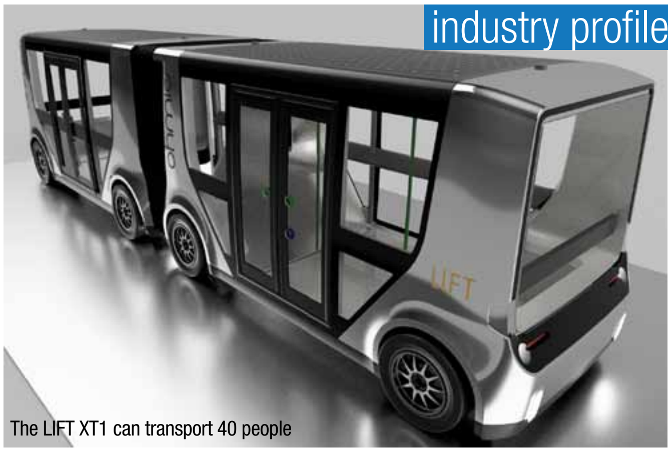
He returned to education, obtaining a certificate in engineering in electronics, and studied English at AUT. Ahmed followed his brother here in 1999 and they opened a computer services business in Howick.

"Hikmet Computers grew well and, in 2002, we founded HMI making traffic signs and ITS ▶


It all started with an IBM XT back in 1988


Mohammed Hikmet recently signed an investment agreement to establish a manufacturing plant and AI transport research centre in Heshan, China

Ohmio's HOP in action



The LIFT XT1 can transport 40 people

equipment. By 2004, we were no longer doing computer services work and moved to bigger premises in Pakuranga.

"At the start, we concentrated on signs and set up a manufacturing plant in China in 2009. By 2010-11, we looked at establishing in Australia. We now have offices in Melbourne, Brisbane and Sydney."

"We have our own R&D team here, so we started to think outside the square about what else we could do in ITS, such as Bluetooth sensors. Then we changed again to be an infrastructure company for ITS."

By 2015, Ohmio was set up to establish what was needed to support AV growth. "We decided to be one of the first to explore AVs, to see what their infrastructure requirements were."

Three AVs were imported to test in different locations – at Christchurch Airport, Sydney Olympic Park and La Trobe University in Melbourne.

"We've conducted one of the biggest AV trials in the world – three AVs in three cities in different scenarios," says Hikmet. "But there was little the supplier could share to make the vehicles open to the infrastructure and integrate into the transport system. It was very new technology at the time.

"So, in December 2016, we decided to make our own AVs, and integrate the infrastructure and do the links as we wanted."

By May 2017, Ohmio's first driverless vehicles had been built and four months later a trial was run in Christchurch to show what the company could achieve.

"Our AVs communicate with traffic lights, stop for lights and share the road with other vehicles. It's one way we've helped get New Zealand on the map – by innovating AVs.

"It's not all about the vehicles, infrastructure has to be in place to make them work. This was our big achievement and I'm proud of what we've done. We see AVs as part of an ecosystem – the vehicle, infrastructure and management of both. You need all three to make it work."

HMI and Ohmio now employ more than 30 researchers, while driverless shuttles are expected to be operating on virtual tracks at Christchurch Airport early next year, just the "beginning level" for AVs.

## THE BIGGER PICTURE

Hikmet says the biggest challenge facing AVs is having them on roads when humans are also driving cars, "but that will take at least five years".

"We need to understand scenarios and how to deal with them before deploying AVs. Until then, we will have the vehicles doing pre-defined tasks.

"More than 92 per cent of car crashes are caused by human error. We will reduce accidents by switching to AVs. There are already level-five autonomous trials, but they are required to have a human in the car to take the controls if necessary."

Hikmet says operating far away from bigger markets and resources can be a disadvantage for businesses, but HMI and Ohmio have turned this thinking on its head.

"We are the most efficient company building AVs because we've been so innovative. It's an advantage generated from a disadvantage. However, for mass production we need to be closer to bigger markets, but our main R&D team will remain here.

"Being in New Zealand offers us a formidable advantage. Testing and deploying autonomous vehicles elsewhere is slowed down by legislation or needs special permits.

"It feels great to be a market leader, but it's a big responsibility. Technology moves fast. The bigger responsibility is to match the changing speed of technology and even faster than that to maintain our position. We have to predict where technology is going.

"I love delivering something important for ourselves and New Zealand, and lead a team of experts. That's satisfaction you cannot put a price on. We will have a lot of challenges ahead in the AV field over the next five years."

## Going gadget crazy

Hikmet's current drive is a Toyota Land Cruiser Prado. "I like it because I like gadgets. It's new and has more ITS. The more ITS-enabled, the more I like a car."

He also holds a private pilot's licence, but has sold his Cessna 172 – he doesn't have enough spare time to fly it.

Hikmet predicts that within the next five years most marques will be selling at least two electric cars. "When batteries reach the 2,000km range, that will shake up the industry. Once there's greater range and charging times improve, we will no longer need petrol engines."

Another issue facing the automotive industry is ride-sharing. "It doesn't make sense to have a car you only use a small percentage of the time. Technology will lead how we utilise vehicles."

# Drive to retention and repeat business

How many repeat customers does your dealership sell to on average month in, month out?

If you don't know the answer, then it is best you stop reading and find out because it's something you should know regardless of whether you're a sales person, sales manager, dealer principal or marketing manager.

Your number divided by total sales each month gives you a percentage so you can have a feel for what level they sit at comparatively in your sales.

Regardless of what the number or percentage that is being achieved, there's an opportunity to increase sales from this highly valuable customer – the repeat one.

Don't forget, repeat customers have many of the following attributes:

- They trust you – hopefully.
- They are your most profitable customers.
- They negotiate less, off the back of trust.
- They are more likely to utilise your finance offering.
- They are likely to have a vehicle you would love to stock and sell again.
- They provide a superior advertising return on investment compared to acquiring a new customer.
- They are what you want, as many of as possible.

To determine the potential opportunity you have of repeat customers in one month, do a simple equation. Total units sold between two and three years ago over a 12-month period = X. Then X divided by 12 = Y. Y = the number a repeat customers potentially in the market during any month buying a new vehicle.

So getting back to the original question, how does Y compare to the number you are selling to on average each month? The difference equals a massive opportunity. Getting all of it will be hard, but getting several more than what you're getting now isn't.

In most cases, the number of repeat customers you are selling to falls well short of what the potential is.

However, the next question to consider is: what are you doing to maintain a relationship with customers post-sale – provided that was a good experience – that aids and fosters retention, and consideration of your dealership, when it's time to trade in and purchase their next vehicle?

Not talking to them from the time you sold the car isn't going to maximise the opportunity. Repeat customers you get by default now means you had created an experience, good enough for them to come back.

How many more could you get if you were proactive in this area? Doing nothing over two to three years, and then calling or emailing them to come and buy a new car doesn't cut it. They haven't heard from you since purchasing, so

MARK GREENFIELD
Motorcentral

unless they drive past your dealership every day it's unlikely you've been – or will be – top of their minds when it comes to their next car.

The key is constant, but not overwhelming, contact during the ownership cycle. The bare minimum I would recommend are the following touchpoints, which can be via text, email or the old-school letter.

- Thanks for choosing us / buying from us – within seven days of sale.
- Happy birthday – annually.
- Season's greetings – each year before Christmas.
- Trade in and trade up – this can have variables, but most can be communicated at the 30-month mark in their current ownership.

There are plenty of other soft touchpoints during the customer's ownership cycle you can also consider, but this is the bare minimum to stay in contact and present enough to be considered when it's time to buy a new vehicle.

In addition, you also have the added bonus of being mentioned when a friend or family member is thinking of purchasing. Word-of-mouth referrals are a fantastic source of business, but you also need to foster existing customers proactively to influence referrals from them, as referrals drop off pretty quickly after weeks two and three of buying a car.

These touchpoints aren't new by any stretch of the imagination. You can go through these basics in retention through history books on sales training. It's common sense and should be common practice if you want to sell more cars to existing clients and make it represent a solid, ongoing part of sales.

There are sales people out there who sell 10 cars every month, just to repeat customers. The rest of their sales are to new clients. There are dealerships selling 20-30 units a month to repeat customers.

When so many dealerships start a new month on zero wondering what the month ahead holds, proactive dealerships can start ahead of the game knowing what number of existing customers they are likely to sell to.

The harsh reality is, if you've been doing nothing with your buyers post-sale, this is what you've missed out on over the past few years in sales.

Take action now. There's never a better time to start investing in customer relationship management (CRM) than immediately.

If you don't have the existing tools or systems to make CRM simple, efficient and easy, then please talk to our dealer solutions team – we can help. We offer fully automated CRM solutions with our automated marketing programmes for dealers (AMPD) CRM.

Whether you use Motorcentral's dealership management system or not, we can get AMPD CRM working for you. To learn more, call 0800-623-687 or email dealersolutions@motorcentral.co.nz.

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- Comprehensive Vehicle Inspection Report sent to you for every vehicle purchased, giving you full knowledge of vehicle condition.

- NZ-based IBC staff ready to provide complete post purchase services when you need them.

For more information, call **(09) 257 0050**

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# Unmasking the veil of mystery

Most technological changes we have seen in our industry, and those expected in the future, have a single catalyst and that's data.

We're well on our way, travelling into a future in which everything is collected, tagged, catalogued and – when a profit or other value can be made from it – analysed. The analytics are driving new ways to increase efficiencies, develop products and shape consumer behaviour.

We have all heard buzzwords, such as big data, machine learning (ML) and artificial intelligence (AI). Usually, those using these terms seem to imbue them with mystical reverence, offering the terms up as solutions to multitudes of problems with no explanation or rationale.

In reality, big data and ML are analytic tools or methodologies, neither of which are capable of any solutions without the proper data. ML refers to a system with the ability to learn or adjust the importance of variables in any given analytical function.

AI, on the other hand, is a control system bolted onto one of these analytics tools. That's it, no magic. The most complex AI solution can be boiled down to good data fuelling an analytics engine, prescribed triggers that create pre-specified responses to outputs from analytics, and maybe a feedback loop that optimises the analytics and responses.

Even Google's Assistant tool, recently demonstrated giving a realistic call to make a hairdresser's appointment, was a matter of pre-programmed responses to recognised voice inputs.

It's important to remember most of what we hear is marketing. If it's not direct marketing, then you're likely speaking to someone who may not know much about the topic but has already been sold.

One of my favourite quotes on the subject: "If you're talking to a customer, it's AI. If you're talking to someone in the industry, it's ML. If you're talking to a data scientist, it's statistics."

That nicely summarises ambiguity around the topic. Basically, the less your audience knows about the subject, the more mystery behind the veil and more mystical reverence can be put into terms used.

Unfortunately, the idea of machines that think like people – making or helping to make decisions – is unrealistic with today's technology.

I'm telling you this because I want to demystify data. Removing the magic doesn't remove potential value. Data analytics will be vital to our industry's future success. Companies that fail to utilise these tools will fall behind and be unable to compete with those who do.

In fact, 75 per cent of companies globally expect using a good data strategy will change the way they do business. We need to be part of that or we'll be ground underfoot by those who embrace it.

KIT WILKERSON
Policy adviser and analyst
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We imagine data and analytics being a tool for big, well-resourced companies. While this might have been the case a decade ago, today results and insights can be had much more cheaply. Inexpensive tools are available to automate much of the process of collecting and "wrangling" data – or putting it in a standard format for easy use – and providing analytics.

Small businesses have lagged behind in the uptake of these technologies, with the most common explanation being the imagined difficulty of developing and implementing a data solution. However, studies have shown when small businesses do make the effort, 80 per cent find technological deployment easier than anticipated and 70 per cent claim the return on investment exceeded expectations.

An example could be targeted marketing – analysing customers' past ordering activities or other engagements with your business, and using that to gauge their potential openness to further offers from you.

As previously mentioned, one of the most powerful uses for this technology will be identifying inefficiencies and optimising benefits of resources used.

There will, however, be some uses that may not be as obvious but even more necessary. For instance, 60 per cent of cyber attacks are currently aimed at small businesses. As criminals add data and analytics to their arsenals, the ability to identify and flag aberrant behaviour and resource usage will be one of best ways to prevent falling as prey.

Finally, data requires us to rethink resource management in that it only gets richer when given greater context, such as when it's shared with those with complimentary data.

I understand concerns about sharing information that can be used by competitors, but at the same time data that's held simply for fear of this is as good as wasted. Due to data's importance in good decision-making and resource optimisation, partnerships in mutually advantageous data-sharing will be another route to business success.

Anonymisation of data, to ensure trends may be identified without compromising the privacy of individuals' privacy, makes this a more palatable proposition for many companies.

For those yet to start building an analytics arsenal, I cannot recommend doing so enough. Sometimes viewing things already known in a different way is all that's needed to see better options.

For those already building tools, think about who else would be interested in your data and would have data that could be useful to your business. If you find overlaps, don't fear exploring a partnership for the purpose.

# Stakeholders flag up issues

A council of key stakeholders has tackled matters facing the used-imports industry, including recalls for non-alpha-type Takata airbags starting on November 1 – when vehicles fitted with these systems will become flagged if they cross the border.

The safety campaign was among the topics, along with stink bugs, discussed at the first meeting of the industry council established by VIA (the Imported Motor Vehicle Industry Association).

Representatives from shipping companies, border-inspection organisations, compliance centres and agents were among those who attended the gathering on September 4.

David Vinsen, VIA's chief executive, says the upcoming recall for non-alpha Takata inflators means vehicles cannot be complied from the start of November unless their airbag systems have been reworked and there are no outstanding recalls on them.

November 1 is the cut-off for non-alpha-type Takata airbags

Any non-compliant stock identified by border-inspection companies in Japan will be flagged and treated as damaged imports.

Vinsen says the meeting agreed it's a difficult situation for all involved, but it's best for issues to be resolved in Japan rather than picking up the pieces in New Zealand.

"As always, the problem will be identifying affected vehicles, but it will be a continuation of processes we have now for identification and proof. We have systems in place with vehicles needing to be signed off by original equipment manufacturers."

Vinsen says it was impressive to see members of VIA's industry council "taking the high ground when it comes to safety recalls".

"At the meeting, we launched straight into business that needs tackling," he told Autofile. "The forums on stink bugs, biosecurity and recalls lasted for about 90 minutes. Problems associated with the bugs mean this has the potential to be a deep, steep crisis.

"We also covered off some other matters, so it was an extremely positive meeting. It was followed by a regional executive meeting in the afternoon."

The intention of the council is to promote two-way communication.

"This council makes it clear the industry can come together, share information and make recommendations to VIA's national executive.

"There's clear separation between the two and no blurring of lines. The idea is for the industry council to meet three to four times a year and we're looking forward to spirited discussions. It's a huge and positive step forward."

The meeting took place at the NZTA's innovation zone in Auckland with those attending having a half-hour tour of the facility.

