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Government sets aside $302m for incentives

Number of low-emissions cars in short timeframe 'simply does not exist', says industry association

A feebate scheme appears to be on course to be revived by the government in a bid to make electric vehicles (EVs) cheaper and internal combustion engine (ICE) cars more expensive.

On top of this, the Ministry of Transport (MoT) has released a discussion document that outlines potential policies, such as banning imports of petrol and diesel cars by 2035 and the use of light vehicles with ICEs in 2050.

Automotive organisations broadly support the idea of feebates, but the Imported Motor Vehicle Industry Association (VIA) says plans to cut transport emissions overall will fail because of a lack of availability of suitable models.

Meanwhile, the Motor Industry Association (MIA) says some form of incentive for consumers is needed to get more Kiwis to switch to EVs.

NZ First torpedoed the feebate last year when it was part of the coalition government, but last month's budget indicates the proposal is on its way back.


The government has unveiled major funding and a green paper to boost the uptake of low-emissions vehicles

Grant Robertson, Minister of Finance, says $302 million has been put aside for an unnamed policy "to implement a regime to incentivise the uptake of low-emissions vehicles".

"This initiative will build demand for buyers of zero and low-emission vehicles," states the Wellbeing Budget 2021. "The funding will enable Waka Kotahi to implement the system and is being held as a tagged contingency while design work is completed."

Once details of the scheme are finalised, legislation will have to be tabled and go through parliament.

James Shaw, Minister of Climate Change, says the policy will have a "broadly similar design" to the feebate scheme with more information on its structure due to be released over coming weeks.

His office has labelled the $302m fund as the clean-car discount – the official name for feebates that would subsidise the cost of low-emissions vehicles by lifting the price of more-polluting models.

It's unclear how closely the latest approach will follow what was first proposed by Julie Anne Genter in 2019 when she was Associate Minister of Transport.

Under her policy, a rebate of

[continued on page 4]

Stock management key factor in all businesses

Do our bureaucrats lack a sense of reality?

Who would have ever guessed this global pandemic would bring about the market factors we see today?


WALLIS DUMPER
Managing director
Subaru of New Zealand

Among all the changes that have happened, I recall the saying, "just because everything is different, it doesn't mean anything has changed".

This government's drive towards electric vehicles (EVs) will create some real challenges for consumers and our industry over the next few years.

I'm not sure if our current crop of politicians can actually read, but you don't need to be a genius to work out 2025 is an impossible target to achieve their carbon-dioxide reductions. As such, it's another tax grab.

You can evidence this by looking to international markets, which sell as many cars in a month that every brand in New Zealand – plus all importers – retail in a year.

These huge-scale markets can't get there, yet our bureaucrats suggest we can be world leaders. I fear they lack a sense of reality and scale impact. Smaller bespoke marques, such as Subaru, through to massive commodity brands like Toyota and the European giants, cannot deliver the dream this government wants, so the next few years will be interesting for us all.

Our industry is always exciting and change is just what happens as part of automotive life. We need to negotiate our way through, or around, whatever is delivered.

People and stock management are always key factors in business, and I live by leadership lessons in James Kerr's best-selling book Legacy about the All Blacks' success.

If we could all be disciplined enough to focus on managing stock, we could avoid some of the crazy moves towards what the "new normal" will be in retailing cars. Dealers and outlets will be a big part of the customer journey for a fair while yet. We all need to manage manufacturers' and customers' expectations.

While Covid-19's impacts have bought around some change, I wonder how long it will be until someone goes crazy and starts accumulating stock. Suddenly, everyone will jump on the market-share bandwagon and chase numbers not "sustainability" and, by that, I mean profit.

I've always had a customer-focused modus operandi and, in my world, dealers are customers too. Striving for a mutually successful and profitable business is important. Current supply issues will have ongoing impacts, so other than the new-model impetus every brand enjoys, we'll all have frustrated clients.

In this digital and social world, no supply issues are a secret. Trying to buy furniture results in at least a three-month wait. So why can't customers spending their second largest chunk of disposable income have positive but realistic experiences and wait to collect cars of their choice? The challenge is forward selling and planning ahead.

No matter what happens it should be fun, so enjoy the ride. That reminds me, it's probably time to order that new Triumph Speed Twin.

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up to $8,000 would have been available to people buying a newly imported car deemed to be efficient. Those opting for high-emitters would have faced fees of up to $3,000.

The budget has also committed $16m over four years towards implementing the clean-car import standard. This aims to ensure distributors of new vehicles and importers of used vehicles supply products with progressively lower carbon dioxide (CO2) emissions year on year.

Labour hopes this will contribute to broader climate-change emissions reduction targets, and adds the funding "supports Waka Kotahi to build and operate necessary systems" to run it.

It has earmarked $80m to help the public sector become carbon neutral by 2025, including a pre-budget announcement of an extra $42m to increase low-emissions vehicles in the government's fleet.

Submissions on the government's green paper – Transport Emissions: Pathways To Net Zero By 2050 – close on June 25

Shaw says money will be used for leasing or buying EVs across all departments and organisations. Only 1.3 per cent of their more than 14,000 vehicles are currently electric.

He hopes the decision to lower fleet emissions will, in turn, stimulate broader demand for such cars and make them cheaper and easier to acquire by the wider population.

Shaw also announced details last month of a $13.1m package to purchase or lease 422 EVs across the state sector and install more chargers over the next 10 years.

"The conversion of government fleets also means more demand for EVs, which will start flowing through into the second-hand market and make them more accessible for everyone," he says.

CUTTING EMISSIONS

Besides the financial commitments in last month's budget, the government has published a green paper looking at ways to eliminate transport emissions.

Michael Wood, Minister of Transport, released the document – Transport Emissions: Pathways To Net Zero By 2050 – on May 14.

He says the proposals outlined in it are not government policy, but officials want to spark a national conversation "about the changes we all need to make".

The paper suggests phasing out the importation of ICE light vehicles by 2035 and banning the use of them in 2050, adopting biofuels in light vehicles and buses, and electrifying the public-transport bus fleet by 2035.

It says 67 per cent of our transport emissions come from light vehicles and describes decarbonising that fleet as crucial for reaching a zero-carbon target by 2050.

"This requires a rapid transition that will not be achievable without significant government intervention," the report adds.

Officials have modelled four "pathways" with different mixes of approaches. The most ambitious predicts travel using light vehicles would fall by 57 per cent in 2035, and 27 per cent of the light-vehicle fleet would be electric or battery powered.

They note the government is planning to introduce a fuel-efficiency standard – the clean-car import standard – to increase the supply of cleaner vehicles.

"Additional measures and incentives to accelerate the uptake of EVs should also be considered. The model assumes there will be an increase in vehicle imports from 2040, resulting in an extra 100,000 EVs each year until 2050. This is unlikely to occur without any measures or incentives."

The green paper also touts biofuels as important for reducing pollution from the light fleet, as well as being used for public transport and aviation.

STOCK SHORTFALL

VIA backs measures to cut transport emissions but warns the pace of change being discussed by ministers does not match what's in the market.

David Vinsen, chief executive, says: "They're still hanging their hats on achieving goals by replacing ICE vehicles with EVs regardless of availability and affordability for the public.

"We're supportive of government efforts with regard to emissions but have concerns about the way they're going about it. We are not yet convinced their proposed policy initiatives will work.

"There appears to be a lack of consideration and understanding for what the industry can supply and what the public want."

Vinsen adds VIA recently had discussions with Dr Rod Carr, chairman of the Climate Change Commission, about the stock situation for EVs.

"His response was 'we should look harder' to find supplies of used EVs. We had to point out that no matter how hard we look the number of low-emissions cars the commission and government is seeking in a short timeframe simply do not exist.

"There's not enough for us for even one year's supply of those kinds of used vehicles coming out of Japan and the UK at the moment."

Vinsen notes a large proportion of the funds Labour has budgeted for assisting the transition to EVs will be taken up with getting such vehicles into government departments.

"Increasing the number of EVs in the government fleet should have been done years ago. These measures will provide a heap of public servants with a driving experience in EVs and they may then consider buying one for personal use.

"The government's actions will stimulate demand because they will buy new EVs and those vehicles will flow into the used and ex-lease markets. However, if they were serious about making changes to the overall fleet it should have been done ages ago at pace and at volume."

A delegation from VIA met with Wood for the first time on May 20 to briefly discuss looming changes in the transport sector. Vinsen says it was a good meeting, with a frank exchange of ideas and suggestions.

"It was a chance to introduce VIA and the used-vehicle industry. It immediately followed a session with the NZTA team working on processes for implementation of the fuel-economy standard."

He adds that VIA and the motor-vehicle industry understand what the government is trying to do to meet the Paris Climate Agreement.

Vinsen notes work on the feebate proposal will start again after Labour's budget.

He laments action on such a scheme has not happened sooner, and is encouraging the government to keep industry and consumers fully informed of any proposals.

"From a personal point of view, I think they should have focused on the feebate system from the start," says Vinsen.

"During our time with the minister, we suggested the government needs to have a decent public-education programme to explain what's happening around the fuel-economy standard, feebate schemes and why.

"In the absence of that, anything they do isn't going to be effective and people will just be put off when the price of everything goes up. Consumers will blame dealers when they can't find the car they want, or if they do, they will have to pay a lot more for it.

"The policies will not be successful as they are and will end up being the vehicle equivalent of KiwiBuild. The government has grand ideas, but the execution of these strategies will be poor."

ACTION WELCOMED

The provision to establish a tagged contingency to implement a regime to incentivise the uptake of low-emissions vehicles has been particularly welcomed by the MIA.

It has consistently advised the government that if it wants to accelerate the uptake of low-emissions vehicles, then it needs to address their lack of affordability – at least in the short to medium term – compared to their equivalent ICE vehicles.

"Some $302m has been set aside for a rebate scheme as an incentive for EVs and the MIA has been on-record that there needs to be incentives, not just sticks," says David Crawford, chief executive.

"This confirms Minister Wood's earlier announcement that to bring in the clean-car import standard, he would look to support that policy with an incentive scheme. We welcome feebates and eagerly await the details."

The MIA has also praised several other initiatives in this year's budget and one of them relates to the emissions trading scheme (ETS).

"Minister Shaw has managed to get the revenue from it dedicated to climate-change issues and initiatives," says Crawford. "That means money from the ETS will no longer go into a consolidated fund, which is a great idea and long overdue.

"Existing funds from it will now go to a particular purpose and that's climate change. It means action and initiatives can be planned with some form of certainty.

"The challenge will be for the government to get climate-change projects under way and the ETS carbon tax provides more certainty around funding streams for these activities."

In addition, the low-emissions vehicle fund has been renamed as the low-emissions transport fund, which Crawford describes a "timely initiative".

"When this fund was originally set up, it was constrained and was only trying to encourage EVs," he told Autofile.

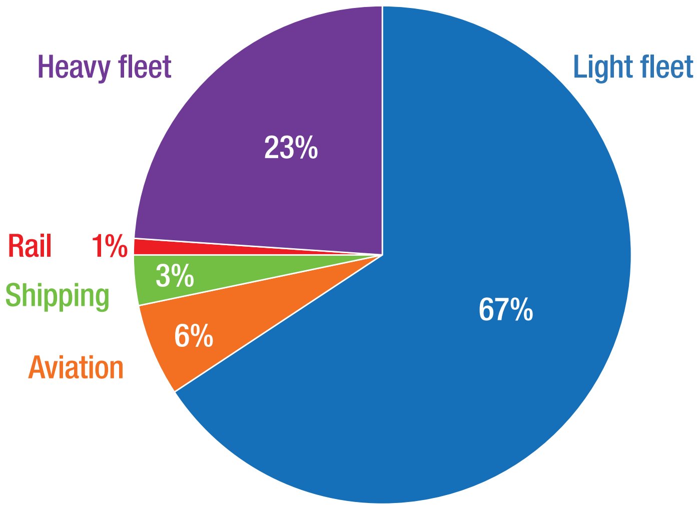
"What has now been done is to morph it into wider transport emissions-reduction programmes. This is more holistic in that the fund can now be used to trial projects across a range of platforms."

As for the MoT's green paper, Crawford believes "it's long-winded and could have done with being half in length".

He adds: "But if we want to truly make our city spaces more sustainable, it will take changes across a range of matters to be realised.

"As for a ban on ICE vehicles on our roads by 2050, that will have to be debated. We think the MoT has got this wrong because who's to say with advances in technology that a carbon-neutral fuel will not have been developed for ICEs by then."

Domestic CO2 emissions by transport mode



The Ministry of Transport says domestic travel by light vehicles accounts for 67 per cent of transport GHG emissions and 13 per cent of New Zealand's total gross GHG emissions

Extra action on illegal traders

An industry organisation describes the level of enforcement taken by the government against illegal car dealers as "considerable", but warns it is likely to be only "the tip of the iceberg".

Official statistics obtained by Autofile show the Ministry of Business, Innovation and Employment (MBIE) wrote to 647 possible unregistered traders in the 2019/20 financial year.

Action taken by the ministry's trading standards division resulted in 16 convictions and netted nearly $80,000 in fines during that period.

In the previous year, 608 possible illegal traders were contacted and 35 convictions obtained.

The Motor Trade Association (MTA) has welcomed the enforcement, but believes more can be done.

Tony Everett, sector manager – dealers, describes the number of people contacted by MBIE in recent years as considerable and equivalent to about 20 per cent of those registered to sell vehicles.

"The numbers the ministry are writing to are high and, in one respect, good on them," he says. "Equally, it suggests unregistered trading is a prevalent activity and this might be the tip of the iceberg.

"However, the numbers MBIE ends up prosecuting are quite low. A lot of suspected unregistered traders appear to simply be told they will be watched for a while, which says to me that it's perhaps too expensive to prosecute them.

"For those who get prosecuted, it looks like a bit of a wet bus-ticket fine and the size of the fines are unlikely to deter such behaviour.

"Unregistered traders will likely continue selling cars because they may calculate they can make more money by selling without being on the register and then just pay any fine when it lands."

Any business or individual dealing more than six vehicles a year – which Everett describes as a "generous threshold" – needs to be listed on the Motor Vehicle Traders' Register (MVTR). At the end of April, there were 3,082 dealers on it.

Individuals selling more than six cars a year need to be on the Motor Vehicle Traders' Register

Data matching and monitoring

	2018/19	2019/20
Letters to possible unregistered traders	608	647
Cases referred for investigation	441	275
Ongoing monitoring	150	214
Referred to consider prosecution	66	31
Ongoing investigations	80	0

There were 35 convictions against unregistered traders in 2018/19 resulting in a total of $238,500 in fines. The largest penalty was $18,000. There were 16 convictions in 2019/20 and $79,925 in fines with the largest being $10,000. Some of the year-on-year decrease was due to a range of factors, such as Covid-19 resulting in some sentences being delayed. Source: MBIE

Registered traders must follow the rules of the Motor Vehicle Sales Act (MVSA), which Everett says are weaker than the previous laws dealers had to operate under.

To join the MVTR, people only need to provide their name, service address and pay an annual fee of about $600.

Everett suggests the registration requirements need bolstering if they are to go some way to addressing the problem of illegal sellers.

This could include having to provide an address for a defined place of business that meets any local-council bylaws and being forced to display a certificate of registration at all times.

"The regime has gone from one that was maybe too tight to one that's too loose because now you simply put your name on a list and there's no specific entry requirements," notes Everett.

"At the very least if you're going to get into trading, you should have to demonstrate some understanding of consumer law and the rules of compliance under the MVSA."

In contrast, he points out people whose businesses fall under the Second-hand Dealers and Pawnbrokers Act, such as antiques or scrap metal dealers, need to demonstrate knowledge of the industry, their legal obligations and be vetted by the police before receiving a licence.

Everett adds the laws for motor-vehicle traders seem disproportionately light given used-car sales generate billions of dollars every year.

With about 600,000 passenger and commercial units sold privately per annum, he calculates if the average second-hand vehicle fetched $5,000 it means the total value of transactions would come in at about $3 billion.

"It's a very big piece of commerce for New Zealand and for something so big I'm staggered that it doesn't get more attention."

Possible illegal traders are often contacted by MBIE following exchanges of data with Waka Kotahi New Zealand Transport Agency under agreements overseen by the Office of the Privacy Commissioner to establish who may need to be registered.

Rather than writing to hundreds of operators every year, Everett says allowing enforcement agencies to issue instant fines may be more effective and provide a more powerful deterrent.

"Unregistered trading has been an issue for a long time and it's always been a niggle in the industry because of the low enforcement rates under the MVSA over the past 17 years," he told Autofile.

"It's good MBIE is doing enforcement and tracking change of names and monitoring sales activity, which is helping identify unregistered traders, but it's easily got around because people can stop operating and simply trade in their partner's name or their children's names.

"The system boils down to private individuals or Waka Kotahi seeing someone has bought and sold too many cars. MBIE then writes to that person and often decides not to prosecute because the cost to prosecute through the courts is considerable.

"It would be much better, and a much cheaper alternative, if enforcement agencies could issue a fine without going through the court system.

"It seems a bizarre scenario that in some sense we either need a much more rigid regime and tighter consequences for unregistered traders, or do we just flag it entirely and say, 'consumer beware'."

