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Biosecurity measures for bugs 'ineffective'

The New Zealand and Australian governments are being urged to 'engage with industry to find solution' and prevent crisis

A global shipping company has described the government's measures to prevent stink bugs invading New Zealand as ineffective and inconsistent.

Wallenius Wilhelmsen Ocean (WWO) is calling for the Ministry for Primary Industries (MPI) and its Australian equivalent to urgently introduce new biosecurity regulations or face putting the economies of both countries at risk.

It says more action is needed to minimise the risk of brown marmorated stink bugs (BMSBs) becoming established and to eliminate delays to imports.

During the current high-risk season, two WWO roll-on roll-offs, the Morning Lynn and Carmen, have been among five vessels turned away from Auckland for treatment offshore before being allowed back to discharge cargo.

The Thalatta then became the company's third ship to be affected when it had to leave Fremantle, Western Australia.

WWO's Morning Lynn

WWO says infestations of BMSBs found on vessels en-route down under are causing havoc with local supply chains.

It reports bugs are breeding, ships are re-routing, trucks are laying idle, supply chains are collapsing and costs are escalating in Australia – similar to the chaos seen in New Zealand early last year.

And it's not just car carriers that are at risk. So are box ships, break-bulk vessels and other general cargo carriers.

WWO, which is a division of Wallenius Wilhelmsen, believes the BMSB has migrated from East Asia to the US, Canada and Europe causing massive damage to crops, and there's a danger of it spreading.

It wants the MPI and Australia's Department of Agriculture and Water Resources (DAWR) to take action following delays to cargo shipped to both countries.

To prevent BMSBs from entering New Zealand and Australia, cargo must be free of contamination – particularly live insects – and treated before

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GUEST EDITORIAL

Political will needed to front the charge

Mark Gilbert asks if the next few years will trigger the shift to electric cars in New Zealand

MARK GILBERT
Chairman, Drive Electric

I'm jolly following the festive period and electrified having watched the Evans boys do the business in the first Formula E event of their season.

It's a great competition and I hope the group working on a New Zealand round gets the support needed to make this happen on Auckland's waterfront. It would be spectacular.

I'm excited further by what appears to be a strong movement towards the "tipping point" many talk about in regards to electric vehicles (EVs).

With most of the main automotive players in the world announcing new electric car models with improved ranges, we should also anticipate more competitive pricing with Nissan, Mitsubishi and the Renault Alliance already stating this.

In New Zealand, Mitsubishi's Outlander and Hyundai's Kona are great vehicles. They sit in the volume SUV market and are well-priced.

And there are some exciting new models due for launch this year, which will be competitively priced to grow the EV market share, such as Volkswagen's e-Golf, Nissan's Leaf and the Tesla 3.

The VW Group has been particularly bullish with plans for electric cars. Add this to messages coming from Ford, General Motors, Mercedes-Benz, BMW and Audi, and the segment is about to light up.

Nissan NZ is evaluating the latest Leaf model, which is quite a large car. Autolink Cars' owner, Henry Schmidt, reliably informs me he can get a set of golf clubs in the trunk without having to fold the rear seats down. This fact was a consideration for larger passenger cars, so a useful added benefit.

The Tesla 3 plan is harder to predict. When the car was announced, Tesla took deposits from interested buyers. How many orders came from New Zealand isn't widely known, but if right-hand-drive (RHD) deliveries start in 2019 and there's evidence they will, its numbers will likely soar.

What would make me even more jolly and electrified is for our coalition government to clearly state what it's planning to do to support the uptake of EVs.

Drive Electric recently supported Norwegian EV supremo Christina Bu's visit to New Zealand. Her parting shot was to call for political will – EVs can help fast-track actions to address climate change and lower CO_2 emissions.

But there isn't anything coming out of Wellington except soundbites through phrases such as "vision carbon zero by 2050", "feebate scheme" and "emission testing".

The Productivity Commission's report is well-worth the read, but would be even better if actioned.

With numerous countries – including the world's biggest RHD market, the UK – signalling the end of fossil-fuel vehicles by 2035, what's New Zealand planning?

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loading if from a high-risk country.

WWO says ensuring compliance is the importer's responsibility, while the presentation of clean cargo at the port of loading is down to the shipper.

But Simon White, WWO's head of commercial, says biosecurity measures in both countries aren't good enough because "they are neither consistent nor effective".

"We ensure all cargo we're loading is in accordance with the regulations, and go over and above that," he adds.

"The fact stink bugs are still being found on cargo when it arrives in New Zealand is a serious sign the regulations, as they stand, aren't fully effective. In that sense, more countries should be included in the regulation."

White singles out Europe, which he describes as one land mass, as a serious example. "Not to trivialise it, but stink bugs do not reflect or respect borders."

The WWO's concerns follow those of the Motor Industry Association (MIA) reported in the January issue of Autofile, and supply-chain experts, including other shipping companies.

The MIA believes South Korea and China will, at some stage, need to be added to schedule three of the MPI's import health standard (IHS) for vehicles, which stipulates how cargo must be shipped. There are strong suspicions BMSBs have hitched rides from these two countries.

Thailand, a major exporter of new vehicles to New Zealand, and neighbouring Malaysia, where stink bugs are endemic, are also absent from schedule three.

The 16 countries on that IHS list are Austria, Bulgaria, France, Georgia, Germany, Greece, Hungary, Italy, Liechtenstein, Romania, Russia, Serbia, Slovenia, Spain, Switzerland and the US.

The tightest rules for vehicles in place are for those from Japan. All used imports must be heat-treated prior to loading, while new vehicles must follow MPI-approved pathways from factory to ship.

Simon White, WWO's head of commercial

WWO insists it's committed to doing all it can to protect New Zealand's and Australia's borders from biosecurity threats, and works "diligently" with the MPI and DAWR to encourage "consistent and effective regulation" to limit BMSBs spreading.

"Regrettably, the current regulations pose a risk to the agricultural industry while delaying cargo essential to many sectors of the economy," says White.

"We appeal to the MPI and DAWR to engage with industry to find a solution that will be effective before the next BMSB season in September. If no solution is found, the result could be devastating for economies."

WWO has outlined its areas for action to the Kiwi and Australian governments. While cargo from high-risk countries must be treated in-line with biosecurity requirements before loading, the company says cargo from neighbouring jurisdictions – some of which are known stink-bug sources – aren't covered by regulation.

It says criteria for classifying a country "high risk" have yet to be defined by the MPI and DAWR, and they have failed to align themselves on what countries are high risk and on acceptable treatment methods.

WWO also believes the implementation of current rules is inconsistent between different transport modes. For example, if live or dead BMSBs are detected on a roll-on roll-off, the entire

Directors quit board

Three directors of the NZTA's board have resigned less than two months after chief executive Fergus Gammie's departure.

Dame Fran Wilde, deputy chairman, was due to leave at the end of January, while board members Adrienne Young-Cooper and Chris Ellis left unannounced last month.

The agency is under review about its enforcement of transport regulations, including around 20,000 vehicles needing warrants of fitness (WOF) retests.

In turn, the Ministry of Transport is having its handling of the NZTA reviewed.

"There has been significant change in recent months, and – as a consequence – this is leading to board and senior management changes," says Michael Stiassny, board chairman.

"Some significant decisions and actions are ahead this year. I'm looking forward to working with new directors and senior leaders to meet these challenges."

The agency's board members are appointed by the Minister of Transport, but Phil Twyford has no official role in departures. "It's understandable there may be some board movements during this period," he says.

Meanwhile, the agency has extended the expiry date for vouchers provided to owners of vehicles inspected by suspended WOF providers to March 31.

Steve Haszard, managing partner at Meredith Connell, which is leading the NZTA review, says: "All owners have a responsibility to ensure their vehicles are up to WOF standard on the road.

"We can't legally compel owners to get them rechecked, but it's important they understand they may not have been properly inspected."

vessel is subject to scrutiny.

White says this often leads to delays of days or even weeks while their detection in a shipping container is generally limited to that single unit, and air freight doesn't receive the same level of scrutiny despite reported cases of infestation.

The DAWR has suggested carriers refuse untreated cargo from countries not classified high risk rather than expanding regulation, but WWO says this would create an untenable situation with carriers required to adopt practices out of step with legislation.

The company has backed the Freight & Trade Alliance, which is calling for an independent investigation, and is encouraging its customers to lobby the authorities directly or through industry associations. Subjects should cover increasing the alignment of BMSB risk areas, treatment windows and seasons.

WWO wants the MPI and DAWR to allow the development and use of near-shore or on-shore treatment solutions – while they control the rules for shipping cargo, they "don't take accountability or provide support if they aren't effective".

"As long as shippers have complied with MPI and DAWR rules, and there are still insects detected on arrival in Australian and New Zealand waters, the authorities should establish options for remedial treatment on arrival," says White.

He also wants increased engagement with exporters and importers by the regulators analysing supply chains to ensure BMSBs and other pests don't contaminate cargo in the first place, including an import questionnaire and screening at the start of the cargo's life cycle "as opposed to three days before vessel arrival".

In addition, WWO is calling for lobbying to introduce "consistent regulations and application of regulations across all vessel types and transport modes".

The stink-bug crisis cost WWO about NZ$4.2 million in the fourth quarter of the past financial year.

"That was the net magnitude of the impact to us. Each vessel delayed runs into hundreds of thousands of dollars. If a ship is turned away, has to discharge its cargo in an alternative port for treatment and then return, we're talking about multi-millions of dollars."

Shipping companies are responsible for presenting clean cargo, but it's up to customers to ensure regulations put in place by the MPI are adhered to, and provide documentation and proof of that.

"Responsibility goes across the board for shipments on our vessels," explains White. "Cargo has to be presented free of contamination and any bugs. We ensure all loading is done in accordance in the regulations. And we go above that."

Damien O'Connor, the Minister for Biosecurity, says the government is taking action.

"I've asked Biosecurity NZ to take a fresh look at facilities where containers of imported goods are emptied and checked for risks," he adds. "I have also asked it to investigate new ways of dealing with the increasing threat posed by the BMSB and other emerging risks.

"We must ensure the biosecurity risk is as far off-shore as possible. We will work with industry to make sure every part of the system is bolstered so it's agile enough to deal with new threats as they emerge.

"We're doing this after a stink bug was found in Tauranga late last year. There are 29 transitional facilities handling imports within two kilometres of where it was found.

"These facilities are dotted around ports and airports, and are a key component of New Zealand's biosecurity infrastructure.

"They are on the front-line for keeping out unwanted pests that could destroy our crops, cost our economy billions of dollars. We will do what it takes to keep pests like the BMSB from establishing here."

Wallenius Wilhelmsen, WWO's parent company, highlighted BMSB issues in mid-December after its Australasian services were disrupted.

"To prevent transfer of the bug, import restrictions are in place between September 1 and April 30, and surveillance activities are increased to monitor vessels arriving from the US, Japan and certain European countries," it says.

"Wallenius Wilhelmsen is committed to maintaining the highest standards of biosecurity, informs customers about regulations and only accepts cargo certified as treated. It also monitors cargo and reports findings of suspected bugs.

"This season, group companies have had instances of bugs on-board. In most cases, fogging and follow-up in-line with official instructions has been sufficient.

"However, three vessels were prohibited from discharging in November and December, which resulted in a need to fumigate outside Australia and New Zealand.

"BMSB is an industry-wide problem. Wallenius Wilhelmsen, with other shipping companies and importers, is working with authorities to enhance biosecurity through more robust regulation and consistent enforcement."

Vessels' movements

WWO's Carmen, pictured, first arrived in Auckland on November 28 and finally left for Noumea on January 21. The Morning Lynn left for Brisbane on January 3 after initially getting to Auckland on December 29.

There were vehicles on-board both vessels, which loaded in Europe and the US, and sailed via the Panama Canal. Off-shore treatment was needed before permission was granted to offload all cargo.

When biosecurity threats are found, Biosecurity NZ monitors the controlled discharge of vessels when they return. The MPI says verification approaches to ensure vehicles are not contaminated include heat treatment, checks by detector dogs, use of agitation spray insecticide and intensive inspection by officers.

Industry against scrapping ratings

Four organisations in the motor-vehicle industry have criticised the decision to scrap vehicle risk-ratings (VRR) with some calling for a system to replace it with something else at point of sale.

The government plans to scrap the programme, which applies four different bands of ACC levies to passenger vehicles based on safety ratings, on July 1.

The scheme was introduced under National, but Iain Lees-Galloway, Minister for ACC, claims there's no evidence levies based on VRR contribute to injury prevention or encourage the purchase of cars with higher ratings.

"It also loads burden onto low-income people and families as they are generally less able to buy cars with the best safety ratings," he says. "It hasn't been fit for purpose. We can use it in a better way by giving people better up-front information."

He has given no indication what that may be, while the VRR has been "challenging to administer".

While it may be "challenging" for the government to run, the system proved problematic to get up and running in the first place.

ACC experienced so many issues setting up the VRR a few years ago that it formed a "motor-vehicle expert group" to help. The AA, Motor Industry Association (MIA), Motor Trade Association (MTA) and VIA (the Imported Motor Vehicle Industry Association) were its members.

Their representatives met with ACC on dozens of occasions. Problems included cars being put in the wrong risk-rating groups, so they worked with officials to get them right.

The AA, MIA, MTA and VIA are all disappointed by Galloway's

Iain Lees-Galloway says the government will invest $4.3 billion over three years in programmes aimed at "saving lives on the road"

decision. Questions are being asked what will replace VRR or what the government will now do to promote safer vehicles.

The MTA and AA have suggested action to promote purchasing decisions based on safety at point of sale, while the MIA favours tackling the difference in import standards for new and used vehicles.

Greig Epps, the MTA's advocacy and strategy manager, believes education and awareness have been lacking in the government's approach to car safety.

"Displaying the VRR or some safety rating on consumer information notices would be a good start," he told Autofile. "The decision to scrap VRR was made before policy conversations have even developed possible replacement ideas.

"We're disappointed as this decision has been made without any indication of what will replace the VRR as a widely available indicator of safety.

"Our question is what purpose did ACC want the VRR to serve? It has determined it wasn't adequate for calculating funding needs. Then there's the broader issue if the VRR should have served to raise vehicle-safety awareness and if it was effective at that."

Epps highlights the government using "equity" as a reason for scrapping the system by claiming predominantly young or poorer people unfairly pay more in ACC vehicle levies because they are more likely to drive older and unsafe cars.

"But safe cars do exist in lower price brackets," he stresses. "In fact, the NZTA was promoting the high safety rating of cars around the $5,000 mark at the Trafinz Conference in November.

"The government noted there was no evidence the VRR influenced purchasing decisions. However, this information will only influence people if they are aware of it.

"As with many government programmes, there was inadequate explanation and education for the public about what the risk ratings were, how they were calculated and how to use them to inform decisions."

An Ignite Research survey conducted for the MTA shows 85 per cent of people have no idea what their car's safety rating is and only 12 per cent are aware of VRR.

"The reality is occupants of unsafe cars are more likely to be

Vehicles' levy bands

ACC determines how safe each car in the fleet is for the vehicle risk-ratings system.

Firstly, it takes real-world crash data using the total secondary safety index. This scores each vehicle on how well it protects passengers and other people in a crash. It removes other factors such as alcohol, age and adverse weather for accurate results.

If there's insufficient data, recent NCAP stars are used. A car only gets an NCAP rating when it comes on the market and it's not updated annually. This is why ACC only looks at NCAP ratings if they're less than six years old.

If there's still insufficient information, market groupings are used based on similar vehicle type, size and specifications. If a car fits into none of these, the default rating is based on the year of first registration.

injured in accidents," adds Epps. "The VRR attempted to impose an incentive for buyers to seek out the safest cars they could afford.

"The key question is whether replacement information and education schemes will be more effective at informing people about those risks. Hopefully, consultation on the draft revision of Safer Journeys in April will raise awareness of vehicle safety."

The AA describes scrapping the VRR scheme as a backward step with the road toll rising – there 382 fatalities last year, the worst since 384 in 2009.

Mark Stockdale, principal adviser – regulations, says: "Improving the fleet's safety is key to improving road safety.

"This is why the AA wants the government to mandate the display of safety ratings at the point of sale – something VRR could have been used for.

"While this system has only been in place for a few years, it was a way to incentivise New Zealanders to make safer choices when purchasing cars.

"Vehicle risk-rating helps educate motorists that not all cars are equal in safety. Some old vehicles worth just a few thousand dollars are rated band three or four – the safest – while some late-model cars rate poorly."

Stockdale adds the annual licence renewal serves as a reminder and may promote thinking about relative ratings.

"In the long run, the AA believes vehicle risk-rating will help change purchase behaviour, and influence the safety standard of vehicles imported and sold by dealers."

With the VRR's imminent demise, average motor-vehicle levies, which include the annual licence and petrol levies, are set to remain at $113.94 for the next two years, and average work levies will drop from 72c to 67c per $100 of liable earnings.

The AA says while the government has claimed ACC levies aren't increasing for Kiwis, this isn't the case for car owners.

"As a result of scrapping VRR, the annual motor-vehicle levy for 65 per cent of owners will increase. Levies for 38 per cent of cars in the safest band will rise by $28 – more than double the ACC levy paid at the moment."

David Vinsen, VIA's chief executive, describes the industry group's involvement in setting up VRR as "quite a significant piece of work".

Developing VRR for new vehicles was easier to achieve because they were based on "NCAP ratings systems – NCAP, JNCAP and ANCAP", but it was more complex for used vehicles as they were based on Monash University ratings, he says.

> "There was inadequate explanation for the public about what risk ratings were"
> – Greig Epps

Although a lot of time and money went into working with ACC to develop the VRR system, when it was translated into variations on ACC's premium component for relicensing fees the difference between risk bands was "only marginal". Even though the idea was a good one, "in practice the results weren't necessarily effective".

Vinsen cites an example of someone buying two cheap, older cars of the same age and size with similar safety features only for them to put into differing fee bands.

"The intention of this system was to provide pricing signals for people to buy safer vehicles, but differences between bands were so small they were almost irrelevant. "It's disappointing risk ratings aren't going to become a standard safety system for used vehicles, but the results have almost been immaterial."

When the government suggested getting rid of VRR, there were mixed views from MIA members on the benefits versus the cost of maintaining the system.

"Some members wanted it

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kept, others didn't believe the cost warranted retaining it," David Crawford, chief executive officer, told Autofile.

"Overall, we think it should continue with work needed to get it right because it's causing more problems with new cars than used imports. There are some fish hooks that don't work and are sending out the wrong signals."

This is particularly the case when a total secondary safety index (TSSI) rating has been vastly different to ANCAP's.

The TSSI has been designed by Monash University, Melbourne. It uses information on how well a vehicle protects occupants in an accident with data reverse-engineered from actual crashes based on Australian data.

"In principle, we see the VRR as a good idea and – with some refinement – the system can be made better," says Crawford.

He points out the new ACC fixed fee will be equivalent to the current fee for VRR band three. Presently, 46 per cent of cars are band four, the highest safety rating, and 23 per cent are in band three. Only 16 per cent are rated band two and 15 per cent are in the lowest band one.

"If VRR is scrapped, nearly half of motorists will end up paying higher ACC licence levies than they currently do, which will be unpopular."

NCAP stars are used in vehicle risk-ratings

As for the bigger picture with safety, the MIA is interested in policies to reduce the road toll with vehicle standards at import.