"The innovation zone covers a range of safety initiatives, such as Connected Journeys, mobility as a service, robotics and automated vehicles," says Vinsen. "It's also being used as a resource centre during ongoing restructuring at the agency."

# Industry movers

**GREG O'CONNOR** has been appointed country manager at Vehicle Testing New Zealand (VTNZ) after previously being general manager of operations.

"This is an exciting time for our industry with advances in vehicle technology and design revolutionising the fleet, and challenging us to update how we help keep people safe on our roads," he says.

O'Connor, pictured, replaces chief executive Mike Walsh, who is now executive vice-president of the southern Africa and Oceania region of DEKRA, which owns 60 per cent of VTNZ.

"Greg has played a pivotal role in leading VTNZ through significant change, including the heavy brake rule and vehicle licensing reform," says Walsh. "He's ideally placed to lead VTNZ."

**VIKRAM PAWAH** is now chief executive officer for the New Zealand and Australian operations of the BMW Group.

Formerly president of BMW India, he joined the company in 2017 and has more than 25 years' automotive experience. Pawah, pictured, will remain connected to his previous market as chairman of BMW Group India.

Marc Werner, who presided over operations down under from 2014-18, has returned to Munich as regional director for Mini in Asia-Pacific, South Africa, Russia and importer markets.

**RON VAN HERPT** has been appointed group general manager of Credit One NZ and Kiwi Car Loans, responsible for the New Zealand operations for both companies.

He has spent the past seven years with Automotive Holdings Group NZ, his most recent position being group finance manager from 2016-18.

Van Herpt's extensive industry experience spans 25 years of involvement with vehicle financing.

**DAVID GEARY** has been appointed dealer principal of Auckland Motors Mitsubishi in Manukau.

He started off as salesman in South Africa in 1998 and became sales manager after three months.

In 2004, Geary became general manager for a Volkswagen franchise before taking a similar role with General Motors. He then worked for Renault as group general manager with the marque's retail operations with responsibility for six dealerships.

Geary and his family migrated to New Zealand in 2016. He was general sales manager and then dealer principal of Renault Greenlane, and was integral in picking up the Infiniti brand last year.

**MARTIN BERRY**, global financial services executive, has been appointed to the board of Turners Automotive Group as an independent and non-executive director.

He has overseen large international businesses for major banks, and now runs venture capital firm Brandhaus Capital Partners out of Singapore.

Chairman Grant Baker says: "Martin has a strong focus on technology and new opportunities, and access to networks and opportunities in the Pacific and Asian region."

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

# NZ labour market report

WILL ALLAN
Hello Monday

**A STRONG EMPLOYMENT** relationship starts with a quality recruitment process so the applicant and business have the same understanding of what's required of each other.

To confirm those expectations, an accurate employment agreement to reflect those discussions must be put in place. This will remove any misunderstandings or issues that may come up and, if any do, both the employer and employee can refer to the agreement for clarity and understanding.

In the automotive industry, different roles require specific clauses and allowances so the employment relationship goes as smoothly.

One of the easiest ways to mitigate risk for your dealership – and to avoid tricky employment situations that may become ugly – is to regularly review existing HR documents. Below are some you should have in place.

- Individual employment agreements (IEAs) for all staff members.
- Employee handbook and guidelines.
- Job descriptions.
- Policies and procedures.

Let's focus on IEAs because every business in New Zealand – regardless of size and industry – must have these in place for everyone working for them whether they are a permanent full-time or part-time, fixed-term or a casual employee.

It's a legal requirement and your obligation to workers that they have valid IEAs. It's illegal to have anyone working for your dealership without a signed employment agreement or the wrong one.

For example, if an employee is consistently working 25 hours per week and on a casual employment agreement, then he or she is on the wrong IEA and not classed as a casual working on-call and should be on a permanent part-time agreement.

IEAs are in place is so there's an understanding between the business and staff member on terms that form the working relationship. There are minimum requirements that should be in the agreement. Some include the name of business, rate of pay and location, hours of work and a description of the role's duties.

As your dealership grows and changes, you need to ensure agreement terms reflect those changes as applicable to each role. For example, your operational hours may have changed, you've opened another dealership or have adjusted some service offerings.

It is important IEAs are written for your business and also for the automotive industry. Check your agreements are tailored or specific to roles at your dealership.

For example, you should have separate employment agreements for management, sales, technical, operational and administration roles. Each will have different clauses applicable to the roles, such as hours of work, notice period, benefits and allowances.

It's a good idea to review your IEAs and find out the following:

- When were your employment agreements last reviewed and updated?
- Do they reflect your business currently?
- Do you have a trail period or probationary clause?
- Do you have the right agreements for each role?
- What are the notice periods for your roles – especially the at-risk ones or those hard to replace?
- Are they signed by both parties, and do you and your employee have a copy?
- Are they up to date with legislative changes, such as health and safety?

It's good practice to review IEAs at least annually so they are up to date with legislation, but also capture any anomalies that may have occurred when replacing or promoting someone.

# Teamwork boosts sales and profit

The value of working as a team is clearly shown with a strong relationship between the sales person, sales manager and business manager.

When all parties are working effectively together, the results can be astounding. Picture this relationship like a three-legged stool. When one of its legs is shorter than the other two, it's not in balance and will topple over.

In dealerships, all three of these people are equally important to maximise vehicle sales and profits.

## THE SALES PERSON

Typically, the customer's first contact will be with the sales person. During the qualification of the buyer's needs and wants, the sales person will also try to uncover the intended budget and method of payment.

Customers will generally indicate they are paying cash. It's an ego thing and they believe they can "get a better deal".

Paying cash simply means they are financing it themselves from savings or going to arrange finance from another source.

Yet one of the main reasons someone won't buy a vehicle is because of uncertainty with their finances. If the sales process starts to stall with the customer shuffling towards the door mumbling words such as "I'll have to think about it", then it's time for some teamwork. It's time to introduce your sales manager and or business manager.

## THE SALES MANAGER

So, your sales person has asked for some assistance in closing a deal.

One of your greatest assets in selling the vehicle and retaining gross profit is the finance close.

TONY HEADLAND
General manager
Protecta Insurance

It's critical for the sales manager to be aware of the benefits of turning over would-be buyers to the business manager to give them the information needed to make their purchasing decisions.

On many occasions, we have seen customers walk away from deals because the changeover figure wasn't what they wanted to pay.

However, they could have been converted to dealer finance with the business manager structuring a package that better suited the client's financial situation.

If the customer indicates he or she is paying in cash and wanting to think about it, still hand them over to the business manager to discuss "options that could save you time and money". Do this 100 per cent of the time.

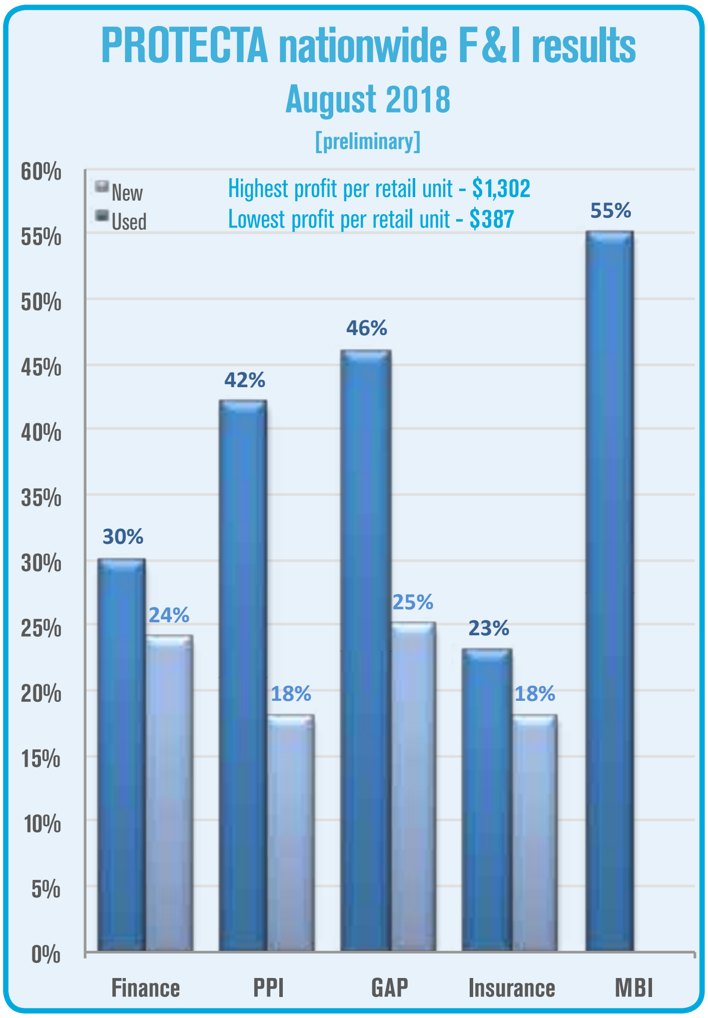
## THE BUSINESS MANAGER

The business manager's role in these scenarios is simple. And that's be part of the team, be available, be ready, know how to do effective cash conversions and give customers options that will assist them to buy vehicles from your dealership.

You are the specialist in motor-vehicle financing and the great business managers understand the benefits of strong teamwork.

They don't hide in their offices waiting for something to happen. They network with sales people, sales managers and liaising with clients.

All customers purchase vehicles on finance, whether they intend to pay for the purchase themselves, obtain finance from another source or use your dealer finance. More can be achieved by switching on to the benefits of effective teamwork.



# The month that was.... September

September 6, 1999

## Price increases after dollar drops


autofile

Price Rises on the Way Following NZS Drop

ALLIED FINANCE
Dealer Finance Specialists
Ph 0-9-520 0097 Fax 0-9-520 3700

The industry was staring down the barrel of price rises after the New Zealand dollar's collapse against the yen in the past few weeks.

It was feared increases could be as high as 12 per cent and reflected on window cards across the country during September.

After tariffs were removed in May 1998, prices of new cars had slowly eased, but that was expected to come to a grinding halt because of the falling cross-rate.

The kiwi had lost a quarter of its value in about a year against the yen and 37 per cent since April 1997. At the start of September, the yen was still down around the 55-56 mark.

Importers of new and used Japanese cars would be worst affected as every one-yen movement had an impact at retail of about $300, depending on the model.

Mitsubishi's director of finance, Murray Woodley, said with all vehicles now coming in completely built-up, the effects of currency movements were felt immediately.

European marques were unlikely to be so strongly affected although general manager of BMW/Rover, Mark Gilbert, said prices wouldn't go down.

September 7, 1998

## Marques unfazed by parallel imports


AUTOFILE

Distributors Unfazed by Influx of Parallel Imports

ALLIED FINANCE
Dealer Finance Specialists
Ph 0-9-520 0097 Fax 0-9-520 3700

The country's new-vehicle distributors said they were unconcerned by the threat of parallel importing.

Autofile understood a Motor Industry Association meeting held in August on the issue found the volume of new vehicles being brought in by renegade importers posed no serious threat to established distributors. Therefore, no specific course of action to limit parallel imports was to be taken.

Mitsubishi Motors' managing director, John Leighton, said he was less concerned with parallel importers than he was with the pricing policies of his mainstream competitors. Toyota NZ had just dropped prices on its Land Cruiser Prado range following the lowering of prices by Mitsubishi on its Pajero and Challenger.

Leighton said importers were unable to bring in new and near-new parallel imports in large enough numbers to cause problems. Such importers were selling to the private market rather than fleets, which was where the volume was.

September 15, 2006

## Government inactivity over emissions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UDC

The Motor Industry Association (MIA) struck out at the government by criticising Labour's inactivity on vehicle emissions – something that it strongly denied.

Chief executive officer Perry Kerr said the MIA and its members were fairly cynical towards the government's environment and transport policy.

"As far as we can see, Labour – in nine years in office – has only brought to the table two initiatives that have had any influence on the environment impact on the fleet," he said. "They are the emissions rule and smoky-vehicle rule.

"Ministry of Transport officials haven't been able to bring in regulations against removing catalytic converters to the table."

With New Zealand's commitment to the Kyoto Protocol, Kerr found it remarkable untested vehicles were still being let in the country.

Judith Tizard, Associate Minister of Transport, replied: "Officials are investigating initiatives, including prohibiting the tampering and removal of emissions-control equipment." She hinted at tighter border checks on vehicle emissions, but didn't make any firm commitment.

September 10, 2004

## Odometer code moving forward


autofile

Movement forward on odo code

Despite some hiccups, there was movement toward developing a code of practice among odometer-checking companies, which would put an end to public feuding between them – although a final agreement had yet to be met.

A September meeting was cancelled after Steve Ward, of Optimech, refused to attend it. But he agreed to reschedule it under the condition parties who didn't have a vested interest in the outcome also attended.

Ward said his refusal to go along to the postponed meeting was because the proposed code lacked integrity and would have hurt the industry more than it helped. "For it to look legit, it's got to have integrity and honesty," he said. "If we can do that, we can be in a position where we're selling used imports as having better pedigrees than New Zealand-new cars with no work histories."

David Vinsen, chief executive of the Imported Motor Vehicle Dealers' Association, said independent involvement was always part of the plan.

"The idea was to use a staged process whereby we develop the code amongst ourselves," he said. "If you involved everyone right from the start, you get a lot of talk and no action – and we don't want that."

# Car dealers get onto rich list

There are three newcomers from the automotive industry on this year's NBR Rich List.

The one with the highest wealth of $100 million is Wayne Leach, who bought into Winger Motors almost three decades ago.

It is now one of New Zealand's largest dealer networks and went upmarket in 2016 when it became the North Island distributor for Maserati. He describes the acquisition as "an important new stage in the history of Winger Motors".

As well as franchises, Leach owns showrooms and yards worth more than $55m. The most valuable is Isuzu's in Auckland's Greenlane at $17.5m while the Maserati site in Newmarket is worth $8.8m.

"A believer in 'what goes around comes around', Winger helps communities that support its dealerships with a focus on families, schools and local sport," says NBR.

Rick Armstrong is another newcomer with $55m. "After 25 years in the industry, he has built up a network of dealerships and has Sir Colin Giltrap to thank for his entree into the Auckland market where he goes from strength to strength."

Founded in Christchurch in 1993, Armstrong Motor Group has about 1,500 vehicles in stock at any time, adds the NBR.

The biggest dealership is Auckland City Toyota – acquired from Giltrap in 2014 and now operating from three locations. Another milestone was securing distributor rights for Peugeot and Citroen.

"While many of his dealerships operate from leased premises, Armstrong and his trustees can lay claim to a property portfolio worth more than $30m, which also includes a $7.4m home in Parnell," states his entry in the rich list.

The third new entrant with $50m is Christchurch's Paul Kelly – the "fun-loving car dealer" who shouted his workforce a week-long holiday in Las Vegas to celebrate the company's 25th anniversary.

