

STEERING COLUMN

LeasePlan

It's easier to leaseplan

**LEASEPLAN
MAGAZINE
WINTER 2016**

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***TYRE TIPS
FOR WINTER***

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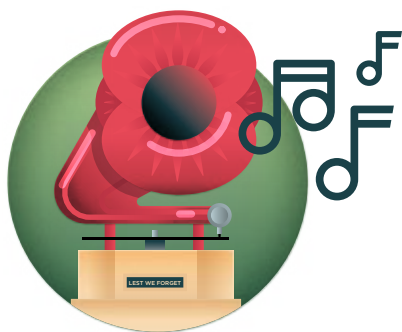
**HOW TESLA
IS TAKING ON
THE WORLD**



SMALL IS BEAUTIFUL

SMALL FLEETS, SMALL CARS & SMALL TOWNS

WINTER 2016



5-6 AUG

Give yourself a scare at Rotorua's Nightmare at the Museum. From the frightening depths of the mudbath basement to the long ghostly hallways, who knows what's around the corner? rotoruamuseum.co.nz/nightmare2016

22 SEP-9 OCT

Be amazed and astounded by the talent and creativity on show at the World of Wearable Art (WOW) Awards Show at Wellington's TSB Bank Arena. worldofwearableart.com

14 AUG

Enjoy some music and remember the fallen of World War One at the series of winter concerts at Wellington's Pukeahu National War Memorial Park, followed by the daily Last Post ceremony. mch.govt.nz/pukeahu/park

30 SEP-2 OCT

See which New Zealand dog's got talent at Discover Dogs and the Eukanuba National Dog Show at Wigram near Christchurch, where more than 1700 canines will be put through their paces. nds.nzkc.org.nz



27 AUG

Cheer on the All Blacks in the first New Zealand Bledisloe Cup match, at Wellington's Cake Tin. allblacks.com

7-9 OCT

Get your outdoor shoes on and explore one of New Zealand's most beautiful regions on foot at the Bay of Islands Walking Weekend. boiwalkingweekend.co.nz



3-4 SEP

Chocolate and coffee are a match made in caffeinated heaven. Taste and experience artisan produce at the Chocolate and Coffee Show at The Cloud in Auckland. chocolatecoffeeshow.co.nz

29 OCT

Feed your mind at TEDx Christchurch at the Isaac Theatre Royal, and be inspired by an astrophysicist, a guerrilla gardener, an inventor, a poet and many more. tedxchristchurch.com

10 SEP

Fill up on seafood from more than 60 stalls and enjoy live bands and other entertainment at the Whitianga Scallop Festival. scallopfestival.co.nz



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Winter is upon us, but there's still plenty going on. There are a number of hot topics of interest to those involved in fleet management:

The electric vehicle debate is powering on. From what we've seen, new vehicle suppliers in New Zealand need to gear themselves up to bring the EVs here that so far they have reserved for other markets. The cost might still be higher but there is more to choosing an EV than just dollars.

The International Accounting Standards Board has finally made a decision on the accounting treatment of leases. As we work our way through the technical detail, it seems the fundamental reasons for leasing remain – cost control, risk management and access to expertise – it's just how you recognise it in your financials that will be different.

The latest round of health and safety changes places a greater emphasis on us as employers to do the right thing by our team. Vehicles account for by far the largest number of workplace accidents but have until now flown below the radar. This needs to change, firstly to ensure we comply with the new regulations, but more importantly so that we continue to improve the safety of our staff.

And how can you find out more about these topics? Fleet Forum 2016 is just around the corner. See page 2 for more about it and how to register. See you there!

CHARLES WILLMER
MANAGING DIRECTOR
LEASEPLAN NEW ZEALAND

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Why we love them so much



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LEASEPLAN'S NEW PRODUCTS FOR THE LITTLE GUY



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CLASSIC KIWI STOP-OFFS



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ARE THE BRAKES COMING ON THE ECONOMY?



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TESLA – THE CAR OF THE FUTURE?

HOW ENTREPRENEUR ELON MUSK TOOK ON THE BIG GUYS

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Advice from the TAM team

NEWS

PLUG IN TO POWER ON

Nationwide utility contractor Northpower is showing the way with its fleet of electric vehicles – which now includes two Mitsubishi Outlander plug-in hybrid vehicles supplied by LeasePlan as part of its leasing arrangement. Northpower has more than 800 vehicles in its fleet, and is keen to introduce EVs to its fleet where practicable.

The Outlander was chosen for its practicality and fit with Northpower's brand image as a power transmission and distribution and telecommunications infrastructure provider. The company is working with ChargeNet to lead the way in establishing an EV fast-charging network in Northland, with stations now open in Kawakawa, Dargaville and Whangarei.

LeasePlan Client Development Manager Jeremy Wilson says Northpower is part of a growing trend from market leaders wanting to set a sustainable example by adding EVs to their fleets.



FEEL SECURE WITH ANYWEAR

LeasePlan is offering its small fleet clients a little extra peace of mind about end-of-lease costs with the introduction of AnyWear Cover. The new product helps fleet managers plan vehicle costs with confidence, by including cover for extra wear and tear in their monthly payments.

When a vehicle is returned at the end of its term, an independent assessment will be made of any additional wear and tear that has occurred beyond what could reasonably have been expected. AnyWear will cover up to \$3500 worth of this additional damage.

LeasePlan Small Fleet customers on new LeaseMe Essentially or LeaseMe Completely plans qualify for AnyWear, and for a limited time you can combine 3D Coverage with AnyWear and get a 10 percent discount on AnyWear. Our easy-to-understand fair wear and tear guide can be found on the leaseplan.co.nz/smallfleet website.

For more information, and full terms and conditions, contact LeasePlan on 0800 LEASEPLAN.

IT'S BACK...