While unregistered trading remains a problem, Everett acknowledges it has also provided the industry with a channel to "get rid of old clunkers they do not want".

"I think industry people have stopped moaning about it and now accept it's an activity that goes on," he adds.

"Dealers may lose some

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business because of unregistered traders, but those people are mostly operating in the lower price-end of the market so they may not be competing that strongly with registered dealers.

"In my opinion, the damage is more in the consumer arena because it's consumers who ultimately miss out on legal protections."

Source of complaints about unregistered traders

FINANCIAL YEAR	FROM CONSUMERS	FROM AGENCIES
2020/21*	82%	18%
2019/20	79%	21%
2018/19	95%	5%
2017/18	94%	6%

*as of March 12, 2021. Source: MBIE

COURT ACTION

Data-matching information leads to most of the action taken by MBIE against car dealers who are operating outside of the rules.

Stephen O'Brien, MBIE's registrar of motor-vehicle traders and manager of Trading Standards, says if inquiries suggest a subject is trading while unregistered, it will take further action with the aim of achieving compliance by way of registration.

"In the first instance, we write to the trader, advising of the requirement to register, and continue to monitor them," he notes.

"While getting traders to comply with the act voluntarily is the primary objective, in cases when a trader does not engage with the registrar, or refuses to comply, an investigation and prosecution may be used to achieve compliance."

The highest penalty from among the 16 dished out in 2019/20 was a $10,000 fine for an unregistered trader selling 16 cars.

Trading Standards secured 35 court convictions totalling $238,500 in fines in 2018/19, which was up from 18 successful prosecutions the previous year.

"We believe the increased prosecutions during 2018/19 have been because of increased awareness of the registration requirements of the MVSA," adds O'Brien. "This is particularly the case when there has been local media coverage of these prosecutions."

REFERRALS INCREASE

Complaints about unregistered motor-vehicle traders have increasingly been referred to MBIE by other government agencies in the past two years, rather than coming directly from consumers.

Figures released to Autofile by the ministry reveal a major shift in the source of alleged grievances about dealers accused of flouting the rules.

MBIE says about one-in-five such complaints since mid-2019 have come directly from another agency or a consumer who has made contact following a referral.

The proportion was about one-in-20 during the 2018/19 and 2017/18 financial years, and it is unclear what exactly is behind the change.

However, O'Brien suggests the surge in prosecutions through 2018/19 might have helped raise awareness of the requirements under the MVSA.

Quarterly meetings between agencies responsible for the motor-vehicle regulatory system over the past two years may have also been a factor.

"We hope the increase of prosecutions has led to increased awareness of the statutory requirements for registration and will motivate those that should be registered to take action by seeing the potential results of their non-compliance."

Organisations that may learn of complaints include the Motor Vehicle Disputes Tribunal (MVDT), the Commerce Commission, Waka Kotahi, the police and Trade Me.

Regardless of the origin of complaints, he states part of his role is to ensure there is a fair and level playing field for anyone wanting to sell cars.

He warns unregistered sellers often fail to provide accurate information about what they are selling and are making it difficult for consumers to access the MVDT for a determination if problems occur.

"There should be no advantage gained by those who do not wish to trade legally and are non-compliant.

"This may result in loss of confidence in the motor industry as a whole and reflects badly on all compliant, registered traders."

O'Brien notes individuals and businesses need to remain aware of the regulations at a time when trading outside of the traditional method of in-person transactions at physical car yards is growing.

"This is due to the increased use of alternative methods of sale over a variety of platforms, such as online, that make it easier for individuals to sell six or more vehicles in a year and be unaware of the requirement for registration or deliberately try to avoid registration.

"All those who carry on the business of a motor-vehicle trader need to comply with the MVSA independent of the method used."

Information on the requirements and how to register ▶

as a trader, either as an individual or a company, are available online at www.motortraders.govt.nz.

INVESTIGATING CLAIMS

In the current financial year, which ends on June 30, Trading Standards had received 37 complaints as of March 12 about unregistered motor-vehicle traders. There were 25 similar complaints in the previous reporting period.

O'Brien says after receiving such a complaint, staff make inquiries to determine if the subject is compliant with the MVSA.

"If inquiries suggest a subject is trading while unregistered, we will take further action with the aim of achieving compliance by registration."

After advising a trader of the requirement to register, their annual vehicle sales numbers are regularly checked using data from Waka Kotahi.

This allows Trading Standards to identify if that person's activities need to be more closely investigated or removed from monitoring.

"If a person being monitored is suspected of further unregistered trading and on investigation this is substantiated, any previous warning or correspondence will be taken into consideration for escalation of compliance action to prosecution," says O'Brien.

"The frequency of these checks depends on our investigation capacity at the time, but we aim to check individuals or companies on the 'monitoring' list on at least a quarterly basis."

Anyone deemed to have achieved compliance with the MVSA is taken off the monitoring list.

Complaints to MBIE about unregistered traders

WHAT HAPPENED	2018/19	2019/20	2020/21*
Found to be compliant	15	13	14
Further action taken	16	10	4
Inquiries ongoing	0	0	16
Unable to proceed due to lack of evidence	12	2	3

*as of March 12, 2021. Source: MBIE

REGISTER RULES

The MVTR holds information about registered traders and their business.

O'Brien says: "Anyone can search the MVTR's online register for registered traders legally able to trade and traders who are banned."

As registrar of motor-vehicle traders, Trading Standards accepts or refuses applications for registration and removes those disqualified from registration. It also investigates odometer tampering and those trading illegally.

Following any investigation, the registrar can send a warning letter, issue an infringement notice, cancel registration, ban someone from operating as a trader or pursue the matter through the courts.

Maximum fines for breaching the MVSA are $50,000 for an individual and $200,000 for a company.

"Trading Standards' preferred approach is to educate in the first instance," says O'Brien. "We also strive for consistency in approach so businesses can have confidence in interactions with us."

While unregistered trading remains a problem, the issue of registered dealers acting as private sellers has not caused many headaches in the past few years. Details of such complaints aren't readily available because they are recorded as unregistered trading.

"Anecdotally, such complaints to the MVTR are very rare with only one recalled instance in the past couple of years," says O'Brien.

"I would also note the primary course of redress for consumers affected by registered motor-vehicle traders acting as private sellers would be a complaint to the Commerce Commission or MVDT."

Risk posed to vehicle imports

An industry organisation is warning proposals to introduce a tougher emissions standard for new vehicles being imported from 2023 is too soon and will limit what cars many marques can bring in.

The Motor Industry Association (MIA) has expressed its concerns after the Ministry of Transport (MoT) started consultation on plans to raise the bar for what's known as the Euro 5 standard to Euro 6.

The MoT emailed the association on May 24 outlining proposed changes to the Land Transport Rule: Vehicle Exhaust Emissions 2007.

David Crawford, chief executive, told Autofile the MIA is not opposed to the measure in principle, but the suggested timing is a "significant issue".

He says: "Our members need a sensible timeframe for this to happen when it comes to their new and existing models.

"The proposed timing of this for 2023 is too soon and will almost undoubtedly mean most brands will be unable to bring in some models.

"Nevertheless, the MIA is currently consulting with its members about when they think they can supply Euro 6."

Crawford states about 70 per cent of light vehicles in this country comply with Australian Design Rules (ADR), which are currently set at Euro 5 emissions standards, and New Zealand represents a "very tiny" share of overall global sales and is classed as part of the Australasian market by manufacturers.

"If Australia does not become Euro 6 compliant, then most of our brands are unlikely to be able to comply with Euro 6 until Australia does, which is reported to be 2027."

Crawford adds there are also challenges for the heavy-vehicle sector as several brands are manufactured in Australia and must also meet the ADR.

"Australian-built heavy vehicles cannot move to Euro 6 until Australia does. We are liaising with our members about when we can shift to Euro 6 for the heavy fleet.

"When it comes to timing, some manufacturers will be able to comply but others may not be able to do so for some time."

A government document in February this year about the proposed clean-car import standard reports that cabinet has agreed to update the exhaust emissions rule by the end of 2022.

It plans to take a phased approach on used and new light vehicles to meet Euro 5 and 6 respectively, and equivalent standards from other markets, this decade.

It adds: "New Zealand presently allows Euro 4 used vehicles to be

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"The proposed timing will almost undoubtedly mean most brands will be unable to bring in some models"
– David Crawford, MIA

Ministry seeks change

The government is committed to updating the vehicle exhaust emissions rule before the end of next year and wants input from industry before firming up any proposals.

Current regulations were introduced in 2007 and have not been adjusted since 2012.

Ewan Delany, manager of environment, emissions and adaptation, says the MoT is keen to work alongside the car industry to introduce "achievable emissions standards".

It has initially proposed lifting the standard for used imports to Euro 5 from January next year and to Euro 6 for new vehicles from 2023.

"Cars, utes and vans we use every day are a major source of air pollution," Delany told Autofile. "The cars sold today will, on average, be in the fleet for the next 20 years, so it's vital we take action now to turn the tide against the flood of high-polluting vehicles.

"At this stage, we have asked a few industry stakeholders to respond to a survey surrounding possible dates for implementation of more stringent standards to gauge what is possible for industry."

He explains the standards and dates mentioned in its survey are as yet unconfirmed but are a starting point for conversations with industry.

MoT communicated to VIA and the MIA in February 2021 that updates would be made to the rule by the end of 2022. Delany says the survey sent out last month is consistent with that timing and content.

"The contents were not a policy announcement, but rather a discussion to inform policy.

"After engaging with industry, we will provide further advice to the minister regarding a change to the vehicle emissions rule. Any proposed amendments – should they go ahead – would require regulatory change and thus public consultation of proposed changes."

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imported [a standard banned 11 years ago in Europe] and Euro 5 for new vehicles [banned six years ago in Europe].”

Euro 6 became mandatory in Europe in 2015, and equivalent standards are now incorporated in North America, India and China.

Less than 25 per cent of Euro-standard based vehicles entering New Zealand in 2020 met Euro 6, says the government.

Another issue being explored by the MIA is what will need to be done to ensure fuel is of an adequate standard to be used with Euro 6 vehicles.

Crawford says petrol in New Zealand needs to have the correct aromatic blend to meet Euro 6.

“Currently, the Marsden Point Refinery is unable to make petrol at or below this level. Imported petrol is available at the required blend levels.”

Crawford notes the MIA has had a brief discussion with the Imported Motor Vehicle Industry Association (VIA) on the issue and may take a co-ordinated approach to government “when it makes sense to do so”.

USED IMPORTS ISSUE

The MoT also emailed VIA on May 24 asking it to survey members about introducing the Euro 5 standard for used imports from January next year.

The proposal led to robust debate at the association’s annual general meeting in Auckland on May 26 and members of the executive team have since been in frequent discussion with the ministry over the matter.

David Vinsen, VIA’s chief executive, says it held talks with MoT staff on May 28 and June 1 to clarify the purpose and aims of the survey request.

“There’s no need to bring in Euro 5 and 6 regulations because we will move to those standards naturally” – David Vinsen, VIA

“We’re working on the emissions standards and discussions with officials will continue, but we don’t expect anything to happen urgently,” he explains.

“When the exhaust emissions rule was being looked at in 2004 and 2005 ahead of its introduction in 2007, it was acknowledged that Euro 5 and 6 or their equivalents were not significant steps forward from Euro 4, apart from for diesels.

“Officials decided it wasn’t worth doing anything at that time because it would cause too much disruption and aggravation for the market, and any improvements on vehicle emissions would be marginal – with the exception of diesels.”

The government is currently exploring a range of options to help it reduce harmful emissions, including greenhouse gases.

Vinsen says the MoT raised the idea of reviewing exhaust emissions again two years ago and a senior government official at the time “confirmed what had gone before”.

“He told us any changes they would like to see would be with regard to diesels and tailpipe testing of the in-service fleet, which are both initiatives we would support.

“There’s no need to bring in Euro 5 and 6 regulations because we will move to those standards naturally as stock withdraws from the market because of ESC [electronic stability control] rules and the fuel-economy standard running in parallel.”

VIA sent an email update to members on June 1, stating it aims to ensure any government proposals are “reasonable” and do not threaten the used-car market.

It notes the survey from the MoT is a way of signalling government officials’ line of thinking, to encourage industry feedback and was not intended to be an announcement of official policy.

VIA has reassured members it has been advised the MoT does not intend to end the importation of used vehicles, or vastly reduce the supply of used vehicles from Japan.

Vinsen adds: “The vehicle exhaust emissions rule is back on the table for review and we will start going through the regulatory process of consultation, submissions and collaboration to reach the best possible outcome for NZ Inc, which is the country, the environment, market and therefore the industry and consumers.”

Call for fresh approach on emissions

The Motor Trade Association (MTA) is calling on the government to boost consumer demand for low-emissions vehicles through education and incentives.

It also wants more emphasis placed on tackling pollution caused by the existing fleet and recognition of the issues around accessing cleaner vehicles when overseas stock is severely limited.

Greig Epps, advocacy and strategy manager, says the MTA applauds the $302 million contingency in last month’s budget for what Grant Robertson, Minister of Finance, says is “to implement a regime to incentivise the uptake of low-emissions vehicles”.

However, Epps believes it would have been better for the government to have more clearly signalled what actual proposals will be coming. Its failure to do so has created uncertainty in the market – for the industry and public.

“It would appear whatever this $302m is for will be contingent on the NZTA coming up with a working credit and penalty system for the clean car-import standard, and we assume this will include incentives.

Greig Epps

“Once the agency has that system set up, we understand it will help car importers to track emission averages in 2022 and for them to plan for following years. Importers will also need to assess how to work within any incentive scheme, but only if they have more details about it.”

Epps says the industry needs to be confident such a plan can be implemented smoothly because a lot of work will be needed to get people into EVs.

“It is good to see the government putting words into action regarding its own procurement policies, but what is disappointing is the lack of education for consumers pointing to the lower-emissions pathway.”

He adds there are major issues when it comes to what the car industry can source from overseas.

“For example, there are currently less than 200,000 EVs in Japan and we can’t be sure when they will be brought to auction,” explains Epps. “Also, we will be competing with other jurisdictions for low-emissions vehicles that do become available.

“If our government is looking for a transition, it needs to do something to raise awareness about the existing fleet and emissions, such as in-service testing.

“Many consumers cannot afford to buy electric cars, so they need to be educated and incentivised on how to get into progressively better vehicles.

“Then there is scrappage, which needs to be looked at because some 30 per cent of the fleet is already over 15 years old.

“We need a fresh approach to get people into newer, safer and less-polluting cars, instead of just mandating low-emissions vehicles be imported.”

Back in black

The Imported Motor Vehicle Industry Association (VIA) has delivered an operating surplus of $47,074 for 2020/21 compared to a deficit in the previous financial year.

Chairman Chris Stephenson describes this as a "significant improvement", which has been achieved through increased subscription income and reducing operating expenses.

"The $47,000 is made up of two parts," he explains. "Approximately $30,000 is an operating surplus being the difference between membership subscription and operating expenses."

Stephenson adds the balance of $17,000 is income remaining from a special member contribution fund that's ringfenced for VIA activity relating specifically to the proposed clean-car import standard.

"The board would like to thank members who have contributed. Their support has enabled the engagement of some high-value consulting support to shape recent VIA submissions."

Stephenson says the board is aiming to make the association financially sustainable so it's able to meet the needs of its members.

"A focus for VIA over coming years will be to grow its income through attracting new members while maintaining a close eye on operating expenses.

"The board acknowledges that as VIA makes progress towards that goal, from time to time additional expenditure may be required."

The association's total revenue in 2020/21 came in at $509,995 compared to $478,596 in the previous reporting period.

Revenue from membership and sponsorship contributions rose to $450,237 from $399,255.

Industry movers

STACEY KEARINS has been appointed as director of automotive at Smart Loyalty NZ, which specialises in customised loyalty and reward solutions for the motor-vehicle sector.

Kearins has been promoted into the role after being programme director. She originally joined the company, which is part of the Marque Group, in 2018.

She started as a business development manager working with dealerships before becoming group account manager for OEM partners.

Kearins gained experience in the automotive sector prior to joining Smart Loyalty, working for MITO as an industry training adviser for almost four years.

TONY GIBSON is stepping down as chief executive officer of Ports of Auckland Ltd (POAL) at the end of June.

He says it has been a "difficult decision" to make, describing POAL as "full of wonderful people doing amazing things".

Gibson, pictured, adds: "Over the past few months, there have been persistent and sometimes personal attacks on me. This focus on me is damaging to the company.

"It is taking our focus off what is important – delivering change. I can't let that continue, so for the sake of our people and their good work, I've decided to step down."

Deputy CEO Wayne Thompson, who is also chief financial officer, will step up on an interim basis until a new chief executive is appointed.

Grant Barling

GRANT BARLING has been appointed to the newly created role of general manager of Maserati Australia and New Zealand.

He has been promoted from national sales manager with Glen Sealey, former chief operating officer, moving within Ateco.

Barling has more than 30 years' automotive experience and joined the group in 2019 following senior roles with luxury brands including Audi and Lexus. He began his career with Toyota.

Glen Sealey

Sealey now heads up Renault for Ateco across the Tasman.