Since 1998, the Paul Kelly Motor Company has sold more than 40,000 units. It operates from four locations specialising in new and used Japanese and European cars, in addition to a service centre and finance company.

Kelly has 13 wins from almost 200 events, including the 2016 Central Muscle Car race at Teretonga in his Pontiac Transam.

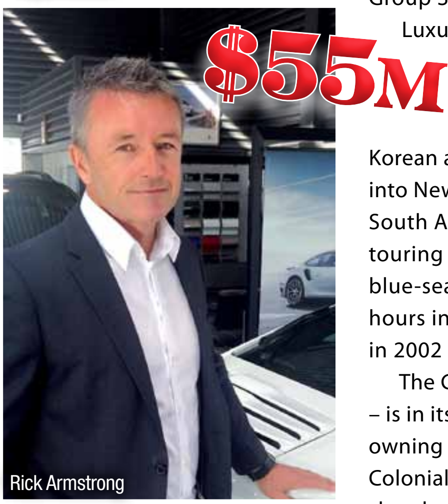
As for the rest of the NBR's rich list, the highest-placed entrant with automotive connections is the Todd family on $4 billion. It imported vehicles from 1912 and established Todd Motor Company in 1923. It branched into car assembly in 1935 until exiting the sector in 1987.

Alan Gibbs – $580m – has put his engineering knowledge to work. The result is amphibious vehicles with about 60 per cent developed in New Zealand by Gibbs Technologies. He says: "My principles are simple: stay away from anything to do with government or government incentives, and try not to invest your own money."

Trade Me founder Sam Morgan – $550m – saw his 3.1 per cent stake in Xero nearly double in value as its stock rocketed in the new year. He co-invested in a software start-up, Sonar6, which was sold to American company Cornerstone for US$14m in 2012.

Sir Colin Giltrap – $395m – founded Monaco Motors in Hamilton in the 1960s. After expanding into Auckland in the 1970s, he entered the UK market in 1989. Through the Giltrap Trust, he and Lady Jennifer sponsor worthy causes. They pledged $250,000 in 2016 to help establish the Bruce McLaren Centre at the University of Auckland. It undertakes engineering research.

Wayne Leach



Rick Armstrong

Paul Kelly

John Copson – $340m – has spent about 30 years in finance and insurance. He founded Autosure and Crown Insurance, which were sold to Vero for $68m in 2004. He then created Westar Capital before establishing the Crown Asia-Pacific Group.

The Spencer family – $200m – has interests in agriculture, which are part of Peter Spencer's legacy. He was also involved in car assembly with Motor Holdings, and machinery and vehicle imports with Caspex. His son Howard is a director of Hyundai in New Zealand and GS Group Services.

Luxury car dealer Neville Crichton – $150m – owns the Ateco Group, which imports European, Korean and Chinese marques into New Zealand, Australia and South Africa. He gave up racing touring cars in 1990 to switch to blue-sea yachting. He won line hours in the Sydney-Hobart Race in 2002 and 2009.

The Gibbons family – $135m – is in its third generation of owning Wellington-based Colonial Motor Company. Major shareholdings are held by wider family members, whose collective holding of more than 60 per cent is worth about $162m.

Steven Newman – $50m – founded Auckland-based fleet-tracking company Eroad. Listed on the NZX in 2014, a US federal government mandate in 2017 required all interstate trucks of more than 10 tonnes to electronic logging devices, which was game-changer. Newman also co-founded Navman, which was sold to an American firm in 2003/04 for $108m.

## SPEED DIARY

**8 Sep**
- **NASCAR Xfinity Series** - Indianapolis, USA
- **DTM** - Nurburgring, Germany

**8 - 9 Sep**
- **F3 European Championship** - Nurburgring

**9 Sep**
- **MotoGP** - Misano, Italy
- **NASCAR Cup Series** - Indianapolis, USA
- **DTM** - Nurburgring, Germany

**13 - 16 Sep**
- **WRC** - Rally of Turkey

**14 - 16 Sep**
- **Australian Supercars** - Sandown 500

**15 Sep**
- **Formula One Qualifying** - Singapore
- **NASCAR Xfinity Series** - Las Vegas Motor Speedway, USA

**15 - 16 Sep**
- **Superbikes** - Autodromo do Algarve, Portugal
- **World Rallycross Championship** - Latvia

**16 Sep**
- **Formula One** - Singapore
- **IndyCar** - Infineon Raceway, Sonoma, USA
- **NASCAR Cup Series** - Las Vegas, USA
- **BTCC** - Silverstone, UK

**21 Sep**
- **NASCAR Xfinity** Series - Richmond, USA

**22 Sep**
- **NASCAR Cup Series** - Richmond, USA
- **DTM** - Red Bull Ring, Spielberg, Austria

**22 - 23 Sep**
- **F3 European Championship** - Austria

**23 Sep**
- **MotoGP** - MotorLand Aragon, Spain
- **TCR Europe Series** - Monza, Italy
- **European Le Mans Series** - Spa, Belgium
- **World Kart Champs** - Sweden
- **DTM** - Red Bull Ring, Spielberg, Austria

**29 Sep**
- **Formula One Qualifying** - Sochi, Russia
- **NASCAR Xfinity Series** - Charlotte, USA

**29 - 30 Sep**
- **Superbikes** - Magny-Cours, France
- **World Touring Car Cup** - Nangbo, China
- **Formula 2** - Sochi, Russia
- **World Rallycross Championship** - Austin, USA
- **GP3 Series** - Sochi Autodrom, Russia

**30 Sep**
- **Formula One** - Sochi, Russia
- **NASCAR Cup Series** - Charlotte, USA
- **BTCC** - Brands Hatch, UK

**4 Oct**
- **MotoGP** - Sepang, Malaysia

**4 - 7 Oct**
- **Australian Supercars** - Supercheap Auto Bathurst 1000
- **WRC** - Wales Rally GB, UK

# Billionaire dads do battle

As the dust settles over the "forced" sale of Vijay Mallya's Force India F1 team, some of the machinations to keep the team on the grid have hung on the influence of billionaires working behind the scenes.

For Kiwi race fans who follow the country's single-seater championship, the Toyota Racing Series (TRS), the names may be familiar.

Force India driver Sergio Perez, who is owed millions in salary, took legal action in late July to place the team in administration. Now it appears he did this to save the team from complete collapse.

The Kiwi-TRS connection starts with Canadian fashion mogul Lawrence Stroll, who heads up the consortium that has paid an undisclosed, but substantial sum, to rescue the team.

Rich fathers are pitching in to buy their sons a seat in the former Force India F1 team

That move is expected to pave the way for his son, Williams' driver Lance Stroll, to step into a Force drive next year. Stroll won the TRS in 2015 and went on to win Formula 3 Europe the following year.

Fellow Canadian Nicolas Latifi (TRS 2013, finishing ninth) is the team's test driver, but his father Michael has taken a 10 per cent stake in McLaren Holdings worth $270 million.

Latifi was turning laps at the Hungaroring in Hungary during August where Force India was testing its 2019 aero updates.

Meanwhile, there's more cash behind young Russian Nikita Mazepin (TRS 2015, finishing 18th), who took over the cockpit for the second half of the test.

His father Dmitry is worth an estimated $7 billion as chairman of Uralchem, which is one of the largest producers of nitrogen and phosphate fertilisers in Russia, and was one of the names "leaked" as a possible backer as the team entered administration.

# Top grids expected in South Island

With little more than a month to go until the South Island Endurance Series bursts into life, there are early indications of strong grids across its classes.

Series secretary Chris Dunn says there are more than 50 one-hour entries and 30 three-hour cars.

"Plus for the three-hour, quite a few big guns haven't put all their cards on the table yet," says Dunn, who adds all of last season's top teams will be back.

Defending series champion Carters Tyres Motorsport will have a change in drivers for the 2018 season.

Current New Zealand one-hour endurance champion Shane Hodgson is set to take the wheel of its Mercedes AMG SLS GT3 alongside Dwayne Carter, while Matt Carter will team up with young gun Jordan Baldwin in Carters Tyres' Falcon V8 Supercar.

Two Mercedes SLS GT3s will feature in the South Island endurance series next month

There will be a second SLS in 2018 with Mike Racing running the Dayle ITM Mercedes GT3 for Brendan Leitch and Christina Orr-West.

The series will again comprise three rounds – Teretonga Park in Invercargill on September 15, Mike Pero Motorsport Park Ruapuna in Christchurch on September 29 and Levels Raceway, Timaru on October 13.

# Endurance series grows stronger

The top teams are signed up, and include Mike Racing, Lyall Williamson's International Motorsport and M-Developments.

The top cars and marques will be there, such as Audi's R8 LMS, Ford's Mustang, Lotus, Mercedes-Benz, BMW's 320i WTCC, McLaren and Aston Martin.

The South Island Endurance Racing Series is ready to go and, behind the scenes, series secretary Chris Dunn is a happy man.

The series has simply gone from strength to strength, riding the upsurge of interest in GT and endurance racing worldwide.

It's held on dates that do not clash with the Kiwi summer series or other major one-off events. It runs to a proven format of two races – a one-hour and three-hour.

Exotic, spectacular and sophisticated GT3 cars are everywhere, yet Dunn points out the one-hour series was won last year by a V8-powered Toyota Corolla. The 2017 three-hour series was won by a Ford Falcon in Carters colours.

The new TCR cars making waves worldwide will also grid up – in particular, a Volkswagen Golf GTI TCR.

GT4 race cars are now available from almost every manufacturer and have been present in New Zealand for some time.

Porsche might have been the first to bring GT4-spec cars to New Zealand, landing a shipment of Cayman GT4s here for private customers, but those vehicles are mostly nestled into garages at Highland Park.

Some come out for the endurance series, but Dunn says the scales have already tipped against the Porsche marque.

"Probably only one of the top six or seven cars in the three-hour race is a Porsche. Mercedes-Benz, Audi, McLaren and Aston Martin are the other brands that will have a genuine chance at the three-hour title."

However, the one-hour event is different.

"We don't allow the FIA GT3 type cars in the one-hour races, so while there were a number of Porsches competing, it was a Corolla that took the title."

With the increasing popularity of GT4-spec race cars worldwide, many Kiwi drivers are buying into the relatively affordable category.

They are attracted by the "amateur" status of the category alongside the GT3 race cars, which are attracting professional budgets and larger teams in other countries.

The GT4s are also popular with spectators because of what they bring, Dunn says, with organisers discussing a GT4 class at the series' annual general meeting.

"We have agreed to run a class for GT4 cars once we have six or more competing with us," he explains. "That doesn't seem likely this year, but we certainly envisage it in the future."

Endurance series secretary, Chris Dunn, with Dunedin-based driver Alyssa Clapperton

## Check out the action

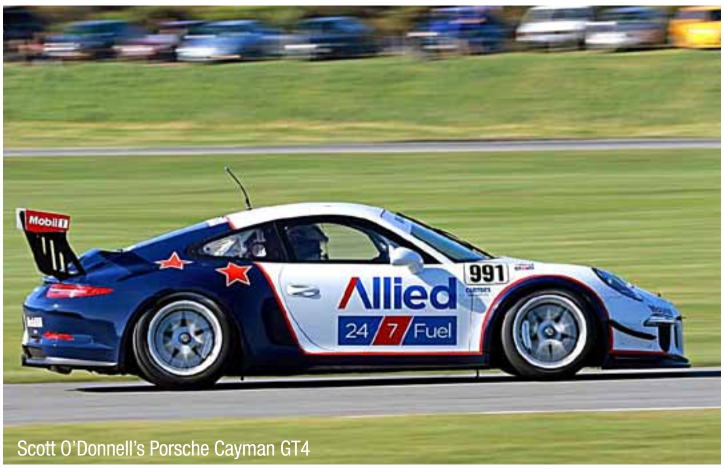
All three rounds of the South Island Endurance Racing Series 2018 get under way at 9am.

ROUND ONE: **September 15**
Teretonga Park, Invercargill.

ROUND TWO: **September 29**
Mike Pero Motorsport Park, Christchurch.

ROUND THREE: **October 13**
Timaru International Motor Raceway, Timaru.


Action from the 2017 South Island Endurance Racing Series




Scott O'Donnell's Porsche Cayman GT4

# Tribunal rules undiagnosed electrical faults enough to warrant refund of price

**The case:** The buyer rejected her 2015 Peugeot Allure saying it had a number of faults that breached the acceptable quality guarantee in the Consumer Guarantees Act (CGA), including undiagnosed electrical problems. The dealer said it had repaired the Allure's minor faults and there was nothing wrong with it.

**The decision:** The purchaser's application to reject her vehicle was upheld. The dealer was ordered to pay her $25,060 and obtain a refund of her mechanical breakdown insurance (MBI) premium.

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

## Background

Vera Diaz-Sieckel purchased a 2015 Peugeot 2008 Allure for $24,990 from Armstrong Greenlane Ltd, Auckland, on August 20, 2016, and paid a further $1,800 for an Autosure MBI policy for four years.

Seven months later, the Allure's ABS warning light became illuminated. A month later, the vehicle's service and oil-level warning lights came on, and continued to do so intermittently.

In May 2017, the car lost power on the motorway and was towed to Armstrong Greenlane's premises.

In addition, the Allure developed a fault causing its transmission to "kick back" and the vehicle again lost power in December while being driven on the motorway.

Diaz-Sieckel rejected the Peugeot, saying ongoing electrical issues had caused her to lose confidence in the vehicle's reliability.

Armstrong Greenlane claimed it had repaired the Peugeot's minor faults and there was nothing wrong with it.

## The case

From March 2017 onwards until the buyer rejected the car in the December, the vehicle displayed a series of ongoing and intermittent false warning lights, and codes on its dashboard.

When the Allure's ABS warning light first came on in March, Continental Cars Ltd assessed the vehicle and found no fault with it.

However, it thought the warning light might have come on due to a lack of communication between the ABS and gearbox control unit.

The service light illuminated in April. The buyer took the car to Silverdale Car Services Ltd, which reset the service indicator, but the light continued to come on intermittently.

The oil warning light also lit up in the same month. Continental Cars again assessed the Allure and said it was illuminating due to "anomalies in the measurement criteria". It updated the body systems interface (BSI) software, but the light still came on from time to time.

On May 31, the oil-pressure light came on and the buyer had the vehicle towed to Armstrong Greenlane, which replaced its camshaft dephaser rings and resolved the issue.

From about July 2017, the buyer had difficulty starting the car. Peugeot replaced the battery. However, it was defective and Armstrong Greenlane replaced it in November.

Diaz-Sieckel said the Allure's transmission shifted poorly causing a "kick back" when changing gears. She again took it to Armstrong Greenlane, which replaced the spark plugs and fixed the performance issues.

On December 13, the vehicle unexpectedly lost power on an Auckland motorway and went into limp mode with "gearbox fault, repair needed" displayed on the dashboard. The service light was also on. The buyer restarted the car and it functioned normally with no warning lights.

