



# Recommended Changes to the Consumer Information Standards (Used Motor Vehicles) Regulations 2003: Discussion Paper

## Contents

[Disclaimer](#)

[From the Minister](#)

[Call for Submissions](#)

[List of Recommendations](#)

[Introduction](#)

[Supplier Information Notice Information Requirements](#)

[Supplier Information Notice Form in Which Information Is Provided](#)

[Making a Submission](#)

[Appendix One: Supplier Information Notice](#)

[Appendix Two: Extract from the Discussion Paper Recommended Amendments to the Review of the Motor Vehicle Sales Act 2003: Clarification and Tightening of Requirements on Car Market Operators to Provide Supplier Information Notice](#)

## Disclaimer

The opinions and proposals in this document are those of the Ministry of Consumer Affairs. The Government has not made any decisions yet on the proposals.

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## From the Minister

In May last year, I invited comments on what information should be on the Supplier Information Notice that is required to be provided with used vehicles sold by traders.

Thank you to all those who provided comments. A summary can be found at [Summary of Submissions on the Discussion Paper Review of the Consumer Information Standards \(Used Motor Vehicles\) Regulations 2003](#). [link]

The feedback received indicates the Supplier Information Notice is useful to consumers. It provides information about the vehicle's "birthday", import history, its mileage travelled, accident record, warrant of fitness, licensing details, fuel type, the engine capacity and other relevant information.

This information helps consumers considering a car purchase to decide what price they are prepared to pay. The Supplier Information Notice provides information on any securities that may be held against the vehicle and on consumer rights of redress in case something goes wrong with the vehicle.

The range of views has enabled the Ministry of Consumer Affairs to develop specific proposals to make some changes to the Supplier Information Notice. These are outlined in this report and your views are now being sought.

The proposals do not alter the fundamental purpose of the Supplier Information Notice. Rather they are designed to make the Supplier Information Notice more usable for consumers and business alike. The proposed changes also include providing consumers with additional information about car radio compatibility with the New Zealand FM frequency range.

It is crucial that consumers receive useful and accurate information to allow them to make good decisions when making one of their largest financial commitments.

I welcome your comments on the recommendations. Your views are important to me.

## Call for Submissions

Within this section ...

- [Official Information Act 1982](#) [link]
- [Privacy Act 1993](#) [link]

Submissions on this paper should be sent by 14 May 2007 to:

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If you require further information please contact James Ryan Tel: 04-474 2845

### Official Information Act 1982

In providing your submission, please advise us if you have any objections to the release of your submission and, if you do object, the parts of your submission that you would wish withheld and the grounds for withholding. When preparing and releasing any summary and when considering any formal Official Information Act requests, the Ministry will carefully review any representations you make in this regard.

### Privacy Act 1993

Any personal information that you supply to the Ministry in the course of making a submission will be used only by the Ministry when considering matters covered by this discussion paper.

When preparing any summary of submissions on Ministry discussion papers, it is the Ministry's normal practice to set out the names of parties making submissions. Your name will be included in any such summary unless you inform the Ministry that you do not wish your name to be included. To indicate your wishes, or to view personal information held about you in relation to matters covered by this discussion paper, or to request correction of that information, please contact the Ministry of Consumer Affairs, telephone 04-474 2750.

## List of Recommendations

Within this section ...

- [Supplier's Name and Address and Contact Information and Registered Motor Vehicle Trader and Registration Number](#)
- [Cash Price](#)
- [Disclosure of Security Interests](#)
- [Make and Model, Engine Capacity, and Operating Fuel Type](#)
- [Date Attributes - Vehicle Year, Year of Manufacture and Year of First Registration](#)
- [Actual Distance the Vehicle Has Travelled](#)
- [Vehicle Registration and Vehicle Licence](#)
- [Registration Plate Number](#)
- [Warrant or Certificate of Fitness](#)
- [Road User Charges Apply and Outstanding Road User Charges](#)
- [Re-Registered Vehicle](#)
- [Information about Imported Used Vehicles, Year First Registered Overseas and Country Where Last Registered](#)
- [Japanese Specification Radios](#)
- [Supplier Sale and Vehicle Details](#)
- [Consumer Advice](#)

- [Signing and Dating the SIN](#)
- [Notice Title](#)

## **Supplier's Name and Address and Contact Information and Registered Motor Vehicle Trader and Registration Number**

1. No changes proposed. Continue to require the supplier's (or in the case of auctions, auctioneer's) name, address and any other contact information, and the registration number of the registered motor vehicle trader, if applicable, on the SIN.

### **Cash Price**

2. Amend cash price to read "Total cash price including GST and any additional costs to allow road use, e.g. registration and licensing". Continue to require that sales by auction or competitive tender state either "for sale by auction" or "for sale by competitive tender" in place of the cash price.

### **Disclosure of Security Interests**

3. Amend security interest to require the supplier to tick either Yes or No to indicate whether or not there is a security interest in the vehicle.

### **Make and Model, Engine Capacity, and Operating Fuel Type**

4. No change proposed. Continue to require the supplier to enter on the SIN the vehicle make and model, engine capacity, operating fuel type and the vehicle identification number or chassis number.

### **Date Attributes - Vehicle Year, Year of Manufacture and Year of First Registration**

5. Amend SIN by deleting reference to "Vehicle year".

6. Amend SIN to require supplier to state year of first registration of vehicle as recorded on the Motor Vehicle Register.

### **Actual Distance the Vehicle Has Travelled**

7. No change proposed. Continue to require the SIN to record the actual distance the vehicle has travelled or odometer wording disclaimer.

### **Vehicle Registration and Vehicle Licence**

8. Amend SIN to provide separate boxes for "Vehicle registration" and "Vehicle licence".

9. In the "Vehicle registration" include tick box "No" or "Yes" options and alongside the tick box provide for either the "Registration plate details" to be recorded; or the words "not yet registered" to be written. Also provide for a tick box for "Re-registered vehicle" "Yes" or "No".

