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Emissions of vehicles in fleet need tackling

Industry organisation describes target for electric cars as 'wishful thinking' and price parity 'overly optimistic'

The Climate Change Commission is being urged to place more weight on tackling emissions created by vehicles already on New Zealand's roads rather than simply focusing on what enters the fleet.

Its draft advice, on which consultation has now closed, details action it believes needs to be taken to drastically reduce greenhouse gases (GHGs).

The report follows the government committing itself to hitting net-zero emissions of long-lived gases by 2050, and cutting biogenic methane emissions by between 24 and 47 per cent by the same year.

Once again, the automotive industry is in the spotlight because proposals to hit targets mean the country would need to "almost completely decarbonise land transport", according to the commission.

Its pathway sees the ambitious adoption of electric vehicles (EVs)

How vehicles entering the fleet are powered is under the Climate Change Commission's spotlight

with no light vehicles with internal combustion engines (ICEs) being imported after 2032.

This would mean more than half of all light-vehicle travel would be in EVs by 2035.

In the past, the Motor Industry Association (MIA), Imported Motor Vehicle Industry Association (VIA) and Motor Trade Association (MTA) have criticised various governments for focusing emissions policies on cars as they enter the fleet and not on those already in-service.

The MIA describes the target of 50 per cent of vehicle imports to be electric by 2027 as "entering the realm of fantasy and wishful thinking".

It says projections for price parity with ICE vehicles are

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GUEST EDITORIAL

Everyone can help to drive down pollution

Reducing transport emissions is crucial to meeting our climate targets. We know action in this space will have an immediate and lasting impact. Aotearoa can cut almost all transport emissions by 2050 – the technology already exists and is improving fast.

DR ROD CARR
Chairman, Climate Change Commission

Thank you all for your engagement in our draft advice to government. We had some great conversations during our consultation period and were pleased to receive submissions from many of you.

The need to reduce emissions isn't going to go away. Changes in the transport sector are on the horizon and some are already happening. And we want the automotive industry to be part of this change, collaboratively looking at ways to adapt our thinking and working to get the best results. The transition to a low-emissions Aotearoa will bring opportunities.

Changes are needed in how we travel and, at times, by reducing the use of high-emissions transport. Other reductions will come from switching to more fuel-efficient, lower-emissions internal-combustion vehicles. The reality is privately owned vehicles will dominate mobility in the first three emission budget periods.

Stopping high-emitting vehicles coming into Aotearoa is our priority – we need to focus on improving the quality of what joins the fleet.

Addressing emissions from the current fleet isn't included in our first draft package of advice, but is something the country may need to consider in the future.

How we fuel vehicles will play a key role, whether we see a wholesale change to electric cars or a mix between electric, hybrid, hydrogen-fuel cell or the blending of biofuels. We are mindful not all vehicles can be electrified right now. The government will need to reduce barriers, provide support and influence relative prices initially to make this happen, but everyone can play a role in the move to a cleaner transport system.

We've already seen amazing advances in EVs and other technologies continue to improve. Costs are starting to come down and technology is developing rapidly. We want these vehicles to be available and feasible for all New Zealanders.

We have heard it may not be easy to source EVs as fast as Aotearoa would like. We acknowledge this uncertainty, but recognise that will diminish as their global supply rapidly increases. We also know you will meet this challenge head on.

Going forward, your input will be invaluable in helping us to understand the appropriate option for different vehicles and services they provide.

For the transition to a low-emissions future to go well, the automotive industry needs to be critically involved on every step of the journey. We want to see the sector working together to front-foot changes that are coming – developing new ways to get to where we need to be.

With your help, we can be smart and get ahead. We appreciate there will be challenges, but it's in our power to pave the way for the future with innovative solutions for the industry. Now is the time to think creatively around how we live our lives and the role of transport so we can meet the needs of Kiwis in a low-emissions way.

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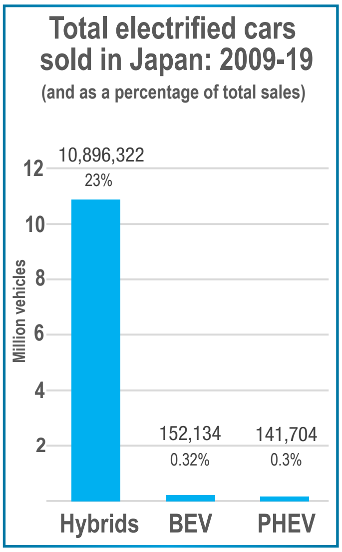
"overly optimistic", although it does support a policy package to accelerate EV uptake, such as feebates, being developed.

In addition, the association believes the commission's draft advice needs to give greater weight to the role biofuels and synthetic fuels – also known as electrofuels (e-fuels) – could play in decarbonising transport.

"In the short term, reducing emissions from the current fleet should be a key focus," David Crawford, the MIA's chief executive, told Autofile.

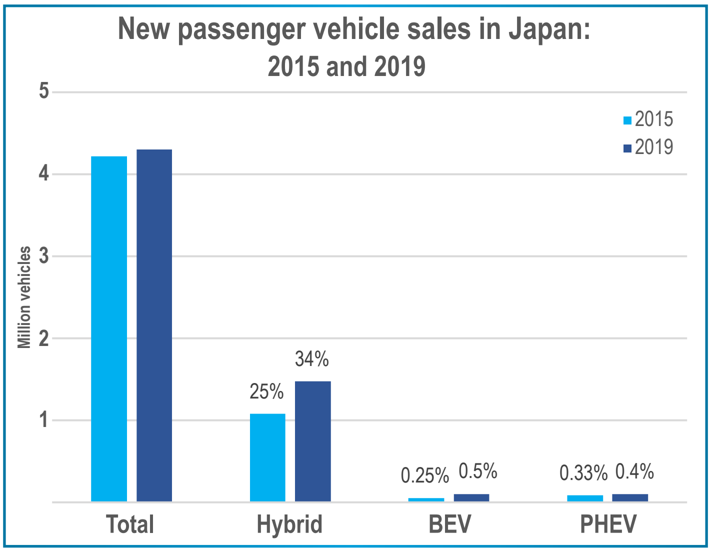
"We also consider the commission's report has underplayed the potential for hydrogen – not only for heavy vehicles but also light vehicles – in addition to battery technology.

"If synthetic fuels can be locally produced in sufficient quantity and at reasonable cost from renewable energy, this could offer great potential for reducing carbon dioxide [CO_2] emissions from the fleet due to being compatible with all ICEs while utilising existing refuelling infrastructure."



Note: The first year of EV production in Japan was 2009 and it was 2011 for PHEVs. From 2009-19, there were 46,935,976 new cars sold in Japan including 16,068,466 in the kei class. *Source: MIA*

In its submission, the MIA adds second-generation biofuels, which can be domestically sourced, provide a local solution to energy needs while reducing the balance of payments from importing fossil fuel.



Note: About 35 per cent of all new cars sold in Japan are "kei class", mini-cars that do not meet New Zealand's safety standards and cannot be sold here. *Source: MIA*

New Zealand new light passenger and commercial sales

	ICE	BEV	PHEV
2018	152,350	768	703
2019	143,685	1,881	1,950
2020	111,511	1,533	757

It cites Scion, a Crown research institute, as estimating New Zealand produces enough wood waste per annum to produce about 700m litres of biofuel.

"This is about 11 per cent of annual fuel demand – well in excess of the 140m litres target proposed by the Climate Change Commission [CCC] for 2035," says Crawford.

"Scion concludes that if New Zealand is to meet its Paris Accord target, we need to accelerate the development of biofuels. Accelerating them at scale could be funded from the emissions trading scheme [ETS] levy. This is currently generating more than $400m a year and is expected to double by 2025."

As for e-fuels, these are well-suited to New Zealand because of its relatively high fleet age and abundance of renewable electricity.

"We should invest in producing e-fuels," says Crawford. "For example, when the contract extension to Tiwai Point smelter has ended, that electricity could be used to make e-fuel to lower emissions of our entire fleet."

With such options available, the MIA describes the CCC's draft policy's focus as "too narrow" because e-fuels could address in-fleet emission reductions.

"They are, in the MIA's view, the most powerful GHG reduction initiative for transport. It is possible to make petrol, diesel, aviation fuel and marine diesel from e-fuels.

"Many vehicle manufacturers are joining the initiative. For example, Porsche is developing an e-fuels plant in Germany. This is not a technology just proven in the laboratory, it's also proven in scale."

As for hydrogen, the MIA says this will become increasingly important as a fuel source, not just for long-haul heavy freight, but over time for light commercials.

Two aspects of the commission's advice to government that have been grabbing many headlines are accelerating the uptake of EVs and banning imports of ICE vehicles.

"There needs to be a quantum shift in the availability of low-emissions vehicles if we are to stand any chance of getting close to targets the CCC discussion document says are necessary," says Crawford.

"But the New Zealand market is too small for us to dictate to manufacturers what they build. We take about 0.018 per cent of global new light-vehicle production."

Battery electric vehicles (BEVs) and plug-in hybrids (PHEVs) make up only a fraction of global production – their combined

Global automotive companies are promoting the benefits of synthetic fuels, also known as e-fuels. *Photo: Continental*

market shares were 2.5 and 4.2 per cent in 2019 and 2020 respectively.

While marques are ramping up EV production and some are committing to electric-only line-ups within the next decade or so, global production is dominated by left-hand-drive (LHD) markets.

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

In addition, our market is tied to Australia. If the latter lacks policies to boost electric and low-emissions vehicle uptake, or if standards are introduced here ahead of Australia, it will be economically unviable for marques to homologate some models for these shores.

Changing New Zealand's model mix from ADR-complied vehicles to models reaching other standards, such as the EU's, could take a whole model cycle of five years.

While Japanese brands accounted for 54.5 per cent off all new light vehicles sold here last year, only 0.5 per of new cars sold in Japan in 2019 were BEVs and 0.4 per cent were PHEVs. Traditional hybrids accounted for 34 per cent.

As for South Korea, it produced about 6,000 EVs in RHD during 2019 with 11 per cent of all new light vehicles sold in this country being made by Korean brands.

In addition, light commercials made up 29 per cent of new light-vehicle sales in New Zealand last year, but fully electric models are expected to remain expensive and restricted over the next decade.

As for EVs reaching price parity with ICEs, Crawford believes that's unlikely to happen this decade. "Continued development in battery technology will improve energy density and charging speed, but not lower the cost.

"Care needs to be taken when comparing EV prices in other jurisdictions with the same models in New Zealand. In some cases, retail prices elsewhere incorporate subsidies or distributors may have chosen to retail the EV below cost to create demand because that may be cheaper than incurring penalties on ICE vehicles."

While the CCC's evidence report notes New Zealand's fleet could be improved if average fuel efficiency of new vehicles matches other jurisdictions, the MIA says it repeats a Productivity Commission claim that "manufacturers choose to provide less-efficient model variants than to markets where fuel-efficiency standards apply".

"Distributors do not choose to provide less-efficient models – they import what sells," explains Crawford. "Importers offer a range of new models and some will be more popular. These are prioritised in future orders.

"Compared to other markets, SUVs and utes are popular. New Zealanders prefer automatics over manuals, larger diameter wheels, which impact fuel consumption, and larger engines suitable for towing. This suggests there also needs to be demand-side interventions to change preferences."

The MIA backs the CCC's recommendations for a policy package to accelerate EV uptake, such as feebates, and for the tax system to be evaluated for the same purpose.

It suggests reducing fringe-benefit tax for electric cars and introducing more favourable depreciation rates for EVs in fleets equivalent to rates for lower-cost ICE vehicles that they replace.

As for the government's proposed clean-car import standard, the MIA will only support this if accompanied by a demand-side incentive scheme, although it considers the Ministry of Transport's planned target date of 2025 – two years sooner than what has been recommended by the CCC – to be too rapid and unachievable.

HYBRIDS HAVE BIG ROLE

The Climate Change Commission is being urged to put a stronger emphasis on importing more conventional hybrids to lower fleet emissions because expectations on the supply of electric cars are "unfounded".

Kit Wilkerson, VIA's senior policy analyst, says the government needs to understand that New Zealand will benefit from an immediate shift to hybrids to decarbonise over the next decade, with a subsequent move to EVs when more are available.

The CCC's assumption there will be 200,000 EVs – new or used – available to import each year after 2027 is "unfounded based on current stock and production", but most manufacturing jurisdictions are focusing on electrifying their own fleets.

"New Zealand doesn't manufacture vehicles and global supply is limited," says Wilkerson.

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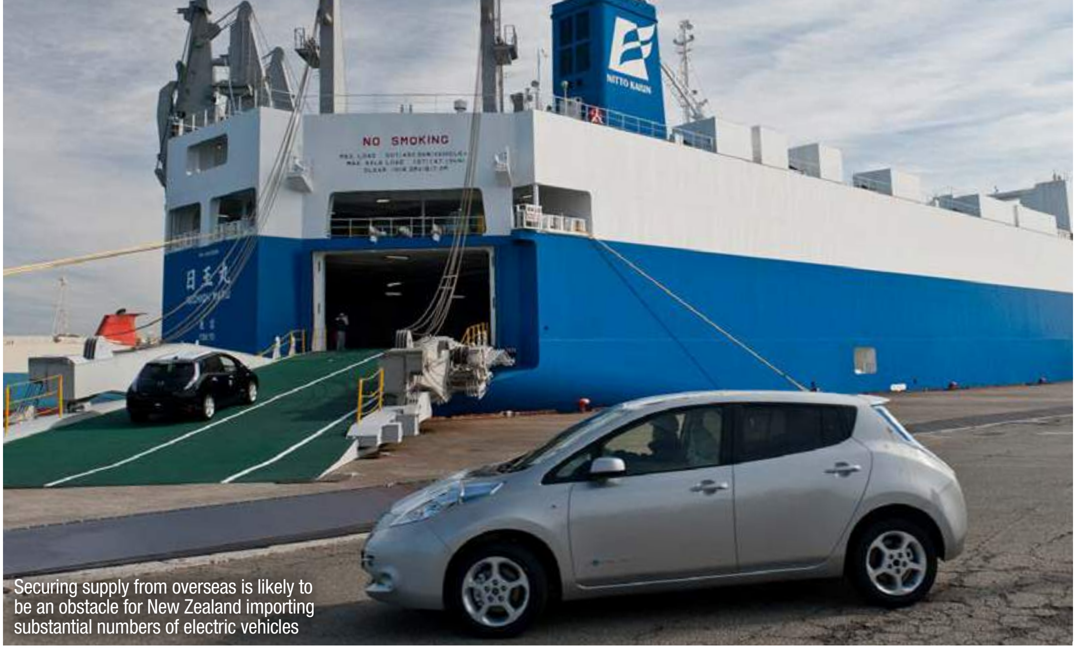
Securing supply from overseas is likely to be an obstacle for New Zealand importing substantial numbers of electric vehicles

"Current supply will be the source for the used-imports industry in seven to 10 years' time when it's being asked to bring our EV imports up over 50 per cent."

He notes much research and advice the commission is following focuses on first-world countries with domestic manufacturing and relatively high disposable incomes, such as the EU, UK and US.

However, "an initial focus on transport would have us competing for supply" because those markets will make a quick transition to EVs, then roll out a second-generation of them in 10-15 years' time.

VIA advises the government to reposition its focus, especially on vehicle supply, to follow major jurisdictions. This will allow New Zealand to take advantage of their efforts, including subsidies.

"We see the goal of 50 per cent EVs being imported by 2027 and 100 per cent by early 2030s as unrealistic," stresses Wilkerson. "New Zealand is RHD, which means potential supply is limited to other jurisdictions with similar standards – the UK and Japan.

"There are just under 800,000 EVs in the combined fleets of those two jurisdictions, which likely include vehicles unsuitable for importation, such as quadricycles or high-end models that will still not be affordable to the average New Zealander even in 10 years.

"To make the price of EVs viable, we need to look at seven to 10-year-old EVs. Those we will need to import in 2027 – or even 2031 – are already in their jurisdiction's fleet. In addition, many others in situations similar to New Zealand's will be looking to grab these vehicles to achieve their own GHG reduction obligations.

"VIA prefers not to gamble the future of our industry on the chance a significant portion of the remaining vehicles will be available for import in time to meet this requirement."

As for the clean-car import standard (CCIS), which has already been tabled by the government, and the feebate now under discussion, Wilkerson points out these were designed to influence overseas marques to produce less-emitting vehicles.

However, New Zealand has a different fleet dynamic, which means the CCIS is unfit for purpose "for a multitude of reasons", while feebates will just double-down on the poor fit.

"The draft report mentions current initiatives, such as the CCIS. The mention of policy currently under consultation without also mentioning alternatives can be read as tacit support. VIA advises the commission to explore alternatives, remove mention of policies under consultation, or remove the suggestion that the report doesn't support specific policies and is policy neutral."

VIA's submission tackles the issue of standards versus taxes, with it agreeing with the Productivity Commission that the

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Warming potential

VIA has called into question the use of a nationally determined contribution (NDC) to reduce GHGs by 30 per cent below 2005 levels by 2030 across all sectors of the economy – a key part of the Paris Agreement.

The NDC target will be managed using emissions budgets, meaning New Zealand is responsible for its total emissions from 2021-30.

However, VIA recommends using a global warming potential (GWP) because penalising suppliers of newer, more efficient goods while subsidising emitters "is an absurd way to reduce emissions".

"Every industry should be treated identically based on the GHGs they emit," says VIA.

"Segmenting biogenic and non-biogenic GHGs is just government picking winning and losing industries.

"VIA members have been told that we need to adapt to survive – if we cannot supply goods fit for a decarbonised future, we shouldn't exist. We do not see why that logic shouldn't extend to every industry equally.

"Short and long-lived GHGs should not be separated. Doing so will risk creating distortions in stock-takes required by the Paris Agreement. The only real rationale for doing so would be to use those distortions to hide failures."

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"correct" way to cut emissions is by charging emitters.

VIA says a correctly priced tax is fair because everyone and all industries are treated equally, as well as placing responsibility for choices made on the proper parties.

"Another problem with standards is they are prescriptive, which precludes other solutions," says Wilkerson. "Green technology is evolving rapidly. We shouldn't rely on the government to adopt new and better solutions as they become available. Standards hit everyone. A tax, on the other hand, targets emitters with surgical precision.

"Lower socio-economic groups, which have not been beneficiaries of the carbon economy, cannot bear the weight of this change. This would be the poorest 60 to 70 per cent of New Zealanders, which conflicts with the goal of an equitable solution. We only conclude this outcome is the result of lazy policy making and lack of political will.