She had Silverdale Car Services assess the vehicle and it found fault codes relating to the Allure's transmission, BSI, battery-charging status unit and parking aid.

Armstrong Greenlane also assessed the car. It said the symptoms were caused by a sensor reading a pressure it deemed to be incorrect, but there was no fault and the Allure had corrected itself.

The dealer told the hearing that after Diaz-Sieckel rejected the vehicle on December 13, it thoroughly assessed it and found no faults with its electrical system.

However, the tribunal's assessor said the evidence showed the car likely had an ongoing undiagnosed communication or voltage fault with its electrical system.

## The finding

Despite Diaz-Sieckel driving 33,000km during the 16 months she owned the Allure, the tribunal found a reasonable consumer would have high expectations regarding the durability of a two-year-old car with low mileage.

It said a reasonable buyer wouldn't expect the battery and camshaft dephasers to require replacement within 15 months of purchase, nor would a buyer expect the car to develop communication faults in its electrical system, which caused it to generate false warning lights and codes and lose power.

The tribunal was satisfied the Allure wasn't of acceptable quality under the CGA and not as durable as a reasonable consumer would expect, and – despite timely repairs by the trader – underlying electrical faults remained.

Diaz-Sieckel claimed she was entitled to reject the car because the dealer failed to fix undiagnosed electrical issues within a reasonable time.

But the tribunal wasn't satisfied the trader failed to repair these problems within a reasonable time. Its assessor said intermittent electrical faults were difficult and time-consuming to diagnose.

However, the tribunal was satisfied the car's undiagnosed electrical communication fault was a failure of a substantial character under the CGA and Diaz-Sieckel was entitled to reject the vehicle.

She was also entitled to recover any loss that was a reasonable foreseeable consequence of the faults. That included the $1,800 she paid for MBI.

## The order

The application to reject the car was upheld. Armstrong Greenlane was ordered to pay her $25,060, which included a refund of the purchase price and MBI premium.

# Company claims it should have been told flood damage may affect future value

**The case:** The buyer knowingly bought an Audi that had been written off in Australia due to flood damage. However, the purchaser said the dealer should have said the car's damage history was publicly available because it would affect its resale value.

**The decision:** The tribunal found that, in this case, the trader had no obligation to disclose the possible effect the vehicle's history could have on its future value, so the application was dismissed.

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

## Background

QTE Developments Ltd (QTE) purchased a 2013 Audi A5 2.0 T Quattro S-Line for $64,995 from Ozcars Ltd on December 9, 2014.

The vehicle had been written off in Australia due to flood damage in June 2014.

After the car arrived in New Zealand, it was flagged "imported as damaged". That information was permanently recorded by NZTA and became publicly available for any prospective purchaser.

Ozcars told QTE the Audi was a statutory write-off from Australia because of the water damage and it was a damaged import.

However, when the buyer tried to sell the car, it discovered prospective purchasers had access to its history, so it was worth less than comparable vehicles that hadn't been imported as damaged because of the stigma attached to imported-as-damaged statutory write-offs from across the Tasman.

The buyer claimed the trader had engaged in misleading conduct under the Fair Trading Act (FTA).

## The case

The tribunal said it had heard many cases involving the sale of statutory write-offs from Australia, which almost always involved allegations the trader had failed to adequately disclose the vehicle had been written off.

However, it said this case was unique because the buyer alleged that Ozcars should have gone further with disclosure and told it of the potential future consequences of the car's damage history.

In particular, the buyer said Ozcars should have told it that publicly available records, such as NZTA, Motorweb and Carjam reports, would show the Audi was a statutory write-off and imported as damaged, and its resale value would be affected because of this.

The buyer said it thought the imported-as-damaged classification and statutory write-off history would be erased from official records because the Audi was repaired before it was sold.

QTE said Ozcars' failure to disclose those details was a breach of the FTA. Section nine of the act, when it comes to misleading and deceptive conduct generally, states: "No person shall, in trade, engage in conduct that is misleading or deceptive or is likely to mislead or deceive".

Ozcars denied engaging in misleading conduct. It said it disclosed the Audi was an imported-as-damaged statutory write-off and was under no obligation to disclose the potential future consequences of that.

## The finding

The tribunal said the only issue in this case was whether Ozcars had an obligation to disclose the potential future consequences that might arise because the Audi was imported as a statutory write-off.

To succeed in its claim, the buyer had to show that Ozcars' failure to disclose the future consequences of it being imported as damaged was misleading and flouted the FTA. That required the tribunal to consider the extent to which non-disclosure or silence could break the law and, if so, was section nine of the FTA breached on the facts of this case.

Ozcars was obliged to disclose the Audi was a damaged import and written off overseas because that information was material to any reasonable consumer's purchasing decision, which included being able make inquiries as future consequences of its status.

The tribunal was satisfied the dealer complied with its obligation to disclose that information and didn't consider it had an extra obligation to volunteer details about potential consequences of the Audi being an imported-as-damaged statutory write-off.

Ozcars told the hearing that nobody could predict what such consequences could be.

But even if that was possible, the tribunal wasn't satisfied Ozcars was obliged to tell QTE about any possible consequences of the vehicle's status.

That was because Ozcars discharged its disclosure obligation to QTE when it stated the Audi was a statutory write-off and had been imported as damaged.

It was up to QTE to make any necessary inquiries to determine the possible effect of that information, the tribunal ruled.

Unfortunately, QTE didn't appear to have made any and instead laboured under a self-induced misapprehension that information about the car's history wouldn't be publicly available and this wouldn't affect its future value.

The tribunal added if QTE had asked Ozcars about such future consequences of the car, the trader would have been obliged to provide an honest response.

Also, if Ozcars had known that QTE was labouring under a misapprehension that details about the vehicle wouldn't be publicly available and its history wouldn't affect its future value, it might have had an obligation to correct that misapprehension.

However, the tribunal heard no evidence to suggest QTE asked Ozcars about the effect the Audi's past might have, or that Ozcars knew or suspected QTE was labouring under any misapprehension about its future value.

Accordingly, the tribunal wasn't satisfied Ozcars had an obligation to disclose the possible consequences of the vehicle being a damaged import and statutory write-off, so Ozcars hadn't engaged in misleading conduct due to a failure to disclose.

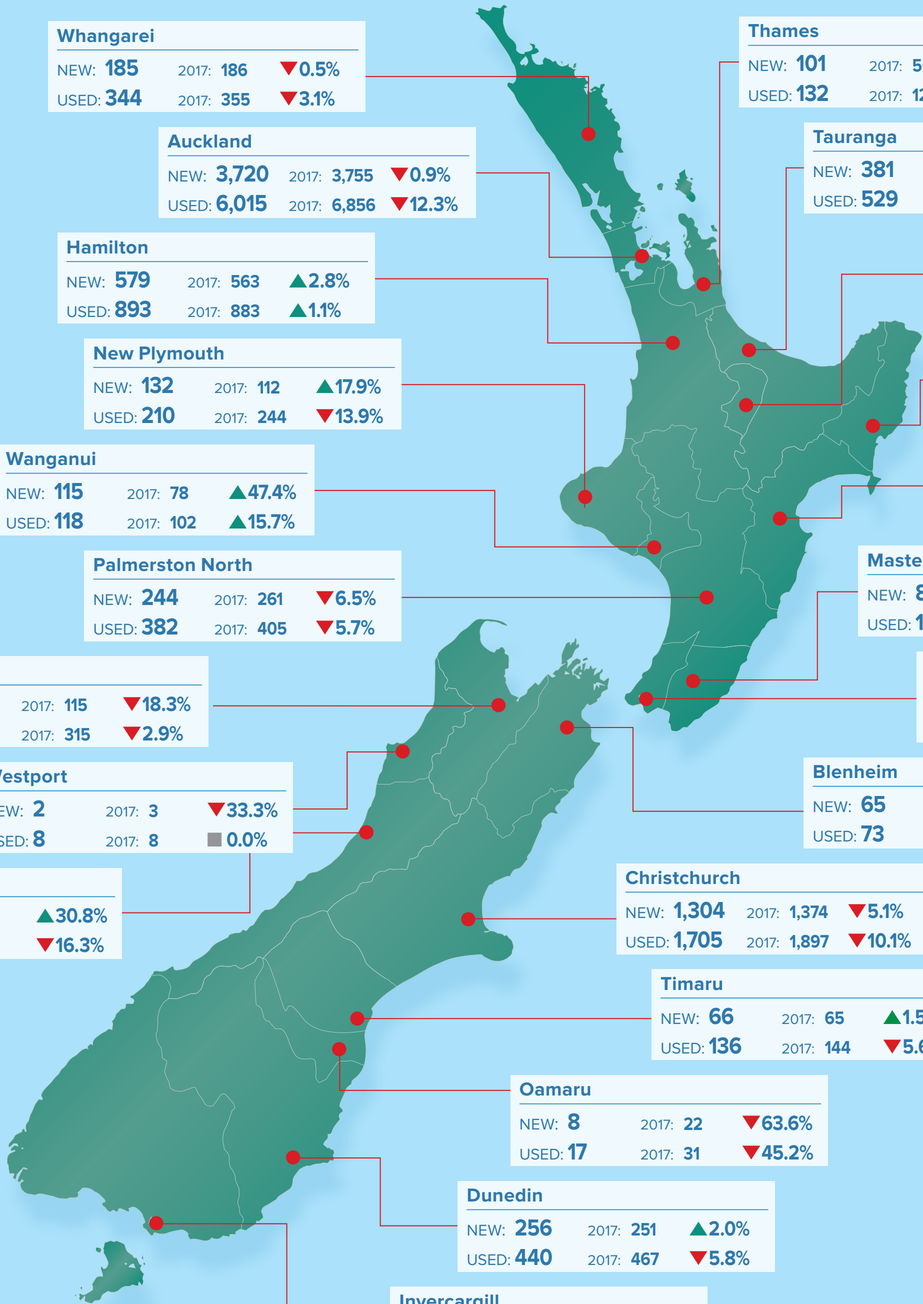
## The order

The application was dismissed.

# Around the Country
## August 2018

**Total new cars**
**8,639**
2017: 8,606 ▲0.4%

**Total imported used cars**
**13,368**
2017: 14,483 ▼7.7%



| | | | 2017 | |
|---|---|---|---|---|
| Whangarei | NEW | 185 | 186 | ▼0.5% |
| | USED | 344 | 355 | ▼3.1% |
| Auckland | NEW | 3,720 | 3,755 | ▼0.9% |
| | USED | 6,015 | 6,856 | ▼12.3% |
| Hamilton | NEW | 579 | 563 | ▲2.8% |
| | USED | 893 | 883 | ▲1.1% |
| New Plymouth | NEW | 132 | 112 | ▲17.9% |
| | USED | 210 | 244 | ▼13.9% |
| Wanganui | NEW | 115 | 78 | ▲47.4% |
| | USED | 118 | 102 | ▲15.7% |
| Palmerston North | NEW | 244 | 261 | ▼6.5% |
| | USED | 382 | 405 | ▼5.7% |
| Nelson | NEW | 94 | 115 | ▼18.3% |
| | USED | 306 | 315 | ▼2.9% |
| Westport | NEW | 2 | 3 | ▼33.3% |
| | USED | 8 | 8 | ■0.0% |
| Greymouth | NEW | 17 | 13 | ▲30.8% |
| | USED | 36 | 43 | ▼16.3% |
| Thames | NEW | 101 | 56 | ▲80.4% |
| | USED | 132 | 125 | ▲5.6% |
| Tauranga | NEW | 381 | 372 | ▲2.4% |
| | USED | 529 | 622 | ▼15.0% |
| Rotorua | NEW | 124 | 82 | ▲51.2% |
| | USED | 206 | 163 | ▲26.4% |
| Gisborne | NEW | 30 | 50 | ▼40.0% |
| | USED | 73 | 64 | ▲14.1% |
| Napier | NEW | 246 | 266 | ▼7.5% |
| | USED | 341 | 309 | ▲10.4% |
| Masterton | NEW | 83 | 80 | ▲3.8% |
| | USED | 120 | 81 | ▲48.1% |
| Wellington | NEW | 739 | 710 | ▲4.1% |
| | USED | 1,057 | 1,095 | ▼3.5% |
| Blenheim | NEW | 65 | 64 | ▲1.6% |
| | USED | 73 | 69 | ▲5.8% |
| Christchurch | NEW | 1,304 | 1,374 | ▼5.1% |
| | USED | 1,705 | 1,897 | ▼10.1% |
| Timaru | NEW | 66 | 65 | ▲1.5% |
| | USED | 136 | 144 | ▼5.6% |
| Oamaru | NEW | 8 | 22 | ▼63.6% |
| | USED | 17 | 31 | ▼45.2% |
| Dunedin | NEW | 256 | 251 | ▲2.0% |
| | USED | 440 | 467 | ▼5.8% |
| Invercargill | NEW | 148 | 128 | ▲15.6% |
| | USED | 227 | 205 | ▲10.7% |

## Imported Passenger Vehicle Sales by Make - August 2018

| MAKE | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 2,909 | 3,569 | -18.5 | 21.8% | 23,653 | 23.2% |
| Nissan | 2,668 | 2,712 | -1.6 | 20.0% | 19,420 | 19.1% |
| Mazda | 2,205 | 2,374 | -7.1 | 16.5% | 16,605 | 16.3% |
| Honda | 1,379 | 1,409 | -2.1 | 10.3% | 10,421 | 10.2% |
| Suzuki | 755 | 719 | 5.0 | 5.6% | 5,510 | 5.4% |
| Subaru | 725 | 705 | 2.8 | 5.4% | 5,793 | 5.7% |
| Mitsubishi | 517 | 506 | 2.2 | 3.9% | 3,384 | 3.3% |
| BMW | 506 | 626 | -19.2 | 3.8% | 4,226 | 4.2% |
| Volkswagen | 436 | 466 | -6.4 | 3.3% | 3,144 | 3.1% |
| Audi | 277 | 311 | -10.9 | 2.1% | 2,026 | 2.0% |
| Mercedes-Benz | 221 | 255 | -13.3 | 1.7% | 1,832 | 1.8% |
| Lexus | 115 | 92 | 25.0 | 0.9% | 740 | 0.7% |
| Ford | 90 | 126 | -28.6 | 0.7% | 783 | 0.8% |
| Volvo | 68 | 92 | -26.1 | 0.5% | 527 | 0.5% |
| Chevrolet | 58 | 51 | 13.7 | 0.4% | 399 | 0.4% |
| Holden | 51 | 59 | -13.6 | 0.4% | 310 | 0.3% |
| Jaguar | 46 | 50 | -8.0 | 0.3% | 385 | 0.4% |
| Jeep | 41 | 22 | 86.4 | 0.3% | 236 | 0.2% |
| Dodge | 39 | 20 | 95.0 | 0.3% | 263 | 0.3% |
| Mini | 38 | 39 | -2.6 | 0.3% | 266 | 0.3% |
| Land Rover | 34 | 58 | -41.4 | 0.3% | 316 | 0.3% |
| Chrysler | 28 | 24 | 16.7 | 0.2% | 155 | 0.2% |
| Porsche | 25 | 25 | 0.0 | 0.2% | 183 | 0.2% |
| Hyundai | 20 | 38 | -47.4 | 0.1% | 203 | 0.2% |
| Peugeot | 13 | 15 | -13.3 | 0.1% | 128 | 0.1% |
| Renault | 11 | 7 | 57.1 | 0.1% | 81 | 0.1% |
| Daihatsu | 7 | 12 | -41.7 | 0.1% | 76 | 0.1% |
| Fiat | 7 | 1 | 600.0 | 0.1% | 30 | 0.0% |
| Citroen | 6 | 3 | 100.0 | 0.0% | 41 | 0.0% |
| Plymouth | 6 | 4 | 50.0 | 0.0% | 29 | 0.0% |
| Bentley | 5 | 7 | -28.6 | 0.0% | 32 | 0.0% |
| Cadillac | 5 | 4 | 25.0 | 0.0% | 41 | 0.0% |
| Kia | 5 | 16 | -68.8 | 0.0% | 68 | 0.1% |
| Isuzu | 4 | 6 | -33.3 | 0.0% | 23 | 0.0% |
| Lincoln | 4 | 0 | 400.0 | 0.0% | 16 | 0.0% |
| Others | 44 | 60 | -26.7 | 0.3% | 442 | 0.4% |
| **Total** | **13,368** | **14,483** | **-7.7** | **100.0%** | **101,787** | **100.0%** |