10. In the "Vehicle licence expiry" box include tick box "No" or "Yes" options and alongside the "Yes" tick box provide for the "Vehicle licence expiry date" to be recorded.

### **Registration Plate Number**

11. Provide for either the "Registration plate details" to be recorded alongside the "Vehicle registration" tick box; or require that if the vehicle is unregistered the words "not yet registered" be written.

### **Warrant or Certificate of Fitness**

12. No change proposed. Continue to require the supplier to tick "Yes" or "No" on the SIN that there is a warrant of fitness and to record the warrant's expiry date.

### **Road User Charges Apply and Outstanding Road User Charges**

13. Continue to require "Yes" or "No" tick boxes to indicate if road user charges apply and if any outstanding road user charges. Place this information on the SIN either in close proximity to the cash price or to the entry disclosing operating fuel type.

### **Re-Registered Vehicle**

14. No change required. Continue to require "Yes" or "No" tick boxes to indicate whether re-registered vehicle.

## Information about Imported Used Vehicles, Year First Registered Overseas and Country Where Last Registered

15. Amend to require country where last registered prior to import.

16. Continue to require supplier to indicate "Year first registered overseas" and "Yes" or "No" tick boxes to indicate whether imported as damaged vehicle.

### Japanese Specification Radios

17. Amend the SIN to provide for a "Yes" or "No" tick box that refers to the vehicle having a radio receiver capable of receiving from 88 to 108 MHz without a band expander.

### Supplier Sale and Vehicle Details

18. No change to requiring a prescribed format for the SIN.

19. Amend SIN layout to provide for better grouping of like information.

### Consumer Advice

20. Amend the reverse of the SIN to give clearer meaning to the Consumer Information provided. For example "Your Rights" tightened to "Your Rights as a Consumer" and the security interest information be amended to better reflect the disclosure requirements.

21. Correct the contact details for the Personal Property Securities Register.

### Signing and Dating the SIN

22. Amend the SIN to require both the consumer and trader to sign the SIN. For online sales motor vehicle traders could possibly use a "tick the box" confirmation system to ensure the signing obligations are met and use a mail service or other suitable means to provide the consumer with a copy of the SIN.

### Notice Title

23. The Supplier Information Notice be renamed Consumer Information Notice.

24. Amend the SIN so that references to "you" are amended to reflect the duty or instruction as appropriate for the motor vehicle trader or consumer.

## Introduction

Within this section ...

- [Certain Details Must Be Provided](#)
- [Public Policy Objective](#)
- [Acknowledgement of SIN](#)
- [Keeping Records](#)
- [Penalties and Offences](#)
- [Review of Supplier Information Notice Requirements](#)

The Consumer Information Standards (Used Motor Vehicles) Regulations 2003 are made under the Fair Trading Act 1986 and are commonly known as the SIN (Supplier Information Notice) regulations. They say a SIN must be displayed with any used motor vehicle offered for sale by a motor vehicle trader or through the facility of a car market operator. Section 14 of the Motor Vehicle Sales Act 2003 (MVSA) in turn requires that when motor vehicles are physically displayed for sale, the SIN must be attached in a prominent position that makes it clearly visible from outside the vehicle. For vehicles on display or for sale on the internet (where a contract for sale may be entered into online), the SIN (or access to it, for example, through a hypertext link) must be clearly and prominently displayed on the same web page as the offer and the contract for sale, relating to that vehicle.

### Certain Details Must Be Provided

The SIN contains detailed information about the particular motor vehicle offered for sale as well as general consumer information about buying a motor vehicle, including such details as the vehicle's age, usage, make and model and whether another person has a security interest in it. The current SIN is reproduced at [Appendix One](#).

## Public Policy Objective

The objective of the SIN in providing this information is to assist buyers get the information they need to make an informed decision about the vehicle they are considering buying. That information needs to meet a minimum standard. It must be accurate and easily understood. It must be enforceable. Providing good information is important given buying a motor vehicle is a major financial commitment for consumers. For many, it represents their second largest single purchase (the largest being the purchase of a house) and it will often also involve some sort of credit arrangement.

## Acknowledgement of SIN

A buyer needs to acknowledge in writing that they have received a copy of the SIN. The motor vehicle trader is responsible for obtaining this whenever he or she is a party to, or acts as an agent for a party to, a contract for sale. The acknowledgement must be obtained immediately before the sale of the vehicle or - in the case of a car auctioneer - as soon as practicable after the sale.

## Keeping Records

The trader must keep a copy of the SIN and its acknowledgement for six years and make these available for inspection on request of the Motor Vehicle Trader Registrar.

## Penalties and Offences

Failure to comply with the requirement to provide a SIN, and the information required in the SIN, is a breach of section 28 of the Fair Trading Act 1986 and attracts a maximum fine of \$60,000 for individuals and \$200,000 for companies. Failure by a car market operator to take reasonable steps to ensure a consumer selling through them attaches a SIN is an offence under the MVSA and attracts a maximum fine of \$2,000. This is also an infringement offence.

## Review of Supplier Information Notice Requirements

In May 2006, the Ministry of Consumer Affairs published a discussion paper Review of the Consumer Information Standards (Used Motor Vehicles) Regulations 2003 and invited comments on the information currently required on the SIN as well as any views on whether there should be additional information requirements. This discussion paper provided background information on the objectives of the different SIN requirements. The discussion of the SIN information requirements was grouped under the following headings:

- Supplier(Seller) details
- Sale and standard vehicle details
- Information about imported used vehicles
- Other information

There was also discussion of the form in which information is provided under the headings:

- Supplier sale and vehicle details
- Consumer advice
- Other

Taking into account the feedback received in submissions and further analysis, the Ministry of Consumer Affairs has developed specific recommended changes to the SIN. These are now discussed under the same headings as above.

## Supplier Information Notice Information Requirements

Within this section ...