"We prefer to advocate what we believe are sensible policies applying as they come into the fleet, and what the government can do to ensure new entrants to it are better when it comes to in-vehicle safety and the environment.

"For example, the MIA views the electronic stability control [ESC] rule for used imports as an abomination.

"It results in February 2020 as the last month for MA-class vehicles – those with engines of less than two litres – being allowed into New Zealand with ESC fitted and working. This amounts to about 70 per cent of used vehicles currently imported and means 14 to 16-year-old cars are still entering our fleet.

"It doesn't make any sense allowing vehicles from the May 2004-06 model years to come in and begs the question why three-generation-old technology continues to be allowed in.

"By doing so, there's no way the government can control or improve the fleet and that includes its safety. The ESC rule simply allows really old junk in through the back door."

Passenger vehicle risk-rating – current ACC levies

BAND	NUMBER OF CARS	PETROL LEVY	NON-PETROL LEVY
1	610,000	$80.64	$149.14
2	610,000	$53.53	$122.03
3	930,000	$37.22	$105.72
4	1,860,000	$18.00	$86.50

Source: ACC. Hybrids, electric cars and plug-in hybrids come under petrol.

The MIA believes there's already a huge gulf in the difference between entry standards for new and used.

"Rules for used imports are soft and need updating in the interests of the public," says Crawford. "New Zealand needs to manage its fleet to ensure what enters it isn't sub-standard.

"If the new-vehicle industry started bringing in cars that were Euro 4 emissions or ANCAP two and three-star rated, it would be crucified."

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Market drop-off flagged up

A warning has been sounded that the slowdown in the automotive market may lead to industry consolidation.

Turners Automotive Group reports it's seeing the demand and supply sides of vehicle retail cooling off.

It says the number of used imports coming in is down and landing costs have increased due to stricter stink-bug controls, which are impacting margins, while demand in the competitive Auckland market has weakened with pressures from higher living and fuel costs.

"Challenging conditions will inevitably lead to consolidation in the dealer market, which will provide Turners with opportunity as we focus on building market share," the company's interim report of January 9 states.

"We saw improvement in conditions in quarter two after a challenging first quarter. Diversified revenue streams are demonstrating value with a strong performance from the insurance business offsetting headwinds in retail."

The Turners Group delivered an improved year-on-year result in the first half of 2018/19. Damaged-vehicle revenue rose by nine per cent off the back of deals to sell write-offs while fixed-price sales increased.

Buy Right Cars had lower-than-expected results due to gross margins dropping by 20 per cent per unit, clearing old stock and volumes. Its focus is now on "increasing the proportion of NZ-new cars sold versus imports for higher margins and quicker turn".

"Most of the headwinds have been felt by Buy Right Cars due to the high proportion of used imports it sells and its presence in Auckland, which has been particularly impacted by market conditions," says chairman Grant Baker.

"More than 80 per cent of buyers will purchase a vehicle under $20,000. This is the value range we mostly play in" – Grant Baker

The company says the used-car market offers "significant opportunities" with last year delivering record transactions. "While the first half of this year isn't as high, it's in line with the first half of 2017, which was a record year."

It adds New Zealand's fleet of about four million light vehicles is ageing. More than 20 per cent are at – or close to – scrapping age, so hundreds of thousands will need replacing over the next decade.

Compared to the new-vehicle sector, used cars tend to be less discretionary with a fragmented market meaning no one dealer has more than a 10 per cent share.

"Most Kiwis are in the market for a vehicle under $10,000 and more than 80 per cent of buyers will purchase a vehicle under $20,000. This is the range we mostly play in," says Baker.

"While most customers still prefer to come in store to buy, pre-purchase investigation is done online. How we engage with them is becoming more important. Our retail network is expanding and we're gaining market share, and our loan portfolio is transitioning towards better quality and lower risk lending."

Oxford Finance's network of dealers grew with 120 dealers coming on-board in the first half while Autosure improved its loss ratios on all products.

The group's net profit before tax (NPBT) rose by 18 per cent to $16.8m during the half-year. It warns if challenges in automotive retail continue, they could impact NPBT guidance of $34-$36m by up to 10 per cent.

DEALER FINANCE DOWN

MTF Finance's franchise network was its strongest performer last

Vehicle lending boost

Car loans played a big part in UDC Finance's record net profit of $65.3 million for the past financial year – up six per cent on the previous period.

A key contributor was strong lending growth, which rose by 11 per cent to $3.22 billion, while vehicle loans jumped by $217m or 18 per cent. Revenue was up by 10 per cent to $136.5 million.

"This strong result reflects loan growth, attention to credit quality and cost management," says chief executive Wayne Percival. "The economy has continued to be strong. Despite slowing growth in automotive and reported lower business confidence, UDC has had a positive result."

This financial year, the company will focus on the high-demand road transport and construction sectors, particularly in Auckland.

The results follow owner ANZ calling off UDC's sharemarket float or sale, which had been proposed in 2018.

year with sales up by 10 per cent with initiatives to widen the scope of growth about to start.

An arrangement with Trade Me Motors to promote MTF through private-vehicle listings has been piloted in Canterbury, for example.

However, late last year Turners Finance began migrating away from the company as it continued integrating the business into its automotive group.

This, along with a drop in non-recourse volumes, means MTF is forecasting no further asset growth for the current period, although a customer-focused approach – coupled with a model targeting growth opportunities – will service demand.

MTF reported profit before commission and fair-value movement of $52.4m, up by 7.4 per cent on 2017/18 with asset growth flowing into net interest margin.

Commission to shareholder originators increased by six per cent to $39.9m, while underlying profit after tax rose by 14.2 per cent to $8.3m. Sales rose by 5.5 per cent. After a record 2017, last year's first half continued strongly. But demand for non-recourse product dropped after tighter underwriting criteria was introduced to improve credit quality.

Stephen Higgs, chairman of MTF

Glen Todd, chief executive officer

"Future success depends on doing things smarter than competitors to deliver originators a superior service, develop products that satisfy their customers' needs and generate a competitive return to shareholders," say chairman Stephen Higgs and chief executive officer Glen Todd.

"In addition, we have begun a digital-media campaign aimed at attracting customers in the buying cycle to our franchisees.

"In our traditional dealer market, finance for new and used vehicles has declined slightly. Research carried out mid-year has provided insights into where we need to focus efforts."

MTF's system continues to deliver "outstanding results to franchisees", with the company noting, in recent years, it had given up ground in the dealer market "due to competitors rushing to the lowest rate".

"Our offering to dealers of a recourse-based lending facility – where they get to make the lending decision and keep the customer while earning superior risk-based returns – is still relevant. We will retarget dealers who understand the opportunity and show a willingness to work with us."

One issue highlighted as affecting the market is the government intending to significantly change the Credit Contracts and Consumer Finance Act. While primarily aimed at pay-day lenders and truck shops, this will impact the way finance providers work and likely require costly implementation.

"We're optimistic the changes will give the industry much-needed clarity and provide an even playing field for compliance requirements."

IN BRIEF

Industry says bid to reduce emissions 'unrealistic'

An EU agreement to cut emissions by more than one-third by 2030 has been opposed by the automotive industry as "unrealistic".

Member states will aim to reduce carbon-dioxide emissions from new cars by 37.5 per cent and vans by 31 per cent by 2030 compared with 2021. There's also an interim target of a 15 per cent for cars and vans by 2025.

But the European Automobile Manufacturers' Association says the targets have a "seismic impact" on industry jobs.

The agreement, which aims to spur the move towards electric vehicles (EVs) and other alternatives to diesel and petrol, has been described by EU policymakers as a compromise between green concerns and countries with big car industries.

Europe is aiming for the transport industry to be climate neutral in the second half of the century, but EV take-up in many parts of the continent has been slow with political pressure to keep the cost of motoring low spilling into protests across France.

'Game-changer' in market scoops prestigious title

The Genesis G70 is the 2019 North American Car of the Year. In receiving the award, it's the youngest brand to have done so after being spun off by Hyundai about three years ago.

The judges describe the G70, pictured, as a game-changer for the sedan market. The award is bestowed annually on the car that hits benchmarks based on innovation, design, safety, handling, driver satisfaction and value for money.

This year's other finalists were the all-electric Jaguar I-Pace, Acura RDX and Hyundai's Kona.

Testing company gets funding for battery test

VTNZ has obtained a $26,000 grant from the low-emission vehicles contestable fund to develop a reliable and affordable method of testing EV batteries.

It will use the money to develop a battery condition, and charging infrastructure performance and safety, test.

Country manager Greg O'Connor says: "A reliable assessment service will accelerate uptake, and give buyers of second-hand EVs confidence in battery condition, life expectancy, charging ability and safety."

Association member rewarded for his service

Dick Mitchell, a long-time member of the Whanganui branch of the Motor Trade Association (MTA), was awarded the Queen's Service Medal in the new year honours list.

A member since 1972, he was president from 1991-97 and an executive committee member from 1997 to 2003. Mitchell, who was honoured for services to the community and music, helped organise the annual MTA Whanganui golf tournament. He also maintains and replaces Whanganui Tramping Club's vehicles.

Input sought into new applications for mergers

The Commerce Commission has released updated draft guidance for investigating merger clearance applications and non-notified mergers under the Commerce Act.

It has also released an updated clearance application form. Copies can be found online at www.comcom.govt.nz. Submissions close on February 28.

Legal action over waivers and ads

The Commerce Commission has brought 10 charges against a motor-vehicle dealer for alleged breaches of the Fair Trading Act (FTA).

2 Cheap Cars is facing the legal action over its use of "warranty waiver" documents, as well "must liquidate" and "84 per cent off" advertising claims.

The commission's action follows an investigation it launched in November 2017 after receiving complaints from consumers.

And the maximum fine for each FTA charge is $600,000 after it increased from $200,000 in 2014. One charge comes under the lower amount, Autofile has established.

2 Cheap Cars will now be quizzed about its conduct in regards to more than 20,000 warrant waivers between January 1, 2014, and December 31, 2017. Over that period, it is alleged the company asked buyers to sign one if they chose not to purchase an extended warranty.

The "waiver" included terms such as, "the vehicle doesn't include a warranty of any kind", "[if] you choose not to purchase the indicated warranty, you must sign this waiver" and "I understand 2 Cheap Cars will comply with the Consumer Guarantees Act [CGA]".

Others were, "I also understand I am, and would prefer to be, solely responsible for any repair bills", "if repairs are carried out they will be done by 2 Cheap Cars at their convenience and no courtesy cars provided", and "consumable items, such as but not limited to tyres and batteries, are not covered by the CGA".

The commission alleges the waiver documents misrepresented people's rights under the CGA because buyers have rights of remedy against suppliers whether or not goods are covered by any other warranty, and they don't lose CGA protections by declining to buy an extended warranty.

Remedies must be done within a "reasonable time", not at the supplier's convenience, and consumers can recover costs reasonably foreseeable as a result of the failure. These may include car rental while repairs are completed. The CGA applies to all goods purchased, which in this case includes tyres and batteries.

2 Cheap Cars stopped using the warranty waivers in December 2017 after being told about the commission's investigation.

While CGA breaches are enforced by consumers going to the Motor Vehicle Disputes Tribunal, it's a breach of the FTA to mislead buyers about their CGA rights. That's when the commission gets involved.

The company has also been charged for its advertising of sales on September 30 and October 1, 2017. Its statements included "2 Cheap Cars is in hot water, it must liquidate immediately" and "massive price drop this weekend".

The commission claims this was misleading for suggesting many vehicles would be significantly discounted and there would be no more chances to buy from the company as it was going into liquidation.

Most of the 710 vehicles for sale nationwide weren't discounted or had discounts of as little as $5.

In January 2017, 2 Cheap Cars' newspaper adverts included the phrase "84 per cent off". It's alleged this was misleading because – together with "massive stock liquidation: this weekend only" – it gave the impression the discount was on vehicle prices. In fact, the discount was off the cost of a $300 GrabOne voucher to use towards buying a vehicle.


1 3 5
2 4 6

The month that was... February

February 8, 1999

UK used import market collapses


AUTOFILE
UK & Irish Used Import Market Collapses
ALLIED FINANCE
Dealer Finance Specialists

The bubble appeared to have burst for dealers tackling the tricky UK and Irish markets for used imports.

Kiwi dealers said the markets there had virtually collapsed, which would have positive benefits on local sales.

Steve Ward, of Auckland's Frontier Motors, who had been involved from the outset and was one of the best-positioned to take advantage of the opportunities there, said the Irish market was oversupplied with stock and there were too many dealers chasing too few deals.

He added local new-vehicle distributors had woken up to the threat of cheap imports and had started to reduce prices.

There were as many new cars sold in the UK as in Japan, but with half the population, Ward claimed. This meant there was no shortage of used vehicles in the UK, but they were overpriced. This had, until now, given imports the edge.

But with new prices reducing, trade-in values were coming down too, narrowing the margin between UK-new and used imports.

In addition, some finance companies were refusing to finance imports making it more difficult for buyers wanting to cash in on the cheaper import deals.

February 3, 1997

New car prices continue to tumble


AUTOfile
New Vehicle Prices Continue to Tumble
ALLIED FINANCE
Dealer Finance Specialists

Mitsubishi's January move to cut new-vehicle prices was the latest salvo in ongoing price wars. It had joined Toyota and Honda, which had recently dropped their prices.

However, Autofile research showed each of the marques, which made up 79 per cent of the new-vehicle market, had dropped the cost of at least one model in the past year.

Mitsubishi said it had adjusted pricing to pass on to consumers the effects of the high level of the kiwi to the yen. Prices were up to $5,000 lower, but $11,000 had been stripped from the Lancer GTi sedan.

The marque said the new pricing put cars at their lowest level for two decades, compared to the average income. There were 36 franchises chasing static sales, with more than 530 models available in one of the smallest OECD markets.

Grant Simpson, at Newmarket's Kirk Motors, reported increased enquiry from people at the dealership to phone calls about the product.

February 29, 2008

Fuel-economy generator live


autofile
Fuel economy generator now live

An internet-based label generator went live on the government's Fuelsaver website in advance of the requirement for all motor-vehicle traders to display fuel-economy labels on cars for sale from April 2008.

Dealers were required to display labels clearly and prominently so they could be read from a reasonable distance, stated the Energy Efficiency Regulations 2007.

Traders also had to ensure fuel-economy information was displayed on light vehicles of less than 3.5 tonnes offered for sale online.

The Energy and Efficiency Conservation Authority already had an online service that allowed website owners to automatically obtain necessary data from Fuelsaver. Many website owners were already using this service to update their sites.

If the label was missing, or fuel-economy information wasn't on a website listing, dealers could be fined up to $5,000.

February 9, 1998

Industry heavyweights consider plan


AUTOfile
Industry Heavyweights Consider Plan
ALLIED FINANCE
Dealer Finance Specialists

Members of the national executive of the Motor Vehicle Dealers' Institute (MVDI) were considering a plan being proposed by MP Harry Duynhoven, which was aimed at putting an end to the long-running controversy of odometer clocking.

The plan – the Vehicle Authentication Service (VAS) – called for three offices to be set up in Japan to check odometers before cars were exported to New Zealand.

As Autofile went to press, Duynhoven was meeting with the chief executive of the Imported Motor Vehicle Dealers' Association to suggest that it should help fund the scheme. The same request would be made of the Motor Industry Association.

The MVDI's legal adviser, Michael Reed QC, had previously told Duynhoven the idea of such an agency as the VAS was not new and similar proposals had been around for more than three years.

The MVDI and Duynhoven had agreed to issue a joint statement on the matter, but the next day the institute changed its mind.

About 50 car dealers had already given the MP a mandate to take the VAS proposal to their national executive and many had expressed dissatisfaction with the way the MVDI had handled the clocking issue.

Despite all of the jostling for position, Duynhoven remained positive: "I'm confident the MVDI will see the sense in the plan being proposed and will flesh out the details in order to bring this to reality."

ATNZ

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Welcome to ATNZ !

New Zealand's best source of Japanese used cars

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

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

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

Shape of vehicles to come

Out of the Japanese marques exhibiting at the Los Angeles Motor Show, Mazda made one of the biggest impressions for what it plans to do – and not.

It chose the event for the premiere of its all-new Mazda3 and to announce that it will use rotary-engine technology for a range-extender powertrain.

However, the manufacturer has no intention of following some of its rivals by forming permanent alliances with other brands.

The redesigned Mazda3, pictured above, will be rolled out globally starting in North America early next year with its line-up comprising of Skyactiv-X, G and D engines.

Mazda has pursued different designs for the hatchback and sedan to appeal to a broader buyer base than the outgoing model.

The fourth-generation sedan is pitched at more conservative buyers who prefer a traditional shape, while the hatchback heads down a sportier track.

Yasutake Tsuchida, chief designer of the Mazda3, said the company adopted the strategy despite receiving no customer feedback on the issue.

"When we talk about clothes, the sedan customer would prefer the business suit and the hatchback customer is non-suit."

However, this design philosophy will not be rolled out across other models with two body styles, such as the next-generation Mazda2 and Mazda6.

The Mazda3 hatch boasts a bold rear design with a large C-pillar, sloping roofline, rounded tail and circular tail-lights that will become a brand signature. The sedan's boot is more prominent than the previous model and has a more traditional C-pillar.

Tsuchida said Mazda went for a sporty look for the hatch to try to stand apart from the influx of small SUVs impacting on small hatchback sales globally.

The marque is yet to start work on a production rotary sports car to continue the legacy of its RX-7 and RX-8 despite developing such technology.

It will use rotary engines with a future range-extender powertrain, but that's slated for an electric car or SUV.

Mazda is synonymous with rotary power, and rumours have circulated for years it's planning a return to the mid-size rear-drive sports car segment.

This reached fever pitch in 2015 with the RX-Vision concept being shown in Tokyo, but the marque has played down an RX return due to development costs and low volumes. The biggest issue is making a business case that works.

When asked if Mazda would consider partnering with other companies to reduce costs – as with the MX-5 and Fiat's 124 Spider – president Akira Marumoto was unconvinced, stressing the marque would remain independent and not forge permanent alliances.

While Mazda had strategic partnerships with others, Marumoto said it could survive on its own.

"In terms of our alliance with Toyota, we have two concepts of philosophy. We should maintain independence of brand and management. When we can collaborate, we should do so and have a win-win relationship."

He added he wouldn't consider a partnership to fully co-develop an iconic model, such as the MX-5.

"However, we are progressing co-operation with companies other than Toyota for some regions or projects," said Marumoto. "In Japan's micro-car business, we have a partnership with Suzuki. For the next-generation pick-up truck, we will tie up with Isuzu."

INTEGRATING FUTURE

BMW staged world premieres in the city of angels for three models and provided a vision of the future.

The marque says the X7 and 8 Series convertible represent the next steps in its luxury-segment offensive, while the wraps come off the M340i xDrive sedan, which boasts combined fuel consumption of 7.5l/100km and CO_2 emissions of 172g/km.

But it was the Vision iNext that stole the spotlight. It's the first time automated driving, connectivity, electrification and services have been integrated in a single vehicle.

A production model based on it will serve as a technological flagship with first examples rolling off the assembly line in 2021.

Adopting the proportions of a BMW SUV, its grille is blanked off and serves as an "intelligence panel" housing sensors.

