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Groundhog Day for law on loan sharks

The finance and automotive sectors face their second upheaval in five years as government overhauls legislation

Extra and tougher enforcement of the so-called loan-shark laws is needed to get rid of bottom-feeders preying on vulnerable borrowers – not more regulation of responsible lenders, including those in the automotive industry.

That's the view of the Financial Services Federation (FSF) on the latest review of the Credit Contracts and Consumer Finance Act (CCCFA).

It warns regulatory burdens and higher overheads will be placed on FSF members and car dealers,



Lyn McMorran,
executive director
of the FSF

although it's too early in the process to quantify this until the first draft of the bill is published.

In what's being described by many as a legislative Groundhog Day – the previous overhaul of

the act came into force in 2015 – a raft of changes is slated for 2020 because the previous government failed to go "far enough" to protect borrowers says Kris Faafoi, Minister of Commerce and Consumer Affairs.

Once again, responsible finance companies, marques providing branded financial services, motor-vehicle traders and dealers offering their own financial products will be affected because they will have to comply with legislation aimed at tackling loan sharks, high-interest pay-day lenders and mobile traders.

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Supply
chain
under
scrutiny

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Dealer's
electric car
guide



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Stink-bug 'risk' countries identified

A shipping company will no longer load cargo at ports in China or South Korea without evidence of an official "required clean status" because it believes brown marmorated stink bugs (BMSBs) may have infested a vessel during loading in one of these two countries – probably China.

The decision has been made

by Armacup after stink bugs were found on-board its Triumph roll-on, roll-off vessel in Brisbane while it was en-route to Auckland via other Australian ports on voyage number 1820.

The ship had been loaded with new vehicles in China and South Korea. It then received used and new vehicles at Japanese ports.

All cargo taken on in Japan had been heat-treated or had gone through Ministry for Primary Industries (MPI) approved pathways in that country before being taken on-board.

However, Armacup points out neither the Department of Agriculture and Water Resources (DAWR) in Australia, nor the MPI

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GUEST EDITORIAL

Magazine now boasts sustainable products

Brian McCutcheon explains how subtle changes at Autofile can make a difference

With an increased spotlight on the environmental impact of what we do each day, Autofile is making a conscious effort to reduce its carbon footprint.

Each month we send out about 1,600 magazines and we're keen to be treading lighter on the planet. To that end, we discovered a print supply company that has an environmental accreditation and was willing to look into helping us achieve this goal while still producing a quality product.

Long story short, Dunedin-based Southern Colour Print has printed two issues of Autofile, October's and this one, and we're delighted with the results.

Sometimes it's the more subtle changes that can make a difference, even if we don't notice them much. Visually, the "silk" paper Autofile is now printed on results in an easier read with less glare. The colours on photographs and adverts are enhanced, while the paper stock is "whiter" in appearance. Overall, we think it's a more professional look.

The paper itself boasts high environmental acumen by having chain-of-custody certification as determined by the Forest Stewardship Council (FSC), which is an international, non-profit organisation promoting responsible management of the world's forests.

Chain-of-custody certification traces the path of products from forests through the supply chain verifying that FSC-certified



BRIAN MCCUTCHEON
Director, Autofile

material is identified or kept separated from non-certified material.

Companies in the supply chain – such as harvesters, processors, manufacturers, distributors, printers or any owners before end users – have to

be audited to label or promote products as FSC-certified. Autofile is now able to use the FSC logo.

But what about the plastic bag your copy of Autofile arrives in? With the help of Southern Colour Print, which has run trials on our behalf, we are now using a product called EcoPure. Ordinary plastics are biodegradable, but can take a long time to do so because of their strong molecular structure.

Essentially, EcoPure is an additive that accelerates the natural biodegradation of commodity types of plastic through chemical and biological processes when disposed of in microbe-rich environments, such as landfills. It allows the plastic to be consumed by microbes.

The upshot of all this is we are sleeping a little easier knowing we're doing a bit more to minimise our impact on the planet. We hope you are enjoying the read, just a bit more.

In terms of content, we're always trying to deliver a balanced view of what's important in our industry and bringing you news through the eyes of those involved most. We value your support, so keep reading and feel free to contact us if there's something on your mind. ☺

autofile

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The FSF says there will be extra costs incurred to implement and roll out systems, and training for car dealers, who are essentially agents for finance providers. This, and the disruption to business operations and models, could also have the unintended consequence of increasing the cost of lending and, therefore, consumer spending. While backing some proposals, it opposes others and describes the review as “largely unnecessary”.

“The minister is concerned that, even after the last review, vulnerable consumers are still being preyed on and ending up in debt they can’t get out of,” says Lyn McMorran, the FSF’s executive director. “We share his concerns, but believe the answer lies with better enforcement of the law and not a legislative review.”

“Enforcement needs to be swifter, more effective and more visible to provide a real message to predatory lenders that their behaviour is against the law, unacceptable and they will be put



Kris Faafoi addresses the FSF's conference in Auckland last month. Visit www.autofile.co.nz for a Q&A with the minister

out of business if it continues.

“Overall, processing loans will take longer because of the review, not just for FSF members but car dealers as well, whose margins are likely to be hit.

“They will have to undergo more training, do more record keeping and introduce system changes in regards to affordability and assessment of loans, but they aren’t the problem – pay-day lenders and mobile traders are.

“As an example, the Commerce Commission stated at our conference in October that three months of

applicants’ bank statements may not be enough, and responsible lenders may need to go into people’s spending and cash withdrawals.

“Requirements could get ridiculous if the credit process involves a lot more digging and verification. It will slow access to credit and make it more intrusive.”

The government’s proposals include ending usury – the practice of lending money at unreasonably high rates of interest – by capping what high-cost lenders can make to 100 per cent of the principal, including fees. This will make it hard, for example, for short-term and pay-day lenders to roll over loans meant to be paid back after two weeks, again and again.

The move is designed to avoid cases such as one woman Faafoi knows as having a \$500 loan blow out to more than \$3,000, he told delegates at the FSF’s conference. It’s this sort of irresponsible lending the new regulations will aim to stamp out.

Then there’s stopping plausible deniability, that’s to say ending the legal right of lenders to rely on information provided by borrowers about income and expenditure.

Faafoi says this provision had been “abused” by some lower-tier lenders, which know loans to desperate borrowers are unsustainable. It means providers will have to verify consumers’ incomings and outgoings, which could slow applications and make it more costly to write loans.

The government believes it’s a hard and long process for the Commerce Commission to investigate and prosecute irresponsible lenders breaking the law, so its solution is to get lenders to gather evidence for it.

FSF members already carry out due diligence and follow the responsible lending principles and code, which resulted from the previous review, with McMorran saying 99 per cent of lending by its members is provided and paid back responsibly.

However, Faafoi wants lenders to document all loans, including affordability assessments for each one. These will have to be produced on demand by the regulator or borrower to challenge bad lending decisions. The commission will also be able to demand lenders prove fees are reasonable.

Another strand is fit and proper tests for directors and executives, and ensuring companies comply with the lending code and CCCFA. The effect will be that individuals failing to comply will be kicked out of the industry, which the FSF supports. ▶

Lender principles

The Financial Services Federation is “particularly unhappy” about Kris Faafoi’s proposal to remove lender responsibility principle 9c(7) from the loan-shark laws. This says financiers may rely on information provided by borrowers unless they have reasonable grounds to believe it’s unreliable.

Lyn McMorran, executive director, says: “A credit contract is an agreement between the lender and borrower, and each party has obligations to the other. Consumers should be have an obligation to provide accurate information otherwise all obligations under the proposed changes fall on lenders.

“For our members, most lending is repaid on time, within term and without any issue. We believe that shows it’s appropriate for them to rely on information provided by the borrower.”

She describes expecting further prescriptive verification because section 9c(7) is to be removed as “unhelpful or unacceptable to either party”.

“The ability should remain for lenders to rely on what’s stated by consumers. Otherwise we’re virtually saying we don’t believe information being provided by all borrowers, which is unreasonable.”

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◀ When it comes to enforcement, the FSF accepts the commission has done some good work recently, “but the process seems to be clunky and takes too long, so the message isn’t getting out there that it will be punished”.

McMorran adds: “It’s already against the law to lend to someone who cannot meet repayments without suffering substantial hardship, so if this is still happening – and we believe it is from a small minority of lenders – the law should be enforced and penalties applied.”

“For that reason, we didn’t support much of what was in the discussion paper and don’t support many proposed changes because those who do the most harm should be prosecuted.”

“FSF members take compliance and ethical obligations seriously. For them, lending to people who cannot afford to make repayments wouldn’t be a sustainable business model let alone responsible, but when lenders are charging very high interest rates – such as 500 or 830 per cent per annum quoted lately – the loan’s ongoing nature becomes more important than having the principal repaid.”

On that basis, the FSF has some support for the interest-rate cap option proposed when interest and fees on “high-cost loans” is limited to 100 per cent of the total borrowed. The issue is defining “high cost”.

The minister’s view is this will be similar to the definition in the responsible lending code of “when the annual interest rate, expressed in terms of a percentage, is 50 per cent or greater”. The FSF backs this, but argues current laws are being inadequately policed.

Changes not supported by the FSF include mandatory minimum standards for assessing affordability and suitability of loans.

“Responsible lenders don’t lend to borrowers who cannot afford to repay. We aren’t in favour of further prescription with regard to affordability assessments because it’s the lenders’ prerogative to set criteria in accordance with their appetite for risk and business models for taking security.”

“Bank statements and other documents going back three

months are already being checked, so we’re wondering what further inquiries will have to be made. We can’t be the morality police as to what people spend money on, such as alcohol.”

“As long as consumers can prove they can repay their loans, that’s the real concern. This could all be a case of taking a sledgehammer to crack a walnut when it’s the loan sharks that need sorting out – not responsible lenders.”

FSF members also don’t offer products unsuitable to meet consumers’ objectives. Most are involved in providing credit to buy or lease cars, so there’s no need for further assessment of “suitability” to meet borrowers’ goals. The upshot is objectives and further prescription will cause extra and unnecessary compliance costs. There will also be delays to people wanting access to credit to finance vehicle purchases with knock-on effects for car dealers.

McMorran says it should be noted FSF credit-provider members don’t have high levels of arrears, which suggests current practices work – for their businesses and customers.

One development from the previous CCCFA review was the responsible lending code. That will not be binding under Faafoi’s proposals, but some existing responsible practices will be prescribed. In effect, lenders can comply with responsibility principles in different ways, although evidence of compliance with the code will be treated as evidence of complying with these principles. On this basis, the code provides good guidance to lenders as to how they might do this, so it’s helpful for lenders to meet those obligations.

The proposals include rules about disclosure and advertising. If finance providers advertise credit

products in a certain language, they will also have to provide disclosure documents in that same language with other key elements of the responsible lending code’s guidelines for advertising being made binding.

“We would support this,” says McMorran. “It’s something the code says ‘should be done’, so lenders would need strong reasons why they weren’t complying already.”

IRRESPONSIBLE PRACTICES

The government’s plans for the CCCFA were unveiled on the morning of the FSF’s conference on October 10 and, as a result, Faafoi’s speech was delayed.

“Following dozens of stakeholder interviews, 86 submissions and feedback at community events, the review confirmed Kiwis are still provided with loans that are unaffordable or unsuitable,” he told delegates.

“This leads to unmanageable debt, which can have serious impacts on health and families. We will not sit by while vulnerable consumers fall into even deeper hardship as a result of predatory and irresponsible lending.”

“However, I also hear FSF members and other lenders when you say consumer credit is an essential part of our economy. Problems are confined to a small

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It wasn't all shop talk – delegates enjoying the gala dinner. Turn to page 27 for award winners on the night

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proportion of lending, and there needs to be more enforcement and monitoring. This is why changes are targeted at irresponsible practices causing significant harm. It's also why I will be working to ensure there will be more resources for enforcement."

Fafoi outlined concerns about high-cost loans that accrue interest and fees indefinitely, phoenix lenders and mobile traders, and the fit and proper person test prior to registration on the financial services providers' register.

"This is similar to an existing requirement for senior bank personnel, and will assess character and capability. [These] tests will also apply to mobile traders, even those not technically 'creditors' for purposes of the CCCFA."

Grounds for courts to consider banning managers or directors from the industry will be broadened, and penalties increased up to \$600,000 for non-compliance.

He has dismissed calls for the responsible lending code to be mandatory because this would



be too prescriptive, but insisted concerns about inadequate assessments, advertising and disclosure at the start of debt collection would be addressed.

"To enable effective and timely enforcement, we will make basic requirements in these areas binding to prescribe existing responsible practices, [thereby] increasing certainty and enabling enforcement to be more straightforward. My officials have been instructed to consult closely with the FSF, its members and the sector on details of requirements, which will be set out in regulation."

Fafoi said he didn't take the decision lightly to remove the

presumption in section 9c(7) of the CCCFA that the lender could rely on information from the borrower and recognised the FSF didn't support it.

"This provision has been abused by some lenders to ignore income and expenses of borrowers, and grant unaffordable loans. Responsible lenders that already carry out due diligence in relation to key information and the suitability of the product shouldn't be affected."

"However, if additional guidance in relation to the updated section 9c would be helpful to mitigate unintended consequences, the MBIE will work with the sector and responsible lending code advisory group to ensure this is developed."

Fafoi acknowledged FSF concerns about resources for the Commerce Commission. "I will be seeking increased funding for enforcement, monitoring and advocacy. As you have pointed out, this is essential to ensure the CCCFA is effective in practice."

"I will be working with colleagues as part of the budget process to seek increased resources so we can better ensure lenders that break the law are detected and stopped."

He added that in the lead-up to the financial inclusion industry forum in July and since then, McMorran had shown "incredible leadership" spearheading ways to ensure vulnerable families can access safe, roadworthy vehicles and finance for them.

"Cars are essential for many families to get to work, education and doctor's appointments. For families in hardship, a car is often the single biggest purchase a family might make."

Full details of government decisions on the review are on the MBIE's website. "My hope is the simplest changes may come into effect from 2020 or sooner," stressed Fafoi. "For more complex

Timely action needed

The Financial Services Federation agrees with Kris Faafoi that the Commerce Commission should be doing more enforcement work.

"Our members believe it should be targeted on areas where most harm is caused to consumers – from high-cost, short-term lending or mobile traders," says Lyn McMorran, executive director.

"A review of the process from uncovering a CCCFA breach to prosecution, punishment and redress is needed so time taken and consumer harm is reduced. Enforcement takes too long to be seen as effective."

A draft of Faafoi's bill is likely to be released by end of 2018, presumably for response over the holiday period. It will be referred to a select committee with further submissions made before being passed by the fourth quarter of 2019 presumably with a lead time to become compliant.

changes, especially fit and proper person requirements, we will allow a longer lead time."

ENFORCEMENT THE KEY

The FSF describes Faafoi's timeframe for changes to the CCCFA as "doable", but warns the devil for lenders will be in the detail.

"If not previously answered, there will be direct consequences on FSF members, those operating in automotive lending and the automotive industry itself," warns McMorran.

"For example, our members in the motor-vehicle sector will be required to comply, even though they aren't the problem. Ease of access to credit will be impacted by more prescriptive requirements because the cost of credit may rise as compliance costs increase."

Autofile put it to McMorran those in the finance and automotive industries may view proposed changes to the CCCFA as a bit like Groundhog Day, may question if changing laws is as efficient as getting existing legislation to work and could well wonder why all of this wasn't done in first place.

"We would agree and we're back on the treadmill," she says. "The most efficient way to protect vulnerable consumers at the hands of predatory lenders is to enforce legislation rather than rewriting the act." ☺



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have mandatory measures in place for cargo from China and South Korea, while the DAWR also has no statutory requirements for cargo from Japan.

The biosecurity approach taken by the authorities in relation to South Korea and China has been continuously questioned by Armacup since problems with BMSBs emerged in cargo from Japan earlier this year.

The company stresses requirements to comply with import regulations rest with importers, but shippers are being left to deal with consequences for this failing to happen because cargo is basically contaminated prior to loading.

Armacup applies a fogging process at sea on all its vessels while also ensuring cargo originating from Japan to destinations not requiring pre-loading measures are heat-treated when it comes to used vehicles and machinery – and that new vehicles comply with the applicable MPI-approved pathway.

“These voluntarily, additionally implemented measures have proven to be insufficient,” says the company in a statement. “To avoid a repeat of the Japan stink-bug problem and ensure no contaminated cargo will be loaded onto our vessels and cross-contaminate ‘clean cargo’, Armacup will not load any cargo without evidence of a required clean status.



Armacup's roll-on, roll-off vessel Triumph

“We urge all importers of cargo ex-China and South Korea to ensure cargoes are heat-treated or follow a pathway approved by Australian and New Zealand authorities prior to loading at origin.”

Armacup will no longer load in China until it's 100 per cent sure vehicles are clean because “all signals currently point towards China as the cause of contamination on the Triumph”. The BMSB is also native to South Korea.

“It's extremely plausible South Korea will also have a stink-bug problem in the very near future, if it doesn't have one already. Armacup will work closely with affected customers towards a sustainable supply chain going forward.”

Meanwhile, the Triumph was still at anchor in Brisbane as Autofile went to print pending the outcome of discussions between Armacup and the DAWR for “a reasonable and workable solution to remove potential biosecurity risks caused by

cargo loaded in North Asia”.

“Once these discussions are concluded, we will be in a better position to provide updates of vessel and cargo status,” adds Armacup.

“Information was circulated by various parties that more than 100 live stink bugs were found on the vessel. This isn't correct. After ‘py-fogging’, only two live bugs were identified and 76 dead bugs of different kinds. It's not possible to identify what cargoes are contaminated.

“All Japan cargo on-board the vessel has been heat-treated or gone through a MPI-approved pathway. The stink bugs found on this vessel can, therefore, only originate from China and or South Korea.

“The DAWR hasn't been able to identify the cargo source responsible. Stink bugs are native to both countries, and it's therefore plausible both South Korean and Chinese-origin cargoes are contaminated.”

AUSTRALIAN PERSPECTIVE

Ports of Brisbane issued a directive on November 1 that the vessel Triumph had to return to anchorage until a plan was submitted to the Department of Agriculture and Water Resources (DAWR) and approved by its operational science division, as reported by Autofile Online.

Bugs were detected during a routine inspection at Ports of Brisbane, and the discovery was made when the roll-on, roll-off vessel berthed in Australia on October 31 and started discharging its cargo.

A DAWR inspector found “a number of suspected BMSBs”, after which ship operations were ceased pending further inspection and advice from entomology experts.

Biosecurity officers went back on-board after the vessel received a “hot py-fog” treatment. This is similar to pyrethrum and was intended to aggravate any live

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◀ insects that might have been hiding to flush them out and assist with inspection activity.

Adam Cottle, port operations team leader, biosecurity operations division, confirms live specimens were found. "As a result, the cargo discharged required a mandatory BMSB-approved treatment – methyl-bromide fumigation, sulfuryl fluoride fumigation or heat treatment on the wharf of discharge.

"Directions have been issued for all cargo that was discharged and treatment was required to be undertaken as soon as possible". Cargo still on-board would not be permitted to discharge until the vessel and cargo had undergone a "similar accepted treatment."

THREATS FROM COUNTRIES

Autofile put a number of questions to the MPI in relation to China and South Korea being considered as specific possible threats when it comes to BMSBs.