### [A. Supplier \(Seller\) Details](#)

- [Supplier's Name and Address and Contact Information and Registered Motor Vehicle Trader and Registration Number](#)

### [B. Sale and Standard Vehicle Details](#)

- [Cash Price](#)
- [Disclosure of Security Interests](#)
- [Make and Model, Engine Capacity, Operating Fuel Type and Vehicle Identification Number or Chassis Number](#)
- [Date Attributes -Vehicle Year, Year of Manufacture and Year of First Registration](#)
- [Actual Distance the Vehicle Has Travelled](#)
- [Vehicle Registration and Vehicle Licence](#)

- [Registration Plate Number](#)
- [Warrant or Certificate of Fitness](#)
- [Road User Charges Apply and Outstanding Road User Charges](#)
- [Re-Registered Vehicle](#)

#### [C. Information about Imported Used Vehicles](#)

- [Year First Registered Overseas, Country Where Last Registered and Imported \(or Otherwise\) as a Damaged Vehicle](#)

#### [D. Other Information](#)

- [Japanese Specification Radios](#)
- [Features and Additional Information Facility](#)
- [Fuel Efficiency Labelling](#)

## A. Supplier (Seller) Details

### Supplier's Name and Address and Contact Information and Registered Motor Vehicle Trader and Registration Number

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#### Recommendation

1. No changes proposed. Continue to require the supplier's (or in the case of auctions, auctioneer's) name, address and any other contact information, and the registration number of the registered motor vehicle trader, if applicable, on the SIN.

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Currently, the supplier must state on the SIN their name, address and any other contact information unless the vehicle is displayed for sale by auction. In the case of sale by auction, the auctioneer must state their name, address, and any other contact information in place of the seller's information.

This information gives the buyer the details needed to contact the supplier after the sale to seek redress if things go wrong. In the May 2006 discussion paper, the Ministry of Consumer Affairs did not identify any need to change these information requirements. Feedback from submissions also supported the current SIN requirements.

The regulations also require the supplier to indicate whether they are a registered motor vehicle trader by ticking the appropriate box - "yes" or "no". If registered, they are required to provide their registration number. The seller must leave this space blank if they are not a registered trader.

Providing a registration number enables a buyer to search the Motor Vehicle Traders Register to check the registration status of the trader before they buy the motor vehicle. It is also useful for trader identification purposes if a buyer needs to seek redress or make a complaint against the trader, particularly if they are not selling from a conventional car yard.

Feedback was sought on whether the requirement to leave the space blank when the seller is either a private seller or an unregistered (and illegal) trader, creates confusion. The need for private sellers to provide a SIN arises from section 14(2) of the MVSA that requires car market operators take reasonable steps to ensure all sellers using a car market display a SIN - that is both private sellers and traders.

A suggested alternative (to the yes/no tick box) which was put forward by the Ministry of Consumer Affairs for discussion purposes was that the seller be required to provide either their registered motor vehicle trader number or state unequivocally that the sale is a private sale. The latter statement would be in breach of, and prosecutable under section 13 of the Fair Trading Act 1986, if made by any person treated as a motor vehicle trader under the MVSA, whether registered or not.

The Ministry of Consumer Affairs currently is seeking feedback on proposed changes to the MVSA (see discussion paper Recommended Amendments to the Motor Vehicle Sales Act 2003[1]). One proposed change is to amend the section 14 (2) MVSA requirement that car market operators take reasonable steps to ensure all sellers using a car market display a SIN and instead to require only traders selling through car markets to display the SIN.

If this proposed amendment to the MVSA is made, the SIN would no longer require the registered as a motor vehicle "yes" or "no" acknowledgment. The requirement to note the motor vehicle trader details and registration number, however, would remain.

This issue is discussed more thoroughly in [Appendix Two](#).

## B. Sale and Standard Vehicle Details

### Cash Price

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## Recommendation

2. Amend cash price to read "Total cash price including GST and any additional costs to allow road use, e.g. registration and licensing". Continue to require that sales by auction or competitive tender state either "for sale by auction" or "for sale by competitive tender" in place of the cash price.

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The regulations require the supplier to state the cash price of the motor vehicle (including goods and services tax) except in the case of sales by auction or competitive tender. For auction sales and competitive tenders, the SIN must state either "for sale by auction" or "for sale by competitive tender" in place of the cash price. No indication of price is allowed.

The Ministry of Consumer Affairs suggested in the May 2006 discussion paper that most buyers' expectation of the cash price is that this is the price they will have to pay to buy the vehicle and drive it away and it is potentially misleading for consumers if they are unaware the cash price may exclude what are referred to as additional "on road costs" (for instance, licensing the vehicle, or registering it in the case of a new import).

Submissions from consumer representatives such as the Automobile Association and the Commerce Commission have expressed strong support that the cash price should be inclusive of all relevant costs - that is all reasonably foreseen road costs such as registration and licence costs. This supports the Ministry of Consumer Affairs view noted above that it is misleading to consumers if the cash price excludes additional "on road costs". The full price to be paid to allow immediate use of the vehicle allows consumers to make uniform price comparisons between motor vehicles. Motor vehicle industry representatives agreed in principle that full costs should be disclosed to potential purchasers but suggested there should be provision for the cash price and separately provision to record additional costs that must be paid.

Considering these two approaches, the Ministry of Consumer Affairs has concluded that for consumers it is easier to have one price clearly presented. We cannot see why it is necessary to separate out the component parts of the price to drive away the vehicle.

The May 2006 discussion paper also sought views on whether the SIN for vehicles for sale by auction or competitive tender should be able to provide an indicative price range.

With respect to an indicative price, auction houses and some consumer representatives indicated a preference to allow for a range of price that the vehicle is expected to sell for. On the other hand, there was quite strong opposition to this approach in other submissions. Weighing up the views, the Ministry of Consumer Affairs notes that indicative prices are akin to market speculation on behalf of the auctioneer. If absolutely required by the auctioneer, indicative prices could be separately indicated to the consumer (in other words by other notice than the SIN).

## Disclosure of Security Interests

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### Recommendation

3. Amend security interest to require the supplier to tick either Yes or No to indicate whether or not there is a security interest in the vehicle.