The iNEXT's functional two-box proportions and long roofline hint at ample space inside. Its short overhangs and long wheelbase give it a dynamic edge.

Two large opposing doors and no B-pillars ensure ease of access to the interior, which is a "fashionably furnished living space on wheels".


The all-electric Rivian R1T pick-up

The inside has separation between the driver's area and rear compartment with continuous seating giving the rear a lounge character.

The cockpit has digital display panels, a flat instrument panel and steering wheel. Elements assume different states depending on the driving mode.

In boost mode, the steering wheel and displays are positioned towards the driver. When ease mode is on, the wheel retracts slightly and the accelerator pulls away to create more space.

The marque claims the iNext answers the question, "what does a vehicle look like that no longer needs to be driven by a person, but can be if desired".

Meanwhile, the X7's engines comprise of a petrol V8, six-cylinder in-line petrol and two six-cylinder in-line diesels. They are mated with an eight-speed steptronic transmission and BMW's xDrive intelligent all-wheel-drive system.

The SUV boasts two-axle air suspension and adaptive suspension with electronically controlled dampers.

The 8 Series convertible has a soft-top roof, which can be opened or closed automatically in 15 seconds at speeds of up to 50kph. Standard features include roll-over protection, wind deflector and neck warmers in the front head restraints.

The M340i xDrive sedan is powered by a new six-cylinder in-line engine with maximum output of 275kW and peak torque of 500Nm. It makes the 0-100kph dash in 4.4 seconds.

Its digital companion – due to be rolled out across the marque's range – can be activated with the voice prompt "hey BMW" and helps the driver to use functions. It will acquire capabilities continually thanks to updates from remote software upgrades.

'CONCEPT' OF CAR

Volvo devoted its stand in Los Angeles to its role in future mobility rather than showing off new models.

There were interactive displays illustrating its vision for vehicle connectivity, car sharing, in-vehicle delivery, autonomous driving and subscription services.

"Instead of taking a concept car, we talk about the concept of a car," said Marten Levenstam, Volvo Cars' head of product strategy.

By the middle of the next decade, Volvo predicts half of its production volume will be electric vehicles and one-third autonomous.

"Our industry is changing," added chief executive Håkan Samuelsson. "Rather than just building and selling cars, we will provide customers with the freedom to move in a personal, sustainable and safe way. We will offer them access to a vehicle, including services when and wherever they want it."

Volvo has already revealed an all-electric driverless concept, the 360c, to showcase its ideas for an autonomous car suitable for inter-city travel. The pod-like vehicle has four seats for normal commuting, but they can be converted into a bed for overnight trips.

ELECTRIC EXPANSION

Michigan-based electric-vehicle start-up Rivian has revealed its first model, the R1T pick-up, with deliveries starting late next year. Its mechanically related SUV, the R1S, will follow in early 2021.

The company plans to expand sales outside of North America, setting a European launch for 2021. This roll-out will include the UK – the world's biggest right-hand-drive market – so it may head down under if a business case can be made.

While Tesla is developing a pick-up based on its Semi, it could be years away from being realised placing Rivian in pole position to be the first to deliver a battery-electric ute globally.

The R1T and R1S start from about NZ$102,500 and $108,000 before the US federal tax credit of $11,160.

The former comes with three battery packs – 105kWh, 135kWh and 180kWh – with ranges of more than 370km, 483km and 644km respectively. The R1S has the same configurations, but adds 16km of range.

Each version has four 147kW electric motors to create an all-wheel-drive system with active torque vectoring so both models can reach a top speed of 201kph.

The 135kWh version is the quickest by getting to 97kph in three seconds and onto 161kph in less than seven.

The five-seat R1T and seven-seat R1S ride on skateboard platforms, which package the battery pack, electric motors, thermal system, underbody protection and suspension below its wheels.

With hardware including cameras, lidar, radars, ultrasonic sensors and GPS with high-definition maps, both models support level-three autonomy on roads.

The R1T competes in the full-size segment dominated in the US by the Ford F-150, Chevrolet Silverado and Ram 1500.


The BMW Vision iNext

Rebooting electric car batteries

The traction battery is the heart of an electric vehicle (EV). The amount of energy it can store and then deliver to the powertrain determines its range and practicality, and greatly affects its resale value.

Just as you have to charge your cellphone more as it gets older, so too the EV battery's energy-holding capacity gradually fades.

It's no wonder the second most-common reason why some people still won't consider buying an EV is uncertainty about battery life – it's only marginally less a deterrent than the higher purchase cost of the car itself.

Provided New Zealand can get a good battery service industry going, people need not be too concerned. Nissan Leaf batteries are most at risk, but even these are losing only about three per cent capacity on average every year. That means they are lasting better on average than Nissan's expectation of 20 per cent loss after five years.

Last October, Flip The Fleet asked EV owners whether "securing an affordable supply of replacement batteries is the most serious need for sustaining EV uptake in New Zealand".

Answers from 551 people cleaved into two main groups – those driving Leafs or eNV200 vans agreed strongly, while those driving other types of battery EVs were hardly worried about replacement or refurbishment. Owners of plug-in hybrids were split – some were quite concerned, others not bothered.

These results make good sense. Leafs are among few EVs that don't have active "thermal management" of batteries. As they are charged, they get hot. A combination of hot temperatures and high "state of charge" hastens degradation.

Henrik Moller, co-founder, Flip The Fleet

The newer EV models nearly all have a system of blowing air over the battery pack or passing a cooling liquid past them.

The oldest of generation 1.1 24kWh Leafs – built between late 2010 and late 2012 – are now down to around 70 per cent battery capacity. They're also less efficient than later models, so they're likely to be achieving 90km on a full charge in typical conditions.

Plug-in hybrid batteries typically deliver a 45-50km range when new. That's still adequate for most regular trips around town, but the key to long-term cost savings is to run hybrids as much as possible on their traction batteries.

The best system is Tesla's, which has a liquid-cooling system to cool the battery when needed and warm it up in winter. The battery is maintained at the optimum temperature for energy efficiency and life. So far, Tesla batteries have only dropped about one per cent capacity each year.

In the longer run, the key to locking in green and financial benefits of EVs in New Zealand is to develop our own battery refurbishment, replacement and disposal service industry.

We expect EVs to require little repair and maintenance, so their bodies and other parts will far outlive original batteries, if not several. It would be a waste if we aren't able to replace them when needed.

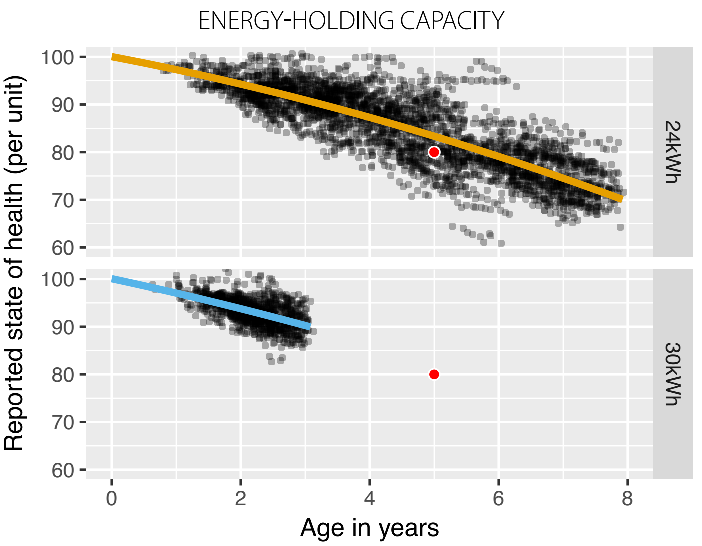
Mechanics will occasionally swap batteries rather like replacing the transmission on an ageing combustion vehicle – one of the big jobs to keep a car rolling. But first we need a guaranteed supply of replacement batteries.

It's fair to consider the Leaf's battery fade rate as a worst-case scenario for our EVs because the model is an early example of rapidly improving chemistry and technology. Also, Nissan has yet to make replacements available for used imports.

Rescue might come from substituting non-Nissan batteries in their place, but this would need careful management to meet quality and homologation challenges. Some relief may come from transferring second-hand 40kWh battery packs into 30kWh and 24kWh cars, especially if Nissan were to make the 40kWh and 60kWh packs available when it starts selling new second-generation models here.

Flip The Fleet has been lobbying our government to invest in the battery service industry and extend any feebates or similar EV subsidies to help cover the cost of replacing or refurbishing them. It's doubly important we gear up quickly to reboot EVs with spent batteries, especially if we're to rely on used imports to drive the EVolution.

Henrik Moller is a retired sustainability scientist. Additional research by Daniel Myall and Dima Ivanov. Visit www.flipthefleet.org



EV owners have formed Flip The Fleet to, among other issues, measure the rate of capacity fade in batteries. Each month, they report on their state of health (SoH) – the percentage of original energy-holding capacity they can still hold. The graph includes all 4,715 SoH measurements up to January 2019 from 408 24kWh (upper) and 192 30kWh (lower) Leafs. Nissan's estimate for decline is 80 per cent SoH after five years and is shown by a red dot. The data for 30kWh models accounts for the battery firmware upgrade released by Nissan NZ in August 2018.

Live EV listings on Trade Me:

+1.9% Compared to last month

89.4% Compared to prior year

New EV listings on Trade Me:

-6.7% Compared to last month

+63.1% Compared to prior year

EV watchlists on Trade Me:

+6.8% Compared to last month

+29.1% Compared to prior year

Beehive investigates zero emissions

The government wants to change more of its fleet to greener vehicles over the next seven years.

It intends to transition its vehicles, including 32 in the BMW 7 Series, to emissions-free models by 2026.

At the moment, 29 per cent of ministerial vehicles, including crown and self-drive cars, are electric, up from two per cent by this time in 2018.

The complete crown fleet is made up of owned and leased 72 vehicles. There are 34 chauffeur-driven BMWs, seven other chauffeur-driven cars, five vans and 26 ministerial self-drive vehicles. They include 47 diesels, 16 plug-in hybrids, four battery electric, four petrol and one full hybrid.

All cabinet ministers and four ministers outside of cabinet have self-drive vehicles, of which 53 per cent are EVs.

Of vehicles owned by the Department of Internal Affairs (DIA), 52 per cent are electric. Across the entire fleet – owned and leased – 29 per cent are EVs.

The DIA's contract with BMW expires in October 2019, so later this year it and the Ministry of Business, Innovation and Employment "will return to the market to replace the crown limousine fleet", says a spokesman.

Chris Hipkins, the Minister Responsible for Ministerial Services, believes EVs offer environmental and financial benefits.

"The government is playing a leadership role," he says. "It intends to transition its full fleet, including the 32 BMW 7 Series vehicles, to emissions-free vehicles by 2026."

However, not all individual vehicles in the next few years will be emissions-free. Hipkins adds: "For example, if long-distance travel is needed, it's currently not practical to use an emissions-free vehicle due to the lack of charging stations in remote areas."

A six-month trial of a BMW plug-in to replace diesel-powered BMWs shuttling ministers around has found that while the vehicle is a viable option to integrate into the crown fleet, it may not work as a complete replacement.

Alongside these limousines, the VIP fleet includes 77 vehicles with almost one-third being fully electric or hybrids.

James Shaw, Minister for Climate Change, has already been looking into increasing the number of EVs used by ministers as part of a wider policy push to get more people to make the switch.

Late last year, he indicated new initiatives to help speed up the uptake of EVs, but has yet to make any announcements.

Shaw says: "Part of the problem is New Zealand lacks strong incentives most other developed countries have to sell more fuel-efficient and climate-friendly cars."

As for the bigger picture, there were 11,748 EVs on Kiwi roads by the end of last year – up by 89 per cent compared to December 2017.

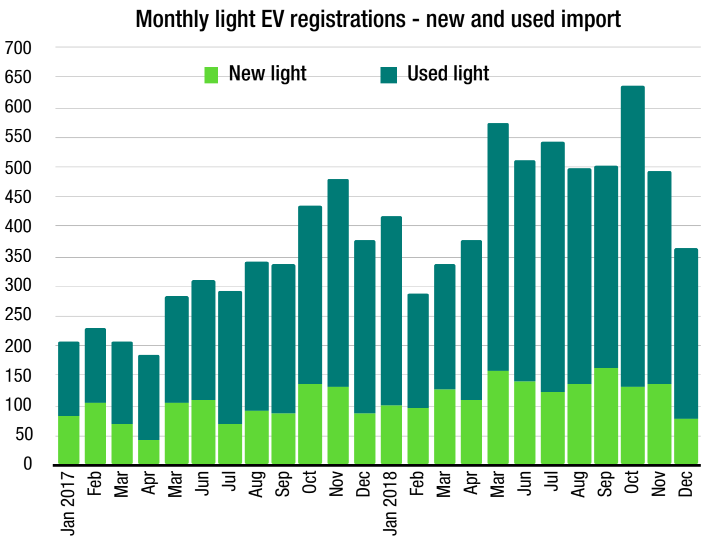
They included 6,782 used imported and 2,005 new fully electric vehicles. There were also 1,938 new and 896 used-imported plug-in hybrids, and 198 heavy EVs.

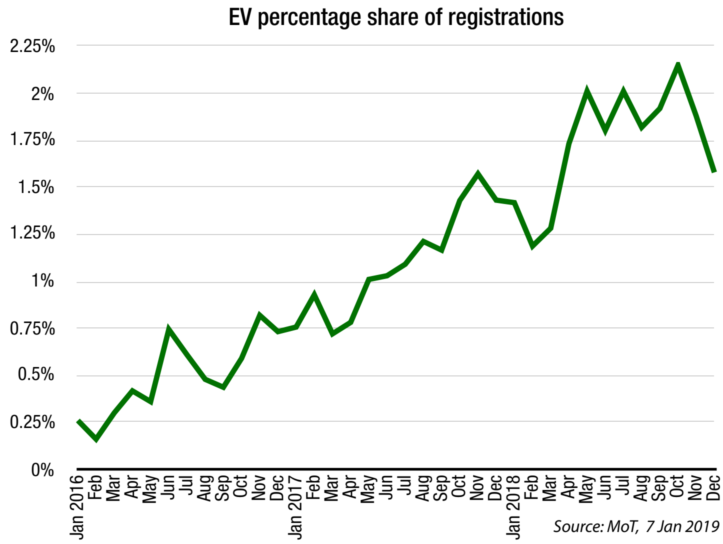
The previous National government announced a target of electrifying its fleet by 2021. But after the general election, the coalition opted for emissions-free by 2025/26 "where practicable".

Light EV ownership

	Pure electric		Plug-in hybrid	
Individual	6,501	74.0%	1,713	60.4%
Company	1,712	19.5%	1,072	37.8%
Other	574	6.5%	49	1.7%

"Other" owners are typically central, regional or local government





Source: MoT, 7 Jan 2019

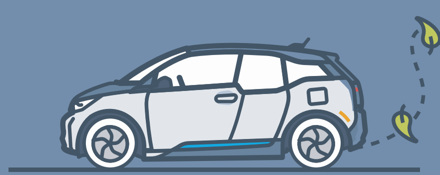
Eye on EVs

Top 5 EV models
listed on Trade Me last month:

- **Nissan Leaf**
- **BMW i3**
- **Renault Zoe**
- **Mitsubishi Outlander**
- **Renault Kangoo**

Average listing price
for the month:

$24.7k



trademe motors

* Figures as per the end of **January 2019**

Gap in market reaps rewards

Some 38 years ago, Stephen Glading noticed a significant insurance need in the motor-vehicle industry and ventured out on his own to provide that.

Now the owner and former chief executive officer of Protecta Insurance has decided to take up a non-executive position with the company.

Reflecting on the past three decades, Glading says they have been an incredible journey for someone who left school with "no idea" about what to do career-wise.

He started off working part-time at a Hugh Wright's menswear store in Panmure, Auckland, while he was at school to save for a car. "Many stores needed Friday night staff and I've always had a passion for men's fashion clothes."

After leaving St Kentigern College, Glading went full-time with the company and stayed there for some years before his OE to Australia during the late-1970s. He lived in Sydney and worked in an exclusive Kiwi-owned menswear store in Chatswood.

Stephen Glading, managing director of Protecta Insurance

On his return to New Zealand, he moved into management with Hugh Wright's, but became disillusioned with his treatment. "I was young and the older peers didn't like the progress I made in the company."

As fate would have it, Glading was "tapped on the shoulder by a friend of a friend" to sell life insurance, so he went to work for MLC Insurance in Auckland's Queen Street for four years until his wife became pregnant and remarked, "this commission job isn't good, it's up and down, you need to get a real job".

"Soon after, I saw a position in a newspaper with Motorcorp Honda on Broadway, Newmarket. I became one of the first managers in New Zealand selling finance and insurance [F&I] to their customers. I was there four years, which took me through to Protecta."

During his time with Honda, Glading noticed a need in the automotive industry. "Most finance was done on recourse and recourse dealers needed contingent debt insurance, so I thought we'd give it a go."

He started working from a serviced office on Khyber Pass Road with two staff. "Back then, nothing was online. My father would go out to collect insurance certificates and cheques from dealers. Then I came across the need for extended warranty.

"We had part of the package, but not all of it. I met someone selling warranty on the market and suggested we get together, which led to Protecta Insurance being formed in 1986."

It wasn't long before Glading got the backing of an appropriate insurance provider and "that's when we got our total package".

"I never thought it was something I would do for a large part of my working life, but I've enjoyed working with car dealers. They're great to talk to and are a unique type of business people. They put their money and trust on what they buy. I love the industry."

Over the years, personal highlights have included watching his company grow, being surrounded by great staff and having "a number of committed people with us for more than 10 years".

"I have always set targets, and remember in the early days when we hit $1m revenue for the year and got the champagne out. Then we averaged $1m each month. We were high-fiving each other."

Moving into the motorbike insurance market in the 1990s was a highlight "because of the way the business grew – we're now one of the leading motorcycle insurance providers in New Zealand".

"We expanded into Australia in a joint business in 2000. We were there for six years and learnt a lot from that company. Like any divorce, it was hard, but I think the experience we gained was tremendous."

He's also proud of expanding into insuring classic vehicles. "I love the enthusiasm and support from staff.

"For example, Colin Marshall, our sales and marketing manager, has developed our own event called Caffeine and Classics at Smales Farm on the North Shore. The event is the largest in New Zealand. We have run out of space, which required us to expand and do a deal with Hampton Downs."

And giving back is never far from Glading's thoughts. "I've been involved in Rotary over the years and have been president of my local club, Half Moon Bay.

"Protecta supports two of the club's fundraisers – a charity golf event for customers and suppliers, and the Bangers to Bluff car rally. These events have raised more than $400,000 for various charities."

INDUSTRY DEVELOPMENTS

Glading says plenty of challenges

The Protecta team in 1995. Stephen Glading is seated front row, third from right

Glading at the 2016 NZ Car of the Year awards

are going on globally, and Protecta is monitoring legislative changes across the Tasman where "harsher controls have been put on what can be earned through F&I".

"A lot of product in Australia hasn't been fit for purpose, but we've got it right in New Zealand," he told Autofile.

"We were the first insurance provider to join the Financial Service Federation [FSF]. It's representing the industry with the Commerce Commission, which to date has concentrated on products that are fit for purpose with intermediaries receiving a 'reasonable commission'.