## Imported Passenger Vehicle Sales by Model - August 2018

| MAKE | MODEL | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Mazda | Axela | 689 | 685 | 0.6 | 5.2% | 4,960 | 4.9% |
| Nissan | Tiida | 653 | 580 | 12.6 | 4.9% | 4,417 | 4.3% |
| Suzuki | Swift | 641 | 613 | 4.6 | 4.8% | 4,653 | 4.6% |
| Mazda | Demio | 545 | 508 | 7.3 | 4.1% | 3,967 | 3.9% |
| Honda | Fit | 537 | 498 | 7.8 | 4.0% | 3,986 | 3.9% |
| Toyota | Prius | 403 | 274 | 47.1 | 3.0% | 2,532 | 2.5% |
| Subaru | Legacy | 315 | 342 | -7.9 | 2.4% | 2,800 | 2.8% |
| Nissan | Leaf | 303 | 177 | 71.2 | 2.3% | 2,022 | 2.0% |
| Mitsubishi | Outlander | 290 | 287 | 1.0 | 2.2% | 1,893 | 1.9% |
| Toyota | Wish | 287 | 302 | -5.0 | 2.1% | 2,318 | 2.3% |
| Mazda | Atenza | 270 | 365 | -26.0 | 2.0% | 2,139 | 2.1% |
| Volkswagen | Golf | 267 | 265 | 0.8 | 2.0% | 1,990 | 2.0% |
| Toyota | Vitz | 255 | 287 | -11.1 | 1.9% | 2,116 | 2.1% |
| Mazda | Premacy | 241 | 219 | 10.0 | 1.8% | 1,833 | 1.8% |
| Nissan | Note | 233 | 182 | 28.0 | 1.7% | 1,607 | 1.6% |
| Subaru | Impreza | 232 | 164 | 41.5 | 1.7% | 1,488 | 1.5% |
| Nissan | Dualis | 213 | 222 | -4.1 | 1.6% | 1,491 | 1.5% |
| Toyota | Auris | 188 | 171 | 9.9 | 1.4% | 1,327 | 1.3% |
| Honda | Stream | 178 | 139 | 28.1 | 1.3% | 1,233 | 1.2% |
| Toyota | Corolla | 173 | 215 | -19.5 | 1.3% | 1,410 | 1.4% |
| Nissan | Skyline | 172 | 171 | 0.6 | 1.3% | 1,241 | 1.2% |
| Nissan | X-Trail | 171 | 149 | 14.8 | 1.3% | 1,016 | 1.0% |
| Toyota | Blade | 168 | 151 | 11.3 | 1.3% | 1,365 | 1.3% |
| Nissan | Bluebird | 149 | 151 | -1.3 | 1.1% | 956 | 0.9% |
| Toyota | MarkX | 136 | 262 | -48.1 | 1.0% | 1,635 | 1.6% |
| Mazda | Verisa | 132 | 119 | 10.9 | 1.0% | 930 | 0.9% |
| Mazda | MPV | 111 | 224 | -50.4 | 0.8% | 1,299 | 1.3% |
| Toyota | Aqua | 107 | 35 | 205.7 | 0.8% | 642 | 0.6% |
| Nissan | Serena | 107 | 74 | 44.6 | 0.8% | 501 | 0.5% |
| Honda | CRV | 106 | 135 | -21.5 | 0.8% | 930 | 0.9% |
| Nissan | March | 106 | 114 | -7.0 | 0.8% | 787 | 0.8% |
| Honda | Accord | 101 | 103 | -1.9 | 0.8% | 752 | 0.7% |
| BMW | 320i | 100 | 123 | -18.7 | 0.7% | 839 | 0.8% |
| Toyota | Ractis | 97 | 99 | -2.0 | 0.7% | 818 | 0.8% |
| Audi | A4 | 95 | 92 | 3.3 | 0.7% | 603 | 0.6% |
| Others | | 4,597 | 5,986 | -23.2 | 34.4% | 37,290 | 36.6% |
| **Total** | | **13,368** | **14,483** | **-7.7** | **100.0%** | **101,786** | **100.0%** |

# Scrappage can cut fleet's age

An industry expert says while high petrol prices and Auckland's regional fuel levy may help the government meet its target of 64,000 registrations of electric vehicles (EVs) by the end of 2021, more needs to be done to get inefficient cars off our roads.

Neil Pritchard, general manager of the Collision Repair Association (CRA), believes high petrol prices create an ideal environment to introduce incentives to get older vehicles out of the fleet.

"In isolation, an increase in the price of fuel may encourage owners to look for more efficient vehicles but – with dozens of new electric and hybrid models expected in coming years – more needs to be done to encourage the earlier retirement of some of the less-efficient stock."

Pritchard says New Zealand should look to other markets that have simultaneously boosted EV ownership levels and reduced the fleet's age.

He cites Norway, which is considered by many as a model for incentivising electric car ownership. "It has a population size similar to ours. However, its number of registered EVs is more than 140,000 and its average age of passenger vehicles has declined."

In contrast, Pritchard says New Zealand is closing in on 10,000 registered EVs, but the light fleet's average age has jumped from 14 years in 2012 to 14.4 years in 2016.

"A number of factors could be contributing to the ageing of our fleet. Vehicles may be getting more reliable or population increase has increased demand for low-cost models regardless of how efficient they are.

"At the same time, the average engine size in our passenger fleet has decreased from 2,218cc in 2009 to 2,204cc in 2016.

"Vehicles with smaller engines burn less fuel. A small 2018 sedan may be about 18 per cent more efficient than the same model that's 14 years older. That could mean a saving of $370 per annum for the average motorist and significantly more for owners of larger vehicles."

Pritchard says as New Zealand reduces its fleet's age, it is likely average engine size will drop as more EVs are introduced and boost overall fuel efficiency.

While Norway's tax exemptions and other incentives for EVs – such as access to bus lanes – encourage people to buy electric, the country has other strategies to get older models off the road.

"What we have at the moment are large numbers of older, inefficient vehicles impacting on public health and the environment," he says. "Often those driving older models can least afford fuel increases.

"The Norwegian model incentivises the purchase of new EVs and this helps to create a trickle-down effect by reducing the average age of all vehicles."

Pritchard says Norway's scrappage programme, which has also been used in other countries to accelerate the replacement of older vehicles, last year saw more than 136,000 cars permanently taken off the country's roads.

"A similar programme was trialled in New Zealand in 2007 and 2009 when owners were offered two months' free public transport – valued at around $400 – in return for their older vehicles," he recalls.

"A review of the Ministry of Transport trials found they weren't cost effective due to the low number of vehicles received, and relatively low social and environmental benefits relative to the cost."

Pritchard says since then, the price of petrol has jumped by 35 per cent – including the regional fuel tax – while the average age of the fleet has increased by almost two years. It continues to age making it one of the oldest in the developed world.

He says similar schemes in Europe, the US and Asia provide larger cash incentives of up to several thousand dollars and have removed millions of inefficient vehicles from fleets, and suggests a scrappage programme here could be funded from the extra GST received as petrol prices continue to climb.

In addition to better fuel economy, many safety features have become mainstream in vehicles over the past decade, so "the faster we can phase out older vehicles, the safer roads will be".

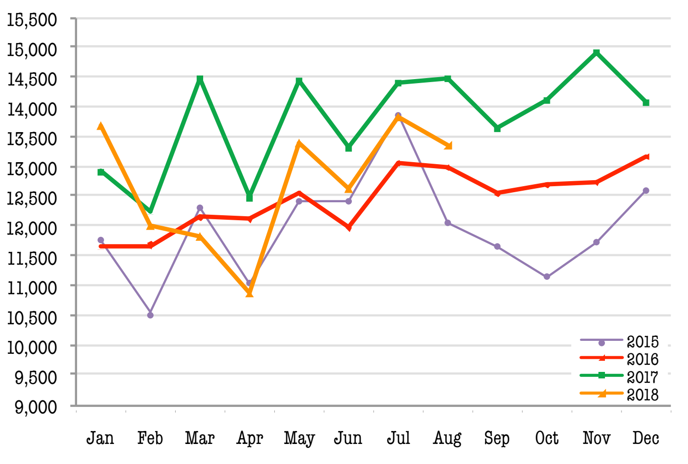
As for August's market, first-time registrations of used imported cars came to 13,368. This was down by 7.7 per cent – or 1,115 units – on the same month of 2017 and down by 479 units on July.

Last month's registrations raised the year-to-date total to 101,787 – down by 7,078 units, or 6.5 per cent, on 108,865 units sold during 2017's first eight months.

Once again Mazda's Axela was at the top of the models ladder with 689 registrations. Nissan's Tiida was second on 653 and Suzuki's Swift came in third on 641.

Toyota held onto first place as the top-selling marque for August with 2,909 units and a 23.2 per cent of the year-to-date market share.

**Used Imported Passenger Registrations - 2015-2018**



# Used car imports nosedive

There were 10,334 used passenger vehicles imported into New Zealand last month – down by 16.8 per cent from August 2017's total of 12,416.

So far this year, 101,491 units have crossed the border, which is a drop of 12.17 per cent compared to 115,560 by the same time last year.

During August, 9,699 used passenger vehicles came in from Japan – a 15.1 per cent decrease from last August's total of 11,419. Japan's share of the market now stands at 93.86 per cent.

Importers and supply-chain operators are putting last month's drop down to a number of factors, such as a lower dollar cross-rate with the yen and a slowdown in trade here.

Figures were down for most major countries New Zealand imports from. Australia showed one of the largest drops, from 531 arrivals in August 2017 to 343 last month, a decrease of 35.4 per cent.

August was a slow month for both Singapore and the US with 123 and 74 units crossing the border respectively.

In addition, 537 used light commercial vehicles came into the country last month for a drop of 22.3 per cent on August 2017's total of 691.

Year-to-date, the used light commercial vehicle market is down slightly by 1.42 per cent compared to the first eight months of 2017, with 4,848 units crossing our border this year.

Tony Gibson, chief executive officer, says stink-bug issues are challenging for the port and its users. The crisis and its effects – severely felt between February and April – meant extended processing times with delays for other vessels creating queues in the Hauraki Gulf with up to six or seven ships at anchor.

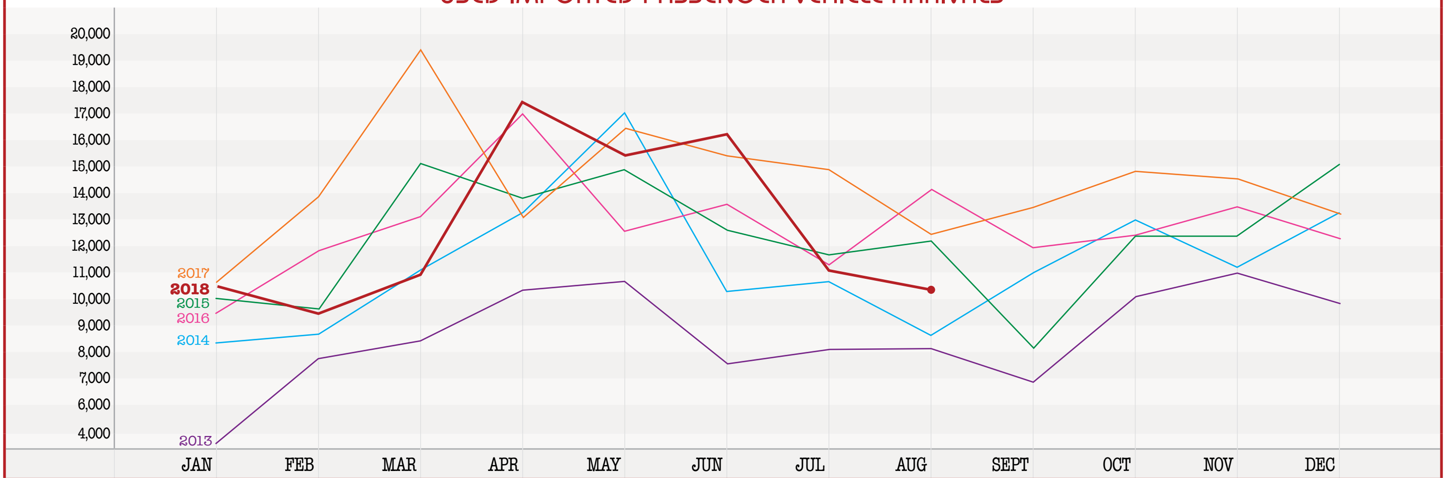
Others were also hit with truckers, compliance centres, car importers and dealers "facing significant hardship" as the flow of stock temporarily dried up.

"We hope the new Ministry for Primary Industries [MPI] system will lead to a more predictable process and prevent future interruptions to the supply chain, while keeping this dangerous pest out of our country," says Gibson.

The supply chain, including Ports of Auckland, is geared up to deal with regulations in the new import health standard for importing used vehicles and machinery. The first vessel with its cargo subject to new regulations should be arriving in Auckland on September 18.

Read more of Gibson's views in the stink-bug section of www.autofile.co.nz.