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Section 15 of the MVSA and the SIN require disclosure of any security interest that is recorded on the Personal Property Securities Register (PPSR) or a statement as to the effect of non-disclosure. The disclosure must be consistent with the information recorded about the motor vehicle on the PPSR. On the SIN, the supplier must either state "there is a security interest registered over this motor vehicle" or leave the entry blank.

Views were sought on whether the SIN should require an unequivocal statement that there is not a security interest on the vehicle and whether the requirement to leave the security interest field blank when there is no recorded interest creates confusion for the consumer. It was suggested that a buyer unfamiliar with the regulations may be unsure whether a registered security interest exists when the entry is left blank.

Submissions from consumer groups and the motor vehicle industry supported (or did not disagree), in the main, that an unequivocal statement as to the nature of the security interest should be stated on the SIN. The Law Society, however, was concerned that this would place too onerous a duty on motor vehicle traders.

The importance of the disclosure statement on the SIN is to alert consumers to a security interest if one exists. If a security interest exists but is not declared, the consumer is entitled to free possession of the vehicle and the liability for the security interest is vested back on the trader. As such, either a trader declaring there is "no" security interest or leaving the declaration box blank has the same effect in law. For the consumer, however, a "yes" or "no" statement provides clarity. Accordingly, an unequivocal statement regarding security is recommended.

**Note:** Some motor vehicle dealers have a "floor plan" finance facility which means a security may be registered over individual cars on the lot of the dealer - these are extinguished when the car changes ownership. These cars are, however, often presented on the SIN as having no security interest. Allowing this practise to continue would have no effect on the consumer because if a SIN is presented as not having a security interest the buyer obtains the vehicle free of any interest that may actually exist. This is because under the MVSA, if a motor vehicle trader fails to declare an existing security interest, then liability is vested back on the trader, and the buyer has free title to the vehicle. On the other hand, if the security interest is declared then the buyer takes on the liability and the vehicle could potentially be repossessed.

## **Make and Model, Engine Capacity, Operating Fuel Type and Vehicle Identification Number or Chassis Number**

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### Recommendation

4. No change proposed. Continue to require supplier to enter on the SIN the vehicle make and model, engine capacity, operating fuel type and the vehicle identification number or chassis number.

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The SIN must state the make and model, engine capacity and operating fuel type of the motor vehicle as recorded on the Motor Vehicle Register established under the Transport (Vehicle and Driver Registration and Licensing) Act 1986. It also must state the vehicle identification number or chassis number.

No need to change these information requirements was identified by Ministry of Consumer Affairs and the feedback from the consultation process supported this view. The vehicle make and model, engine capacity and operating fuel type help in assessing performance capability and relative value for the purchaser. For example, a buyer may be looking for specific design or safety features or performance attributes. This information is also used to source parts for vehicle repair and maintenance and may be significant in setting insurance premiums and the vehicle's resale value. The vehicle identification number or chassis number can help identify the vehicle if it is stolen or a dispute arises. These identifiers can also be important in verifying the various date attributes (for example, model year or year of manufacture) of a particular vehicle.

## **Date Attributes -Vehicle Year, Year of Manufacture and Year of First Registration**

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### Recommendations

5. Amend SIN by deleting reference to "Vehicle year".
  6. Amend SIN to require supplier to state year of first registration of vehicle as recorded on the Motor Vehicle Register.
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The SIN regulations currently require the supplier to state the "vehicle year" of the motor vehicle as recorded on the Motor Vehicle Register. "Vehicle year" is defined in the SIN as either the calendar year in which the vehicle was manufactured or the model year as designated by the manufacturer.

The May 2006 discussion paper noted this definition is problematic because the Motor Vehicle Register protocols are not compatible with the SIN requirements in relation to what can be entered as the vehicle year on the register. The register, run by Land Transport New Zealand, under delegation from the Ministry of Transport, allowed for the vehicle year, prior to 15 December 2003, to be "year of first registration" (YOFR) where the "year of manufacture" (YOM) or "model year" (MY) could not be determined.<sup>[2]</sup> Thus motor vehicles entered onto the register before December 2003 may have any one of the three attributes (YOM, MY or YOFR) entered into the vehicle year field.

As well, since 2003, the register vehicle year entry for some vehicles has continued to allow YOFR, in part because YOM or MY data is more difficult to obtain and in part because the register requires a four numeral entry, cannot be left blank and does not allow "unknown" to be entered in this field.

This situation presents several options including for the SIN definition of vehicle year to be amended to mean any of YOFR, YOM or MY (in other words to match the Motor Vehicle Register data) or for the SIN to delete reference to vehicle year and to require one or each of YOFR, YOM or MY to be provided. The May 2006 discussion paper sought views on the need for the SIN to have each of YOFR, YOM and MY recorded.

Consumer groups were mixed in their preferences regarding the disclosure of the YOM, MY and YOFR information on the SIN. There was agreement amongst most submitters that the present use of YOM or MY is not appropriate to indicate vehicle year and could potentially mislead or confuse consumers. The AA considered separate fields would be useful whereas the Consumers Institute took the view that the YOFR is the traditional way of defining the age of a vehicle and that if it is considered essential to have other information such as the YOM it should be displayed less prominently.

The motor vehicle trade industry associations indicated their support for the SIN requiring the disclosure of the YOM, MY and YOFR dates. They noted that where the information is unavailable this should be able to be noted on the SIN.

## Comment

Discussions between the Ministry of Consumer Affairs, the Ministry of Transport and Land Transport New Zealand (LTNZ) have identified that year of first registration is the most reliable source of information for consumers about the age of a vehicle. For new vehicles, the Motor Vehicle Register accurately records the date of first registration in New Zealand. At the time of registering a used vehicle new to New Zealand, documentation must be provided to LTNZ from the equivalent to New Zealand's Motor Vehicle Register stating when the vehicle was first registered. This information is then recorded on the Motor Vehicle Register and is a reliable source of information for consumers.

On the other hand, model year is not a reliable consumer indicator of the age of a vehicle. This is because model year may be a later date than year of manufacture. For example, production runs for 2007 model cars occur in 2006 and sometimes may be several years earlier. Model year is never an earlier date than the year of manufacture but it can be a later date.