"Most objections for a tax revolve around regressivity. But consider which is more regressive – a $4,000 penalty on a $10,000 vehicle or a $4,000 penalty on an $70,000 vehicle?

"There are new ideas for taxing GHGs that flip the dynamic on its head, making a carbon tax progressive. VIA is disappointed the CCC's report makes no mention of these options."

"Good public transport is great as an option for commuting to work, but isn't suitable for many needs" – Kit Wilkerson, VIA

Wilkerson points out there is a lack of focus on efficiency when it comes to the draft advice and some policies will encourage the take-up of inefficient vehicles.

"The clean-car import standard, which is the only explicitly mentioned solution in shaping supply in the report, actually incentivises a 3,000kg two-seater EV more than a 1,000kg two-seater EV. This is besides the fact that the 3,000kg EV requires three times as much energy to travel the same distance.

"VIA advises the commission to include encouragement for policy makers to take energy efficiency into account when creating standards. For the CCIS, this would mean removing the weight adjustment to the target that encourages more massive vehicles."

Getting Kiwis out of cars is one way to lower road-transport emissions. However, fit-for purpose alternatives are needed.

"Good public transport is great as an option for commuting to work, but isn't suitable for many needs. Imagine, for instance, a parent with several children all in different after-school activities. How is that to be accomplished from a public-transport platform."

Then there's ride-sharing, which has been touted as "a silver bullet for more than 30 years", but this has proved unpopular in New Zealand.

"One upcoming technology with the potential to change this is automated vehicles, but VIA prefers to not plan our industry's future based on what does not yet exist."

Looking at the bigger picture, VIA is concerned there is little mention of public buy-in within the CCC's draft report.

"It proposes to shift our culture in significant ways. For the most part, the only mention of how this should happen is through penalties. We have serious concerns about the sustainability of this approach and advise the commission to consider positive ways to include the public, including rewarding desired behaviour.

"It's likely impossible for the current plan to be accomplished in an equitable way – stated principles demanding equity will be read 'as equitable as politically convenient'.

"The draft report is rife with suggestions of levies, penalties and rising prices in general. In this case, the public will end up being forced to vote between global warming and their culture.

"It would not even take a science-denying government to undo this effort. All it takes is one that's willing to tell the public they can continue to live the way they want and shift the focus to adaptation as opposed to mitigation.

"There are solutions being explored and enacted globally that would ensure equity and public buy-in in this effort, such as a carbon dividend, but they are not being entertained in New Zealand."

Policies lack demand incentives

The Motor Trade Association (MTA) is lobbying for vehicles in our existing fleet to be emissions tested as part of the battle against climate change.

It has laid out a variety of recommendations for policy initiatives in response to the Climate Change Commission's draft advice to government.

Focusing on behaviour, regulation, risk and technology, the MTA's submission warns any action must "incentivise, encourage and support" preferred vehicle choices of officials.

The MTA says testing or effective servicing could "monitor and control" CO2 emissions. It is also calling for the government to introduce a scrappage scheme

The commission has put plenty of emphasis on the make-up of future imports, such as suggesting a ban on the import of internal combustion engine (ICE) vehicles from 2032 and dramatically increasing electric vehicles (EV) uptake.

However, the MTA believes focusing on the current fleet is essential for government to slash road-transport emissions.

It suggests creating a testing regime for in-service vehicles "to ensure all drivers are better educated about the emissions profile and impact of their vehicle".

The MTA adds testing or effective servicing could "monitor and control" carbon dioxide (CO_2) emissions alongside the warrant and certificate of fitness regimes, which ensure on-road safety.

Greig Epps, advocacy and strategy manager, says any new policies also need to focus on consumers as much as car dealers.

"The commission's plan relies on changes in buyer decisions, but the recommendations appear primarily aimed at the sellers," he notes.

"The Climate Change Commission [CCC] plan and the government's clean-car import standard [CCIS] policy force one part of society to lead the change. Aren't we a team of five million?

"No policy recommendations deal with the fact people can choose not to buy newer, cleaner, safer cars. There are plenty of older cars left in the system. In fact, given our expectation of the increased cost for low-emissions vehicles, it's likely many people will seek out affordable transport over environmentally friendly transport.

"This defeats the objective of these plans. We need regulatory action – financial, structural and educational – to incentivise, encourage and support preferred choices."

The MTA recommends providing targeted financing packages to support household uptake of low-emissions vehicles (LEVs), such as purchase support incentives and tax breaks.

It calls for the introduction of a co-ordinated, end-of-life waste programme for scrappage, including financial incentives for owners to dispose of older vehicles.

Other proposals for the CCC and government to consider include differential road-user charges to incentivise the uptake of LEVs, and accelerated depreciation allowances for industry fleet vehicles, government vehicles and rental fleets to facilitate the supply of the used EV fleet for households to buy.

Epps says the MTA's submission is about ensuring the full societal costs are understood in developing carbon-reduction policies for transport, including costs of environmental and safety impacts.

"EVs are part of the solution, but not the only solution. The CCC report seems to focus on a couple of technological fixes for transport – principally EVs – and isn't looking at a wider suite of measures that would supplement the emissions trading scheme, which has under-delivered on emissions reduction."

The MTA states any changes to regulations need to be co-ordinated so choices are clear to those who they affect.

It also urges the timing of import restrictions on vehicles to be linked with the expected roll-out of alternative transport options, such as public transport and cycling.

> **"New Zealand must look at all policy options and adopt all possible technologies" – Greig Epps**

"New Zealand must look at all policy options, adopt all possible technologies and influence all relevant actors – government, business and consumers," notes Epps.

"The CCC wants industry to achieve in five years the results that other countries achieved over 20 years. We need clear timing and implementation of all relevant policies to ensure a just transition."

He adds proposed legislation and the commission's pathway currently appear disjointed, with the government "opting for a perilous fast track to failure".

Epps says the MTA recognises the need for pragmatic action to address climate-change challenges, and that LEVs and EVs are an important part of that.

However, he cautions of the potential risks to the automotive supply chain in developing and introducing new policies.

Like other parts of the industry, the MTA has spoken out against talk of a petrol and diesel ban by 2032, and says the country should "leverage improving ICE drivetrain technology for as long as possible".

"New Zealand sources vehicles from offshore supply with time lags in the case of used imports. An ICE ban would restrict supply options available for businesses and communities. ICE solutions will remain the sole viable options for a long time, especially in industry and agriculture."

The MTA proposes emissions reductions can be achieved through a mix of fuels, including biofuel blends in the main supply, and drivetrains, such as hybrids and plug-in hybrid electric vehicles (PHEVs). It also backs the roll-out of accessible and convenient charging infrastructure for EVs. Looking ahead, it pictures a 90-95 per cent EV mix may exist between 2040 and 2050.

"However, given the 'unknown unknowns' of consumer behaviour and technological change, at this stage it's too difficult to predict with any certainty," adds Epps.

"This unpredictability draws a huge question mark over the merits and timing of a blanket or outright ICE ban.

"We suggest it is premature

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to build such an action into our thinking at this time. In fact, with technology change and other policy actions kicking in, the need for a ban may be moot through the period beyond 2030."

NUMBER CRUNCHING

A range of scenarios until 2030 have been examined by the MTA, with a best-case prediction that light-vehicle imports will only come close to the commission's plan with major tailwinds.

The MTA forecasts imported light vehicles could clock average CO_2 emissions of 84.9gCO_2/km by 2030, compared with the CCIS's 80gCO_2/km.

It notes the CCC has not stated a 2030 target, but the association believes it is about 86-88g.

For vehicles entering the fleet to average 84.9gCO_2/km, the MTA says about 42 per cent of the 250,000 light-vehicle imports will have to be EVs, which is equivalent to about 105,000 units.

In turn, it estimates an average Kiwi family will need to spend 22 per cent more on average on those 250,000 imports, or 51 per cent per EV. Its calculations are based on EV prices being tipped to be 10 per cent below today's levels by 2030.

The government's proposed clean-car import standard would see a penalty of $1,500 imposed on a low-kilometre Suzuki Swift Hybrid in 2025, says the MTA

If the CCIS goes ahead as outlined by the government, the MTA fears there will be a hefty cost for importers and consumers.

"Each 5g deviation from the government CCIS target in the period from 2025-30 gets a penalty of around $94 million a year," its submission states. "It appears new imports bear most penalties, not used, unless new gets more EVs and cheaper."

The CCIS has a goal of 105gCO_2/km in 2025, which the MTA claims will require 25 per cent of imports – or 75,000 units – to be zero-carbon EVs.

The commission's proposed target of 127gCO_2/km in 2025, heading to 105gCO_2/km in 2028, needs eight per cent of imports, or 23,000 units, to be zero-carbon EVs in 2025. This would have to climb to a 14 per cent mix, or 41,000 units, three years later.

"Our main conclusion is the government's CCIS target is highly unrealistic. It looks clear New Zealand won't get 25 per cent of its fleet mix as EVs by 2025, so there will be a net penalty on most ICE vehicles to pass on to consumers," warns the MTA.

This means, on average, every imported ICE vehicle will attract a $3,896 penalty for consumers to pay. However, this ranges from $8,500 on several models of utes to even $1,500 on a used, low-kilometre Suzuki Swift Hybrid in 2025. On the flipside, some higher emitters would accrue no penalty because of staggered targets based on vehicle weight.

The MTA describes the CCC's draft advice as picturing an "ambitious future" and it encourages policymakers to ensure a "just transition to a future state".

Epps notes the commission's current projections require EV uptake levels that will be arduous, with light vehicles shouldering the heavy lifting of CO_2 reductions.

" We should focus on action in the period to 2030. Beyond 2030, there are many factors we cannot influence and that may be impacted by as-yet unknown events."

Dealer finds inspiration on Route 66

A trip along Route 66 has been the catalyst for a two-storey car and motorcycle showroom.

Royale Cars has been in business for nearly 32 years and is now operating out of new premises in Te Rapa Road, Hamilton.

Director Chris Gibbs is delighted with the site and drew inspiration from similar facilities he spotted in the US.

The open-plan building features powder-coated black steel, polished concrete floors, brick walls and wooden features.

He says: "I have owned Harley-Davidsons all my life and rode Route 66 two years ago. I was gobsmacked by the dealerships and thought, 'I want to do something like this'.

"It's so different to what everyone else in New Zealand trades out of and we've got room for 300 cars on the tar-sealed yard.

"We have an amazing landlord and building the new premises has been no problem. Our only difficulty with Covid-19 has been physically getting the stock in the door."

Gibbs has been selling vehicles in Hamilton since 1979 and started Royale Cars in 1990. He says constructing the showroom, located opposite The Base shopping complex, is part of his "massive commitment" to the city.

Royale Cars has about 30 staff – some have been with the company for more than 20 years – and it sells about 80 vehicles a month with 50 per cent of that thanks to repeat clients. "Our motto is 'love the customer' and we have so much repeat business."

The business started representing Peugeot, Indian and Royal Enfield motorcycles in January, and is considering taking on a new-vehicle franchise for the first time.

"I've never had a new-car franchise before, but maybe

The design of Royale Cars' new showroom was inspired by dealerships in the US

now is the time," says Gibbs. "The motorcycle franchise has been such a success that if this is what it's also like to have a new-car franchise, I'm keen to be in. We have got room for more and we're happy to build a showroom and service centre for new cars.

"A big attraction for any manufacturer is that we have a huge customer base and have been selling cars for so long it would be easy to sell our customers into new vehicles. Ideally, we're looking for a franchise that has stock across the board and offers utes as well as small and medium-sized cars.

"Whatever happens, we'll keep on carrying on doing what we've been doing, which is offering a great selection of vehicles across the whole range."

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Speeding up the supply chain

Changes are afoot to mitigate delays caused by onshore verification and speed up deliveries of imported vehicles to dealers.

Officials from the Ministry for Primary Industries (MPI) were recalled from Japan early during the coronavirus crisis and now conduct their checks on incoming cars at Ports of Auckland Ltd (POAL).

Shifting the process to our border has been a factor in delays blighting the supply chain, with the discharging of some roll-on, roll-off vessels now taking up to seven or eight days.

As a result, representatives of the automotive industry met with the MPI on March 31 to discuss possible ways to improve the situation.

It has now been suggested that transitional facilities are set up where vehicles of concern to inspectors can be taken for closer scrutiny after being discharged from ships and cleared. The measures are due to be introduced over coming months. They aim to reduce offloading times and alleviate some of the pressure on POAL and shipping lines.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association (VIA), was among those at the meeting, and says the MPI put out ideas for discussion and consultation over the past month.

"When the MPI first came back to New Zealand in March last year, the intention was it would be a short-term measure. But it now looks like the verification process may remain onshore until at least the end of this year.

"The ministry and industry are working together to develop processes that are still going to be effective in terms of biosecurity but allow for quicker verification of vehicles coming into the country.

"Border-inspection organisations [BIOs], the MPI, shipping lines and ports will now work on a change of process, which is set to come into effect in the next couple of months as soon as the BIOs are ready.

Action is set to decrease the offloading times of vehicles at Ports of Auckland

"The idea is to get vehicles off vessels and cleared from wharves. Any vehicles the MPI has concerns about will be taken to transitional facilities where they can be further treated and inspected.

"The intent is to take the pressure off the lines and ports while not diluting biosecurity requirements for imports. The changes hopefully mean there will not be the delays experienced recently. It should speed things up in terms of getting cars out to dealers."

A Biosecurity New Zealand spokesman says the online meeting with VIA and representatives from Japan-based BIOs "went very well".

"Biosecurity NZ wants to reduce the number of vehicles arriving with excessive seed and pine needle contamination, give industry greater responsibility to make this happen and provide alternative clearance options to help reduce port congestion," he explains.

"There was widespread commitment to making the system stronger. A number of approaches were discussed, but nothing has been formally decided at this stage."

The streamlining of onshore verifications will be welcome for the industry as the supply chain faces other challenges, including capacity constraints on vessels.

SCHEDULING ISSUES

Blain Paterson, general manager of Toyofuji Shipping NZ, says onshore verifications have been causing "some headaches" and hopes the situation will soon be alleviated by the government.

The normal discharge process for a ro-ro takes one or two days, but MPI verification at present can escalate to 100 per cent of its cargo being physically checked.

Fortunately, the current situation has not yet been compounded by stink bugs, with Paterson reporting there have been no sightings or incursions of the invasive pests in the current season.

> "The verification process may remain onshore until at least the end of this year"
> – David Vinsen

Looking at the bigger picture, he adds: "If every shipping company is delayed by about five days, then that will have ramifications for vessels getting back on time, which is important to Toyota and Toyofuji. We need to ensure the supply chain works."

There is a bottom line, and that's when delays and scheduling problems are being experienced globally, there will be consequences for the local market. For example, if ships are getting held up in Australia, those sorts of problems all add up.

In the longer term, when the global disruption caused by coronavirus eventually subsides, Paterson doesn't foresee any downsizing in ro-ro operations to New Zealand.

IMPACT ON COSTS

Frank Willett, chief executive of Autohub, says longer berth times for ro-ros means some shipping lines are giving preference to new cars so they can "quickly discharge and leave port".

The number of new vehicles heading to New Zealand in recent months has increased as marques try to recover sales lost because of the pandemic.

"Used-vehicle processing is sometimes adding up to a week or more to timetables, with vessels remaining in port," explains Willett. "When you compare that to a ship with new vehicles being able to berth, discharge and leave in a 24-hour period, the latter is obviously more attractive to shipping lines while the volumes are there."

He adds any delays have cost impacts and warns the longer it takes for service times to return to normal, the greater the financial blow will be for operators across the supply chain.

"A significant by-product of extended time frames is cashflow. With the whole process of buying a vehicle at auction and getting it to your yard taking much longer, the amount of capital outlaid increases.

"Shipping lines are trying to ride a fine line between providing all the capacity needed versus the viability of providing that capacity. I think they are doing the best they

[continued on page 14]

Industry movers


Shannon Beech

SHANNON BEECH is starting as general manager of intermediated and agency business at Protecta Insurance on May 1.

She has joined the company from Oxford Finance where she was national sales and marketing manager for three-and-a-half years.

Beech has held senior finance and insurance roles in the automotive industry for many years.

Her other roles have included being chief executive officer of Marac Insurance from December 2015 to August 2017. Also, she was a regional sales manager at Vero Insurance for nearly two years where her main responsibility was Autosure.


Bart Taylor

At the same time, Bart Taylor has moved internally to become head of direct and chief customer officer.

Taylor joined Protecta in 2019. Before that, he worked for Allianz Partners for four years. He was chief operations officer in New Zealand before taking up the same position in Malaysia for two-and-a-half years.

The company has made the two appointments as it puts greater focus on the two main parts of its business – direct sales and those through dealers.

Phil Hibbert, chief executive officer, says: "Over recent years, we have enjoyed strong growth via renewable products while traditional single-term products sold only via the agency business have experienced more modest but still profitable growth.

"It has become more important for effort to be applied to the profitability of our renewable motor book and development of our direct distribution channel. With our recent service model change to the dealer-agency business, it is important we also increase effort to this.

"With this in mind, we decided to position the business whereby responsibility of these two areas will be managed by two new roles."

PETER CROMBIE-BROWN has been appointed by Automobili Lamborghini to manage sales, after-sales and dealers in New Zealand and Australia.

Based in Sydney, he has extensive industry expertise and has been part of the Volkswagen family – in which Lamborghini sits – for 10 years.

Crombie-Brown, pictured, replaces Andrea Ruggiero who has returned to the company's headquarters in Italy.

JAMES DICEY has been appointed to MotorSport NZ's board for a three-year term.

A vacancy for an appointed member was created at its annual general meeting when David Taylor's term concluded.

Dicey, pictured, has been a director for multiple organisations and has served on numerous industry committees during his professional career.

As an active competitor, Dicey is a member of the South Island Formula Ford Club and manages its eSport series.

ROCHELLE LOCKLEY has joined the senior management team at Port of Tauranga as communications manager.

A former journalist, she has held senior communications roles in tourism and telecommunications companies here, in the US and UK.

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

[continued from page 12]

can in this regard, but sometimes the best they can do isn't adequate for our needs."

The availability of space on ships coming out of Japan adds to problems around delivery times and Willett predicts this may remain an issue for the next couple of months.

Shipping lines have become increasingly busy as the world tries to recover from Covid-19, but demand can't always be met because a number of ships were decommissioned last year and of lulls in activity.

"We're possibly walking into an area in the next couple of months where vessel space for used vehicles is going to be difficult to obtain," explains Willett.