USED IMPORTED PASSENGER VEHICLE ARRIVALS




## Used Imported Passenger Vehicles By Country Of Export

| COUNTRY OF EXPORT | 2018 | | | | | | | | | | 2017 | | 2016 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | JAN '18 | FEB '18 | MAR '18 | APR '18 | MAY '18 | JUN '18 | JUL '18 | AUG '18 | AUG MRKT SHARE % | 2018 TOTAL | TOTAL | % SHARE | 2016 TOTAL | MRKT SHARE |
| Australia | 435 | 360 | 375 | 335 | 384 | 340 | 326 | 343 | **3.3%** | **2,898** | 5,540 | 3.2% | 5,151 | 3.4% |
| Great Britain | 123 | 63 | 94 | 82 | 77 | 70 | 73 | 77 | **0.7%** | **659** | 2,173 | 1.3% | 1,537 | 1.0% |
| Japan | 9,681 | 7,014 | 10,020 | 18,775 | 14,748 | 15,642 | 10,390 | 9,699 | **93.9%** | **95,969** | 160,822 | 93.8% | 143,080 | 93.7% |
| Singapore | 132 | 111 | 95 | 124 | 128 | 99 | 123 | 123 | **1.2%** | **935** | 1,202 | 0.7% | 1,231 | 0.8% |
| USA | 80 | 102 | 99 | 104 | 97 | 89 | 104 | 74 | **0.7%** | **749** | 1,419 | 0.8% | 1,275 | 0.8% |
| Other countries | 28 | 36 | 89 | 18 | 30 | 32 | 30 | 18 | **0.2%** | **281** | 387 | 0.2% | 438 | 0.3% |
| **Total** | **10,479** | **7,686** | **10,772** | **19,438** | **15,464** | **16,272** | **11,046** | **10,334** | **100.0%** | **101,491** | **171,543** | **100.0%** | **152,712** | **100.0%** |

# Sales and trade-ins hold steady

August was a solid month of sales for second-hand cars by dealers.

There were 19,960 used passenger vehicles sold by traders to members of the public last month. Sales were up by 204 units, or one per cent, against July's total of 19,756 and were up slightly by 1.7 per cent on the same month of last year.

Once again, Rotorua experienced the largest used-car sales growth – up by 62.1 per cent on 488 units compared to August 2017's 301.

Trade-ins also remained steady – there were 14,418 public-to-dealer car sales, which was a tiny bump of 0.7 per cent on the same month of last year, but down by 580 units on July.

Thames had the highest number of trade-ins – up by 118.7 per cent with 199 units traded compared to 91 during August 2017.

Rotorua followed with trade-ins rising by 70 per cent with 170 units compared to 100 in the same month of last year.

Wanganui's dealers bought 179 trade-ins, up by 34.6 per cent on August 2017's 133 units.

As for public-to-public sales, 44,309 units changed hands during August – down by 1.9 per cent on the same month of last year.

Nadeem Ashraf, managing director of Tarnica Cars, which has yards in Papatoetoe and Otahuhu in South Auckland, has never seen business as quiet as during the recent holidays when there was plenty of bad weather.

He says seven-seater SUVs and hybrid cars are good sellers in his part of the city.

"Hybrids have been popular with buyers for the past couple of years, but even more so since the price of petrol went up in mid-July. We have no problems getting the stock we want from Japan."

Ashraf adds trade-ins for hybrids are usually cars with bigger engines.

Jason Robb, used-vehicle sales manager at South Auckland Motors, says the business ensured it did everything possible with enquiries during the holidays.

"If it's a bit quiet, you have to do the best with what you have got," he told Autofile. "There are always people buying cars.

"People have been wanting quotes to trade in on a smaller car because of the fuel-tax increase, but a lot of modern cars are very fuel-efficient."

Robb says the business has run a promotion with the chance to win a $1,000 in petrol vouchers in a bid to off-set fuel price hikes for customers.

## SECONDHAND CAR SALES - August 2018

| | DEALER TO PUBLIC | | | | PUBLIC TO PUBLIC | | | PUBLIC TO DEALER | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AUG'18 | AUG'17 | +/- % | MARKET SHARE | AUG'18 | AUG'17 | +/- % | AUG'18 | AUG'17 | +/- % |
| Whangarei | 647 | 655 | -1.2 | 3.24 | 2,106 | 2,061 | 2.2 | 274 | 278 | -1.4 |
| Auckland | 6,750 | 6,716 | 0.5 | 33.82 | 14,621 | 15,395 | -5.0 | 5,883 | 5,743 | 2.4 |
| Hamilton | 1,522 | 1,676 | -9.2 | 7.63 | 3,576 | 3,680 | -2.8 | 1,090 | 1,228 | -11.2 |
| Thames | 320 | 203 | 57.6 | 1.60 | 736 | 607 | 21.3 | 199 | 91 | 118.7 |
| Tauranga | 985 | 995 | -1.0 | 4.93 | 2,135 | 2,358 | -9.5 | 638 | 609 | 4.8 |
| Rotorua | 488 | 301 | 62.1 | 2.44 | 1,094 | 895 | 22.2 | 170 | 100 | 70.0 |
| Gisborne | 202 | 172 | 17.4 | 1.01 | 396 | 412 | -3.9 | 86 | 73 | 17.8 |
| Napier | 713 | 723 | -1.4 | 3.57 | 1,606 | 1,590 | 1.0 | 471 | 469 | 0.4 |
| New Plymouth | 396 | 473 | -16.3 | 1.98 | 1,031 | 1,100 | -6.3 | 209 | 240 | -12.9 |
| Wanganui | 285 | 186 | 53.2 | 1.43 | 708 | 545 | 29.9 | 179 | 133 | 34.6 |
| Palmerston North | 884 | 942 | -6.2 | 4.43 | 1,756 | 1,879 | -6.5 | 822 | 822 | 0.0 |
| Masterton | 242 | 206 | 17.5 | 1.21 | 528 | 445 | 18.7 | 109 | 135 | -19.3 |
| Wellington | 1,752 | 1,639 | 6.9 | 8.78 | 3,228 | 3,224 | 0.1 | 1,093 | 1,107 | -1.3 |
| Nelson | 370 | 366 | 1.1 | 1.85 | 1,043 | 1,088 | -4.1 | 214 | 275 | -22.2 |
| Blenheim | 197 | 197 | 0.0 | 0.99 | 438 | 401 | 9.2 | 106 | 131 | -19.1 |
| Greymouth | 87 | 74 | 17.6 | 0.44 | 167 | 235 | -28.9 | 30 | 45 | -33.3 |
| Westport | 4 | 17 | -76.5 | 0.02 | 28 | 101 | -72.3 | 0 | 0 | 0.0 |
| Christchurch | 2,559 | 2,460 | 4.0 | 12.82 | 5,176 | 5,296 | -2.3 | 1,977 | 1,911 | 3.5 |
| Timaru | 247 | 280 | -11.8 | 1.24 | 553 | 582 | -5.0 | 118 | 142 | -16.9 |
| Oamaru | 29 | 74 | -60.8 | 0.15 | 137 | 210 | -34.8 | 4 | 13 | -69.2 |
| Dunedin | 804 | 830 | -3.1 | 4.03 | 2,063 | 2,060 | 0.1 | 456 | 462 | -1.3 |
| Invercargill | 477 | 437 | 9.2 | 2.39 | 1,183 | 1,017 | 16.3 | 290 | 314 | -7.6 |
| **NZ Total** | **19,960** | **19,622** | **1.7** | **100.00** | **44,309** | **45,181** | **-1.9** | **14,418** | **14,321** | **0.7** |

## New Passenger Vehicle Sales by Make - August 2018

| MAKE | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 1,334 | 1,397 | -4.5 | 15.4% | 11,284 | 16.2% |
| Mazda | 841 | 814 | 3.3 | 9.7% | 6,815 | 9.8% |
| Mitsubishi | 702 | 638 | 10.0 | 8.1% | 4,956 | 7.1% |
| Hyundai | 609 | 407 | 49.6 | 7.0% | 4,759 | 6.8% |
| Suzuki | 596 | 513 | 16.2 | 6.9% | 4,568 | 6.5% |
| Kia | 562 | 631 | -10.9 | 6.5% | 4,776 | 6.8% |
| Holden | 529 | 686 | -22.9 | 6.1% | 5,008 | 7.2% |
| Ford | 520 | 472 | 10.2 | 6.0% | 3,911 | 5.6% |
| Nissan | 434 | 447 | -2.9 | 5.0% | 2,974 | 4.3% |
| Honda | 425 | 496 | -14.3 | 4.9% | 3,677 | 5.3% |
| Volkswagen | 342 | 327 | 4.6 | 4.0% | 2,610 | 3.7% |
| Subaru | 321 | 306 | 4.9 | 3.7% | 2,511 | 3.6% |
| Mercedes-Benz | 199 | 218 | -8.7 | 2.3% | 1,520 | 2.2% |
| Skoda | 144 | 161 | -10.6 | 1.7% | 1,111 | 1.6% |
| Audi | 141 | 164 | -14.0 | 1.6% | 1,333 | 1.9% |
| BMW | 122 | 143 | -14.7 | 1.4% | 1,267 | 1.8% |
| Land Rover | 118 | 107 | 10.3 | 1.4% | 782 | 1.1% |
| Jeep | 109 | 104 | 4.8 | 1.3% | 951 | 1.4% |
| Peugeot | 88 | 104 | -15.4 | 1.0% | 684 | 1.0% |
| Lexus | 67 | 47 | 42.6 | 0.8% | 529 | 0.8% |
| Volvo | 62 | 34 | 82.4 | 0.7% | 423 | 0.6% |
| Mini | 53 | 77 | -31.2 | 0.6% | 478 | 0.7% |
| Haval | 52 | 6 | 766.7 | 0.6% | 355 | 0.5% |
| SsangYong | 48 | 61 | -21.3 | 0.6% | 476 | 0.7% |
| Jaguar | 38 | 24 | 58.3 | 0.4% | 267 | 0.4% |
| Porsche | 27 | 41 | -34.1 | 0.3% | 255 | 0.4% |
| Isuzu | 22 | 21 | 4.8 | 0.3% | 205 | 0.3% |
| Renault | 22 | 21 | 4.8 | 0.3% | 175 | 0.3% |
| Citroen | 20 | 22 | -9.1 | 0.2% | 166 | 0.2% |
| Alfa Romeo | 16 | 8 | 100.0 | 0.2% | 83 | 0.1% |
| Tesla | 15 | 36 | -58.3 | 0.2% | 175 | 0.3% |
| LDV | 11 | 3 | 266.7 | 0.1% | 55 | 0.1% |
| Yamaha | 9 | 5 | 80.0 | 0.1% | 61 | 0.1% |
| Seat | 6 | 0 | 600.0 | 0.1% | 87 | 0.1% |
| Can-Am | 5 | 1 | 400.0 | 0.1% | 33 | 0.0% |
| Others | 30 | 64 | -53.1 | 0.3% | 470 | 0.7% |
| **Total** | **8,639** | **8,606** | **0.4** | **100.0%** | **69,790** | **100.0%** |

## New Passenger Vehicle Sales by Model - August 2018

| MAKE | MODEL | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Corolla | 597 | 540 | 10.6 | 6.9% | 3,216 | 4.6% |
| Mazda | CX-5 | 324 | 239 | 35.6 | 3.8% | 2,542 | 3.6% |
| Mitsubishi | ASX | 275 | 157 | 75.2 | 3.2% | 1,438 | 2.1% |
| Kia | Sportage | 273 | 370 | -26.2 | 3.2% | 2,211 | 3.2% |
| Suzuki | Swift | 264 | 191 | 38.2 | 3.1% | 2,090 | 3.0% |
| Hyundai | Tucson | 214 | 168 | 27.4 | 2.5% | 1,303 | 1.9% |
| Mitsubishi | Outlander | 198 | 296 | -33.1 | 2.3% | 1,566 | 2.2% |
| Nissan | Qashqai | 184 | 234 | -21.4 | 2.1% | 1,434 | 2.1% |
| Toyota | Yaris | 183 | 196 | -6.6 | 2.1% | 1,160 | 1.7% |
| Ford | Focus | 177 | 114 | 55.3 | 2.0% | 1,099 | 1.6% |
| Nissan | X-Trail | 176 | 152 | 15.8 | 2.0% | 1,102 | 1.6% |
| Toyota | RAV4 | 172 | 214 | -19.6 | 2.0% | 2,577 | 3.7% |
| Mazda | Mazda3 | 162 | 217 | -25.3 | 1.9% | 1,306 | 1.9% |
| Volkswagen | Tiguan | 145 | 123 | 17.9 | 1.7% | 1,188 | 1.7% |
| Mitsubishi | Eclipse Cross | 142 | 0 | 14,200.0 | 1.6% | 1,063 | 1.5% |
| Honda | Jazz | 132 | 159 | -17.0 | 1.5% | 1,309 | 1.9% |
| Subaru | Outback | 132 | 114 | 15.8 | 1.5% | 1,009 | 1.4% |
| Toyota | Highlander | 130 | 139 | -6.5 | 1.5% | 1,618 | 2.3% |
| Ford | Escape | 128 | 125 | 2.4 | 1.5% | 949 | 1.4% |
| Holden | Commodore | 126 | 157 | -19.7 | 1.5% | 1,160 | 1.7% |
| Subaru | XV | 126 | 96 | 31.3 | 1.5% | 831 | 1.2% |
| Hyundai | Santa Fe | 125 | 117 | 6.8 | 1.4% | 974 | 1.4% |
| Suzuki | Vitara | 125 | 77 | 62.3 | 1.4% | 848 | 1.2% |
| Honda | CRV | 122 | 155 | -21.3 | 1.4% | 1,110 | 1.6% |
| Mazda | Mazda2 | 110 | 113 | -2.7 | 1.3% | 849 | 1.2% |
| Hyundai | Kona | 108 | 0 | 10,800.0 | 1.3% | 1,198 | 1.7% |
| Honda | HR-V | 104 | 109 | -4.6 | 1.2% | 688 | 1.0% |
| Kia | Rio | 103 | 108 | -4.6 | 1.2% | 694 | 1.0% |
| Holden | Astra | 93 | 100 | -7.0 | 1.1% | 543 | 0.8% |
| Mazda | CX-3 | 93 | 124 | -25.0 | 1.1% | 897 | 1.3% |
| Volkswagen | Polo | 83 | 48 | 72.9 | 1.0% | 442 | 0.6% |
| Holden | Captiva | 77 | 138 | -44.2 | 0.9% | 1,408 | 2.0% |
| Hyundai | Accent | 72 | 8 | 800.0 | 0.8% | 351 | 0.5% |
| Holden | Trax | 72 | 95 | -24.2 | 0.8% | 528 | 0.8% |
| Nissan | Pathfinder | 68 | 54 | 25.9 | 0.8% | 370 | 0.5% |
| Others | | 3,024 | 3,359 | -10.0 | 35.0% | 26,719 | 38.3% |
| **Total** | | **8,639** | **8,606** | **0.4** | **100.0%** | **69,790** | **100.0%** |

# Good numbers in tight market

There was a slight increase in the number of new passenger vehicles sold in New Zealand last month when compared to August 2017.