The MPI says it has assessed the stink-bug risk and is aware of BMSB interceptions on cargo from many countries where BMSBs exist.

"To date, the assessed risk – including known interceptions from China and Korea – haven't been at a level the MPI considers warrants regulatory changes for these countries," says a spokesman. "The MPI is actively monitoring the situation and will make regulatory changes when considered necessary."

The MPI acknowledges there's always some level of risk of BMSB and other pests from any country where regulated pests exist, but believes existing border controls are sufficient to mitigate this risk at this stage.

"As per the import health standard [IHS], importers of vehicles – new and used – from all countries must meet the outcome of the IHS by ensuring vehicles are clean and free of regulated pests on arrival in New Zealand.

"MPI quarantine officers verify the compliance of goods and craft arriving at the border. Essentially, vessels from China undergo surveillance and inspection similar to what do we do for those arriving

from Japan. The main difference is there are no specific treatment and cleaning requirements for vehicles arriving from China."

This also applies to vehicles from South Korea. In accordance with international obligations and the Biosecurity Act, any import requirements must be warranted and technically justifiable. The MPI stresses there are no political, trade or practical reasons for systems to be in place for vehicles imported from China.

It adds IHS requirements and verification at New Zealand's border include managing known regulated pests from these two countries. "Until proven otherwise, the MPI considers existing IHS measures adequately manage the risk of BMSB from these countries. The MPI uses verification and compliance data to monitor the effectiveness of its measures."

It did say that when the Triumph arrives at Auckland, Biosecurity NZ will assess the risk level and take appropriate action.

"If the vessel enters New Zealand waters and Biosecurity NZ officers determine it's infested with stink bugs, it will likely be prevented from discharging its cargo and directed to leave," says a spokesman, adding the same requirements will apply to all other vessels.

"Our officers are on high alert for stink bugs during the summer season. This is when they are most likely to hide in cargo heading to New Zealand.

"We haven't found any live stink bugs on arriving vessels so far this season, which indicates our new treatment requirements are working. There has been a small amount of dead bugs intercepted.

"We have previously announced our intention to take tough action against cargo vessels believed to be infested with the BMSB. The shipping industry needs to be aware biosecurity rules have changed this season. It's now compulsory for certain types of cargo, such as vehicles and machinery from some countries, to be treated before arrival to remove the risk of hitch-hiking stink bugs." ☺



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Supply chain under scrutiny

The NZTA says it's concerned about possible conflicts of interest (Col) across the supply chain of used imports and will be reviewing policies for service providers, especially in the vehicle-inspection space.

The government agency has issued the statement after issues were drawn to its attention about JEVIC NZ and VINZ, which are part of the Japan-based Optimus Group.

Official documents show formal warnings were issued to VINZ and JEVIC NZ in August last year over potential Col issues after their ownership changed. The warnings were accepted by both companies.

Fergus Gammie, chief executive of the NZTA, says the agency's board has agreed Col policies need to change and has charged his management team with

implementing a new approach. He describes conflicts as "unacceptable in modern business practice".

"Issues relating to JEVIC and VINZ are serious, [and are] reflected in formal warnings issued in August," he told Autofile. "The agency continues to monitor the situation. It is carrying out a thorough review of policies relating to conflicts of interest to establish what changes are required to prevent similar situations."

Gordon Shaw, chief executive officer of VINZ, says correspondence between the NZTA and VINZ and JEVIC NZ shows the agency has fully reviewed all relevant information and made an appropriate determination.

"The agency stated it was satisfied no actual conflict of interest arose, outcomes of inspections were never improperly



"The NZTA is carrying out a thorough review of policies relating to conflicts of interest to establish what changes are required to prevent similar situations"

– Fergus Gammie

"The inspection companies can demonstrate effective management of conflicts of interest with data in the form of comparative rates of completion of inspection and rejection of vehicles together with reasons, documentation of meetings and contacts by external parties with inspectorate staff, and an independent external review."

The issue has come to light following a press released issue on October 25 by Catalyst Communication Consulting acting for a "group of industry members involved in aspects of the vehicle-importing industry". This has been supplied to Autofile by the NZTA.

The group is unsurprised by NZTA admissions it had been "lax in enforcing compliance with regulatory requirements". It claims it has been liaising with the agency for more than a year in relation to a "conflict of interest" in the supply chain.

The group's statement continues: "This issue raises concerns about the safety of vehicles imported." It claims to have originally identified the issue in August 2017.

"The conflict involves companies under the umbrella of one entity, Optimus, which is listed on the Tokyo Stock Exchange. Multi-layer conflicts are obvious.

"The group was concerned by revelations, confirmed in correspondence from the NZTA, that rules governing JEVIC and VINZ to carry out border certifications and inspections required them to immediately report any changes in ownership.

"The group understands when the agency was told about the deal in May 2016, it rubber-stamped it. When the group of industry members found out about the Optimus deal in August 2017, it raised concerns. The NZTA failed to address the issue.

"Only now, more than a year after initial concerns were raised, the agency has advised the group it has written to JEVIC and VINZ

influenced and public safety never compromised," he says.

"VINZ and JEVIC NZ are part of the inspection division of the Optimus Group. We inspect vehicles, neither imports cars. We're independent operationally and in governance from other companies in the group."

Shaw says while risk-management procedures are commercially sensitive, as part of VINZ's and JEVIC NZ's appointments, they have Col management plans.

"VINZ and JEVIC have adopted policies, which have been incorporated into staff codes of conduct and employment agreements, which include confidentiality requirements and make it incumbent on staff to report attempts or perceived attempts to influence an inspection.

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◀ advising they breached rules. The NZTA has sent [them] warning letters, but declined to take proper enforcement action."

THE PAPER TRIAL

Letters supplied to Autofile by the NZTA record work between the agency and JEVIC NZ and VINZ on issues involving company ownership, the supply chain and vehicle inspections. Edited versions follow.

MAY 19, 2016

Chris Taylor, principal adviser of service supply management, wrote to VINZ after it informed the NZTA about its change of ownership.

"The agency has looked at legal aspects of contracts and appointments, and how the proposal fits in with our policy for managing the integrity of vehicle inspections," he said. "Given changes to ownership of organisations not in control of VINZ, it neither conflicts with policy nor creates legal risk.

"However, a document showing the Optimus Group's structure highlights several companies may have an interest in the outcome of inspection. This creates the possibility of a conflict of interest [Col]. In addition, there's a risk the change will create a Col.

"We accept Col policies adopted by VINZ and JEVIC NZ, and the ISO accreditation of JEVIC Japan and JEVIC NZ as independent testing organisations."

However, minor changes were deemed necessary to VINZ's service delivery agreement and notice of appointment on

ownership and audit matters. A meeting with VINZ and JEVIC NZ was requested.

MARCH 16, 2018

Charles Ronaldson, general manager of customer design and delivery, and Robert Brodnax, general manager of transport access delivery, wrote to VINZ and JEVIC NZ referring to May 2016's letter.

The NZTA had been advised its understanding might not have been correct, and both might have been under Optimus control since 2013. "The result is Optimus controls a number of organisations in the import/export and repair/servicing of Japanese vehicles."

A diagram appeared to suggest JEVIC had been a subsidiary of Nichibo Trading since 2001, and VINZ had been owned by Nichibo since JEVIC's takeover in 2013.

VINZ's deed required it to obtain consent before changing any beneficial ownership, and advise the agency about involvement in any financial interest or undertaking that had the potential to conflict its responsibilities.

JEVIC's notice stated it had to disclose any Col as soon as practical. Agency policy expected applicants to disclose any financial or professional interest in selling or importing vehicles, or repairing or modifying them.

"The agency previously discussed this with JEVIC and received the response Optimus didn't understand the concept of beneficial ownership, and didn't realise it had to disclose its ownership interest.

"The agency is entitled to require assurance any financial or professional interest... doesn't compromise inspection or certification standards, border-inspection services are kept separate from services relating to procuring and servicing vehicles, and there's separation between entry certification and other inspection, repair or maintenance activities.

"Policy states the entry certifier, including parent and subsidiary organisations, may not have ownership or financial interest in vehicles being entry certified unless they can demonstrate a transparent and robust system is in place to negate any [real or perceived] Col, and ensure accurate assessment of each vehicle."

MARCH 23, 2018

JEVIC NZ and VINZ replied: "The Optimus Group was incorporated on 9 January, 2015. Optimus didn't exist and wasn't able to enter into transactions before this date. Optimus purchased Nichibo Trading and JEVIC NZ in March 2015. Optimus purchased the holding company of JEVIC Japan in March 2015.

"VINZ was granted its deed for entry certification in July 2008. JEVIC NZ completed its takeover of VINZ on 27 February, 2013.

"JEVIC Japan wasn't a wholly owned subsidiary of Nichibo Trading Japan in 2013 when JEVIC NZ became the parent company of

[continued on page 12]

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IN BRIEF

Port profits up as light-vehicle volumes stay steady

Ports of Auckland Ltd has reported net profits after tax (NPAT) of \$76.8 million for the past financial year compared to \$60.3m for 2016/17. Underlying post-tax profits were \$59.2m, up from \$55m, while car and light commercial vehicle volumes rose by 0.1 per cent to 297,678 units.



"We're aware of uncertainty in the global economy and potential for a downturn from increasing protectionism," says chief executive Tony Gibson, pictured. "We're well-positioned to weather a downturn should one arise."

Meanwhile, Turners Automotive Group has reported a 33 per cent increase in NPAT to \$23.4m as revenue jumped by 32 per cent to \$330m. "We continue to set challenging growth targets, and have achieved and generally exceeded these over the past five years," states the company. "Financial year 2018 was no exception."

Teaming up to support hydrogen as potential tool

Japan and New Zealand signed a co-operation agreement to develop hydrogen technology as an alternative fuel in Tokyo on October 23.

Megan Woods, Energy and Resources Minister, says this is the first memorandum of its kind with Japan. "I consider hydrogen as a potential tool that will help assist us to reduce global emissions."

The partnership will allow the exchange of information to enhance hydrogen development. Woods adds: "New Zealand has an abundance of renewable energy that could be used to produce hydrogen as a next-generation fuel in a sustainable way."

Dr Linda Wright, chief executive of the NZ Hydrogen Association, believes the agreement will help deliver hydrogen infrastructure, and the "decarbonisation" of transport and industrial processes.

Arrest warrant promoted on television programme

Police in Auckland issued an arrest warrant for Richard Mark Wallace last month for three charges of obtaining by deception in relation to trailers advertised for sale in the city.

He is described as aged 69, 180cm tall and of solid build. Police say Wallace, pictured, has multiple aliases including George Auckland and Richard Worthington. He may be driving a black ute.



His case was featured on Police Ten 7. Phone 0800-107-4636 with information on his whereabouts. A spokesperson for Trade Me told Autofile: "Given his track record, Wallace remains on the radar of our trust and safety team."

Alleged fraudster may be using different name

Nigel Thompson, under investigation for alleged fraud as a car dealer, may have started a new company. He quit Nigel Thompson Motor Company in Christchurch before its new owners laid complaints with police, which have been denied.

Police have declined to comment on the case, but it's believed to be ongoing and he may be using John William Thompson as his name.

Thompson has been banned from Trade Me for breaching terms and conditions. Visit www.autofile.co.nz for more on this story. ☎

VINZ. In March 2015, Inspicere Ltd, a New Zealand company, became the shareholder of JEVIC NZ in New Zealand. The change was notified to the NZTA on 7 May, 2015.

"Optimus accepted the view of VINZ and JEVIC NZ the ultimate parent company shareholding change in Japan should be disclosed as it could cause a potential perceived Col for the New Zealand operations. The NZTA was notified in May 2016."

Given the potential perceived Col, steps had been taken by Optimus, VINZ, JEVIC NZ and JEVIC Japan with the latter three having different directors from Nichibo Japan Trading.

"No directors from Nichibo, Optimus or other subsidiaries sit on the boards of inspection companies. The constitutions of inspection companies require independent directors. All employees of inspection companies sign Col documentation. Employees are aware of whistle-blower legislation, and their right to report illegal behaviour without fear of reprisal."

Deloitte conducted an independent audit in part to identify any Cols. No evidence was found of it favouring vehicles imported by dealers supplied by Nichibo. VINZ invited the NZTA to complete independent audits. The agency declined. Vehicle-supply companies operated or owned by Nichibo are free to contract on commercial terms with other support-service providers.

"There have been no incidences of VINZ or JEVIC NZ inspecting a vehicle supplied by Nichibo and improperly passing it for use in New Zealand."

APRIL 23, 2018

David Whiteridge, the NZTA's senior manager of compliance for service providers, asked for clarification of ownership matters in regards to Nichibo Trading Japan and others.

MAY 31, 2018

The reply stated all ownership changes took place in Japan. Optimus didn't trade vehicles in its own right. The directors and management of JEVIC NZ and

VINZ didn't change, so the view was taken NZTA prior consent was unrequired.

It was accepted there was a potential perceived Col in the sales and inspection of vehicles, and the agency was informed of Optimus and its subsidiaries in May 2016.

"There's also potential perceived conflict between Nichibo and JEVIC Japan. While confusion surrounding is regrettable, it doesn't change the key facts, which rebut any actual conflict."

AUGUST 9

A letter from Robert Brodnax, the NZTA's director of transport access delivery, was sent to JEVIC NZ, advising of its preliminary view it and VINZ had breached appointment terms.

AUGUST 23

JEVIC NZ and VINZ accepted the warning was a "fair consequence".

AUGUST 29

The formal warning letter was despatched by the NZTA, which concluded JEVIC NZ breached its appointment notice for failing to report a Col after becoming aware of it. It also broke policy by failing to obtain approval in advance of ownership changes.

"The agency was advised in early 2016 JEVIC's ultimate ownership was changing. In fact, [this] occurred in March 2015 when Optimus was formed.

"The change amounted to a Col that Optimus has obtained an interest with the potential to conflict... due to its financial interest in other companies in the importation chain, including Nichibo, JEVIC Japan and VINZ."

The agency concluded a formal warning was sufficient because the failure was remedied shortly afterwards in early 2016 and JEVIC NZ satisfied the NZTA potential further conflicts were being managed.

A warning was appropriate because it sought to remedy the failure and no other breach of its deed occurred. The NZTA considered a large shareholder, Optimus, was involved in an undertaking and financial interest that could conflict with its responsibilities, so was obliged to inform the agency but didn't. ☎

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Call for 'fair' safety review

Industry experts are urging the NZTA to take action on intelligence it receives about incorrect inspections and improper service delivery.

Vehicle Inspection NZ (VINZ) say it's also essential for the agency to apply its audit and review standard, which was revealed last month, fairly on all inspectors – and not just on key service delivery partners (KSDPs). These are VINZ, VTNZ and the AA, formerly known as transport service delivery agents (TSDAs).

The NZTA's in-depth review of compliance files aims to "toughen up" its enforcement regime, with an increase in suspensions and legal action expected to follow. Law firm Meredith Connell was engaged in late September to review 850 open compliance files and it's now leading the regulatory function at the NZTA.

And it appears few stones will be left unturned from entry compliance and warrants of fitness (WOFs), to certificates of fitness (COFs) for passenger service and heavy vehicles, as well as driver licensing – although it's too early to determine what problems exist in what areas.

A general feeling in the industry is the ability to inspect and repair will be scrutinised. This has long been the case in the light-vehicle space, but was only permitted in the heavy sector as a result of the Vehicle Licensing Review (VLR), which essentially deregulated the market. It's also felt a host of legacy issues will be tackled.

In response to the review and issues uncovered by investigating suspensions of heavy-vehicle certifiers, the NZTA's chief executive, Fergus Gammie, concedes improvements are needed.



"For many years, the agency has operated a devolved and high-trust regulatory regime, working with professionals to carry out services and focusing on education to address issues," he says. "It has been too reliant on self-regulation and hasn't devoted enough attention or resource to ensuring compliance. We have to do better and accept responsibility to fix it."

While the investigation is ongoing, the NZTA has identified non-compliance across regulatory areas. Of 850 files, 152 have been prioritised based on safety. The review of these cases and further action should be completed during November as work continues on remaining files.

Gordon Shaw, chief executive officer of VINZ, told Autofile he's pleased the vehicle-inspection regime is undergoing extra scrutiny "because we all want a level playing field".

"We welcome the NZTA's approach, and are pleased it has resources and funding to do. The review is being carried out by an independent law firm, but we expect external technical advice to assist with understanding technical matters."

Shaw understands the agency is focusing on light-vehicle cases in addition to heavy vehicles. "We have no doubt some of the 580 files will relate to VINZ, especially as we carry out more than 200,000 inspections a year, but that's part of the normal process we go through as a KSDP."

When it comes to safety outcomes – and regulating and managing the industry – Shaw believes the NZTA "needs to apply the audit and review standard fairly on all inspection companies and inspectors, and take action on intelligence and information of improper inspections and or service delivery".

He notes that lately there has been more scrutiny of third-party compliance sites and operators that are unregulated and "operate under the radar from an NZTA perspective".

Shaw believes it's too early to say what may come out of the review, but moving forward – in regards to the agency dealing with matters arising from it – he says, "the willing compliance model is a global standard that works when the regulator is funded and appropriately staffed, and actions are targeted to risk".

Mike Walsh is executive vice-president of the Southern Africa and Oceania region of DEKRA, which owns 60 per cent of VTNZ. He's also concerned about a level playing field for all operators during the investigation in addition to safety being upheld.

As for entry certification, he says a wait-and-see approach is needed to ascertain what issues with standards and rules come up because it's too early in the process to say, "but we must ensure anywhere a vehicle is inspected meets tough standards".

Walsh notes it appears the government has changed its position on the NZTA with it becoming more focused on enforcement. "The agency was previously about willing compliance, which is an admirable endeavour. But part of that was removing some of its resources and losing institutional knowledge."

In addition, the VLR opened the market to more players, and merged inspections and repairs of heavy vehicles, which the TSDAs didn't support.

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A review of NZTA compliance files covers everything from entry compliance of cars to heavy-vehicle inspections

◀ “We have a number of files we’re working on and there will always be some vehicles under investigation due to interpretation issues, which is normal over the course of our business,” adds Walsh. “That’s fine and we’ll get through it.”

“It’s a case of waiting for the review’s outcome. We welcome it and need to ensure the public has confidence about the safety of vehicles on our roads.

“The regulatory framework must be right. It needs to be pragmatic and focused on safety. Standards the NZTA sets need to keep up with advances in vehicle technology to ensure inspection activities remain relevant.”

Mike Noon, the AA’s general manager of motoring affairs, is concerned 152 files have been deemed urgent for safety reasons. Although unclear about the extent of problems, or if there are vehicles that shouldn’t be on the road, he says it appears the agency doesn’t have the capacity or capability to do the work needed.

“The key job of the NZTA is to be our regulator and it looks like it has dropped the ball,” says Noon, who adds the industry had concerns earlier this year with monitoring certifiers of heavy vehicles.”

He adds statements from the agency and Phil Twyford, Minister of Transport, make it clear the agency needs more staff. “They then have to look at the system, and ensure clearer rules and guidelines are followed.”

Noon is pleased the NZTA will

tighten regulations, complete proper audits and ensure compliance. He adds “strong action is taken”, but stresses faults exist in the way agency has been operating.