The French marque joins LDV, Maserati, Ram Trucks and Upfitter in Australia, alongside Alfa Romeo, Fiat, Jeep, Maserati and Ram in New Zealand, with Ateco.

ELTON GOONAN has been appointed as chief executive officer of MotorSport New Zealand after helping steer the organisation through challenges posed by the Covid-19 pandemic.

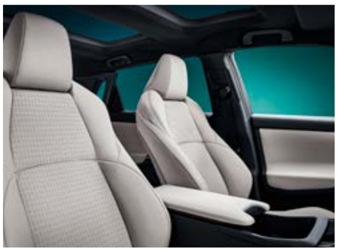
The 46-year-old previously held the position in an acting capacity for nearly 12 months following a coronavirus-induced restructuring in June 2020.

Goonan's experience includes 15 years based in Europe competing in a variety of classes, and being employed to manage circuits and organise events around the world.

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

Vision of emissions-free future

The bZ4X concept



Toyota has unveiled a concept of the first car in its beyond Zero (bZ) series as it prepares to launch 15 zero-emissions vehicles by 2025.

The marque describes the SUV as "the hero" in its shift towards electrified powertrains, with seven bZ models due in the next four years.

"Adding the first battery electric vehicle [BEV] to our range continues our journey of offering choices for customers while helping New Zealand realise a zero-carbon future," says Neeraj Lala, chief executive officer of Toyota NZ.

"Toyota has been vocal in our support of the government as we transition to a low-emissions economy and we're excited at the prospect of bringing our first pure battery electric car here next year."

Lala says the bZ4X will "not be an affordable BEV for all Kiwi households and businesses" initially because of research and development cost recovery.

"Our focus will also be on how we can transition it into the used-vehicle market as quickly as possible so all Kiwis can become familiar and enjoy this new technology," he adds. "This is why we see affordable hybrids and plug-in hybrids as transitional technology and a bridge to a sustainable future."

Lala notes Toyota NZ's average carbon dioxide (CO_2) emissions are 165.9g/km – nearly seven grams lower than the industry average.

He says the company is focused on introducing lower-emission products with the marque currently offering 55 electrified models worldwide.

By 2025, Toyota's global line-up will be expanded to 70 models of all-electrified vehicles, including hybrid, plug-in hybrid, battery and fuel-cell EVs.

"Our priority is to offer affordable vehicles that meet the needs of all New Zealanders," says Lala. "This means a range of powertrain options to suit consumers' needed. Like hybrid technology 30 years ago, adoption and affordability will take some time.

"BEVs will eventually become a sustainable means of mobility. However, it will take time as the energy mix, battery technology and infrastructure are still being developed."

Toyota says it wants to realise "mobility for all" on a global scale, with a focus on small-capacity, short-distance and ultra-compact BEVs. It also plans to establish new business models such as commercialisation of battery reuse and recycling.

The bZ series is aimed at widespread use in larger markets where there is greater demand for such vehicles and a plentiful supply of renewable electricity. These models will be based on BEV-dedicated platforms that can be used with multiple variations in terms of size and design.

Because it's difficult for Toyota to prepare such a wide range of choices on its own, the company is working with partners boasting expertise in different fields.

The bZ4X has been developed with Subaru and adopts the e-TNGA BEV-dedicated platform created by both companies. The aim is to sell the vehicle in Japan and China with global sales due to start by the middle of 2022.

EXTENDING RANGE

Honda will only sell electric and fuel-cell vehicles by 2040 as it plans to ditch petrol and hybrid cars.

It hopes to increase the proportion of zero-emissions vehicles in its global sales to 40 per cent in 2030 and 80 per cent by 2035.

Besides launching new EV models over the coming years, the marque will also seek to develop more advanced batteries that extend single-charge distance.

The move is part of a $63.9 billion investment over the next six years to enhance the research and development of automotive electrification and safety features.

TAKING ON TESLA

General Motors is preparing to do battle with Tesla after revealing 40 per cent of its model launches in China over the next five years will be EVs.

It also plans to produce more SUVs, and roll out intelligent driving and connectivity programs in the world's largest automotive market before 2025.

The new EVs will be manufactured in China with most parts coming from local suppliers.

GM's strategy aims to arrest a recent dip in sales following more than two decades of growth in a country that contributes nearly one-fifth of its global profits.

The US-based carmaker has yet to reveal how many new models it's planning to launch in China over the next five years.

"China will play a crucial role in making our vision a reality," says chief executive Mary Barra, referring to GM's bid to create a future of "zero crashes, zero emissions and zero congestion" through electrification and smart-driving technologies.

The company plans to invest more than $31b in electric and automated vehicles worldwide within the next four years.

CIRCULAR PRINCIPALS

Volvo Cars has pledged to reuse batteries from its EVs as it hopes to achieve annual savings of about $165 million and reduce its CO_2 emissions from 2025 by adopting circular-business principles.

Ventures include closed-material loops for emission-heavy materials, such as steel and aluminium. It will also remanufacture, repair, reuse and refurbish parts.

Volvo is investigating how batteries age when reused in second-life applications and learning more about their commercial value post-car use.

Converting fleet to boost market

The government has unveiled spending of $13.1 million to purchase or lease more than 400 electric vehicles (EVs) for the state fleet.

It will also install extra charging infrastructure in a bid to accelerate its plans for a carbon-neutral public sector by 2025 and for more low-emissions cars to filter through into New Zealand's used-vehicle sector.

"Introducing 422 EVs to the state fleet will reduce carbon emissions by around 11,600 tonnes over the next 10 years," says James Shaw, Minister of Climate Change.

"Over the life of a typical EV, emissions comparison with an internal combustion engine aren't even close. They are also much are cheaper to run than petrol cars.

"The conversion of government fleets also means more demand for EVs, which will start flowing through into the second-hand market making them more accessible.

"This announcement is a significant step towards our goal of carbon neutrality in the public sector within five years."

The funding will come from the $200m State Sector Decarbonisation Fund, administered by the Energy Efficiency and Conservation Authority (EECA).

Dr Ayesha Verrall

It includes $5.1m to help the Department of Conservation (DOC) purchase 148 EVs and charging equipment.

Kainga Ora, which provides rental housing for Kiwis in need, will receive $1.1m to purchase 40 EVs and Northland DHB will get $4.3m to lease 150 units. The NZ Defence Force will receive $1m to secure 32 EVs by leasing and buying.

There is also $758,000 for ACC to buy 25 EVs. EECA estimates this project will reduce its carbon emissions by about 350 tonnes over the next 10 years.

Five other agencies, which will also invest money from their own budgets, will receive funding for EVs and associated charging infrastructure. They are:

- The Ministry of Māori Development – $493,000 to buy 16 units.
- Statistics NZ – $108,000 to buy four.
- Scion, a crown research institute – $96,000 to lease three EVs.
- Ministry of Education – $84,000 to lease three units.
- Hawke's Bay DHB – $29,000 to buy one EV.

Dr Ayesha Verrall, Acting Conservation Minister, says the government must not take its foot off the accelerator when it comes to transport emissions.

She says this latest funding will help DOC remove 490 tonnes of carbon-dioxide equivalent per annum from its fleet emissions – a 19 per cent drop compared to the 2018/19 financial year.

"Combined with other DOC vehicle-emission reduction programmes, the total projected reduction is 26 per cent once all the EVs are on-road."

The carbon-neutral government programme was announced in 2020.

Agencies are required to measure and publicly report on their emissions, and to offset any they cannot cut by 2025.

They are also compelled to purchase battery electric vehicles (BEVs), or plug-in hybrids if a BEV is inappropriate for the proposed use.

Courage needed from government

I preface this opinion piece by stating these are my own views and VIA will submit its response through official channels.

The simple acknowledgement of the money waiting for anyone who could provide a hypothesis that better fits the data leads me to trust the consensus on climate change.

And that's the long-term cost of failing to mitigate climate change will far outweigh the cost of addressing it now.

I say this having no specific background in climate science, but I do have an advanced degree in the sciences.

The government's green paper – Transport Emissions: Pathways to Net Zero by 2050 – reads as if written by a climate-change denier trying to justify the bare minimum needed to meet legal obligations.

It reads like the government has taken all ideas in transport that have had some favourable international response and squeezed them for all possible emissions savings, no matter how unrealistic or irrelevant due to overlapping savings.

How will reducing congestion reduce emissions if we are all driving electric cars? And the targets? Uninspiring, unequally applied and inconsistent.

Change is necessary. We need our team of five million to alter their behaviour. We need companies to move to alternatives that are low-to-no greenhouse gas (GHG) emitting.

This requires a consistent message that's not happening. We are told GHGs are bad and we all need to do our bit, unless you're in a favoured industry or have convinced the government to exempt you.

Why are there exemptions? Why should businesses in non-favoured sectors pay a higher rate for emissions? There are non-methane producing milk and meat alternatives. Why, then, are biogenic sources of methane exempt?

How is an argument that "real" milk is the best any different to someone saying internal combustion engines (ICEs) make for the best vehicles? Both arguments are identical in form and function, but how far would we get in arguing ICEs should be exempt from GHG targets?

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

> "Most adults would receive more via dividends than they spend on a carbon tax"

I don't mean this as an attack on agriculture. But it is a high-emitting industry and since the government report I'm writing about has caveats about every mention of targets with a disclaimer exempting biogenic methane, it's the obvious case for my point.

The car industry is being told that if we cannot provide low-to-no emitting products, we shouldn't exist. Why isn't every industry being told that and why isn't everyone being held to account equally?

That, of course, brings us to poor people. They haven't been primary benefactors of the current carbon-based economy, but will evidently bear the weight of this transition. If this is true, fairness isn't even a consideration. Stating it is doesn't make it so.

As for shared mobility, there has never been a barrier to car-pooling other than Kiwis like their private spaces, so the message is just tax those who don't do it. In other words, force poor people to car-pool – probably in older vehicles – by ensuring they will be unable to afford to do otherwise.

What's most frustrating about this is there's a solution that addresses many of these issues and that's a universal carbon dividend.

A meaningful carbon tax is generally accepted as the best way to force behavioural and product shifts, but price increases tend to impact low-income earners more.

If, however, the government was to equally apportion the money collected to adult New Zealanders, that makes a tax progressive.

In fact, instead of a tax, a carbon dividend could be considered the price we are paying each other for the use of the commons – our shared resources.

A carbon dividend has surgical precision. It has all the benefits of a tax, including a low cost of implementation estimated at 10 per cent of managing a single standard and precision in targeting emitters.

It would be simple and inclusive. The only lever necessary is the price of carbon. If the current system isn't creating enough incentive to change, then raise the price. Every industry should be included and it precludes the need for any other policies.

Since it would be ubiquitous, there would be no confusion about what changes need to occur in our personal behaviour and business decisions.

Unlike regulations and standards that may not be particularly fit for purpose, there is no question of efficacy or goal. It will also drive research and development into low-to-no emission alternatives by making them more competitive over time.

Fairness is a key aspect because every person and business would pay for their choices. Most adults would receive more via dividends than they spend on a carbon tax. This is more palatable than telling all Kiwis they have to bear the stick for the next 30 years.

Finally, this policy could be extended to promote efficiency in the electrical grid, manage data and even offset some risks related to widescale implementation of automation.

I may be starting to sound like a scratched record, but I'm not the only one. The carbon dividend has been endorsed by many economists, including 45 Nobel Prize winners.

Unfortunately, there is one unsurmountable barrier. This solution would require courage from our government to develop something unique for New Zealand.

Market for used cars rebounds

Turners Automotive Group has reported record earnings and anticipates its profits will further increase during the current financial year.

A resilient used-car market helped it to rebound strongly from the disruptions of Covid-19 when lockdowns effectively reduced the 2020/21 financial year to a 10-month trading period.

The company's net profit before tax (NPBT) for the reporting period came in at $37.4 million, which was 29 per cent more than in 2019/20. Underlying NPBT at the end of March was $34.3m, up by 19 per cent.

Net profit after tax was $26.9m, an increase of 28 per cent, while revenue slipped 11 per cent to $296.5m over the same timeframe.

Turners says its response to the impacts of the pandemic, including acceleration of its digital plans and cost-management strategies, saw profits rise in three of its four segments.

Profit grew by 50 per cent in insurance, 30 per cent in finance and 11 per cent in automotive retail. The only decline was in the credit management business – down by per cent.

Grant Baker, chairman, says: "Initiatives worked on over the past two to three years are really starting to come together and most importantly are delivering results, even during the disrupted period of 2020.

"Our company is in a real position of strength and we feel confident in our growth plans. Margin expansion and market-share gains are helping deliver bottom-line growth we knew was possible."

April and early May this year have seen a continuation of the positive momentum Turners has enjoyed over the past 10 months.

Its April 2021 financial results were "materially ahead" of April 2019, which is a more comparative period because there was no pandemic to contend with.

The company expects the automotive market to remain supply-constrained for 12-18 months due primarily to impacts on the new-car supply chain.

Grant Baker

David Page

Other forecasts include that new lending in the finance business will be strong, arrears will continue to improve and insurance policy sales will be buoyant.

New Zealand Automotive Investments (NZAI), meanwhile, has surpassed its financial predictions to report underlying NPAT of $3.8m for the year ending March 31. The total is slightly above previous guidance of $3.3-$3.7m.

Actual NPAT slipped to $3.2m, a drop of $1m from the end of March 2020, and includes $700,000 in costs to list the company in February.

Revenue and income for the 2021 financial year was $66.1m, down $10.3m from a year ago with NZAI estimating $7.4m was lost was because of coronavirus.

Closing five less-profitable dealerships reduced revenue by an estimated $6.9m. Those losses were offset by growth of $3.3m in 2 Cheap Cars and an extra $700,000 from its finance arm, NZ Motor Finance.

David Page, chief executive, says: "With a proven track record, strong governance and management in place, NZAI is focused on implementing its strategic roadmap for growth.

"The direct listing will support NZAI's long-term growth and provide NZAI access to capital in the future for expansion, in particular to grow the vehicle finance business."

NZAI says sales volumes at its dealerships in the second half of the financial year recovered to levels seen in the 2020 financial year.

Second-half revenues of $35.5m were down from $37.2m a year earlier and were hit by a "reduced dealership footprint and the effects of the February/March lockdown in Auckland".

Page says the 2 Cheap Cars business held up well in the last financial year and proved to be resilient in the face of Covid-19. It sold 8,207 units in the past financial, down by 2,812 on the previous year when it retailed 11,019.

NZAI says sales of electric vehicles and plug-in hybrids almost doubled in the past 12 months and accounted for more than one-fifth of trade in the first three months of 2021, up from eight per cent at the same time a year earlier.

As for NZ Motor Finance, its loan book grew by 138 per cent in the 2021 financial year, an increase from $1.6m the year prior to $3.8m thanks to 461 loans in total.

The month that was... June

June 11, 2004

Soft stand taken on new law

The enforcement of new laws for registered motor-vehicle traders was too soft, according to automotive industry associations.

After transitional licences ended on March 15, vendors not registered as dealers under the new Motor Vehicle Sales Act had been operating illegally, and were liable to fines of up to $50,000 for individuals and $200,000 for companies.

In May 2004, Autofile reported that trader numbers were about 400 less than the 3,100 originally forecast by the Ministry of Economic Development (MED). At the time, representative Margaret Vos said the ministry remained confident more vendors would register, but mentioned no specific plans to enforce that.

David Vinsen, head of the Independent Motor Vehicle Dealers' Association (IMVDA), said it was time to get tough.

"The MED is taking the easy road of targeting registered traders for little things like SIN cards when there are people selling cars from kerbsides and car fairs without being registered at all."

Bridget Cheeseman, of the Motor Trade Association (MTA), said: "The lack of evidence of enforcement suggests processes are not in place to fix the problem."

June 9, 2006

Provincial Finance folds

Thousands of investors were nervously waiting for information as Christchurch-based Provincial Finance Ltd struggled through difficulties.

Autofile reported in May 2006 that it had pulled out of vehicle lending and was forced to suspend dealing in its fixed-interest debentures.

Perpetual Trust Ltd, trustee for the debenture stock issued by Provincial Finance, placed the latter and CarSave, its south Auckland-based used-vehicle company, in receivership.

Provincial was the second finance company to collapse with close ties and common shareholders with an affiliated major used-car operation.

The company's receivers were understood to be working with Alan Hubbard, of South Canterbury Finance, who had offered to buy about $23 million worth of loans from Provincial.

However, Peter Baynes, chief executive of Perpetual Trust, said the sum needed to lift the company out of receivership would depend on a valuation of subsidiary Tasman Pacific Insurance. If that value fell short, more cash would be needed.

June 3, 2005

Compliance change delayed

Land Transport New Zealand decided against making year of manufacturer (YoM) mandatory for use during the compliance of used imports in a move being heralded as a temporary victory for the industry.

The change was due to come into force on July 1, but importers were instead allowed to continue listing the year of first registration in cases when the YoM wasn't provided.

Frank Willett, the IMVDA's technical services manager, said the Ministry of Transport (MoT) was reviewing the requirement to mandatorily capture the year or manufacture.

The reason for the review was that the decision should tie in with an intended upgrade of the motor-vehicle registration system with a recommendation from the MoT expected in July 2005.