"Prior to Covid-19, shipping lines often had the option to charter extra vessels when there was a spike in movement volumes to clear backlogs. It appears suitable additional availability is dramatically reduced globally at the moment."

Other issues affecting shipping include port strikes, natural disasters and a drop in the level of dependability of services.

Willett says planning ahead is difficult for everyone and, with no obvious end in sight to the current problems, "it's hard going at present".

"I hope shipping lines are looking at the 'long game' and the movement of used vehicles will still be an integral part of their business when things return to normal. But the time frame for this to happen is anybody's guess at the moment."

Besides the impact on ro-ro services, he says shipping times for containerised cars are also being pushed out.

Willett says various factors weighing on the shipping industry at present quickly becomes a commercial issue for companies because it affects vessel rotation times.

RELIABILITY SLIDES

A email bulletin issued by DHL NZ shows ocean schedule reliability has hit an all-time low after dropping since June last year. It says there are also no signs of demand for vessels declining.

DHL's figures show global schedule reliability fell to 34.9 per cent in January 2021, 33.5 percentage points lower than it was a year earlier.

The Asia to Oceania trade lane weighed on those numbers by scoring just 14 per cent, the joint lowest along with Asia to North America West Coast.

Matt Battle, general manager of Moana Blue, says while there has been delays in getting cars out of Japan the company is managing to hold it at a certain level.

"Previously used cars may have been set to go on one ship, but they are now maybe going onto the next one instead," he adds. "It's not the entire shipment, only part of it.

"At this point the queues aren't building dramatically. A backlog has slowly built up and sometimes that drops down or extends but, in general, it's not getting out of control. It's just a constant in the short term and may take a little longer than usual to clear."

Joining forces for $30m

The Ebbett Group has signed an agreement to supply vehicles to Mevo, a car-share operator.

The deal, which is worth $30 million and kicked in on March 31, includes Ebbett selling Loop, its Hamilton-based car-sharing company, to Mevo.

Richard van den Engel, Loop director, says it's a great opportunity for Loop to join forces with Mevo. As part of the deal, he will join Mevo's board before it launches in Auckland later this year.

"We've always been impressed with the team there. They've got a great business model and are growing quickly. I'm excited to support their board in the next stage of development".

Erik Zydervelt, chief executive officer of Wellington-based Mevo, says the deal will play a large part in the next phase of his company's growth, and is a key milestone ahead of its entry into Hamilton and Auckland.

Not so lucky going electric

Australia has always been accused of nicking New Zealand's stuff, but that couldn't be much further from the truth when it comes to policies across the Tasman to promote the uptake of electric vehicles (EVs).

Our neighbour's federal and state government system may have some pros and cons to Aotearoa's.

However, it all depends on where you live over there with supporters of EVs in some regions thinking they must be in the not-so-lucky country.

The Federal Chamber of Automotive Industries (FCAI), which represents Australia's new-vehicle industry, is frustrated by different approaches to low-emissions vehicles (LEVs) taken by state governments.

For example, Tony Weber, the FCAI's chief executive, has praised the Australian Capital Territory (ACT) for supporting zero-emissions vehicles, describing its parliamentary governing agreement as "a welcome boost" for greener models.

"It demonstrates a government focused on the future health and environmental benefits this technology can bring," he says.

"While other governments have short-sightedly settled for quick cash grabs and taxed zero and low-emissions vehicles [ZLEVs], the ACT has developed a long-term vision.

"It's heartening to see smaller states lead the way in boosting the adoption of ZLEVs. If only the larger states, such as New South Wales, South Australia and Victoria, had their foresight."

Targets introduced for the Canberra region include all new ACT vehicles to be zero-emissions by 2030, along with financial incentives and free registration for them.

Converting the ACT's public-transport and public vehicles, such as rubbish trucks and taxis, to zero-emissions technology is a goal for the mid-2030s.

Meanwhile, the Tasmanian government plans to make its fleet 100 per cent electric by 2030.

Weber says: "Tasmania's unique position with its renewable energy advantage means its fleet will utilise domestic energy sources and create a more affordable second-hand EV market to support the longer-term widespread adoption of LEVs."

However, other state governments, such as NSW and South Australia, have been condemned as "out of step".

South Australia recently became the world's first jurisdiction to propose a specific tax on EVs, says the FCAI, with officials there suggesting owners pay road-user charges (RUC) in lieu of fuel excise.

Weber says these plans to slap what are effectively tariffs on low and zero-emissions vehicles as "beyond belief", and warns they will discourage the uptake of EVs.

"All around the world, automotive companies have invested billions of dollars to develop environmentally friendly vehicles," he adds. "And all around the world, progressive governments have supported the introduction of these vehicles.

"But, here in Australia, we inhibit their introduction by levying extra charges on them. It simply beggars belief at this early stage of EV introduction."

Victoria has also incurred the FCAI's wrath. From July 1, it too intends to initiate RUC on EVs.

"Once again, we have a state government trying to destroy the path to a greener and cleaner fleet," says Weber. "Don't worry about health outcomes and the environment because short-term revenue collection comes first.

"Are motorists being caught in a petty game in which some states want to establish a new revenue base at the expense of the Commonwealth?

"The FCAI recognises the decline in excise and the taxation of motorists and their vehicles are long-term issues that need to be addressed. We also understand RUC may play a role in Australia's future tax regime.

"However, such a transition needs to be undertaken in a holistic and nationwide manner, recognising the importance of EVs and other LEVs. Let's not kill EVs in their infancy."

In hot demand

Tesla has shipped more than 10,000 EVs to Australia since 2014 – about double that of all other marques combined in 2020. Of those, about 30 per cent were shipped last year with one-third being the Model 3, pictured, according to www.thedriven.io

The good and bad

An annual report by the Electric Vehicle Council (EVC) has found that ACT is the Australian region with the best policies to encourage EV uptake with an overall B rating.

And at the bottom of the pile? The Northern Territory and Western Australia, both of which received F scores.

The EVC has singled out the ACT's government pledge to introduce free registration and interest-free loans for buyers of new EVs for praise.

It means Canberrans will be able to access a programme of zero-interest loans of up to AU$15,000 – or about NZ$15,800 – for households and not-for-profit community organisations to assist with upfront purchase costs.

The ACT already provides a stamp-duty exemption to EV buyers and a 20 per cent discount on registration.

The EVC says research by the University of Queensland shows the decision by the governments of Victoria and South Australia "to slug" EVs with new taxes will prevent these states from reaching their goal of net-zero greenhouse gas emissions by 2050.

Dr Jake Whitehead's research on the impact of such taxes suggest they will slash EV uptake by 50 per cent, but 90 per cent of cars on the road must be electric by 2050 for zero-emissions targets to be viable.

"You don't need advanced economics to understand that applying a big new tax on something discourages its consumption," says Behyad Jafari, chief executive of the EVC.

"These taxes are like replacing declining tobacco excise with a new tax on nicotine patches. They are madness.

"That's why a few Australian states are so far the only jurisdictions in the world silly enough to flag this approach at this point in global history.

"What this research makes clear is that we cannot allow state treasurers to continue deceiving the public."

Japan set to ban new petrol cars

The Japanese government has published a roadmap to shift the country's economy away from fossil fuels and to promote green-energy industries.

One proposed target in a raft of policies is banning the sale of new petrol light vehicles across the country in the first half of the 2030s.

Officials say a plan is due to be published later this year on making the sale of new commercial and passenger vehicles only electric.

The report by the trade ministry follows Prime Minister Yoshihide Suga's pledge to eliminate Japan's net carbon-dioxide (CO2) emissions by 2050.

The policy proposals will need strong government spending to subsidise and incentivise the reduction, as well as innovation in more than a dozen industries.

These include automotive, shipping, airlines, agriculture, offshore wind, ammonia fuel, hydrogen, nuclear energy, semi-conductors, logistics, carbon recycling, housing and energy recycling as well as people's lifestyles.

By targeting these sectors, the trade ministry aims to realise more than ¥240 trillion – about NZ$3.2t – in private-sector savings via investment, regulation, subsidies and tax incentives. In doing so, it expects the cumulative economic impact to reach ¥90t in 2030 and ¥190t by 2050.


2020 saw Norway become the first country to have more EV registrations than internal combustion cars

They add the overall scheme is a projection and its implementation will depend on the country's energy portfolio, which is set to be decided after Japan's strategic energy plan is revised some time before June this year.

The government aims to reduce the more than one billion tons of greenhouse gases Japan emitted in 2018 to 930 million in 2030 and net zero by 2050.

At the same time, it projects domestic demand for electricity will grow by between 30 and 50 per cent by 2050.

Electricity accounted for 37 per cent of the country's CO2 emissions in 2018 while 25 per cent came from manufacturing, 17 per cent from transport, and 10 per cent from households and businesses.

MILESTONE REACHED

Norway has become the first country in the world where electric vehicles (EVs) have made up more than 50 per cent of annual new-car registrations, according to research by an industry group.

The Information Council for Road Traffic reports EVs accounted for 54.3 per cent of the market in 2020, which was up from 42.4 per cent in 2019.

The three best-selling models in Norway last year were the Audi e-tron, Tesla Model 3 and Volkswagen ID.3. Nissan's Leaf came fourth.

The Norwegian government offers subsidies for EVs, among other incentives, and has set a goal for all new cars be zero emissions by 2025.

Total EVs by region

Northland	748
Auckland	10,370
Waikato	1,415
Bay of Plenty	907
Gisborne	75
Hawkes Bay	446
Taranaki	315
Manawatu/Wanganui	760
Wellington	3,740
Nelson/Marlborough	905
Canterbury	3,812
West Coast	30
Otago	1,500
Southland	192

Source: MoT, March 9, 2020

REGISTRATIONS BOOM

EV-Volumes.Com, a world sales database, reports there are now more than 10m pure EVs and plug-in hybrids (PHEVs) on roads globally.

It estimates the combination of EV and PHEV sales topped 3.34m in 2020 compared to 2.26m in 2019.

Volkswagen reports its annual sales fell by 15.1 per cent to 5.33m units. In 2019, the company sold 6.28m vehicles worldwide.

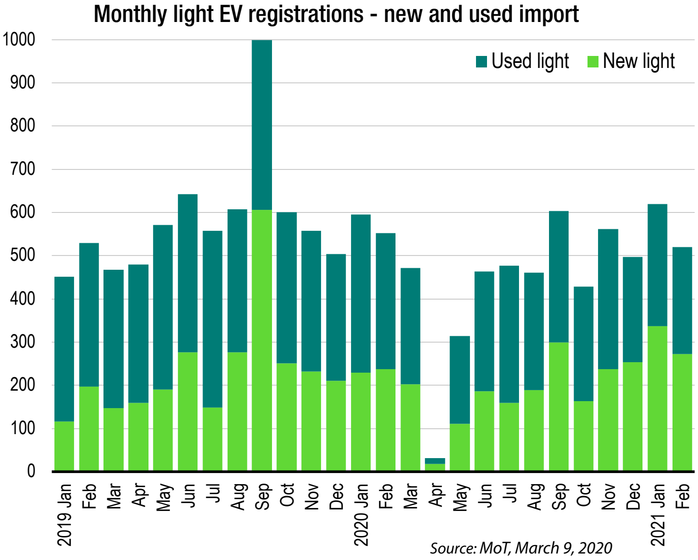
On the flipside, global sales of the brand's EVs jumped by 158 per cent to more than 212,000 over the same period. Of this total, the number of fully electric models jumped by 197 per cent to 134,000.

VW says the increases come after it launched nine new electric and plug-in hybrid models in 2020.

Out of the global total for all marques, nearly 1.4m EVs and PHEVs were registered in Europe, which was a climb of some 137 per cent on 2019 and came on the back of the overall new-vehicle market there dropping by 20 per cent year on year.

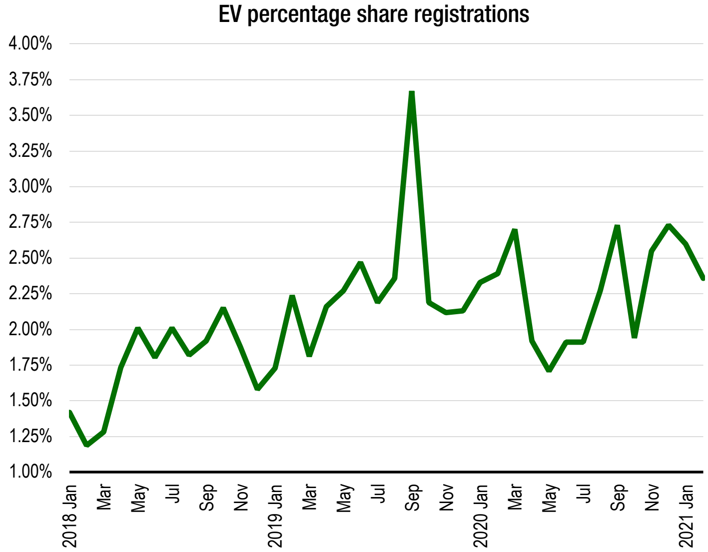
This can be put down to a combination of new models becoming available, incentive boosts via green recovery funds, the EU's 95gCO2/km mandate for brands to hit, and the promotion and increased awareness of EVs.

Monthly light EV registrations - new and used import



Source: MoT, March 9, 2020

EV percentage share registrations



Pandemic hits port operations

Congestion across the global supply chain caused by Covid-19 has sent profits at Ports of Auckland Ltd (POAL) tumbling.

The pandemic "loomed large" over the company's half-year results, but it expects to put current problems behind it in the second half of the current calendar year and for performance to lift in the 2022 financial year.

"The first half of this financial year has been hard, but we can look forward with some optimism," says chief executive Tony Gibson. "That's not to say the second half won't be difficult. It will, but we have plans to resolve issues that have affected us."

From September and into October, events conspired to produce a "perfect storm", reducing throughput and delaying shipping.

"With lockdown, we put people into 'work bubbles' to keep them safe, but this added complexity to operations and reduced work hours," explains Gibson. "Training time was lost and we've struggled to maintain our talent. Another impact of Covid-19 is that normal supply-chain patterns disappeared."

Phase one of automating the container terminal was due to go live in March 2020, but work on that stopped as the country went into level-four lockdown. The project is now running to plan and a full roll-out will take place after pavement remediation.

"Other global events have also had an impact," notes Gibson. "Strikes at ports in Australia disrupted schedules and unexpectedly high volumes around the world meant that by August we were seeing more ships running off-schedule than normal."

The increase in import demand has had a significant impact. "In the lead-up to Christmas, there was a continuous flow of ships. With no quiet periods, there was no time when days off didn't have an impact. In the interest of welfare, we changed the roster to reduce maximum work hours and improve days off with a consequent impact on productivity."

A worker having his temperature checked as part of Covid-19 safety measures at Ports of Auckland last year

TALE OF TWO CITIES – BY NUMBERS

	Ship visits	Volumes	NPAT
Ports of Auckland	▼ 27%	▼ 4%	▼ 20.9%
Port of Tauranga	▼ 15.3%	▼ 1.3%	▲ 2.3%

For the half-year to December 31, 2020

There has, however, been some good news with vehicle volumes bouncing back from a fall in the first six months of last year and the car-handling building being well-used, demonstrating its value to the automotive supply chain.

Gibson says: "Thanks to Covid, it's pretty much impossible to forecast at present. However, recruitment and training will result in a larger workforce to ensure we're ready for anticipated increased container demand. It will also ensure we are geared up long term to handle any spikes in throughput."

POAL's net profit after tax (NPAT) for the six months to December 31 tumbled by 20.9 per cent on the same period a year ago – $13.6 million compared to $17.2m.

The port handled 416,232 containers, down by 12.5 per cent, and car imports fell by 15 per cent to 104,224. Total cargo volume dropped by four per cent to 3.15m tonnes and ship visits declined by 27 per cent to 468.

While delays and wait times of more than two weeks for berths has caused problems for the upper North Island supply chain, POAL predicts shipping lines will be able to maintain fixed docking windows at Auckland from April.

COMPETITOR PROFITS

Port of Tauranga has, meanwhile, reported increased profitability despite volatile volumes and congestion at POAL.

Group NPAT for the half-year was $49.4m – up by 2.3 per cent on the same period in 2019/20 despite a 1.3 per cent drop in volumes to 13.1m tonnes.

Container numbers fell by 4.6 per cent and ship visits declined by 15.3 per cent, but the average cargo exchange per container vessel was 21 per cent higher due to vessels bypassing Auckland.

"Tauranga handled near-record volumes of containers in October and December," says company chairman David Pilkington. "However, lower-than-previous demand from June to August and vessel delays in November dragged down year-to-date volumes.

"We have done our best to accommodate diverted cargo. However, we've had to limit our assistance as we have been constrained by the lack of availability of additional rolling stock and drivers for the rail link between Tauranga and Auckland."

Chief executive Mark Cairns adds: "The threat of congestion remains and is unlikely to dissipate until POAL sorts out its operational problems. New Zealand's ability to absorb worldwide disruption has been constrained."

The company has applied for the Covid-19 recovery fast-track resource-consenting process for its proposed berth extension at Tauranga's container terminal.

The $68.5m project will create about 368 jobs during construction and more than 81 permanent jobs on completion.

Looking ahead, Port of Tauranga is confident about managing congestion challenges, but Cairns says the situation in other parts of the supply chain is far from resolved. He expects full-year earnings to be $94-$100m.

Finally, Marsden Maritime Holdings (MMH) has recorded a net half-year surplus of $5.2m, down by 2.75 per cent, while total revenue climbed by 1.57 per cent to $8.1m.

MMH and Port of Tauranga jointly own Northport, where revenue was impacted by the mix of cargo. Northport's bulk volumes of 1.69m tonnes were similar to the previous year.

Felix Richter, chief executive of MMH, says: "The half-year result is an illustration of the company's progress in diversification and investment in long-term development opportunities, which aligns with our purpose to transform Northland's economy."

POAL is a 20 per cent shareholder in MMH, which is 53 per cent owned by Northland Regional Council.

Stop subsidising greenhouse gases

I spend much of my time trying to figure out how our industry will survive the next 10 years or so.

That's because this period will likely be the most difficult since the emergence of the independent import industry. In fact, it will probably be the most difficult for the foreseeable future.

But what's the issue? Importers are being instructed to supply vehicles that are unlikely to be available in relevant volumes until at least 2030.

Globally, transport has rightly been recognised as low-hanging fruit in the effort to reduce greenhouse gas (GHG) emissions.

This has led to a major shift in both manufacturers and jurisdictional authorities to promote electric vehicles (EVs) and banning internal combustion engines (ICEs), exemplified by recent announcements of such bans in many countries from 2030.