It's back and better than ever... Put Wednesday, September 7 in your diaries and make a date to attend LeasePlan's Fleet Forum event in Auckland. With the ever-popular Jeremy Corbett returning as MC, and a range of entertaining and informative speakers, Fleet Forum is the place to be to get up to date with the latest in leasing and vehicle news, as well as a chance to network and socialise.

This year's theme is 'shape a better tomorrow', taking a glimpse into 'the Super Future'. The event will feature a range of specialist speakers discussing how ingenuity is revolutionising the world around us, in the fields of leasing and vehicles and beyond. Register your interest at leaseplan.co.nz/fleetforum.



THE FUTURE OF VEHICLE MOBILITY

With car numbers growing and increasing pressure on resources and the environment, LeasePlan has asked drivers around the world for their insights into how vehicle mobility will look in the future. While vehicle leasing has been its core business for more than 50 years, the company is also now working on urban mobility solutions with a multitude of other stakeholders including cities, companies and other transport providers.

As part of its mobility strategy, LeasePlan is focused on collecting and considering critical feedback from its global customer base. Drivers were asked why they choose to move around the way they do, and how they envision mobility in the future.

LeasePlan's Chief Commercial Officer, Nick Salkeld, says: 'We expect to see a continued demand for cars over the next decade. This will be spurred on by population and job growth, innovation and technology that will make cars safer, greener and more cost-effective, and new types of individual-focused solutions that will make cars easier to access than ever before.'

While there are about 1.2 billion cars now, this is forecast to rise to 2 billion by 2035. Salkeld says in the context of the world's population, currently estimated at 7.4 billion, a serious challenge lies ahead, and a driver-centric approach, as opposed to a vehicle-centric one, is needed.

Salkeld continued, 'Will we really need two billion cars by 2035? Hopefully a driver-centric approach will enable better utilisation of vehicles, and a focus on individuals will provide better commutes for drivers, companies, cities and more.'

Read more about Nick Salkeld's vision of mobility in the future at: leaseplan.com/page/our-vision-on-mobility



STAY SAFE THIS WINTER

With winter weather starting to settle in, the New Zealand Transport Agency has launched its Winter Journeys campaign, which encourages drivers to plan ahead to reduce weather-related driving risks.

Ernst Zöllner, the NZTA's Road Safety Director, says there are more vehicle crashes between June and August than at any other time of the year, when motorists face shorter daylight hours and wet, slippery roads.

'Simple guidelines for winter travelling include ensuring your vehicle is safe, always driving to the road and weather conditions, allowing more time for your travel, slowing down, being prepared for unexpected hazards and allowing greater following distance between you and the vehicle ahead,' says Zöllner. 'The room for mistakes is reduced when road and weather conditions are less favourable, and we don't want anyone's mistake to end in an avoidable tragedy.'

The NZTA recommends planning your journey, checking weather and road conditions, and choosing the safest route if you have the option. If possible, avoid travelling in extreme weather and road conditions.

'And remember, road closures and restrictions are put in place for your protection and that of other road users, so please observe these.'

Drivers can get the most up-to-date information to help plan their trip via a dedicated website: nzta.govt.nz/winterjourneys or by calling 0800 44 44 49 (0800 4 HIGHWAYS).

ACC LEVY CHANGES SAVE MONEY

Car owners and fleet managers will have more money in their pockets with the introduction of new ACC motor vehicle levies, which came into effect on July 1. ACC Minister Nikki Kaye has okayed a reduction in the ACC licence ('rego') and petrol levies, which could save the average light vehicle owner around \$65 per year.

The vehicle risk-rating system used to calculate these levies has also been refined, after initially facing some criticism. The ratings – and therefore the levy paid by owners – reflect how well the vehicle protects occupants and other road users in a crash.

'It was clear the new approach needed improved data for some cars and refinements to policy to ensure greater integrity of the system for some models,' said Kaye. 'As a result, various changes have been made to the way vehicles will be risk-rated from 1 July 2016. For example, the system now better identifies when improvements have been made to particular models of car, and it better recognises cars that have different names but which are essentially identical vehicles.'

On 1 July, the average motor vehicle levy – which includes the annual licence levy and petrol levy – reduced from around \$195 to around \$130 per vehicle, a drop of around 33 percent. This will save New Zealanders \$218 million, and follows \$438 million of cuts to motor vehicle levies last year. In total, the average motor vehicle levy has fallen from \$330 to \$130 since 2014.

\$7.1M

WILL BE INVESTED IN INJURY PREVENTION ON THE ROAD IN 2015-16

1.8%

OF ALL ACC CLAIMS IN 2014 HAPPENED ON THE ROAD

23,107

ACC CLAIMS WERE MADE BY DRIVERS OR PASSENGERS IN A CAR IN 2014

\$383M

THE TOTAL COST OF ALL CLAIMS THAT HAPPENED ON THE ROAD IN 2014

Mini To the Max





They are one of the world's most recognisable types of car, and have an image of being practical yet also fun and cool.

What is it about the Mini that has made it so popular for more than half a century?

WORDS BY **SARAH ELL**

Originally launched in the UK in 1959 as the Morris Mini Minor or Austin Seven, it was renamed the Austin Mini in 1961 and became a marque in its own right in 1969. Designer Sir Alec Issigonis wanted to create a practical car for city use in times of fuel rationing following the Suez Crisis. The original two-door Mini was pitched as a family car despite its small size, and featured some radical new design aspects, including a transverse engine and front-wheel drive.

The public loved it, and variations of it became the best-selling British car in history. And it wasn't just the hoi polloi who were getting around in a Mini: the marque gained 'cool factor' in the 1960s when rock stars like Mick Jagger, all four of The Beatles, models Twiggy and Jean Shrimpton and royalty such as Princess Margaret were seen getting around in them.



Another development of the 1960s was the introduction of the souped-up Mini Cooper, with British designer John Cooper giving the little car a motorsports facelift, with a more powerful engine suitable for rallying. The Cooper also became the star of the 1969 movie *The Italian Job*.