As for its review, Gammie says the agency has taken a firm approach by casting a wide net to review files from all regulatory areas it’s responsible for. He describes it as “thorough and far-reaching”, and the industry can expect full accountability.

“The agency has instigated a risk-based approach to address non-compliance where safety could be at risk giving priority to most urgent cases,” he says. “When suspension is necessary, the agency will act. Increased enforcement will be visible as final decisions are made on each file regarding corrective action.”

The NZTA has been hiring extra compliance inspectors to cover heavy-vehicle certification, WOFs and COFs. Certifiers and licence holders will be required to address issues. It also plans to set up a regulatory division with resources added. More auditors are being recruited, while 17 extra WOF and COF inspectors are being sought.

“We’re calling on regulatory partners and sectors we regulate to continue to work alongside the NZTA, and accept their own roles in ensuring compliance,” adds Gammie.

Twyford, meanwhile, is disappointed with the NZTA’s failings that he says go back several years, but stresses the

public shouldn’t be alarmed about vehicles being unsafe to drive.

“When problems with companies were identified, there was often no follow-up,” he says. “This failure was in part a result of a reduced focus on the agency’s regulatory role over the past decade. Staff were redeployed and there was an emphasis on education rather

than enforcement. This was exacerbated in 2014 when the agency lost staff.”

NZTA chairman Michael Stiasny warns the days of light-handed regulation are over, and the agency will be taking a tougher approach to all areas of compliance.

The NZTA has established an anonymous and independently monitored whistle-blower line. The free hotline – 0800-468-244 – is available 24/7 and it will provide further updates as the review continues.

Concerns it wants to hear about may include issues with WOFs and COFs, inspectors or their organisations, transport operators, drivers flouting rules and course providers failing to comply with education requirements.

“We encourage anyone with genuine concerns or information about non-compliance to report it,” says Gammie. “Safety on roads is our top priority.” ☺

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Motorists drive into glee club

Owners of electric vehicle (EVs) sure love their cars. At the start of each month since September last year, hundreds from around New Zealand have been asked "how satisfied are you with your EV".

They score their love between zero – or completely unsatisfied – and 10, which is totally satisfied. By July this year, 654 people had uploaded 3,493 scores to the Flip The Fleet communal database.

A whopping 77 per cent of them scored their EV either a nine or 10 out of 10. Only eight per cent of the scores were below seven.

If they want, owners can also say why they are grumpy or enraptured by their vehicle. Usually they can't stop gabbing – up to July, they had submitted 2,409 comments and many with multiple angles.

Most of the time they want to share their glee about being EV owners. Recurring themes are they "will never turn back to owning a combustion-engine vehicle" and they "wish they had bought an EV sooner".

Most owners find them fit for purpose, a pleasure to drive, have low running and maintenance costs, and are good value for money.

The environmental benefits of EVs are particularly satisfying for many. Owning one is a painless way that reasonably well-off families can do their bit to combat climate change.

But be aware – not all owners want to be judged by their reasons for switching. The first thing one did when after getting a Nissan Leaf was to remove all the zero-emissions labels because "no one was going

to call me a greenie".

A surprising number of owners just love to drive them and I'm in that group. For the first 50 years of my adult life, I wasn't much interested in cars. Since buying a Leaf two years ago, I'm hooked. I now read the motoring section in the paper and I'm more aware of the amazing cars of all sorts and sizes out there – whether they're EVs or not.

Like many others, I'd rather like a Tesla Model S for Christmas. Unsurprisingly, it ranked top in satisfaction ratings with nine out of 10 owners giving it 10 out of 10. Hyundai's Ioniq and BMW's i3 are delivering EV bliss too.

The 30kWh Nissan Leaf came out bottom of the satisfaction pile. Their owners' comments made it clear they were worried by the way battery state of health was



Henrik Moller, co-founder, Flip The Fleet

declining prematurely over most of the months of this survey.

By June, this had been traced to an instrumentation error. The battery itself seems to be holding up, but the firmware from the lithium battery controller was sending a false alarm. We expect satisfaction scores for the 30kWh to climb in future, especially now the firmware patch is available to New Zealand owners.

Some owners of the eNV200 are dissatisfied. It's currently the country's main readily available second-hand electric van. Its range is constricted by having a small battery – 24kWh – and relatively low energy efficiency of 5.8km/kWh on average. The latter is partly because the shape of a van isn't nearly as aerodynamic as a car – one of Flip The Fleet's participants

said it's a bit like driving a brick.

The next big breakthrough we're looking forward to is an inexpensive electric van that can travel a decent distance with a heavy load of passengers or gear on-board. LDV's EV80 is gathering visibility and has a much bigger battery – maybe that's the game-changer in the wings, but lots of marques are scrambling to capture the light-commercial EV market with models. There are exciting times ahead.

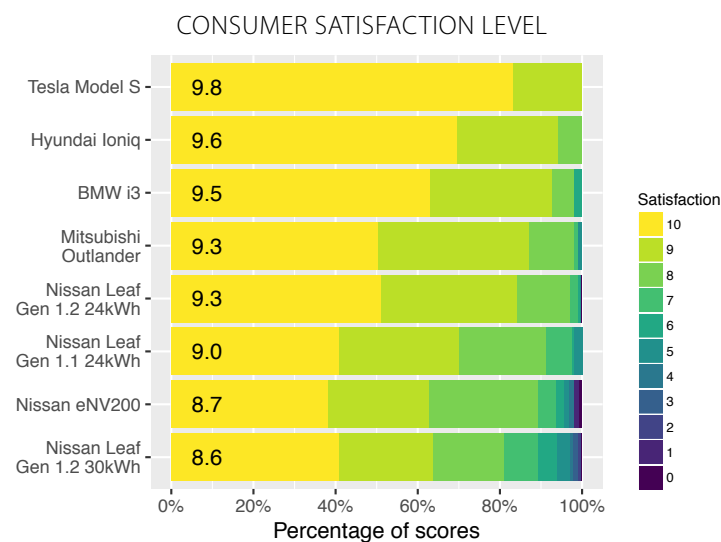
So, what does all this mean for car dealers? Early adopters probably put up with more compromises in EVs' usability because of the environmental feel-good factor. The next wave of purchasers are likely to be harder to please.

On the other hand, batteries are improving, new models are about to hit our market and purchase costs are likely to drop provided New Zealand can find sufficient supply of EVs to keep up with demand.

The EV product will, therefore, soon appeal to a wider slice of the market. At the same time, resale values of combustion vehicles are likely to drop steadily as more EVs come on-stream bringing an increased supply of high-quality combustion vehicles at reduced prices in the coming decade, so the current market will remain strong for a while yet.

But, most certain of all, the rapture among the EV glee club undoubtedly signals huge opportunities for dealers who catch the early wave of this transport revolution. ☺

Henrik Moller is a retired sustainability scientist. For more details on EVs, visit www.flipthefleet.org



Owner satisfaction levels vary between all-electric models, but more than 60 per cent of owners score them nine or 10 out of 10. Average satisfaction by model type has been calculated from 3,502 scores between September 2017 and July 2018 to Flip The Fleet's database.

Live EV listings on Trade Me:

-7%

Compared to last month

+50.3%

Compared to prior year

New EV listings on Trade Me:

+18.4%

Compared to last month

+113.6%

Compared to prior year

EV watchlists on Trade Me:

+48.8%

Compared to last month

+204.5%

Compared to prior year

Dealer's electric guide launched

A new booklet provides people working in the automotive industry with an overview of electric vehicles (EVs) so they are better equipped to answer customers' questions – and boost their sales.

The Dealer's Guide To Electric Vehicles, included with this issue of Autofile magazine, has been published by the Energy Efficiency and Conservation Authority (EECA) as part of an information campaign to accelerate uptake.

One-third of Kiwis are open to buying an EV, according to EECA's research. And this proportion will increase as battery technology improves, more charging stations are opened and models become more price competitive.

"Buyers are increasingly likely to ask dealers what it's like to drive and own EVs," says Andrew Caseley, chief executive of the EECA. "Our guide gives traders an introduction to the technology to help them make the most of this rapidly evolving market."

The guide includes reasons why

consumers start looking at EVs, information dealers should include in advertising, advice on how to help customers decide which type best suits their needs, and information on batteries and charging.

The guide also explains the climate-change connection, a question-and-answer section, some jargon-busting and how to find out more information.

While the guide targets car

dealers, the information provides useful background to other people in the industry, such as automotive workshops and collision repairers.

Caseley acknowledges industry experts' input to the guide, including the AA, Motor Trade Association (MTA), Motor Industry Association and VIA (the Imported Motor Vehicle Industry Association). Hard copies of the booklet will also be distributed

to MTA members and it can also be downloaded via www.electricvehicles.govt.nz/assets/resources/dealers-guide.pdf

The EECA launched a companion booklet, Buyer's Guide To Electric Vehicles, in August. Dealers can request copies of this, other brochures on electric cars, artwork for printable material and promotional flags by emailing info@electricvehicles.govt.nz.

Andrew Caseley with the EECA's informative dealer's guide

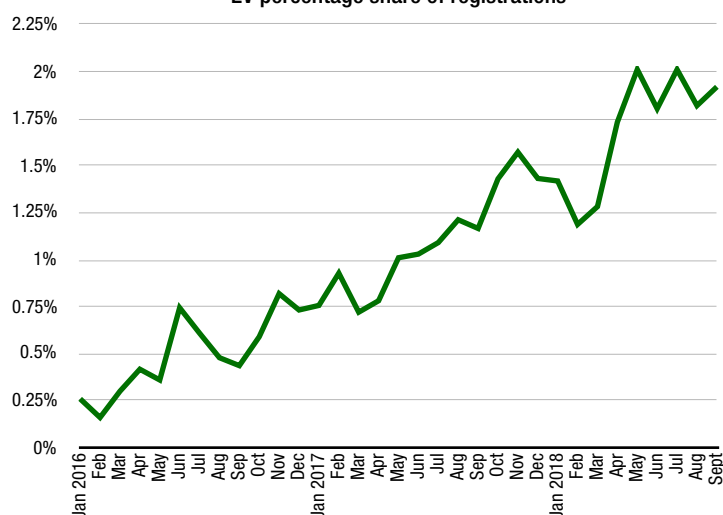


Total EVs by region

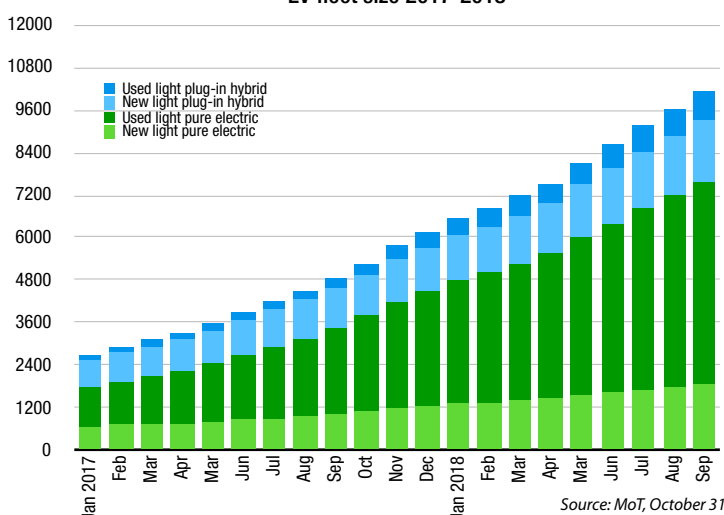
Northland	333
Auckland	4,727
Waikato	495
Bay of Plenty	311
Hawkes Bay	178
Gisborne	29
Taranaki	129
Manawatu/Wanganui	279
Wellington	1,438
Nelson/Marlborough	322
Canterbury	1,377
West Coast	8
Otago	549
Southland	73

Source: Ministry of Transport, October 31

EV percentage share of registrations



EV fleet size 2017-2018



Source: MoT, October 31

Top 5 EV models

listed on Trade Me this month:

- Nissan Leaf
- Mitsubishi Outlander
- BMW i3
- Nissan e-NV200
- Hyundai IONIQ

Average listing price for the month:

\$25.5k

Eye on EVs



* Figures as per the end of October 2018

Converted to electric cause

Given the opportunity, Hayden Johnston “will chew your ear off about electric cars” because it’s so easy to become passionate about them.

“It’s fair to say I’m an EVangelist. It’s not just the cars, but the electric vehicle [EV] community as well. I have met some amazing people since being involved with them.

“Steve West, chief executive officer of ChargeNet NZ, and his wife Dee, for example, are incredible. Her energy is infectious and Steve is our Elon Musk with a little less crazy.”

Johnston believes EVs have given the used-vehicle industry a chance to gain a lot of credibility, which is why it’s important those selling them do a proper job. “This is a rare opportunity for used importers to be the heroes and show that to the new-car industry, which has been quick to impede our progress in the past.”

He has never been shy of coming forward, a quality it appears he has inherited from his father Peter, or PJ as he’s also known. It was about three decades ago when PJ was among those taking the plunge into Japan’s used-vehicle market, work that resulted in him and others being pioneers of their time.

Johnston is now running the family business, Genuine Vehicle Imports (GVI) and GVI Electric in



Hayden Johnston, right, with his dad PJ

“If you messed up, you got a pat on the shoulder and were told to pull your socks up. There were consequences if you didn’t”

Penrose, Auckland. And there’s expansion with a new branch in the capital.

“The future of transport is electric. The sooner manufacturers of cars, scooters, motorbikes, boats and so on get on-board, the better for us all. I’m proud of what we’ve achieved in the electric space and Wellington is an exciting project, the start of a nationwide roll-out.”

He’s no “hardcore greenie”, however. Moreover, he tries to be conscious of his impact on the planet and, with his company

responsible for putting about 50,000 internal combustion engine (ICE) cars on our roads, he concedes to having some work to do.

“EVs are our present and will play a huge part in the future,” Johnston told Autofile. “We need to lessen reliance on fossil fuels and ICE vehicles. EVs are a gateway drug to environmentalism and owners often change other areas of their lives to become more ‘green.’”

So how much of this is being a pioneer, risk-taker, playing the margins game?

“Getting into EVs early has been hard work and has come at a cost. Due to the market shift caused by ‘30 Gate’, on unfounded fears about the state of battery health, we’ve lost more than \$250,000 on 30kWh Nissan Leafs.

“There have been shifts along the way with Russia and Sri Lanka leaving the EV market overnight causing prices to drop, and dealers buying stock and gutting prices to move them because it wasn’t as easy as they thought to sell them, but we keep going.

“Guys like us, Henry Schmidt at Autolink in Auckland and the Cottles at Auto Court, Dunedin, were pioneers of the import industry and

Behind the wheel

“I have a lovely and understanding wife,” smiles Hayden Johnston. “We’ve had our first child, so now have a 20-month-old mini-me already obsessed with cars. My father says he will be in a go-kart as soon as his feet can reach the pedals.”

He enjoys motorsport and has competed in the North Island Endurance Series for five seasons with a friend from Japan. “We’ve had numerous class round and championship wins.”

Johnston’s first car was a green 1993 1.9-litre Peugeot 205GTI. For each school subject he passed, he got \$1,000 towards it and passed everything.

“That car and I got into trouble, including being chased by police and launching it Dukes of Hazzard style through a power transformer, which was spectacular.”

Johnston’s current daily drive is a Nissan Leaf. “I’m



Hayden Johnston's dream ride – a Singer-Williams DLS 911

loving it – a new 40kWh with 20-inch wheels and after-market body-kit, so it looks the part as well as embarrassing ICE car owners who want to play.

His “Sunny Sunday” cars are the 1996 Nissan R33 Skyline GTR V-Spec, 1995 Mitsubishi Lancer EVO III, and 1994 Mazda FD RX-7 – all in white – and the 2006 Audi RS4 wagon in yellow.

“If I picked a dream car right now, it would be a Singer-Williams DLS 911. A Tesla-powered DMC DeLorean project is also on my mind.”



GVI Electric's company vehicle is a 40kWh Nissan Leaf

◀ have pioneered the EV drive. So yeah, there's a common link with those looking for the next thing and willing to take a risk.

"If you're going into the EV market, do it properly. Educate yourself and sales people on the product and those buying it. Uptake in any organisation must be led from the top and this includes selling EVs. If you're not going to do it properly, do us and the public a favour and stick to ICE cars."

Looking back, Johnston says he's lucky to have had "some amazing mentors and advisers", such as his father, Garry Keith, David Vinsen, Graham McMullan, Dick Gray, Nobu Yamanaka and the Giltraps to name a few.

"Some have helped me on a personal level, some I've looked up to and aspire to be like. I'm proud of being a car dealer and would like nothing more than to see integrity and trust brought back to this industry. I would love to see it going back to being heavily regulated – perhaps governed by VIA [the Imported Motor Vehicle Industry Association] – and with registered sales people.

"The used-vehicle industry I grew up with wasn't perfect and had its share of characters, but there was a guaranteed level of protection for consumers and an association dealers were answerable too. If you messed up, you got a pat on the shoulder and were told to pull your socks up. There were consequences if you didn't.

"These days, we have some scumbags opening yards wherever there's space, laundering money, not paying taxes and ripping off customers with crap vehicles and no support. There are no barriers to entering this industry, no required certification or education. It's simply a case of register – many don't – and pay a few hundred dollars then away you go, you're a

dealer. It's complete bollocks.

"I love it when things get tough. When the yen collapses, when we have regulation changes, when you have to go back to being a trader. Many new entrants to the industry have no idea how to deal with tough times and it cleans out the back row – and good job too."

Johnston started out working for his father. "When I was young, dad was hard at it to provide the best for us, so he wasn't always around. At an early age, I worked out I couldn't only spend time with him, but also earn money if I was where he was. I started off grooming cars and sweeping floors at his Grey Lynn yard during the holidays when I was 12 and around that time he took me to Japan.

"I've always loved cars so it wasn't hard to get passionate about the industry. There are so many different facets – buying, selling, preparation, mechanical. There's always something to keep your interest."

He describes Japan as "a special place for me". After a few years helping with dealer-only auctions and wholesaling, he moved to full-time buying there. He spent nearly five years travelling to and fro, and filling multiple passports in the process.

"I came home not long before the global financial crisis in 2008," recalls Johnston. "That's when things got really interesting. It was the end of wholesale and, with nearly 700 cars in stock, dealers stopped buying, so we had to change our model.

"I was lucky to have PJ's business experience and balls, and he was lucky to have my patience and willingness to go retail. He hated retail. We got through it. It was the best and hardest experience. Being latecomers to retail, I'm learning every day, but we're getting the hang of it.

"We're similar personality types



In the spotlight

GVI Electric was named EV sales and service champion for the second year running at EVworld NZ in Auckland earlier this year. Hayden Johnston is pictured right with dealership EV specialist Russell Bowden and the award.

Johnston also gave a talk at the event on what buyers should ask when considering EVs. "It was a popular seminar, which was terrifying but heartwarming. It shows how much interest there is in EVs." Visit www.autofile.co.nz to find out more.

and neither of us like being told what to do, especially by each other, so we've had some scraps over the years.

"I have a huge amount of respect for PJ. Like it or not, I'm my father's son. He has taught me most of what I know. In the past eight years he has stepped back, especially with his focus shifting to other businesses and interests. But it's nice to know he's there for a 'what would you do call' and to keep a watchful eye at month's end."