Some 8,639 new cars and SUVs were registered in August. This was up by 33 units on August 2017 for an increase of 0.4 per cent.

Year to date, the market is up by 0.8 per cent – or by 586 units – totalling 69,790 compared to the first eight months of last year on 69,204.

The overall top-selling passenger model was the Toyota Corolla with 597 registrations, of which 381 were to rental companies, and its sales were up by 10.6 per cent on August 2017.

Second on last month's ladder was the Mazda CX-5 with 324 registrations – up by 35.6 per cent on the same month of last year, while third spot was claimed by the Mitsubishi ASX on 275 – up by a massive 75.2 per cent and pushing the Kia Sportage into fourth.

Toyota retained the market leader position for passenger and SUV registrations with 15.4 per cent market share for the month thanks to 1,334 registrations.

It was followed by Mazda with 9.7 per cent of the market and 841 units, and Mitsubishi with 8.1 per cent and 702 sales.

Overall sales of new vehicles last month – passenger and commercial combined – came in at 13,200. This up by one per cent, or by 137, units when compared to August 2017.

On general trends affecting the market, David Crawford, chief executive officer of the Motor Industry Association, says: "With the continued high price of petrol, we're starting to see a small but discernible shift towards smaller vehicles.

"The SUV medium segment remained as the top segment in August with a 16 per cent market share. It was followed by pick-ups and chassis cab four-by-fours with 16 per cent, compact SUVs with 14 per cent and small vehicles on 11 per cent."

Meanwhile, Suzuki continues to retain the number-one position for sales of new motor vehicles to private buyers in the New Zealand market.

It sold more new cars to members of the public in August than any other brand, and is the most popular choice for new passenger vehicles and SUVs year to date.

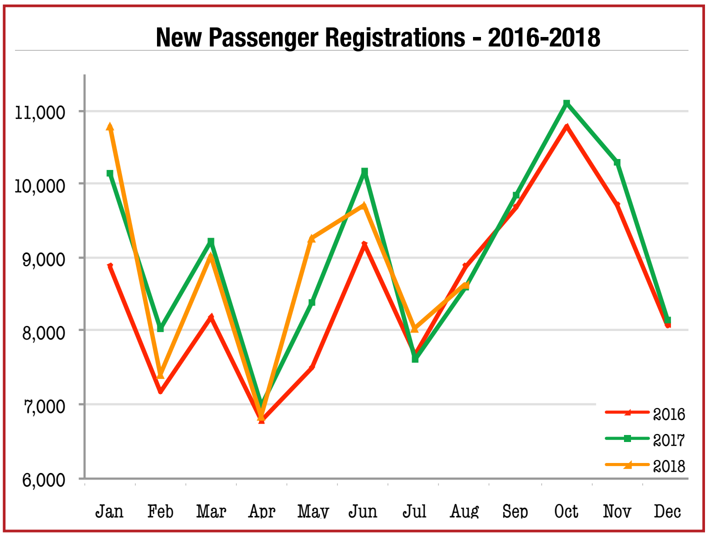
So far this year, private buyers have taken 71.4 per cent of all Suzuki's motor-vehicle volume. This is the highest percentage share of all major franchises and well-ahead of the overall automotive industry average of 43.1 per cent penetration.

Suzuki was also the fifth best-selling new car brand in August with 596 registrations – up by 16.2 per cent on the same month of last year on 513 units.

In addition, its ever-popular Swift continues its record run as being the marque's best-selling passenger car since 2005. It sold 264 units in August – up by a remarkable 38.2 per cent on the same month of last year. The Swift has a year-to-date sales total of 2,090.

Gary Collins, general manager automobile marketing, says: "The sales results endorse the popularity of Suzuki among private buyers. We're delighted our brand has posted the highest number of private sales to date this year in the New Zealand market.

"The strong-selling Swift continues as an easy leader in its class. It has also been a strong driver in Suzuki increasing its share of the total new passenger car market from 6.7 per cent in the first eight months of last year to 9.4 per cent year to date."




Volvo was also one of August's strong sales performers experiencing an 82.4 per cent increase in sales.

The marque has expanded production of its new XC40 small SUV to meet demand, which has exceeded expectations around the world, including in New Zealand.

Coby Duggan, general manager of Volvo NZ, says the increased supply volume is welcome news for our market.

"Given the local reaction when the XC40 was revealed as a concept, we had high expectations of the impact it would have," he says.

"The preview in conjunction with the Volvo Ocean Race saw enquiry ramp up further in advance of April's launch. It soon became apparent we would struggle to keep up with early demand.

"The rate at which Kiwis are placing orders suggests they are willing to wait, which is an endorsement, and we'll be working hard to land as many XC40s as possible before the end of the year."

Håkan Samuelsson, chief executive of Volvo, says the consumer trend towards small SUVs has seen the development of significant market segment.

Volvo recognises the small SUV segment is the fastest-growing segment in the industry. It is aiming to capitalise on its popularity by introducing new models on its compact modular architecture, replacing the V40 in years ahead. They will include fully electric vehicles and will be sold globally in all major regions.

MOANA blue
motor vehicle shipping & logistics

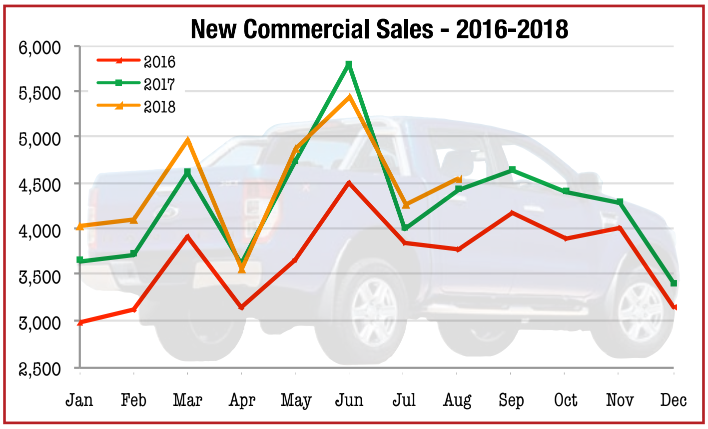
# Ranger extends healthy lead on Hilux

The race to be New Zealand's top utility – and most popular new vehicle – now looks harder to bridge than last year.

Last month, Ford's Ranger sold 785 units, which was up by 95 or 13.8 per cent compared to 690 sales in August 2017.

By comparison, Toyota registered 693 Hiluxes during August for a decrease of 86 units and by 11 per cent on 779 for the same month of last year.

As for year-to-date market shares, the Ranger holds 18.5 per cent and Hilux 14.7 per cent. The Ranger has sold 6,630 units and the Hilux 5,289, with the difference between them being 1,341. By the same time last year, the Ranger led by 818 units.




The new Ranger goes on sale in October, with Ford promising a more capable pick-up and a freshened line-up. It believes the 2019 model builds on the capabilities and off-road credentials that have made it New Zealand's most popular vehicle for three years running and the country's most popular ute for the past four.

"The Ranger has proven to be a great fit for all aspects of Kiwi lifestyle," says Jeremy Nash, marketing manager of Ford NZ.

"Solid workhorse credentials, class-leading refinement and capability have pushed it to the top of the charts and has attracted many new customers to the ute segment.

"The 2019 model builds on that and, with new powertrain options, it will appeal to more customers for a wider variety of uses."

As for new commercials during August, 4,561 were sold to bring the year-to-date total to 35,889. Last month's total was up by 105 units, or by 2.4 per cent, compared to the same month of the year.

Year to date, 35,889 units have been sold compared to 34,715 for the same period last year.

## New Commercial Sales by Make - August 2018

| MAKE | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 958 | 1,114 | -14.0 | 21.0% | 7,064 | 19.7% |
| Ford | 908 | 833 | 9.0 | 19.9% | 7,471 | 20.8% |
| Holden | 407 | 384 | 6.0 | 8.9% | 3,308 | 9.2% |
| Mitsubishi | 346 | 278 | 24.5 | 7.6% | 2,979 | 8.3% |
| Nissan | 283 | 256 | 10.5 | 6.2% | 2,604 | 7.3% |
| Isuzu | 268 | 332 | -19.3 | 5.9% | 2,461 | 6.9% |
| Mazda | 212 | 241 | -12.0 | 4.6% | 1,430 | 4.0% |
| Mercedes-Benz | 166 | 100 | 66.0 | 3.6% | 771 | 2.1% |
| Volkswagen | 157 | 147 | 6.8 | 3.4% | 1,324 | 3.7% |
| LDV | 155 | 115 | 34.8 | 3.4% | 1,321 | 3.7% |
| Fiat | 102 | 104 | -1.9 | 2.2% | 603 | 1.7% |
| Fuso | 73 | 95 | -23.2 | 1.6% | 579 | 1.6% |
| Hino | 72 | 65 | 10.8 | 1.6% | 480 | 1.3% |
| Hyundai | 58 | 63 | -7.9 | 1.3% | 501 | 1.4% |
| Kenworth | 34 | 26 | 30.8 | 0.7% | 221 | 0.6% |
| Scania | 33 | 10 | 230.0 | 0.7% | 178 | 0.5% |
| Volvo | 30 | 27 | 11.1 | 0.7% | 211 | 0.6% |
| Alexander Dennis | 28 | 0 | 2800.0 | 0.6% | 89 | 0.2% |
| DAF | 25 | 21 | 19.0 | 0.5% | 211 | 0.6% |
| UD Trucks | 25 | 20 | 25.0 | 0.5% | 174 | 0.5% |
| Others | 221 | 225 | -1.8 | 4.8% | 1,909 | 5.3% |
| **Total** | **4,561** | **4,456** | **2.4** | **100.0%** | **35,889** | **100.0%** |

## New Commercial Sales by Model - August 2018

| MAKE | MODEL | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Ford | Ranger | 785 | 690 | 13.8 | 17.2% | 6,630 | 18.5% |
| Toyota | Hilux | 693 | 779 | -11.0 | 15.2% | 5,289 | 14.7% |
| Holden | Colorado | 399 | 360 | 10.8 | 8.7% | 3,255 | 9.1% |
| Mitsubishi | Triton | 346 | 278 | 24.5 | 7.6% | 2,979 | 8.3% |
| Nissan | Navara | 283 | 256 | 10.5 | 6.2% | 2,604 | 7.3% |
| Toyota | Hiace | 221 | 321 | -31.2 | 4.8% | 1,531 | 4.3% |
| Mazda | BT-50 | 212 | 240 | -11.7 | 4.6% | 1,430 | 4.0% |
| Isuzu | D-Max | 175 | 212 | -17.5 | 3.8% | 1,681 | 4.7% |
| Mercedes-Benz | Sprinter | 134 | 85 | 57.6 | 2.9% | 489 | 1.4% |
| Ford | Transit | 123 | 143 | -14.0 | 2.7% | 841 | 2.3% |
| Fiat | Ducato | 102 | 103 | -1.0 | 2.2% | 600 | 1.7% |
| Volkswagen | Amarok | 70 | 98 | -28.6 | 1.5% | 677 | 1.9% |
| Hyundai | iLoad | 57 | 63 | -9.5 | 1.2% | 483 | 1.3% |
| LDV | T60 | 56 | 20 | 180.0 | 1.2% | 593 | 1.7% |
| LDV | V80 | 54 | 56 | -3.6 | 1.2% | 417 | 1.2% |
| Toyota | Landcruiser | 44 | 14 | 214.3 | 1.0% | 243 | 0.7% |
| LDV | G10 | 42 | 39 | 7.7 | 0.9% | 302 | 0.8% |
| Volkswagen | T6 | 42 | 16 | 162.5 | 0.9% | 329 | 0.9% |
| Isuzu | F Series | 40 | 39 | 2.6 | 0.9% | 307 | 0.9% |
| Hino | 500 | 38 | 30 | 26.7 | 0.8% | 234 | 0.7% |
| Others | | 645 | 614 | 5.0 | 14.1% | 4,975 | 13.9% |
| **Total** | | **4,561** | **4,456** | **2.4** | **100.0%** | **35,889** | **100.0%** |

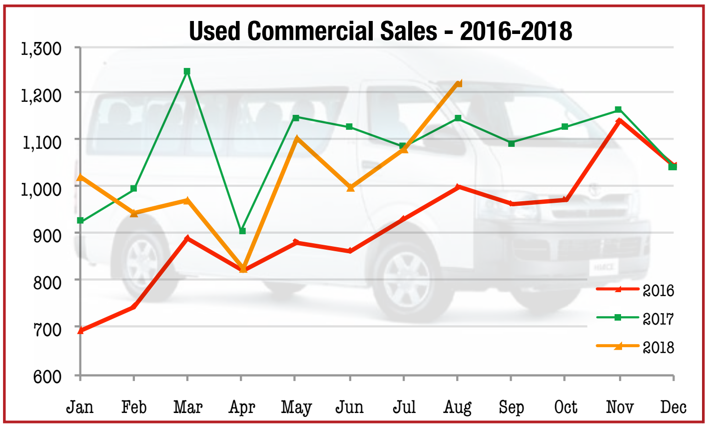
# Market at last year's levels

August saw a return to healthy sales figures for the used imported commercial vehicle market.

There were 1,224 registrations of used commercials last month – up by 6.6 per cent when compared to August 2017 and by 13.12 per cent compared to July.

Year to date, the market has fallen back by 4.8 per cent compared to the same period of last year, with 8,186 units sold compared to 8,599.

Toyota was again at the top of the table on 603 units – up by 16 per cent compared to August 2017. Nissan was steady on second with 252 units while Isuzu came third with 64 vehicles.




Cherie Watkins, of Grant Johnstone Motors in Rotorua, says: "We've been doing well here. The dynamics of the city have changed especially in the past five years. It has come a long way.

"Foton has also been very good for us. There are a lot of forestry workers and they need solid double-cab utes to drive on back roads and transport other workers as well. We also have a big farming community here."

Karl Mirbach, of Cordion Motors in Auckland, says business has been slow over winter, but picked up during August.

"Last month was ticking over quite well in contrast to other dealers around here," he says. "Sales do pick up in August and improve as days draw out. There's more sunshine and enthusiasm in the air. That always helps."

Jock Munro, who owns Jock Munro Motors in Thames, mostly sells New Zealand-new vehicles as well as Japanese imports.

"It has been quite slow for six months. It's not an easy trade to be in, although new vehicles are selling well. But then new dealers are struggling to sell their trade-ins."