"That's a better way of dealing with it than what Australia has done. Through the FSF, we already ensure dealers are trained to sell the right cover to the right person via our online systems.

"New Zealand is still reputational. If we or our agents incorrectly sell products and this gets into the news, there would be a reputational risk for Protecta and myself as its owner."

Glading believes the industry is in a good space, but it's governed by the state of the economy and housing market.

"We say there's a housing shortage, but all of a sudden it could go the other way. If housing goes pear-shaped, what will that do to the motor-vehicle market."

Glading believes the industry will go "further down the road of direct selling off the internet", while franchises may become service centres also selling second-hand cars. "Distributors may become more involved in the sales process, so dealers don't need to hold stock. It could go down that track."

As for Protecta, "fortunately, we have some good operators who didn't experience a slowdown last year".

He adds: "We're cautious who we deal with. We have invested millions in IT. The reporting and underwriting from that is some of the best. We provide online tools for dealers and a massive reporting database behind it.

"We've always aligned ourselves with an A-rated insurer to ensure our agents and their customers are offered the best security. In New Zealand, there has never been an A-rated insurer that's gone into receivership."

LOOKING TO THE FUTURE

Glading is in a "transition stage" this year, from an executive position to a non-executive one.

"We've appointed a chief executive, Philip Hibbert, to do what I have done in the past. It's great to have someone younger on-board who can bring fresh ideas to the table. I will be there to support Phil in developing and expanding Protecta.

"I'm not planning to exit the company, but will not be in the office all the time. My wife and I have always enjoyed travel, and this is an opportunity to spend more time at our holiday apartment in Noosa."

The couple's favourite destinations so far include cruising the Kimberley from Darwin to Broome, the Galapagos and Greek islands. "We've planned a cruise around the Seychelles in April, back to Hawaii in July and then the Sunshine Coast in September, so it's a busy year ahead."

A passion for wheels

Stephen Glading jointly owned his first vehicle – a grey Morris Minor – with his father when he was 16, but didn't own it for long.

"I decided it was in my best interests to get my own car because I couldn't do anything to it and had to ask if I could use it.

"I had a part-time job back then and saved for my own vehicle. I bought a cream-coloured Ford Anglia when I was 18 and put a red stripe down it before upgrading to a Hillman Hunter."

Soon after, he acquired a metallic turquoise Ford Capri, the week before he asked his then-girlfriend – now wife – out to a dance. "The Capri impressed her and she was glad I hadn't picked her up in the Hillman," he laughs.

Glading, who grew up in Pakuranga and still lives in Auckland's eastern suburbs, has now driven an Audi for some time.

"I've had about 12 Audis over the years from the same dealership. I enjoy my relationship with Continental Cars and Kerry Hoffman, senior sales executive. I like the personal touch and would have trouble buying a new car off the internet."

His current drive is a dark-blue 2018 S5. "I always want something different in the range. It has the same paint on its wheel trims as its body. People remark about that."

Stephen Glading's first car was a Morris Minor

He then bought this Ford Anglia before acquiring a Ford Capri, below

Attitude determines your altitude

Every customer is there, on your dealership, for a reason – and that's to purchase a motor vehicle from you.

They are not there for fun, to pass their time, or waste your time. They are there to make a purchase from you – whether that be today, tomorrow, or next month.

It's important to remember to respect all of your customers for who they are, and what they are there to do.

Buyers are not liars. Buyers are simply buyers, so ensure you take a proactive, engaged approach with every single customer with the mindset that you can, and will, help them purchase a vehicle from you.

An old Zig-Ziglar saying "your attitude determines your altitude" is applicable in this case, and that your sales success can be determined by your approach the moment you engage with a prospective customer, and work with them on their journey.

Quite often new sales people start out new in the job with the right optimistic attitude only to be influenced by others, who have been doing it longer, to lower expectations.

For an industry that's responsible for a serious amount of transactions, it's highly undertrained with regards to sales and many fall into it as something to do.

This also highlights the opportunity for improvement, especially considering vehicle sales people are dealing with one of the biggest purchases in a customer's life.

Therefore, training generally evolves on the ground as you deal with clients, and listening and taking tips from peers, which unfortunately is where it can all start to go wrong with perceptions, assumptions and judgement.

MARK GREENFIELD
Motorcentral

That can especially be the case when the reality is, one person's failure can be another's success. The same customer on the same vehicle with two different dealerships and sales people can have very different outcomes. If they don't buy from you, they will purchase elsewhere.

> "Converting more of what you already get should be the starting point when identifying ways to boost sales"

When that customer leaves the dealership never to be seen again, the majority will jump to the conclusion, or excuse, that they weren't real buyers, just tyre-kickers, or that it was all about price and you just couldn't get down to their level.

There are examples across the many dealerships using the "did not purchase survey" tool component of BuyerScore that are learning these old assumptions are definitely not the case nowadays.

Once you can identify why a customer didn't purchase from you, you can then begin to make changes in the business, where required, to increase conversion to a sale.

Price is generally featuring as the reason for a lost sale less than 20 per cent of the time.

Converting more of what you already get should be the starting point when identifying ways to boost sales.

This becomes first and foremost ahead of spending more money on advertising, which certainly has its place to generate more leads, but you want to ensure you maximise your conversion of those leads to get the best return on investment.

This takes a deeper understanding of the customer journey – where they fall off and why.

It's also important to review your successes and identify variants between the two. In this detail lies key lessons that for many will de-bunk assumptions, which can then influence the way in which you approach clients and your attitude towards them.

The areas where you can have a positive influence over the customer's journey and process need to be relentlessly refined.

The ones that are outside your control – such as not having the exact right model to meet their requirements – can certainly have actions taken that increase your probability of a sale as you do your best to find them that product.

At the end of the day, whether a customer purchases from you is always going to be a variable outcome. Therefore, it's critical that all is done along the way following the process, which increases the probability of the outcome resulting in a sale.

I would go as far as saying the average dealership could increase its sales by 10 per cent each month through reviewing and implementing a customer-centric process from the beginning to end. Here are some tips that should help:

- Understand why customers didn't purchase. Do something about it.
- Understand how attitudes determine the altitude and do something about it.
- Decide that 2019 is going to be even better than 2018. Then do something about it.

The dealer solutions team at Motorcentral is always there to engage with any dealership that's keen to understand, learn and evolve its processes. Your success is our success, it's that simple. Phone 0800-623-687 or email dealersolutions@motorcentral.co.nz.

Company moving headquarters

Autohub NZ is relocating into new premises at a location that will see it better placed to meet its ever-growing business requirements.

The vehicle shipping and logistics company will soon be shifting from its offices in Kumeu, north-west of Auckland, to Hobsonville.

"This move will hopefully take place in two weeks and has been two years in the making," says Frank Willett, chief executive officer of Autohub NZ. "It's well-needed because we have outgrown our old headquarters.

"Our new location is slightly more central, and easier for staff and clients to get to. We're now looking forward to providing the same, if not better, services from a more modern and better working environment."

The offices at 102c Hobsonville Road were officially opened on January 11. The occasion included a visit by Masatoshi Abe, president of the Heiwa Auto Group, and senior Japanese management, as well as other guests from Japan and the automotive industry in this country.

John Davies, who formed Autohub NZ, addressed the guests. "We thank everyone for the support they've given us over the years. We would be nothing without you.

"For me, the office construction is quite special. This is probably the last project for Autohub that I will take point on.

"From now on, I become a consultant to Autohub. I'm pushing 66 and it's time to hand over the daily jobs to younger and wiser people. For me, this is it and I'm so relieved I can hand over to Frank Willett and the team."

Masatoshi Abe with John Davies

Autohub's premises in Hobsonville

Funding secured for port fuel-cell vehicles

Ports of Auckland Ltd (POAL) has been approved for part-funding from the government's low-emission vehicles contestable fund to buy hydrogen fuel-cell (HFC) vehicles.

The port and its project partners will now procure three HFC cars and one bus as part of a wider project to build a hydrogen fuel-production plant.

The grant from the fund, which is administered by the Energy Efficiency and Conservation Authority, will provide 14 per cent of the estimated cost of the four vehicles.

As announced last year, POAL has committed to build a hydrogen production and refuelling facility at its Waitematā port in what will be a first for Auckland.

Rosie Mercer, the port's hydrogen project manager, says: "Collaboration is key to the success of a project such as this, which is breaking new ground in an effort to stem climate change.

"That is why we're working with Auckland Council, Auckland Transport, KiwiRail and Arup [an independent firm of engineers and technical specialists]. Having government support as well is a real boost."

An artist's impression of Ports of Auckland's proposed hydrogen production and refuelling facility

Zero-emissions HFC vehicles are a type of electric vehicle, but powered by hydrogen fuel cells rather than batteries. In the fuel cell, hydrogen is combined with oxygen to produce electricity.

Tony Gibson, POAL's chief executive, says: "We have an ambitious target to be a zero-emissions port by 2040. To meet that, we need a renewable and resilient power source for heavy equipment, such as tugs and straddle carriers, which are difficult to power with batteries.

"Hydrogen could be the solution as it can be produced and stored on-site, allows rapid refuelling and provides greater range than batteries."

POAL will fund construction of the facility, which will produce hydrogen from tap water. The process uses electrolysis to split water into hydrogen to be stored for later use, and oxygen, which is released into the air.

Vehicles will be able to fill up with hydrogen at the facility, which should be operational by the end of the year.

The process is just like topping up a car with LPG and its only by-product is water.

Ports already involved in trialling hydrogen usage include Los Angeles, Long Beach, Honolulu, Valencia and Rotterdam.

Marques, such as Toyota, Hyundai, Audi and Honda, have developed hydrogen-powered vehicles, Norway and San Francisco are trialling hydrogen ferries, and hydrogen-powered trains are in use in Germany.

Avoiding flawed solutions to safety

The challenge of improving road safety is a favourite topic of discussion with me and, of course, it's a hot topic for the government.

I continue to be convinced our approach to safety is misleading, incomplete and perhaps, in many cases, counterproductive.

As of October, there were 128 people killed in multi-car crashes, 48 people died in single-car accidents, and three cyclists and 17 pedestrians killed by vehicles in New Zealand.

It's worth noting there have been several reported incidents between cyclists, and cyclists and pedestrians, resulting in no fatalities or serious injuries. These numbers are from the NZTA's crash-analysis system.

As Albert Einstein once quipped, "we cannot solve our problems with the same thinking we used when we created them", and most solutions I've heard on addressing the fleet's safety and age seem to do that – doubling on flawed solutions that have got us to where we are.

It often seems people think a safe roadway is one filled with tanks, vehicles designed to maximally protect occupants by mandating ever-more safety features.

This approach has one conclusion – an arms race driving up vehicle mass. The ineffectiveness and absurdity of this approach is obscured by the artificial way we divide vehicles into commercial-market segments, especially for safety ratings.

The government wants to get rid of one and two-star vehicles, but every vehicle fares poorly in a crash with a more massive one. This fact is intentionally obfuscated by only rating vehicles of similar mass against each other. This system gives buyers a false sense of security.

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

In addition, vehicle mass is generally inversely proportional to efficiency. So, a "safe fleet" means an ever-more massive and less-efficient one. Hiding the fact light, efficient vehicles will always fare poorly in this system is disingenuous.

I propose we flip our definition of safety on its head. A "safe" vehicle shouldn't be one that simply does a better job at protecting occupants. Rather, a "safe" vehicle should be one that contributes less direct or indirect harm.

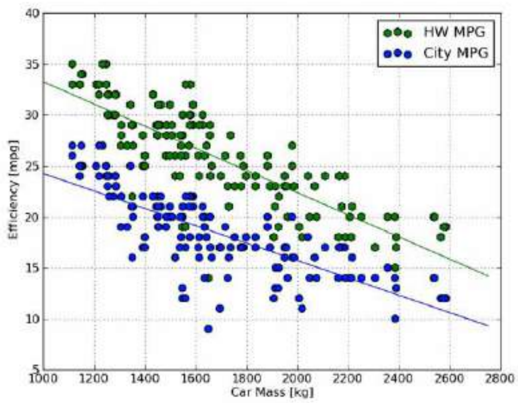
Research has shown primary factors that lead to fatalities are all related to the driver. Well, all factors but one – the difference in vehicle mass in multi-vehicle crashes. Safety features are second-order factors due to their small influence. For instance, the difference in mass is seven times more influential than having airbags.

The obvious objection to this idea is that introducing lighter vehicles will lead to an increase in the road toll as these lighter vehicles simply will not fare well against heavier ones on the road.

While I don't disagree, continuing to drive up the fleet's mass by introducing heavier vehicles will have the same effect on light vehicles already in the fleet.

Researchers in the US support this. They discovered that decreasing light-vehicle mass had an adverse effect on the road toll. They also found, however, that decreasing the mass of heavier vehicles will have the opposite effect by reducing fatalities and serious injuries. The solution should be to decrease both.

FUEL ECONOMY VERSUS MASS



Another problem with the current definition of safety is it promotes solutions that are counter to other initiatives under way.

We want to increase the fleet's efficiency as exemplified by electric-vehicle (EV) uptake. While there are five-star EVs, that's misleading as they are generally lighter vehicles that will always fare poorly against even average vehicles on our roads. But building heavy EVs is absurd as it impairs efficiency.

We should have policies that work together to promote a single outcome, which should be a lighter, safer and more efficient fleet. Adopting this proposed definition also allows us to consider potential harm from emissions within the definition of safety, with mass again being the primary factor.

New Zealanders should have one rating to help their buying choice – good car, not so good. Those wanting to buy vehicles that cause more social harm can pay extra for putting others at risk.

So what could this rating system do and look like? We should start by building a single vehicle-rating system. These ratings wouldn't be broken down into segments that artificially and arbitrarily obscure relative vehicle safety. They would primarily be based on mass then modified by second-order factors, such as specific safety features.

Owners would pay a "safety" fee at registration that partially or wholly goes into an escrow account for that vehicle. The amount that's paid every year is based on the safety rating relative to the average fleet rating. That account is then paid out to the last owner when the vehicle is scrapped.

This not only incentivises the ownership of safe vehicles, but also incentivises removing unsafe ones from the fleet at an earlier age by creating minimum values when vehicles become worth more to scrap them.

Industry movers


Mark Ballantyne


Garret Pelser

MARK BALLANTYNE and **GARRET PELSER** have been appointed as dealer solution consultants by Motorcentral.

Ballantyne's in-depth experience has been gained from various aspects of the mechanical workshop industry. He worked for SAM Computer Systems for more than 16 years in technical, support, consultant positions, and for the past two years in sales and business development.

Pelser joins Motorcentral with a wealth of experience. Most recently, he was a business adviser and business development manager with the Motor Trade Association. This involved looking after dealerships, workshops and petrol station members.

CHRIS ROE is the new head of Mini NZ. He has more than 20 years' experience with the BMW Group and takes up the job as the marque celebrates its 60th anniversary.

Originally from the UK where he held dealership technical positions, he joined the group in New Zealand during 2005.

Since then, Roe has held product and sales-related roles in the company, most recently as BMW's head of sales for this country.

CHRISTINE STEVENSON has been appointed comptroller and chief executive of the NZ Customs Service after being acting comptroller since July 2017.

She leads about 1,200 staff and, in 2018/19, the customs operating budget was $230 million. Stevenson advises the government on border security, border management and customs revenue, and works with international organisations.

EDDIE CHRISTIAN has been appointed group manager of market engagement at the Energy Efficiency and Conservation Authority.

His goals include building strong relationships and engaging with business leaders to show the value the authority can bring to operations. He's also taking a lead position in climate-change efforts.

Christian has experience in banking and finance gained here and overseas. He was previously a naval officer, and held executive roles in Singapore, the Middle East and New Zealand.


Ken Shirley


Nick Leggett

KEN SHIRLEY stepped down as chief executive of the Road Transport Forum at the end of last year after taking up the position in 2010.

He says he enjoyed working for an industry for the past eight years that literally drives the economy.

Nick Leggett, former two-term Mayor of Porirua, has replaced him. For the past year, he has been executive director of the New Zealand Alcohol Beverages Council.

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

NZ labour market report


WILL ALLAN
Hello Monday

When coming back to work recharged and raring to go, some realities can't be avoided and we need to steer clear of that sinking feeling.

However, some significant changes to employment legislation are approaching that everyone in the automotive industry needs to be aware of.

EMPLOYMENT RELATIONS

The Employment Relations Amendment Act 2018 was passed in December to improve fairness in the workplace, and deliver decent conditions and fair wages. The changes come in on May 6.

The act restores protections for employees – especially vulnerable people – and strengthens the role of collective bargaining. Many of the changes are familiar to businesses in a union environment because they roll the law back to how it was as recently as 2015.

Key changes include reinstating prescribed meal and rest breaks, strengthening collective bargaining and union rights, restoring protections for vulnerable workers, such as those in cleaning and catering regardless of the employer's size, and limiting 90-day trials.

Most changes take effect in two stages – from December 2018 and May 6 this year.

Depending on your dealership's size, the 90-day trial period will impact you the most unless there's a union presence at your business.

These trial periods will only apply to businesses with less than 20 staff. The changes mean most people will have protections against unjustified dismissal from when they start a job.

Businesses with 20 or more employees can continue to use a probationary period to assess a worker's skills against the role's responsibilities. This lays out a fair process for managing performance issues and ending employment if they are unresolved.

As with the 90-day trial period, you should have a robust process that allows for a fair process. If you have 20 or more employees and have the 90-day trial clause in your agreement, I recommend updating it with a probationary clause if you don't have one.

DOMESTIC VIOLENCE

In mid-2018, the Domestic Violence Act passed its third reading and comes into effect on April 1. The amended legislation aims to enhance protection in the workplace for people affected by domestic violence.

It amends other legislation including the Employment Relations Act, Health and Safety At Work Act, Holidays Act and Human Rights Act.

The new law entitles employees affected by domestic violence up to 10 days of paid leave per annum to deal with the effects of such violence.

Staff will be entitled to take domestic violence leave as required in the same manner as sick and bereavement leave.

Employers will need to make a provision in payroll systems to account for and capture this. Along with this is a process of how someone impacted by domestic violence can apply for this leave.

This is a sensitive area and we encourage dealership staff to have some training or process managers and leaders can undergo so they feel comfortable if approached by a colleague experiencing domestic violence or when a request for leave has been made.

Underpinning these changes is a view to enhancing legal protection for victims, and giving them a source of relief and assistance. If you are unsure how to approach the training, please do give me a call.

These are all significant changes to be aware of and prepare for. If you are unsure or need further advice and guidance, please don't hesitate to email me at will@hellomonday.co.nz.

Quality rider training delivers results

Protecta Insurance has partnered with Passmasters Rider Training to deliver motorbike training with a twist – learning slow-speed skills.

This is an often overlooked part of riders' ability and an area many lack confidence in. To counter this, Passmasters has come up with a series of challenges based on the training for police riders that's designed to build confidence and ability while manoeuvring bikes at low speeds and in tight spaces.

There are no more than five or six participants to an instructor with them being grouped together based on their types of bike.

This ensures everyone gets plenty of support as they undertake the courses and that the techniques they learn are relevant to the bike they're riding.

The day starts with learning simple techniques that are gradually linked together in increasingly challenging courses as the skill levels improve.