Year of manufacture is also not always able to be obtained from authorised sources such as the Motor Vehicle Register or its international equivalents. Whilst for some vehicles, the year of manufacture can be determined from the vehicle identification number, this source of information cannot be used for Japanese vehicles and some European and American manufactured vehicles. JAMA tables<sup>[3]</sup> are one potential source of information for Japanese manufactured vehicles. These tables need to be converted, however, to determine year of manufacture. Whilst the Ministry of Transport has successfully trialled a conversion of the JAMA tables into a format that can be sorted electronically into alphabetical order and which could provide a platform for web-based interrogation of the year of manufacture, this is not an authoritative data source. It is also relevant only to Japanese vehicles.

The conclusion reached is that traders need to be able to source year of manufacture data from a reliable source and easily (in order to avoid compliance costs). Consumers need to know the data source is reliable. Although year of manufacture data would be very useful for consumers, given the data cannot be obtained readily from authoritative sources it is inappropriate to require this data to be placed on the SIN.

Providing for year of first registration to be the source of information on vehicle year means that vehicle age attributes are described in a consistent fashion.

Changing the requirement on the SIN to year of first registration removes the current incompatibility between the SIN and the Motor Vehicle Register protocols. The current vehicle year definition in the SIN does not provide reliable information as to the age of the vehicle. In particular, as model year information is not a primary indicator of age its inclusion in this field compromises the usefulness of the data.

Accordingly, the Ministry of Consumer Affairs recommends that the SIN be amended to delete all reference to vehicle year and instead require the inclusion of the year of first registration as recorded on the Motor Vehicle Register.

## Actual Distance the Vehicle Has Travelled

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### Recommendation

7. No change proposed. Continue to require the SIN to record the actual distance the vehicle has travelled or odometer wording disclaimer.

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The regulations require the correct distance the vehicle has travelled to be recorded on the SIN. If the correct data is not displayed, a statement noting the inability to determine the actual distance travelled must be made.

The May 2006 discussion paper noted industry concern that the requirement to record solely the "actual distance the vehicle has travelled" is too strict for certain situations. Industry argues that there can be legitimate reasons why a vehicle's odometer reading may differ from the vehicle's true mileage. For example, the odometer may have gone around the clock or numbers may have been transposed in manually recording the odometer reading. Industry contends that, in such situations, a responsible motor vehicle trader is obliged to note on the SIN that the "vehicle odometer reading may be inaccurate" and that this is likely to give the buyer the impression the odometer has been tampered with. This could discourage a person from buying what might have been a suitable vehicle.

Views were sought on whether there should be some relaxation in the current disclaimer requirements.

Submissions on this issue supported the SIN continuing to have actual distance travelled or a disclaimer. Several submitters suggested changes to the disclaimer wording. The motor vehicle trade associations commented that the current statements that are permitted are too restrictive and can cause confusion. There was a suggestion in other submissions that tick boxes be provided with options such as "Cannot Verify" or "Accurate". On the other hand the Consumers Institute supported the status quo.

As noted in the May 2006 discussion document, consumer and industry concerns regarding odometer tampering are widely documented. Consumer confidence that an odometer has not been tampered with is vital. Even though a vehicle's mechanical condition may provide a better indicator of its current and likely future capability, many buyers consider the odometer reading a significant indicator of a vehicle's condition and factor this information into their purchase decision.

The Ministry of Consumer Affairs is concerned that providing an option for traders to tick "cannot verify" would effectively become the default tick box. The decision to have odometer reading on the SIN reflects the strong views of New Zealand consumers that this information is considered relevant to their decision making concerning purchase of a car. The Ministry is concerned that any variation to the requirement to enter the actual distance travelled could create an avenue for traders to not make best endeavours to verify and present this information accurately. This risk is considered greater than any reason for relaxing the current requirement and, accordingly, changes to the current requirements are not proposed.

## Vehicle Registration and Vehicle Licence

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### Recommendation

8. Amend SIN to provide separate boxes for "Vehicle registration" and "Vehicle licence".

9. In the "Vehicle registration" include tick box "No" or "Yes" options and alongside the tick box provide for either the "Registration plate details" to be recorded; or the words "not yet registered" to be written. Also provide for a tick box for "Re-registered vehicle" "Yes" or "No".

10. In the "Vehicle licence expiry" box include tick box "No" or "Yes" options and alongside the "Yes" tick box provide for the "Vehicle licence expiry date" to be recorded.

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The regulations require the supplier to indicate on the SIN by ticking the appropriate box, whether or not the motor vehicle is currently registered as required by Part 1 of the Transport (Vehicle and Driver Registration and Licensing) Act 1986. The supplier must also state the vehicle licence expiry date as recorded on the most recent licence (whether current or expired). If the vehicle has never been issued with a licence, the supplier leaves the entry blank.

The May 2006 discussion paper noted confusion in this area because the public commonly refers to the annual motor vehicle licence as "registration".<sup>[4]</sup> The SIN currently tries to address this terminology confusion by saying "Vehicle licence (registration) expiry date."

Views were sought on the best method for notifying a buyer of the vehicle registration and licence status. This is important information as a motor vehicle must be both registered and licensed before it can be legally used on the road. Many buyers will expect to be able to use their new purchase immediately and that the cash price includes all those costs required to allow this immediate use.

Submissions on this issue varied. Some considered it was important for registration and licence information to be on the SIN. Others noted that the licence information was on the windscreen and did not see the need for it to be on the SIN also. In the main it was agreed that the status quo creates confusion.

The Commerce Commission supported licence details being mandatory regardless of when the licence is due to expire. It suggested there be two separate and clearly defined boxes for "Vehicle registration" and "Vehicle licence". It suggested continuing "Registered vehicle" tick boxes "No" or "Yes" and that the Yes box link to "Registration plate number details". It suggested a separate box for "Vehicle licence" and "expiry date of the licence".

The Law Society of New Zealand commented that the SIN would be clearer if the word registration was deleted from "Vehicle licence (registration) expiry date".