New Zealanders were enthusiastic early adopters of the Mini, too. The cars were imported here in completely knocked down (CKD) form and assembled at the Dominion Motors Morris plant in Auckland and the Austin Federation factory in Petone. The first Minis went on sale here in February 1960, not long after their British release.

Motoring blogger Donn Anderson, of the Motor Trade Association's RadiatorGo website, wrote that his family purchased one of the first locally assembled Morris Mini Minors, for a quoted price of £698 – the equivalent of nearly \$30,000 today. He notes that, 'A few weeks following delivery we received a small refund as the retail price had not been established when the car was sold.'

The public loved it, and variations of it became the best-selling British car in history.

Nearly 60,000 Minis were assembled and sold in New Zealand up until the 1980s, when cheaper Japanese small cars became more popular. Reductions of tariffs on imported cars in the 1980s spelled the end of the local assembly industry in the 1990s.

02 –

Some like to pimp and preen their classic Minis, and others like to get them dirty on the racetrack.

03 –

The Mini Cooper was designed as a rally version of the original car; today the marque still competes in events like the Dakar Rally.

04 –

Today design teams work on the detailed fitout of the new-generation Minis – a far cry from the basic interiors of the original cars.

Rover Group, which was producing Minis in the UK, was sold to BMW in 1994. In 2000, BMW sold off most of Rover's assets, but retained the rights to the Mini brand. Production ceased and the last Mark VII Mini – the 5,387,862nd original two-door Mini to be produced, a red Cooper Sport – rolled off the production line and into a museum in October 2000.

BMW was keen to capitalise on the brand and grow its compact-car market, so the first new-generation Minis (branded MINI), retaining the essence of the earlier marque but updated for the twenty-first century, were released in 2001. While old-school Mini purists are a bit snuffy about it, the new MINI (nicknamed a 'BINI', for BMW Mini) has been a huge success, with three- and five-door hatchback models, Clubmans (a small station wagon), Coopers, convertibles and an 'SUV' variant all in production. ●



MY FIRST CAR – CHARLES WILLMER

My first car, a 1965 Mini 850cc, was blue with a white roof (hand-painted) and highlights of grey (filler) and brown (rust). It cost me 50 quid.

I have two lasting memories: first, it leaked like a sieve, so I ripped the carpets out and used the *Sunday Times* instead. Once I flicked a fag-end out the window, but unbeknown to me it came back in and set my 'carpet' alight.

The second memory is of doing 50 mph in a 30 mph zone in the dark, with a police car catching up, lights flashing. I had absolutely no chance to outrun him on the main road so turned into a country lane – nothing can compete with a Mini on country lanes – and left him for dust.

Yes, once upon a time, even I was young, irresponsible and in love with my first car. Don't tell the kids...



MINI LOVERS

New Zealand has an active community of Mini enthusiasts, with clubs around the country, regular shows and events and an annual 'Mini nationals' which gives owners the chance to network, socialise and show off their pride and joy. Bernard Bouchereau, secretary-treasurer of the Minis of Wellington Owners Group (MOWOG), says his group includes around 50 enthusiasts ranging in age and background, all driving, restoring and generally worshipping Minis old and new.

'We started out with mostly old ones and progressed to some of the newer "BINI" Minis. Some of our members have one of each – they might have the BMW Mini to drive and a classic as a race car,' Bouchereau says. 'One of the things I like is that whatever your choice is, it doesn't matter – anything goes really. They're an exciting, fun, enjoyable little car and we're passionate about them.'

It's heaven for enthusiasts here, too: the New Zealand market had the most different types of Mini models in the world, with some assembled here and many others imported from Britain, and able to live a long and happy life on salt-free roads here. Unfortunately, Bouchereau says, many Kiwi-based classics have also been re-exported to collectors, especially to Japan in the late 1990s.

Some members go for racing and rallying their classic Coopers, while others like to pimp and preen their rides for 'show and shine' events. Some are into restoring and modifying, and many have more than one project on the go. Bouchereau himself has four Minis, including a topless Mini Moke, which attracts lots of attention whenever he takes it cruising.

'It hasn't got a top or a hood, so I just get out there and feel the road and feel the environment. People always smile and wave at me, and everyone's got a story – I often get stopped by people who say, "Oh, I used to have one of those and it was really fun."'

And what's the attraction? Bouchereau says many people feel a nostalgia for the little cars: 'They were one of the first cars you could afford, and they were revolutionary in their time with front-wheel drive,' he says. 'Also, part of the attraction for me is the people and the camaraderie. There's a lot of history and they're just a cool car, a classic.'

'There are a lot of cars sitting in garages and we want people to get them out there, get them going and come and have some fun.' ●

People always smile and wave at me, and everyone's got a story.

HELLO, PORK PIE

The 1981 Geoff Murphy film *Goodbye Pork Pie* has become part of Kiwi culture. Even if you've never seen the whole thing, most Kiwis know it's a road-trip movie involving a small-time criminal and a stolen yellow Mini, which makes a madcap journey from Kaitia to Invercargill.

But here's a few things you might not know about this classic film:

1 It was the first New Zealand-made film to be shown at the Cannes Film Festival, and was sold into 20 countries.

2 Working on the film were several newcomers who have since gone on to bigger careers, including cinematographers Alun Bollinger and Stuart Dryburgh, and Lee Tamahori, who worked as boom operator on *Pork Pie* before going on to direct *Once Were Warriors* and eventually forge a Hollywood studio career, including making the James Bond film *Die Another Day*.

3 The film's original budget was just \$450,000, and it was the first Kiwi film to recoup its costs on the local market.

4 Director Geoff Murphy had a small cameo role as a man working in a petrol station.

5 The real star of the film is a 1978 British Leyland Mini 1000. Three different Minis were used during filming, two of which were returned undamaged to the New Zealand Motor Corporation following the shoot.