In the past, three trade organisations – the IMVDA, MTA and Motor Industry Association (MIA) – held the collective position that the year of first registration was the critical date for purchasers and YoM had little relevance.

Chief executive Perry Kerr said the MIA backed that opinion, despite agreeing with officials to start entering the YoM into the transport registry centre's database in February.

June 12, 2009

Great Wall hits our shores

Ateco Automotive NZ, distributor for Chinese manufacturer Great Wall Motors, had confirmed a July launch for the brand in this country.

"We've appointed six dealers throughout New Zealand on both the North and South Islands, and they are 'substantial names' we think will represent the brand well for us," said general manager Lawrie Malatios.

"At this stage we're partnering with dealers who have fixed operations and experience in the new-car industry."

At the second stage of the launch, Malatios said the company would look at expanding the dealer network. Full details of businesses stocking the brand would be released when their dealer product launches were complete.

Malatios added that Ateco was absolutely committed to Chinese brands and there was huge demand from New Zealand dealerships to add more models to their yards. Ateco also had plans to import the popular China-made Chery.

The first shipment of Great Walls due that month had been sold to dealers, which Malatios said was exciting at such an early stage.

Trader registration rules fall short

It's extremely easy to become a registered motor-vehicle trader and in the MTA's opinion it is way too easy.

There is no industry knowledge or experience requirements. It's simply a case of put your name on a list. This basic approach, sometimes referred to as "negative licensing", was the strategy employed by the government when the current Motor Vehicle Sales Act (MVSA) 2003 was designed.

At the time the legislation was introduced, the established industry was promised vigorous enforcement activity. Yeah, right.

The MVSA followed on from the 28-year period controlled by the Motor Vehicle Dealers' Act 1975.

That regime was much tougher with entry requiring defined capital input, operation only from an industry-approved place of business and personal entry qualifications, including demonstration of experience in the industry and awareness of relevant legal obligations.

At the time, some commentators surmised tight entry controls were a barrier to people joining the industry and if requirements were relaxed the incidence of unregistered trading would disappear.

Unfortunately, that did not happen with unregistered trading still remaining a problem today.

Most industry participants have long given up complaining about the situation. The industry dips out on some business, but ironically it is buyers who are perhaps the biggest losers because unregistered traders conveniently avoid legal obligations.

TONY EVERETT
Sector manager – dealers, Motor Trade Association

If there's anything wrong with a car sold by a registered dealer, the customer has comeback through consumer-law protection to get problems fixed at the dealer's cost.

If unregistered, buyers will feel they have no rights because the Consumer Guarantees Act doesn't apply to private sellers. If the gearbox is stuffed, for example, then the purchaser feels he or she must fix it.

About 70 per cent of all used motor vehicles – passenger and commercial – in the existing fleet are sold "privately", which is about 600,000 units in a normal year.

For the sake of the discussion, let's assume an average value of say $3,000 to $5,000 per unit, given many are likely to be older vehicles. Put those figures together and it reveals a market worth somewhere between $1.8 and $3 billion.

Regardless of where you put the value of the average sale, you would think it is still an activity big enough to attract more substantive enforcement scrutiny.

Most sellers will hopefully be genuine private sellers, but some won't. The Ministry of Business, Innovation and Employment (MBIE) warned 131 sellers in the 2019/20 year and 31 of those were up for possible prosecution action.

The threshold is not particularly tough – selling more than six vehicles per annum might put you on MBIE's radar. But what about the others an individual may have put under the name of a partner or their associates.

All a bit too hard, perhaps, for an organisation that likely has little manpower and hence not much enforcement capacity.

The situation could be better monitored. But, as often found in areas of commerce, low levels of enforcement are a real problem.

Prosecution action is expensive and resulting fines in the past have been very low. They would certainly have not covered legal costs let alone any proceeds earned by the participant in the process of trading illegally.

Add it all up, and it is an activity that's perhaps worth dabbling in and therein lies the problem. At the risk of mixing our metaphors, make it worthwhile and they will come.

A final point to ponder – is our consumer-law regime working to best effect in the case of older, low-value cars?

It could be argued established traders are effectively "legislated out" of selling older, low-cost vehicles simply because the related consumer-law obligations are so open-ended the make trade financially unrealistic. "Private sellers" can sell the same car with no liability under consumer legislation.

The industry finds its way out by releasing those unwanted older vehicles into the "grey market" – the arena frequented by unregistered traders.

Is that right by consumers? No, but markets have a habit of finding the gaps where the law leaves the door open.

Marques expand green offerings

Audi's A6 e-tron concept

Cars powered by lithium-ion took central stage at Auto Shanghai with those sporting combustion engines failing to turn as many heads.

Officially known as the Shanghai International Automobile Industry Exhibition, the biennial show alternates with Beijing as China's big annual event.

Among the models that made their debuts were the A6 concept, which is likely to be the next chapter in Audi's e-tron story.

Riding on all-new premium platform electric (PPE) underpinnings, the production-spec vehicle will be the first model of its new electric portfolio.

With production of PPEs due to start in the second half of 2020, designers say the concept's styling comes in at 95 per cent of the production version with only small details to be changed to comply with roadworthiness rules.

Whereas the normal A6 is a bona-fide sedan, the e-tron variant has been designed from the ground up as a sportback.

The biggest indication of its electric nature is the gaping but enclosed single-frame grille, which is supplemented by three air vents on either side and below to help cool the drivetrain, battery and brakes.

With a high belt line, pumped-up rear haunches and lighting signatures, the A6 e-tron builds on Audi's design philosophy of giving its cars "muscles".

The 100kWh lithium-ion battery means it develops 350kW of power and 800Nm of torque thanks to its twin-motor set-up – one on each axle – and it can clock up "more than 700km" on a single charge.

Less potent range-minded versions will emerge at some stage with a single motor on the rear axle, while an RS6 e-tron is "very likely" to materialise.

With the battery able to be charged at up to 270kW, 300km of range can be added in 10 minutes via a DC fast-charger, while 25 minutes' charging will take the battery from five to 80 per cent.

In terms of performance, Audi says "even entry-level models designed for efficiency will accelerate to 100kph in less than seven seconds", while dedicated performance versions will stop the clock in "well under four seconds".

To help kill time while the battery charges, a series of in-built projectors – also used for various warning indications for the driver and other road users – can display a console-style game for occupants to play if there is a wall or some other suitable surface to project onto.

ELECTRIC DEBUT

Genesis has confirmed it will be entering the EV market with its Electrified G80 riding on an optimised version of the marque's existing platform rather than Hyundai's dedicated E-GMP architecture.

As such, it features the same dimensions as its petrol and diesel-powered counterparts.

Given it will be a fully-fledged member of its model portfolio, it looks almost identical to the internal-combustion versions except for a unique set of more aerodynamic alloys and a solid crest grille.

Sporting electric motors on both axles, the electric G80 almost matches the existing 3.5T flagship in terms of power. It develops 272kW compared to 279kW, but betters the petrol on torque with a meaty 700Nm against 530Nm.

The V8-like outputs will propel the Electrified G80 from 0-100kph in a claimed 4.9 seconds – 0.2 seconds faster than the 3.5T.

While an exact battery capacity has yet to be quoted, Genesis says its first-ever EV should be able to cover more than 500km on a single charge according to the NEDC standard, while its native Korean EV certification has its range at about 427km.

The Genesis Electrified G80


Lexus' hybrid ES

MG's Cyberster concept

Recharging can be done at up to 350kW, resulting in the battery being charged from 10-80 per cent in 22 minutes.

To help extend the range as much as possible before charging is required, Genesis has fitted the Electrified G80 with a "disconnector actuator system", which can deactivate and reactivate one of the electric motors when maximum power or grip is not required.

Other range-boosting and sustainable touches include the solar roof, which helps boost energy efficiency, natural dye for the leather upholstery and "forged wood" trim recycled from the furniture industry.

Full equipment specifications and pricing are yet to be revealed. But Genesis has confirmed its camera-based adaptive suspension system will feature from launch.

HYBRID OPTION

A model in the Lexus line-up will only be available in New Zealand with a hybrid powertrain.

The marque revealed the new-look ES, which comes with petrol or hybrid powertrains, at the start of Auto Shanghai 2021.

After first appearing in 1989, the ES has sold about 2.65 million units globally.

Andrew Davis, general manager of Lexus NZ, says only offering the hybrid version here reflects the increasing preference of consumers for such vehicles.

"With 70 per cent of Lexus sales now being hybrid, we are providing a range of models that suit the market and is a stepping stone to help us realise a zero-carbon future.

"We offer a hybrid option in almost all of the models we have available, and will continue to evolve the range to offer alternative, sustainable powertrains."

By 2025, Lexus globally plans to introduce 20 new or improved models, including more than 10 electrified battery, plug-in or hybrid electric vehicles (EVs).

Davis adds the flexibility of low-emissions cars, which do not need to plug in to recharge, means the company doesn't expect an immediate jump to BEVs in the New Zealand market.

"We will continue to improve our fuel efficiency across all powertrain options meaning that as drivers upgrade over time, their next new Lexus will be more fuel efficient than their last one."

The new ES received its global premiere on April 19. It boasts a redesigned front grille, change of interior colour, improved multi-media system and advanced safety technologies.

'BOLD STATEMENT'

MG gave its Cyberster concept its world debut in China, with the two-door, two-seater sports car drawing a number of cues from the MGB Roadster.

It features round headlights, a slim grille design, interactive "magic eye" headlights that open when switched on, and a "laser belt" LED strip down the side.

The concept's profile has a flattened "kamm tail" rear and the LED tail-lamps are integrated flat into the vehicle's rear.

An intelligent all-electric architecture will enable a range of 800km and deliver acceleration from 0-100kph time of less than three seconds.

"The Cyberster is a bold statement that looks strongly into MG's future, touching on our heritage but more importantly building on our cutting-edge technology and advanced design," says Carl Gotham, director of SAIC advanced design in London.

"Sports cars are the lifeblood of MG's DNA and the Cyberster is a hugely exciting concept for us."

VITAL TO PLANS

Nissan has revealed its all-new X-Trail crossover as it strives to maintain the model's success in China.

The company is aiming to meet the needs of consumers in that country "who aspire for more efficiency, more technology and enhanced connectivity".

Already a segment leader and best-seller in China, the X-Trail is seen as a vital part of Nissan's four-year transformation plan to prioritise sustainable growth and profitability in key markets.

The model is due to be launched there in the second half of this year before being rolled out to other global markets in 2022.

Nissan's latest e-Power electrified powertrain technology and the all-electric Nissan Ariya also featured in Shanghai.

Driving formula for success

Michael Clark has what he describes as a "selfish obsession". A lifelong motorsport enthusiast, he wants to see the current groundswell of Kiwi talent continue to roll across the world's premier racing categories.

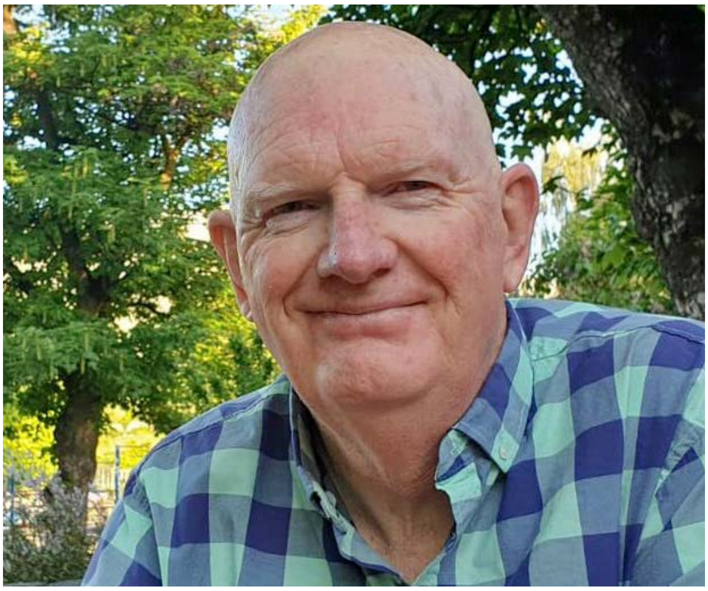
There is an opportunity, he says, for those with a passion for motorsport to help ensure New Zealanders are able to go international.

From his home base in Drury – a short drive south to the Pukekohe and Hampton Downs circuits – Clark highlights the next wave of fast locals following the wheel tracks of the "two Scotts", Dixon and McLaughlin, in Indy.

New Zealand, he says, is punching well-above its weight in motor racing. For example, Brendon Hartley and Earl Bamber are in their glory days with Porsche at Le Mans and in the World Endurance Championship.

Chris van der Drift and Matthew Payne are battling for podiums and titles in the overseas Porsche GT3 championships, while Liam Lawson and Marcus Armstrong are going wheel to wheel with the world's best in FIA Formula 3 and F2, "and I'm not even really talking about F1", remarks Clark.

One of the most authoritative voices on current and past greats, he is regularly sought out by media for comment on the premier race categories. Together with his close mate Bob McMurray, he has acted as a valuable intermediary between the greater Kiwi sporting public and those at the very heart of the action.



Michael Clark is a lifelong motor-racing fan and a go-to source of information about the sport for media

The Formula Ford category holds a special interest for Clark, who says it's an essential step on the career ladder for aspiring New Zealanders, enabling them to make a smooth transition from karting into the bigger leagues and giving them a chance to learn both the subtleties of car control and nuances of race-craft.

Currently in fine form in the South Island, Formula Ford hasn't put up strong grids in the north for some years.

Both northern and southern series feed rising stars into this country's premier single-seater championship – the Castrol Toyota Racing Series (TRS).

> "Most of our racing stars did at least a season of Formula Ford on their way up"

At many of its northern events, championship grids of the newer Formula Ford cars are bolstered by the Historic Formula Ford category, adding depth and a strong reminder of its heritage.

The engine used is still Ford's Kent, and the vehicles place strong emphasis on driver ability with little aero effect from the bodywork and narrow tyres offering limited grip.

The 1.6-litre overhead valve unit is likely to continue to power Formula Ford in New Zealand for the foreseeable future unless the category can activate support from the brand that originally set it on-track.

In October last year, the category celebrated its 50th anniversary. Its importance in the progression of young locals is underlined by the continued support of Toyota Gazoo Racing NZ, which offers the winner of the national championship a test in an FT-50 or FT-60.

The 2021 TRS champion, Matthew Payne, cut his circuit-racing teeth in Formula Ford before his breakthrough championship win.

TRS drivers Billy Frazer and Kaleb Ngatoa also stepped up from the most recent NZ Formula Ford season, of which Frazer was crowned 2019/20 champion.

"Most of our racing stars did at least a season of Formula Ford on their way up and it's a perfect step on the way to an international career," says Clark.

A tall, imposing figure in the pits and paddock, he has loved motorsport ever since he can remember. He has a special passion for the single-seater, open-wheel categories but has come late to his own on-track career. Having long had a hankering to race, "it was only ever going to be a single-seater".

After a brief speculative dalliance with tin-tops – a Fiat 130 TC Abarth – Clark took the plunge in his late 40s by buying a Crosslé Formula Ford racer from the US.

"I had never really considered Formula Fords simply because I wouldn't fit into most of the current cars. The only one I knew of that might work was the Crosslé."

Having hunted down a suitable vehicle in the US, Clark brought it to New Zealand and had it finished in bright yellow.

Kiwi Driver Fund trustee Michael Clark at speed in his Crosslé Formula Ford

It carries number 32 in tribute to the Marmon Wasp car that won the very first Indy 500.

He now races – and occasionally features on the podium – in the Historic Formula Ford category. Its season is long and has generous breaks between rounds with six rounds and two special events spread from October to May. Grid sizes can be anywhere up to 24 cars, none of which can be any later than 1988.

Clark says: "It's great, close racing with real camaraderie in pit lane and away from the track."

So how does that selfish obsession work for him?

Clark has been named the latest independent trustee of the Kiwi Driver Fund (KDF), joining mate Bob McMurray and others. The fund helps drivers meet the cost of contesting the TRS. Its trustees are now seeking support from partner companies to help it continue its work.

"I've always been aware of the KDF and aware of the passion that drives it. The trustees are there because they believe wholeheartedly in the future of Kiwi motor racing."

2021 Toyota Racing Series champ Matthew Payne cut his teeth in Formula Ford

Clark says from the original "trio at the top" – McLaren, Hulme and Amon – to the current day, this country has never stopped producing world-class drivers.

"For people who loved the Mitch Evans, Brendon Hartley and Earl Bamber period in our history, here's a chance to ensure New Zealand maintains its presence in the motor-racing world.

"Brett Riley, Paul Radisich, Jonny Reid all had hard roads to their international careers. The KDF is a wonderful way to give a boost to the next crop of Kiwis on their way up."

Dismal weekend for Kiwis

A race weekend that promised much and delivered little, Monaco has tested the resilience of New Zealanders Liam Lawson and Marcus Armstrong.

After a daring last lap overtake on Jehan Daruvala in race one that put him on pole for the partial-reverse grid second sprint race, Armstrong was set to line up in the first-ever all-Kiwi FIA Formula 2 grid with Liam Lawson in second position.