### Comment

There is no disagreement that vehicle registration and vehicle licence status is important consumer information. If a vehicle is not licensed or registered this means it cannot be used on the road. Requiring a total cost price to be stated (see [recommendation 2](#)) means that a consumer will not be misled about any additional costs to obtain registration and licensing before being able to use the vehicle on the road.

If a vehicle is licensed, it is still important to the consumer to know the licence expiry date and therefore when future licensing costs will be incurred. It is also useful to know if a vehicle is unregistered so that enquiries can be made as to why. This could be particularly important if a vehicle has been deregistered.

As noted in the May 2006 discussion paper, it is common for low value vehicles to be auctioned without a current licence. A buyer seeing a SIN has been ticked "Yes" indicating the vehicle is registered may assume the vehicle has a current licence (because of common terminology misunderstanding). Similarly, as noted in the May 2006 discussion paper, it is common for a newly imported used vehicle to be displayed for sale before it has been registered.

Given registration and licensing information is useful consumer information, it is important that it is clear when presented on the SIN. The Ministry of Consumer Affairs concurs with the Commerce Commission suggestion about presenting the registration and licensing information in two separate boxes so that the information is more clearly distinguishable.

## Registration Plate Number

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### Recommendation

11. Provide for either the "Registration plate details" to be recorded alongside the "Vehicle registration" tick box; or require that if the vehicle is unregistered alongside the tick box the words "not yet registered" be written.

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The supplier must state the number or distinguishing mark on the registration plate of the vehicle as recorded on the Motor Vehicle Register. As discussed above, it is logical to provide this information on the SIN alongside the tick box "Vehicle registration" "Yes".

The motor vehicle trader associations have suggested "Not yet registered" as an option. This would reduce the confusion that can exist if the field were to remain blank.

The Ministry of Consumer Affairs concurs with this suggestion in that it will help to reduce confusion related to vehicle registration and vehicle licensing. Accordingly, if the vehicle is not registered then "Not yet registered" should be noted to avoid confusion (even if the Vehicle Registration field has been ticked "No").

## Warrant or Certificate of Fitness

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### Recommendation

12. No change proposed. Continue to require the supplier to tick "Yes" or "No" on the SIN that there is a warrant of fitness and to record the warrant's expiry date.

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The supplier is required to note on the SIN (by ticking "Yes" or "No") whether the vehicle has a warrant or certificate of fitness (WoF). The actual expiry date must also be noted.

Views were sought on whether it is necessary for the SIN to provide warrant of fitness dates given they are already provided on the windscreen sticker, should this information have to be provided only if the warrant of fitness is due to expire within 28 days of sale and how should the warrant of fitness dates be given when the vehicle is sold through the internet.

A number of submissions, including those from the motor vehicle trader associations, the Consumers Institute, the AA and the Commerce Commission, considered that given the WoF information can be found on WoF sticker on the window of a car the need to have this information noted on the SIN may not be necessary. The Consumers' Institute suggested this information not be required for vehicles on dealer yards. Other submissions, including from On Tap, who produce electronic SIN for motor vehicle traders, expressed the point that it would be irrational for the buyer to rely upon the licence, registration and WoF information on the window screen of the vehicle because of the increasing use of the internet as the means of sale (buyers are unable to physically inspect the window screen) and the historical record nature of the SIN. It was suggested that with internet sales fraudulent WoF information was possible.

The Commerce Commission commented that the expiry date of the WoF should be included because of the need to have a current WoF at the time of sale.

### Comment

The Ministry of Consumer Affairs notes that as with registration and licensing, a warrant of fitness is required for a vehicle to be used on the road. There are various pieces of information on the SIN that can be found without too much difficulty on the actual vehicle. The advantage of the SIN is that useful consumer information is altogether in one document. It is a good consumer checklist. For internet sales, the importance of having core information in one document is particularly important.

Given that not all consumers are aware that a vehicle must have a WoF no older than 28 days at point of sale and that the SIN is a record of core information relating to the car, the Ministry of Consumer Affairs has concluded that Warrant of Fitness information should be displayed on SIN.

## Road User Charges Apply and Outstanding Road User Charges

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### Recommendation

13. Continue to require "Yes" or "No" tick boxes to indicate if road user charges apply and if any outstanding road user charges. Place this information on the SIN either in close proximity to the cash price or to the entry disclosing operating fuel type.

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The supplier must indicate (by ticking "Yes" or "No") whether or not the vehicle is subject to road user charges under the Road User Charges Act 1977 and also whether or not there are any outstanding road user charges in relation to the vehicle. All diesel powered vehicles and vehicles over 3500 kg are subject to road user charges. To pay the charges, you must buy a Road User Charge licence.

Views were sought on whether any changes were needed to this requirement. All those who commented, including the motor vehicle trader organisations and the consumer groups, supported the present information disclosure requirements. Accordingly, the Ministry of Consumer Affairs recommend that road user charge information continues to be provided on the SIN.

These are additional costs the buyer needs to be aware of when making their purchasing decision. It is proposed that this information is placed either in close proximity to the cash price or to the entry disclosing operating fuel type.

## **Re-Registered Vehicle**

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### Recommendation

14. No change required. Continue to require "Yes" or "No" tick boxes to indicate whether re-registered vehicle.

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The SIN requires the supplier to indicate (by ticking "Yes" or "No") whether or not the motor vehicle has been previously registered and then re-registered as recorded on the Motor Vehicle Register. The May 2006 discussion paper asked whether there was any need to change this requirement.

Re-registration is necessary if the vehicle's registration has been cancelled. Common reasons for cancelling registration are that the vehicle has been "written off" by an insurance company, rendered useless or destroyed, or having been unlicensed (and likely not used) for more than one year.

Submissions in the main considered the status quo should remain. A point was raised that a car may have been required to re-register if the registration has simply been allowed to lapse and that this could be confused with a car that has been repaired to a road worthy status after an accident.

The Ministry of Consumer Affairs considers the former occurs infrequently enough not to be concerned with making a distinction on the SIN. Accordingly, no change to the re-registration information required on the SIN is recommended.