6 The remake stars ex-*Shortland Streeter* and *Lord of the Rings* dwarf Dean O'Gorman, star of *Boy* and *The Dark Horse* James Rolleston and Australian Ashleigh Cummings.

7 It also stars a 'new MINI': a Cooper S three-door Hatch, fully spec'd and striking in the new third-generation paint colour Volcanic Orange.

8 Today, Mini owners also take part in the biennial Pork Pie Run, a fundraiser for the KidsCan charity. Up to 60 Minis retrace the steps of the famous yellow Mini, raising funds and spreading awareness of the charity, which supports disadvantaged children. The next run will be held at Easter next year, with entrants covering 2500 km over six days and seven nights on the road.

big little ideas

**Leasing isn't just for the big boys,
with LeasePlan New Zealand
offering three new products to
Kiwi small-fleet operators.**

New Zealand is a nation of small businesses – and, by default, small fleets. Around 97 percent of enterprises here employ fewer than 20 staff, but they still need work vehicles to get them around.

Many people still think of car leasing as something big companies do, but LeasePlan is out to prove that it can be a cost-effective and highly practical option for smaller businesses, too. Mark Flusk, LeasePlan's Business Manager for small fleet, says the company's new lease and management plans are aimed at businesses running up to 15 vehicles.

'These products are specifically designed to cater for small-fleet operators,' Mark says. 'In the past LeasePlan has concentrated on corporates and large governmental organisations, but we want to expand our client base in the small to medium enterprise (SME) sector.'

Mark says many new clients signing on to the small-fleet plans are either sole traders with their own vehicle, or small business owners with a team working for them. LeasePlan sources special deals on vehicles which might appeal to trade customers, especially light commercials. However, he also makes the point that larger companies can also have small fleets, especially in these environment-conscious times when many businesses are rationalising their fleets and working out how to best utilise the vehicles they have.

LeasePlan is offering small-fleet operators three plan options, depending on how much support they want in the fleet-management process. One is a finance lease only, where the company gains ownership of the lease vehicles at the end of the term, while the other two options are operating leases. ●





I love the
control
I get when I manage
my fleet!

LeaseMe Easily

is a finance-only lease product for small-fleet operators who want to own the vehicles at the end of the lease. Companies make a monthly payment during the term of the lease, then a final payment at the end of the lease, and the vehicle is transferred into their ownership.



Leasing makes it
so simple,
I don't have to worry
about a thing!

LeaseMe Essentially

is a maintained operating lease, where the residual risk stays with LeasePlan, and off the company's balance sheet. The package includes direct driver support and roadside assistance, and a scheduled servicing programme which covers all labour, parts and materials required to service the vehicle as per the manufacturer's schedule. Additional servicing and repairs can be organised directly by the client, utilising LeasePlan's network of suppliers.



I'm a busy man,
so I appreciate
having everything
managed

LeaseMe Completely

As the name suggests, LeasePlan takes care of everything to do with the fleet. For a fixed monthly amount, LeasePlan looks after every aspect of vehicle management, leaving clients to focus on running their business. The monthly cost covers all the management, maintenance, servicing and reporting associated with operating each vehicle, including registration and RUCs, reducing administration costs and making budgeting easier. It also includes unlimited tyre replacements.



This product has been specifically created and designed for small-fleet operators on the back of market research.



Both the operating lease plans have an allowance of 10,000 km over or under the allowed mileage.

'This is fantastic for small-fleet operators, a lot of whom don't have a firm grip on what their vehicles are actually doing in terms of mileage,' Mark says. 'It's comforting for them to know that they've got that 10,000 km allowance.'

LeasePlan also offers two complementary products which can be combined with a Lease Me package: its insurance product, 3D Coverage, and AnyWear coverage to allow for additional wear and tear. 'This product has been specifically created and designed for small-fleet operators on the back of market research,' Mark says. 'The feedback we received made it very clear that one of the concerns for small-fleet operators was potential additional costs at the end of the lease.'

'AnyWear was created to give these operators confidence around that end-of-lease process. For a small, set monthly fee, LeasePlan will cover the vehicle for \$3500 of chargeable additional wear and tear. Paying that small amount gives clients the reassurance that they are not going to have to pay extra charges at the back end.'

Small-fleet customers with an operating lease have access to LeasePlan's online fleet reporting tool, which creates emails and regular push reports. 'The client doesn't have to worry about sourcing information – they can sit back and get reports sent to them on a monthly basis. They can also generate reports themselves when they want.'

LeasePlan also offers small-fleet clients an online fringe benefit tax management tool, and can generate predictive RUC costs.

'Across all these products we have an excellent, industry-leading fuel deal,' Mark says. 'With any finance or operating lease, you get two fuel cards and can benefit from the fuel deal.'

So whatever your small-fleet needs, LeasePlan has a plan for you, to save you time, money and hassle. Read more about two satisfied small-fleet customers on the following page. ●

For more information on LeasePlan's small-fleet offering, see leaseplan.co.nz/smallfleet or call **0800 LEASEPLAN**.



PHIL LINDESAY,
ACCOUNTANT,
TAYLOR FASCIA LTD

Taylor Fascia has 14 cars with LeasePlan, on various plans, transitioning onto the LeaseMe Completely product.

Harvey O'Loughlin, Owner,
Taylor Fascia Ltd

'Taylor Fascia was established in 1971, when Harvey O'Loughlin decided to forgo his second year at teachers' college and set up a company installing a new product to the building industry: an external steel fascia that had an internal spouting behind it. The continual increase in residential construction, together with the some of the old fascia stock now reaching the end of its effective life and needing to be replaced, means Taylor Fascia has continued to grow, and the company is now producing spouting and other related products.

'In 2002 the company set up offices in Taupo, Hamilton, Whangarei, Tauranga and Auckland, which is when LeasePlan appeared on the scene. It was an opportune time to change to a leased vehicle product, given the increased funding required to run the new operation. LeasePlan also became the fleet managers for the leased company vehicles, sparing our local staff the hassles of maintaining a fleet.