There's another essential ingredient to success and that's a great team. "The key to a smooth-running business is to have everybody rowing the boat in the same direction and sharing your vision.

"A huge part of our business model is repeatability. We want people to come back and refer us on. We want them to be proud to say, 'I bought my car from GVI', and not be embarrassed they got it from a bottom-feeder just because it was cheap." ☺

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Feedback key to going forward

Listening to your customers is a highly valuable resource for any business, and is a very important component of success today, tomorrow and for many years to come. Don't ignore these tips, but embrace them.

- ▶ Listen to your customers, and understand them.
- ▶ Listen to your customers, then celebrate and acknowledge what you and your people do well.
- ▶ Listen to your customers, understand and change what you do poorly.
- ▶ Listen to your customers, and thank them for their feedback.
- ▶ Be relentlessly passionate and respectful of your customers.

Yes, taking the leap into encouraging and receiving feedback can be daunting if you've never done it before, but what you can learn is very likely to be a fundamental game-changer for your business regardless of the type of feedback.

Chances are though that most of the hesitance comes from nervousness around potential negative feedback. However, most dealerships are surprised at how much positivity they get from many customers.

Industry-leading survey solution BuyerScore in its first year has received more than 40,000 ratings and reviews of dealerships where 90 per cent of respondents would recommend the dealership they purchased from to family or friends. That alone indicates that customers want to give feedback, and certainly not just the negative kind.

Solutions like this give you the ability to leverage that feedback

and educate future prospective customers on past buyer experiences with your dealership. You may already know that your customers love dealing with you, but how are you leveraging that? We'll have some tips about this in a future issue.

Having a trusted independent source external to the dealership conducting your surveys ensures you provide customers with enough confidence to be open and honest, which is harder to get when asking them directly from the dealership.

It's then what you do with this feedback once you receive it – it is



MARK GREENFIELD
Motorcentral

to adapt, evolve and change to ensure future customers don't have the same experience.

Better still, this proactive attitude towards change not only means purchasing customers having a great experience, it

provides prospective buyers with an experience that will lead to an increased level of conversion through to sale.

Converting more customer opportunities through to sales is critical to improving the bottom line of your business. The secret to converting more lies in the feedback from the ones who didn't

on advertising is their first priority, but while this may provide you with more customer opportunities, you still only convert a similar percentage to what you've always converted.

However, if conversion is optimised you get more buyers from what you already have connecting with your dealership. Then, when you do spend more money on advertising, that investment returns greater value.

Be smart – think of it this way. For all of those into fishing, imagine your net is a combination of your employees, your processes, your vehicles and your dealership. Does your net have large holes in it, or are the holes small and refined?

Then when a customer – a tiny

“It's too easy for businesses to think that spending more money on advertising is their first priority”



what allows you to capitalise on it by leveraging it, not only internally but also externally. Never discount, overlook or not embrace positive feedback. Celebrate it, reward from it, leverage it and – best of all – be proud of it and ensure that you continue to deliver it.

Understanding the negative feedback allows you the luxury

purchase from you, and combining that with the ones who did go through to purchase.

This information – and what your dealership does with it – is the single best investment you can make today in the future success of your dealership.

It's too easy for businesses to think that spending more money

fish – comes into your net, are they caught in the experience? Or do they swim right through one of the many large holes?

It's certainly something to think about. Retaining more of what comes into your net is smart business. Invest in your customers, listen to them, learn from them and appreciate them.

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Motivation for smarter driving

When I was young, like most kids, I had toy cars. I built roads for them in the dirt and drove them about. How I played with those cars was a reflection on how I saw the world – with a bit of fun mixed in.

A few months ago, I observed my young children playing with their cars. They were playing differently to how I ever did. They were making roads and then lining cars up end on end.

In curiosity, I continued to watch as they crept them forward one at a time. I couldn't understand what game they were playing, so I asked. They replied "traffic". At the time, I was extremely amused, but since then I've had time to realise, with some sadness, that this reflects how different their world is.

Congestion has many negative effects on our personal lives as well as society.

Many strategies are being explored to solve our transport issues. One reason that automated vehicles are so hyped is their potential to remove the "human factor" that complicates driving behaviour.

For instance, when it comes to congestion the habit of drivers trying to rush their personal commutes leads to familiar problems. People try to squeeze themselves to the front of the queue, switch lanes where one appears to be moving faster than another and so forth. This forces other drivers to brake, and the pause caused by human reaction speed leads to a system of behaviour closely resembling a

compression wave.

Like real waves, in technical terms, those compressions are subject to constructive reinforcement or destructive interference, increasing or decreasing the amplitude respectively.

Practically speaking, we experience that compression wave as the stop-and-go we associate with congestion. Automated vehicles can be programmed to take advantage of this, to ensure a more freely-flowing system even with a mixture of human and AI drivers.

Of course, automated vehicles aren't necessary to accomplish this. Humans alone could accomplish the same thing if they would drive with a system approach instead of an egocentric one – albeit with slightly less efficiency due to slower reaction times.

The question is, how do we change people's driving behaviour?

Some changes we can make would have general benefits, such as increasing following distance – the gaps act as a buffer to the compression waves, decreasing their strength. However, the best benefits can be gained by modifying behaviour dynamically.

Gamification is one way this could be accomplished. This is where game-design principles are used to modify people's behaviour or, more accurately, get them to modify their own behaviour. The participants, or players, win rewards if they adjust



KIT WILKERSON
Policy adviser and analyst
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their behaviour.

Gamification is being explored as a way to encourage many desirable aspects of transport, including safer and more efficient driving, and the use of public transport.

Singapore implemented a scheme in 2012 called

INSINC using gamification to encourage commuters to use public transport off-peak. Rewards included random prizes, similar to a raffle, social influence and even personalised offers. An initial six-month trial resulted in a 7.5 per cent shift to off-peak hours, making peak hours much easier for those who needed to travel at that time.

Gamification can also encourage safer driving. Australia, for instance, has tried with limited success to tighten safety laws. Samsung tested an alternative called S-Drive between 2014 and 2015 – an app that activates when plugged into a vehicle.

It enabled hands-free functionality on mobile devices, and limited hands-on functionality, while providing warnings when it detected unsafe driving, such as speeding, and unsafe conditions like accidents, traffic or adverse weather.

The app awarded points for each kilometre travelled safely, and these could be spent on music, movies, video games, and even tickets to concerts and events. Users could also form teams and share points

for larger purchases – utilising peer pressure to encourage safe driving, rather than the opposite, which is usually the case.

The reported results from the test were amazing with:

- ▶ 4,500 active participants mostly in the target age of 17-25.
- ▶ 25,000 rewards claimed.
- ▶ Three million kilometres travelled.
- ▶ 25 per cent fewer crashes.
- ▶ 20 per cent fewer fatalities.

Reportedly, the trial brought the road toll down to the lowest it has been since 1936. Of course, these are only reported results, and I haven't thoroughly investigated the process used to gather these statistics. But if even a fraction of those results can be achieved.

A programme such as this could be developed for New Zealand targeting our conditions. The challenge of getting people to participate would be easy to overcome if we offered the right incentives. I know I would happily participate for discounts or credits towards vehicle registration, ACC, petrol or even credits on my HOP card to further encourage me to use Auckland's public transport when convenient.

Another exciting aspect is what we normally consider "safe driving" also tends to be more efficient. It might be possible to quantify the "green quotient" of such gamification, assisting New Zealand meet its obligations under the Paris Agreement while reducing noxious pollutants – all by helping us to drive better. ☺

Securing youngsters safely

Car dealers are being urged to ensure their customers know how to correctly use the automatic locking retractor (ALR) feature in modern seatbelts to better secure children and promote safety.

VIA (the Imported Motor Vehicle Industry Association) has provided some key points for traders to follow and pass onto clients.

Malcolm Yorston, technical manager, says once a child restraint has been buckled, it's critical that the webbing is extended and the ALR function is engaged for it to operate correctly.

"This is done by pulling the webbing outwards to its maximum, then letting it retract," he explains. "A ratcheting sound will be heard as the webbing goes back onto the spool.

"Once the webbing has retracted, it cannot be pulled out until the locking device is deactivated. That's

when the seatbelt is unbuckled and fully retracted."

Adults and older children should use the emergency locking retractor (ELR) function, while some younger children in booster seats should also have ALR engaged to limit their movements.

There have been instances of children using these seatbelts without being fully extended when buckled, which has proven dangerous.

"The child occupying the seat has wrapped seatbelt webbing around his or her neck, then leaned forward fully extending the webbing and engaging the ALR," says Yorston.

"When the child moves back and the webbing retracts and is locked around the youngster, panic may set in – not only for the child, but for an adult trying to release them.

"VIA advises all dealers, when selling cars with ALR seatbelts, to ensure buyers understand the



VIA advises dealers to ensure buyers know the correct way to use ALR seatbelts

correct way to use these safely."

Most modern vehicles combine ALR functions with ELRs. A limitation with the ALR is once the webbing is locked, it can become uncomfortable and tight for occupants because more webbing cannot be withdrawn from the retractor.

This function is known as child-restraint mode because the ALR can be used to secure child seats.

Basically, if such a seat must be secured, the ALR ensures the belt is automatically locked.

ELRs only lock in response to rapid deceleration or webbing spooling from the retractor. They allow webbing to move freely when the seatbelt is in place, but lock instantly in a crash.

A difference with the ALR functionality in an ELR system is the retractor locks when the continuous motion of spooling the belt out is stopped.

When a lap-belt has been put into place and the seatbelt tongue inserted into the buckle, the ALR allows extra webbing to retract into it until it's tight around the hips and slack is removed. A bar locks the spool to prevent more webbing being released.

For any questions, phone Malcolm Yorston on 0800-842-842 or email technical@via.org.nz.



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Industry movers

PHILIP HIBBERT has been appointed chief executive officer of Protecta Insurance effective from December 3. It follows the recent retirement of general manager Tony Headland.

Hibbert, pictured, brings to Protecta a strong background of leadership and key account development from his past experience with car manufacturers, banks, financiers and automotive partnerships.

He's returning to New Zealand after being president and chief executive officer of AWP Canada-Allianz Worldwide Partners for the past two years based in Toronto where he was responsible for about NZ\$570 million in annual revenue and 1,200 employees.

Hibbert worked for Allianz Worldwide Partners for more than six years, including time as CEO for Singapore and Malaysia, and CEO and general manager in New Zealand.

From 2002-08, he held senior executive positions at IAG NZ and Driveright Ltd, which was purchased by IAG in 2011.



ADAM IRVING has been promoted to chief financial officer of Automotive Holdings Group (AHG) from senior business development manager.

John McConnell, managing director of the Perth-based company that owns dealerships in New Zealand, says Irving has played a "major role" in business development since joining in 2010.

Irving had replaced Paul Bruce, who has left to pursue new opportunities. The latter joined the business in this country in August 2008 as senior financial controller. He was instrumental in acquiring Davie Motors Holden and setting up Manukau Nissan in 2013 before becoming chief financial officer.

Tony Cramb has been appointed as AHG's chief operating officer for franchised automotive after three decades with Toyota and from being the marque's chief executive in Australia. AHG says he has "a track record of delivering exceptional commercial outcomes, leading transformation, and putting people and customers at the heart of the operations".



Adam Irving



Paul Bruce



Tony Cramb

KEVIN PEAD has joined Coombes Johnston BMW Group as general manager of its Tauranga dealership.

Pead, originally from South Africa, has lived in New Zealand for six years. He has more than 20 years' experience in the automotive industry, including management, sales and customer satisfaction positions.

Before coming to this country, he was a brand manager at a Volvo dealership in Cape Town from 2003-12 where he was responsible for the new and used car departments.

He was then sales manager for new cars with Archibald & Shorter for three years, and held the same position at Auckland City BMW in Newmarket from 2015-18.



PAUL BYRNES, who retired by rotation and offered himself for re-election, has been voted back as a director of the Turners Group at its annual general meeting.

Antony Virens, who is experienced in the insurance industry, has also been re-elected.

NZ labour market report

The holiday season is fast approaching, and it can be both an exciting and hectic time leading up to Christmas and afterwards. It's also a time to reflect on the past year and what's in store for 2019. It's a busy time to get

a lot done, such as organising the festive party, gifts for clients, and customer requests and orders.

And you have to think about your people, how to structure any close-down period, let everyone know what the plan is, and who will be on leave and for how long.

If your dealership usually shuts over Christmas and new year, or if you're thinking about it, it's important to do so correctly. With the right planning and communication to staff, customers and suppliers, make your close-down seamless so it doesn't disrupt operations.

Dealerships don't need to shut the entire business, but must allow for any close-down. Employment agreements require a close-down clause and it must be clear what the requirements are. For some, that may not be possible when your customers are off work, and have more time to visit yards and showrooms.

However, it's a good time to review what areas of the business will be open to service clients. It can be a good time to look at capability in your teams to see if a sales person can process a loan application if your finance team is away, or if you have certain people in your service team that will be around for clients who have left vehicles for servicing over the break.

Dealerships must provide and give at least 14 days' notice prior to the actual close-down date. There's no requirement for this to be in writing, however I would recommend that you do so – either



WILL ALLAN
Hello Monday

by email or a memo. A notice on your staff noticeboard or intranet is another effective way to communicate the message. And the earlier the better as it will give your people time to plan.

The close-down period is a great way to give your people time off, especially those who have high levels of leave, so they can rest, forget about work, and enjoy time with family and friends. This is what leave is designed for.

If you have employees whose leave has started creeping over 20 days, you want to prioritise them.

At the other end, some people

may not have enough leave because they have used it, or have recently started and haven't accumulated enough leave. If they aren't required over the close-down, their leave will be unpaid leave. You can agree to give leave in advance, which puts

the person into negative balance, but it's a practice to stay away from because it puts the employee on the back foot.

Employees are entitled to leave on public holidays if the day would "otherwise be a working day". This year, our four public holidays over Christmas and the new year are December 25 and 26, and January 1 and 2. Your teams taking time out will take leave either side of those dates if they are normal work days. ☺

Employees are entitled to leave on public holidays if the day would "otherwise be a working day"

Tips on close-down

- 1: Decide or discuss with your team who is having time off.
- 2: Agree on the dates.
- 3: Let your people know as early as possible and give at least 14 days' notice.
- 4: Have open dialogue about leave during the close-down and try to make it work for everyone.
- 5: Ensure everyone has time off to enjoy with family and friends.

Meeting future challenges

This year has been challenging for Protecta, in some respects, as we implemented new systems to deal with our growth and introduced new technology to bolster our customer-service offering.

From a sales perspective, 2018 has been a successful year. There have been increased sales of new and used cars through our motor-vehicle traders, who have also seen an increase in their incomes from selling finance and insurance (F&I).

This growth has seen us increase staff numbers with the company requiring extra space on level six at our existing location in Symonds Street, Auckland.

One of our major changes came in September, which saw Protecta change its underwriting from Allianz Australia to Virginia Surety Company (VSC), which is part of Assurant.

We chose Assurant because of its market dominance worldwide selling warranty and insurance products through car dealers, retailers and financial institutions.

VSC in New Zealand is looking to grow this business with Protecta as its new partner. We will have access to new products that will be marketed through our motor-vehicle traders. Our customers also have the security of an "A" claims paying rating – or "excellent" – through VSC.

Looking ahead, there are potential legislative changes to the Credit Contracts and Consumer Finance Act (CCCFA) following changes across the Tasman, which will have a big impact on the F&I sector as well as the wider



STEPHEN GLADING
Managing director
Protecta Insurance

automotive industry.

There is now a commission cap on "add-on insurance products" in Australia, which has not happened here.

Our CCCFA allows an intermediary to charge a reasonable commission on top of the wholesale

premium. The Commerce Commission, however, will not define "reasonable".

We are members of the Financial Services Federation and, as a company, we try to ensure we keep up to date with any changes that may affect our motor-vehicle traders.

A breach of section 45 of the CCCFA is a criminal offence and the intermediary – not Protecta – faces a fine of up to \$600,000 and the possibility of giving refunds

to its customers if the commission charged is not reasonable.

With our new underwriter on-board, an ever-changing legislative environment and recent growth, it was timely for us to review our operational leadership structure.

I'm delighted to confirm the appointment of Phil Hibbert as our chief executive officer and he starts with us early next month.

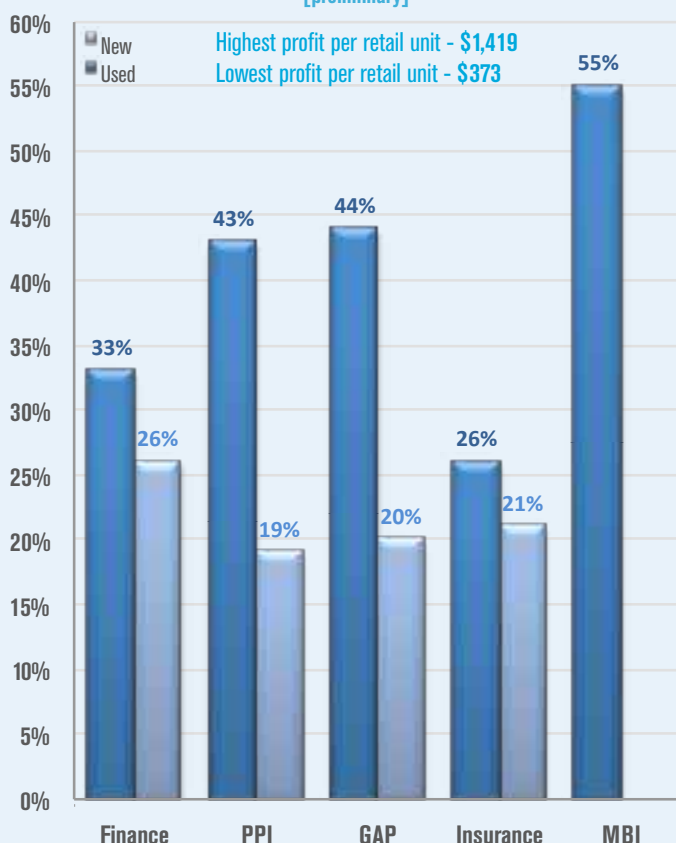
A brief biography of Phil is reported in the "movers" column on the adjacent page, but in addition to that he has an excellent F&I background and understands our industry. I believe these are values that will align and add value to Protecta.

Phil's appointment will allow me, as managing director, to go back to a more strategic role supporting the company with new opportunities. ☺

PROTECTA nationwide F&I results

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[preliminary]



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The month that was.... November

November 23, 1998

UK opportunities for Kiwis?

New Zealand car dealers hoping to cash in on the UK's burgeoning used-imports market could have found themselves out of luck.

The laws governing who was allowed to legally work there were stringent with a lot of ready cash required to facilitate entry and establishment costs.

Industry sources said the climate in the UK was one of deregulation and rules that hampered the free importation of Japanese used cars, but these were expected to be revoked the following year.

With a population of 58.5 million in 1998, the potential market for used imports in the UK was huge. A number of Kiwi dealers had recognised the potential of this new outlet and had set themselves up in business in the UK, waiting for the market to open up.

Once this occurred, the implications for the New Zealand market were reported to be great. Prices of cars in Japan had already increased and some models were too expensive for Kiwi buyers, but it was good news for the new-car market.