## Used Commercial Sales by Make - August 2018

| MAKE | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|
| Toyota | 603 | 520 | 16.0 | 49.3% | 3,663 | 44.7% |
| Nissan | 252 | 269 | -6.3 | 20.6% | 1,732 | 21.2% |
| Isuzu | 64 | 74 | -13.5 | 5.2% | 460 | 5.6% |
| Mazda | 56 | 60 | -6.7 | 4.6% | 480 | 5.9% |
| Hino | 38 | 33 | 15.2 | 3.1% | 276 | 3.4% |
| Ford | 37 | 52 | -28.8 | 3.0% | 326 | 4.0% |
| Mitsubishi | 36 | 45 | -20.0 | 2.9% | 282 | 3.4% |
| Holden | 29 | 17 | 70.6 | 2.4% | 159 | 1.9% |
| Chevrolet | 21 | 21 | 0.0 | 1.7% | 146 | 1.8% |
| Daihatsu | 12 | 2 | 500.0 | 1.0% | 49 | 0.6% |
| Suzuki | 9 | 4 | 125.0 | 0.7% | 38 | 0.5% |
| Fiat | 7 | 5 | 40.0 | 0.6% | 140 | 1.7% |
| Mercedes-Benz | 7 | 4 | 75.0 | 0.6% | 53 | 0.6% |
| Gmc | 6 | 5 | 20.0 | 0.5% | 35 | 0.4% |
| Volkswagen | 6 | 8 | -25.0 | 0.5% | 38 | 0.5% |
| Dodge | 5 | 6 | -16.7 | 0.4% | 47 | 0.6% |
| Scania | 5 | 1 | 400.0 | 0.4% | 11 | 0.1% |
| Factory Built | 3 | 1 | 200.0 | 0.2% | 10 | 0.1% |
| Kenworth | 3 | 1 | 200.0 | 0.2% | 16 | 0.2% |
| Mitsubishi Fuso | 3 | 2 | 50.0 | 0.2% | 31 | 0.4% |
| Others | 22 | 18 | 22.2 | 1.8% | 194 | 2.4% |
| **Total** | **1,224** | **1,148** | **6.6** | **100.0%** | **8,186** | **100.0%** |

## Used Commercial Sales by Model - August 2018

| MAKE | MODEL | AUG'18 | AUG'17 | +/- % | AUG'18 MKT SHARE | 2018 YEAR TO DATE | 2018 MKT SHARE |
|---|---|---|---|---|---|---|---|
| Toyota | Hiace | 472 | 399 | 18.3 | 38.6% | 2,806 | 34.3% |
| Nissan | Caravan | 78 | 85 | -8.2 | 6.4% | 544 | 6.6% |
| Nissan | Nv200 | 53 | 40 | 32.5 | 4.3% | 355 | 4.3% |
| Toyota | Regius | 43 | 46 | -6.5 | 3.5% | 275 | 3.4% |
| Mazda | Bongo | 39 | 47 | -17.0 | 3.2% | 386 | 4.7% |
| Toyota | Dyna | 39 | 25 | 56.0 | 3.2% | 271 | 3.3% |
| Isuzu | Elf | 37 | 34 | 8.8 | 3.0% | 270 | 3.3% |
| Nissan | NV350 | 35 | 31 | 12.9 | 2.9% | 251 | 3.1% |
| Nissan | Vanette | 34 | 33 | 3.0 | 2.8% | 213 | 2.6% |
| Toyota | Toyoace | 25 | 21 | 19.0 | 2.0% | 137 | 1.7% |
| Nissan | Atlas | 21 | 34 | -38.2 | 1.7% | 172 | 2.1% |
| Hino | Ranger | 19 | 12 | 58.3 | 1.6% | 119 | 1.5% |
| Holden | Colorado | 15 | 8 | 87.5 | 1.2% | 62 | 0.8% |
| Ford | Ranger | 15 | 22 | -31.8 | 1.2% | 119 | 1.5% |
| Mitsubishi | Canter | 13 | 14 | -7.1 | 1.1% | 126 | 1.5% |
| Hino | Dutro | 13 | 13 | 0.0 | 1.1% | 118 | 1.4% |
| Toyota | Hilux | 13 | 13 | 0.0 | 1.1% | 95 | 1.2% |
| Daihatsu | Hijet | 12 | 2 | 500.0 | 1.0% | 47 | 0.6% |
| Nissan | Navara | 12 | 22 | -45.5 | 1.0% | 74 | 0.9% |
| Mitsubishi | Triton | 11 | 8 | 37.5 | 0.9% | 60 | 0.7% |
| Others | | 225 | 239 | -5.9 | 18.4% | 1,686 | 20.6% |
| **Total** | | **1,224** | **1,148** | **6.6** | **100.0%** | **8,186** | **100.0%** |

# Nine months and climbing

Dealer stock of new cars just keeps rising – hitting a new record of nine months' worth of unregistered vehicles on yards or in storage while sales have remained steady.

There were 11,202 new passenger vehicles imported during August. This was up by 5.7 per cent on the same month of last year when 10,599 units crossed the border, but was down against July by 2.6 per cent.

Registrations of new cars last month held steady on 8,639 units, which almost matched sales in the same month of last year – up by only 33 units or 0.4 per cent. However, registrations were up a healthy 7.5 per cent, or 599 units, against July.

When taking into account August's new car import total minus registrations, there was a variance of 2,563 units for a further increase of stock on-hand to 82,070 units and a new stock record. That total means there are now 274 days of stock on-hand or nine months' worth if sales continue at the same rate.

August's daily average sales remained consistent at 299 – four days higher than the same month of last year.

Year to date, 80,659 new cars have entered the country, while 69,790 have been registered for a variance of 10,869.

John Hutchinson, dealer principal at Team Hutchinson Ford in Christchurch, describes August as a good month for the franchise.

"Winter has had its challenges, but business has been good," he says. "It's not been at the peak level it was, but it's still sound with good volumes. It is competitive and always has been, and we fight hard for every deal."

Hutchinson says a lot of new models are coming – such as the Raptor, Focus and Ranger – with a lot of run-out activity, which is always good for business when clearing the decks to make way for them.

"We are quite happy with our stock levels," he adds. "Silver, grey and white still seem to be popular colour choices. There has been a resurgence in Mustang enquiries. We sold three used Mustangs in seven days.

"These cars are such good value for money and many people aspire to owning one. They understand the history of the vehicle, but don't want to drive an old 1965 Mustang that may not start when they come to use it. Then this car came out in 2016.

"It is affordable and now there's enough used cars coming through to make it more affordable, so we're seeing another wave of buyers. I don't think we've ever sold one to someone who wears a tie to work."

As for the rest of the year, Hutchison believes the market has come off its peak, but it's still running at a high level.

"It's only dropped slightly back to a new normal level, which is still incredibly high," he told Autofile. "I think it will remain at this level for some time.

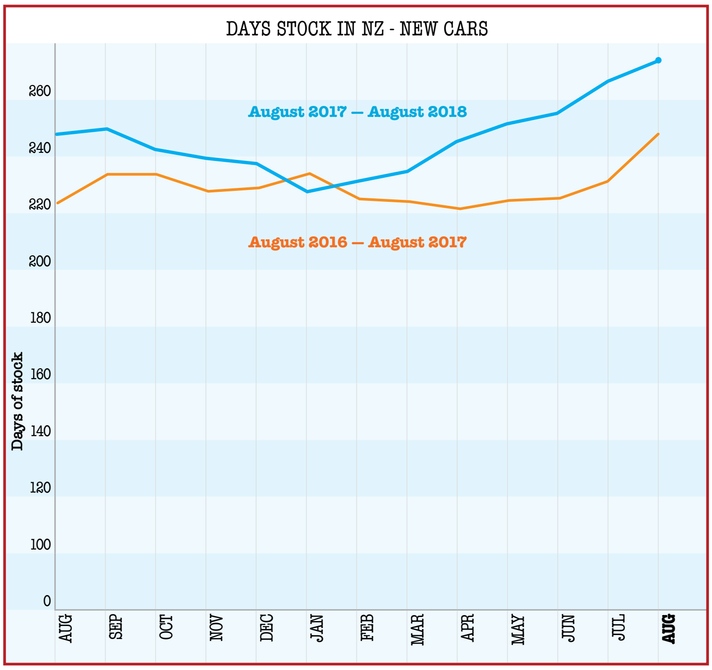
"There's talk about a lack of business confidence, but I don't know if that's real or perceived because the fundamentals are still really good.

"Business hates uncertainty. I think the more people talk about a lack of confidence, the more likely it will happen.

"However, we're seeing people who haven't been into the dealership for a long time wanting to update their vehicles. This means there's a lot of underlying confidence out there."

## Dealer stock of new cars in New Zealand

| | CAR SALES | | VARIANCE | STOCK | DAILY SALES - 12-MONTH AVERAGE | DAYS STOCK AT HAND |
|---|---|---|---|---|---|---|
| | IMPORTED | REGISTERED | | | | |
| 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 | 8,086 | 10,798 | -2,712 | 68,489 | 299 | 229 |
| Feb '18 | 7,281 | 7,415 | -134 | 68,355 | 298 | 230 |
| Mar '18 | 9,954 | 9,050 | 904 | 69,259 | 297 | 233 |
| Apr '18 | 10,268 | 6,848 | 3,420 | 72,679 | 297 | 245 |
| May '18 | 12,102 | 9,275 | 2,827 | 75,506 | 299 | 252 |
| Jun '18 | 10,263 | 9,725 | 538 | 76,044 | 298 | 255 |
| Jul '18 | 11,503 | 8,040 | 3,463 | 79,507 | 299 | 266 |
| **Aug '18** | **11,202** | **8,639** | **2,563** | **82,070** | **299** | **274** |
| **Year to date** | **80,659** | **69,790** | **10,869** | | | |
| **Change on last month** | **-2.6%** | **7.5%** | | **3.2%** | | |
| **Change on August 2017** | **5.7%** MORE IMPORTED | **0.4%** MORE SOLD | | **11.0%** MORE STOCK | | |



# 'No control' over stink-bug issues

The owner of a used-vehicle dealership isn't too worried about the high-risk period for brown marmorated stink bugs (BMSBs), which started on September 1 – and sees the insects congregate and seek over-wintering hideouts, such as in vehicles from Japan.

Karl Mirbach, owner of Cordion Motors in Mount Wellington, Auckland, says his business was impacted during the stink-bug crisis earlier this year when ships discovered to be infested with the critters were turned away from New Zealand.

"The delay in vehicles arriving has an impact on the stock you have on the yard and the number of cars you can sell because you are understocked while waiting for more to come through," he told Autofile.

"It impacts on your monthly performance, but you know everyone else is in the same situation. You have no control over it, so you just have to roll with it.

"I can't imagine things going as bad as earlier this year during the stink-bug crisis. I'm sure they will be a lot better organised this time around."

As for last month's statistics, used car stock fell during August for the first time in the past five months.

A total of 10,334 used cars crossed the border last month, which was a decrease of 6.4 per cent on the previous month when 11,046 units came in. It was also down by 16.8 per cent compared to the same month of last year when 12,416 units were imported.

Year to date, 101,491 used cars have come into New Zealand and 101,787 units have been registered resulting in a variance decrease in vehicles of 296.

Stock on-hand hit a peak of 40,141 units in June but it now sits at 34,306 – a 3.1 per cent decrease on the same month of last year and down by 8.1 per cent on July.

August's daily sales averaged 434, down by four days on July and also down by five days on the same month of last year.

Stock on-hand sits at 79 days or 2.8 months – falling by two days from 81 days in August 2017.

John Hutchinson, of Team Hutchinson Ford in Christchurch, says August was much better for sales of used cars than in the past couple of months.

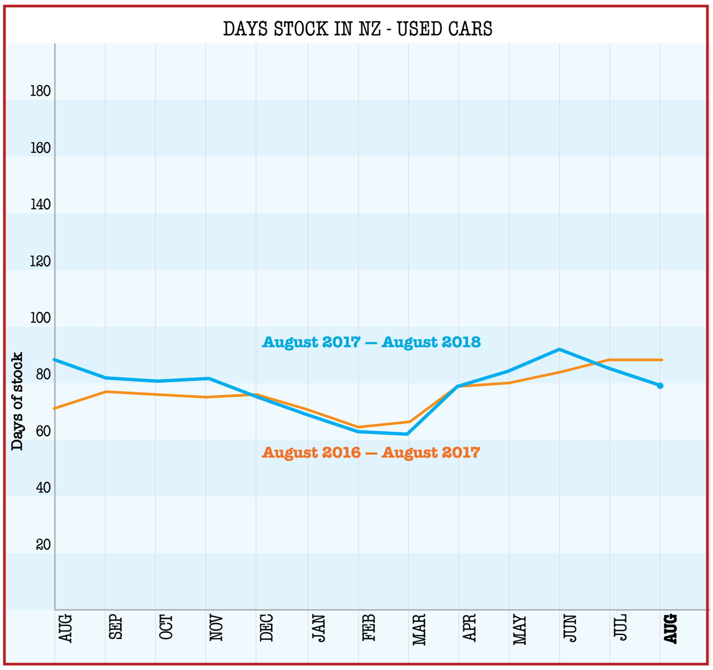
"I can't explain why, but near the end of the month the numbers looked good, so we're happy," he says.

"There are a lot of aspirations around buying imported European cars. There are buyers who have always wanted to own a BMW. They can buy late-model cars for $20,000 that look like $50,000 vehicles. We're lucky in New Zealand because we have so much choice when it comes to purchasing a car."

With the BMSB season upon us, Gareth Karrasch, of AutoBiz in South Auckland, says the biosecurity crisis earlier this year didn't directly impact on him.

He says it brought more dealers into New Zealand auctions and "that pushed up the prices and it impacted us in that way", so that may become an issue going forward if a similar crisis occurs.

As for the Takata airbag recalls, he adds: "I think the cheaper Nissan Tiidas are affected and some of its SUVs. A lot of these vehicles have been imported."




## Dealer stock of used cars in New Zealand

| | CAR SALES IMPORTED | CAR SALES REGISTERED | VARIANCE | STOCK | DAILY SALES - 12-MONTH AVERAGE | DAYS STOCK AT HAND |
|---|---|---|---|---|---|---|
| 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 | 10,479 | 13,719 | -3,240 | 31,362 | 456 | 69 |
| Feb '18 | 7,686 | 12,048 | -4,362 | 27,000 | 455 | 59 |
| Mar '18 | 10,772 | 11,841 | -1,069 | 25,931 | 448 | 58 |
| Apr '18 | 19,438 | 10,893 | 8,545 | 34,476 | 444 | 78 |
| May '18 | 15,464 | 13,420 | 2,044 | 36,520 | 441 | 83 |
| Jun '18 | 16,272 | 12,651 | 3,621 | 40,141 | 439 | 91 |
| Jul '18 | 11,046 | 13,847 | -2,801 | 37,340 | 438 | 85 |
| **Aug '18** | **10,334** | **13,368** | **-3,034** | **34,306** | **434** | **79** |
| **Year to date** | **101,491** | **101,787** | **(296)** | | | |
| **Change on last month** | **-6.4%** | **-3.5%** | | **-8.1%** | | |
| **Change on August 2017** | **-16.8%** LESS IMPORTED | **-7.7%** LESS SOLD | | **-3.1%** LESS STOCK | | |