Once the formal lessons end, the riders are free to go back over any courses they choose with an instructor on-hand at each course to continue providing feedback, tips and tricks.

Riders all seem to have their own favourite courses, with some of them being very addictive as they become determined to master more complex challenges.

The riders are encouraged to use their own two-wheelers as much as possible, but with a fleet of training bikes available many take advantage of using the light, nimble motorcycles to get familiar with the courses before tackling them on their own ones.


Walter Rands-Trevor at the Bonneville Salt Flats, Utah

Also on-hand are a couple of police riders and an ambulance rider, who are more than capable of tackling the courses even with the bikes being in full duty trim – complete with lights, sirens, panniers, radios and so on.

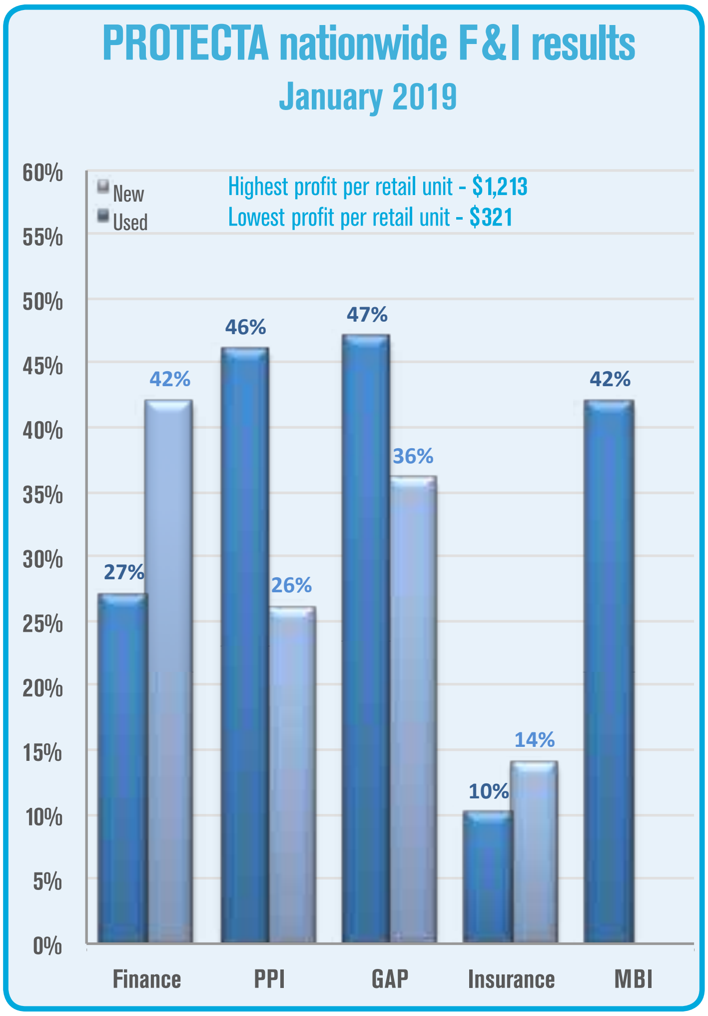
It's certainly impressive to see a fully laden police bike being made to turn inside its own full lock, proving that with the right technique any bike can be used to complete the challenges laid out.

Combined with a barbecue lunch, the result is a fun-filled and action-packed day with feedback from participants being overwhelmingly positive.

Protecta and Passmasters have already run two of these days with more than 100 people taking part so far as an exclusive benefit for Protecta customers.

The next course is being arranged for March 30. There are also plans for days when non-Protecta customers can join in. Call 09-947-9409 to secure a place.

Walter Rands-Trevor, motorcycle insurance, Protecta Insurance



SPEED DIARY

6 Feb
FIM MotoGP Official Test - Sepang, Malaysia

8 -10 Feb
Speed Works Motorsport Championship - Manfeild Circuit Chris Amon, Feilding

9 Feb
Andros Trophy Ice Races - Stade de France, Paris

14 - 17 Feb
World Rally Championship - Rally Sweden
World Championship for Cross-Country Bajas - Northern Forest Rally, Russia

15 Feb
NASCAR Gander Outdoors Truck Series - Daytona International Speedway, USA

15 - 17 Feb
Ferrari Challenge - Sakhir, Bahrain

16 Feb
ABB Formula E Championship - Mexico City, Mexico
Prestone British Rally Championship - Conwy Cambrian Rally, Wales
NASCAR Xfinity Series - Daytona International Speedway, USA

17 Feb
Monster Energy NASCAR Cup Series - Daytona International Speedway, USA
NASCAR Can-Am Duels 1 & 2 - Daytona International Speedway, USA

21 - 26 Feb
World Cup for Cross-Country Rallies Qatar Cross-Country Rally

22 - 24 Feb
Superbike World Championship - Phillip Island, Australia
F3 Asian Winter Series - Sepang, Malaysia

23 Feb
NASCAR Gander Outdoors Truck Series - Atlanta Motor Speedway, USA
NASCAR Xfinity Series - Atlanta Motor Speedway, USA

23 - 25 Feb
MotoGP Official Test - Doha, Qatar

24 Feb
Monster Energy NASCAR Cup Series - Atlanta Motor Speedway, USA

28 Feb - 3 Mar
Supercars Championship - Superloop Adelaide 500, Adelaide, South Australia

Back to the future, slowly

The TCR tin-top category in New Zealand is now looking more of a certainty.

With numbers managed by limiting each brand to four representatives, the category aims to avoid undue influence from any one automotive brand.

Australia is likewise being cautious about how it introduces the TCR category, hoping to avoid the stand-off between the V8s and two-litre TOCA supertourers that happened in the mid to late-1990s.

A concept image of Gen II BNT V8s

The worldwide appeal of the category rests in its affordability, with a pre-loved TCR car coming in well under $200,000 ready to race.

There are now 25 marques committed to the category globally and 30 different models – the extra five being dual-entry applications.

One of the latest to join the throng is Toyota, which has been showing its Advan-branded Corolla Sport TCR at motor shows.

Meanwhile, with the demise of the Falcon and Holden's switch to a World Car version of the Commodore, there is a move to revitalise the NZV8 category with a second generation of eligible cars opening the category to two-door body styles from Dodge with its Challenger, Ford and its Mustang and Chevrolet's Camaro.

The Gen II chassis will be built by Mitchell Race Xtreme. It will be based on the current class-one TLX chassis already competing in the series.

Entrants from classics to modern cars

After 100-plus years of speed, the Leadfoot Hillclimb on Rod Millen's "ranch" on the Coromandel always attracts some special machinery.

One of the most "experienced" entries at this year's event was a 1915 La France Speedster built from the fire trucks the company is more famous for and featuring a 14.5-litre engine.

The hillclimb, now in its sixth year, draws huge crowds to the 150-acre oceanfront and farm estate on the peninsula. Run on the Millens' 1.6 km driveway that winds through the property, the event attracts up to 150 entrants every year.

Other classics, which entered the event on February 2-3, included a 1947 Bruce McLaren Stanford Special, a 1950 Cooper once driven by Jack Brabham and a hot-rodded 1951 Citroen Light 15 with a V8 engine.

Vehicles come slowly up through the years to modern circuit and rally offerings, such as a McLaren M8C, Group 4 Ford Escorts, and Group 2/4 Group B Mazda RX7s that once shredded the silence in Kiwi forests each autumn.

The moderns included several high-powered drift cars headed by Mike Whiddett's RumBul racer and his MadBul off-road race truck.

Among the quicker entries, rally driver Alister McRae – the younger brother of late World Rally champion Colin – raced the Vantage Aluminium R22 Subaru Impreza coupe.

Dream careers spin off passion


Richard Oxton, left, with Neil Allport and father David

A childhood spent "close to the exhaust pipe", a mechanical engineering degree and now a career in mechanical design for the aerospace engine industry with a seasoning of weekends working with Kiwi Dick Bennetts' West Surrey Racing (WSR) in the British Touring Car Championship.

Richard Oxton is living the dream. The son of top race driver David Oxton has a strong history of kart racing – and race wins – behind him, having progressed from junior grades up to Rotax Max.

His best result in karting was third overall in the Rotax Light Kartsport NZ North Island Sprint Championship in 2009.

Oxton raced the Formula Ford championship in 2007/08 before switching to one-make touring car racing in the newly established BMW E30 series. He was second in the E30 champs in 2015.

Interviewed in 2013 as he stepped up to the Toyota 86 Championship in a Neil Allport-run car, Oxton was full of praise for the E30s. He said: "The E30 is a great car and the championship is a superb way to learn your racing.

"It's forgiving, reasonably quick, safe and the atmosphere in the pit lane is very friendly. People are still racing out on the track, but there's always a barbecue afterwards. If you're struggling with a line or set-up, you can pick the brains of other drivers."

As he got to grips with the demands of a mechanical engineering degree, Oxton had a season racing a Toyota 86 at championship level with the assistance of his dad.

There he was the second generation of Oxtons to rub wheels with Kiwi motor-racing legend Kenny Smith.

A long-time rival and family friend, Smith was running his own car in the 86 championship and would also race the grand prix. The epic years of Smith-Oxton duels in Formula Pacific days were briefly rekindled.

"The 86s were a world away from the E30s," says Oxton. "Requiring more precision and finesse and always with the thought the cars ran on Michelin slicks, meaning cornering speeds were higher, but the car was harder to recover if it did exceed its grip limit."

A couple more seasons in the BMW Series followed, but Oxton was now balancing study with motor racing. "Study came first and my priority was finishing my mechanical engineering degree at AUT."

With that accomplished – and Oxton said at the time the maths was daunting – it was off to the UK and Europe for the classic Kiwi OE.

It turns out the family racing gene is a powerful thing. After touring Europe in a small campervan, the trip centred on England where Oxton is now working in engineering design and digital modelling for a company whose clients include Aston Martin and McLaren and the development of their respective new road-car designs.

> **"If you're struggling with a line or set-up, you can pick the brains of other drivers"**
> **– Richard Oxton**

"There's a lot of aerospace work too, 3D scans of turbine blades for jet engines and such. It's very cool."

Then, on weekends during the racing season, he joins the WSR squad as it does battle in the British Touring Car Championship. It took out the 2018 title with Colin Turkington at the wheel.

West Surrey Racing is a UK-based motorsport team run by New Zealander Dick Bennetts. He is responsible for masterminding the careers of such names as Ayrton Senna, Mika Häkkinen, Jonathan Palmer, Rubens Barrichello, Maurício Gugelmin and Eddie Irvine with his involvement in F3 and a racing academy in the 80s and 90s. More recently WSR has focused on the British Touring Car Championship.

"It's a very competitive championship in a highly developed motorsport environment," says Oxton. "We were all over the moon when Colin did the job."

Does being around top-level touring car racing re-spark the competitive itch? Of course it does. Can Oxton see himself back in the driver's seat? It would be silly to rule that out.

Oxton, fifth from left, with the West Surrey Racing team


Racing in the BMW E30 series in 2015

Wrong type of fuel may have contributed to cracked piston on late-model turbo

The case: Thirteen months following purchase, the buyer's Holden Cruze was found to have a cracked piston and she wanted to reject it. She said the car wasn't as durable as a reasonable consumer would expect. The trader offered to repair the damaged engine.

The decision: The tribunal ruled the damage didn't breach the Consumer Guarantees Act (CGA) due to the buyer's length of ownership and distance travelled in the Cruze before the fault occurred.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Elizabeth Jury purchased a 2012 Holden Cruze with an odometer reading of 76,072km for $12,599 from G Autos Ltd on January 31, 2017.

She believed the car had a good service history and assumed it would last for some time. However, a piston in the engine cracked in March 2018 after Jury had driven about 16,500km in it.

As a result, Jury made enquiries about the car's service history, including obtaining details from Auto Garage, which had repaired it in January 2017.

Jury said the information from Auto Garage showed that due to a lack of maintenance, the engine was in poor condition before it was sold to her.

G Autos offered to repair the engine, but Jury wanted to reject it and obtain a refund of the purchase price. She said the car wasn't as durable as a reasonable consumer would expect and she wouldn't have bought it if she had been provided with the information from Auto Garage.

The case

The tribunal considered this matter was about whether the Cruze was of acceptable quality under the terms of the CGA and – in particular – whether it was as free of defects and as durable as a reasonable consumer would consider acceptable at the time of purchase.

Schofields Holden assessed the engine, diagnosed a cracked piston and estimated that it would cost more than $5,000 to repair.

G Autos submitted the damage might have been caused by Jury's use of 91 octane fuel, which shouldn't be used in late-model turbo vehicles. The tribunal's assessor agreed using 91 might have contributed to the engine problem.

The dealer also suggested it might have been caused by Jury's failure to service the Holden on time, but the assessor said this was highly unlikely. He said a cracked piston was likely to have been caused by detonation within the combustion chamber, probably due to using 91.

Jury also submitted she should be entitled to reject the Holden because G Autos failed to tell her about its repair history. She purchased it believing it had a good service history and would last for some time.

But after the car broke down, she made enquiries about its history and obtained information from Auto Garage, which performed repairs on it in January 2017.

An invoice from Auto Garage showed it replaced the vehicle's turbo and noted "engine internals in poor condition due to lack of maintenance".

Jury said she wouldn't have bought the car if she was aware of this, and G Autos should have sought out and disclosed this information to her. The dealer said it had no knowledge of the invoice or that the engine was in poor condition due to lack of maintenance.

The adjudicator said, in certain circumstances, traders had an obligation to disclose information when, taking account of the circumstances of the particular case, a reasonable consumer would expect it to have been disclosed.

In this case, if G Autos had known of this, it would have had an obligation to disclose it because the information was material to any reasonable consumer's purchasing decision.

The finding

The tribunal found Jury's use of 91 fuel was not unreasonable because she wasn't told by G Autos she shouldn't use it and, more importantly, the car owner's manual stated it could be used.

The buyer submitted that a reasonable consumer would consider a 2012 Cruze that had travelled about 92,000km should be more durable than it had been.

But the tribunal disagreed saying the car was as durable as a reasonable consumer would consider acceptable taking account of its price, age and mileage at time of purchase, the length of Jury's ownership and distance travelled since purchase.

The tribunal accepted the evidence from G Autos that it didn't know about Auto Garage's invoice. It didn't own the Cruze at that time and there was no evidence to show the trader had been made aware of this information before selling the car.

Under those circumstances, the tribunal wasn't satisfied the dealer was obliged to disclose information it didn't know about, or Jury was entitled to any remedy as a result of G Autos failing to disclose it.

Further, the tribunal's assessor advised it was highly unlikely the information about the engine's condition in Auto Garage's invoice was reliable because an engine wasn't typically stripped down when replacing a turbo, so its internal components were unlikely to have been inspected.

The assessor added it was unlikely the Holden's engine was in the poor condition claimed by Auto Garage given its reasonable service history.

The tribunal ruled the engine damage didn't breach the CGA's acceptable quality guarantee.

In addition, G Autos didn't have an obligation to disclose information from Auto Garage about the condition of the engine because it didn't have access to that information.

Order

The claim was dismissed.

Purchaser lost the opportunity to sell his damaged import at a fair market price

The case: Almost two years after purchasing a 2005 Atenza, the buyer discovered his car was a damaged import. He complained to the trader, saying it had breached the Fair Trading Act (FTA) by not sharing that information with him. The seller told the buyer he didn't know what he was talking about and banned him from the dealership.

The decision: The tribunal ordered the dealer to pay the purchaser the $7,900 trade-in value of the vehicle and collect it.

At: The Motor Vehicle Disputes Tribunal, Dunedin.

Background

When Samuel Whitcombe tried to sell his 2005 Mazda Atenza through Turners Car Auctions in October 2017, he was told it was a damaged-imported vehicle and Turners refused to deal with it.

Whitcombe then lodged a claim with the tribunal against A Grade Wholesales Ltd, which sold him the car in December 2015.

He said the trader failed to disclose the Mazda had been imported into New Zealand as damaged.

The dealer had stated on the vehicle's consumer information notice (CIN) that it was not imported as damaged.

Whitcombe claimed this action by the trader was a breach of the FTA because it had affected the true value of his car.

The case

The buyer discovered his car had been imported as a damaged vehicle on October 2, 2017.

That same day, he complained to the trader saying its representation of the vehicle as not being a damaged import breached the FTA and affected its true value. He made several attempts to get the trader to respond to his complaint.

Eventually, Whitcombe said the dealer told him he didn't know what he was talking about and he was banned from entering A Grade Wholesales' car yard in Mosgiel.

In November, Whitcombe got a friend to deliver a letter to the trader saying he was lodging a case with the tribunal seeking a full refund of the Mazda's purchase price of $12,995. In evidence, the buyer produced a CarJam report that stated it was imported as damaged.

Whitcombe also produced an email from the NZTA stating the vehicle had been imported with rust damage. A repair certificate was issued on July 4, 2015, and the Mazda was approved for registration three days later.

The trader's representative Harneel Dave, said it had imported the Mazda in 2015 knowing it was damaged. He said the car had been repaired but, unfortunately, the repair certifier didn't have the damage flag removed.

Dave told the tribunal it was too late to do anything about this error because the repair certifier had retired.

The tribunal said it was clear the dealer didn't dispute the Mazda was imported as damaged and a damage flag should have been reported on its CIN.

Whitcombe said he had been unable to sell the vehicle to Turners because of its imported-as-damaged status.

Chris Henderson, of Midway Motors, stated he was unable to trade the car because "a damaged vehicle has such a stigma in today's market that it's unsellable on a retail sales [yard]".

Whitcombe produced four estimates from dealers about the vehicle's retail value with its then mileage of 149,000km. The estimates also took into account the Atenza was imported as damaged. The valuations indicated values of about $10,000, while Turners' expected auction price was around $8,000.

The tribunal asked Whitcombe to obtain trade-in values for the car, which assumed it wasn't imported as damaged to reflect the amount of money he would receive if he had sold it to a dealer.

Whitcombe said he was unable to provide the valuations requested by the adjudicator. However, during the hearing, Midway Motors confirmed the trade-in value would have been $7,900 assuming it wasn't imported as damaged.

In this case, the tribunal decided it was appropriate to use the trade valuation as he was trying to sell it through a dealer.

A Grade Wholesales claimed Midway Motors' estimate was too high. The trader said it had previously offered Whitcombe $6,000 to purchase his vehicle back.

Whitcombe had counter-offered A Grade Wholesales the opportunity to purchase the car for $8,500 before the hearing.

The finding

The tribunal found the dealer's failure to disclose to the buyer the Mazda was an imported-damaged vehicle constituted misleading and deceptive conduct under section nine of the FTA.

Basically, if something is known by the vendor to be of consequence to the purchaser, then the purchaser should reasonably expect to be told about it.

In this case, the tribunal ruled it was appropriate to consider any orders under the FTA in regards to loss or damage faced by Whitcombe in relation to the likely trade-in value of his Mazda because he had tried to sell the car as a trade through a dealer.

Due to the fact the car was imported as damaged, the buyer found he was unable to sell it to a trader.

The purchaser had presented evidence during the case that no car dealer would buy the Mazda at anything approaching its correct market value because it was flagged as damaged.

Therefore, the buyer had lost the opportunity to sell the vehicle at a fair market price.