'Throughout these years we have always used LeasePlan as our fleet operators, even though our fleet is small. The move to the new small-fleet LeasePlan product LeaseMe Completely is a natural progression for our fleet management.

'Our fleet size is still small, but is increasing despite the continual traffic congestion problems facing manufacturers today. Having been associated with LeasePlan for 15 years, we have every confidence in the new product and also feel secure knowing that if there is anything to be looked at, the staff at LeasePlan are always ready to assist.' ●



ADAM JACKSON,
OPERATIONS
MANAGER,
ALLPROOF INDUSTRIES
NEW ZEALAND

Allproof has 14 vehicles either financed or managed by LeasePlan, with all new vehicles utilising the LeaseMe Completely product.

Jacinta Robertson,
Ian Jackson, Jared Jackson
and Adam Jackson of
Allproof Industries

'Allproof Industries is a private New Zealand-owned manufacturing, marketing and distribution company specialising in sanitary plumbing and drainage systems, fire protection and thermal and acoustic insulation products. Allproof prides itself on being able to solve problems that can delay a project, and because of this, new products are being developed all the time.

'All the cars in our fleet are European, mostly VWs, and they're all silver. It's all part of our marketing, so we are set apart by not having run-of-the-mill vehicles. Unfortunately the silver colour means at the moment we are waiting up to three months for new cars!

'Working with LeasePlan is good for us because they provide great up-front costing information. We know the total cost of ownership, including fuel usage, which is really valuable when comparing different vehicles. Underlining all our decisions is price.

'The main advantage of working with LeasePlan for us is not having to trade in or try to sell cars that we've purchased. Now after the three-year lease is up we essentially just drive the car into a dealership and drive out in a new one. It's wonderfully easy and takes all the haggling out of the process. There's just a simple monthly expense which we find reasonable and easy to manage.' ●

Small wonders

Prepare to find some sweet surprises within the small-car category. The four little delights here all pump up on fun and go, style and sportiness.

BY RICHARD BOSSELMAN

HOLDEN BARINA RS HATCH

FOR: Strong styling, price.

AGAINST: Racier in look than driving feel.



Holden's first small performance-tweaked hatch in 13 years is gunning for attention; the smattering of RS badges is just the start.

Lowered and stiffened suspension, a chunkier and flat-bottomed steering wheel, sports seats, gunmetal five-star 17-inch alloys, disc brakes front and rear, plus revised front and rear treatments cumulatively contribute to an especially rakish look. Not that it's just trading on style: a 103 kW/200 Nm 1.4-litre petrol engine from the larger Cruze allows this top dog to have bite and bark.

It's not quite raucous enough to be considered a full-blown hot hatch, but that's not to say it doesn't lack spirit; you need to dig a little to find the richest seam. The rev counter has to be above 3500 rpm to locate all its urge and character, but when the turbo spins up fully it's fun on a stick and certainly delivers, as planned, a more youthful halo.

Only a minority tend to go for the manual transmission, with its \$1500 saving over the auto's \$27,990 list, but they'll find it's a nice box with a positive, relatively short-throw feel. ●

01

All hail the king! For 12 solid years the Swift has kept a stranglehold on the small semi-hot-hatch sector and, though the monthly sales volume is no longer as frantic as it once was, it still remains number one within its class.

It sticks with the 70 kW/130 Nm 1.4 litre engine that powers other everyday Swifts, so the \$24,990 RSX basically isn't too far removed from a Swift Sport. It's also a darty little thing; ideal for the cut and thrust of town driving but also well sorted for beyond the city limits, even though it can feel crashy on sharp bumps and potholes.

Yet while it doesn't take you to the very edge like the Sport does, there's patently an ability to thrill and it certainly doesn't mind being chucked around. The steering, too, seems to respond to the electrical impulses from your brain. It stops well, too, and seems to have lots of grip.

All that and the usual five-door practicality, excellent build quality and an improved specification that ticks all the best boxes reminds why Swift remains such a difficult proposition to bypass. ●

SUZUKI SWIFT RSX

FOR: Evergreen appeal, good looks.

AGAINST: Front chairs set a bit too high for a tall bloke.



02

VOLKSWAGEN POLO GTI

FOR: Genuine GTi pizzazz.

AGAINST: Firm ride quality.



03

Feel an urge to bring out your inner Sébastien Ogier? This is the car to do it with, being the basis of the World Rally Championship-dominating VW which has snapped up more silverware in the past couple of seasons than you'll see in most jewellers' shops.

The \$35,990 Polo GTi comes with the transmission that most enthusiasts favour over traditional manual or auto boxes: an automated manual. That seven-speed DSG transmission, with split-second paddle shift, certainly elicits full eagerness from the 141 kW 1.8 litre engine, and even though torque is diluted to 250 Nm (from 320 Nm in the old-style three-pedal manual) it's still a wild ride, given the car's petite size and weight. It has a 0-100 km/h sprint time of 6.1 seconds and a touch more economy: 5.6 litres per 100 km being claimed.

Being turbocharged, the VW engine has more grunt than average and that willingness shows in how it operates; it doesn't have to be worked as hard as some of the others here to get performance. It's racy enough down the straights and there's equal entertainment for sporty drivers when tackling the bends. This is the first Polo GTi to get the electronically adjustable dampers enjoyed by the next-size-up Golf GTi sibling, and it differentiates from the standard Polo by taking all the usual sporty cues, including a boot spoiler, dual exhausts and red brake calipers. ●

Here's another car that can basically hang its hat off the same rack as a competition Ford that gets dirty on the world's toughest rally courses. This feisty racer merits its \$34,995 tag by having some good gear, starting obviously with a turbocharged, direct-injected, twin cam 1.6 that, in creating 134 kW/240 Nm, has lots of urge and even more character.