Daewoo NZ's chief executive, Mark Vidak, said the quicker good-quality stock was used up, the better it would be for trade in new vehicles.



November 9, 1998

Loophole closed after racket busted

A well-organised racket, which had seen near-new vehicles stolen in Japan and sold in New Zealand, had been busted. And the loophole that allowed it to happen had effectively been closed.

Two South Island dealers and a number of private buyers were caught up in the scam, which saw expensive recreational vehicles stolen and their chassis numbers changed before they were shipped here.

Another dealer was able to stop the shipment of two further stolen vehicles and the cars were detained by police in Japan.

The racket was uncovered when attempts were made to register two different vehicles that both had the same chassis number.

John Nicholls, chairman of Licensed Motor Vehicle Dealers' Association, said the subterfuge would have remained undetected if the Japanese sellers of the stolen vehicles hadn't made a slip-up.

The vehicles concerned were 1997 and 1998 Toyota Land Cruisers. Ten were found to be stolen and another 27 were under investigation. The Kiwi customers who bought the stolen vehicles faced no charges by the police.



November 5, 2004

Shipping comes under pressure

A sharp increase in global demand had put huge pressure on car shipping companies and was expected to cause substantial supply problems in the final months of 2004.

Ironically, it came at a time when arrivals were low and sales – particularly of used imports – were lagging well-behind those of 2003.

Armecup Maritime Services and Kiwi Car Carriers had warned space shortages might cause delays in the remainder of 2004.

Kiwi Car Carriers stated: "November and December are going to be two of the most challenging months ahead of us in the short term." Armecup confirmed one vessel had been designated for a journey to the Middle East in place of its intended voyage to New Zealand in December.

The Imported Motor Vehicle Dealers' Association said shipping companies gave greater priority to new-vehicle manufacturers because bulk shipments were more efficient to process. It advised importers to make bookings realistic and as soon as possible. Schedules were expected to return to normal in January.



November 25, 2005

Call made to buy cars now

Importers and the public were being advised to purchase cars from Japan immediately as a long-predicted fall in the exchange rate was about to push prices up. The call to buy now was welcome news for dealers after inconsistent sales levels in recent months.

The latest ANZ Bank motor-vehicle industry study predicted the New Zealand-Japan exchange rate would fall from about 81 to 65 by December 2006, placing considerable upward pressure on the prices of imported vehicles.

The study also said that although car prices were at a low point in their economical cycle, this wasn't being passed onto consumers.

Recent import and sales figures indicated dealers had started stockpiling. Year to date, used-car arrivals were up by 4.3 per cent from 133,337 to 139,084, but registrations of used vehicles were down 1.6 per cent from 129,432 to 127,384.

According to retail figures from Statistics NZ, seasonally adjusted motor-vehicle spending decreased by 11.4 per cent in September after a 6.8 per cent jump in August. ANZ added private vehicle sales were expected to slow during the next two years, in-line with raising interest rates and an expected fall in economic growth.



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Stepping forward for honours

Richard de Lautour, chief executive of Instant Finance for the past 15 years, has been presented with a lifetime achievement award by the Financial Services Federation (FSF).

He received the honour at the Crediting Excellence Awards during a gala dinner following the organisation's annual conference at The Rydges in Auckland on October 10.

De Lautour's career includes 20 years with Allied Finance, setting up BMW Financial Services and Nissan Finance NZ, and serving on the FSF's executive committee for two decades. He plans to retire in 2019.

"I've enjoyed the comradery of great people at the federation and I'm a huge supporter of it," he told Autofile.

Lyn McMorran, chief executive of the FSF, adds: "Richard has been a mentor to many in responsible



Richard de Lautour with his wife Ros

lending. Not only has he been successful at companies he has worked for, he has been a huge contributor to the FSF."

Go Car Finance landed two

gongs. Sylvia Menezes, general manager of lending, received the senior lender award sponsored by Provident Insurance, while credit specialist Asheelta Sharma

scooped the Autosure New Finance Professional Award.

Avanti Finance's Tiffany Samasoni-Lafaiki, a legal recovery officer, received the outstanding support professional award, the outstanding service provider to the financial services sector was Centrix and Latitude Financial Services was voted outstanding corporate citizen.

McMorran says: "These awards contribute to setting high standards of responsible lending, which should be aspired to by the whole sector."

Visit www.autofile.co.nz for more photos. ☺



Tiffany Samasoni-Lafaiki, of Avanti Finance, celebrates



Asheelta Sharma, of Go Car Finance, with FSF executive director Lyn McMorran, left, and James Searle, of Autosure



Go Car Finance's Sylvia Menezes with Steve Owens, of Provident Insurance

Snake in ute fumigated

A snake found in a ute imported from Australia has been euthanised after both were sealed in a shipping container and fumigated for 24 hours at a secure quarantine location.

The Ministry for Primary Industries (MPI) was alerted by police after a man found it inside the vehicle at Te Anau Station near Fiordland National Park on October 21.

A full examination of the ute was carried out after it had been ventilated and before the dead reptile was recovered by specialist handlers. It was tentatively identified as a common tree snake.

"The vehicle had been imported by the owner three months ago from Brisbane," an MPI spokesman told Autofile. It was further inspected to ensure no other snakes or unwanted exotic pests were inside.

"Imported vehicles from Australia undergo inspection at the border and we fumigate if there's evidence of contamination. There will be an investigation into how

this snake arrived in New Zealand as Biosecurity NZ takes the threat of a population establishing seriously.

"We run a multi-layered system that involves ensuring risks from imported vehicles are managed offshore as much as possible. Snake interceptions are unusual. They are normally not venomous and mostly arrive dead."

Biosecurity NZ's advanced systems are continuously improved based on science, intelligence and ongoing threat. In addition to border protections, alerts from the police and public are important to eliminate threats as with the Te Anau snake. A 24/7 hotline – 0800-809-966 – can be used to report pests and diseases to the MPI.

In April 2016, Autofile reported a 40cm long snake had been discovered coiled around the engine of a Nissan Leaf in storage next to U-Sell in Glenfield on Auckland's North Shore as it awaited compliance checks after arriving on a vessel from Nagoya, Japan. ☺

Extra countries on stink-bug rules list

The Motor Industry Association (MIA) reports some teething problems are being experienced when it comes to implementing the new import health standard (IHS) issued by the Ministry for Primary Industries (MPI).

Eight more countries have now been placed in schedule three of the regulations, which means they are "actionable" when it comes to stink bugs. Previously, there were 15, including the US and others in Europe.

It means distributors in those export markets can apply for an approved system for risk management when it comes to the bugs as do those in Japan. If this isn't the case, then their vehicles must be heat-treated.

"We're still working through

the consenting process for approved systems," says David Crawford, the MIA's chief executive officer. "That said, we haven't heard of it biting hard yet for our members."

"All distributors applied for approved systems as soon as the MPI made its templates for applications available, and the ministry has put some staff in Japan to help with the process."

"Extending the list of countries in schedule three of the IHS by adding eight more from Europe has created quite a bit more work for marques operating from them. If their systems are not approved, heat-treatment facilities will have to be put in place."

"This is another regulatory burden on the sector, but for all the right reasons. It just makes it more challenging." ☺

SPEED DIARY
10 Nov Formula One Qualifying - Interlagos, Brazil NASCAR Xfinity Series - ISM Raceway, USA
11 Nov Formula One - Interlagos, Brazil NASCAR Cup Series - Phoenix, USA
15 - 18 Nov WRC - Rally Australia World Touring Car Cup - Macau, China
17 Nov NASCAR Xfinity Series - Homestead-Miami, USA
18 Nov NASCAR Cup Series - Homestead-Miami, USA
23 - 25 Nov Australian Supercars - Coates Hire Newcastle 500
24 Nov Formula One Qualifying - Abu Dhabi, UAE
24 - 25 Nov Formula 2 Championship - Abu Dhabi, UAE GP3 Series - Abu Dhabi, UAE World Rallycross Championship - Cape Town, South Africa RX2 International Rallycross Series - Nelspruit, South Africa
25 Nov Formula One - Abu Dhabi, UAE

Higher profile for Toyota 86

Hamilton-based Geoff Short is a happy man as he looks over the entry list for the Toyota 86 Championship, which kicked off at the V8 Supercars racing weekend at Pukekohe this month.

The championship is gaining a higher profile every year and serves as a talent incubator for other categories.

In 2017/18, all five of the drivers in the single-seater Toyota Racing Series had also raced at least one season of the 86 championship.

It's the fifth year of the championship, and Short says this year the field is the strongest yet in both numbers and talent. Drivers were committing three months out from the first round and he expects the final championship entry – with participants signing up after the November opening round – will run to 26 or more.



This year's Toyota 86 field is the strongest yet

"I'm talking to several other drivers," he told Autofile. "I'll be disappointed if we don't get to 20-plus cars on the grid."

The championship is one of the leading categories in the annual summer motor-racing series alongside the TRS and NZV8s.

WATCH OUT FOR...

There are three drivers from this year's MotorSport New Zealand Elite Academy. They are Christchurch 16-year-old

Jayden Ransley, 18-year-old Aucklander Peter Vodanovich and Callum Hedge, 15, who is the current Formula 1600 champion.

The previous two winners of the elite academy, Jordon Baldwin, 20, and 19-year-old Jacob Smith, both from Auckland, have also entered.

Australia-based Kiwi Tony Austin competed in the Super GT in a turbocharged Mazda in 2009 before heading to the UK to head up web giant eBay's UK automotive sales-marketing offering.

Taranaki 18-year-old Campbell Stewart is crossing over from speedway where he raced mini-stocks for three years before stepping up to a 400hp midget aged 15.

And at 13, Cambridge's Connor Davison is the youngest driver to compete in the history of the Toyota 86 Championship. ☺

Touring cars ready to race in Australia

Race teams in New Zealand are closely watching developments across the Tasman as the inaugural Touring Car Racing (TCR) Series comes together.

There are now three TCR-spec tourers in Australia – an Audi RS3, a Hyundai i30 and, most recently, a Honda Civic. In addition, two Hyundai i30 N TCRs have been ordered from Europe for sale across the ditch.

The series for touring cars is



A Touring Car Racing Series-spec Audi RS3

supposed to align its season with the V8 Supercars, although at the time of print neither TCR nor the

new Australian S5000 had secured an agreement to run on the support card.

New Zealand is likely to also work on a TCR series if the one in Australia takes off.

Meanwhile, the Confederation of Australian Motor Sport has withdrawn Robby Gordon's permit for SST off-road race trucks – usually the most spectacular and popular undercard races at any V8 meet – on safety grounds.

The promoters of the high-jumping, hard-crashing trucks are considering legal action against the governing body. ☹



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Juggling loyalty and opportunity

At the end of the 2018 World Rally Championship (WRC), and amid contract negotiations and a tornado of rumours about possible team changes, Hayden Paddon has talked candidly about how he and Seb Marshall have adapted to life in close quarters – the closest in motor racing.

As driver and navigator with Hyundai's world rally team, the pair are rubbing elbows day after day for 10 or more hours – and that's just in testing, preparation and pace-note checks for each event.

Then come the intense three-day rallies when every second counts, and when driver and navigator live almost as a single entity.

Marshall took over from Kiwi John Kennard a year ago, and the media hub-bub around that change was still going on when the pair had to step straight into WRC-level performance in and out of the car. Fortunately, he says, they have similar attitudes and approaches to the job.

"We're both very competitive people, and very focused on results and how to achieve them," Paddon told WRC.TV in an interview last month. "We are fighting to do the same thing at the end of the day."

The duo hit it off almost immediately, although the workload in making the relationship gel fell more on Marshall.

"Seb has had to adjust John's information to how he presents the stage notes and other data, and then also get familiar with my driving style and being bombarded between rallies with emails from me," says Paddon.

With a reduced programme this year, sharing one car with Dani Sordo, Paddon has been a mainstay of the New Zealand Rally Championship and won the title in a Hyundai i20 AP4+ car with a round to spare.

He says it's crucial to maintain "time in the chair" to stay competitive, and the step down to AP4+ still delivers him relevant

stage miles and speeds. What he misses, though, are stages on seal.

"Of course, we're missing a lot of tarmac rallies now. I think we can do a reasonable job on tarmac, top-five finishes if you like, so at the moment we're missing out on that experience. That's probably one of the most crucial consequences of this year's season."

A visionary relationship with Hyundai NZ was the impetus that propelled Paddon onto the world stage to begin with – all dealers with the marque contributing to bring together the funds he needs to secure a drive.

But with rumours swirling

"I want to be doing a full programme as well, so we cannot rule out any options"

thick and fast about 2019 – and the need to sign a new contract with Hyundai – Paddon says brand loyalty remains a core value for him.

"We can't be too narrow-minded, but obviously this is my preference. This is where I want to be. I also want to be doing a full programme as well, so that's why we certainly cannot rule out any options."

The rumour gaining greatest profile in the international media is of a move to Malcolm Wilson's works-assisted Ford team, M-Sport.

Paddon has driven there before and knows how Wilson operates, while M-Sport is reportedly receiving a funding boost, but is losing Sebastian Ogier to Citroen. Citroen in turn is losing driver Kris Meeke to the expanding Toyota WRC squad. Let the game of musical chairs begin. ☺



Hayden Paddon could be looking at a drive with a new team for the 2019 season



Low-flying over Rally Finland's "yumps"



Paddon and co-driver Seb Marshall servicing their Hyundai i20 WRC between stages of Rally Sweden



Paddon on his way to winning the Raglan Rally of the Coast

Dealer takes too much in charges from deposit after buyer cancels contract

Background

Nicholas Flores agreed to purchase a 2006 Suzuki Jimny for \$12,500 from Bayswater Vehicles Ltd in August 2017 and paid a \$6,500 deposit. The deal was conditional on him obtaining finance, and they agreed the trader would deliver the car to Wellington, where Flores lived.

On September 4, 2017, before finance was obtained, the buyer notified the dealer he no longer wanted the car because he was going to Australia for family reasons and asked for a refund of his deposit. The dealer refunded \$3,500, but retained \$3,000, so Flores applied to the tribunal to recover the balance.

The trader said it was entitled to keep \$3,000, which reflected costs and losses incurred as a result of Flores repudiating the agreement.

Flores, who now lives in Australia, didn't attend the hearing, but was represented by his sister Anabella Scoble and her husband Neil. The tribunal approved the couple to appear as his representatives under schedule one of the Motor Vehicle Sales Act.

The case

To determine the law applicable to the case, the tribunal considered if there was a contract between the parties because they hadn't signed a vehicle offer and sale agreement. Instead, arrangements were set out in text messages between Flores and the trader's sales representative.

The tribunal said it was satisfied

a contract existed between the parties on the terms set out in various messages.

Although the dealer didn't express its case as such, the tribunal understood it to be saying that it was entitled to retain part of the deposit because Flores rejected the contract, meaning it was entitled to cancel the deal and recover costs and losses caused by this action.

Because the case involved repudiating and cancelling a contract, and the damages a party could recover following this, the Contract and Commercial Law Act (CCLA) applied.

Under section 36 of the legislation, repudiation occurred when one party made it clear to the other that it didn't intend to perform its obligations.

Flores was obliged to perform his under the contract, which included making reasonable efforts to obtain finance and completing the purchase of the Suzuki.

There was no evidence presented to the hearing that suggested he made such efforts to satisfy the finance condition.

The dealer had organised finance for Flores, but he made no effort to complete the forms sent to him. Further, a text message from Flores dated September 4 said he no longer intended to perform the contract.

The trader was satisfied – by failing to make reasonable efforts to obtain finance and then advising it that he no longer wanted the car – that Flores had

repudiated the contract.

The dealer's representative Hugh Saunders said his client incurred costs and losses relating to preparing the vehicle to be delivered to Flores, transporting it to the capital, and storing and reselling it.

Saunders claimed a reasonable estimate of those costs and losses amounted to \$3,000, but Flores' representatives alleged the trader was unable to justify what it had retained.

The finding

Under section 36 of the CCLA, the dealer was entitled to retain a reasonable estimate of its costs and losses arising from the contract being rejected.

Under section 43, when a contract is cancelled the tribunal can grant relief when it's just and practicable to do so. That can include an order directing a party to pay a sum it thinks is just.

The adjudicator considered the dealer was entitled to recover some costs it had incurred preparing the vehicle for sale, shifting it to Wellington, for storage and then reselling it.

However, he didn't consider it was just and reasonable that the trader should retain all of its "loss on sale" costs of \$2,380 plus GST it suffered by not selling the Suzuki to Flores. It resold the car for \$12,500 – the same price he agreed to pay. The tribunal struggled to see how the trader had suffered a loss exceeding \$2,500 in that circumstance.

The case: The buyer rejected his contract to buy a Suzuki. The dealer was then entitled – under the Contract and Commercial Law Act – to recover costs and losses due to the cancellation. However, the purchaser said the trader was unjustified in retaining \$3,000 from his \$6,500 deposit. The dealer claimed \$3,000 reflected the losses it had incurred.

The decision: The tribunal agreed with the buyer and ordered the trader to pay the buyer \$1,500.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Saunders attempted to further justify that amount by saying it reflected the \$2,600 administrative cost of reselling the vehicle, but the tribunal rejected the trader's submission.

Documents provided by the dealer showed the amount wasn't reflective of such costs, but it was the expected gross profit on the Suzuki that it obtained when it resold the car.

The tribunal found the dealer couldn't justifiably retain that amount after on-selling the vehicle for the same price, but it was ruled the trader was likely to have suffered some losses due the contract being cancelled.

It considered it was reasonable for the trader to retain some funds for car grooming, transporting the car, Trade Me costs, sales commission, and sale and admin costs.

Order

It was ruled that by retaining \$3,000 of the deposit paid by Flores, Bayswater Vehicles retained more than was just, so the trader was ordered to pay the buyer \$1,500. ☎



No remedy available to lessee for vehicle faults due to claim against wrong party

Background

Simon Hemmings leased a SsangYong Rexton from MTF Leasing Ltd in 2014. During the next four years, he travelled about 89,000km in it.

After a year of trouble-free driving, he experienced a series of problems with the car and wanted to return it, saying it was unfit for purpose under consumer legislation.

Most of the problems Hemmings said he had with the Rexton – including a rip in the driver's seat, faulty radio and a crack in the driver's footrest – had been repaired by Vehicle Logistics Ltd.

As a redress for his issues, he also sought an 18-month refund of his lease expenses. By the time the matter was heard, the contract was about to end.

The case

Before the tribunal heard any evidence in the case, it had to establish if it had jurisdiction to consider this dispute.

Hemmings leased the Rexton from MTF Leasing, which wasn't a party to this matter. However, Vehicle Logistics was named in the lease agreement as "the dealer", and had an ongoing role in repairing the many defects Hemmings identified with the car.

Vehicle Logistics signed the lease agreement on behalf of MTF Leasing as lessor. Under the Consumer Guarantees Act (CGA), there is a right of redress against suppliers in respect of the supply of goods when goods fail

to comply with any of the act's specific guarantees.

The term "supplier" included a person who, in-trade, supplied goods to a consumer by transferring the ownership or possession of the goods under a lease.

According to this definition, MTF Leasing was the supplier of the car to Hemmings because it transferred possession of it to him under a lease to which it was a party.