Unfortunately, even at full manufacturing capacity, there will be limits to how many EVs will be rolling out of factories and those will be going to countries with high levels of subsidies and disposable income first, such as the US, UK and EU.

New Zealand, unfortunately, meets neither of those conditions. Domestic policy makers, however, are looking at the advice coming out of those other jurisdictions and assuming it is relevant to them.

What we should not be doing is trying to compete with those foreign jurisdictions for the same resources, namely electric cars.

We should be looking at a complimentary approach that focuses on the things we can control now, things that do not require us to compete for a supply of goods. Then, in 10 to 15 years' time and less than halfway to our 2050 goal, we can shift our focus to transport.

KIT WILKERSON
Policy adviser and analyst
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This will allow us to take advantage of any incentives present in New Zealand as well as any subsidies or incentives paid by the source jurisdiction where vehicles are first registered. It also assures volume will be available because – right now – it is not.

I must admit, the more research I do on the efforts to decarbonise, the more my frustration grows. And that's coming from someone with a solid understanding of the science, a trust in the data, and a personal belief that we should meet our legal and ethical obligations.

Our industry is looking at massive penalties for supplying vehicles while those involved in the emissions trading scheme (ETS), those that are actually doing the emitting, are getting subsidies.

Not only is there no talk about ending those subsidies, but the price of carbon in the ETS is kept so absurdly low that it's not even a deterrent.

I know this, you know this. There is a ETS carbon levy on petrol. But when was the last time that those extra nine to 10 cents a litre cause you to consider driving less? Did you even know it was there?

Let me explain how emitters are being subsidised.

Currently, the ETS price of any gas is relative to the effect of carbon dioxide on global warming. This is why other gases are given a CO_2e rating – their carbon-dioxide equivalent.

This relative rating is very important because it assures everyone is being charged fairly for their emissions. It is also being used by the government to prioritise action on GHGs.

Everything sounds like it is working as intended doesn't it? Yeah, nah.

The CO_2e rating is calculated from the effect any gas, including the carbon dioxide, will have over a 100-year period.

The part that is being excluded is the fact that some of these gases last longer than a century. CO_2, for instance, lasts between 300 and 1,000 years, but we are only charging for 100 years. I guess we can leave the other 200-900 years for someone else.

In the table on this page, the 100-year global warming potential (GWP) shows the current values used for several GHGs. Again, this is based on the GHG effect for the gas within 100 years.

The median lifetime column shows the median amount of time the GHG stays in the environment and continues to have an effect.

This is the part that's missing from the current ETS system. That means any effect beyond the first 100 years is simply ignored – and ignoring these polluters emissions is a subsidy.

What we should be doing is use the column that shows the total (median) effect of a GHG normalised with CO_2 set to one. The lower CO_2e for GHGs, such as methane and nitrous oxide, does not denote a lower importance or price, rather what should be a much higher cost for carbon dioxide.

It is obvious to me that any effort to reduce GHGs needs to start in one place. And that's why we need to stop subsidising them.

Current GHG valuation versus actual effect

GREENHOUSE GAS	100-YEAR GWP	MEDIAN LIFETIME (YEARS)	TOTAL POTENTIAL EFFECT	TOTAL POTENTIAL EFFECT – NORMALISED
Carbon dioxide (CO2)	1	650	6.5	1
Methane (CH4)	25	12	3	0.46
Nitrous oxide (N20)	298	114	339.72	52.26
Hydrofluorocarbon-23 (CHF3)	14,800	264	39,072	6,011.08
Sulphur hexafluoride (SF6)	22,800	3,200	729,600	112,246.15
PFC-14 (CF4)	7,390	50,000	3,695,000	568,461.54

The month that was... April

April 20, 1998

Confusion over tariff implications

While new-vehicle importers were being the most vocal on the issue of tariff abolition, it seemed that importers of used vehicles would be the hardest hit.

Nissan was expected to close its south Auckland factory at the end of 1998. Honda had announced the week before that it would shut its Nelson plant in September, Mitsubishi would mothball its assembly line mid-year and Toyota would cease Corolla production at year's end.

If the final assembler gave more than six months' notice of its closure decision, there would be no duty refundable on any vehicles – new or used. The tariff was to be automatically removed when the last assembler shut its doors.

The problem for dealers would be the months following the announcement when duty was payable. Customers were likely to hold off buying during that time in the belief that vehicles would be cheaper if they waited until after the tariffs came off.

There would also be substantial cost differences between cars imported during the three months when duty was refundable and the following months when it was payable but before the tariff finally came off.

It was likely that importers of new and used vehicles would be forced to drop their prices and suffer losses to retain their market shares.

April 16, 2004

Used-car crash results to be promoted

Consumers would soon be able to find out how safe the cars they purchased potentially were – for used passenger vehicles as well as new.

The Land Transport Safety Authority was in the process of putting together a list of crash ratings for used vehicles dating further back than the crash-test results for new vehicles that it promoted.

Spokesman Andy Knackstedt said the list would cover a significant number of marques from about 1997 when many models were included in crash-testing lists for new cars dating back to the late 1980s.

Unlike the results for new vehicles, these ratings were based on real-world data taken from accidents in New Zealand and Australia, which had then been studied by Monash University in Melbourne.

The listings would provide each car with two ratings – how well it performed on its own in a crash and how aggressive the vehicle was to others it contacted.

Knackstedt said the aim of the list was awareness. "What we're aiming to do is to get people to buy safer cars."

April 27, 2007

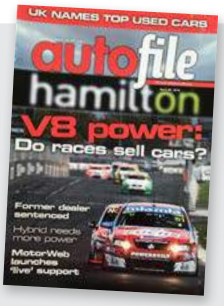
Emissions legislation update

The Independent Motor Vehicle Dealers' Association (IMVDA) was intensifying its investigation into proposed fuel-emissions standards by researching improvements and alternatives to legislation that it believed could degrade the nation's fleet over coming years.

Since holding two meetings to discuss the proposed standards and effects on the used-imports trade, the IMVDA had started to prepare briefing papers and submissions, while providing direct comment and feedback for inclusion in a Ministry of Transport (MoT) paper to cabinet.

The IMVDA told the MoT: "The wider trade supports the government's intentions to improve the national fleet in the interests of safety and the environment, but the combined trade was firmly of the opinion that the current proposal will not achieve this.

"The combined meetings resolved to continue to engage and consult constructively with officials working on this proposal and prepare a submission detailing the concerns of the trade once the draft rule is released."



April 9, 2010

V8 power: Do races sell cars?

There was a saying that when it came to the relationship between motorsports and dealerships, "win on Sunday, sell on Monday".

But with the economic downturn and the decline in public interest in Hamilton's V8s event, fans were not rushing to buy new Fords or Holdens from Waikato dealerships.

The ITM400 Hamilton street race's first year saw corporate sponsors include Ford, Holden and Exide. In 2009, Holden had a sponsorship package, but in 2010 it wasn't involved with just HSV as the only motor representative.

However, success on the track did see fans staying loyal to their brands – Ford or Holden – and Ford NZ reported that sales were steady during the race.

"As with National Fieldays held at Mystery Creek, Hamilton, there is always more interest in our vehicles," said Dennis Sexton, dealer principal of Fairview Motors. "We probably see more people in our dealership during the V8s, but there isn't a great spike in normal business during the event."

Holden NZ said the Hamilton 400 was a great race. "However, we haven't seen evidence of increased sales following events such as this in recent years," said Chantelle Urquhart, manager of corporate affairs.

Confusion over model-year declaration

You may recall that the Trading Standards division of the Ministry of Business, Innovation and Employment (MBIE) issued a "need to know update" to all registered motor-vehicle dealers on February 11.

The bulletin provides some useful alerts and guidance for traders to be aware of. It includes recommendations in relation to representations about vehicle year and – in particular – guidance that "what you say must be accurate".

This aspect is important and there has been no shortage of hearings at the Motor Vehicle Disputes Tribunal arising from the back of a salesperson "winging it" when responding to customers' queries.

In short, if you don't know a particular date, such as year of manufacture or model year, do the proper research before providing an answer. Get it wrong and the misrepresentation could cost you.

The bulletin also reminds everyone of a regulation obligation that the vehicle offer and sale agreement (VOSA) "must include reference to year of manufacture or model year [as designated by the manufacturer] as recorded on the motor vehicle register [MVR]".

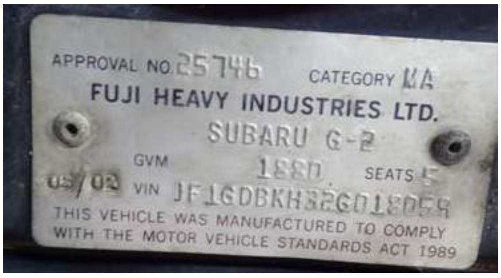
This can be found on page two in the summary of obligations of the bulletin, which can be located online at http://createsend.com/t/r-7D86E10983AFB53D2540EF23F30FEDED.

TONY EVERETT
Sector manager – dealers, Motor Trade Association

The requirement is defined in the Motor Vehicle Sales Regulations 2003 – refer to clause 4(c)(ii).

Unfortunately, the two specified date records aren't readily available from a routine query on the MVR. A check via your usual supplier, such as Motorweb, Carjam, Motochek and so on, will not provide the other dates in the respective reports.

> **"All we can do is wait for further guidance from enforcement agencies"**



In short, dealers cannot readily comply. It may be possible to decode VIN numbers on new vehicles or, in some cases, locate manufacturing dates on the respective build-plate attached to the car.

However, the process isn't so simple for used imports, if at all, so this puts traders in an awkward position and unable to reasonably comply in many situations.

After several calls and emails to the respective government agencies, MBIE, the Commerce Commission and NZTA, the situation is now hopefully understood, but not yet resolved. Trading Standards has committed to investigate the situation further and report back.

Stepping back for the moment, there is an obvious conflict between the information prescribed on the consumer information notice (CIN) and what was prescribed in the regulations referred to in this article.

A change made to the definition of "vehicle year" on the CIN was effective from January 2007, but perhaps the regulation was not updated at the same time, hence the existing conflict in requirements.

If you don't have a CIN handy, this is the relevant content for vehicle year:

- For motor vehicles registered before January 1, 2007, "vehicle year" means the year of manufacture, or model year or year of first registration anywhere in the world.
- For vehicles registered after January 1, 2007, it is the year of first registration anywhere in the world.

At this stage, all we can do is wait for further guidance from the enforcement agencies.

Crossover meets 'pent-up demand'

Kia believes its new SUV is bringing "fresh excitement and a free spirit" to New Zealand's crossover market.

"We have a proud record of designing vehicles that stand out from the crowd and the Stonic is a great example of a small SUV that's capturing buyers' attention," says Todd McDonald, managing director of Kia NZ. "We have been pleasantly surprised at the extent of interest shown by the public."

Consumer interest builds on demand for the marque's other recent arrivals, such as the Seltos and Sorento, which McDonald says have exceeded expectations following their launches.

Together with the Sportage, and updated Niro hybrid and electric vehicle (EV), Kia's SUV line-up spans a broad cost range.

Priced from $22,999 plus on-roads, the Stonic's variants start with the LX, EX and Limited. They are powered by a 1.4-litre naturally aspirated petrol engine matched to a six-speed automatic transmission. The one-litre turbocharged GT Line and GT Line+ top the range and

The Stonic's cabin features an eight-inch multimedia touchscreen

have seven-speed dual-clutches.

Both engines feature continuously variable-valve duration to make the most of their power and torque to switch combustion cycles according to load to maximise efficiency.

The Stonic also benefits from fine-tuning of its suspension and steering for this part of the world through the ANZAC development programme with Australia.

Based on the same platform as the Rio, the crossover is 70mm taller and 35mm wider than its hatchback stablemate. It boasts 42mm more ground clearance and the rear overhang has been extended by 70mm to maximise space.

New cabin features include a next-generation, eight-inch multi-media touchscreen, with satellite navigation available on the EX, Limited and GT Line+ models.

The GT Line and GT Line+ have sporty fitments, such as a D-shaped steering wheel, carbon fibre-style dashboard trim, and aluminium brake and accelerator pedals.

Safety systems include forward collision-avoidance assist, which recognises pedestrians and cyclists as well as cars. Smart cruise control is standard from the EX up and all variants have a rear-view camera.

McDonald notes Kia was the only major brand to increase sales last year in New Zealand despite the impact of Covid-19 to finish 2020 second on the passenger car and SUV ladder.

He adds the marque is well-positioned to make the most of its broadened SUV range to satisfy pent-up demand this year. A large shipment of Stonics arrived after Christmas with 90 registrations notched up in January.

Kia's busy start to 2021 has also seen its new logo and brand purpose revealed. Supported by the slogan "movement that inspires", the parent company plans to "go beyond vehicle manufacturing", while "Motors" has been dropped from the corporate name as it expands into emerging business areas.

Movement that inspires

McDonald says the logo signifies the emergence of a new company as its aims for leadership in pure EVs and provision of mobility services globally. Plans are in place for showrooms to have the new corporate look and there is considerable enthusiasm among the dealer network for the changes.

Kia plans to introduce seven dedicated EV models by 2027. They will include a range of passenger vehicles, SUVs and MPVs across several segments.

And it is developing purpose-built vehicles (PBVs) – specialised models that are based on flexible "skateboard" platforms with modular bodies designed to meet corporate and fleet customers' needs.

Demand for PBVs is expected to grow five-fold by 2030 due to rapid and sustained growth in e-commerce and car-sharing services.

Another strategic objective is a commitment by Kia to diversify its business to offer eco-friendly mobility services centred on electric and autonomous driving in major global cities. In addition, it is ramping up collaboration and partnerships with global mobility solutions businesses, diversifying mobility services in global strategic regions.

Final outing for flagship


The all-new Golf 8 GTI

The highly anticipated final iteration of Volkswagen's flagship model the Golf 8 has arrived in New Zealand along with its all-new GTI variant.

The car's design is sleeker on the outside with a leaner front grille and imposing lower-profile bumper, while LED head and rear tail-lights are now standard across the range.

All displays and controls are digital starting with the new 10.25-inch active-information display and MIB-3 infotainment system.

And on the model's R-Line trim, the discover media system also features wireless app-connect and a new head-up display.

Advanced functionality is also evident in the centre console, which is now clearer and more efficient than before with the all-new, shift-by-wire gear knob for the eight-speed automatic gearbox.

The Golf 8 is priced at $37,990 for the TSI Life and $47,990 for the TSI R-Line. It boasts a four-cylinder and 1,395cc inline turbo petrol engine, which offers 110kW of power from 5,000-6,000rpm and maximum torque of 250Nm between 1,500 and 3,500rpm.

The GTI variant is priced from $61,490. Its 1,984cc engine offers 180kW of power between 5,000 and 6,500rpm and maximum torque of 370Nm from 1,600-4,300rpm. It is coupled with a seven-speed direct shift gearbox.

Greg Leet, general manager of Volkswagen Passenger Vehicles, says there has already been a lot of interest in the Golf range.

"Now in its eighth cycle, it continues its class-leading status by bringing progress and new technology to the hatchback segment," he adds.

"It represents the greatest leap forward since the model launched more than 45 years ago."

The new Golf R is also planned for New Zealand and is expected to arrive towards the end of this year.

Upping the ante

Subaru is taking its flagship model upmarket by boosting the specification list for its next-generation Outback.

The simplified three-variant range features the standard models, X and Touring all with all-wheel drive fitted as standard.

The 2021 models offer a direct-injection 2.5-litre boxer engine, which has seven per cent more power at 138kW and 4.2 per cent more torque at 245Nm.

Wallis Dumper, managing director of Subaru of NZ, says the marque has "made a conscious decision to take the Outback considerably upmarket to confirm its status as the range's flagship".

Highlights of the new offering include the model's best-ever braked towing capacity at 2,000kg and the largest cabin to date, along with a longer wheelbase and larger, wider-opening cargo area.

There's also a high-definition 11.6-inch touchscreen head-unit infotainment system.

The refined lineartronic transmission with paddle-shift boasts greater ratio coverage with an eight-speed manual mode.

And the fourth-generation Eyesight driver-assist system has new features, such as autonomous emergency steering, sign recognition and an intelligent speed limiter.

Entry prices are $49,990 for the Outback and $54,990 for the X. The Touring variant starts at $57,490.


The 2021 Outback X

Kiwi’s unbeaten run continues

V8 racer Shane van Gisbergen is on a roll having won every event he has entered this year.

Building on his sensational form at Bathurst last year, the 31-year-old displayed his versatility by winning the classic class at the Rally of Auckland.

Then, the following day, Van Gisbergen won the inaugural Battle of Jack’s Ridge rally-sprint event.

Next up was him racing as a VIP wildcard entry for this year’s New Zealand Grand Prix at Hampton Downs. He won that from the pits after accidentally setting off the on-board fire extinguisher in his Toyota FT60 open-wheeler.

Heading back across the ditch, he has won all five opening rounds of the Australian V8 Supercar Championship on the trot – the latest coming after he broke a collarbone and three ribs in a mountain-biking accident.

Shane van Gisbergen won the opening race at Sandown with one of the best overtaking manoeuvres ever seen despite nursing a broken collarbone

Van Gisbergen has now joined an illustrious group of drivers following his hat-trick of wins at last month’s Penrite Oil Sandown SuperSprint in Melbourne.

This continued his unbeaten run in 2021 to five wins. Only three drivers in history have achieved the feat with Allan Moffat and Mark Skaife going one better with six.

With his race-five win on March 20 in wet conditions, Van Gisbergen matched Peter Brock’s 1980 marker of five victories to open a season.

In a scary precedent for his rivals, Moffat, Skaife and Brock all went on to win the title after their fast season starts.

The Auckland-born racer has won championships and events in everything from a 100cc junior-class Yamaha kart – he was the 2003 champion – through to Formula Ford. He was champion of that from 2005-06.

This was followed by GT and GT3 cars with him winning the 2015 Highlands 101 in a McLaren 650S, which had led to his better-known exploits with the Red Bull Holden Racing Team in the V8 Supercar Championship.

Across all categories, Van Gisbergen has amassed 95 wins and 221 podium finishes.

Bidding farewell

He was larger than life, always ready with a laugh and keenly interested in the people he met on his own journey.

“Rocket” Ron Kirkman passed away in Whangarei on March 22 at the age of 84.

He became a motorsport media darling when he contested the first Silverstone Race To The Sky at the tender age of 70.

In the company of a bevy of fast racers half his age, Kirkman contested every such event.