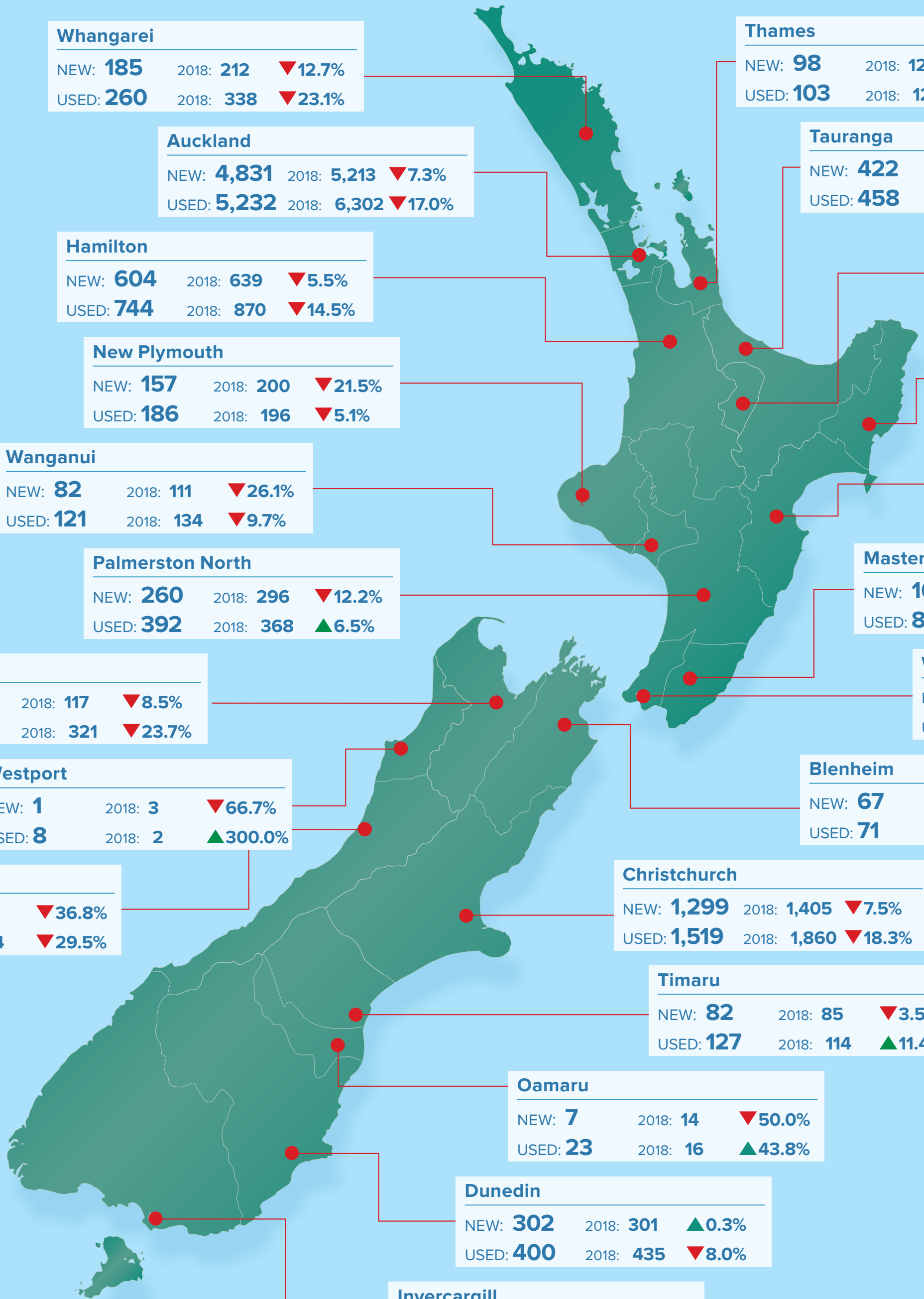
Order

If the buyer still wanted the dealer to take back the car, the tribunal ruled the trader was to pay him its trade-in value of $7,900 and collect the vehicle at its own cost.

AROUND THE COUNTRY
January 2019

Total new cars
9,942
2018: 10,798 ▼7.9%

Total imported used cars
11,598
2018: 13,719 ▼15.5%



Whangarei	NEW:	185	2018:	212	▼12.7%
	USED:	260	2018:	338	▼23.1%
Auckland	NEW:	4,831	2018:	5,213	▼7.3%
	USED:	5,232	2018:	6,302	▼17.0%
Hamilton	NEW:	604	2018:	639	▼5.5%
	USED:	744	2018:	870	▼14.5%
New Plymouth	NEW:	157	2018:	200	▼21.5%
	USED:	186	2018:	196	▼5.1%
Wanganui	NEW:	82	2018:	111	▼26.1%
	USED:	121	2018:	134	▼9.7%
Palmerston North	NEW:	260	2018:	296	▼12.2%
	USED:	392	2018:	368	▲6.5%
Nelson	NEW:	107	2018:	117	▼8.5%
	USED:	245	2018:	321	▼23.7%
Westport	NEW:	1	2018:	3	▼66.7%
	USED:	8	2018:	2	▲300.0%
Greymouth	NEW:	12	2018:	19	▼36.8%
	USED:	31	2018:	44	▼29.5%
Thames	NEW:	98	2018:	124	▼21.0%
	USED:	103	2018:	123	▼16.3%
Tauranga	NEW:	422	2018:	374	▲12.8%
	USED:	458	2018:	544	▼15.8%
Rotorua	NEW:	169	2018:	159	▲6.3%
	USED:	152	2018:	228	▼33.3%
Gisborne	NEW:	47	2018:	69	▼31.9%
	USED:	71	2018:	71	■0.0%
Napier	NEW:	231	2018:	240	▼3.8%
	USED:	306	2018:	279	▲9.7%
Masterton	NEW:	106	2018:	105	▲1.0%
	USED:	85	2018:	97	▼12.4%
Wellington	NEW:	729	2018:	860	▼15.2%
	USED:	849	2018:	1,073	▼20.9%
Blenheim	NEW:	67	2018:	71	▼5.6%
	USED:	71	2018:	74	▼4.1%
Christchurch	NEW:	1,299	2018:	1,405	▼7.5%
	USED:	1,519	2018:	1,860	▼18.3%
Timaru	NEW:	82	2018:	85	▼3.5%
	USED:	127	2018:	114	▲11.4%
Oamaru	NEW:	7	2018:	14	▼50.0%
	USED:	23	2018:	16	▲43.8%
Dunedin	NEW:	302	2018:	301	▲0.3%
	USED:	400	2018:	435	▼8.0%
Invercargill	NEW:	144	2018:	181	▼20.4%
	USED:	215	2017:	230	▼6.5%

Imported Passenger Vehicle Sales by Make - January 2019

MAKE	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	2,450	3,232	-24.2	21.1%	2,450	21.1%
Nissan	2,328	2,629	-11.4	20.1%	2,328	20.1%
Mazda	1,873	2,310	-18.9	16.1%	1,873	16.1%
Honda	1,270	1,356	-6.3	11.0%	1,270	11.0%
Subaru	653	809	-19.3	5.6%	653	5.6%
Suzuki	653	722	-9.6	5.6%	653	5.6%
Mitsubishi	552	440	25.5	4.8%	552	4.8%
BMW	417	523	-20.3	3.6%	417	3.6%
Volkswagen	391	445	-12.1	3.4%	391	3.4%
Audi	177	250	-29.2	1.5%	177	1.5%
Mercedes-Benz	149	210	-29.0	1.3%	149	1.3%
Lexus	104	97	7.2	0.9%	104	0.9%
Ford	90	115	-21.7	0.8%	90	0.8%
Volvo	64	65	-1.5	0.6%	64	0.6%
Land Rover	50	42	19.0	0.4%	50	0.4%
Chevrolet	44	65	-32.3	0.4%	44	0.4%
Jaguar	41	57	-28.1	0.4%	41	0.4%
Dodge	37	38	-2.6	0.3%	37	0.3%
Holden	31	46	-32.6	0.3%	31	0.3%
Porsche	28	27	3.7	0.2%	28	0.2%
Mini	24	37	-35.1	0.2%	24	0.2%
Hyundai	23	27	-14.8	0.2%	23	0.2%
Chrysler	22	17	29.4	0.2%	22	0.2%
Jeep	22	23	-4.3	0.2%	22	0.2%
Kia	10	9	11.1	0.1%	10	0.1%
Talbot	9	0	900.0	0.1%	9	0.1%
Daihatsu	8	8	0.0	0.1%	8	0.1%
Buick	6	1	500.0	0.1%	6	0.1%
Renault	6	14	-57.1	0.1%	6	0.1%
Smart	6	4	50.0	0.1%	6	0.1%
Range Rover	5	0	500.0	0.0%	5	0.0%
Alfa Romeo	3	3	0.0	0.0%	3	0.0%
Bentley	3	9	-66.7	0.0%	3	0.0%
Cadillac	3	1	200.0	0.0%	3	0.0%
Ferrari	3	3	0.0	0.0%	3	0.0%
Others	43	85	-49.4	0.4%	43	0.4%
Total	**11,598**	**13,719**	**-15.5**	**100.0%**	**11,598**	**100.0%**

Imported Passenger Vehicle Sales by Model - January 2019

MAKE	MODEL	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Mazda	Axela	633	653	-3.1	5.5%	633	5.5%
Suzuki	Swift	563	619	-9.0	4.9%	563	4.9%
Nissan	Tiida	553	575	-3.8	4.8%	553	4.8%
Honda	Fit	551	533	3.4	4.8%	551	4.8%
Mazda	Demio	446	588	-24.1	3.8%	446	3.8%
Toyota	Prius	336	275	22.2	2.9%	336	2.9%
Mitsubishi	Outlander	328	244	34.4	2.8%	328	2.8%
Toyota	Wish	286	308	-7.1	2.5%	286	2.5%
Nissan	Leaf	281	242	16.1	2.4%	281	2.4%
Subaru	Legacy	267	398	-32.9	2.3%	267	2.3%
Mazda	Premacy	252	219	15.1	2.2%	252	2.2%
Toyota	Vitz	244	282	-13.5	2.1%	244	2.1%
Subaru	Impreza	226	199	13.6	1.9%	226	1.9%
Mazda	Atenza	217	280	-22.5	1.9%	217	1.9%
Nissan	Note	212	198	7.1	1.8%	212	1.8%
Nissan	Dualis	210	198	6.1	1.8%	210	1.8%
Nissan	X-Trail	170	149	14.1	1.5%	170	1.5%
Toyota	Aqua	169	52	225.0	1.5%	169	1.5%
Honda	Stream	148	146	1.4	1.3%	148	1.3%
Toyota	Corolla	142	193	-26.4	1.2%	142	1.2%
Toyota	Auris	141	193	-26.9	1.2%	141	1.2%
Toyota	Blade	139	179	-22.3	1.2%	139	1.2%
Toyota	MarkX	112	263	-57.4	1.0%	112	1.0%
Nissan	Skyline	106	125	-15.2	0.9%	106	0.9%
Nissan	Bluebird	101	127	-20.5	0.9%	101	0.9%
Nissan	Serena	101	70	44.3	0.9%	101	0.9%
Mazda	Verisa	101	118	-14.4	0.9%	101	0.9%
Honda	Odyssey	94	168	-44.0	0.8%	94	0.8%
Nissan	March	92	118	-22.0	0.8%	92	0.8%
Bmw	320i	86	102	-15.7	0.7%	86	0.7%
Nissan	Juke	86	90	-4.4	0.7%	86	0.7%
Honda	CRV	84	116	-27.6	0.7%	84	0.7%
Toyota	Ractis	78	97	-19.6	0.7%	78	0.7%
Mazda	CX-5	77	79	-2.5	0.7%	77	0.7%
Mitsubishi	Galant	77	43	79.1	0.7%	77	0.7%
Others		3,889	5,480	-29.0	33.5%	3,889	33.5%
Total		**11,598**	**13,719**	**-15.5**	**100.0%**	**11,598**	**100.0%**

'Tough' times ahead for trading

There was a sizeable drop-off in first-time registrations of used-imported cars in New Zealand last month.

Sales came in at 11,598 units – a decrease of 15.5 per cent on 13,719 in January 2018.

This resulted in the worst January for registrations of used-imported cars since January 2014. However, when compared to December 2018, sales rose by 4.9 per cent and 537 units last month.

Toyota was last month's top-selling used-imported car brand with 2,450 registrations, which was a decrease of 24.2 per cent on the 3,232 in January 2018. The marque starts the year with a market share of 21.1 per cent.

Nissan secured second spot with 2,328 registrations last month – a fall of 11.4 per cent on January 2018's 2,629. This represented a 20.1 per cent market share. Mazda was third on 1,873 sales, which was a decrease of 18.9 per cent for a market share of 16.1 per cent.

The battle for top model was close with the Mazda Axela coming first – but only by 70 units. The Suzuki Swift was second and Mazda's Demio was third.

There were 633 Axelas sold during January – down by 3.1 per cent on the same month of last year. Swift registrations totalled 563 for a decrease of nine per cent, and 553 Tiida sales represented decrease of 3.8 per cent. The three models hold 5.5, 4.9 and 4.8 per cent of this year's market share respectively.

"From my perspective, I think it's going to be a tough year," says Graeme Macdonald, who owns Westwyn Trading Company in Auckland. "I don't see any glimmer of hope for 2019 or much improvement on 2018, which was really difficult for trading conditions.

"We were hit by a number of different issues – sometimes all at the same time – making the importation of vehicles, from Japan particularly, a hard market to be in.

"When it comes to people's private vehicles, we've seen a drop in confidence in updating purchases especially in the lower to mid-range. As a trade, we've been struggling to get those people onto our yards and into showrooms."

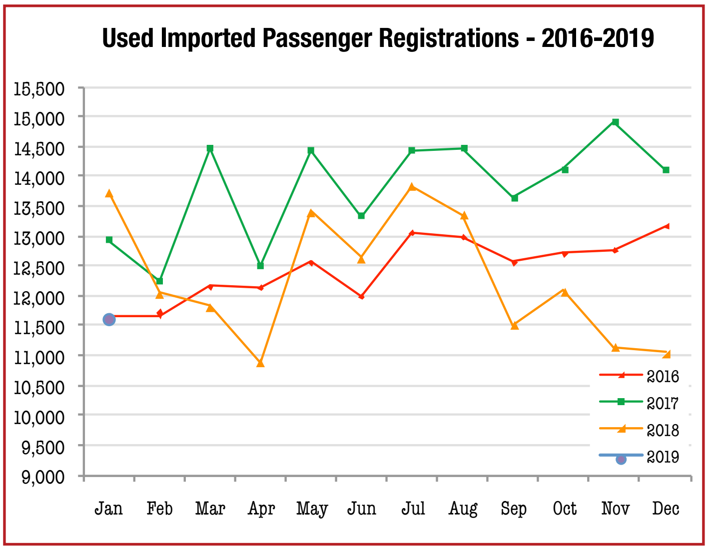
Macdonald, who is also chairman of the North Island branch of VIA (the Imported Motor Vehicle Industry Association), says a drop in spending on big-ticket items is first seen when consumers have to tighten their belts.

"People think, 'do I really want to spend that money', 'do I feel confident about my job' and 'do I feel confident about the economy'. We often see that first before there are other indicators in the market.

"We did see a bit of a fall away in 2018, I'm talking personally here. But I think across the market, dealers who I talk to all have a similar sentiment and that there was a bit of a drop in consumer confidence. I don't see that changing this year, especially if property prices start to soften a bit further."

As for VIA, Macdonald says the association needs to continue restructuring its model and 2018 was a tough year for external funding. He believes this year will be no different.

"VIA is required to have a hard look at its conventional funding model. The industry at large is looking at its bottom-line after the struggles of 2018 and we're well-aware everyone is looking closely at their books.



"They're asking themselves, 'what can I afford', 'what are the essential parts of my business I can keep funding' and 'what do I need to pin down to keep it operational', so it's the perfect storm to be going out to the industry saying, 'we need continued support if we are to support you'.

"Yet the need for the independent voice and advocacy of VIA has, arguably, never been greater than in these unsettling times.

"VIA has to either change the model for funding and spread of service or, god forbid, shut the doors.

"We've worked hard over the past 30 years on behalf of all who have an interest in our industry with our over-riding mantra being to ensure we keep the doors for independent importing open.

"We must continue to deal with issues on the ground as they occur and – perhaps more importantly – identify potential issues coming down the track so we can mitigate them."

Tony Woods, director of Greenwoods Cars and 4x4s in Penrose, notes "there are dealers opening up everywhere in Auckland, but six months or a year later those traders don't seem to be there anymore – they are like pop-up shops".

On the flipside, he adds: "There are some fantastic people who have been in the industry for a long time and have put a lot into it.

"You have to be constantly looking at new ways of creating business and testing advertising. I enjoy the industry, but it certainly has its moments."

Industry 'grappling' with issues

The used-imports industry is continuing to face uncertainty due to problems associated with keeping stink bugs out of New Zealand.

Graeme Macdonald says logistics and shipping providers are doing the best they can during the current high-risk biosecurity season.

"They are scrambling to try to pick up slack when they can, but right now it's such a volatile situation," says the owner of West Auckland-based Westwyn Trading Company.

While stink bugs are being tackled by heat-treating used imports from Japan, New Zealand has other source markets.

"We would like to think the problem is being dealt with outside of Japan, but not all sailings are just from there," says Macdonald.

"There's some real hesitation pre-paying for vehicles. If they get directed back to Japan, South Korea or Singapore, who pays?

"Or what if that's your stock you've got planned for the next couple of months and it's not appearing somewhere? Or you've pre-sold a vehicle to a particular customer and now you can't supply it because it's being redirected? There are a lot of issues the industry needs to grapple with. There are no easy solutions."

Macdonald stresses that – up until now – everyone has been doing their best and the trade is working, "scrambling if you like", to find solutions on a daily basis for problems as they occur.

"From a dealer's perspective, there's certainly no certainty. There's probably more than there was in the first half of 2018, but it's still not a given that we will see unrestricted, straightforward shipping schedules being maintained. Issues are definitely ongoing."

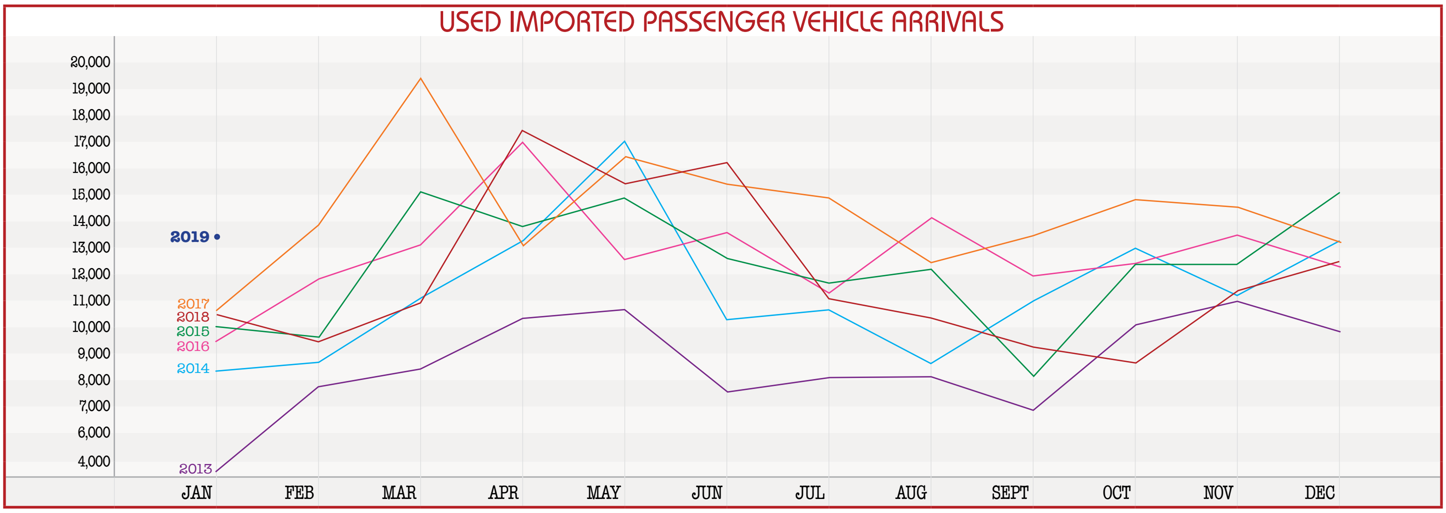
The increase in costs is another factor with heat-treatment charges impacting on margins.