The tribunal then considered if Vehicle Logistics could also be a supplier under the CGA. The definition of "supplier" also includes, "a person who, in-trade, assigns or procures the assignment of goods to a creditor within the meaning of the Credit Contracts and Consumer Finance Act [CCCFA] to enable the creditor to supply those goods, or goods of that kind, to the consumer".

However, the authority found Vehicle Logistics wasn't a "creditor" within the meaning of the CCCFA. This legislation states a "creditor means a person who provides, or may provide, credit under a credit contract".

Vehicle Logistics didn't provide Hemmings with credit. Rather, it sold MTF Leasing a vehicle, which the latter then leased to Hemmings.

The contract between MTF Leasing and Hemmings was a consumer lease under the CCCFA whereby the buyer uses the car for personal use with clause 4.4 of the contract stating the buyer had no right to purchase it during – or at the end of – the term of the lease.

Vehicle Logistics argued that if Hemmings had been claiming GST on his lease payments, then the CGA would not apply.

Hemmings replied he didn't claim this on his payments and nor was there any evidence he was in-trade or had agreed to contract out of the provisions of the CGA. Accordingly, the tribunal dismissed Vehicle Logistics' argument.

Although the tribunal had no jurisdiction over the case, it did consider the issues the buyer had with the car.

The authority said many of the problems appeared to relate to what would be expected as normal wear and tear on a four-year-old vehicle that had travelled 89,000km.

The tribunal's assessor said that SsangYongs were recognised as being "priced to the market". The ruling added: "That is, they make use of materials and componentry that could have lesser standards of longevity and reliability compared with other makes of vehicle."

The finding

The tribunal found that Vehicle Logistics wasn't a supplier under the terms of the CGA. However, according to the definition of supplier in this legislation, it said that any rights Hemmings had under the act were against MTF Leasing and not Vehicle Logistics.

Moreover, as MTF Leasing wasn't a trader for the purposes of the Motor Vehicle Sales Act,

The case: A lessee wanted to return his leased 2014 SsangYong after experiencing a series of problems with it. He also sought an 18-month refund of his payments from the company, referred to as "the dealer" in the agreement, which repaired the car on behalf of the leasing company. The leasing company was not a party to the dispute.

The decision: The buyer's application was dismissed by the tribunal because it had no jurisdiction to resolve the case.

At: The Motor Vehicle Disputes Tribunal, Taupo.

it followed that the tribunal had no jurisdiction in respect of the company.

In any event, MTF Leasing was not joined to Hemmings' application and didn't have any opportunity to respond to it at the hearing.

Hemmings brought his claim against Vehicle Logistics, but it wasn't the supplier of the vehicle to the buyer. Instead, Vehicle Logistics supplied the car to MTF Leasing.

Accordingly, any remedy Hemmings sought under the CGA wasn't against Vehicle Logistics, but against MTF Leasing.

The tribunal said despite the outcome at the hearing, there was nothing to prevent Hemmings from bringing fresh proceedings against any other party, including MTF Leasing, in another forum such as the Disputes Tribunal or a district court should he wish to do so.

Order

The tribunal ruled it had no jurisdiction to consider the buyer's claim and – for that reason alone – the application was dismissed. ⊕

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LATEST SCHEDULE

	Port Calls	Carrera v1821	Lake Taupo v1822	Triumph v1823	Carrera v1824
JAPAN	Moji	1 Nov	14 Nov	–	14 Dec
	Osaka	2 Nov	15 Nov	2 Dec	15 Dec
	Nagoya	3 Nov	16 Nov	3 Dec	17 Dec
	Yokohama	4 Nov	18 Nov	5 Dec	19 Dec
NEW ZEALAND	Auckland	21 Nov	6 Dec	21 Dec	6 Jan
	Wellington	26 Nov	10 Dec	7 Jan	10 Jan
	Lyttelton	24 Nov	9 Dec	5 Jan	9 Jan
	Nelson	26 Nov	14 Dec	7 Jan	TBA

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Total new cars
11,765
2017: 11,109 ▲ 5.9%

Total imported used cars
12,100
2017: 14,118 ▼ 14.3%

Whangarei
NEW: 185 2017: 184 ▲ 0.5%
USED: 254 2017: 346 ▼ 26.6%

Thames
NEW: 112 2017: 104 ▲ 7.7%
USED: 112 2017: 136 ▼ 17.6%

Auckland
NEW: 5,920 2017: 5,712 ▲ 3.6%
USED: 5,590 2017: 6,618 ▼ 15.5%

Tauranga
NEW: 373 2017: 311 ▲ 19.9%
USED: 519 2017: 551 ▼ 5.8%

Hamilton
NEW: 522 2017: 494 ▲ 5.7%
USED: 764 2017: 889 ▼ 14.1%

Rotorua
NEW: 157 2017: 147 ▲ 6.8%
USED: 190 2017: 204 ▼ 6.9%

New Plymouth
NEW: 130 2017: 141 ▼ 7.8%
USED: 191 2017: 209 ▼ 8.6%

Gisborne
NEW: 41 2017: 40 ▲ 2.5%
USED: 56 2017: 86 ▼ 34.9%

Wanganui
NEW: 81 2017: 89 ▼ 9.0%
USED: 120 2017: 115 ▲ 4.3%

Napier
NEW: 218 2017: 186 ▲ 17.2%
USED: 248 2017: 318 ▼ 22.0%

Palmerston North
NEW: 246 2017: 200 ▲ 23.0%
USED: 360 2017: 358 ▲ 0.6%

Masterton
NEW: 87 2017: 69 ▲ 26.1%
USED: 78 2017: 93 ▼ 16.1%

Nelson
NEW: 123 2017: 94 ▲ 30.9%
USED: 255 2017: 295 ▼ 13.6%

Wellington
NEW: 690 2017: 638 ▲ 8.2%
USED: 946 2017: 1,099 ▼ 13.9%

Westport
NEW: 0 2017: 0 0.0%
USED: 3 2017: 2 ▲ 50.0%

Blenheim
NEW: 57 2017: 64 ▼ 10.9%
USED: 60 2017: 71 ▼ 15.5%

Greymouth
NEW: 13 2017: 12 ▲ 8.3%
USED: 31 2017: 37 ▼ 16.2%

Christchurch
NEW: 2,383 2017: 2,206 ▲ 8.0%
USED: 1,585 2017: 1,932 ▼ 18.0%

Timaru
NEW: 61 2017: 73 ▼ 16.4%
USED: 122 2017: 110 ▲ 10.9%

Oamaru
NEW: 9 2017: 7 ▲ 28.6%
USED: 20 2017: 12 ▲ 66.7%

Dunedin
NEW: 231 2017: 236 ▼ 2.1%
USED: 401 2017: 432 ▼ 7.2%

Invercargill
NEW: 126 2017: 102 ▲ 23.5%
USED: 195 2017: 205 ▼ 4.9%

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Imported Passenger Vehicle Sales by Make - October 2018

MAKE	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	2,693	3,509	-23.3	22.3%	28,769	22.9%
Nissan	2,526	2,762	-8.5	20.9%	24,264	19.3%
Mazda	1,996	2,296	-13.1	16.5%	20,591	16.4%
Honda	1,271	1,379	-7.8	10.5%	12,907	10.3%
Subaru	645	744	-13.3	5.3%	7,074	5.6%
Suzuki	643	683	-5.9	5.3%	6,766	5.4%
Mitsubishi	489	450	8.7	4.0%	4,351	3.5%
BMW	474	576	-17.7	3.9%	5,156	4.1%
Volkswagen	366	456	-19.7	3.0%	3,892	3.1%
Audi	235	244	-3.7	1.9%	2,481	2.0%
Mercedes-Benz	167	225	-25.8	1.4%	2,178	1.7%
Lexus	108	91	18.7	0.9%	935	0.7%
Ford	62	122	-49.2	0.5%	932	0.7%
Volvo	59	70	-15.7	0.5%	651	0.5%
Jaguar	38	51	-25.5	0.3%	465	0.4%
Land Rover	33	51	-35.3	0.3%	382	0.3%
Mini	33	41	-19.5	0.3%	329	0.3%
Jeep	32	24	33.3	0.3%	292	0.2%
Chevrolet	30	52	-42.3	0.2%	479	0.4%
Holden	28	47	-40.4	0.2%	372	0.3%
Porsche	23	30	-23.3	0.2%	222	0.2%
Hyundai	22	38	-42.1	0.2%	243	0.2%
Chrysler	19	25	-24.0	0.2%	196	0.2%
Dodge	17	24	-29.2	0.1%	301	0.2%
Peugeot	13	13	0.0	0.1%	150	0.1%
Renault	9	19	-52.6	0.1%	96	0.1%
Ferrari	6	3	100.0	0.0%	32	0.0%
Kia	6	7	-14.3	0.0%	80	0.1%
Alfa Romeo	5	2	150.0	0.0%	39	0.0%
Daihatsu	5	10	-50.0	0.0%	85	0.1%
Cadillac	4	10	-60.0	0.0%	51	0.0%
Citroen	4	5	-20.0	0.0%	48	0.0%
Lincoln	4	4	0.0	0.0%	25	0.0%
Plymouth	4	3	33.3	0.0%	35	0.0%
Skoda	4	2	100.0	0.0%	22	0.0%
Others	27	50	-46.0	0.2%	529	0.4%
Total	12,100	14,118	-14.3	100.0%	125,420	100.0%

Imported Passenger Vehicle Sales by Model - October 2018

MAKE	MODEL	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Mazda	Axela	663	657	0.9	5.5%	6,251	5.0%
Nissan	Tiida	577	613	-5.9	4.8%	5,578	4.4%
Honda	Fit	539	519	3.9	4.5%	4,993	4.0%
Suzuki	Swift	533	579	-7.9	4.4%	5,726	4.6%
Mazda	Demio	509	553	-8.0	4.2%	4,976	4.0%
Nissan	Leaf	450	231	94.8	3.7%	2,771	2.2%
Toyota	Prius	423	301	40.5	3.5%	3,309	2.6%
Mitsubishi	Outlander	296	270	9.6	2.4%	2,457	2.0%
Toyota	Wish	296	319	-7.2	2.4%	2,885	2.3%
Subaru	Legacy	258	378	-31.7	2.1%	3,342	2.7%
Subaru	Impreza	241	151	59.6	2.0%	1,935	1.5%
Mazda	Premacy	236	225	4.9	2.0%	2,324	1.9%
Volkswagen	Golf	227	282	-19.5	1.9%	2,470	2.0%
Toyota	Vitz	225	251	-10.4	1.9%	2,566	2.0%
Mazda	Atenza	224	328	-31.7	1.9%	2,601	2.1%
Nissan	Dualis	214	201	6.5	1.8%	1,891	1.5%
Nissan	Note	200	205	-2.4	1.7%	1,996	1.6%
Toyota	Aqua	183	28	553.6	1.5%	929	0.7%
Honda	Stream	182	157	15.9	1.5%	1,571	1.3%
Nissan	X-Trail	171	133	28.6	1.4%	1,332	1.1%
Toyota	Corolla	149	176	-15.3	1.2%	1,690	1.3%
Toyota	Auris	148	159	-6.9	1.2%	1,603	1.3%
Toyota	Blade	137	168	-18.5	1.1%	1,641	1.3%
Nissan	Skyline	125	167	-25.1	1.0%	1,482	1.2%
Toyota	MarkX	118	224	-47.3	1.0%	1,861	1.5%
Honda	Odyssey	112	170	-34.1	0.9%	1,214	1.0%
Toyota	Ractis	110	117	-6.0	0.9%	1,011	0.8%
Nissan	Serena	107	62	72.6	0.9%	699	0.6%
Mazda	Verisa	106	103	2.9	0.9%	1,148	0.9%
BMW	320i	101	100	1.0	0.8%	1,022	0.8%
Nissan	Bluebird	101	126	-19.8	0.8%	1,157	0.9%
Nissan	March	97	129	-24.8	0.8%	977	0.8%
Toyota	Estima	87	230	-62.2	0.7%	1,095	0.9%
Honda	Civic	84	93	-9.7	0.7%	820	0.7%
Mazda	CX-5	81	95	-14.7	0.7%	727	0.6%
Others		3,790	5,618	-32.5	31.3%	45,370	36.2%
Total		12,100	14,118	-14.3	100.0%	125,420	100.0%



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Used cars – a moving target

VIA (the Imported Motor Vehicle Industry Association) says the outlook for the sector has markedly changed over the past four weeks or so.

David Vinsen, chief executive, says about a month ago VIA was concerned there was a large number of unsold used-imported vehicles in the country.

At the same time, there were shipments of vehicles on their way to New Zealand from Japan that would be more highly priced due to increased costs of biosecurity measures and the Kiwi dollar softening against the yen.

"It was a good time for people to buy a used car, but since then we're now down to just over two months of used car stock," he told Autofile. "The number of unsold used cars in the country has been reducing and volumes of imports haven't been high. It has been a self-regulating situation.

"It's never a perfect match between supply and demand. Sometimes there's a time delay. When that happens, dealers are stuck with a bit of stock they could be struggling to move or there's a loss of consumer confidence.

"They then start reducing prices, doing quick deals and stop purchasing for a while. Then cars start to sell again and they are back in the market buying more stock. It's quite a different situation now than it was a month ago."

In regards to costs for importers and car dealers, Vinsen says there's no control over that.

"The price of fuel has gone up, there are increased costs with

biosecurity of about \$250 per car because of the heat treatment that has to be done in Japan and the exchange rate has softened a bit. Car prices have gone up slightly. Dealers will adjust, they are resilient – sometimes it's easier doing business than others. It's always a low-margin game.

"At the moment, they are struggling on in the aftermath of the stink-bug biosecurity crisis earlier this year when we had no stock for seven weeks and dealers had no cash flow. And then we had a huge glut of stock come in and were inundated with stock.

"We also had the Takata airbag recall, which was another whammy for dealers. They are resilient, but not bullet-proof. Things are tough and traders are having to work their way through it. Sales have picked up, which is probably due to the work they're doing by offering incentives and reduced prices to move some stock."

Vinsen doesn't think there

will be a large number of used cars coming into the country in November. "Forward orders don't look particularly high, but dealers will keep working away at clearing any backlog and then they will start ordering again if they have the cash to do that.

"It has been a mixed time for dealers. We have the aftermath of the earlier biosecurity crisis for traders when we had no stock and that was followed by a huge arrival of stock. We had the airbag recall, the typhoon in Japan and we have the new stink-bug season. It has been mixed fortunes in for 2018."

Paul Byrnes, deputy chairman of Turners, says the New Zealand used-vehicle market continues to grow.

"Due to the fleet's age, we believe there are years of inherent demand," he says. "More than 20 per cent of the used fleet is at or close to scrapping age. Hundreds of thousands of vehicles are expected to need replacing over

the next decade. Also, compared to the new-car industry, the used market tends to be less discretionary.

"There are more than 3,500 used-vehicle dealers in New Zealand. Turners has by far the biggest share, but still well under 10 per cent of the total market, so there's plenty of room for consolidation. While our focus is more on organic growth and expanding existing businesses, we continue to assess potential acquisitions that could add value.

"We particularly monitor the more disruptive and innovation space. Electric vehicles [EVs] are still being sold in low numbers with more than 10,000 out of a fleet of 3.85 million. A reliable source of good, second-hand EVs and further investments in infrastructure will be critical to driving more serious adoption."

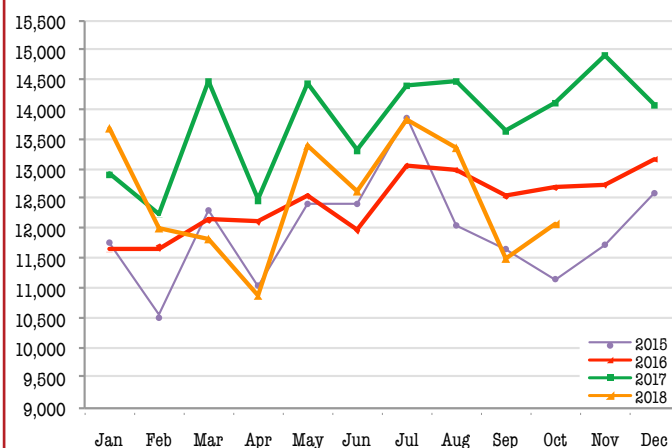
There were 12,100 registrations of used-imported passenger vehicles last month – down by 14.3 per cent when compared to October 2017, but up by 4.9 per cent compared to September 2018.

Year to date, the market has fallen by 8.2 per cent against the first 10 months of last year with 125,420 units sold compared to 136,628.

Toyota was again at the top of the table on 2,693 units – but down by 23.3 per cent compared to September 2017's total of 3,509.

Nissan was steady in second with 2,526 units, which was a drop of 8.5 per cent or 236 units. Mazda came third with 1,996 units – a decrease of 13.1 per cent on the same month of last year. ☺

Used Imported Passenger Registrations - 2015-2018



Masterplan sets out port targets

The automotive industry is set to benefit from projects in Ports of Auckland's 30-year masterplan.

Tony Gibson, chief executive, says it received a broadly favourable response during public consultation before being endorsed by Auckland Council.

"The importance of this can't be understated," he says. "Since 2011, there has been uncertainty about the port's place in the city, which has undermined our ability to meet demand. That uncertainty is now gone."

Several projects are getting under way and work will start early

next year on a car-handling building, which will reduce wharf times.

For the year ending June 30, 2018, car dwell times came in at 2.9 days, which was down from 2.93 in 2017 – but still some way off the past five-year low of 2.46 days in 2016.

As for the long term, within 10 years the company is aiming to remove Marsden Wharf and reconstruct Bledisloe South Wharf to create a third berth for roll-on, roll-off vessels. And port-wide improvements will have knock-on benefits for vehicle importers.

"Despite automating a working container terminal with the disruption that implies, we have

improved the speed with which we load and unload ships," says Gibson.

"The most unusual challenge this year was stink bugs on ships from Japan. Measures to keep them out caused significant delay and disruption to the import of vehicles.

"After a couple of months, once new processes were embedded, there was a dramatic increase in volumes as importers cleared the backlog of cars on wharves in Japan. In May, we handled 39,670 cars compared to an average volume of 25,000 – the first time we've handled more than 30,000.

"Car volumes were forecast to increase by around four per cent

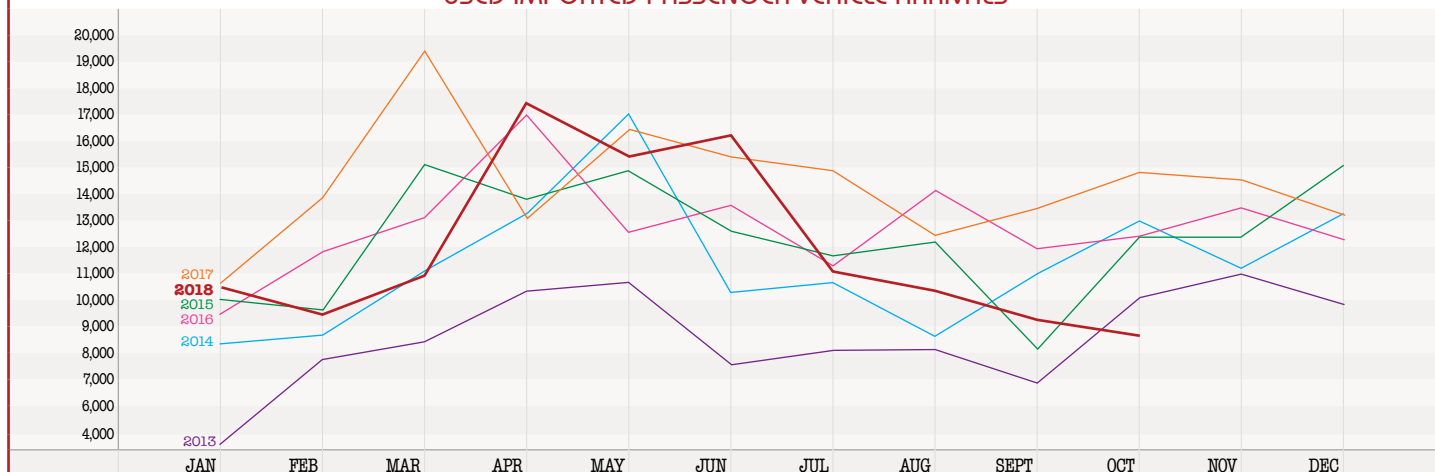
this year, but due to the stink-bug impact they increased only slightly with 297,678 units handled compared to 297,383 units last year."