Instead, he was unable to get his car started and had to rejoin from the pits at the start.

Lawson won last month's second race, but was disqualified for using the wrong engine control map.

With the feature race looming later that afternoon, Lawson had little time to regain his composure, yet still managed to score seventh on track and believes he could have been even higher.

"I'd be lying if I said I was over what happened," says Lawson. "I think that it will take some time to get over.

"It's obviously very tough to swallow, and it was a rare occasion where I had to get back in a car for another race after only a few of hours."

Liam Lawson

Questions raised over how rusty used import passed certification inspection

The case: The buyer wanted to reject his Subaru Legacy because he discovered it had significant rust on its underbody, which potentially rendered it unsafe. The trader said the used import had passed its certification inspection and warrant of fitness (WOF), so it was fit for purpose.

The decision: The adjudicator agreed the car wasn't safe and its corrosion was so extensive it was surprised the vehicle had passed compliance. The consumer's right to reject it was upheld.

At: The Motor Vehicle Disputes Tribunal, Wellington.

Background

Daniel Wezel wanted to reject the 2007 Subaru Legacy he purchased from 2 Cheap Cars for $8,304 on February 20, 2020, mainly because it had extensive rust on its underbody.

The trader claimed he wasn't entitled to do so because the Legacy passed its certification inspection on December 24, 2019, after being imported from Japan, and other issues identified by Wezel were attributable to wear and tear.

The case

In its adverts for the Legacy, the trader didn't disclose that it had any rust. Wezel said the dealer told his mother before purchase that it was a tidy car with no issues and no exterior damage.

The buyer was in Wellington so James MacDonald, of 2 Cheap Cars in Palmerston North, suggested VTNZ inspect the vehicle.

VTNZ's report of February 17, 2020, stated its overall condition was "poor" and it had some structural or corrosion issues. Under the heading "underbody", some issues were identified – the exhaust pipe and muffler were developing rust, and there was a problem how front brake pads were fitted.

Wezel and other family members spoke to the trader about these issues and agreed to a $200 price reduction so they could replace the exhaust and muffler.

His father spoke to VTNZ following its inspection and confirmed the overall condition of the vehicle was deemed to be poor due to the exhaust, muffler and brake-pad issues.

Wezel said if he had been aware of any bad corrosion, he wouldn't have bought the car.

A month after purchase, he took it to Havelock North Auto Court Ltd to have a CV boot replaced. While the car was on the hoist, mechanics showed Wezel its rust, including corroded fuel lines. The mechanics were surprised VTNZ hadn't noticed this and that the Legacy would likely fail its next WOF.

On April 14, Wezel completed the dealer's claim form on the basis of this inspection and significant rust issues identified by the mechanics, and attached several photos of the corrosion.

Wezel also emailed the trader to seek a full refund of the purchase price or compensation for the damage.

Two days later, the trader emailed back saying Wezel had to give it the first right to fix the issue. It also asked him to have the car checked by an AA or Motor Trade Association-approved repairer and send in the report.

McClintock Motors Ltd inspected the vehicle on June 1. Based on its report, Wezel told the dealer he considered the Subaru to be unfit for purpose because of its many rusted components.

Wezel also consulted Hall Repair Certification. Owner Tony Hall inspected the vehicle in June and reported the visible corrosion should have been picked up when the car was certified for compliance.

Hall confirmed the rust was "not too bad as long as it gets fixed. If left, I think it could cause WOF problems in the future".

Wezel obtained two quotes for repair. McClintock Motors quoted $5,203 to replace the sub-frame, CV joint, shock absorbers, brake pads and rotors, front control-arm bushes, and front brake callipers. Comac quoted $900, plus GST, for sandblasting and painting the underbody.

Gavin Harris, director of McClintock Motors, attended the hearing by phone. He said the vehicle shouldn't have been certified for compliance because of the severity of the underbody rust.

The finding

The tribunal had "no hesitation" in concluding the vehicle failed to comply with the Consumer Guarantees Act (CGA).

The corrosion was so extensive it was surprising the car had passed its compliance inspection when it was imported.

The adjudicator said it was also surprising more rust wasn't identified in the VTNZ report Wezel obtained before he decided to purchase the Subaru.

Indeed, Wezel's father told the hearing he had complained to VTNZ about the inadequacy of its report and had been refunded its cost.

Accordingly, the claim that the vehicle failed to comply with the CGA's guarantee of acceptable quality was upheld.

Firstly, in terms of section 21 of the CGA, the tribunal found the Subaru would not have been bought by a reasonable consumer fully acquainted with the nature and extent of the corrosion. Wezel said he wouldn't have purchased it if the significant rust had been identified in VTNZ's report.

Secondly, the car – in its current state – didn't meet WOF requirements. It required substantial, expensive and time-consuming repairs to render it fit for purpose.

Thirdly, the extent of rust around safety-related components, such as the fuel lines and shock absorbers, rendered the vehicle unsafe.

For those three reasons, the Subaru failed to comply with the guarantee of acceptable quality and the failure was of a substantial character.

Orders

The rejection of the vehicle was upheld. The trader was ordered to refund the buyer the $8,304 purchase price, pay $185 for the two inspection reports and collect the car.

Series of faults insufficient to warrant buyer's application to reject vehicle

The case: The buyer wanted to reject his faulty 2008 BMW because he claimed it was unfit for purpose. The trader refused to take the vehicle back and refund the purchase price because it had repaired the problems at its own cost.

The decision: The tribunal dismissed the purchaser's case even though the car wasn't of acceptable quality. It found its faults were not of a substantial character and that the dealer had repaired them in a reasonable time.

At: The Motor Vehicle Disputes Tribunal, Auckland.

Background

Rafiq Bhamani wanted to reject the 2008 BMW X5 he purchased for $19,450 from Turners Group NZ Ltd in July 2020.

He claimed numerous defects meant it wasn't of an acceptable quality under legislation to protect the rights of consumers.

The dealer said it had fixed the faults within a reasonable timeframe, so Bhamani wasn't entitled to reject it.

The case

After the X5 failed to start on September 9, 2020, Bhamani had it assessed by Continental Cars BMW, which discovered some faults.

These were a warning light relating to an engine misfire, fault codes in regard to the footwell module (FRM) and a broken protective shield in the engine bay, which affected the air-conditioning system.

Bhamani said Turners had remedied the misfire and broken protective shields at its cost. He also noted the FRM warning light continued to intermittently come on, but that didn't form part of this claim.

At that time, he also noticed the warrant of fitness (WOF) was due to expire in January 2021.

Bhamani believed Turners had put a new WOF on the vehicle shortly before purchase, so he was surprised it was due to expire less than six months after the car was supplied.

He had a warrant inspection performed in December 2020. The X5 passed the WOF, but Bhamani was told the passenger side headlight was discoloured and would need to be replaced in the future.

On December 22, he noticed the vehicle was making an unusual sound on start-up. It was again assessed by Continental Cars BMW, which found the left-hand delivery pump was faulty, affecting the fuel supply to the engine.

It discovered evidence that the pump had previously been "crudely" repaired, and detected oil leaks from the rocket cover and oil-filter housing gaskets.

As a result of these issues, Bhamani rejected the vehicle on January 7, 2021.

Turners agreed the BMW was defective. It had replaced the ignition coils and spark plugs, broken protective shield, delivery pump, and the rocker cover and oil-filter gaskets.

The finding

The evidence showed the vehicle had a number of defects, which mean it wasn't of acceptable quality for the purposes of section six of the Consumer Guarantees Act (CGA).

A reasonable consumer purchasing a 12-year-old BMW X5 for $19,500 would not consider those issues to be acceptable in a vehicle of that price and age so soon after purchase.

The remaining faults alleged by Bhamani – an ongoing oil leak from the sump seal and the discoloured headlight – didn't breach the legislation's guarantee of acceptable quality.

The ongoing oil leak from the sump seal appeared to be minor and was discovered more than five months after the vehicle was supplied.

Therefore, the question the tribunal had to consider was whether the X5's faults were such that a reasonable consumer, fully acquainted with the true nature and extent of the faults, wouldn't have purchased the BMW.

None of the defects, when considered separately, were so significant that a reasonable buyer would have decided against purchasing the car. Each of those defects was swiftly diagnosed and, once parts became available, repaired.

Likewise, when considered together, the faults didn't amount to a failure of a substantial character.

The purchaser of a 12-year-old BMW X5 with an odometer reading of about 124,000km should understand that such vehicles might develop faults due to their age and mileage that could be expensive to repair.

Certainly, when those defects breached the CGA's guarantee of acceptable quality, a reasonable consumer would expect the supplier to fix them within a reasonable time.

However, the tribunal wasn't satisfied the BMW's defects were such that a reasonable person would have lost all confidence in its ongoing reliability.

Consequently, the adjudicator ruled the car's accumulated defects were a failure of a substantial character and agreed with the trader that Bhamani wasn't entitled to reject the X5.

Turners had also rectified all the faults that breached the guarantee of acceptable quality, so the buyer wasn't entitled to any orders requiring the dealer to perform repairs under the terms of the CGA.

Further, although Bhamani spent $50 obtaining a warrant because Turners, or the inspector who performed the pre-purchase inspection, had overlooked putting a WOF sticker on the vehicle before it was supplied to him, the buyer was not entitled to recover that cost.

Bhamani didn't tell the dealer that he thought the WOF had expired earlier than expected and he didn't ask Turners to update the warrant before he incurred that cost.

If he had done so, he would most likely have been told by the trader that the vehicle did have an updated WOF at the time of sale and that a new sticker simply needed to be attached to the windscreen.

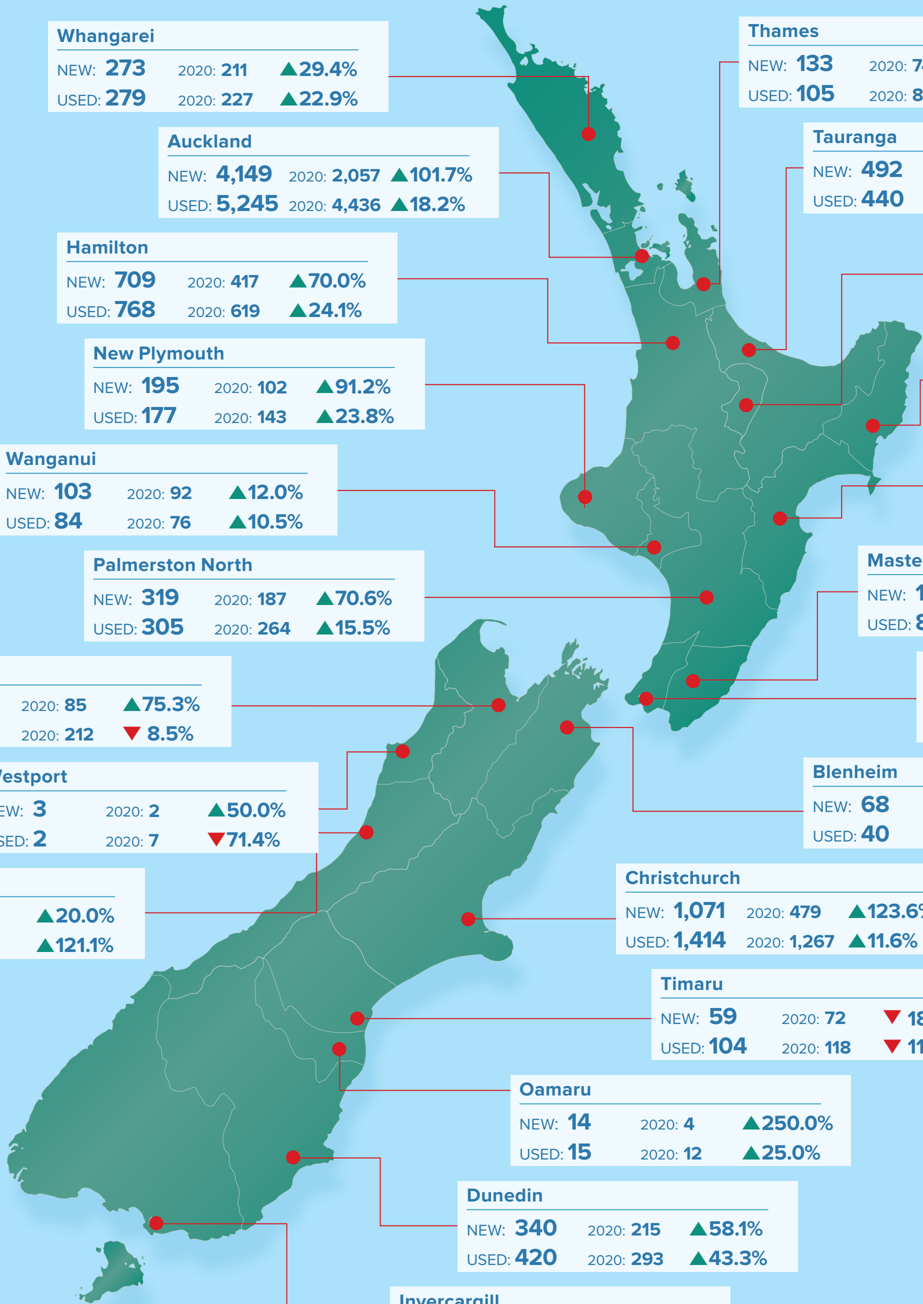
Order

The purchaser's claim was dismissed by the adjudicator.

Around the Country

May 2021

10,012	2020: 5,400	▲ 85.4%
11,257	2020: 9,565	▲ 17.7%



Region		2021	2020	Change
Whangarei	NEW:	273	211	▲29.4%
	USED:	279	227	▲22.9%
Thames	NEW:	133	74	▲79.7%
	USED:	105	81	▲29.6%
Auckland	NEW:	4,149	2,057	▲101.7%
	USED:	5,245	4,436	▲18.2%
Tauranga	NEW:	492	254	▲93.7%
	USED:	440	377	▲16.7%
Hamilton	NEW:	709	417	▲70.0%
	USED:	768	619	▲24.1%
Rotorua	NEW:	161	76	▲111.8%
	USED:	157	137	▲14.6%
New Plymouth	NEW:	195	102	▲91.2%
	USED:	177	143	▲23.8%
Gisborne	NEW:	66	43	▲53.5%
	USED:	86	94	▼8.5%
Wanganui	NEW:	103	92	▲12.0%
	USED:	84	76	▲10.5%
Napier	NEW:	292	174	▲67.8%
	USED:	300	242	▲24.0%
Palmerston North	NEW:	319	187	▲70.6%
	USED:	305	264	▲15.5%
Masterton	NEW:	104	70	▲48.6%
	USED:	83	54	▲53.7%
Nelson	NEW:	149	85	▲75.3%
	USED:	194	212	▼8.5%
Wellington	NEW:	1,113	652	▲70.7%
	USED:	801	688	▲16.4%
Westport	NEW:	3	2	▲50.0%
	USED:	2	7	▼71.4%
Blenheim	NEW:	68	36	▲88.9%
	USED:	40	46	▼13.0%
Greymouth	NEW:	18	15	▲20.0%
	USED:	42	19	▲121.1%
Christchurch	NEW:	1,071	479	▲123.6%
	USED:	1,414	1,267	▲11.6%
Timaru	NEW:	59	72	▼18.1%
	USED:	104	118	▼11.9%
Oamaru	NEW:	14	4	▲250.0%
	USED:	15	12	▲25.0%
Dunedin	NEW:	340	215	▲58.1%
	USED:	420	293	▲43.3%
Invercargill	NEW:	181	83	▲118.1%
	USED:	196	153	▲28.1%

Imported Passenger Vehicle Sales by Make - May 2021

MAKE	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	3,139	2,128	47.5	27.9%	14,449	28.4%
Mazda	1,554	1,564	-0.6	13.8%	7,056	13.9%
Nissan	1,495	1,683	-11.2	13.3%	6,936	13.6%
Honda	969	884	9.6	8.6%	4,449	8.7%
Subaru	862	721	19.6	7.7%	3,681	7.2%
BMW	594	440	35.0	5.3%	2,530	5.0%
Volkswagen	536	343	56.3	4.8%	2,508	4.9%
Mitsubishi	507	387	31.0	4.5%	2,174	4.3%
Audi	358	236	51.7	3.2%	1,467	2.9%
Suzuki	273	408	-33.1	2.4%	1,295	2.5%
Lexus	234	122	91.8	2.1%	962	1.9%
Mercedes-Benz	212	124	71.0	1.9%	917	1.8%
Land Rover	63	39	61.5	0.6%	224	0.4%
Volvo	63	57	10.5	0.6%	349	0.7%
Ford	59	74	-20.3	0.5%	301	0.6%
Jaguar	43	40	7.5	0.4%	189	0.4%
Jeep	36	29	24.1	0.3%	138	0.3%
Chevrolet	34	33	3.0	0.3%	148	0.3%
Porsche	27	17	58.8	0.2%	133	0.3%
Chrysler	24	16	50.0	0.2%	86	0.2%
Mini	24	35	-31.4	0.2%	137	0.3%
Holden	23	41	-43.9	0.2%	101	0.2%
Dodge	22	17	29.4	0.2%	106	0.2%
Hyundai	17	35	-51.4	0.2%	110	0.2%
Peugeot	14	14	0.0	0.1%	70	0.1%
Kia	12	12	0.0	0.1%	58	0.1%
Tesla	5	1	400.0	0.0%	15	0.0%
Cadillac	4	4	0.0	0.0%	12	0.0%
Citroen	4	4	0.0	0.0%	28	0.1%
Lincoln	4	0	400.0	0.0%	12	0.0%
MG	4	1	300.0	0.0%	10	0.0%
Bentley	3	2	50.0	0.0%	19	0.0%
Chrysler Jeep	3	3	0.0	0.0%	15	0.0%
Daihatsu	3	3	0.0	0.0%	15	0.0%
Renault	3	5	-40.0	0.0%	22	0.0%
Others	30	43	-30.2	0.3%	177	0.3%
Total	**11,257**	**9,565**	**17.7**	**100.0%**	**50,899**	**100.0%**