Macdonald adds: "Then there's the change in regulations for the type of fuel used in ships and retrofitting vessels to accommodate this, so these additional costs will get passed onto the trade as well.

"The consumer market seems reluctant to take up price rises to account for these things. I don't think price is going down anytime soon."

As for last month, 13,479 used passenger vehicles were imported into New Zealand – up by 28.6 per cent and by 3,000 units when compared to January 2018.

The number of units from Japan rose by 32.8 per cent to 12,856, while there was a 35.9 per cent decrease to 279 from Australia.



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2019			2018						2017	
	JAN '19	JAN MARKET SHARE %	2019 TOTAL	Q1	Q2	Q3	Q4	2018 TOTAL	MRKT SHARE	2017 TOTAL	MRKT SHARE
Australia	279	2.1%	279	1,170	1,054	950	1,009	4,183	2.9%	5,540	3.2%
Great Britain	103	0.8%	103	280	229	235	282	1,026	0.7%	2,173	1.3%
Japan	12,856	95.4%	12,856	26,715	48,862	28,646	30,287	134,510	94.2%	160,822	93.8%
Singapore	142	1.1%	142	338	351	386	456	1,531	1.1%	1,202	0.7%
USA	61	0.5%	61	281	287	265	275	1,108	0.8%	1,419	0.8%
Other countries	38	0.3%	38	153	80	73	109	415	0.3%	387	0.2%
Total	**13,479**	**100.0%**	**13,479**	**28,937**	**50,863**	**30,555**	**32,418**	**142,773**	**100.0%**	**171,543**	**100.0%**

Increase in sales by dealers

There was a promising increase in trader-to-public sales of second-hand cars in January. Some 17,702 units were sold compared to 16,967 in the first month of last year for a 4.3 per cent rise.

Oamaru led the way with a 71.4 per cent rise from 28 to 48 units. Wellington's increase to 1,734 from 1,478 sales came in at 17.3 per cent, while Invercargill was next up with a 13.6 per cent jump from 456 to 518.

Public-to-trader sales rose by 1.3 per cent to 12,530 units last month compared to 12,371 in January 2018, with New Plymouth securing a 27 per cent hike from 178 to 226. Private transactions dropped by 0.3 per cent to 43,614.

Tony Woods, of Greenwoods Cars and 4x4s in Auckland, says: "I'm hoping 2019 will be better than last year, although some big players aren't saying that.

"If we do everything correctly, we should get the right results but it will take a lot of effort. As for the industry, it will be going through changes to regulations over importing cars and emissions."

Woods says buyers still want used Falcons and Commodores. However, unless they have an "x-factor about them", they are harder to sell unless station wagons.

"Four-door sedans are now harder to sell – even Nissan's Skyline, which used to be popular," he adds.

"We also sell a lot of older vehicles – 40 or 50 years old – such as American muscle cars. I've brought a couple in from Australia, but most have already been imported here and I travel the country to find them."

Torben Freer, general manager of Giltrap Skoda in Auckland, is seeing the likes of Hyundais, Subarus and Mazdas – especially in the SUV space – being traded in.

He told Autofile: "We trade a lot of Fords and Holdens, and buyers still want large passenger cars. Our Superb went well last year. People have moved away from Commodores and Falcons. They have almost died in the New Zealand market.

"We've seen corporates and company-vehicle buyers moving to Skoda and we have the contract for Corporate Cabs, which has come out of Commodores and into Superbs.

"December was tough. October was a great month, but we felt it slow down in November and December was much the same. The rest of this year will be hard, but I'm confident we can play well in a tough market."

SECONDHAND CAR SALES - January 2019

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
	JAN'19	JAN'18	+/- %	MARKET SHARE	JAN'19	JAN'18	+/- %	JAN'19	JAN'18	+/- %
Whangarei	555	563	-1.4	3.1	1,924	1,957	-1.7	226	216	4.6
Auckland	5,756	5,468	5.3	32.5	14,141	14,325	-1.3	4,865	4,737	2.7
Hamilton	1,412	1,261	12.0	8.0	3,363	3,355	0.2	995	957	4.0
Thames	265	291	-8.9	1.5	669	721	-7.2	189	184	2.7
Tauranga	819	780	5.0	4.6	2,172	2,065	5.2	531	547	-2.9
Rotorua	308	378	-18.5	1.7	983	965	1.9	103	142	-27.5
Gisborne	180	160	12.5	1.0	417	419	-0.5	64	71	-9.9
Napier	661	679	-2.7	3.7	1,593	1,596	-0.2	418	417	0.2
New Plymouth	409	380	7.6	2.3	1,025	1,060	-3.3	226	178	27.0
Wanganui	252	256	-1.6	1.4	672	647	3.9	161	166	-3.0
Palmerston North	803	814	-1.4	4.5	1,718	1,668	3.0	655	594	10.3
Masterton	247	239	3.3	1.4	508	544	-6.6	119	99	20.2
Wellington	1,734	1,478	17.3	9.8	3,255	3,318	-1.9	1,019	1,032	-1.3
Nelson	338	341	-0.9	1.9	1,088	1,120	-2.9	203	241	-15.8
Blenheim	180	187	-3.7	1.0	452	441	2.5	100	115	-13.0
Greymouth	69	74	-6.8	0.4	180	193	-6.7	42	45	-6.7
Westport	5	7	-28.6	0.0	37	24	54.2	0	0	0.0
Christchurch	2,223	2,145	3.6	12.6	5,298	5,460	-3.0	1,779	1,794	-0.8
Timaru	171	242	-29.3	1.0	544	525	3.6	117	125	-6.4
Oamaru	48	28	71.4	0.3	130	121	7.4	4	2	100.0
Dunedin	749	740	1.2	4.2	2,220	2,140	3.7	418	415	0.7
Invercargill	518	456	13.6	2.9	1,225	1,095	11.9	296	294	0.7
NZ Total	**17,702**	**16,967**	**4.3**	**100.00**	**43,614**	**43,759**	**-0.3**	**12,530**	**12,371**	**1.3**

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New Passenger Vehicle Sales by Make - January 2019

MAKE	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	1,718	2,490	-31.0	17.3%	1,718	17.3%
Mazda	1,052	1,025	2.6	10.6%	1,052	10.6%
Mitsubishi	803	626	28.3	8.1%	803	8.1%
Kia	710	762	-6.8	7.1%	710	7.1%
Holden	689	777	-11.3	6.9%	689	6.9%
Ford	606	846	-28.4	6.1%	606	6.1%
Suzuki	592	591	0.2	6.0%	592	6.0%
Hyundai	551	553	-0.4	5.5%	551	5.5%
Honda	450	524	-14.1	4.5%	450	4.5%
Subaru	382	342	11.7	3.8%	382	3.8%
Volkswagen	374	300	24.7	3.8%	374	3.8%
Nissan	370	423	-12.5	3.7%	370	3.7%
Mercedes-Benz	247	188	31.4	2.5%	247	2.5%
Land Rover	179	73	145.2	1.8%	179	1.8%
BMW	130	187	-30.5	1.3%	130	1.3%
Skoda	113	140	-19.3	1.1%	113	1.1%
Audi	111	178	-37.6	1.1%	111	1.1%
Jeep	110	82	34.1	1.1%	110	1.1%
Peugeot	107	89	20.2	1.1%	107	1.1%
Lexus	76	62	22.6	0.8%	76	0.8%
SsangYong	72	82	-12.2	0.7%	72	0.7%
Volvo	68	57	19.3	0.7%	68	0.7%
Mini	65	77	-15.6	0.7%	65	0.7%
Porsche	60	54	11.1	0.6%	60	0.6%
Haval	49	37	32.4	0.5%	49	0.5%
Jaguar	43	20	115.0	0.4%	43	0.4%
Citroen	34	26	30.8	0.3%	34	0.3%
Renault	34	24	41.7	0.3%	34	0.3%
Isuzu	22	30	-26.7	0.2%	22	0.2%
Alfa Romeo	17	12	41.7	0.2%	17	0.2%
Seat	13	9	44.4	0.1%	13	0.1%
Tesla	13	23	-43.5	0.1%	13	0.1%
Infiniti	12	0	1,200.0	0.1%	12	0.1%
Bentley	11	7	57.1	0.1%	11	0.1%
Aston Martin	7	9	-22.2	0.1%	7	0.1%
Others	52	73	-28.8	0.5%	52	0.5%
Total	**9,942**	**10,798**	**-7.9**	**100.0%**	**9,942**	**100.0%**

New Passenger Vehicle Sales by Model - January 2019

MAKE	MODEL	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Corolla	669	958	-30.2	6.7%	669	6.7%
Mazda	CX-5	364	305	19.3	3.7%	364	3.7%
Suzuki	Swift	351	242	45.0	3.5%	351	3.5%
Mitsubishi	ASX	347	150	131.3	3.5%	347	3.5%
Kia	Sportage	339	315	7.6	3.4%	339	3.4%
Mitsubishi	Outlander	304	197	54.3	3.1%	304	3.1%
Mazda	Mazda3	260	266	-2.3	2.6%	260	2.6%
Toyota	RAV4	240	421	-43.0	2.4%	240	2.4%
Toyota	Highlander	237	427	-44.5	2.4%	237	2.4%
Holden	Commodore	204	88	131.8	2.1%	204	2.1%
Ford	Focus	198	320	-38.1	2.0%	198	2.0%
Volkswagen	Tiguan	191	122	56.6	1.9%	191	1.9%
Hyundai	Kona	187	189	-1.1	1.9%	187	1.9%
Nissan	Qashqai	167	217	-23.0	1.7%	167	1.7%
Honda	Jazz	165	192	-14.1	1.7%	165	1.7%
Nissan	X-Trail	146	156	-6.4	1.5%	146	1.5%
Subaru	XV	141	112	25.9	1.4%	141	1.4%
Toyota	Camry	135	121	11.6	1.4%	135	1.4%
Toyota	Landcruiser Prado	132	133	-0.8	1.3%	132	1.3%
Holden	Astra	127	88	44.3	1.3%	127	1.3%
Honda	HR-V	127	77	64.9	1.3%	127	1.3%
Toyota	Yaris	125	157	-20.4	1.3%	125	1.3%
Hyundai	Santa Fe	124	103	20.4	1.2%	124	1.2%
Kia	Rio	123	130	-5.4	1.2%	123	1.2%
Mazda	CX-3	103	131	-21.4	1.0%	103	1.0%
Honda	CRV	102	168	-39.3	1.0%	102	1.0%
Mazda	Mazda2	98	131	-25.2	1.0%	98	1.0%
Subaru	Outback	98	117	-16.2	1.0%	98	1.0%
Ford	Ecosport	97	78	24.4	1.0%	97	1.0%
Subaru	Forester	94	39	141.0	0.9%	94	0.9%
Toyota	C-HR	93	83	12.0	0.9%	93	0.9%
Land Rover	Range Rover Sport	90	19	373.7	0.9%	90	0.9%
Holden	Trax	89	141	-36.9	0.9%	89	0.9%
Hyundai	Tucson	88	129	-31.8	0.9%	88	0.9%
Hyundai	i30	87	18	383.3	0.9%	87	0.9%
Others		3,500	4,258	-17.8	35.2%	3,500	35.2%
Total		**9,942**	**10,798**	**-7.9**	**100.0%**	**9,942**	**100.0%**

Economic environment changes

The number of new cars sold in January dropped by 7.9 per cent compared to the same month of 2018 – from 10,798 units to 9,942.

January's top-selling car was Toyota's Corolla on 669 units. It was followed by Mazda's CX-5 with 364 and Suzuki's Swift on 351.

The top-three marques were Toyota on 1,718 units, Mazda with 1,052 and Mitsubishi on 803.

"The economic environment that existed this time last year and before that has begun to change, albeit slowly," says David Crawford, of the Motor Industry Association. "However, levels of new-vehicle sales, while softer than this time last year, remain at historically high levels."

Distributors, meanwhile, are still eager to shout about last year's successes while looking forward to the rest of 2019.

Mercedes-Benz NZ finished 2018 as the top luxury marque for the fourth year in a row with 2,251 new-vehicle registrations.

"It was another strong year," Ben Giffin, executive general manager, told Autofile. "We saw strong growth with our SUVs gain traction in the still-growing luxury SUV segment. For the first time, this led to the GLC overtaking the C-Class as our best-selling car.

"From a product perspective, we launched a new C-Class with new engines, plus the G 63 AMG arrived in mid-2018 and sold out its initial allocation before the end of the year. The A-Class followed and claimed a number of awards, including the AA Driven NZ Car of the Year."

The marque's dealer network underwent development and growth last year. This included the country's first AMG Performance Centre at Mercedes-Benz Auckland followed by a second at Armstrong Prestige in Christchurch.

"From an after-sales perspective, we focussed on improving customer experience by introducing an 'express service' system into three metropolitan dealers," says Giffin. "It allows customers to have cars serviced and groomed in as little as 60 minutes."

At the moment, the marque is experiencing no stock issues, "but naturally we're being affected by the stink-bug issue like other manufacturers".

New models help boost overall sales and Mercedes-Benz is launching some in 2019, including its first wholly electric vehicle [EV] – the EQC SUV.

"It marks the launch of an all-new brand and will introduce New Zealand to the future of pure EVs," enthuses Giffin. "We'll have an all-new GLE in the growing large SUV market, the first A-Class sedan and new CLA Coupe.

"In 2019, we'll launch up to seven new models and two facelifts. Although many are predicting a flat market, we're confident they will help us achieve moderate growth this year."

With more than 12,000 new passenger and commercial registrations in 2018, Mitsubishi Motors NZ notched up its biggest calendar year since 1990.

"These results reflect momentum on the back of eight years of growth and an evolving range," says Reece Congdon, head of marketing and corporate affairs.

"Our next goal is third place in the market for the financial year. Our interim results suggest we're heading in the right direction. The arrival of the new-look Triton, backed by our full-range line-up, will propel us towards this goal."

Congdon is delighted the Outlander PHEV retained its crown as most popular plug-in hybrid SUV with sales topping 1,000 last year, which saw the VRX variant retail for $55,990 plus on-roads – $8,000 less than the previous range-topper.

"By bringing the VRX in-line with some petrol and diesel equivalents, we've offered choice to Kiwis joining the EV revolution," he says. "We didn't want price to be a barrier and have seen increased interest.

"The Outlander was the first plug-in hybrid SUV in New Zealand and, since its launch in 2014, it has remained the most popular vehicle in its class. We're confident the next 1,000-unit milestone will arrive quicker than the first."

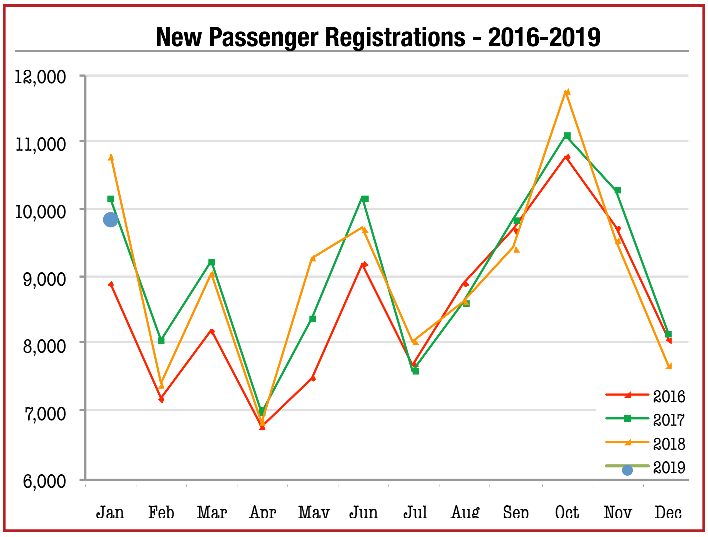
Subaru of NZ achieved a record last year with 3,641 new cars sold – up by 8.8 per cent versus 3,347 in 2017 in a market that saw registrations of all new passenger vehicles fall by 0.4 per cent.

It means 2018 was its seventh year of consecutive growth with Wallis Dumper, managing director, describing this as a sustained period of success.

By global standards, while its final numbers for last year may seem small given Subaru Corporation Japan's scale, it places the marque here as one of the top-performing distributors worldwide. Dumper says it sells more units than Subaru in the UK despite the population variation between the two.

Its large SUV, the Outback, was its number one with 36.5 per cent of its Kiwi sales. The second-generation compact SUV, the XV, performed well with its first full year of registrations up by 78.5 per cent and Forester sales jumped by 18.4 per cent.

"Last year made me proud on many levels," says Dumper. "In 2019, we hope to help more Kiwis discover why it's as if Subarus were made for New Zealand."



Slight sales drop recorded

Registrations of new commercial vehicles started the year with a one per cent drop compared to January 2018.

There were 3,996 units sold last month, down by 41 sales from 4,037 during the first month of last year.

January's top commercial vehicle was Ford's Ranger with a market share of 20.9 per cent thanks to 837 units. The Mitsubishi Triton was second with 445 units, while Toyota's Hilux found itself in unfamiliar territory in third with 434.

Ford was the top marque with 888 units, Toyota was second on 594 and Mitsubishi was third with 445.

Nathan Abernethy, dealer principal of Regional Ford in Gore, describes 2018 as the best year the business has ever had for registrations of new vehicles.

"Smaller cars are a small percentage of sales in rural areas – people want SUVs and utes down here," he told Autofile.

"We didn't see a rush to small cars when the price of petrol went up and many manufacturers are moving away from them towards SUVs.

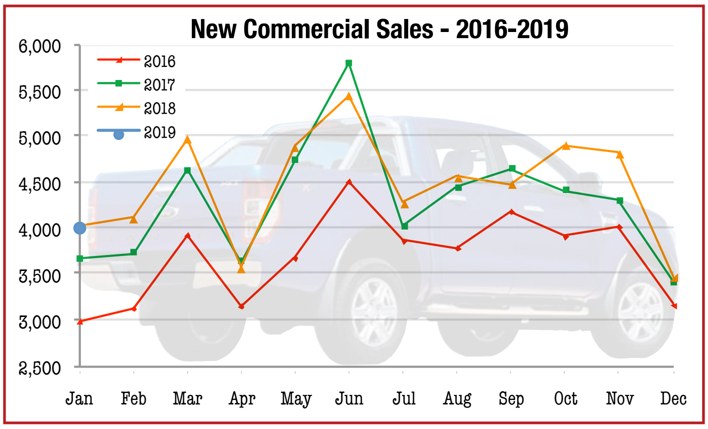
"Commercial vehicles and SUVs make up about 85 per cent of what we do, and I can't see that changing in 2019.