Each time, he stormed up the hill at the sharp end of the open-wheeler field and usually came away with a podium placing. He won his class in 2001.


Ron Kirkman on his super quad

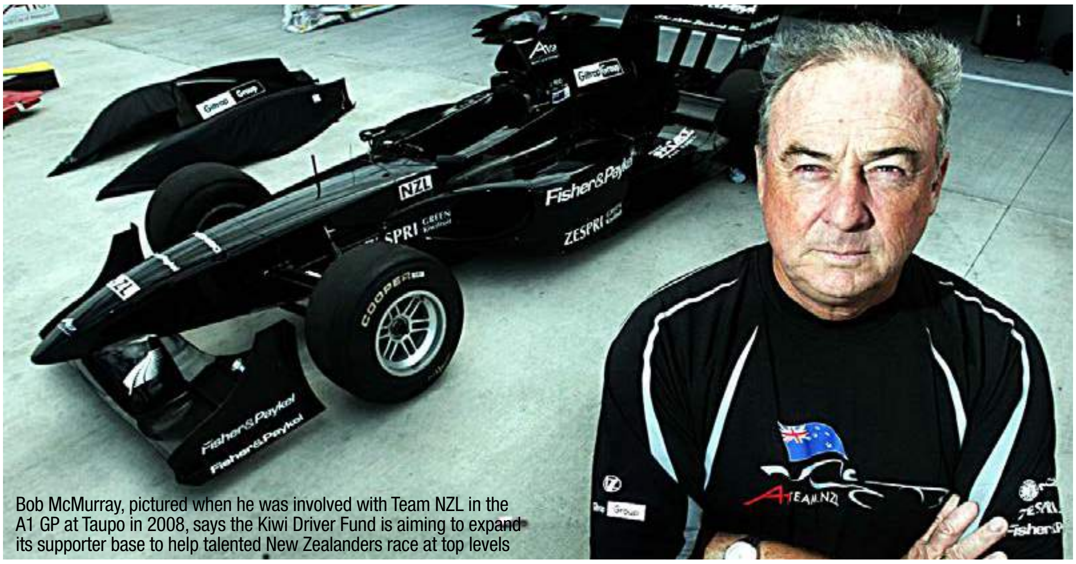
Held in the Cardrona Valley near Wanaka, the high-profile event known as the Highlands Race To The Sky began in 2007 and was last held in April 2015.

It was the longest gravel hill climb in the world, covering 14.5km, and boasted 135 turns as it ascended from 450 metres to 1,500m above sea level.

More than 100 vehicles contested that final event. Kirkman’s super quad suffered a fuel-pump failure in the final qualifying run, dropping him to seventh in class and from a potential podium position.

He had posted a time of 9:20 in practice runs. The outright winning time was just 40 seconds faster.

Finger on the pulse of racing


Bob McMurray, pictured when he was involved with Team NZL in the A1 GP at Taupo in 2008, says the Kiwi Driver Fund is aiming to expand its supporter base to help talented New Zealanders race at top levels

Bob McMurray is the "go-to" man when media want to know about the current tsunami of Kiwi driver talent washing over international race categories.

He first discovered motorsport by watching top motorcycle and tin-top racing in the UK, and then walking through the doors of McLaren in 1968.

Ever since, he has kept his finger on the pulse of racing and New Zealanders forcing their way up through diverse categories that feed into the top echelons of Formula One, Indy and Le Mans.

Through involvement in the Toyota Racing Series (TRS), for which he is an ambassador, the elite motorsport academy and Kiwi Driver Fund (KDF), McMurray has helped guide the careers of young drivers.

While drivers from Europe or the US have championship opportunities literally on their doorstep, Kiwis must grapple with two further challenges – distance and money. Neither are new. But post-Covid, the difficulty of raising finance to race at a premier level here in New Zealand can be a major hurdle for many.

As international sport stutters back into life, McMurray says F1 and its feeder classes have worked hard to adjust to a new near-normal. "It's the old story of motorsport being the last one to go into a recession and the last to come out of one."

In the process, the new F4, F3, F2 career structure has become massively expensive, more so for drivers from this country who must find funds to race in Europe by relying on goodwill backers or the relatively tiny group of New Zealand companies selling into the European market.


Liam Lawson celebrating his win on F2 debut

In such an environment, an independent funding channel such as the KDF is essential. For several years, the fund has assisted young Kiwis entering the Castrol TRS by providing grants to help offset the $200,000 cost of a competitive drive in the five-week, 15-race series. Some have received grants over more than one season.

Every year, the TRS attracts international drivers looking to secure points toward an F1 "superlicence" – the only way to score a drive at very top.

"This enables local drivers [and the occasional Australian] to show what they can do against the best Europe has to offer," says McMurray. "Our guys often end up racing against the internationals when they make a next step to Europe or America."

The results are clear. For example, both New Zealanders racing in F2 this year – competing exclusively at F1 weekends and just a stone's throw from the ultimate category – have been helped by the KDF at a critical point in their careers.

Liam Lawson, who won his debut F2 race last month, received financial support for his TRS campaigns in 2019 and 2020. Marcus Armstrong joins Lawson in the top 10 of motor racing's most hotly contested category. He received support in 2018 and 2019.

Both are now under the wing of elite international academies that offer a pathway into F1 – Lawson with Red Bull's junior driver programme and Armstrong with the Ferrari Driver Academy.

Existing supporters of the KDF include Toyota NZ, Post Haste and Tony Quinn, owner of Highlands Park and Hampton Downs race circuits. Local legend Kenny Smith is its patron.

McMurray says the fund is now looking to expand its supporter family to enable it to continue helping young Kiwis realise their dreams here and overseas.

"The post-Covid world is a challenging place when it comes to finding support from corporates," he adds. "We need to secure the fund's future and sustain our ongoing programme to find New Zealand's next world champion.

"There's no question we have the environment to produce genuine world-class talent. Bringing fresh investment to the KDF will make all the difference for the next generation."

Buyers’ rejection of vehicle affected by chemical smells causing illness fails

The case: The buyer wanted to reject her 2007 Toyota Blade because a chemical smell inside the car made her family feel unwell. Her husband suspected it had been fumigated. The trader said the only possible issue it knew of was heat treatment for brown marmorated stink bugs.

The decision: The tribunal found the smell wasn’t so offensive that it would cause the vehicle to fail to comply with the guarantee of acceptable quality in consumer legislation.

At: The Motor Vehicle Disputes Tribunal, Nelson.

Background

Kelly and Matthew Holmes wanted to reject the 2007 Toyota Blade that Mrs Holmes bought from Collier Cars Ltd on February 11, 2020.

They were concerned about a chemical smell inside their vehicle and said they suffered headaches if they spent more than 20 minutes inside.

The couple told the tribunal they first noticed the smell when they took the Blade for a test drive three days before buying it.

But four months after it was supplied, they said the smell and its effect on them meant the car was unfit for purpose so they wanted a refund of its $9,990 purchase price.

The trader said the only treatment of the Blade that it was aware of was heat treatment for stink bugs when it first arrived in New Zealand from Japan in October 2019. However, it had the car assessed by professional groomers.

The case

The tribunal had to consider whether the Blade was of acceptable quality under section six of the Consumer Guarantees Act (CGA) from the point of view of a reasonable consumer fully acquainted with its state and condition, including any hidden defects.

The owners thought the interior odour might have been caused by a chemical cleaning agent and added that the unpleasant smell was stronger if the car was locked up overnight.

It made them “feel off” and had led to them using it less as a family vehicle. Mrs Holmes drove it with its driver-door window open and had clocked up more than 5,000km since buying it.

Mr Holmes suspected the car had been fumigated, perhaps when it was imported, but had no evidence of that being done.

The trader’s managing director, Steve Collier, said the only matter he was aware of was heat treatment for stink bugs.

Alan Wallace, of Car Care Grooming Bay, inspected the interior on June 17 and reported a “distinct smell” when sitting in the vehicle that would have been “unpleasant if in it for a longer period of time”. He added grooming it again would not completely dissipate the odour.

Eco Steam Clean also inspected the car on June 16. It reported: “There is definitely a type of chemical smell.” It used ozone treatment to try to get rid of this. It reported if that failed then a more intensive steam clean would be needed.

Bowater Toyota investigated the car on August 17 and confirmed there was an interior odour. It inspected the cabin’s filter, carpets and boot for moisture and found them all in acceptable condition. It added deodouriser to the air conditioning, but was unable to find the origin of the smell.

Collier Cars reported that its mechanic pulled off the panels and trim and cleaned the car’s air-conditioning unit, but couldn’t identify the smell or its source. It had the Blade groomed again.

The finding

The adjudicator and the tribunal’s assessor sat in the Blade for a few minutes with its windows closed after it had already been left shut up for about 30 minutes.

They noticed a chemical odour that seemed to be ingrained in the upholstery but couldn’t pinpoint its source. They suggested it might have been related to a previous grooming or air freshener.

However, under the terms of the CGA, the tribunal didn’t consider a reasonable consumer would regard the smell to be unacceptable.

The adjudicator said cars often had smells that could occur through a range of sources, including cleaning and air freshening processes, which the Blade had been subjected to.

It was a 13-year-old vehicle and during its importation and readying for sale, various new smells would have been introduced into its interior. It was also possible some of the attempts to remove the odour might have introduced further chemical smells into it.

However, the adjudicator didn’t consider the smell to be so bad that it would cause the car to fail to comply with the CGA’s guarantee of acceptable quality.

Should the couple on-sell the car, the tribunal said they wouldn’t need to disclose the smell to a prospective buyer and it most likely wouldn’t reduce the Blade’s value or saleability. In fact, it was noted the couple admitted they had noticed the odour before they purchased the vehicle and still decided to buy the car.

Order

The tribunal ruled the Blade’s interior smell didn’t suggest that there was anything wrong with the vehicle, nor was there an identifiable solution to remove it.

However, it was likely the odour would possibly fade over time, or the couple and their family hopefully might become less sensitive to it.

If they couldn’t foresee that happening, then perhaps they would need to sell the vehicle. That was a choice only the buyer could make, but it wasn’t a matter for which Collier Cars was legally responsible, so the purchaser’s application was dismissed.

Modifications completed on used import overlooked by certifiers and inspectors

The case: A 1996 Toyota Land Cruiser failed its warrant of fitness (WOF) about 18 months post-purchase because it had no low-volume vehicle (LVV) certification for various modifications. The trader questioned if they were present at the time of sale because the vehicle had passed pre-purchase compliance and a WOF. The dealer denied it was liable for the changes.

The decision: The trader was ordered to pay $600 to the consumer.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Thomas Finlay's 1995 Toyota Land Cruiser failed a WOF inspection in June 2020 because it didn't have low-volume vehicle (LVV) certification for modifications to its suspension, turbo and wheel spacers, and it had a fault with its headlights.

He wanted to recover the cost of certifying those changes and replacing the lights from Fuzhou Holding Co Ltd, which sold the vehicle to him.

Fuzhou denied liability arguing that the Land Cruiser must have been free of uncertified modifications at the time of sale because it had passed pre-purchase compliance and had a WOF prior to sale.

The tribunal had to decide if the car was of acceptable quality as per section six of the Consumer Guarantees Act (CGA).

The case

The vehicle was imported from Japan in April 2017. It had passed entry compliance before obtaining a WOF.

The Land Cruiser again passed a warrant before it was sold to Finlay in February 2019 and it passed another WOF in September 2019.

By that time, he had owned the vehicle for nearly seven months and had travelled about 8,000km in it. No uncertified modifications were found during any of those inspections.

However, it failed its next WOF performed by Barrie Richards Auto Repairs in June 2020 because it didn't have LVV certification for its modifications.

Although the uncertified changes weren't discovered until June 2020, Finlay said the modifications – except for the turbo – were present at the time of sale.

He obtained LVV certification from Auto Certs Ltd, a member of the Low Volume Vehicle Technical Association (LVVTA), at a cost of $700.

Fuzhou questioned whether the uncertified modifications were present when the vehicle was supplied. It had been unable to obtain copies of compliance and WOF documents relating to inspections before the vehicle was sold, but noted it shouldn't have passed if alterations requiring LVV certification were present.

The finding

The adjudicator accepted Fuzhou's evidence that it didn't know the Land Cruiser had uncertified modifications at the time it was supplied to the applicant. In that regard, it had not knowingly sold a vehicle with such changes.

However, the tribunal also accepted Finlay's evidence that the suspension and wheel-spacer modifications were present when the car was sold.

It found him to be a credible witness and his evidence was supported by a photo taken in April 2019, which was provided to the tribunal after the hearing.

That picture showed the Land Cruiser had been raised above its standard height, and had after-market mags and moulding added to its wheel guards, which was consistent with spacers being installed.

The adjudicator said: "LVV certification is not a box-ticking exercise." When a car is modified in that manner, certification is necessary to ensure "it's safe to use on New Zealand roads".

He added Finlay's evidence satisfied the tribunal that the vehicle was modified when it was supplied, and the changes were overlooked by several compliance and WOF inspectors before being uncovered in June 2020.

Because the Land Cruiser's pre-existing modifications didn't have that certification when it was sold, the tribunal was satisfied it wasn't of acceptable quality.

Under section 18 of the CGA, Finlay was entitled to recover compensation for any reduction in value of the car below the price he paid for it because it breached the guarantee of acceptable quality.

In this case, the tribunal ruled that the failure to comply with that guarantee was a failure of a substantial character because the vehicle had been substantially modified and the required LVV certification hadn't been obtained.

Finlay was entitled to recover the reasonable cost of obtaining certification for the pre-existing modifications because that cost was an indication of the reduction in value caused by the uncertified alterations.

If he had tried to sell the Land Cruiser without obtaining LVV certification, the reasonable cost of obtaining that would be taken into account by any prospective purchaser.

In determining the amount recoverable by the buyer, the tribunal deducted the amount charged for the LVV certification, but not cost of the turbo because that modification was performed by Finlay.

It wasn't clear from the information provided by the buyer precisely how much of the cost related to the turbo certification.

The LVVTA compliance certificate completed by Auto Certs stated the turbo certification cost $85.40. However, amounts listed on that document were less than the $700 Finlay was ultimately charged, meaning other costs were incurred that were not shown on the certificate.

Because the breakdown of the costs incurred was unclear, the tribunal considered it appropriate to deduct $100 from the cost of obtaining compliance to reflect how much certifying the turbo was. Finlay was, therefore, entitled to recover $600 for the cost of obtaining LVV certification.

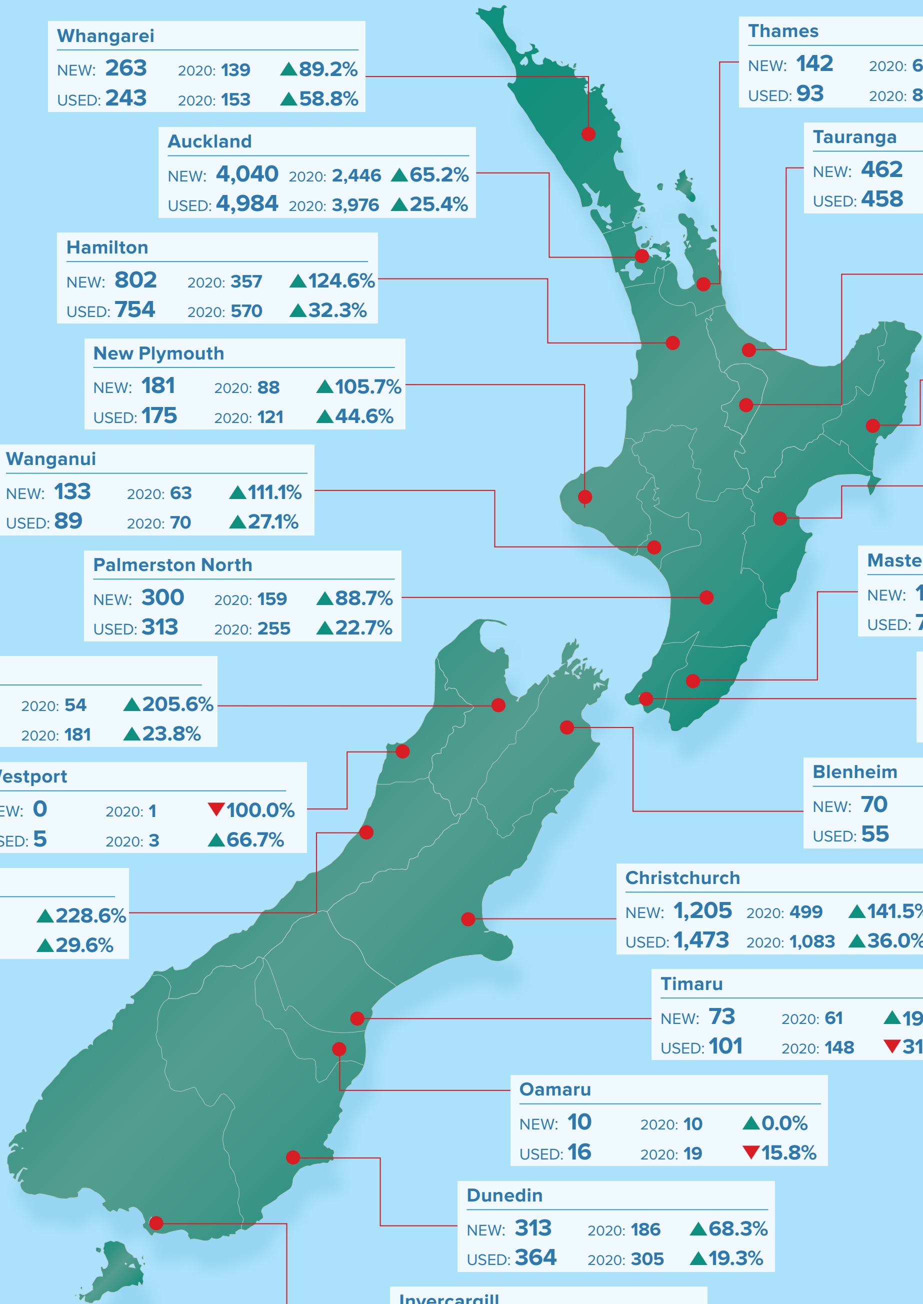
The order

The trader was ordered to pay $600 to the purchaser.