Imported Passenger Vehicle Sales by Model - May 2021

MAKE	MODEL	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Aqua	695	316	119.9	6.2%	3,473	6.8%
Mazda	Axela	510	551	-7.4	4.5%	2,425	4.8%
Toyota	Prius	445	250	78.0	4.0%	2,108	4.1%
Nissan	X-Trail	399	168	137.5	3.5%	1,671	3.3%
Honda	Fit	370	365	1.4	3.3%	1,781	3.5%
Volkswagen	Golf	343	214	60.3	3.0%	1,532	3.0%
Mitsubishi	Outlander	303	196	54.6	2.7%	1,361	2.7%
Mazda	Demio	267	322	-17.1	2.4%	1,389	2.7%
Subaru	Impreza	254	283	-10.2	2.3%	1,133	2.2%
Mazda	CX-5	250	110	127.3	2.2%	942	1.9%
Subaru	Legacy	245	259	-5.4	2.2%	1,055	2.1%
Toyota	Vanguard	238	102	133.3	2.1%	1,043	2.0%
Toyota	Corolla	235	182	29.1	2.1%	1,109	2.2%
Suzuki	Swift	218	350	-37.7	1.9%	1,033	2.0%
Toyota	MarkX	216	88	145.5	1.9%	879	1.7%
Nissan	Leaf	199	140	42.1	1.8%	1,014	2.0%
Mazda	Atenza	195	226	-13.7	1.7%	841	1.7%
Toyota	Wish	195	134	45.5	1.7%	906	1.8%
Toyota	Blade	142	99	43.4	1.3%	643	1.3%
Honda	CR-V	139	88	58.0	1.2%	617	1.2%
Honda	Odyssey	138	71	94.4	1.2%	586	1.2%
Nissan	Note	127	149	-14.8	1.1%	544	1.1%
Nissan	Skyline	127	142	-10.6	1.1%	533	1.0%
Subaru	Forester	122	67	82.1	1.1%	560	1.1%
BMW	320i	118	78	51.3	1.0%	522	1.0%
Mazda	Premacy	114	126	-9.5	1.0%	573	1.1%
BMW	116i	96	60	60.0	0.9%	425	0.8%
Toyota	Sai	92	30	206.7	0.8%	326	0.6%
Toyota	Vitz	91	152	-40.1	0.8%	469	0.9%
Nissan	Fuga	88	63	39.7	0.8%	418	0.8%
Nissan	Serena	88	92	-4.3	0.8%	497	1.0%
Ford	Crown	85	31	174.2	0.8%	306	0.6%
Volkswagen	Polo	84	51	64.7	0.7%	425	0.8%
Audi	A4	81	63	28.6	0.7%	331	0.7%
Subaru	XV	77	22	250.0	0.7%	275	0.5%
Others		3,871	3,925	-1.4	34.4%	17,154	33.7%
Total		**11,257**	**9,565**	**17.7**	**100.0%**	**50,899**	**100.0%**

Climate change dominates agenda

The issue of carbon-dioxide emissions from what crosses the border and enters the national fleet is likely to be the major issue for the used-imports sector as it moves forward.

"Climate-related import regulations have been the number-one topic for council this year," says Chris Stephenson, chairman of the Imported Motor Vehicle Industry Association (VIA).

"As many of these issues remain unresolved, it will most likely remain a significant feature moving forward."

He says VIA's council has been working to "find its feet" and establish an operating rhythm since the association's structure was overhauled in 2021.

Since being formed in July last year, the council has got together on three occasions, "and at each meeting we've seen an outstanding level of engagement from members".

Those meetings have included guest speakers, such as key policy makers and government officials, and question-and-answer sessions with them.

All of them spoke about the way forward with the likes of emissions and climate change, such as Andrew Caseley, the chief executive of the Energy Efficiency and Conservation Authority.

He gave clear indication of the likely direction and sense of urgency on the developing and implementing fuel-economy measures under the new government.

Peter Mersi, chief executive of the Ministry of Transport, spoke about the renewed focus on fuel economy, and Dr Rod Carr, chairman of the Climate Change Commission, gave a presentation on his organisation's report to government.

"On each occasion, council members participated in a robust conversation on significant industry topics. Through the delivery of key questions, we were able to champion VIA's position and participation."

In his annual report, Stephenson adds VIA's council was formed to bring members together and provide a platform for communication and participation.

"Based on the performance so far, it is clear its purpose is being fulfilled. A key feature of the council meetings, and one I believe has provided a boost to the mana of VIA, has been the inclusion of guest participants.

"I have no doubt that over the coming year, as council becomes further entrenched in VIA's structure, that the depth and breadth of topics discussed will change.

"As and when, the board will need to decide the best option for funding those activities.

"This could include asking members for additional support or temporarily allowing VIA to operate in a deficit if that deficit is not detrimental to the long-term viability of the association."

Stephenson says the past 12 months have seen significant but positive change for VIA.

A board of directors was elected with responsibility for issues of governance and finance, while the association's council comprises representatives of all tiers of members and has responsibility for industry issues.

"These changes came about after months of work by members and the former national executive. For many, it was the end of the project. They successfully established VIA's new operating structure and for that I would like to thank them.

"For the VIA team, however, the journey has only just begun. Our opportunity is to now foster and grow this new form of member participation, and for VIA to be better and stronger because of it.

"I would like to acknowledge the support of our members. Your time and resources provided so freely this year, along with your continued financial support, means VIA has started its new journey on the right foot.

"I would also like to acknowledge the hard work and dedication of the small but motivated VIA team.

"The past few years have been full of uncertainty and change. I admire the way they have 'gotten on with things' and so quickly adapted to their new working normal."

As chairman, Stephenson is assisted by vice-chairman Sean Stevens and two members – Matt Battle and Ken Quigley.

Registrations climb

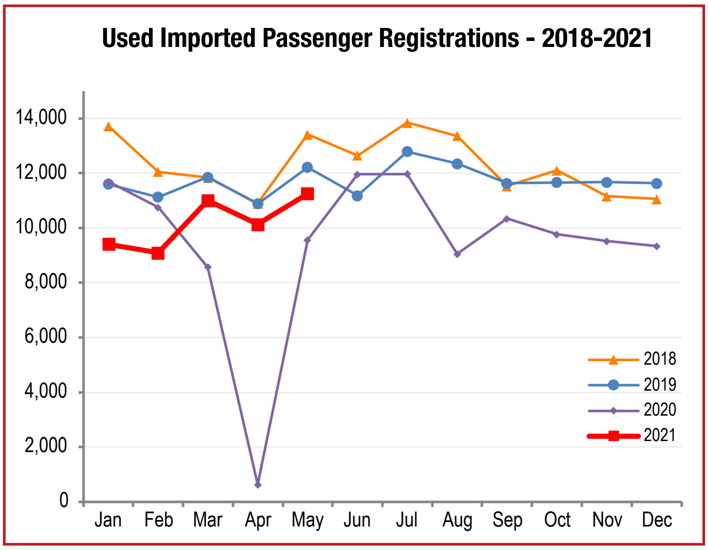
There were 11,257 used-imported cars sold for the first time in this country last month.

That was up by 17.7 per cent from the 9,565 in May 2020 when New Zealand was in Covid-19 lockdown for part of the month.

Toyota Aqua's was the top model with 695 sales.

The Mazda Axela was next up with 510 registrations, while Toyota's Prius was third on 445.

Nissan's X-Trail and Honda's Fit completed the top five with 399 and 370 sales respectively.



Margins on imports decline

The owner of a dealership in Timaru no longer imports cars from Japan because it's difficult to find good stock with margins left in them.

Craig Gilbert believes the days of small operators being involved in importing Japanese vehicles have gone.

"Big players importing hundreds of vehicles a month are the only ones who can make that work. They can work on low margins and high turnover. I've found it difficult to make it work with Japanese imports. All stock, it doesn't matter where you source it from, is so competitive that margins are squeezed."

Gilbert notes while prices for used cars have gone up, margins have remained the same.

"They are more expensive to import. Although you might get a little bit more for them at this end right now because of supply and demand, my margins haven't changed. Every now and then, there is the odd vehicle you have a win on but it's not the norm."

Chris Stephenson, chief executive of Enterprise Motor Group, says: "Disruptions to the rental industry and new-car supply over various months means not as many cars are being traded, so there's a little more reliance on supply chains.

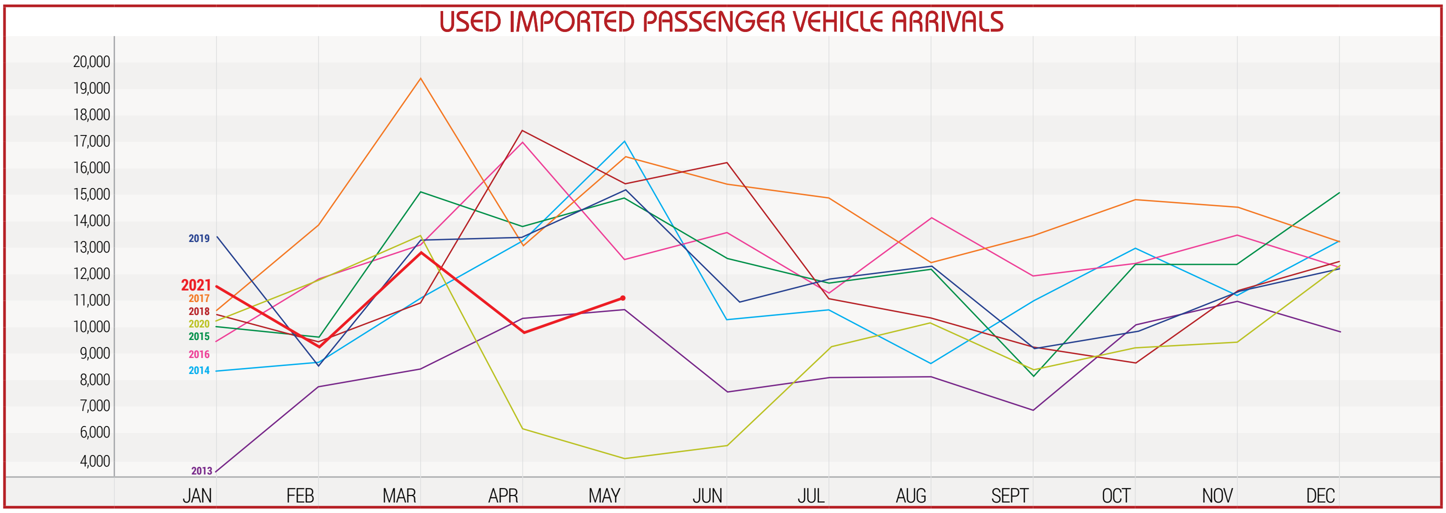
"From a demand perspective, the market still seems pretty buoyant. If you're dealing with people who aren't affected by travel restrictions, business isn't bad and people are happy to buy cars.

"A year on from lockdown and level three we weren't anticipating business booming and having such a good year. Back then, there was a pessimistic view of what we had to do to keep staff employed and business ticking over for a few months.

"It's a testament to the entrepreneurial spirit of the industry that as soon as we realised it wasn't going to be the potential disaster it could have been, people quickly readjusted to capitalise on unexpected demand. I'm proud of what our industry has been able to do."

IMPORT LEVELS RISE

Some 11,167 used passenger vehicles were imported in May, which was up by 175.9 per cent compared to 4,048 in the same month of last year. There were 10,451 used cars brought in from Japan last month, which was a 190.1 per cent increase compared to 3,603 in May 2020.



Used Imported Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2021							2020						2019	
	JAN '21	FEB '21	MAR '21	APR '21	MAY '21	MAY SHARE %	2021 TOTAL	Q1	Q2	Q3	Q4	2020 TOTAL	MRKT SHARE	2019 TOTAL	MRKT SHARE
Australia	300	283	277	289	315	2.8%	**1,464**	1,053	876	1,001	1,255	4,185	3.9%	5,148	3.6%
Great Britain	106	123	139	125	147	1.3%	**640**	184	122	143	241	690	0.6%	894	0.6%
Japan	10,877	8,744	12,164	9,255	10,451	93.6%	**51,491**	33,191	13,662	25,627	28,514	100,994	92.9%	132,494	93.8%
Singapore	128	140	168	137	141	1.3%	**714**	384	337	601	524	1,846	1.7%	1,678	1.2%
USA	30	33	27	100	79	0.7%	**269**	169	79	126	106	480	0.4%	664	0.5%
Other countries	30	36	25	42	34	0.3%	**167**	54	129	170	115	468	0.4%	340	0.2%
Total	**11,471**	**9,359**	**12,800**	**9,948**	**11,167**	**100.0%**	**54,745**	**35,035**	**15,205**	**27,668**	**30,755**	**108,663**	**100.0%**	**141,218**	**100.0%**

Rules over airbag recalls changed

The vehicle inspection requirements manual (VIRM) as it relates to call-backs has been updated to stop the wrong information accidentally being passed onto importers.

Waka Kotahi has refreshed the manual following the discovery of such a problem in relation to airbag systems on some European models sourced from Japan.

It says sometimes a distributor in New Zealand may not have been advised of such a recall by a manufacturer because the vehicle wasn't first registered in this country.

The updated VIRM states: "Therefore, confirmation must be obtained from the manufacturer, or the manufacturer's representative in the country of origin based in the country of export, or the manufacturer's global records.

"Receipts from the New Zealand distributor or franchised dealer confirming the work has been completed is an acceptable alternative."

The Imported Motor Vehicle Industry Association (VIA) alerted it members to the changes on May 25.

Malcolm Yorston, technical manager, says the update was necessary after the transport agency discovered that while Japanese distributors of some marques had issued airbag-related recalls, distributors in New Zealand had not been made aware of these because those cars hadn't been destined for our local market.

He says: "When an importer enquired about the recall status of a particular vehicle, the local agent wasn't able to see the recall information.

"The agent provided, in good faith, erroneous information as to the vehicle's recall status. This instruction corrects that anomaly."

VIA reiterates previous advice given to the used-imports industry – and that's to check the recall status of all vehicles in the jurisdiction they are registered in, such as Japan, Singapore or the UK.

It is also important to have all call-backs closed out prior to importing cars for sale in New Zealand.

For more information, email info@via.org.nz.

CAR SALES BOOM

Dealers sold 18,597 second-hand cars to the public last month, which was up by 19.6 per cent compared to May last year when there were 15,549 registrations.

As for trade-ins, they came in at 14,010 last month for an increase of 40 per cent compared to 10,009 in May 2020.