"We will be able to get the stock we need to meet that demand. We've had waiting lists for the Ranger Raptor, but those vehicles were due last month.

"January is usually quieter than most other months, but meeting our December targets took the pressure off a little bit with some sales rolling over into January."

Abernethy is pleased with Raptor sales since its release in September.

"We've had plenty of people interested in the Raptor. We were able to get the stock we wanted and I think it will be consistent. It's another string to our bow and adds to the line-up."



New Commercial Sales by Make - January 2019

MAKE	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	888	808	9.9	22.2%	888	22.2%
Toyota	594	780	-23.8	14.9%	594	14.9%
Mitsubishi	445	318	39.9	11.1%	445	11.1%
Holden	353	385	-8.3	8.8%	353	8.8%
Nissan	338	284	19.0	8.5%	338	8.5%
Isuzu	283	258	9.7	7.1%	283	7.1%
Mazda	163	172	-5.2	4.1%	163	4.1%
LDV	120	153	-21.6	3.0%	120	3.0%
Volkswagen	99	165	-40.0	2.5%	99	2.5%
Mercedes-Benz	84	57	47.4	2.1%	84	2.1%
Hyundai	76	64	18.8	1.9%	76	1.9%
Fuso	73	66	10.6	1.8%	73	1.8%
Hino	53	46	15.2	1.3%	53	1.3%
Volvo	52	21	147.6	1.3%	52	1.3%
Fiat	51	101	-49.5	1.3%	51	1.3%
Great Wall	33	16	106.3	0.8%	33	0.8%
SsangYong	33	94	-64.9	0.8%	33	0.8%
Foton	32	66	-51.5	0.8%	32	0.8%
DAF	28	21	33.3	0.7%	28	0.7%
Alexander Dennis	24	7	242.9	0.6%	24	0.6%
Others	174	155	12.3	4.4%	174	4.4%
Total	**3,996**	**4,037**	**-1.0**	**100.0%**	**3,996**	**100.0%**

New Commercial Sales by Model - January 2019

MAKE	MODEL	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Ford	Ranger	837	713	17.4	20.9%	837	20.9%
Mitsubishi	Triton	445	318	39.9	11.1%	445	11.1%
Toyota	Hilux	434	636	-31.8	10.9%	434	10.9%
Nissan	Navara	338	284	19.0	8.5%	338	8.5%
Holden	Colorado	335	376	-10.9	8.4%	335	8.4%
Isuzu	D-Max	179	192	-6.8	4.5%	179	4.5%
Mazda	BT-50	163	172	-5.2	4.1%	163	4.1%
Toyota	Hiace	128	127	0.8	3.2%	128	3.2%
Hyundai	iLoad	74	63	17.5	1.9%	74	1.9%
Volkswagen	Amarok	62	111	-44.1	1.6%	62	1.6%
Isuzu	F Series	62	26	138.5	1.6%	62	1.6%
LDV	V80	53	49	8.2	1.3%	53	1.3%
Fiat	Ducato	51	101	-49.5	1.3%	51	1.3%
Ford	Transit	51	95	-46.3	1.3%	51	1.3%
Mercedes-Benz	X-Class	51	0	5100.0	1.3%	51	1.3%
LDV	T60	46	65	-29.2	1.2%	46	1.2%
Hino	500	37	22	68.2	0.9%	37	0.9%
Volvo	FM	37	9	311.1	0.9%	37	0.9%
Great Wall	Steed	33	16	106.3	0.8%	33	0.8%
Toyota	Landcruiser	32	17	88.2	0.8%	32	0.8%
Others		548	645	-15.0	13.7%	548	13.7%
Total		**3,996**	**4,037**	**-1.0**	**100.0%**	**3,996**	**100.0%**

Demand 'holding up' ute prices

A dealer says more buyers are turning to double-cab utes as family vehicles because they drive so well.

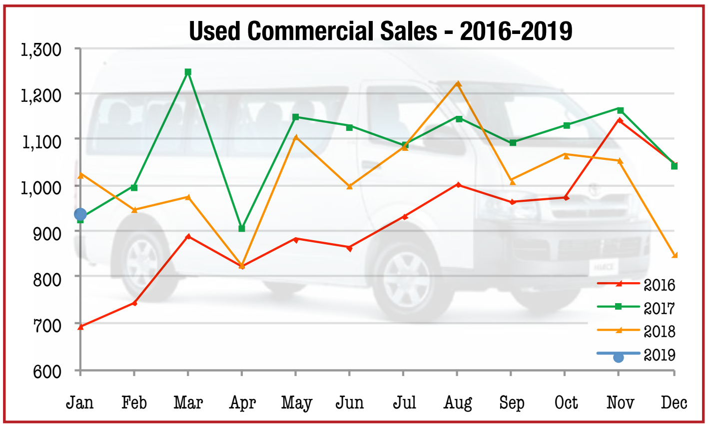
"The Toyota Hilux was what people used to want, and then the new-model Ranger arrived in 2011 or 2012," says Tony Woods, director of Greenwoods Cars and 4x4s in Penrose, Auckland.

"They are fantastic and everyone wants one. Because double-cab utes are so popular, demand is holding up the prices of second-hand utes. A lot are diesel, which is better for fuel economy, but the government is pushing people to buy hybrid and electric vehicles."

Woods notes used utilities cannot be imported from Japan and most are all sold new here. Although some can be imported from Australia, buyers have got wise about statutory write-offs from across the Tasman.

"They are cheap, but there's a reason why they're cheap," he told Autofile. "People buy them because they think they're getting a deal.

"But when they come to dispose of them, maybe they realise the deal wasn't that good because they struggle to on-sell. If we are trading a statutory write-off, then we're hard on the price because we have to be."



Woods describes the first few weeks of January as being "extremely average, but it was slow at the end of last year".

As for New Zealand, 937 used commercials were sold last month. This was down 8.5 per cent on 1,024 units in January 2018 with Toyota being the top marque with 399 sales.

"Business picked up and December was good to us," Woods adds. "February and January are traditionally difficult because of the holiday period. Last year was better than 2017 for us. We shifted premises and made a few business changes. You can't rest on your laurels and expect things to happen."

Used Commercial Sales by Make - January 2019

MAKE	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	399	441	-9.5	42.6%	399	42.6%
Nissan	206	210	-1.9	22.0%	206	22.0%
Ford	58	45	28.9	6.2%	58	6.2%
Mazda	40	78	-48.7	4.3%	40	4.3%
Isuzu	39	57	-31.6	4.2%	39	4.2%
Hino	35	26	34.6	3.7%	35	3.7%
Mitsubishi	35	36	-2.8	3.7%	35	3.7%
Fiat	30	35	-14.3	3.2%	30	3.2%
Chevrolet	19	13	46.2	2.0%	19	2.0%
Holden	19	22	-13.6	2.0%	19	2.0%
Suzuki	8	5	60.0	0.9%	8	0.9%
Mitsubishi Fuso	7	2	250.0	0.7%	7	0.7%
Daihatsu	6	2	200.0	0.6%	6	0.6%
Volkswagen	6	3	100.0	0.6%	6	0.6%
Citroen	4	0	400.0	0.4%	4	0.4%
DAF	3	3	0.0	0.3%	3	0.3%
Kenworth	3	2	50.0	0.3%	3	0.3%
Volvo	3	2	50.0	0.3%	3	0.3%
Great Wall	2	1	100.0	0.2%	2	0.2%
Hyundai	2	3	-33.3	0.2%	2	0.2%
Others	13	38	-65.8	1.4%	13	1.4%
Total	**937**	**1,024**	**-8.5**	**100.0%**	**937**	**100.0%**

Used Commercial Sales by Model - January 2019

MAKE	MODEL	JAN'19	JAN'18	+/- %	JAN'19 MKT SHARE	2019 YEAR TO DATE	2019 MKT SHARE
Toyota	Hiace	296	342	-13.5	31.6%	296	31.6%
Nissan	Caravan	66	65	1.5	7.0%	66	7.0%
Toyota	Dyna	38	32	18.8	4.1%	38	4.1%
Nissan	NV200	36	46	-21.7	3.8%	36	3.8%
Nissan	NV350	32	26	23.1	3.4%	32	3.4%
Fiat	Ducato	30	31	-3.2	3.2%	30	3.2%
Isuzu	Elf	30	33	-9.1	3.2%	30	3.2%
Ford	Transit	30	8	275.0	3.2%	30	3.2%
Mazda	Bongo	29	65	-55.4	3.1%	29	3.1%
Nissan	Vanette	29	18	61.1	3.1%	29	3.1%
Nissan	Atlas	27	27	0.0	2.9%	27	2.9%
Toyota	Regius	26	32	-18.8	2.8%	26	2.8%
Hino	Dutro	24	8	200.0	2.6%	24	2.6%
Toyota	Toyoace	22	8	175.0	2.3%	22	2.3%
Mitsubishi	Canter	20	14	42.9	2.1%	20	2.1%
Toyota	Hilux	12	21	-42.9	1.3%	12	1.3%
Ford	Ranger	11	20	-45.0	1.2%	11	1.2%
Mitsubishi	Triton	10	9	11.1	1.1%	10	1.1%
Holden	Commodore	9	9	0.0	1.0%	9	1.0%
Suzuki	Carry	8	5	60.0	0.9%	8	0.9%
Others		152	205	-25.9	16.2%	152	16.2%
Total		**937**	**1,024**	**-8.5**	**100.0%**	**937**	**100.0%**

Market starts to 'tighten up'

There were 7,462 new passenger vehicles imported during January. This was down by 7.7 per cent on the same month of last year when 8,086 units crossed the border.

Registrations of new cars held steady on 9,942 units, which was a decrease of 7.9 per cent on the same month of last year when the total was 10,798.

When taking into account last month's new car imports minus registrations, there was a variance of 2,480 units for a decrease of stock on-hand to 79,589. There are now 271 days' stock on-hand or 8.9 months' worth if sales continue at the same rate.

January's daily average sales dropped slightly to 294 – five days lower than the same month of last year.

Torben Freer, general manager of Giltrap Skoda in Auckland, describes last year as good for the business.

"We were up by 20 per cent year on year in terms of volume for new Skodas," he says. "We've had some changes at the dealership, but things are heading in the right direction.

"Skoda as a brand was up by 22 per cent year on year helped by the Kodiaq. With the likes of the smaller Karoq SUV, people have a good understanding of the marque now."

Freer describes the marque as "affordable European quality" and now it's aligned with the Volkswagen Group, people are interested with what they can get.

"I've always had high expectations for the brand, but the market has been tough. It was up and down all last year. There were big months, then months when it was hard.

"The market has started to tighten up a lot. Some forecasts for this year in terms of the total market and performance we've been getting from our people is that it will be flat or go back a little bit.

"We're going to have to rely on customer interest in Skoda and the product we've got coming in 2019.

"We've got the Kodiaq RS landing in New Zealand at the end of the first quarter. It's the sporty, powerful top-end car for us in that segment. We have had a lot of interest in it already.

"Towards the back end of 2019, we've got the Scala. It's a replacement for the Rapid, which was one of 2018's success stories. It has done far better than expected particularly with the strength of SUVs. Being a hatchback, it goes so well for us, so we're looking forward to the Scala."

Nathan Abernethy, dealer principal of Regional Ford, which has yards in Gore and Balclutha, says: "I think it will be an exciting year. The economy is still looking good and we have high hopes for 2019.

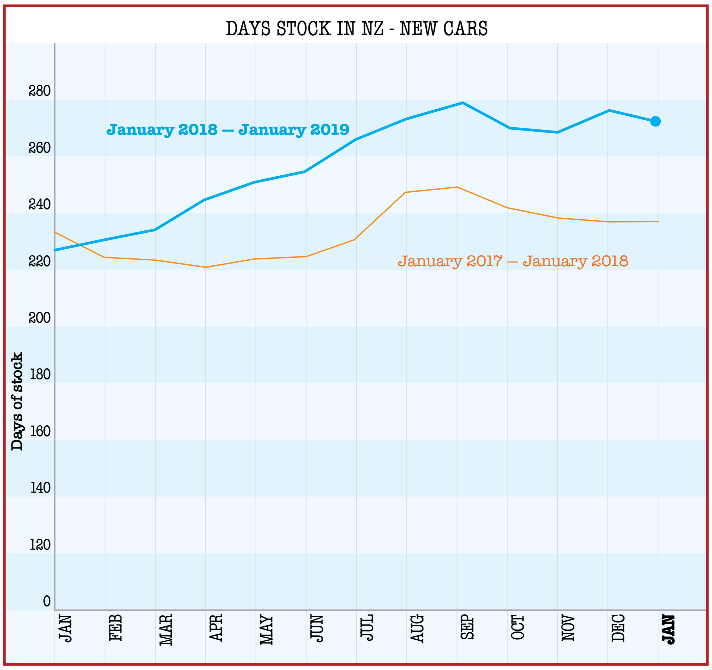
"We have the new Endura, Focus and Fiesta coming this year, and the 2019 Ranger and Everest have just arrived, so there's a lot to be excited about.

"We do have longer wait times due to the volume of new cars being sold in New Zealand. It used to take about 10 days to get a vehicle from Auckland to Gore. Now it takes two to three weeks because transport companies just can't keep up – they don't have the trucks on the ground.

"Some people are impatient and will take what's available, but others will wait to get the colours they want."

Dealer stock of new cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Jan '18	8,086	10,798	-2,712	69,620	299	299
Feb'18	7,281	7,415	-134	69,486	298	233
Mar '18	9,954	9,050	904	70,390	297	237
Apr '18	10,268	6,848	3,420	73,810	297	249
May '18	12,102	9,275	2,827	76,637	299	256
Jun '18	10,138	9,725	413	77,050	298	259
Jul '18	11,503	8,040	3,463	80,513	299	269
Aug '18	11,175	8,639	2,536	83,049	299	278
Sep '18	10,382	9,431	951	84,000	298	282
Oct '18	9,921	11,765	-1,844	82,156	300	274
Nov '18	7,820	9,543	-1,723	80,433	298	270
Dec '18	9,317	7,681	1,636	82,069	296	277
Jan '19	**7,462**	**9,942**	**-2,480**	**79,589**	**294**	**271**
Year to date	**7,462**	**9,942**	**(2,480)**			
Change on last month	**-19.9%**	**29.4%**		**-3.0%**		
Change on Jan 2018	**-7.7%** LESS IMPORTED	**-7.9%** LESS SOLD		**14.3%** MORE STOCK		



Massive surge in electric demand

An electric vehicle (EV) specialist says two main issues affect his market – access to stock and pricing levels.

Dave Boot, owner of EV City in Christchurch, says stocking his yard can be continuous, and there are other issues such as price and a "huge surge" in demand in New Zealand and other countries for electric cars.

"Over the past 12 months, we've seen used EV prices going from strength to strength," he told Autofile. "Electric cars are getting dearer as more people want to buy them. It's simple supply and demand.

"We've been bringing in some from England – a few Leafs and the new 40kWh van. We've had one going out as a postie's vehicle. We're getting into some Hyundai and BMW stock, and trying to ensure we have all the different electric offerings."

Boot says 2019's new Leaf will be good for the industry with Nissan taking one on a nationwide tour of its dealerships so people can learn all about it.

"We can't survive without new stock being sold, so it's going to be good to see Nissan stepping into it. I hope it does a fantastic job of educating its staff because it's a different concept and environment."

Boot says the customer base for going electric is now more across the board.

"Earlier we were storing cars for people waiting for term deposits to mature and at one point had 10 units in storage. But we're now getting a different cross-section of society – from young people to single-parent families – buying EVs for fuel savings.

'However, most customers still buy them with environmental factors as the main motivation."

Boot says the stink-bug season makes cars cost more due to heat treatment impacting on importers' margins.

He adds: "But what has a more significant impact than price is demand. There were delays in two boats when Japan was gearing up for stink-bug treatment. There were a couple of weeks when our stock just sat on wharves over there going nowhere.

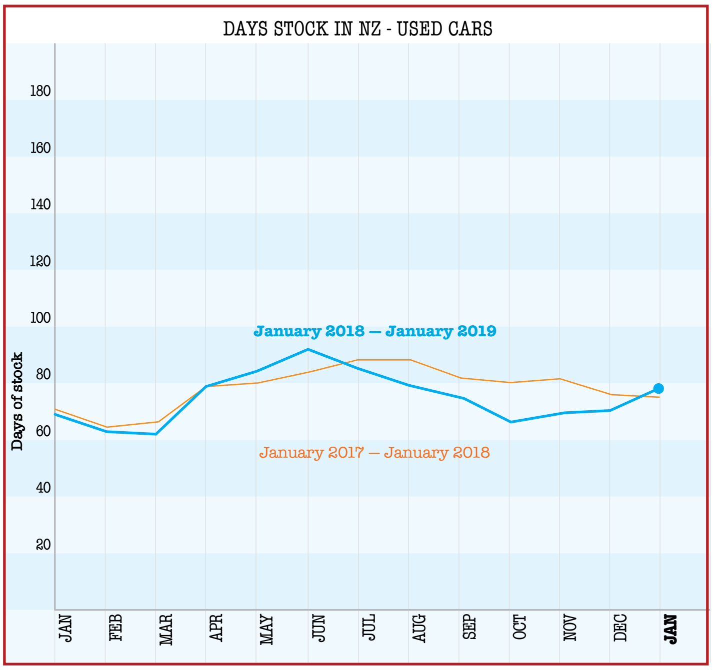
"We had about 100 cars arrive on one November day and more than half were pre-sold, so keeping customers informed about what's going on and what delays mean is a big part of our job. If the car is easy to sell, it's hard to buy."

January saw a drop in registrations of second-hand cars, but imports of used passenger vehicles jumped as stock on-hand remained relatively level to the same month of last year.

There were 13,479 used cars imported last month, up by 28.6 per cent on January 2018, and 11,598 were registered for the first time for a drop of 15.5 per cent – a variance of 1,881 units.

That left 31,619 units on dealers' yards unregistered – down by 0.8 per cent on January 2018's 31,363 units.

Average daily sales of 399 are the lowest for many months and down by 57 units a day when compared to January last year. There's enough stock at-hand to last 79 days at the current sales rate.



Dealer stock of used cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Jan '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	10,282	13,368	-3,086	33,925	434	78
Sep '18	9,245	11,533	-2,288	31,637	429	74
Oct '18	8,669	12,100	-3,431	28,206	423	67
Nov '18	11,301	11,156	145	28,351	413	69
Dec '18	12,448	11,061	1,387	29,738	404	74
Jan '19	**13,479**	**11,598**	**1,881**	**31,619**	**399**	**79**
Year to date	**13,479**	**11,598**	**1,881**			
Change on last month	**8.3%**	**4.9%**		**6.3%**		
Change on Jan 2018	**28.6%** MORE IMPORTED	**-15.5%** LESS SOLD		**0.8%** MORE STOCK		