Around the Country March 2021

Total new cars	
10,112	
2020: 5,415	▲86.7%

Total imported used cars	
11,008	
2020: 8,565	▲28.5%



Region	NEW	2020	Change	USED	2020	Change
Whangarei	263	139	▲89.2%	243	153	▲58.8%
Thames	142	68	▲108.8%	93	80	▲16.3%
Auckland	4,040	2,446	▲65.2%	4,984	3,976	▲25.4%
Tauranga	462	245	▲88.6%	458	341	▲34.3%
Hamilton	802	357	▲124.6%	754	570	▲32.3%
Rotorua	202	109	▲85.3%	169	132	▲28.0%
New Plymouth	181	88	▲105.7%	175	121	▲44.6%
Gisborne	47	34	▲38.2%	79	63	▲25.4%
Wanganui	133	63	▲111.1%	89	70	▲27.1%
Napier	321	159	▲101.9%	291	179	▲62.6%
Palmerston North	300	159	▲88.7%	313	255	▲22.7%
Masterton	101	63	▲60.3%	76	53	▲43.4%
Nelson	165	54	▲205.6%	224	181	▲23.8%
Wellington	1,055	530	▲99.1%	807	625	▲29.1%
Westport	0	1	▼100.0%	5	3	▲66.7%
Blenheim	70	44	▲59.1%	55	37	▲48.6%
Greymouth	23	7	▲228.6%	35	27	▲29.6%
Christchurch	1,205	499	▲141.5%	1,473	1,083	▲36.0%
Timaru	73	61	▲19.7%	101	148	▼31.8%
Oamaru	10	10	▲0.0%	16	19	▼15.8%
Dunedin	313	186	▲68.3%	364	305	▲19.3%
Invercargill	204	93	▲119.4%	204	144	▲41.7%

Imported Passenger Vehicle Sales by Make - March 2021

MAKE	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	3,170	2,165	46.4	28.8%	8,384	28.4%
Nissan	1,543	1,613	-4.3	14.0%	4,125	14.0%
Mazda	1,469	1,276	15.1	13.3%	4,132	14.0%
Honda	934	863	8.2	8.5%	2,613	8.9%
Subaru	806	587	37.3	7.3%	2,083	7.1%
Volkswagen	560	269	108.2	5.1%	1,458	4.9%
BMW	513	316	62.3	4.7%	1,411	4.8%
Mitsubishi	462	335	37.9	4.2%	1,239	4.2%
Audi	316	152	107.9	2.9%	799	2.7%
Suzuki	296	366	-19.1	2.7%	768	2.6%
Lexus	213	108	97.2	1.9%	532	1.8%
Mercedes-Benz	189	100	89.0	1.7%	513	1.7%
Volvo	80	51	56.9	0.7%	205	0.7%
Ford	63	59	6.8	0.6%	179	0.6%
Chevrolet	42	32	31.3	0.4%	89	0.3%
Land Rover	42	25	68.0	0.4%	120	0.4%
Jaguar	39	17	129.4	0.4%	109	0.4%
Hyundai	31	24	29.2	0.3%	75	0.3%
Porsche	28	11	154.5	0.3%	84	0.3%
Jeep	27	19	42.1	0.2%	74	0.3%
Mini	27	24	12.5	0.2%	88	0.3%
Dodge	21	23	-8.7	0.2%	61	0.2%
Holden	21	27	-22.2	0.2%	58	0.2%
Chrysler	16	19	-15.8	0.1%	35	0.1%
Peugeot	16	5	220.0	0.1%	42	0.1%
Kia	14	13	7.7	0.1%	38	0.1%
Citroen	8	7	14.3	0.1%	17	0.1%
Alfa Romeo	5	1	400.0	0.0%	10	0.0%
Plymouth	5	3	66.7	0.0%	7	0.0%
Renault	5	8	-37.5	0.0%	10	0.0%
Chrysler Jeep	4	1	300.0	0.0%	9	0.0%
Daihatsu	4	3	33.3	0.0%	10	0.0%
Lincoln	4	0	400.0	0.0%	8	0.0%
Bentley	3	1	200.0	0.0%	13	0.0%
Aston Martin	2	2	0.0	0.0%	5	0.0%
Others	30	40	-25.0	0.3%	105	0.4%
Total	**11,008**	**8,565**	**28.5**	**100.0%**	**29,508**	**100.0%**

Imported Passenger Vehicle Sales by Model - March 2021

MAKE	MODEL	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Aqua	787	376	109.3	7.1%	2,111	7.2%
Mazda	Axela	512	469	9.2	4.7%	1,421	4.8%
Toyota	Prius	491	306	60.5	4.5%	1,272	4.3%
Honda	Fit	387	353	9.6	3.5%	1,083	3.7%
Nissan	X-Trail	374	135	177.0	3.4%	941	3.2%
Volkswagen	Golf	353	166	112.7	3.2%	887	3.0%
Mazda	Demio	300	267	12.4	2.7%	882	3.0%
Mitsubishi	Outlander	300	180	66.7	2.7%	794	2.7%
Toyota	Corolla	254	175	45.1	2.3%	661	2.2%
Nissan	Leaf	248	196	26.5	2.3%	607	2.1%
Subaru	Legacy	247	188	31.4	2.2%	603	2.0%
Suzuki	Swift	239	308	-22.4	2.2%	608	2.1%
Subaru	Impreza	236	226	4.4	2.1%	654	2.2%
Toyota	Vanguard	223	109	104.6	2.0%	590	2.0%
Mazda	CX-5	195	86	126.7	1.8%	516	1.7%
Toyota	Wish	188	145	29.7	1.7%	523	1.8%
Toyota	MarkX	178	69	158.0	1.6%	489	1.7%
Mazda	Atenza	163	155	5.2	1.5%	465	1.6%
Honda	CR-V	134	89	50.6	1.2%	344	1.2%
Nissan	Skyline	128	102	25.5	1.2%	315	1.1%
Subaru	Forester	126	76	65.8	1.1%	324	1.1%
Honda	Odyssey	123	72	70.8	1.1%	339	1.1%
Toyota	Vitz	118	156	-24.4	1.1%	280	0.9%
Toyota	Blade	115	87	32.2	1.0%	352	1.2%
Nissan	Note	114	147	-22.4	1.0%	331	1.1%
Nissan	Serena	112	101	10.9	1.0%	309	1.0%
Mazda	Premacy	111	131	-15.3	1.0%	351	1.2%
BMW	320i	110	56	96.4	1.0%	299	1.0%
Nissan	Fuga	102	39	161.5	0.9%	253	0.9%
Volkswagen	Polo	93	36	158.3	0.8%	251	0.9%
BMW	116i	92	47	95.7	0.8%	240	0.8%
Audi	A4	79	30	163.3	0.7%	178	0.6%
Audi	A3	66	42	57.1	0.6%	176	0.6%
Toyota	Sai	66	23	187.0	0.6%	155	0.5%
Mazda	Biante	65	27	140.7	0.6%	161	0.5%
Others		3,579	3,395	5.4	32.5%	9,743	33.0%
Total		**11,008**	**8,565**	**28.5**	**100.0%**	**29,508**	**100.0%**

Dealers face disruption of supply

The Motor Trade Association (MTA) is warning businesses to avoid using counterfeit car parts as pressure mounts on the global supply chain.

The advice comes as the automotive industry experiences shortages of some components in addition to delayed deliveries to New Zealand caused by pressure at ports and on freight routes.

Supply disruption in Australia has resulted in a flourishing market for counterfeit parts, but what is being experienced there has yet to gain similar traction here.

That said, the MTA is aware of one case here with a business allegedly supplying such component parts for insurance claims. Further efforts, such as auditing imports, are under way to ensure this type of activity doesn't rear its head again.

"With pressures on the supply chain, it may be tempting for businesses to look the other way when a good deal presents itself," says Greig Epps, the MTA's advocacy and strategy manager.

"However, we recommend that if repairers are concerned about authenticity of parts, they should contact manufacturers to confirm their validity."

He adds the Commerce Commission is investigating complaints from Holden and IAG, while the supplier, A&W Autospares, is believed to be no longer trading.

The Insurance Council of NZ became aware in October that the supplier was allegedly using fake parts, such as headlights and bumpers.

The issue was exposed when an ex-employee involved spoke out when it was believed hundreds of vehicles had been repaired with after-market components sold by the business not made by the original car manufacturer.

Officials from the Ministry of Business, Innovation and Employment and Waka Kotahi have also been informed about the matter.

Corsearch, a brand risk and performance specialist, is on the case with counterfeit parts in Australia.

It monitors the volume of fake part listings on e-commerce platforms, assisting marques to enforce take-down requests.

The company says an increase in private-vehicle use and online shopping because of Covid-19 has created an opportunity for suppliers that commonly use websites to sell non-genuine parts.

Daniel Bennett, president of brand protection, says: "We have seen a rise in counterfeit parts and fake branded accessories for some automotive clients."

Toyota leads way

There were 11,008 used-imported cars sold for the first time in New Zealand last month.

That was an increase of 28.5 per cent when compared to 8,565 registrations in March 2020.

The Toyota Aqua came top of the models' ladder for the month with 787 sales for a 7.1 per cent share of the market.

Next up were the Mazda Axela on 512, Toyota Prius with 491, Honda Fit with 387 and Nissan X-Trail on 374.

The Federal Chamber of Automotive Industries, which has discovered there were fake spark plugs on the market capable of causing major engine damage, says it isn't only car owners who need to be aware of the problem.

"This is also a warning for technicians and repairers," says Tony Weber, chief executive. "Counterfeits are designed to deceive. We have seen technicians unwittingly fit counterfeit parts before. Do not take risks with the supply of vehicle parts. Go through your local dealer and remember genuine is best."

Concerns about vehicle components even getting into this country in the first place have been flagged up by David Breen, head of asset risk at Orix NZ.

"One thing we are concerned about is the supply of parts for vehicles with the delays in production offshore and shipping and so on," he told Autofile.

"We are a bit concerned that if there's a breakdown within our fleet on the road, it might not be as quick as it has been in the past to get a replacement part.

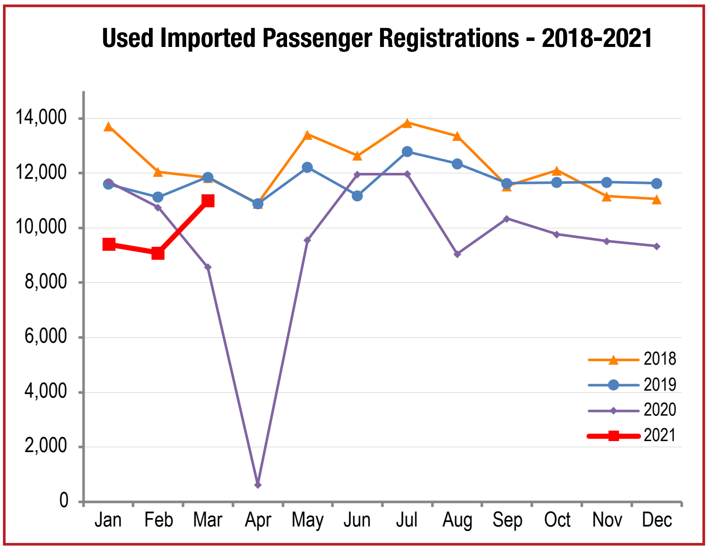
"We are finding that with tyres. I've heard two or three comments that if a car needs a replacement, it is difficult to find one for the exact model and we have to put a different brand or specification on.

"Overall, waiting for parts is probably going to increase the cost of maintaining vehicles and cost increases may come through."

There has a been a global shortage of semi-conductors for use in vehicles. It first kicked in last year when manufacturers of these parts switched to consumer goods.

"This was because there was big demand for iPads, laptops and TVs while people were in lockdown and car manufacturers weren't ordering parts because they were a bit nervous about what was happening," adds Breen.

"But there is now a desperate shortage of these electronic components for new vehicles, which is forcing some of those factories to slow production."



System banned on imports

Damage flags now need to be raised by border-inspection organisations (BIOs) on vehicles with ITS Connect installed and bound for this country.

The Imported Motor Vehicle Industry Association (VIA) reports a gazette notice has been issued for the intelligent communications system, which is fitted to some Lexus and Toyota models.

"ITS Connect operates on the 760MHz bandwidth, which is reserved for telecommunications in New Zealand," says Malcolm Yorston, VIA's technical manager. "The gazette notice declares any other products operating on this bandwidth are prohibited imports, which can be seized by NZ Customs."

ITS Connect may be found in, but is not limited to, these Toyotas from their stated model years onwards – the Prius from 2016, Prius PHV 2016, Crown 2016, Harrier 2018, Alphard 2018, Vellfire 2018 and Noah 2018.

The same applies to the following Lexus models – the RX from 2016, LS 2018, RX 2018, ES 2018, UX 2018.

"Waka Kotahi has instructed that BIOs damage-flag vehicles equipped with ITS Connect from April 1 and asks for proof from a Toyota dealer that the system has been permanently disabled," adds Yorston.

"The transport agency is confident that permanently disabling the software so the system no longer transmits a signal is sufficient. The hardware does not physically need to be removed."

The agency's bulletin states: "The ITS Connect system fitted to some vehicles originating in Japan operates by broadcasting a signal on the 760MHz frequency.

"This frequency is not compatible with the licensing framework in New Zealand. Under the Radio Communications Act, it is illegal to import or operate a device that operates on this frequency."

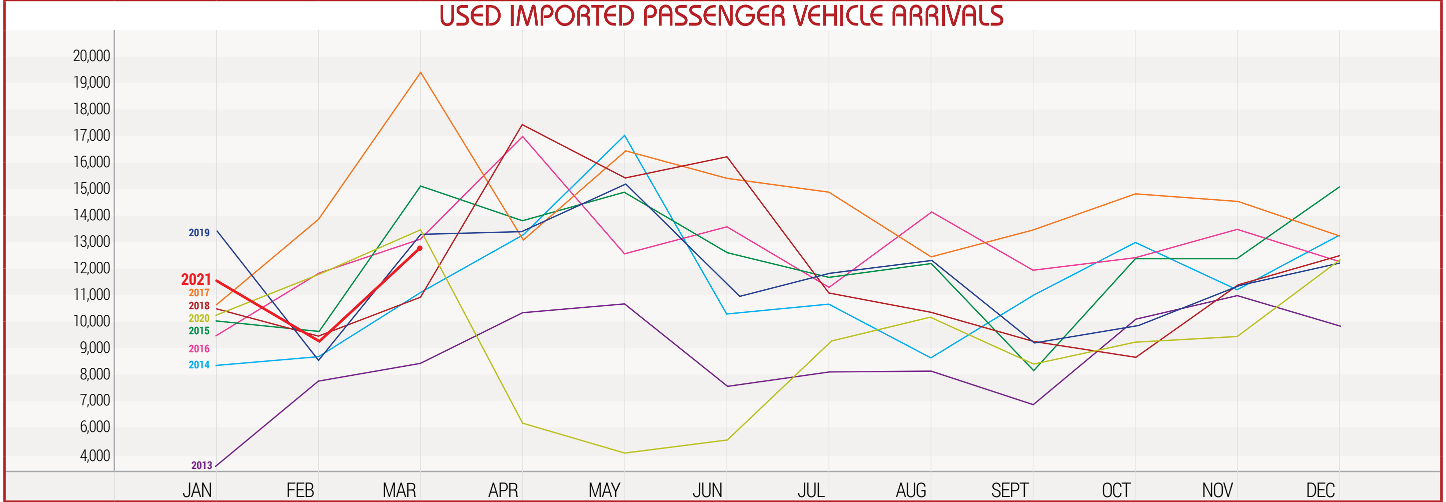
The technical bulletin illustrates the steps BIOs can take to ensure they act with due diligence and best endeavours based on best information available.

"All reasonable efforts outlined in this process will be made to assure BIOs provide the most accurate information. All responsibility for importing any vehicle remains with the importer."

SLIGHT DIP FOR IMPORTS

Some 12,800 used cars crossed the border last month. That was a decrease of 2.6 per cent on March 2020's total of 13,145.

USED IMPORTED PASSENGER VEHICLE ARRIVALS



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2021					2020						2019	
	JAN '21	FEB '21	MAR '21	MAR MRKT SHARE %	2021 TOTAL	Q1	Q2	Q3	Q4	2020 TOTAL	MRKT SHARE	2019 TOTAL	MRKT SHARE
Australia	303	286	277	2.2%	**866**	1,053	876	1,001	1,255	4,185	3.9%	5,148	3.6%
Great Britain	110	124	139	1.1%	**373**	184	122	143	241	690	0.6%	894	0.6%
Japan	10,917	8,759	12,164	95.0%	**31,840**	33,191	13,662	25,627	28,514	100,994	92.9%	132,494	93.8%
Singapore	128	140	168	1.3%	**436**	384	337	601	524	1,846	1.7%	1,678	1.2%
USA	34	34	27	0.2%	**95**	169	79	126	106	480	0.4%	664	0.5%
Other countries	31	37	25	0.2%	**93**	54	129	170	115	468	0.4%	340	0.2%
Total	**11,523**	**9,380**	**12,800**	**100.0%**	**33,703**	**35,035**	**15,205**	**27,668**	**30,755**	**108,663**	**100.0%**	**141,218**	**100.0%**

Trading results exceed expectations

A finance company is experiencing a boom in business along with a substantial uplift in profits as Kiwis continue to buy cars.

Geneva Finance has issued a guidance update to the NZX and anticipates net profit before tax (NPBT) to be between $6.3 million and $6.5m for the company's 2021 financial year.

That would be up by 56 per cent on 2019/20 with trading results since September exceeding expectations across consumer finance in New Zealand and Tonga, and its insurance, invoice factoring and debt-collections units.

Each division contributed to the profit increase, although the finance operations – invoice factoring and consumer finance – and Quest Insurance provided most of the uplift.

"While we were pleased with the September 2020 half-year result [that NPBT increased by 44 per cent on the previous year] and had reservations regarding the recurring risk of further lockdowns, hard work from the management team has seen continued improvements across every unit," says David O'Connell, Geneva's managing director.

"New lending volumes are tracking well-ahead of last year. The traditional seasonal spike in finance arrears has also been lower than previous years, reflecting continued improvements in ledger quality. The debt collections and debt litigation business are similarly showing consistent improvements.

"In light of the improved trading position, the directors are of the view that the final dividend for the March 2021 year should be restored to 2.25 cents per share. This dividend was reduced from 2.25c to 1.75c following March 2020's lockdown."

The updated NPBT guidance for 2020/21 implies the indicative full-year dividend of around 3.50c equates to a dividend pay-out rate of about 35-40 per cent of NPBT, which directors consider appropriate in the current trading environment.

While there remains the risk of further lockdowns affecting performance, Geneva's board is encouraged by the broad-based profit improvement.