SECONDHAND CAR SALES - May 2021

	DEALER TO PUBLIC				PUBLIC TO PUBLIC			PUBLIC TO DEALER		
REGION	MAY '21	MAY '20	+/- %	MARKET SHARE	MAY '21	MAY '20	+/- %	MAY '21	MAY '20	+/- %
Whangarei	638	507	25.8	3.43	2,090	2,001	4.4	264	177	49.2
Auckland	6,649	5,083	30.8	35.75	14,122	13,389	5.5	5,677	4,004	41.8
Hamilton	1,466	1,226	19.6	7.88	3,618	3,526	2.6	1,081	771	40.2
Thames	294	240	22.5	1.58	687	612	12.3	206	150	37.3
Tauranga	872	681	28.0	4.69	2,252	2,364	-4.7	621	374	66.0
Rotorua	385	325	18.5	2.07	983	1,053	-6.6	162	101	60.4
Gisborne	137	121	13.2	0.74	397	405	-2.0	47	38	23.7
Napier	703	569	23.6	3.78	1,563	1,536	1.8	534	378	41.3
New Plymouth	396	342	15.8	2.13	1,069	1,005	6.4	207	155	33.5
Wanganui	243	184	32.1	1.31	621	588	5.6	152	114	33.3
Palmerston North	829	661	25.4	4.46	1,698	1,668	1.8	717	547	31.1
Masterton	260	218	19.3	1.40	488	470	3.8	112	88	27.3
Wellington	1,703	1,491	14.2	9.16	3,175	3,162	0.4	1,130	811	39.3
Nelson	342	250	36.8	1.84	996	1,063	-6.3	203	130	56.2
Blenheim	177	153	15.7	0.95	396	459	-13.7	109	72	51.4
Greymouth	73	82	-11.0	0.39	185	198	-6.6	32	23	39.1
Westport	10	4	150.0	0.05	36	51	-29.4	0	0	0.0
Christchurch	2,023	2,087	-3.1	10.88	4,977	5,287	-5.9	1,859	1,452	28.0
Timaru	206	201	2.5	1.11	494	589	-16.1	96	57	68.4
Oamaru	37	43	-14.0	0.20	146	125	16.8	3	6	500.0
Dunedin	755	670	12.7	4.06	1,878	1,987	-5.5	490	356	37.6
Invercargill	399	411	-2.9	2.15	1,205	1,169	3.1	308	205	50.2
NZ Total	**18,597**	**15,549**	**19.6**	**100.00**	**43,076**	**42,707**	**0.9**	**14,010**	**10,009**	**40.0**

New Passenger Vehicle Sales by Make - May 2021

MAKE	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	1,359	997	36.3	13.6%	6,205	13.1%
Mitsubishi	1,183	314	276.8	11.8%	5,496	11.6%
Kia	1,016	521	95.0	10.1%	5,567	11.8%
Suzuki	772	510	51.4	7.7%	3,430	7.2%
Mazda	734	393	86.8	7.3%	3,679	7.8%
Volkswagen	562	211	166.4	5.6%	2,116	4.5%
Nissan	497	191	160.2	5.0%	2,126	4.5%
Hyundai	480	299	60.5	4.8%	2,514	5.3%
Honda	383	234	63.7	3.8%	1,796	3.8%
Subaru	362	176	105.7	3.6%	1,474	3.1%
Ford	295	129	128.7	2.9%	1,799	3.8%
MG	290	57	408.8	2.9%	1,348	2.8%
Mercedes-Benz	230	72	219.4	2.3%	988	2.1%
Haval	223	47	374.5	2.2%	649	1.4%
Audi	206	107	92.5	2.1%	823	1.7%
BMW	184	112	64.3	1.8%	866	1.8%
Skoda	176	76	131.6	1.8%	701	1.5%
Jeep	160	30	433.3	1.6%	702	1.5%
Mini	100	63	58.7	1.0%	399	0.8%
Peugeot	99	35	182.9	1.0%	573	1.2%
Land Rover	98	55	78.2	1.0%	659	1.4%
Tesla	89	22	304.5	0.9%	491	1.0%
Lexus	76	66	15.2	0.8%	464	1.0%
Porsche	74	49	51.0	0.7%	311	0.7%
Isuzu	62	13	376.9	0.6%	183	0.4%
SsangYong	51	61	-16.4	0.5%	416	0.9%
Volvo	39	23	69.6	0.4%	349	0.7%
Jaguar	34	22	54.5	0.3%	220	0.5%
Renault	32	9	255.6	0.3%	121	0.3%
Citroen	30	14	114.3	0.3%	142	0.3%
LDV	19	4	375.0	0.2%	112	0.2%
Cupra	15	0	1,500.0	0.1%	30	0.1%
Mahindra	15	10	50.0	0.1%	65	0.1%
Alfa Romeo	12	6	100.0	0.1%	52	0.1%
Seat	11	5	120.0	0.1%	91	0.2%
Can-Am	9	7	28.6	0.1%	33	0.1%
Fiat	7	7	0.0	0.1%	46	0.1%
Bentley	6	2	200.0	0.1%	37	0.1%
Aston Martin	5	4	25.0	0.0%	32	0.1%
Maserati	5	1	400.0	0.0%	24	0.1%
Yamaha	4	3	33.3	0.0%	27	0.1%
Ferrari	3	2	50.0	0.0%	22	0.0%
Lamborghini	3	5	-40.0	0.0%	11	0.0%
McLaren	1	1	0.0	0.0%	15	0.0%
Rolls-Royce	1	0	100.0	0.0%	8	0.0%
Others	0	435	-43,500.0	0.0%	159	0.3%
Total	**10,012**	**5,400**	**85.4**	**100.0%**	**47,371**	**100.0%**

New Passenger Vehicle Sales by Model - May 2021

MAKE	MODEL	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	RAV4	620	533	16.3	6.2%	2,178	4.6%
Mitsubishi	ASX	525	91	476.9	5.2%	1,921	4.1%
Mitsubishi	Outlander	407	122	233.6	4.1%	2,389	5.0%
Kia	Stonic	319	0	31,900.0	3.2%	1,345	2.8%
Mazda	CX-5	299	156	91.7	3.0%	1,569	3.3%
Suzuki	Swift	299	224	33.5	3.0%	1,385	2.9%
Honda	Jazz	295	53	456.6	2.9%	497	1.0%
Kia	Seltos	292	205	42.4	2.9%	1,257	2.7%
Toyota	Corolla	272	185	47.0	2.7%	1,252	2.6%
Nissan	Qashqai	260	110	136.4	2.6%	957	2.0%
Volkswagen	Tiguan	227	73	211.0	2.3%	717	1.5%
MG	ZS	192	18	966.7	1.9%	650	1.4%
Nissan	X-Trail	187	64	192.2	1.9%	986	2.1%
Hyundai	Kona	172	68	152.9	1.7%	734	1.5%
Subaru	Outback	169	64	164.1	1.7%	573	1.2%
Suzuki	Baleno	153	60	155.0	1.5%	492	1.0%
Kia	Sportage	152	150	1.3	1.5%	1,329	2.8%
Hyundai	Santa Fe	145	58	150.0	1.4%	782	1.7%
Volkswagen	Golf	122	37	229.7	1.2%	348	0.7%
Haval	Jolion	121	0	12,100.0	1.2%	152	0.3%
Mitsubishi	Eclipse Cross	119	48	147.9	1.2%	701	1.5%
Suzuki	Vitara	119	96	24.0	1.2%	595	1.3%
Toyota	C-HR	118	121	-2.5	1.2%	655	1.4%
Ford	Everest	109	25	336.0	1.1%	332	0.7%
Mazda	CX-9	104	38	173.7	1.0%	508	1.1%
Toyota	Yaris	104	34	205.9	1.0%	595	1.3%
Mazda	CX-30	101	74	36.5	1.0%	395	0.8%
Subaru	Forester	98	43	127.9	1.0%	435	0.9%
Suzuki	Jimny	98	24	308.3	1.0%	464	1.0%
Haval	H2	93	34	173.5	0.9%	429	0.9%
Tesla	Model 3	89	21	323.8	0.9%	484	1.0%
Mazda	CX-3	87	33	163.6	0.9%	445	0.9%
Ford	Puma	74	0	7,400.0	0.7%	482	1.0%
Jeep	Compass	71	6	1,083.3	0.7%	304	0.6%
Kia	Niro	71	16	343.8	0.7%	229	0.5%
Subaru	XV	71	57	24.6	0.7%	381	0.8%
Volkswagen	T-ROC	70	0	7,000.0	0.7%	312	0.7%
Mazda	Mazda3	67	35	91.4	0.7%	328	0.7%
Toyota	Yaris Cross	64	0	6,400.0	0.6%	486	1.0%
Isuzu	MU-X	62	13	376.9	0.6%	183	0.4%
Ford	Escape	61	38	60.5	0.6%	544	1.1%
Mitsubishi	Pajero Sport	61	16	281.3	0.6%	169	0.4%
Hyundai	Venue	58	48	20.8	0.6%	272	0.6%
Mini	Hatch	58	35	65.7	0.6%	165	0.3%
Toyota	Landcruiser Prado	57	17	235.3	0.6%	205	0.4%
Others		2,700	2,257	19.6	27.0%	15,760	33.3%
Total		**10,012**	**5,400**	**85.4**	**100.0%**	**47,371**	**100.0%**

Marques hit by supply delays

Toyota NZ reports its franchises are experiencing delays of between four and six months to make new-vehicle deliveries.

Popular models, such as the hybrid RAV4 and the latest Hilux, are particularly affected.

Others are taking an average of 16 weeks to arrive because of production and international shipping constraints.

Steve Prangnell, general manager of new vehicles, says global demand is affecting delivery schedules for new Toyotas, used stock from Japan, and parts and accessories.

"The effects of Covid-19, closed borders, and delayed shipping and logistics are impacting all operational areas of our local business," he adds.

"We are experiencing demand like never before, especially for hybrid variants. The problem we're facing is we are now at more than 10,000 back orders and can't get supply to fill these in a fast manner."

Prangnell says orders are now being taken for the second half of 2021 and buyers are being advised to act soon for Christmas delivery.

At the same time, Toyota NZ is focusing on finding solutions to minimise wait times caused by global supply-chain issues.

"We're doing our best to get more stock in. However, our top priority is continually keeping customers informed of any delivery delays."

Wallis Dumper, managing director of Subaru of New Zealand, says his marque has also been in the "unfortunate situation of not being able to supply some new 2021 models", include the XV.

"Unprecedented demand beyond what we are able to supply is a good problem to have, but we like to think customers understand the situation and are willing to be patient.

"We are probably missing sales and, as a company, we are doing our best to mitigate this. Fortunately, we have a loyal base of purchasers and are seeing strong forward orders.

"We've had phenomenal support from the Subaru Corporation in Japan, which is doing its best to help us realise the full potential of the new Outback. Being small but outperforming much bigger markets, such as the UK, certainly helps."

Delayed Subaru shipments arriving in March bolstered sales and provided long-awaited relief for its 16 dealerships to replenish stock.

That month saw it notch up 461 new-vehicle registrations, which was a record for any March for the marque in this country. Its previous sales record was set in January 2020 thanks to strong demand for SUVs before Covid-19, but the pandemic changed all that. Prior to then, Subaru had seven consecutive years of growth.

Dumper says: "It's been a challenging 12 months for our owner-operator businesses and to see results like this, only 12 months after the grim picture economists painted, is rewarding.

"We have customers waiting as some of our dealers are out of stock and we already have factory back orders through to the third quarter of 2021."

Toyota at the top

There were 10,012 new cars registered last month compared to 5,400, up by 85.4 per cent in May 2020, which was hit by the coronavirus lockdown. The best-selling model was the Toyota's RAV4 on 620 units for a 6.2 per cent market share. Mitsubishi's ASX was second with a market share of 5.2 per cent thanks to 525 units, while the marque's Outlander came third with 407 and 4.1 per cent.

Dean Sheed, left, general manager of Audi NZ, and Blair Woolford, general manager of Farmer Audi

TOP FOR SECOND YEAR

Farmer Audi in Tauranga has taken out the marque's dealer of the year award.

Its other successes at a celebration in Auckland included Blair Woolford being named top sales manager and Mark Ferguson winning the parts manager category.

Shaun Marburg took out two non-metropolitan titles for sales specialist and Audi Sport sales specialist.

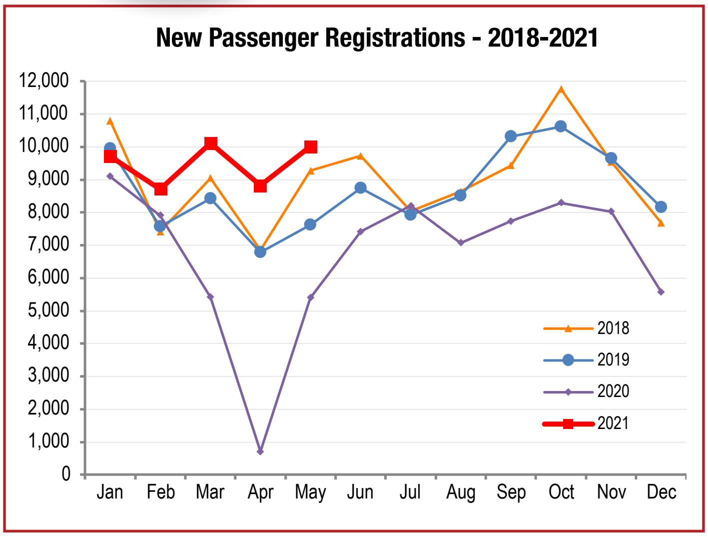
Samantha Headifen scooped the marketing award for Farmer Audi's communications around Covid-19 and a programme to introduce more clients to e-tron.

"Being recognised as Audi NZ's dealer of the year for the second year running is well-deserved for our hard-working team," says Woolford.

Ebbett Audi, of Hamilton, took out four awards. It won the gong for customer satisfaction, Doane Hattingh was technician of the year, Ben Aldred was top apprentice and Annika Lourens landed the service adviser award.

Audi dealerships in Auckland secured five top prizes. Continental Cars Audi claimed three with Scott Windelburn business manager of the year, Kerry Hoffman winning the Audi Sport sales specialist section and Nathan McAlwee top used-car sales manager.

Giltrap Audi claimed a double as Cameron Gemmel won the metro sales specialist award and Richard Scott topped the service manager category.



COPING WITH ISSUES

Mark Stockdale, Motor Industry Association spokesman, says the new-vehicle market has been performing "exceptionally well" this year amid market restraints.

He reports the overall sector is now up by 64.9 per cent – or by 27,379 units – compared to the first five months of 2020.

"As has been the case for the year to date, the market continues to be logistically challenging.

"Worldwide shipping capacity is still a long way off pre-Covid-19 levels and manufacturers are still grappling with a worldwide shortage of semi-conductor chips.

"Production is being slowed down or temporarily suspended to match chip availability.

"Additionally, as the rest of the world comes out of Covid-19 consumers are doing what New Zealanders did last year – spending up large on new items.

"Worldwide demand for new vehicles is outstripping production capability and it is possible manufacturers might begin to pro-rata supply to markets."

Demand for utes still brisk

A dealership is reporting business is doing well when it comes to new commercial vehicles.

Southern Motor Group in Dunedin holds franchises for Audi, Volkswagen, Skoda, Subaru, Peugeot, Haval and Great Wall Motors, which has rebranded to GWM.

And dealer principal Craig Brook highlights the two Chinese brands as particularly appealing to buyers.

"The luxury-car market has had a large increase in sales, but there has especially been interest in GWM and Haval," he says. "We've had so much interest in these two brands and have sold out of GWM's utes for at least the next two months."

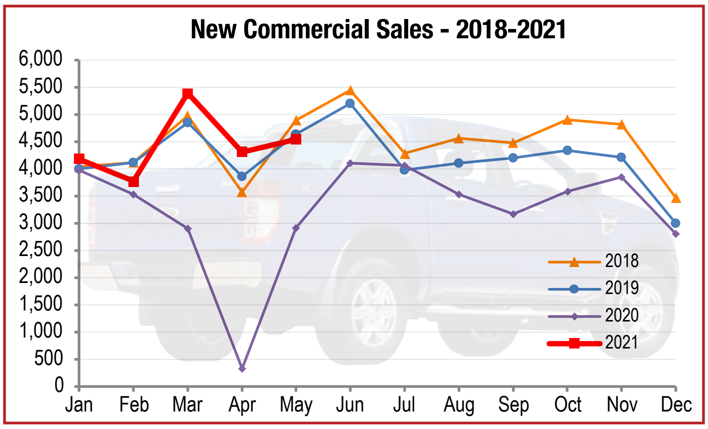
Brook notes all types of vehicles have attracted consistently steady interest over the past year. "I can see demand changing and the level of purchasing may ease back."

He notes the borders closing because of Covid-19 has had a huge impact on business with an increase in the number of people choosing to upgrade their vehicles or invest in their homes while being unable to spend money overseas.

Simon Rutherford, managing director of Ford NZ, says Kiwis value vehicles with flexibility and capability to make living their daily lives easier, and they perform a vital function in supporting business productivity.

"Unless there is a fundamental shift away from primary industries and from supporting the engine of our economy, I cannot see the desire for utility capability and function altering. Ideally, this can be achieved in tandem with embracing advances that help lower emissions further."

There were 4,540 new commercials registered in May, which was an increase from 2,912 – or by 55.9 per cent – during the same month of 2020.