Pretty much from the key-turn it's encouraging full commitment; it'll run right to the redline – and slightly beyond – all the while sounding progressively naughtier. Breaking bad is easy: 0–100 km/h comes in 6.2 seconds and there's more stonk at a toe tweak.

This get-up-and-go is enough to convince that all other alterations – from the stiffer suspension and bigger brakes through to its 17 inch rims, the obligatory aero kit, fat steering wheel and race chairs – have not been effected merely to meet the whims of the marketing department.

Key to the Fiesta's ability to corner dead flat and attack bends at remarkable pace is a techy torque vectoring, which ensures maximum traction and all but eliminates torque steer.

Granted, the downside of all this handling ability is the firm ride, and though it avoids being continuously jolty, your kidneys will suffer. Likewise the three-door body-shell and a manual gearbox – both obvious sales make-or-breaks – though personally I'm more annoyed by the now dated interior. ●

FORD FIESTA ST

FOR: Sweet engine and chassis; a car developed by enthusiasts.

AGAINST: Surprisingly long doors, lacks the five-door's practicality.



04

Small-town HEROES



POP.

120

NASEBY, CENTRAL OTAGO

It's pretty chilly in Naseby at this time of the year, but that's perfect for curling, indoors or out. In the summer there's a dam for swimming, and there's walking and biking in the nearby plantation forest. Act like a goldminer and have a pint at the historic Royal or Ancient Briton hotels.

POP.

1239

TAKAKA, GOLDEN BAY

Take the journey over the Takaka Hill and be rewarded by sunny Golden Bay and friendly Takaka. Catch your own salmon at Anatoki and have it cooked at the on-site café, and check out the crystal-clear waters of the Te Waikoropupu (Pupu for short) Springs just down the road.

POP.

1470

MARTINBOROUGH, WAIRARAPA

Pretty as a picture with its leafy town square and streets radiating out in the shape of the Union Jack, this growing little town is now a serious centre for wine-lovers. Winter is olive oil season, so check out a local producer, or nip over to Greytown for some delights from Schoc Chocolates.

Nearly three-quarters of Kiwis live in urban areas, but everyone loves a small town.

Check out some of these beauties on your next road trip.



POP.

987

**OHAKUNE,
RUAPEHU DISTRICT**

Heaving with ski bunnies in the winter, Ohakune is just as much fun in summer, with excellent biking on the Old Coach Road trail round the base of the mountain. Stop by Johnny Nation's Chocolate Eclair shop for one of its eponymous delights.

POP.

561

**OKATO,
TARANAKI**

Little more than a bend in the road on Taranaki's famous Surf Highway, Okato enjoys great views of the mountain. What was once a large cheese factory in nearby Tataraimaka is now the Korver Molloy Gallery, and there's great coffee and cake at the Cafe Lahar.

POP.

414

**OPONONI,
NORTHLAND**

Once bustling with trading ships, the Hokianga Harbour is pretty quiet now. Splendid isolation, magnificent sand dunes, friendly locals and plenty of history – plus top-quality snacks at The Landing Cafe.

Note: all population sizes are from the 2013 Census

speed humps ahead

The property market has been running hot, especially in Auckland – so hot that many economists and commentators think something has to give. Bernard Hickey takes a look at what might happen next, and its effects on the wider economy.

The pressure on Reserve Bank Governor Graeme Wheeler is intense.

New Zealand property investors and businesses who rely on their home equity for funding should prepare for some turbulence later this year, as the Reserve Bank gears up to tighten lending rules for landlords, possibly as early as November.

The Reserve Bank finds itself between a rock and a house. It needs to cut interest rates to try to boost Consumer Price Index inflation from 0.4 percent currently to closer to the 2.0 percent mid-point of its 1–3 percent target range. But it knows that further falls in mortgage interest rates would just pour more fuel on the fire burning under Auckland house prices and now spreading to the rest of the country.

The pressure on Reserve Bank Governor Graeme Wheeler is intense, because inflation has been below his mid-point target for four years and below the bottom of his target range for two years. To make matters worse, the New Zealand dollar has remained stubbornly higher than Wheeler expected because New Zealand's Official Cash Rate (OCR), at 2.25 percent, is far higher than US interest rates at 0.5 percent and European and Japanese interest rates that are under 0 percent.

The high New Zealand dollar is driving even more deflationary pressures through the economy. The Reserve Bank even posed one scenario in its June Monetary Policy Statement where the currency stayed around its early June levels, rather than falling 4 percent as it had originally forecast. It said this scenario would force it to cut the OCR to 0.75 percent, which would in turn force mortgage rates closer to 3 percent from just over 4 percent currently.

The value of the New Zealand dollar has actually increased even further since the Reserve Bank's warning about it being too high. By mid-June the currency was 4 percent higher than the Reserve Bank's 'worse case' scenario for a high dollar.

So the Reserve Bank needs to find a way to be able to cut the OCR without fanning the housing fire and to avoid further inflating property prices in Auckland, which it considers a threat to financial stability if prices were to fall sharply. It has been here at least twice before, and it has chosen to limit loan-to-value ratios (LVR) for mortgage borrowing each time – once in November 2013 with a blunt LVR and secondly last November with limits targeting Auckland investors.

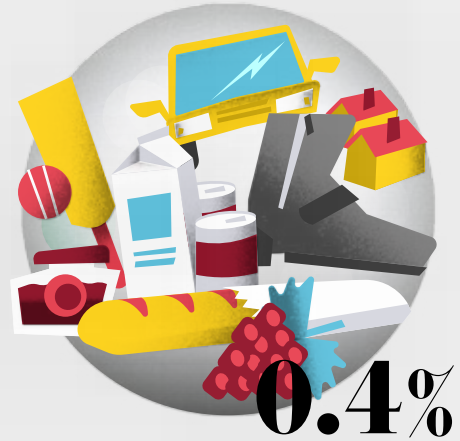
It is about to do it for a third time. Wheeler made clear on June 9 in a news conference, and later to parliamentarians in a select committee appearance, that the Reserve Bank was working on another round of LVR controls that was likely to target rental property investors again.