SALES ENJOY INCREASE

Dealers sold 18,597 second-hand cars to the public last month, which was up by 32 per cent compared to March 2020 when there were 14,084.

Trade-ins totalled 14,909 for an increase of 36.6 per cent compared to 10,913.

SECONDHAND CAR SALES - March 2021

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
REGION	MAR '21	MAR '20	+/- %	MARKET SHARE	MAR '21	MAR '20	+/- %	MAR '21	MAR '20	+/- %
Whangarei	636	445	42.9	3.42	2,067	1,645	25.7	262	176	48.9
Auckland	6,055	4,901	23.5	32.56	14,419	11,955	20.6	5,846	4,237	38.0
Hamilton	1,459	1,115	30.9	7.85	3,832	2,908	31.8	1,195	878	36.1
Thames	282	224	25.9	1.52	698	545	28.1	258	177	45.8
Tauranga	933	661	41.1	5.02	2,437	1,841	32.4	629	491	28.1
Rotorua	402	249	61.4	2.16	1,005	772	30.2	145	131	10.7
Gisborne	167	131	27.5	0.90	437	331	32.0	53	40	32.5
Napier	761	531	43.3	4.09	1,758	1,328	32.4	533	364	46.4
New Plymouth	393	242	62.4	2.11	1,047	832	25.8	225	151	49.0
Wanganui	269	171	57.3	1.45	611	477	28.1	186	101	84.2
Palmerston North	788	587	34.2	4.24	1,883	1,376	36.8	745	591	26.1
Masterton	230	154	49.4	1.24	502	420	19.5	103	82	25.6
Wellington	1,770	1,404	26.1	9.52	3,550	2,762	28.5	1,244	935	33.0
Nelson	350	224	56.3	1.88	1,138	891	27.7	221	154	43.5
Blenheim	187	148	26.4	1.01	387	370	4.6	138	90	53.3
Greymouth	76	56	35.7	0.41	179	166	7.8	43	35	22.9
Westport	7	4	75.0	0.04	40	41	-2.4	0	3	0.0
Christchurch	2,288	1,589	44.0	12.30	5,607	4,524	23.9	2,177	1,564	39.2
Timaru	197	221	-10.9	1.06	593	522	13.6	93	94	-1.1
Oamaru	46	40	15.0	0.25	165	123	34.1	7	5	40.0
Dunedin	819	591	38.6	4.40	2,093	1,824	14.7	499	333	49.8
Invercargill	482	396	21.7	2.59	1,205	992	21.5	307	281	9.3
NZ Total	**18,597**	**14,084**	**32.0**	**100.00**	**45,653**	**36,645**	**24.6**	**14,909**	**10,913**	**36.6**

New Passenger Vehicle Sales by Make - March 2021

MAKE	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	1,106	918	20.5	10.9%	3,586	12.6%
Kia	1,053	354	197.5	10.4%	3,461	12.1%
Mitsubishi	1,018	347	193.4	10.1%	3,125	11.0%
Mazda	786	394	99.5	7.8%	2,327	8.2%
Suzuki	715	397	80.1	7.1%	2,005	7.0%
Volkswagen	536	197	172.1	5.3%	1,183	4.1%
Nissan	469	322	45.7	4.6%	1,185	4.2%
Hyundai	464	305	52.1	4.6%	1,481	5.2%
Subaru	464	173	168.2	4.6%	864	3.0%
Honda	460	263	74.9	4.5%	1,193	4.2%
Ford	442	153	188.9	4.4%	1,247	4.4%
MG	325	71	357.7	3.2%	809	2.8%
Tesla	271	85	218.8	2.7%	392	1.4%
Jeep	212	87	143.7	2.1%	399	1.4%
Mercedes-Benz	202	152	32.9	2.0%	595	2.1%
Skoda	165	72	129.2	1.6%	394	1.4%
BMW	163	47	246.8	1.6%	525	1.8%
Audi	161	80	101.3	1.6%	486	1.7%
Peugeot	142	55	158.2	1.4%	381	1.3%
Land Rover	135	77	75.3	1.3%	433	1.5%
Haval	107	58	84.5	1.1%	307	1.1%
SsangYong	100	50	100.0	1.0%	305	1.1%
Lexus	90	54	66.7	0.9%	307	1.1%
Mini	83	28	196.4	0.8%	226	0.8%
Volvo	70	41	70.7	0.7%	243	0.9%
Holden	64	460	-86.1	0.6%	142	0.5%
Porsche	48	23	108.7	0.5%	186	0.7%
Jaguar	35	38	-7.9	0.3%	113	0.4%
LDV	33	1	3,200.0	0.3%	75	0.3%
Isuzu	28	17	64.7	0.3%	85	0.3%
Seat	28	10	180.0	0.3%	58	0.2%
Citroen	25	9	177.8	0.2%	83	0.3%
Renault	19	8	137.5	0.2%	61	0.2%
Alfa Romeo	15	11	36.4	0.1%	30	0.1%
Fiat	15	2	650.0	0.1%	34	0.1%
Mahindra	10	13	-23.1	0.1%	48	0.2%
Yamaha	8	6	33.3	0.1%	21	0.1%
Can-Am	7	10	-30.0	0.1%	21	0.1%
Maserati	7	3	133.3	0.1%	11	0.0%
Bentley	6	5	20.0	0.1%	26	0.1%
Ferrari	6	3	100.0	0.1%	14	0.0%
Aston Martin	4	3	33.3	0.0%	22	0.1%
Cupra	3	0	300.0	0.0%	11	0.0%
McLaren	3	1	200.0	0.0%	14	0.0%
Chevrolet	2	5	-60.0	0.0%	2	0.0%
Others	7	7	0.0	0.1%	18	0.1%
Total	**10,112**	**5,415**	**86.7**	**100.0%**	**28,534**	**100.0%**

New Passenger Vehicle Sales by Model - March 2021

MAKE	MODEL	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Mitsubishi	Outlander	467	144	224.3	4.6%	1,451	5.1%
Kia	Sportage	346	162	113.6	3.4%	1,090	3.8%
Mazda	CX-5	339	144	135.4	3.4%	1,001	3.5%
Toyota	RAV4	326	318	2.5	3.2%	1,081	3.8%
Mitsubishi	ASX	296	99	199.0	2.9%	990	3.5%
Suzuki	Swift	287	159	80.5	2.8%	845	3.0%
Tesla	Model 3	270	79	241.8	2.7%	385	1.3%
Kia	Stonic	267	0	26,700.0	2.6%	401	1.4%
Nissan	X-Trail	246	101	143.6	2.4%	581	2.0%
Toyota	Corolla	231	240	-3.8	2.3%	714	2.5%
Subaru	Outback	214	47	355.3	2.1%	296	1.0%
Volkswagen	Tiguan	208	97	114.4	2.1%	347	1.2%
Honda	CR-V	197	51	286.3	1.9%	438	1.5%
Nissan	Qashqai	188	173	8.7	1.9%	505	1.8%
Ford	Escape	183	41	346.3	1.8%	404	1.4%
Honda	HR-V	180	95	89.5	1.8%	487	1.7%
MG	ZS	172	15	1,046.7	1.7%	313	1.1%
Hyundai	Santa Fe	164	46	256.5	1.6%	502	1.8%
Toyota	Yaris	157	41	282.9	1.6%	351	1.2%
Mitsubishi	Eclipse Cross	150	50	200.0	1.5%	461	1.6%
Suzuki	Vitara	146	84	73.8	1.4%	371	1.3%
Hyundai	Kona	142	75	89.3	1.4%	323	1.1%
Ford	Puma	142	0	14,200.0	1.4%	351	1.2%
Subaru	Forester	127	48	164.6	1.3%	274	1.0%
Kia	Seltos	127	40	217.5	1.3%	878	3.1%
Mazda	CX-9	115	49	134.7	1.1%	315	1.1%
Volkswagen	Golf	115	35	228.6	1.1%	173	0.6%
Mazda	CX-3	114	40	185.0	1.1%	285	1.0%
Jeep	Compass	113	56	101.8	1.1%	148	0.5%
Subaru	XV	104	66	57.6	1.0%	253	0.9%
Suzuki	Jimny	101	6	1,583.3	1.0%	283	1.0%
Toyota	Yaris Cross	101	0	10,100.0	1.0%	300	1.1%
Haval	H2	91	45	102.2	0.9%	259	0.9%
Toyota	C-HR	83	105	-21.0	0.8%	437	1.5%
Peugeot	3008	82	20	310.0	0.8%	164	0.6%
Suzuki	Baleno	79	52	51.9	0.8%	222	0.8%
Volkswagen	T-Cross	69	6	1,050.0	0.7%	182	0.6%
Mazda	CX-30	68	44	54.5	0.7%	226	0.8%
Mazda	Mazda3	68	55	23.6	0.7%	218	0.8%
Kia	Carnival	67	3	2,133.3	0.7%	125	0.4%
Mitsubishi	Pajero Sport	63	24	162.5	0.6%	82	0.3%
Kia	Cerato	61	25	144.0	0.6%	155	0.5%
Suzuki	Ignis	61	30	103.3	0.6%	174	0.6%
Holden	Equinox	60	75	-20.0	0.6%	134	0.5%
Jeep	Grand Cherokee	57	13	338.5	0.6%	147	0.5%
Others		2,868	2,317	23.8	28.4%	9,412	33.0%
Total		**10,112**	**5,415**	**86.7**	**100.0%**	**28,534**	**100.0%**

Warning over 'fragmented' market

General Motors' decision to scrap the Holden brand in Australasia is a reality check on the international significance of New Zealand's new-vehicle market.

That's the view of Jim Gibbons, chairman of the Colonial Motor Company.

"At a world level, right-hand drive [RHD] is the minority," he says. "The big markets – North America, Europe and China – are all left-hand drive.

"RHD is restricted to Japan, Britain and old Commonwealth countries. Not only is RHD a minority, but on a world level it is scattered and fragmented."

After GM sold Opel, Gibbons says it was obvious Australia and New Zealand weren't big enough to justify a full range of specially adapted products.

"In a way, it's surprising it didn't exit after selling Opel. New Zealand has distinct preferences. Unlike RHD Britain, we like automatics. Unlike RHD Japan, we like vehicles that can tow. As international markets evolve and fragment into different technologies, we cannot assume our preferences will always be available."

Gibbons notes Holden's exit has resulted in one less competitor for Colonial, but adds this hasn't been a cause of celebration. This is because it has upset the balance between dealers and franchisors with ex-Holden sites going to other brands, while some franchisors have used the opportunity to change their dealers.

"The partnership, the tension between franchisor and franchisee, is delicate. The exit of Holden exposes how delicate the relationships are."

GM announced its decision to retire Holden on February 17, 2020, but will provide servicing and parts for the next decade. The move affected 31 franchises in New Zealand.

COPING WITH LOCKDOWN

A car dealer says Auckland's latest lockdown for coronavirus brought a more muted response from consumers than the previous shutdown in last year's third quarter.

Andrew Craw, dealer principal of Southern Autos Manukau, says the first day of February's level-three lockdown was "a bit of a shock and very quiet without any walk-in customers".

He adds: "But we carried on selling cars. When we first dropped to level two, sales were strong on the Thursday, Friday and over the following weekend.

"I think buyers held off to see what was happening with the Covid-19 outbreak. It was quieter than the last lockdown in August. That said, we were still working."

As for the marques the business holds, Craw says Suzuki "goes from strength to strength", especially in Botany, while sales have also been good for Peugeot and Citroen.

"There has been a lot of forward ordering from one to three months," he told Autofile. "Customers are happy to wait.

"Forward orders are stronger than ever. The Suzuki Jimny has long waiting lists. At the moment, people are happy to wait to get the model they want. The Swift hybrid has taken a while to get traction.

"Electric-car buffs are waiting for plug-in hybrids and we've sold two new Peugeot 3008s. They will soon land in New Zealand and will take off once people see them in showrooms."

Peugeot, meanwhile, has unveiled a new logo with its lion's head mounted on a shield. New Zealand will be among the first markets to adopt it on its website, advertising, point of sale material and dealership signage, while a new showroom is being developed in Greenlane, Auckland.

The French marque's new line-up kicks off with the 3008 Hybid4 this month. It will be followed by the e-208, e-2008 and new 208, as well as the 3008 and 5008 SUVs.

MARQUE GROWS NETWORK

Kia has expanded its New Zealand network to 31 dealers after opening in Levin.

Daniel and Kelly Gordon, who also run Kapiti Kia in Paraparaumu, north of the capital, have got off to a successful start with their second dealership.

Levin Kia took 27 per cent of the new-car market in the Horowhenua region in January, its first month of operation.

Meanwhile, the Gordons' other business secured a 35 per cent market share on the Kapiti Coast during the same period – the highest market penetration of any Kia franchise nationwide in the first month of 2020.

They took over the family-run business three years ago after buying out Kelly's father.

Interest from buyers has been across the range and they are optimistic for busy times ahead.

"It has involved a lot of hard work, particularly on Kelly's part," says Daniel. "She's done a fantastic job of moving the business ahead in Paraparaumu. We feel the same about Levin. We see tremendous growth there."

The new dealership in Levin is opposite a vehicle-sales business owned by Kelly's parents, Gary and Chris McKelvie, and its showroom has space for nine new cars. Staff numbers across the two Kia sites have increased to 20.

'CUSP OF INNOVATIONS'

An Australian company has launched an "innovative solution" to new-car subscription services.

Loopit has partnered with the Giltrap Group and European rental company SIXT to offer a cloud-based, end-to-end software model for dealerships, marques and other companies that want to offer subscriptions.

Giltrap and SIXT launched a subscription service under the latter's brand in December. It offers access to new cars for six, nine or 12 months.

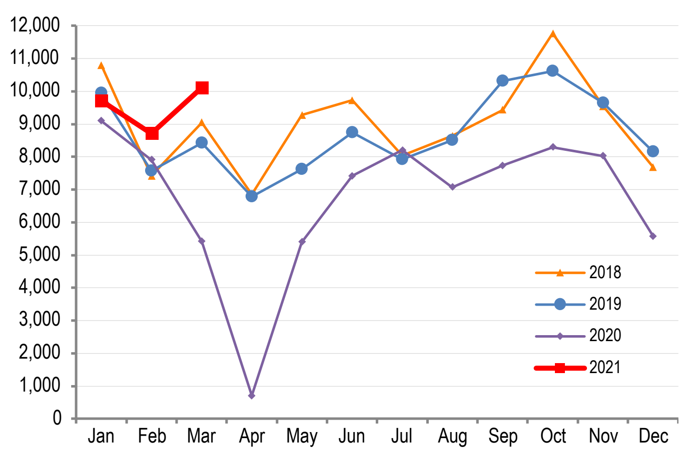
"The industry is experiencing a disruptive period," says Dane Fisher, Giltrap's general manager for business development. "Subscriptions provide an opportunity for dealerships to innovate and cater to shifting consumer demands.

"We've seen the subscription solution gaining popularity around the world. As a business, we aim to be at the cusp of innovations. Our partnership with Loopit is another example of this."

SUV tops ladder

There were 10,112 new passenger vehicles sold in New Zealand during March.
That represented an increase of 86.7 per cent when compared to the same month of last year when there were 5,415 sales.
The Mitsubishi Outlander was the best-selling model of last month with 467 registrations. The Kia Sportage was second on 346 and the Mazda CX-5 was third with 339.

New Passenger Registrations - 2018-2021



‘Iconic’ brand aims to expand

General Motors Specialty Vehicles (GMSV) believes its full-size, North American trucks will compete well in niche segments.

The company has a network of dealers across Australasia with six showrooms in New Zealand.

Two are in Auckland – Giltrap GMSV in Newmarket and Manukau GMSV. The others are Ebbett Hamilton GMSV, Robertson GMSV in Palmerston North, Johnston Ebbett GMSV in Wellington and Blackwells GMSV in Christchurch.

The Chevrolet Silverado 1500, which is being remanufactured to right-hand drive (RHD) in Melbourne by the Walkinshaw Automotive Group, is the first model being offered by the company in both countries. Next up will be the Silverado 2500 and C8 Corvette in late 2021.

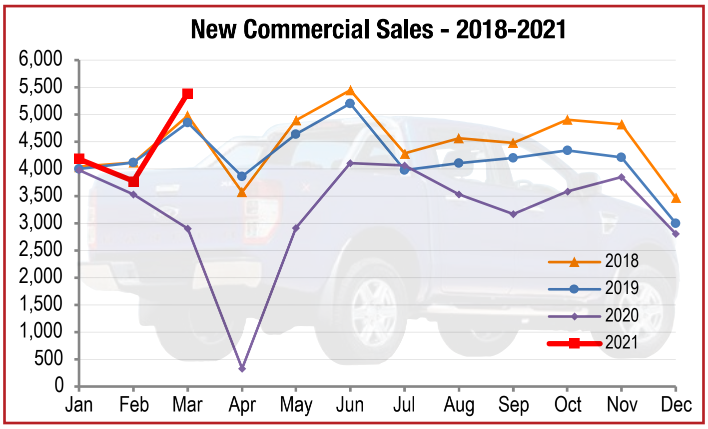
It was in August last year that Joanne Stogiannis was appointed as director of GMSV, which has launched with more than 50 dealers across Australasia and is looking to add more.

“We believe there is significant opportunity in New Zealand and Australia for our iconic vehicles to compete in niche segments,” she says.

“Sales of large US pick-ups have been growing consistently. I believe that segment’s ongoing strength will provide a solid basis for us to build a successful long-term business.

“And the plan to bring the mid-engined Corvette in RHD direct from the factory is an exciting opportunity for local performance-car enthusiasts.”

There were 5,386 new commercials sold during March. This was up by 85.7 per cent on the same month of last year when registrations came in at 2,901. Last month’s best-selling model was Toyota’s Hilux on 1,019 units.