## **C. Information about Imported Used Vehicles**

### **Year First Registered Overseas, Country Where Last Registered and Imported (or Otherwise) as a Damaged Vehicle**

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#### Recommendation

15. Amend to require country where last registered prior to import.

16. Continue to require supplier to indicate "Year first registered overseas" and "Yes" or "No" tick boxes to indicate whether imported as damaged vehicle.

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The current SIN requires the supplier to state the year the vehicle was first registered overseas as well as the country where it was last registered prior to import as recorded on the Motor Vehicle Register. The supplier must also complete "Yes" or "No" tick boxes to indicate whether imported as damaged vehicle as recorded on the Motor Vehicle Register.

Land Transport New Zealand records on the Register whether or not the vehicle had obvious structural damage or deterioration at the time of import and this is flagged to the vehicle. The extent of damage is not recorded. The key word here is "structural", as this determines whether the flag remains on the vehicle or not. Vehicles with damage that is not necessarily structural - such as a minor dent to a door panel - may be flagged initially, but the flag will be removed following subsequent inspection by a Land Transport New Zealand approved entry certifier. No information on the damage will be retained on the record and, therefore, will not be disclosed on the SIN.

The May 2006 discussion paper noted the motor trade industry viewpoint that as the flag does not identify whether the damage is (was) major or minor, it should not be used as a "definitive categorisation of the vehicle as structurally damaged or incorrectly repaired". The implication from industry is that consumers will not give proper consideration to cars with such a flag, believing the car to have sustained major damage when in fact the damage may have only required a simple repair.

On the other hand, the Ministry of Consumer Affairs noted the flag is useful in that it alerts the consumer to additional history of the car and could aid the purchase decision.

Accordingly, views were sought on whether any changes should be made to the requirement to disclose that a vehicle has been imported as a damaged vehicle.

The motor trade associations, in line with the industry position noted above, submitted that the field should be removed from the SIN. The Commerce Commission, Consumers Institute and the Law Society, however, submitted that consumers being alerted to a vehicle imported as damaged, is core information.

### **Comment**

As noted in the May 2006 discussion paper, the Ministry of Consumer Affairs considers it is important for a buyer to know if a vehicle has a recorded history of structural damage. This information is available to some extent in the re-registration history of a vehicle which may have been damaged in New Zealand.<sup>[5]</sup> However, it is recognised that this is a very limited source of such information and New Zealand incurred structural damage or repair information is not recorded or required for the Motor Vehicle Register. It is this disparity on which the trade industry voices its concern - also noting that there is not a level playing field between the private seller and the motor vehicle trader in terms of required information disclosure.

Land Transport New Zealand also acknowledges that the information supplied to this field on the Motor Vehicle Register is partial and that it relates only to those vehicles that might have been flagged as possibly damaged overseas and those that have been repair certified at entry or re-entry after structural damage has been repaired.

Whilst recognising all of these issues, the Ministry view point is that it is important that at least the capture-able part of the used vehicle market has this information disclosed. Accordingly, no change is recommended to the SIN imported as damaged vehicle disclosure requirements.

## **D. Other Information**

### **Japanese Specification Radios**

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#### Recommendation

17. Amend the SIN to provide for a "Yes" or "No" tick box that refers to the vehicle having a radio receiver capable of receiving from 88 to 108 MHz without a band expander.

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Used vehicles imported from Japan generally have radios which are specifically suited to the FM radio broadcasting spectrum used by Japan rather than that used by New Zealand. This means the radio will not receive many FM radio stations when used in New Zealand.

The use of a "band expander" attached to the radio receiver is a popular remedy but it has inherent limitations on some frequencies and may give degraded reception on other frequencies unless it receives a particularly strong radio signal.

This issue is further compounded by the possibility of new radio stations being licensed that interact with other existing frequencies due to the nature of the band expander's operation.

The use of Japanese specification radio receivers and band expanders has implications for the radio industry.

Radio advertisers and community based stations may potentially miss out on reaching their target audience. The broadcast of information during civil defence emergencies is also a possible issue. Popular radio stations are used as the means to convey information to the public during such times. A motor vehicle with a Japanese specification radio may be unable to receive the emergency information and could possibly compromise the health and well being of the public (although AM frequencies will still be able to be received by these radios).

The Radio Broadcasters Association has submitted that the SIN display whether the radio receiver is suited to New Zealand or Japanese specifications.

### **Comment**

Parliament's Commerce Committee, when recently considering the power of broadcasting licences, accepted the view that the question of use of band expanders is best approached as a consumer issue and has commented in their report on the Communications Legislation Bill that the SIN could be a suitable mechanism for bringing the issue to greater visibility for consumers.

An unequivocal statement as to whether a motor vehicle is fitted with a radio receiver capable of receiving from 88 to 108 MHz should provide sufficient notice for consumers as to the suitability of the radio receiver for their needs (the term base receiver refers to the receiver fitted irrespective of whether a band expander device has been fitted).

A box that could be ticked "Yes" or "No" as to whether the vehicle carried a New Zealand standard radio receiver should be sufficient to alert the consumer to the ability of the radio to receive the normal range of FM stations without degradation.

Not all cars sold on the New Zealand used vehicle market are of Japanese origin so reference to Japanese radios for a European vehicle is unnecessary.

## Features and Additional Information Facility

The May 2006 discussion paper asked for feedback on whether additional optional information should be allowed on the SIN alongside prescribed information, for example, additional information, such as features and accessories and information about the number of owners. Currently, such information may not be included on the SIN, but may be supplied on a supplementary form.

When the SIN form was originally developed, the required vehicle details were limited to those that could be independently verified and were meaningful in regard to the basic performance attributes of the vehicle. There were concerns that sale features would be given greater prominence on the SIN and that this would detract from details that were more meaningful, even if less attractive, to the buyer.

Trade associations represented to the review that, historically, their industry did request the ability to provide additional information on the SIN. Significantly, they now consider the status quo should remain. They have noted that the industry has adjusted and is now able to provide additional information through other means such as alternative window cards, websites or through personal interaction with the sales person.