He was particularly focused in his comments on the increased share of purchases by rental property investors and the rise in lending to landlords, particularly those based in Auckland. The Reserve Bank pointed to sharp rises in the share of purchases going to landlords in recent months and the quickening of annual credit growth this year to over 8 percent. This is more than double income growth and the fastest seen since mid-2008.

'We're doing quite a lot of analysis at the moment around loan-to-value ratios and whether they should be modified in some way, and perhaps connected in to investor properties,' Wheeler said, without giving details.

He did, however, admit the bank was looking at the prospects of reducing the current 70 percent borrowing limit for Auckland investors to 60 percent, and/or extending the limit on Auckland investors to the rest of the country.

WHAT'S WEIGHING ON THE NZ ECONOMY



CONSUMER PRICE INDEX
RATE OF INFLATION

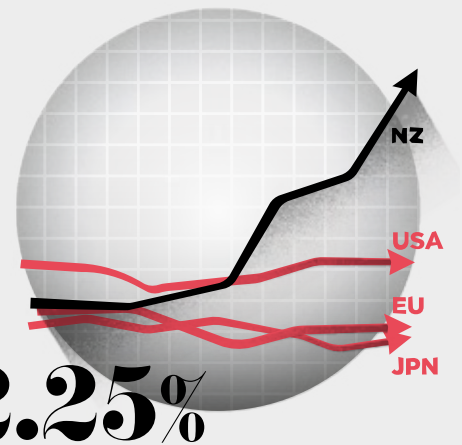
But an even heavier gun could be wheeled out next year. Wheeler said the Reserve Bank was looking at whether to limit debt-to-income multiples. The Reserve Bank has been collecting data from banks over the last year on debt-to-income multiples for investors and owner-occupiers. It reported in May that more than 60 percent of landlords were borrowing more than six times their income, while just over 30 percent of owner-occupiers were over that threshold.

The Reserve Bank has not indicated where it could set the threshold, but similar controls in Britain and Ireland are set at 4.5 times income and 3.5 times income respectively. A limit set at anything under 7 times income in New Zealand would have a substantial impact on investor buying, given well over 40 percent of homes are now sold to investors, up from closer to 30 percent a decade ago. CoreLogic estimated 46 percent of Auckland house sales in May 2016 were to investors.

The Reserve Bank is taking its time looking at this particular limit because it needs to work out how to define and prove income for rental property investors, in particular whether the owners' income or the property's rental income should be considered.

The Government has said it is open to the Reserve Bank's moves to introduce further controls because it is also keen to limit house-price inflation and take pressure off the Auckland market, where housing supplies are well short of demand.

Those who watch currencies should take note. If the Reserve Bank is successful in slowing the housing market, it may have the freedom to push interest rates and the currency back to where it should be from an inflation and export point of view. ●



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CASH RATE (OCR)



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PRESSURES THROUGHOUT
THE NZ ECONOMY

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*don't get
tired out!*

You might not think much about your tyres until it's too late, when you either get a flat tyre or fail a Warrant of Fitness. But there's plenty you can do to keep your tyres in tip-top condition. Take the advice of LeasePlan's Technical Asset Management team to stay safe on the road this winter.

- Check your tyre pressure regularly – about every fortnight – and make sure they are at the pressure recommended by the vehicle manufacturer. Look for the sticker affixed to your car – either on the driver's door or door pillar (Japanese vehicles), under the bonnet (some Holdens) or on the back of the fuel filler door (European vehicles).
- Check the pressure of your tyres when they are cold, not after you have driven a long distance. Never check tyre pressures when they are hot – the expanded warm air can give a false reading increase of up to 35 kPa (5 psi).
- If it is only a little down, reinflate the tyre to the correct pressure. If the pressure is down by more than 35 kPa (5 psi), get the tyre checked by a tyre specialist.
- Don't get all excited and over-inflate your tyres either – overinflated tyres are stiff and give a hard ride. The amount of tread coming into contact with the road is reduced, reducing grip. Your tyres could also be more easily damaged if you run over potholes or debris in the road.
- Don't forget to check the spare's inflation, too – you never know when you might need it!
- Make sure your tyres have sufficient tread. The minimum legal depth is 1.5 mm but the more tread, the better the grip and the safer your car will be. All four tyres should be of the same tread pattern type, and ideally the spare tyre too.
- If you can feel a vibration through your car's steering as you increase speed, you may need a wheel balance. Get it checked out before damage is caused to the vehicle's suspension and steering components.
- Wheel alignment is essential for even tyre wear and should be done once a year or every 12,000 km. Having correct alignment adds kilometres to your tyre life.
- Never mix regular and special all-season or all-terrain (mud and snow) tyres. Using combinations of tyres can result in different levels of grip on the front and back axles, leading to a loss of control, especially in wet conditions or when braking.
- If you are going to be driving in snow or ice conditions, have a good set of chains and know how to fit them properly. Make sure they are tight, and don't drive faster than 20 km/h with them on. Don't forget to remove them once you are back on a clear road. ●



Tesla

THE CAR OF THE FUTURE?

This extract from Ashlee Vance's biography *Elon Musk: How the Billionaire CEO of SpaceX and Tesla is Shaping Our Future* (Virgin Books, \$28) lifts the lid on how the eccentric genius has taken on traditional car manufacturers at their own game – and appears to be winning.

What Musk had done that the rival automakers missed or didn't have the means to combat was turn Tesla into a lifestyle. It did not just sell someone a car. It sold them an image, a feeling they were tapping into the future, a relationship. Apple did the same thing decades ago with the Mac and then again with the iPod and iPhone. Even those who were not religious about their affiliation to Apple were sucked into its universe once they bought the hardware and downloaded software like iTunes.