New Commercial Sales by Make - March 2021

MAKE	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	1,246	597	108.7	23.1%	3,184	23.9%
Ford	927	508	82.5	17.2%	2,571	19.3%
Mitsubishi	725	347	108.9	13.5%	1,674	12.5%
Isuzu	409	156	162.2	7.6%	903	6.8%
Nissan	372	198	87.9	6.9%	913	6.8%
LDV	245	30	716.7	4.5%	553	4.1%
Mazda	245	105	133.3	4.5%	715	5.4%
Hyundai	238	25	852.0	4.4%	460	3.4%
Great Wall	147	33	345.5	2.7%	342	2.6%
Volkswagen	139	71	95.8	2.6%	337	2.5%
Fiat	91	52	75.0	1.7%	236	1.8%
Fuso	83	57	45.6	1.5%	210	1.6%
Hino	73	34	114.7	1.4%	160	1.2%
Mercedes-Benz	68	93	-26.9	1.3%	165	1.2%
SsangYong	57	29	96.6	1.1%	150	1.1%
Iveco	49	32	53.1	0.9%	87	0.7%
Scania	33	32	3.1	0.6%	67	0.5%
Volvo	29	30	-3.3	0.5%	66	0.5%
Kenworth	28	12	133.3	0.5%	68	0.5%
Renault	27	10	170.0	0.5%	90	0.7%
Others	155	450	-65.6	2.9%	389	2.9%
Total	**5,386**	**2,901**	**85.7**	**100.0%**	**13,340**	**100.0%**

New Commercial Sales by Model - March 2021

MAKE	MODEL	MAR'21	MAR'20	+/- %	MAR'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Hilux	1,019	435	134.3	18.9%	2,573	19.3%
Ford	Ranger	830	444	86.9	15.4%	2,327	17.4%
Mitsubishi	Triton	691	347	99.1	12.8%	1,579	11.8%
Nissan	Navara	372	198	87.9	6.9%	913	6.8%
Isuzu	D-Max	304	66	360.6	5.6%	677	5.1%
Mazda	BT-50	245	105	133.3	4.5%	715	5.4%
Hyundai	iLoad	232	25	828.0	4.3%	437	3.3%
Toyota	Hiace	159	134	18.7	3.0%	494	3.7%
Great Wall	GWM Cannon	109	0	10,900.0	2.0%	264	2.0%
Ford	Transit	97	64	51.6	1.8%	244	1.8%
LDV	T60	96	9	966.7	1.8%	206	1.5%
Fiat	Ducato	91	52	75.0	1.7%	236	1.8%
LDV	G10	80	4	1,900.0	1.5%	163	1.2%
Toyota	Land Cruiser	68	28	142.9	1.3%	117	0.9%
SsangYong	Rhino	57	28	103.6	1.1%	150	1.1%
Mercedes-Benz	Sprinter	53	36	47.2	1.0%	135	1.0%
Volkswagen	Amarok	49	35	40.0	0.9%	152	1.1%
Isuzu	F Series	46	40	15.0	0.9%	92	0.7%
Isuzu	N Series	43	40	7.5	0.8%	102	0.8%
Great Wall	Steed	38	33	15.2	0.7%	78	0.6%
Others		707	778	-9.1	13.1%	1,686	12.6%
Total		**5,386**	**2,901**	**85.7**	**100.0%**	**13,340**	**100.0%**

Vehicle sell-off boosts profits

The disposal of some 1,700 campervans has failed to avert a loss being posted by Tourism Holdings Ltd (THL).

The company has reported a deficit of $3 million in the six months to December 31, despite the sell-off almost matching usual revenue levels.

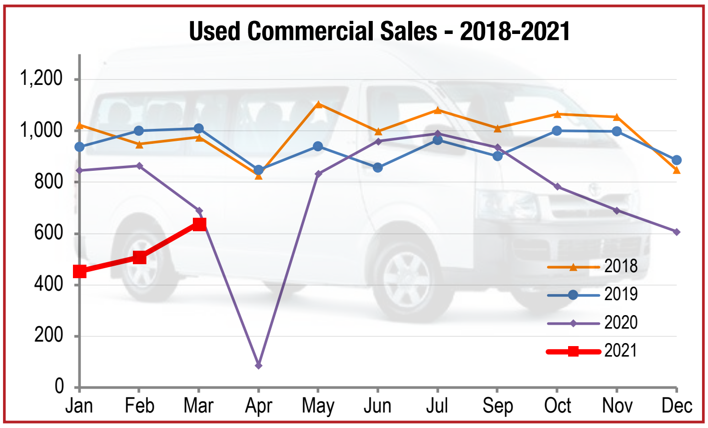
It recorded total revenue of $206m over the period, which was only down by one per cent on 2019's corresponding half-year.

Grant Webster, chief executive, says the sell-off of 1,700-plus vehicles, which accrued $137m in cash, has accelerated plans to replace THL's ageing fleet.

However, he adds net debt will increase during the rest of 2020/21 as the company reinvests in some replacement stock, although supply-chain issues may delay this.

In a letter to shareholders, Webster and chairman Rob Campbell report some "new norms" have come about because of the coronavirus pandemic.

They say the US market may work reasonably well under a domestic-only scenario, with RV sales in high-growth mode.



The domestic market may also work well in Australia if all state borders are open. The New Zealand business is unlikely to turn in a EBIT profit while international visitors are banned. However, some opportunities for growth exist with domestic tourism.

"We are operating on the basis we will not see any substantive international travel activity in the 2021 calendar year. We do hope to see a trans-Tasman open border, and easing of border restrictions in Europe, the US and UK this year."

Last month, there were 639 used-imported commercials registered for the first time in New Zealand. This was down by 7.5 per cent on March 2020's total of 691.

Used Commercial Sales by Make - March 2021

MAKE	MAR '21	MAR '20	+/- %	MAR '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	261	298	-12.4	40.8%	620	38.7%
Nissan	87	195	-55.4	13.6%	242	15.1%
Hino	60	17	252.9	9.4%	120	7.5%
Isuzu	56	37	51.4	8.8%	142	8.9%
Mitsubishi	34	22	54.5	5.3%	94	5.9%
Ford	31	24	29.2	4.9%	81	5.1%
Fiat	12	10	20.0	1.9%	31	1.9%
Holden	12	12	0.0	1.9%	41	2.6%
Chevrolet	11	8	37.5	1.7%	28	1.7%
Daihatsu	10	0	1,000.0	1.6%	22	1.4%
Mazda	8	27	-70.4	1.3%	42	2.6%
Volkswagen	8	2	300.0	1.3%	21	1.3%
DAF	6	1	500.0	0.9%	10	0.6%
Mercedes-Benz	6	4	50.0	0.9%	13	0.8%
Suzuki	6	3	100.0	0.9%	13	0.8%
Iveco	3	0	300.0	0.5%	4	0.2%
Kenworth	3	1	200.0	0.5%	6	0.4%
UD Trucks	3	3	0.0	0.5%	7	0.4%
Hyundai	2	2	0.0	0.3%	9	0.6%
Peugeot	2	0	200.0	0.3%	3	0.2%
Others	18	25	-28.0	2.8%	52	3.2%
Total	**639**	**691**	**-7.5**	**100.0%**	**1,601**	**100.0%**

Used Commercial Sales by Model - March 2021

MAKE	MODEL	MAR '21	MAR '20	+/- %	MAR '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Hiace	165	210	-21.4	25.8%	400	25.0%
Hino	Dutro	47	14	235.7	7.4%	92	5.7%
Toyota	Dyna	42	38	10.5	6.6%	91	5.7%
Isuzu	Elf	35	26	34.6	5.5%	98	6.1%
Nissan	NV350	29	45	-35.6	4.5%	93	5.8%
Toyota	Toyoace	27	15	80.0	4.2%	58	3.6%
Nissan	Caravan	20	39	-48.7	3.1%	49	3.1%
Fuso	Canter	16	8	100.0	2.5%	64	4.0%
Nissan	Atlas	16	14	14.3	2.5%	35	2.2%
Toyota	Hilux	13	9	44.4	2.0%	27	1.7%
Fiat	Ducato	12	7	71.4	1.9%	31	1.9%
Ford	Ranger	11	10	10.0	1.7%	31	1.9%
Isuzu	Forward	11	2	450.0	1.7%	22	1.4%
Daihatsu	Hijet	10	0	1,000.0	1.6%	22	1.4%
Hino	Ranger	10	2	400.0	1.6%	30	1.9%
Chevrolet	Colorado	8	9	-11.1	1.3%	23	1.4%
Mitsubishi	Triton	8	6	33.3	1.3%	12	0.7%
Ford	Transit	6	4	50.0	0.9%	14	0.9%
Mitsubishi	Fuso	6	1	500.0	0.9%	10	0.6%
Nissan	Navara	6	11	-45.5	0.9%	15	0.9%
Others		141	221	-36.2	22.1%	384	24.0%
Total		**639**	**691**	**-7.5**	**100.0%**	**1,601**	**100.0%**

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Japan dominates global car sales

In a year that saw registrations of new vehicles fall sharply across the globe due to Covid-19, the world's best-selling model remained Japanese.

The car that sold the most was its 12th iteration and its name hasn't changed since the 1960s.

It was, of course, Toyota's Corolla and it notched up 1,134,262 sales in 2020, which was down by 8.8 per cent on 2019.

The marque's RAV4 ended last year with 971,516 registrations to come second as its sales climbed by 1.9 per cent.

Honda's CR-V was third on 705,651, down 13.2 per cent but up by one place, while its Civic was fourth on 697,945 on the back of a 16.3 per cent drop.

Rounding out the top 10, in order, were Volkswagen's Tiguan, Toyota's Camry, the Nissan Sylphy, VW's Golf and Lavida, and Hyundai's Tucson.

As for Japan, new-car sales tumbled by 11.5 per cent in 2020 compared to 2019.

The total came in at 4,598,615, including mini-vehicles with engines of up to 660cc. That was the biggest decline since 2011, when registrations tumbled by 15.1 per cent to about 4,210,000.

While the Covid-19 crisis hurt business in 2020, nine years ago the country's economy was reeling in the aftermath of the earthquake and tsunami in eastern Japan that disrupted supply chains.

New-car trade, excluding mini-vehicles, fell by 12.3 per cent last year to 2,880,527 units. There were 1,718,088 mini-vehicles sold, down by 10.1 per cent.

Toyota was the best-selling marque with 1,423,151 units, a drop of 5.8 per cent from the previous year.

Most other carmakers saw double-digit declines. The worst hit were Mitsubishi, which suffered a 41.3 per cent slump, and Nissan – down by 27.5 per cent. Daihatsu bucked the trend with a 28.5 per cent increase.

Meanwhile, Akio Toyoda, Toyota's president, has warned Apple there's more to the car business than just making them. He says the industry welcomes new entrants, "but after making a vehicle, I'd like them to be prepared to deal with customers and changes for some 40 years".

He adds tech firms have "the potential to breathe new life" into the sector, but need to be prepared to take responsibility for the entire life cycle from maintenance to scrapping.

Stock levels climb

Imports of new cars in March came in at 11,661. This was 36.7 per cent more than in the same month of 2020 and 10.5 per cent higher than February's 10,549 units.

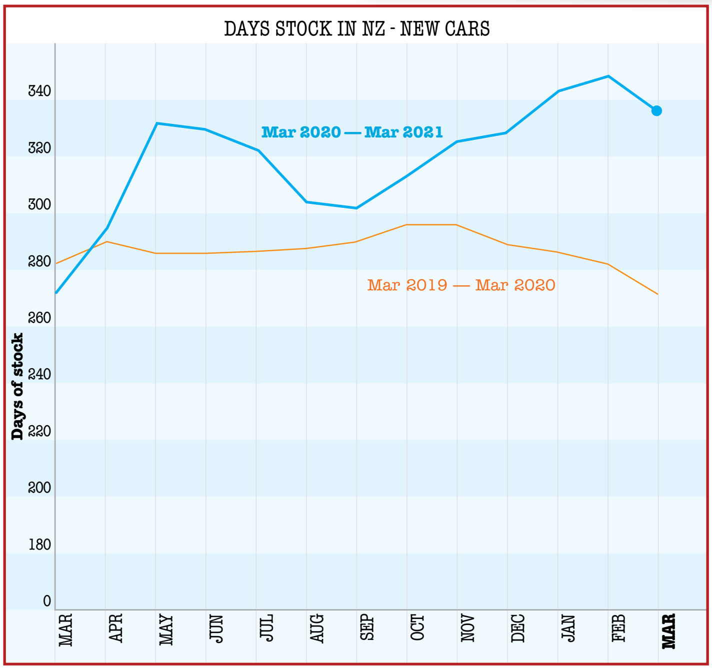
Registrations of new passenger vehicles totalled 10,112 last month for an increase of 86.7 per cent from March 2020's figures. It also represented a climb of 16.1 per cent from 8,710 units in February.

The numbers have resulted in the stock of new cars still to be registered increasing by 1,549 to 80,004. Daily sales, as averaged over the previous 12 months, stand at 238 units per day.

March's results mean stock at-hand has climbed to 336 days, or 11 months, if sales continue at the current rate. In the same month of 2020, the figures were 292 days, or 9.6 months, respectively.

Dealer stock of new cars in New Zealand

	CAR SALES IMPORTED	CAR SALES REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Mar '20	8,531	5,415	3,116	80,679	276	292
Apr '20	5,537	707	4,830	85,509	259	330
May '20	2,765	5,400	-2,635	82,874	253	327
Jun '20	4,322	7,413	-3,091	79,783	250	320
Jun '20	4,321	8,200	-3,879	75,904	250	303
Aug '20	5,371	7,072	-1,701	74,203	246	301
Sep '20	8,313	7,735	578	74,781	239	312
Oct '20	8,998	8,296	702	75,483	233	324
Nov '20	7,483	8,029	-546	74,937	229	328
Dec '20	9,452	5,572	3,880	78,817	222	356
Jan '21	7,511	9,712	-2,201	76,616	223	343
Feb '21	10,549	8,710	1,839	78,455	225	348
Mar '21	**11,661**	**10,112**	**1,549**	**80,004**	**238**	**336**
Year to date	**29,721**	**28,534**	**1,187**			
Change on last month	**10.5%**	**16.1%**		**2.0%**		
Change on Mar 2020	**36.7%** MORE IMPORTED	**86.7%** MORE SOLD		**-0.8%** LESS STOCK		



Supply constraints being felt

The used-car market is showing so much resilience that a company is expecting its full-year profits for 2020/21 to top previous predictions.

Turners Automotive Group says its net profit before tax (NPBT) is on course to be at least $35 million compared to January's forecast of between $33m and $35m if there is no major escalation of coronavirus restrictions.

The upward shift follows trading results exceeding expectations across automotive retail, finance and insurance business units in the first two months of 2021.

"All three major business units continue to perform ahead of expectations despite trading restrictions caused by February's partial lockdowns," the company says. "This is a further reminder of the geographic diversification within the group and structural resilience of the used-car market."

Turners adds the results reflect initiatives over recent years to improve the quality of earnings.

"Automotive retail demand has remained strong and margins have held up well with continued optimisation of the retail footprint and purchasing activity.

"New lending volumes continue to track well-ahead of the prior year and arrears are at record low levels, driven by enhanced credit scoring.

"The combination of activity and annuity revenue businesses within the group continues to deliver improving results and provides further confidence about the 2022 financial year."

Consumer demand at levels that have been expected has been contributing to margin improvement on owned inventory in automotive retail even though there have been continued constraints on supply.

March's statement to the NZX comes on the heels of Turners' half-year results when reported NPBT jumped by 26 per cent to $18.7m and underlying NPBT fell by 11 per cent to $13.1m on the back of a drop in group revenue of 14 per cent to $148m.

Revenue in automotive retail fell by 17 per cent to $96.1m and this division's NPBT fell by six per cent to $7.8m, reflecting "suppressed activity during lockdown, but also a strong rebound".

Volumes have recovered since, but the main driver of improving profitability since lockdown has been margins, says Turners. Margin expansion is due to buying initiatives and a tight supply of cars nationally because of the supply constraints for new cars.

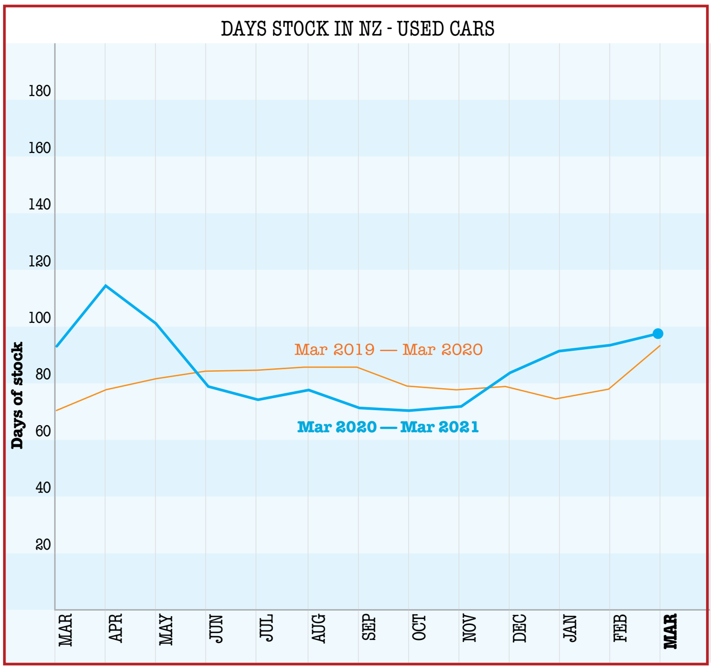
Daily sales increase

There were 12,800 used cars imported in March. This was a decrease of 345 units, or by 2.6 per cent, on the same month of 2020, but up 36.5 per cent on the 9,380 imported the previous month.

A total of 11,008 units were sold during March. This was up 28.5 per cent from 8,565 registrations during the same month of 2020 and represented an increase of 21 per cent from the 9,096 units sold in February this year.

With 1,792 more used cars imported than registered last month, it brought stock sitting on dealers' yards, or in compliance shops, to 30,014 units. This was 12.6 per cent, or 4,314 cars, lower than at the end of March 2020.

With current average daily sales rising to 306, there are 98 days' stock remaining if sales continue at this 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
Mar '20	13,145	8,565	4,580	34,328	375	91
Apr '20	6136	622	5514	39842	347	115
May '20	4,048	9,565	-5,517	34,325	340	101
Jun '20	5,021	11,962	-6,941	27,384	342	80
Jun '20	9,212	11,975	-2,763	24,621	340	72
Aug '20	10,098	9,054	1,044	25,665	331	78
Sep '20	8,358	10,339	-1,981	23,684	327	72
Oct '20	9,064	9,763	-699	22,985	322	71
Nov '20	9,553	9,523	30	23,015	316	73
Dec '20	12,138	9,334	2,804	25,819	310	83
Jan '21	11,523	9,404	2,119	27,938	304	92
Feb '21	9,380	9,096	284	28,222	299	94
Mar '21	**12,800**	**11,008**	**1,792**	**30,014**	**306**	**98**
Year to date	**33,703**	**29,508**	**4,195**			
Change on last month	**36.5%**	**21.0%**		**6.3%**		
Change on Mar 2020	**-2.6%** LESS IMPORTED	**28.5%** MORE SOLD		**-12.6%** LESS STOCK		