Breakbulk and bulk volumes, including cars and light commercials, jumped by 4.8 per cent to 6.77 million tonnes, while container volumes rose by 2.2 per cent to 973,722 20-foot equivalent units.

As for October's statistics, there were 8,669 used passenger vehicles imported into New Zealand for 2018's second lowest monthly total since 7,686 in February.

There were 7,917 used cars imported from Japan last month, followed by Australia with 357. ➤

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	SEP '18	OCT '18	OCTOBER MARKET SHARE	2018 TOTAL	TOTAL	% SHARE	TOTAL	% SHARE
Australia	435	360	375	335	384	335	321	343	297	357	4.1%	3,542	5,540	3.2%	5,151	3.4%
Great Britain	123	63	94	82	77	70	73	77	92	82	0.9%	833	2,173	1.3%	1,537	1.0%
Japan	9,681	7,014	10,020	18,775	14,748	15,339	10,380	9,699	8,591	7,917	91.3%	112,164	160,822	93.8%	143,080	93.7%
Singapore	132	111	95	124	128	99	122	123	143	133	1.5%	1,210	1,202	0.7%	1,231	0.8%
USA	80	102	99	104	97	86	104	74	108	123	1.4%	977	1,419	0.8%	1,275	0.8%
Other countries	28	36	89	18	30	32	28	18	29	57	0.7%	365	387	0.2%	438	0.3%
Total	10,479	7,686	10,772	19,438	15,464	15,961	11,028	10,334	9,260	8,669	100.0%	119,091	171,543	100.0%	152,712	100.0%



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Low interest hits trade-ins

Second-hand car sales have bounced back from September's slowdown. There were 19,441 dealer-to-public sales during October – up by five per cent on the same month of last year and by 1,615 units on September.

Dealers in Gisborne experienced a 19.9 per cent increase in second-hand passenger vehicle registrations compared to October 2017, while Masterton followed with a 14.4 per cent sales hike.

Trade-in numbers were also up against September by 1,175 units. There were 13,662 trades last month – an increase of 7.3 per cent on the same month of last year.

Masterton dealers accepted 142 trade-ins compared with 95 in October 2017 – a 49.5 per cent jump. Gisborne followed with a 38.3 per cent spike in trade-ins by taking 83 compared with 60 in October 2017.

Lloyd Wilson, managing director, of Lloyd Wilson Motors in Dunedin, says: "October was patchy. It's just hard to do at the moment. We're getting a few sales, but aren't getting the foot traffic and not many enquiries."

As for the impact of heat-treatment for stink bugs and transports costs, as well as the Kiwi dollar dropping in value, he notes it's the cost of doing business and

end costs always fluctuate.

"You need to make your margins," says Wilson, who is also chairman of the South Island branch of VIA (the Imported Motor Vehicle Industry Association). "Your costs are your costs. Hopefully, you put your margin on top and make some money."

"There's not much you can change really. There's no point in selling vehicles for nothing. Your overheads are your overheads, your margins go on top. It's either that or you don't get to stay here, that's the other option. We're trying to make the most of everything we've got."

Jack Thompson, owner of RT

Motor Company in Christchurch, says that with low-finance deals for new cars – some as low as one per cent – many buyers are choosing new rather than a second-hand.

"The franchises then get the trade-in, so the franchises are really in control of the market at the moment," he says.

On hikes in petrol, Thompson says the jump to \$2.40 a litre has had no impact on his business, but buyers are going hot on electric cars.

"Why buy a petrol car for \$10,000 when you can buy a Nissan Leaf for \$20,000 and finance the \$10,000 balance through the fuel bill every week." ☺

SECONDHAND CAR SALES - October 2018

	DEALER TO PUBLIC					PUBLIC TO PUBLIC					PUBLIC TO DEALER			
	OCT'18	OCT'17	+/- %	MARKET SHARE		OCT'18	OCT'17	+/- %	OCT'18		OCT'17	+/- %		
Whangarei	644	632	1.9	3.31		2,036	1,992	2.2			291	242	20.2	
Auckland	6,787	6,473	4.9	34.91		14,623	14,870	-1.7			5,385	4,712	14.3	
Hamilton	1,550	1,521	1.9	7.97		3,464	3,254	6.5			1,067	1,117	-4.5	
Thames	345	324	6.5	1.77		696	730	-4.7			204	155	31.6	
Tauranga	953	845	12.8	4.90		2,136	1,971	8.4			648	536	20.9	
Rotorua	459	424	8.3	2.36		1,012	1,065	-5.0			153	127	20.5	
Gisborne	181	151	19.9	0.93		403	392	2.8			83	60	38.3	
Napier	703	659	6.7	3.62		1,472	1,447	1.7			461	417	10.6	
New Plymouth	404	376	7.4	2.08		1,045	887	17.8			216	228	-5.3	
Wanganui	293	278	5.4	1.51		647	693	-6.6			163	134	21.6	
Palmerston North	838	778	7.7	4.31		1,673	1,495	11.9			718	795	-9.7	
Masterton	247	216	14.4	1.27		508	585	-13.2			142	95	49.5	
Wellington	1,690	1,692	-0.1	8.69		3,163	3,106	1.8			1,019	1,145	-11.0	
Nelson	304	321	-5.3	1.56		1,054	1,143	-7.8			209	215	-2.8	
Blenheim	172	175	-1.7	0.88		435	430	1.2			105	94	11.7	
Greymouth	60	63	-4.8	0.31		189	157	20.4			28	39	-28.2	
Westport	5	5	0.0	0.03		37	13	184.6			0	0	0.0	
Christchurch	2,276	2,202	3.4	11.71		5,098	5,306	-3.9			1,896	1,782	6.4	
Timaru	217	191	13.6	1.12		548	578	-5.2			106	126	-15.9	
Oamaru	40	36	11.1	0.21		115	88	30.7			5	3	66.7	
Dunedin	813	724	12.3	4.18		2,077	2,068	0.4			473	387	22.2	
Invercargill	460	427	7.7	2.37		1,177	1,106	6.4			290	318	-8.8	
NZ total	19,441	18,513	5.0	100.00		43,608	43,376	0.5			13,662	12,727	7.3	

Vehicle Information Reports now include Takata airbag recall alerts*.

*Not all manufacturer data is available yet

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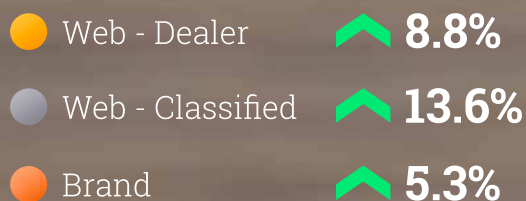
New Passenger Vehicle Sales by Make - October 2018

MAKE	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	3,875	3,408	13.7	32.9%	17,114	18.8%
Mazda	1,077	903	19.3	9.2%	8,704	9.6%
Holden	1,023	1,006	1.7	8.7%	6,657	7.3%
Mitsubishi	756	641	17.9	6.4%	6,478	7.1%
Hyundai	656	814	-19.4	5.6%	5,981	6.6%
Kia	611	585	4.4	5.2%	5,979	6.6%
Suzuki	512	555	-7.7	4.4%	5,642	6.2%
Honda	477	386	23.6	4.1%	4,643	5.1%
Nissan	403	389	3.6	3.4%	3,833	4.2%
Subaru	349	303	15.2	3.0%	3,185	3.5%
Volkswagen	345	272	26.8	2.9%	3,321	3.7%
Ford	310	581	-46.6	2.6%	4,689	5.2%
Jeep	210	102	105.9	1.8%	1,304	1.4%
Mercedes-Benz	163	191	-14.7	1.4%	1,874	2.1%
Skoda	146	76	92.1	1.2%	1,390	1.5%
Audi	113	127	-11.0	1.0%	1,621	1.8%
BMW	95	142	-33.1	0.8%	1,491	1.6%
Volvo	73	50	46.0	0.6%	568	0.6%
Land Rover	71	73	-2.7	0.6%	922	1.0%
Lexus	67	70	-4.3	0.6%	677	0.7%
Peugeot	67	62	8.1	0.6%	808	0.9%
Haval	60	20	200.0	0.5%	457	0.5%
SsangYong	50	89	-43.8	0.4%	594	0.7%
Mini	41	53	-22.6	0.3%	554	0.6%
Citroen	31	12	158.3	0.3%	214	0.2%
Renault	28	16	75.0	0.2%	226	0.2%
Porsche	25	20	25.0	0.2%	314	0.3%
Jaguar	23	33	-30.3	0.2%	329	0.4%
Alfa Romeo	20	8	150.0	0.2%	118	0.1%
Isuzu	17	28	-39.3	0.1%	242	0.3%
Tesla	13	15	-13.3	0.1%	224	0.2%
Bentley	8	3	166.7	0.1%	51	0.1%
LDV	8	10	-20.0	0.1%	70	0.1%
Seat	8	1	700.0	0.1%	104	0.1%
Can-Am	5	4	25.0	0.0%	42	0.0%
Others	29	61	-52.5	0.2%	566	0.6%
Total	11,765	11,109	5.9	100.0%	90,986	100.0%

New Passenger Vehicle Sales by Model - October 2018

MAKE	MODEL	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	Corolla	1,744	1,772	-1.6	14.8%	5,832	6.4%
Toyota	RAV4	996	478	108.4	8.5%	3,939	4.3%
Mazda	CX-5	365	261	39.8	3.1%	3,195	3.5%
Toyota	Highlander	332	334	-0.6	2.8%	2,085	2.3%
Kia	Sportage	318	354	-10.2	2.7%	2,852	3.1%
Mazda	Mazda3	306	303	1.0	2.6%	1,765	1.9%
Toyota	Yaris	283	226	25.2	2.4%	1,662	1.8%
Mitsubishi	ASX	268	323	-17.0	2.3%	2,023	2.2%
Suzuki	Swift	250	182	37.4	2.1%	2,615	2.9%
Holden	Commodore	246	223	10.3	2.1%	1,567	1.7%
Mitsubishi	Eclipse Cross	235	0	23,500.0	2.0%	1,423	1.6%
Toyota	Landcruiser Prado	210	152	38.2	1.8%	922	1.0%
Mitsubishi	Outlander	209	174	20.1	1.8%	2,029	2.2%
Nissan	Qashqai	207	195	6.2	1.8%	1,834	2.0%
Holden	Captiva	202	225	-10.2	1.7%	1,719	1.9%
Honda	HR-V	152	96	58.3	1.3%	1,029	1.1%
Nissan	X-Trail	152	166	-8.4	1.3%	1,466	1.6%
Honda	Jazz	147	46	219.6	1.2%	1,561	1.7%
Holden	Trax	147	185	-20.5	1.2%	723	0.8%
Hyundai	Tucson	143	221	-35.3	1.2%	1,588	1.7%
Holden	Astra	140	106	32.1	1.2%	752	0.8%
Hyundai	Santa Fe	139	90	54.4	1.2%	1,256	1.4%
Honda	CRV	138	141	-2.1	1.2%	1,386	1.5%
Hyundai	Kona	138	76	81.6	1.2%	1,448	1.6%
Volkswagen	Tiguan	138	104	32.7	1.2%	1,477	1.6%
Mazda	CX-3	128	103	24.3	1.1%	1,171	1.3%
Subaru	Forester	114	24	375.0	1.0%	436	0.5%
Holden	Equinox	111	6	1,750.0	0.9%	737	0.8%
Mazda	Mazda2	107	102	4.9	0.9%	1,043	1.1%
Jeep	Compass	104	0	10,400.0	0.9%	432	0.5%
Subaru	XV	100	79	26.6	0.8%	1,048	1.2%
Toyota	C-HR	99	52	90.4	0.8%	743	0.8%
Toyota	Camry	93	169	-45.0	0.8%	671	0.7%
Subaru	Outback	93	128	-27.3	0.8%	1,193	1.3%
Hyundai	i30	91	36	152.8	0.8%	457	0.5%
Others		3,120	3,977	-21.5	26.5%	34,907	38.4%
Total		11,765	11,109	5.9	100.0%	90,986	100.0%

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

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Fresh direction with concept

In a break from tradition, the new Ford Store in the Wairau Valley on Auckland's North Shore will have no vehicles displayed outside so customers can avoid battling with the elements.

Instead, 35 to 40 vehicles for sale on-site are being housed in a 2,000 square-metre showroom as part of a business model.

Steve Fraser, dealer principal of North Harbour Ford, says: "It's climate-controlled, so if it's hot outside or raining our Ford Store will be a nice place to be. All of our vehicles will be on display, well laid out and more like the feel of a motor show, so people can stand back and look at them to see what they are all about."

"We're developing interactive technology for customers to understand cars' different features. The sales team will not have desks, but will work with remote devices. They are product consultants rather than traditional sales people. Customers can sit on a couch – or where they feel comfortable – to configure and design the vehicle of their dreams."

Fraser says if people walk into the premises wanting to buy and then drive off with one of the models on display, then that traditional dealership option will still be available.

"We want the Ford Store to be a destination where people can have a good look at the cars and be a place they enjoy going to," he told Autofile. "It will offer more than a traditional dealership." The site was set to host about 300 invited guests on November 7 before opening to the public on November 10.



"We've managed to get a great product line-up for the opening period," says Fraser. "We have a new Raptor on display and have got one of the first limited-edition Bullitt Mustangs."

New Zealand has only been allocated 50 green Bullitts. The opening will also commemorate last month's 50th anniversary of the Steve McQueen film, which saw the Hollywood legend drive a 1968 Mustang Fastback in one of the silver screen's most epic car chases.

"I'm looking forward to having the Bullitt on show," says Fraser. "The store will have a nice selection of the latest Fords. Because the cars are inside, we can configure them and dress them up with



accessories, such as roof racks and bike holders, and add lifestyle items like kayaks. We can show people what they can do to personalise or customise vehicles.

"As for Mustang sales, I'm gobsmacked by how well they have gone in this country. When Ford launched it in 2016, it priced the car well and the market ran with it."

Fraser says New Zealand has always traditionally been a four-door car market, but the Mustang has been an exception to that. "It's a classless, sexless, ageless car. Everyone likes it. New owners find people come over and talk to them about it."

It hasn't been all roses for blue-oval dealerships, however,

with the closure of Hoffman Ford in Pahiatua after more than a century of trading in the Tararua town.

Managing director Neil Macfarquhar told Autofile he didn't wish to add to the reasons to shut up shop in addition to those given in a written statement.

That says: "Sadly, the dealership that has traded since 1913 has made the hard decision to wind down and close. It's unfortunate and sad for staff, many of whom have served the company and customers so well over the years. The assets will be sold down through this process. Until this time, the workshop will continue to trade."

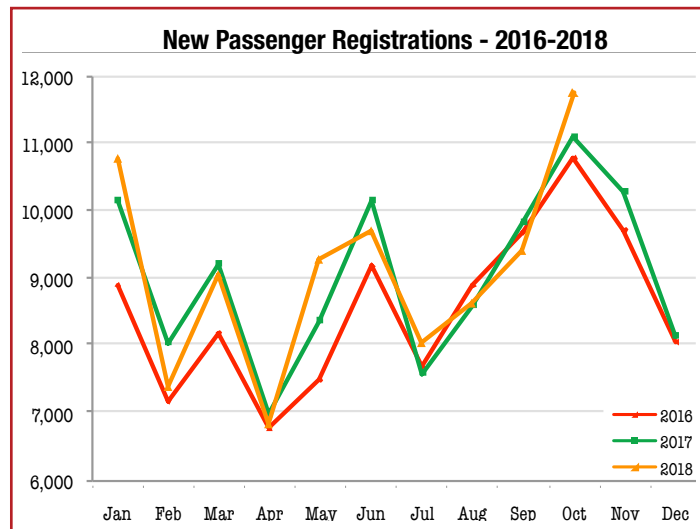
About 60 cars on Hoffman Ford's yard in Pahiatua were removed on October 14 by a fleet of 10 car transporters.

Tracey Collis, Mayor of Tararua, who bought herself an Escape from the dealership, says locals have been trying to come to terms with what has happened, while a spokesman for Ford NZ adds it was a business decision to close and its customers will "be taken care of".

As for last month, there were 11,765 passenger cars and SUVs registered nationwide. This was up by 656 units on the same month of 2017, an increase of 5.9 per cent.

Thanks to a strong rental market, the top-selling model was Toyota's Corolla on 1,744 units with the RAV4 second on 996 sales. The Mazda CX-5 was third on 365 units.

Toyota topped the marques ladder with a 32.9 per cent share of last month's market on 3,875 units. It was followed by Mazda with 9.2 per cent and 1,077 units, and Holden with 8.7 per cent and 1,023 units. ☺



October 2018 (📈 vs September 2018)

SALES

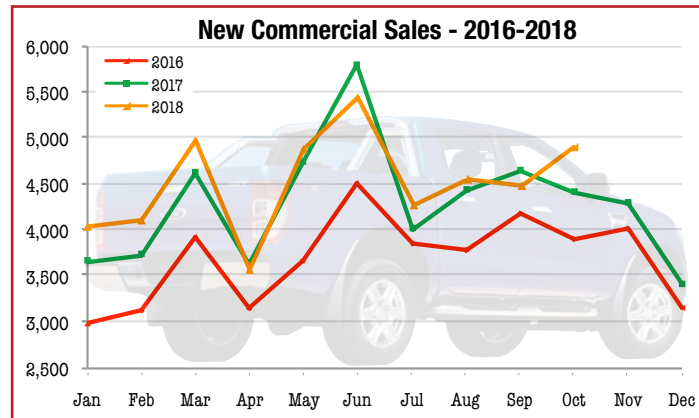
- 🟡 Web - Dealer 📈 7.5%
- 🟢 Web - Classified 📈 11.7%
- 🟠 Repeat 📈 8.7%

Tight tussle at top to secure title

Toyota topped last month's ladder for sales of commercial vehicles with 1,123 units. It was followed by Ford with 978 units and Holden in third on 411. Year to date, only 174 units separate the top two brands with Ford sitting on 9,350 and Toyota with 9,176.

The Ranger was the sector's best-seller with 876 registrations, followed by the Hilux on 810. Third spot went to Mitsubishi's Triton on 402 sales. There were 4,903 commercial vehicles sold in October, up by 11.1 per cent from 4,415 in the same month of last year.