New Commercial Sales by Make - May 2021

MAKE	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	1,029	614	67.6	22.7%	5,143	23.8%
Ford	932	573	62.7	20.5%	4,541	21.0%
Mitsubishi	538	322	67.1	11.9%	2,582	11.9%
Nissan	339	83	308.4	7.5%	1,420	6.6%
LDV	292	52	461.5	6.4%	947	4.4%
Isuzu	287	165	73.9	6.3%	1,399	6.5%
Mazda	168	137	22.6	3.7%	1,072	5.0%
Great Wall	162	39	315.4	3.6%	589	2.7%
Hyundai	139	24	479.2	3.1%	704	3.3%
Volkswagen	96	52	84.6	2.1%	503	2.3%
Fuso	80	47	70.2	1.8%	346	1.6%
Fiat	69	64	7.8	1.5%	384	1.8%
Mercedes-Benz	59	87	-32.2	1.3%	273	1.3%
Hino	57	65	-12.3	1.3%	272	1.3%
Scania	43	34	26.5	0.9%	130	0.6%
SsangYong	35	29	20.7	0.8%	211	1.0%
Iveco	34	33	3.0	0.7%	147	0.7%
Ram	27	25	8.0	0.6%	113	0.5%
Renault	25	11	127.3	0.6%	126	0.6%
Chevrolet	17	5	240.0	0.4%	68	0.3%
Others	112	451	-75.2	2.5%	664	3.1%
Total	**4,540**	**2,912**	**55.9**	**100.0%**	**21,634**	**100.0%**

New Commercial Sales by Model - May 2021

MAKE	MODEL	MAY '21	MAY '20	+/- %	MAY '21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Ford	Ranger	876	498	75.9	19.3%	4,107	19.0%
Toyota	Hilux	795	440	80.7	17.5%	4,109	19.0%
Mitsubishi	Triton	491	321	53.0	10.8%	2,404	11.1%
Nissan	Navara	339	83	308.4	7.5%	1,420	6.6%
Isuzu	D-Max	213	94	126.6	4.7%	1,032	4.8%
Toyota	Hiace	184	151	21.9	4.1%	831	3.8%
Mazda	BT-50	168	137	22.6	3.7%	1,072	5.0%
Hyundai	iLoad	132	23	473.9	2.9%	669	3.1%
Great Wall	GWM Cannon	116	0	11,600.0	2.6%	456	2.1%
LDV	G10	93	9	933.3	2.0%	293	1.4%
LDV	T60	90	18	400.0	2.0%	351	1.6%
Fiat	Ducato	69	64	7.8	1.5%	384	1.8%
LDV	V80	60	21	185.7	1.3%	171	0.8%
Ford	Transit	56	75	-25.3	1.2%	434	2.0%
Toyota	Land Cruiser	50	23	117.4	1.1%	203	0.9%
Mercedes-Benz	Sprinter	48	29	65.5	1.1%	223	1.0%
Mitsubishi	Express	46	1	4,500.0	1.0%	176	0.8%
Great Wall	Steed	46	39	17.9	1.0%	133	0.6%
LDV	Deliver 9	36	0	3,600.0	0.8%	116	0.5%
Isuzu	N Series	36	33	9.1	0.8%	182	0.8%
Others		596	853	-30.1	13.1%	2,868	13.3%
Total		**4,540**	**2,912**	**55.9**	**100.0%**	**21,634**	**100.0%**

Boom in construction boosts sales

A sales manager says the building industry is busy in and around Auckland, and that's helping to sustain business.

Elliot Greenwell, of 317 – The Commercial Specialists in Takanini, say utes are popular with buyers as a result.

"I don't see any changes on the horizon that will soon warrant a sales decline. It was difficult about eight months ago and we thought Covid-19 would ruin our business. However, it's now doing well.

"Shipping from Japan has been slower, but we've maintained stock levels. We're fairly small and keep about 50 to 60 vehicles, so haven't felt the pressure as bad as some others."

Craig Gilbert, of Craig Gilbert Motors in Timaru, has been struggling to access used utes with good margins.

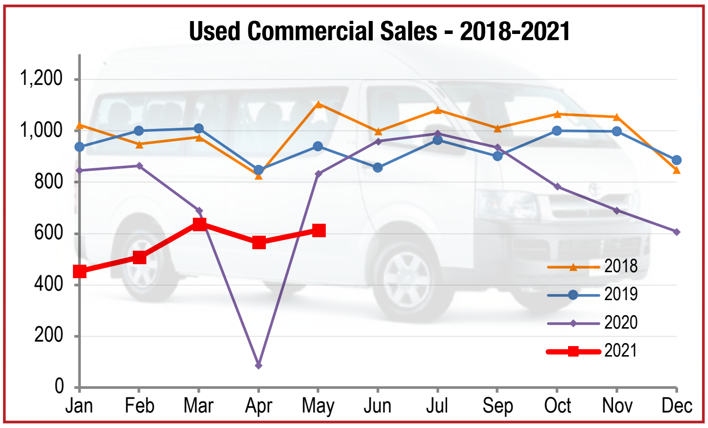
"If south Canterbury's farmers are doing well, it flows onto almost all retailers. There will always be a demand for SUVs and utes here, so you must keep in touch with contacts to get stock.

"The franchise guys are holding onto a lot of used stock because they can probably pull out margins.

"I don't have much to do with them, but I bet margins are quite low on new vehicles so often the trade-in can be the saviour. Due to the high demand for used, they will not be holding onto trades for longer."

Carl Dogget, of Town & Country Motors in Christchurch, says: "We try to educate buyers about how the market is going. Right now, they can't always buy what they're after. For those who have followed our utes and figured it out, they will buy something fit for purpose as soon as they see it."

There were 613 used-imported commercials sold last month – down by 26.4 per cent from 833 in May 2020.



Used Commercial Sales by Make - May 2021

MAKE	MAY'21	MAY'20	+/- %	MAY'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	258	371	-30.5	42.1%	1,093	39.3%
Nissan	88	200	-56.0	14.4%	409	14.7%
Isuzu	53	39	35.9	8.6%	252	9.1%
Hino	45	31	45.2	7.3%	210	7.6%
Ford	31	36	-13.9	5.1%	140	5.0%
Mitsubishi	26	20	30.0	4.2%	154	5.5%
Holden	14	16	-12.5	2.3%	70	2.5%
Mazda	14	46	-69.6	2.3%	80	2.9%
Volkswagen	11	13	-15.4	1.8%	35	1.3%
Chevrolet	10	12	-16.7	1.6%	52	1.9%
Suzuki	8	7	14.3	1.3%	27	1.0%
Daihatsu	7	2	250.0	1.1%	32	1.2%
Mercedes-Benz	7	1	600.0	1.1%	22	0.8%
Dodge	5	5	0.0	0.8%	19	0.7%
UD Trucks	4	1	300.0	0.7%	15	0.5%
GMC	3	0	300.0	0.5%	7	0.3%
Iveco	3	3	0.0	0.5%	7	0.3%
Volvo	3	2	50.0	0.5%	8	0.3%
Hyundai	2	1	100.0	0.3%	12	0.4%
LDV	2	1	100.0	0.3%	5	0.2%
Others	19	26	-26.9	3.1%	131	4.7%
Total	**613**	**833**	**-26.4**	**100.0%**	**2,780**	**100.0%**

Used Commercial Sales by Model - May 2021

MAKE	MODEL	MAY'21	MAY'20	+/- %	MAY'21 MKT SHARE	2021 YEAR TO DATE	2021 MKT SHARE
Toyota	Hiace	178	265	-32.8	29.0%	725	26.1%
Toyota	Dyna	44	36	22.2	7.2%	168	6.0%
Nissan	NV350	43	38	13.2	7.0%	170	6.1%
Hino	Dutro	33	22	50.0	5.4%	156	5.6%
Isuzu	Elf	29	29	0.0	4.7%	164	5.9%
Fuso	Canter	16	9	77.8	2.6%	109	3.9%
Toyota	Toyoace	14	20	-30.0	2.3%	88	3.2%
Isuzu	Forward	13	5	160.0	2.1%	49	1.8%
Nissan	Atlas	13	11	18.2	2.1%	63	2.3%
Ford	Ranger	12	15	-20.0	2.0%	56	2.0%
Chevrolet	Colorado	11	10	10.0	1.8%	45	1.6%
Toyota	Regius	11	33	-66.7	1.8%	40	1.4%
Hino	Ranger	9	5	80.0	1.5%	41	1.5%
Nissan	Caravan	9	62	-85.5	1.5%	71	2.6%
Suzuki	Carry	8	7	14.3	1.3%	27	1.0%
Daihatsu	Hijet	7	0	700.0	1.1%	32	1.2%
Ford	Transit	6	6	0.0	1.0%	21	0.8%
Mazda	BT-50	6	5	20.0	1.0%	23	0.8%
Volkswagen	Amarok	6	8	-25.0	1.0%	19	0.7%
Chevrolet	Silverado	5	7	-28.6	0.8%	14	0.5%
Others		140	240	-41.7	22.8%	699	25.1%
Total		**613**	**833**	**-26.4**	**100.0%**	**2,780**	**100.0%**

Waiting times hit four months

A dealer principal says it's important for consumers' expectations to be well-handled with issues around supply and production expected to continue over coming months.

That's the view of Matthew Carman, of Capital City Motors, which has Ford and Mazda franchises in Lower Hutt and Kapiti.

He told Autofile that customers aren't used to having to wait for up to four months, "but that's the reality for all brands at the moment".

"If people want a certain car in a particular colour and with a certain specification, they're looking at three or four months for it to arrive," adds Carman.

"However, if they're flexible on the derivative, then we may be able to get something sooner. Customers are not used to that, so we've got to handle expectations."

Carman says a softening of the market because of Covid-19 was expected last year, but buyers are out spending their money.

"That said, we expect we'll have issues around supply and production over coming months, and we just have to roll with that.

"We still see demand remaining strong this year. Logic would say what goes up comes down, but we aren't seeing any signs of that at the moment and business still seems to be progressing.

"The usual suspects are behind the strong demand. The popularity of SUVs of any type is part of a global trend."

Craig Brook, dealer principal at Southern Motor Group in Dunedin, says one of the biggest challenges for those in the industry is obtaining new-vehicle stock.

"The number of multiple offers on a vehicle is the highest I've ever seen. We're encouraging our market to trade in their old cars to ensure our yard isn't empty because the supply of new is out of our control.

"With numerous manufacturers impacted by the pandemic, including lockdowns and closure of imported goods, plants are on reduced capacity. Dealerships in New Zealand are constrained by this and we have no control on stock levels coming in.

"Planning a budget for the next 12 months is proving difficult without knowing how many new vehicles we're going to get. We'll order something like five and be lucky if we get one – it's unpredictable."

That said, Brook adds unpredictability is what makes the industry fun and interesting with every day so different. ⊕

Stock levels slide

Imports of new cars in May came in at 10,590. This was 283 per cent more than in the same month of 2020 and 25.1 per cent higher than April's 8,462 units.

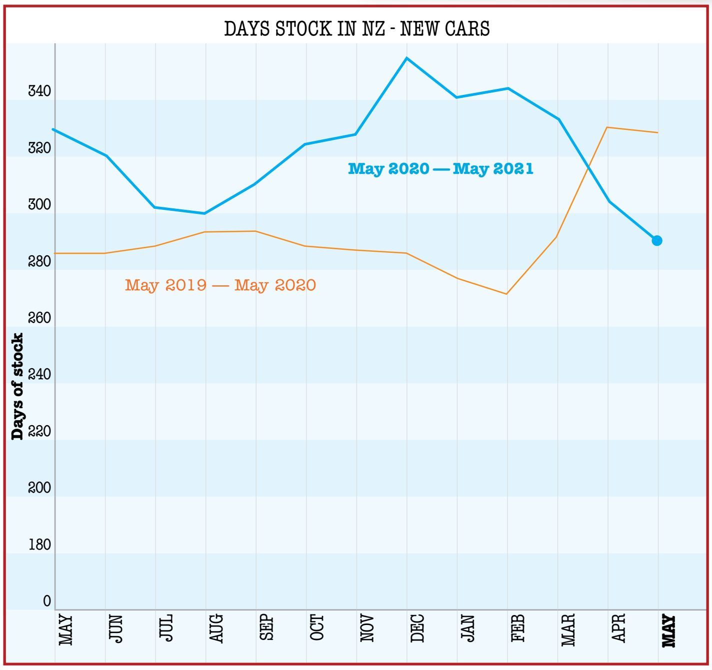
Registrations of new passenger vehicles totalled 10,012 last month, which was up 85.4 per cent from 5,400 in May 2020 when Covid-19 restrictions were affecting businesses. It also represented an increase of 13.5 per cent from 8,825 units in March.

The numbers have resulted in the stock of new cars still to be registered increasing by 578 to 79,737. Daily sales, as averaged over the previous 12 months, stand at 273 units per day.

May's results mean stock at-hand has dropped to 292 days, or 9.6 months, if sales continue at the current rate. In the same month of 2020, the figures were 327 days, or 10.8 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
May '20	2,765	5,400	-2,635	82,874	253	327
Jun '20	4,322	7,413	-3,091	79,783	250	320
Jul '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	7,031	9,712	-2,681	76,136	223	341
Feb '21	10,547	8,710	1,837	77,973	225	346
Mar '21	11,661	10,112	1,549	79,522	238	334
Apr '21	8,462	8,825	-363	79,159	260	304
May '21	**10,590**	**10,012**	**578**	**79,737**	**273**	**292**
Year to date	**48,291**	**47,371**	**920**			
Change on last month	**25.1%**	**13.5%**		**0.7%**		
Change on May 2020	**283.0%** MORE IMPORTED	**85.4%** MORE SOLD		**-3.8%** LESS STOCK		



Changes to biosecurity 'intriguing'

The chief executive of Autohub NZ is surprised the Ministry for Primary Industries (MPI) is making changes to onshore verification processes.

Frank Willett says keeping Biosecurity NZ officers at domestic ports to check used-vehicle imports, rather than sending them back to Japan, seems at odds with the previous approach.

His comments come after the MPI announced in late April that it is changing how it deals with contaminated cars.

The process, which puts more responsibility on border-inspection organisations (BIOs), is due to be fully operational by July.

The aim is to cut port-clearance times with transitional facilities set up where vehicles of concern can be retreated as required. It is hoped this will mean roll-on, roll-offs spending less time dockside and fewer MPI rejections.

Willett says delays at ports have become an increasing problem since Biosecurity NZ staff returned from Japan after doing verifications there for more than 10 years.

"I appreciate MPI has taken on feedback from BIOs and other key stakeholders," he adds. "What used to be an audit in Japan started to appear to be a total 're-inspection' of vehicles on arrival in New Zealand.

"There's been a lot of dialogue between all parties before the MPI settled on what is hopefully a satisfactory, alternative process to address port congestion.

"The biosecurity side is important, but the ministry also has to realise the level of inspection and audit has to be fit for purpose. The industry felt it had gone beyond that."

Willett says he, like many others in the industry, was expecting Biosecurity NZ staff to eventually return to Japan for pre-border verifications.

He notes BIOs now face greater responsibility for ensuring vehicles are free of contamination before they are loaded.

"I'm intrigued that while the MPI has maintained a full commitment to biosecurity risk offshore for many years, its move to conduct auditing on arrival appears to be at odds with that. It was a bit of a surprise it took this opportunity to change things.

"Discussions I've had with the MPI until recently were about it waiting for the Ministry of Foreign Affairs and Trade to confirm when staff could be redeployed to Japan. I can only surmise this change could be budget related. It will place more onus on BIOs to do a satisfactory job in managing risk offshore."

Sales on the rise

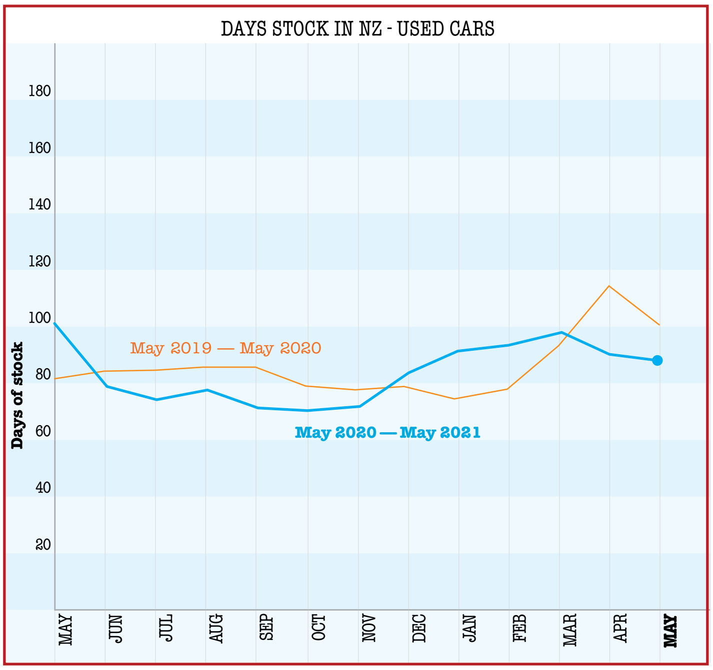
There were 11,167 used cars imported in May for an increase of 7,119 units, or by 175.9 per cent, on the same month of 2020 when the impacts of the coronavirus disrupted the industry.

Last month's figure was also up 22.3 per cent on the 9,948 units imported in April this year.

A total of 11,257 units were sold during May, which compared to 9,565 in the same period a year ago. The latest tally was 11.1 per cent higher than the 10,134 units sold in April.

With 90 fewer used cars imported than registered last month, it brought stock sitting on dealers' yards, or in compliance shops, to 29,665 units. This was 13.6 per cent, or 4,660 cars, lower than at the end of May 2020.

With current average daily sales rising to 337, there are 88 days' stock remaining if sales continue at this rate.



Dealer stock of used cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
May '20	4,048	9,565	-5,517	34,325	340	101
Jun '20	5021	11962	-6941	27384	342	80
Jul '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	11,471	9,404	2,067	27,886	304	92
Feb '21	9,359	9,096	263	28,149	299	94
Mar '21	12,800	11,008	1,792	29,941	306	98
Apr '21	9,948	10,134	-186	29,755	332	90
May '21	**11,167**	**11,257**	**-90**	**29,665**	**337**	**88**
Year to date	**54,745**	**50,899**	**3,846**			
Change on last month	**12.3%**	**11.1%**		**-0.3%**		
Change on May 2020	**175.86%** MORE IMPORTED	**17.7%** MORE SOLD		**-13.6%** LESS STOCK		