This sort of relationship is hard to pull off if you don't control as much of the lifestyle as possible. PC makers that farmed their software out to Microsoft, their chips to Intel, and their design to Asia could never make machines as beautiful and as complete as Apple's. They also could not respond in time as Apple took this expertise to new areas and hooked people on its applications.

You can see Musk's embrace of the car as lifestyle in Tesla's abandonment of model years. Tesla does not designate cars as being 2014s or 2015s, and it also doesn't have 'all the 2014s in stock must go, go, go and make room for the new cars' sales. It produces the best Model S it can at the time, and that's what the customer receives. This means that Tesla does not develop and hold on to a bunch of new features over the course of the year and then unleash them in a new model all at once. It adds features one by one to the manufacturing line when they're ready. Some customers may be frustrated to miss out on a feature here and there. Tesla, however, manages to deliver most of the upgrades as software updates that everyone gets, providing current Model S owners with pleasant surprises.

For the Model S owner, the all-electric lifestyle translates into a less hassled existence. Instead of going to the gas station, you just plug the car in at night, a rhythm familiar to anyone with a smartphone. The car will start charging right away or the owner can tap into the Model S's software and schedule charging to take place late at night, when the cheapest electricity rates are available. Tesla owners not only dodge gas stations; they mostly get to skip out on visits to mechanics. A traditional vehicle needs oil and transmission fluid changes to deal with all the friction and wear and tear produced by its thousands of moving parts. The simpler electric car design eliminates this type of maintenance. Both the Roadster and the Model S also take advantage of what's known as regenerative braking, which extends the life of the brakes. During stop-and-go situations, the Tesla will brake by kicking the motor into reverse via software and slowing down the wheels instead of using brake pads and friction to clamp them down. The Tesla motor generates electricity during this process and funnels it back to the batteries, which is why electric cars get better mileage in city traffic. Tesla still recommends that owners bring in the Model S once a year for a checkup but that's mostly to give the vehicle a once-over and make sure that none of the components seems to be wearing down prematurely.

Tesla's model isn't just about being an affront to the way car-makers and dealers do business. It's a more subtle play on how electric cars represent a new way to think of automobiles.

Even Tesla's approach to maintenance is philosophically different from that of the traditional automotive industry. Most car dealers make the majority of their profits from servicing cars. They treat vehicles like a subscription service, expecting people to visit their service centres multiple times a year for many years. This is the main reason dealerships have fought to block Tesla from selling its cars directly to consumers. 'The ultimate goal is to never have to bring your car back in after you buy it,' said [former Tesla engineer Ali] Javidan. The dealers charge more than independent mechanics but give people the peace of mind that their car is being worked on by a specialist for a particular make of vehicle. Tesla makes its profits off the initial sale of the car and then from some optional software services. 'I got the number ten Model S,' said Konstantin Othmer, the Silicon Valley software whiz and entrepreneur. 'It was an awesome car, but it had just about every issue you might have read about in the forums. They would fix all these things and decided to trailer the car back to the shop so that they didn't add any miles to it. Then I went in for a one-year service, and they spruced up everything so that the car was better than new. It was surrounded by velvet ropes in the service centre. It was just beautiful.'

Tesla's model isn't just about being an affront to the way car-makers and dealers do business. It's a more subtle play on how electric cars represent a new way to think of automobiles. All car companies will soon follow Tesla's lead and offer some form of over-the-air updates to their vehicles. The practicality and scope of their updates will be limited, however. 'You just can't do an over-the-air sparkplug change or replacement of the timing belt,' said Javidan. 'With a gas car, you have to get under the hood at some point and that forces you back to the dealership anyway. There's no real incentive for Mercedes to say, "You don't need to bring the car in," because it's not true.' Tesla also has the edge of having designed so many of the key components for its cars in-house, including the software running throughout the vehicle.

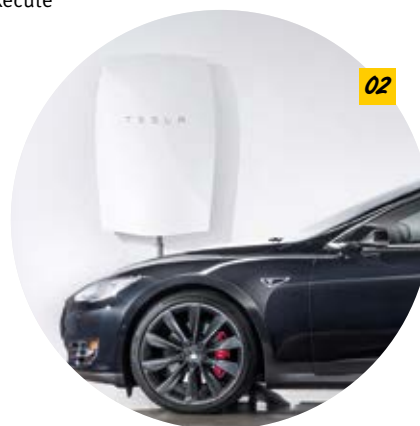
'If Daimler wants to change the way a gauge looks, it has to contact a supplier half a world away and then wait for a series of approvals,' Javidan said. 'It would take them a year to change the way the "P" on the instrument panel looks. At Tesla, if Elon decides he wants a picture of a bunny rabbit on every gauge for Easter, he can have that done in a couple of hours.'

As Tesla turned into a star of modern American industry, its closest rivals were obliterated. Fisker Automotive filed for bankruptcy and was bought by a Chinese auto parts company in 2014. One of its main investors was Ray Lane, a venture capitalist at Kleiner Perkins Caufield & Byers. Lane had cost Kleiner Perkins a chance to invest in Tesla and then backed Fisker – a disastrous move that tarnished the firm's brand and Lane's reputation. Better Place was another start-up that enjoyed more hype than Fisker and Tesla put together and raised close to \$1 billion to build electric cars and battery-swapping stations. The company never produced much of anything and declared bankruptcy in 2013.

The guys like [Tesla CTO and co-founder JB] Straubel who had been at Tesla since the beginning are quick to remind people that the chance to build an awesome electric car had been there all along. 'It's not really like there was a rush to this idea, and we got there first,' Straubel said. 'It is frequently forgotten in hindsight that people thought this was the shittiest business opportunity on the planet. The venture capitalists were all running for the hills.' What separated Tesla from the competition was the willingness to charge after its vision without compromise, a complete commitment to execute to Musk's standards. ●

01 –
The Tesla Model 3 represents a move away from the traditional model of automotive design, retailing, maintenance and operation.

02 –
Tesla's Powerwall is Musk's foray into more green energy initiatives.



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