Paul Bond, dealer principal of Hawkes Bay Nissan, says: "I think it's fair to say the bay hasn't been as affected by petrol price rises as other



regions. But I wouldn't be going out to buy a new V8 or a whole lot of used V8s at the moment.

"The Navara, Qashqai and X-Trail are our big three models at the moment. The Navara has got a big

following especially here and there's always demand for second-hand utes.

"Overall, this year has been tough and I don't think the industry is getting any easier. Sales are ticking over, but it's not like it

was. It's a battle. You just have to ensure expenses are in-line and do everything right on a daily basis."

Pauline Gilbert, chief executive officer at Coast Toyota in Greymouth, says: "The Hilux is still good for us – new and used. Used sales are a bit of a mixture, but we sell more SUVs. A lot of people are buying new vehicles and putting used cars on Trade Me rather than trading in. We're seeing more of that than we used to, but we're still doing okay."

The Motor Industry Association reports October was the strongest month ever for sales of all new vehicles. The previous best month was June 2017 with 15,985 units and last month come in at about seven per cent higher. ☺

New Commercial Sales by Make - October 2018

MAKE	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	1,123	1,047	7.3	22.9%	9,176	20.3%
Ford	978	948	3.2	19.9%	9,350	20.7%
Holden	411	334	23.1	8.4%	4,006	8.8%
Mitsubishi	402	330	21.8	8.2%	3,833	8.5%
Nissan	289	219	32.0	5.9%	3,147	7.0%
Isuzu	254	259	-1.9	5.2%	3,014	6.7%
LDV	206	122	68.9	4.2%	1,653	3.7%
Mercedes-Benz	187	167	12.0	3.8%	1,071	2.4%
Fiat	173	126	37.3	3.5%	887	2.0%
Mazda	173	193	-10.4	3.5%	1,804	4.0%
Volkswagen	153	128	19.5	3.1%	1,609	3.6%
Hino	63	54	16.7	1.3%	603	1.3%
Hyundai	62	48	29.2	1.3%	643	1.4%
Renault	55	19	189.5	1.1%	163	0.4%
Fuso	52	93	-44.1	1.1%	764	1.7%
Great Wall	49	21	133.3	1.0%	197	0.4%
Volvo	32	27	18.5	0.7%	268	0.6%
UD Trucks	30	20	50.0	0.6%	226	0.5%
Kenworth	28	20	40.0	0.6%	272	0.6%
Iveco	26	27	-3.7	0.5%	243	0.5%
Others	157	213	-26.3	3.2%	2,340	5.2%
Total	4,903	4,415	11.1	100.0%	45,269	100.0%

New Commercial Sales by Model - October 2018

MAKE	MODEL	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Ford	Ranger	876	853	2.7	17.9%	8,308	18.4%
Toyota	Hilux	810	762	6.3	16.5%	6,766	14.9%
Mitsubishi	Triton	402	328	22.6	8.2%	3,832	8.5%
Holden	Colorado	398	307	29.6	8.1%	3,932	8.7%
Toyota	Hiace	291	245	18.8	5.9%	2,112	4.7%
Nissan	Navara	289	219	32.0	5.9%	3,147	7.0%
Mazda	BT-50	173	193	-10.4	3.5%	1,804	4.0%
Fiat	Ducato	173	125	38.4	3.5%	884	2.0%
Mercedes-Benz	Sprinter	139	116	19.8	2.8%	702	1.6%
Isuzu	D-Max	136	163	-16.6	2.8%	2,014	4.4%
Ford	Transit	102	95	7.4	2.1%	1,042	2.3%
LDV	V80	94	44	113.6	1.9%	551	1.2%
LDV	T60	63	45	40.0	1.3%	720	1.6%
Volkswagen	Amarok	61	82	-25.6	1.2%	811	1.8%
Hyundai	iLoad	61	46	32.6	1.2%	622	1.4%
Renault	Master Van	49	17	188.2	1.0%	100	0.2%
Great Wall	Steed	49	21	133.3	1.0%	197	0.4%
Isuzu	F Series	48	34	41.2	1.0%	400	0.9%
LDV	G10	45	33	36.4	0.9%	367	0.8%
Volkswagen	Caddy	41	7	485.7	0.8%	155	0.3%
Others		603	680	-11.3	12.3%	6,803	15.0%
Total		4,903	4,415	11.1	100.0%	45,269	100.0%



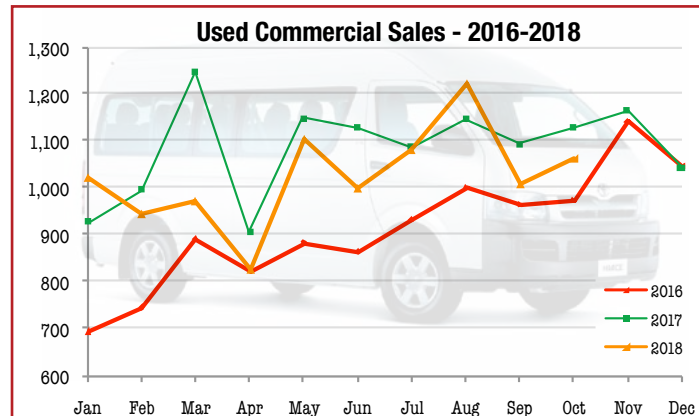
Moana Blue
are turning a little **green!**

Sales tapering off slightly

Registrations of used imported commercials fell for the second month in a row when compared to the same period of last year.

There were 1,066 sales in October – down by 5.7 per cent on the same month of last year. Toyota's Hiace was the top-seller on 345 units, followed by Mazda's Bongo with 67 and Nissan's Caravan on 55 in third place.

Paul Bond, of Hawkes Bay Nissan, says: "I've bought three used Navaras and have had two trade-ins coming through. We don't have any issues getting used Navaras for the yard. But owners often pass their used utes onto family or friends when they buy new ones.



"At the moment, I'm struggling to buy good-quality used vehicles. The auction houses seem to be a little quiet and there doesn't seem to be offerings with the Nissan brand coming through into that arena.

"I could do with more Qashqais for the used yard. We just have to rely on trades coming through. At the end of the day, it's a new vehicles game. If we can do the business, hit our new car targets

and there's a trade involved, then that's a bonus."

Bond talked to some other dealers at the Royal A&P Show, who "seemed reasonably happy". He says the economy in Hawkes Bay is good.

"I've lived here for three years after coming up from Wellington and it's an outstanding area. There's no reliance on any one industry. The diversification in the bay is amazing from sheep and beef to vineyards and orchards.

"Everyone seems to be doing okay and it looks like it will be a good season for pip-fruit growers, but anything could happen between now and fruiting. There are lovely people here. Many have done well for themselves, but they are humble." ☺

Used Commercial Sales by Make - October 2018

MAKE	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	448	487	-8.0	42.0%	4,600	44.8%
Nissan	239	266	-10.2	22.4%	2,158	21.0%
Mazda	81	98	-17.3	7.6%	623	6.1%
Isuzu	55	58	-5.2	5.2%	576	5.6%
Ford	45	39	15.4	4.2%	402	3.9%
Mitsubishi	37	43	-14.0	3.5%	355	3.5%
Fiat	27	16	68.8	2.5%	176	1.7%
Hino	26	28	-7.1	2.4%	339	3.3%
Chevrolet	18	25	-28.0	1.7%	181	1.8%
Mercedes-Benz	11	8	37.5	1.0%	66	0.6%
Suzuki	11	3	266.7	1.0%	63	0.6%
GMC	9	4	125.0	0.8%	48	0.5%
Holden	8	19	-57.9	0.8%	183	1.8%
Volkswagen	7	4	75.0	0.7%	51	0.5%
Land Rover	5	0	500.0	0.5%	12	0.1%
Mitsubishi Fuso	5	1	400.0	0.5%	40	0.4%
Citroen	4	0	400.0	0.4%	14	0.1%
Alexander Dennis	3	0	300.0	0.3%	3	0.0%
Daihatsu	3	2	50.0	0.3%	54	0.5%
Dodge	3	9	-66.7	0.3%	57	0.6%
Others	21	20	5.0	2.0%	262	2.6%
Total	1,066	1,130	-5.7	100.0%	10,263	100.0%

Used Commercial Sales by Model - October 2018

MAKE	MODEL	OCT'18	OCT'17	+/- %	OCT'18 MKT SHARE	2018 YEAR TO DATE	2018 MKT SHARE
Toyota	Hiace	345	360	-4.2	32.4%	3,517	34.3%
Mazda	Bongo	67	87	-23.0	6.3%	505	4.9%
Nissan	Caravan	55	66	-16.7	5.2%	655	6.4%
Nissan	NV200	53	52	1.9	5.0%	433	4.2%
Nissan	NV350	49	25	96.0	4.6%	337	3.3%
Nissan	Vanette	40	53	-24.5	3.8%	288	2.8%
Toyota	Dyna	33	33	0.0	3.1%	336	3.3%
Isuzu	Elf	32	36	-11.1	3.0%	338	3.3%
Toyota	Regius	30	46	-34.8	2.8%	356	3.5%
Fiat	Ducato	27	16	68.8	2.5%	167	1.6%
Nissan	Atlas	19	21	-9.5	1.8%	213	2.1%
Ford	Transit	15	6	150.0	1.4%	93	0.9%
Toyota	Toyoace	14	19	-26.3	1.3%	169	1.6%
Hino	Dutro	13	13	0.0	1.2%	153	1.5%
Nissan	Navara	13	26	-50.0	1.2%	94	0.9%
Hino	Ranger	13	14	-7.1	1.2%	141	1.4%
Mitsubishi	Canter	12	18	-33.3	1.1%	152	1.5%
Ford	Ranger	12	14	-14.3	1.1%	136	1.3%
Suzuki	Carry	11	3	266.7	1.0%	58	0.6%
Isuzu	Forward	11	12	-8.3	1.0%	125	1.2%
Others		202	210	-3.8	18.9%	1,997	19.5%
Total		1,066	1,130	-5.7	100.0%	10,263	100.0%

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High daily sales hit stock

Registrations of new passenger vehicles are holding up despite talk of business confidence dropping, report two dealer principals.

Paul Bond, of Hawkes Bay Nissan, says the new-car market is "ticking over quite nicely", but the used-vehicle market has softened.

"We recently had our Royal A&P Show and took a Nissan Leaf along," he says. "There was some healthy enquiry there around it, but people are still nervous about the infrastructure for electric cars.

"However, things are getting better. We have a charging station in Dannevirke, one in the middle of Hastings and two on the Napier-Taupo Highway, but buyers are still hesitant about it.

"We should see the new Leaf in this country around April or May and we can't wait to have it

on the showroom floor. Nissan NZ will confirm the model closer to the time and there's no pricing at this stage. We haven't seen a model line-up, but know Australia is getting the top-specification model, so you would think we will get the same."

Bond says the manufacturer can't keep up with global demand for the Leaf and "that's just the way it is". He expects more enquiry around the expected arrival of the new model on these shores.

He adds there's a niche market for Nissan's sports cars. "Summer seems to be the time when we sell more of them. We only really have the 370Z. It pays to have one in the showroom. It's the younger generation that comes in and knows exactly what the car is and a lot about it.

"I am excited about 2019. In

addition to the new Leaf, I'm sure Nissan will have other products up its sleeve that we'll see coming through."

Steve Fraser, dealer principal of North Harbour Ford, says: "Despite talk of a lack of business confidence in the media, we've done well over the winter. It has been said that car sales and job adverts are the best indicators of the state of the economy.

"So far, things have been going well. However, I think the manic growth over the past five-odd years has slowed. It's still not a decline, rather a tapering off of the growth."

Looking ahead to 2019, he adds: "Overall, the economy is in good shape, which bodes well for the automotive industry and business in general.

"Our economy is stable and we're expecting the automotive

industry to continue growing, but perhaps not as rapidly as it has over the past few years. I think 2019 will be positive. All indicators are good and I can't see anything changing."

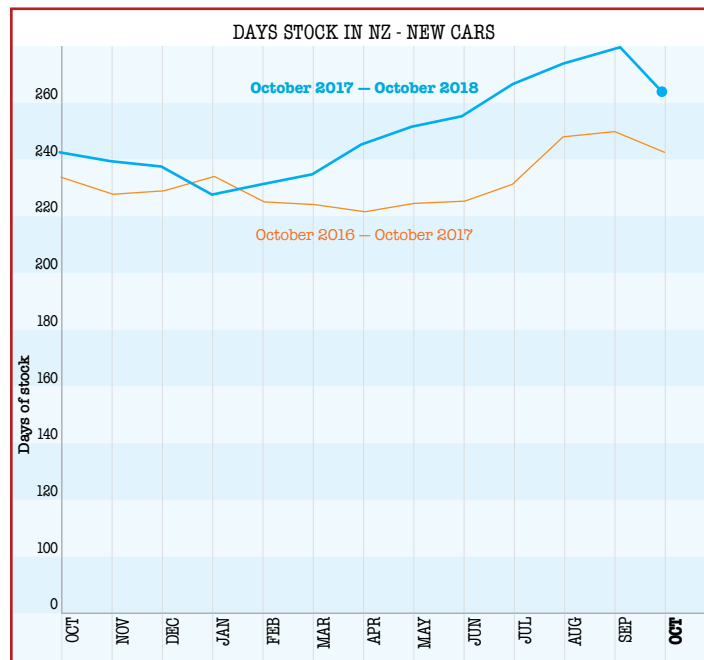
A total of 9,921 new cars entered New Zealand during October – down by 5.3 per cent on the same month of last year and down by 6.8 per cent on September's total of 10,641.

However, October recorded the highest number of registrations in the past 12 months with 11,765 units sold, which was up by 24.7 per cent on the previous month and by 5.9 per cent on the same month of last year.

As a result, new car stock dropped by 1,844 to 81,311 unsold units, which is still up by 14.4 per cent on October 2017. Average daily sales now sit at 300, which is the highest ever recorded. ☺

Dealer stock of new cars in New Zealand

	CAR SALES				DAILY SALES	DAYS
	IMPORTED	REGISTERED	VARIANCE	STOCK	- 12-MONTH AVERAGE	STOCK AT HAND
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	10,138	9,725	413	75,919	298	255
Jul '18	11,503	8,040	3,463	79,382	299	265
Aug '18	11,202	8,639	2,563	81,945	299	274
Sep '18	10,641	9,431	1,210	83,155	298	279
Oct '18	9,921	11,765	-1,844	81,311	300	271
Year to date	101,096	90,986	10,110			
Change on last month	-6.8%	24.7%		-2.2%		
Change on Oct 2017	-5.3%	5.9%		14.4%		
	LESS IMPORTED	MORE SOLD		MORE STOCK		



Good stock difficult to track down

There may be plenty of used vehicles accessible for dealers, but the flipside is that quality stock is proving trickier to access.

That's the view of Nick Owens, managing director Auto Inspection Services in Christchurch, with some dealers reporting they have got a lot of vehicles on their yards.

He says: "That's well-known in the industry, but there has just been too much stock around. The feelers are indicating it's really hard to buy good stock."

"There are a few sales going on, which will lead to more buying. However, lead time is about one month. For vehicles being bought now, it will be pretty hard pressed to see them before the end of the year."

Owens describes business during October as "pretty poor" and slightly better than September,

"but still nowhere near where we would like it to be".

"The noises around town seem to be a bit more confident than they probably were a month ago," he adds. "Hopefully, we will see a bit more of an uptake again in November."

"I'm hoping January will be back at a better level. There's nothing in the pipeline that's going to throw that out like the whammies we've had recently."

Jack Thompson, owner of RT Motor Company, which is also in Christchurch, says business has been strong in recent months with September probably being the year's best so far.

"I have a bit more stock, which probably has helped," says Thompson, who imports from Japan and buys used cars off franchises in the city. "But a lot of

dealers I've talked to say business has been tough and slow."

Thompson reports there were import delays due to the typhoon that hit Japan on September 4 and when cars are held up through the supply chain, "the biggest problem is by the time you get them on the yard, it can take three or four months".

By then, prices may have changed, so suddenly what was thought to be a certain amount of margin becomes more about breaking even or making a loss.

"In the past few months, it has been our local purchases that have been our strong point," he adds. "A lot of dealers are still selling the numbers, but profits are the issue. If they bought the vehicle four to five months ago, by the time it gets to New Zealand it needs work done so it can be a six-month

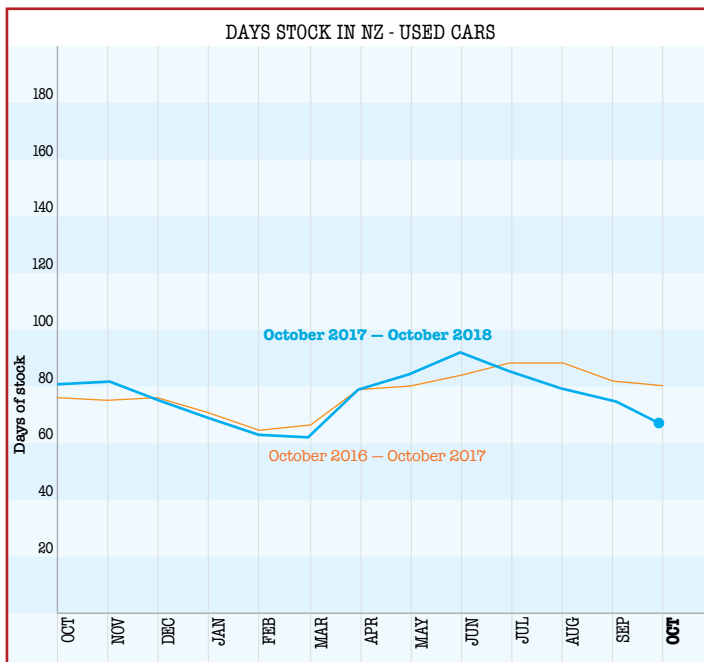
delay to get stock onto the yard."

As for last month's statistics, a total of 8,669 used passenger vehicles crossed our border – down by 41.7 per cent on October 2017 when 14,866 came in.

Registrations were also down but not quite so dramatically. They fell by 14.3 per cent on the same month last, down from 14,118 in October 2017 to 12,100 last month.

Year to date, 119,091 used-imported cars have come into New Zealand and 125,420 have been registered resulting in a decrease in used car stock of 6,329.

Stock on-hand sits at 28,273 units – down by 21.2 per cent on October 2017. It was also down by 10.8 per cent on September's total of 31,704. That means there's 67 days of unregistered stock on-hand, the lowest amount since March. ☹



Dealer stock of used cars in New Zealand

	CAR SALES				DAILY SALES	
	IMPORTED	REGISTERED	VARIANCE	STOCK	- 12-MONTH AVERAGE	DAYS STOCK AT HAND
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	15,961	12,651	3,310	39,830	439	91
Jul '18	11,028	13,847	-2,819	37,011	438	85
Aug '18	10,334	13,368	-3,034	33,977	434	78
Sep '18	9,260	11,533	-2,273	31,704	429	74
Oct '18	8,669	12,100	-3,431	28,273	423	67
Year to date	119,091	125,420	(6,329)			
Change on last month	-6.4%	4.9%		-10.8%		
Change on Oct 2017	-41.7%	-14.3%		-21.2%		
	LESS IMPORTED	LESS SOLD		LESS STOCK		

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