The Consumers Institute submitted the number of previous owners of the vehicle could be included on the SIN as additional information.

The Commerce Commission supported additional information on the SIN provided it did not distract consumers from the statutory requirements of the SIN.

In the light of the trade associations' submission and no other strong views about the need for additional information on the SIN, the Ministry of Consumer Affairs does not recommend any changes to the SIN to allow for additional information to be provided.

## Fuel Efficiency Labelling

The May 2006 discussion paper sought views on requiring fuel efficiency information on the SIN. It was noted that fuel efficiency is increasingly becoming a point of interest for consumers.

Since the release of the May discussion paper on the SIN, the Energy Efficiency and Conservation Authority (EECA) released a discussion paper Vehicle Fuel Economy Labelling. Following the consideration of submissions on both discussion papers the decision has been taken not to include fuel economy information on the SIN.

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[1] The discussion paper may be found at [Recommended Amendments to the Motor Vehicle Sales Act 2003: Discussion Paper](#) or a hard copy may be obtained from the Ministry of Consumer Affairs, PO Box 1473, Wellington.

[2] Following is an explanation of each attribute:

"Year of manufacture"

is the date when a vehicle is assembled to the point that it can reasonably be expected that a consumer could purchase it. In a general sense, it is the date the vehicle came off the production line in a state ready for sale.

"Model year"

is the year designated by the manufacturer to a particular model when it is placed on the market. A model may be produced for periods of up to five years or more, and may be produced in the six-month period preceding its year indicator. That is, a model with a designated "model year" of 2006 may have been produced in late 2005 and may continue to be produced until 2010 or later.

"Year of first registration"

is the date that the vehicle was first registered for use. For imported used vehicles, this will be the date first registered overseas. For vehicles imported new to New Zealand, it will be the date registered in New Zealand.

"Vehicle year"

in regard to the Motor Vehicle Register is the year included in the vehicle descriptor and is the date attribute which appears on the annual licence sticker on the vehicle windscreen. For most New Zealand-new vehicles this will be the model year; for imported used vehicles it will generally be either the model year or the year of first registration.

[3] Hard copy tables provided by the Japanese Automobile Manufacturers' Association (JAMA tables) used to determine YOM or MY of vehicles from Japan.

[4] Registration, and the provision of registration plates, occurs when the motor vehicle is first added to the motor vehicle register. It is generally ongoing, although there are some circumstances in which a vehicle may be deregistered. Motor vehicle licensing is an annual obligation placed on the motor vehicle owner. This fee contributes to road building and maintenance projects, road safety programmes

and ACC levy, and a card must be displayed in the bottom left corner of the windscreen to confirm current validity.

[5] It is noted that there is some debate as to whether the requirements for de-registering a motor vehicle for reasons of structural damage go far enough. It is not within the ambit of the consumer information regulations to resolve this issue.

## Supplier Information Notice Form in Which Information Is Provided

Within this section ...

### [A. Supplier Sale and Vehicle Details](#)

- [Online Security of Information Concerns](#)
- [B. Consumer Advice](#)
- [C. Other](#)
- [Signing and Dating the SIN](#)
- [Notice Title](#)

Section 7 of the Consumer Information Standards (Used Motor Vehicle) Regulations states that the SIN must be in the form set out in Schedule 1 and contain within it the information required by Schedule 2.

For used motor vehicles displayed at a physical location, the SIN must be printed on white paper, card or similar material that is at least 21 cm in width and 29.5 cm in length. It must be in a font size that is easily readable by a person at a reasonable distance.

Where the vehicle is offered or displayed for sale on the internet and a contract for sale may be entered for that vehicle on the internet, the SIN relating to that vehicle (or access to it) must be clearly and prominently displayed on the same web page as the offer or display for sale and its contract for sale.

## A. Supplier Sale and Vehicle Details

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Recommendation

18. No change to requiring a prescribed format for the SIN.
  19. Amend SIN layout to provide for better grouping of like information.
- 

The May 2006 discussion paper sought feedback on the best approach to providing consumers with specific sale and vehicle information. It asked for feedback on any specific problems with using SIN for internet, car fair or display for sale sales; what items of information should be fully prescribed; and what, if any, items of information should be presented in a manner of the supplier's own choosing.

Trade associations, consumer representatives and the Commerce Commission all agreed that the prescribed format is the appropriate means to provide consumers with specific sale and vehicle information. It was suggested that like information should be grouped together and that information should be stated explicitly rather than allowing for any blank fields. It was also noted that the element of standardisation was likely to assist potential buyers and the standard layout makes enforcement easier.

With regard to the question of specific problems with any particular approach in the terms of medium through which the vehicle is offered for sale, the trade associations suggested sales conducted through the internet were often initiated and concluded without the disclosure or provision of the SIN.

The Ministry of Consumer Affairs agrees that this means of sale has been problematic regarding the requirement for car market operators to take reasonable steps to ensure private consumers using car markets display the SIN. As discussed under section **2A Supplier's name and address and contact information**, the Ministry has proposed amending the MVSA requirement for car market operators to take reasonable steps to ensure all sellers using car markets display a SIN and instead to require only traders selling through car markets to display the SIN. This is discussed more fully in [Appendix Two](#).

## Online Security of Information Concerns

The display of the SIN is currently required by section 14 of the MVSA. While access to vehicle and ownership information contained in the SIN is currently available by other means, providing the information freely online potentially increases the opportunity for crimes such as identify theft and fraud relating to motor vehicles.

The issue is that increasing the amount of personal information available about a person online increases the potential risk of identity theft and other fraudulent activity.

This risk is potentially increased when the SIN information is free, nicely bundled together and put into an online environment, where it is increasingly difficult to police fraudulent behaviour.

The strong concern described by Trade Me auction website is that by requiring them and other internet sites to take reasonable steps to ensure the display the SIN they may actually contribute to instances of identity theft.

It is possible that in enforcing SIN display requirements, would-be sellers (either consumers or motor vehicle traders) will be deterred by this requirement, making the online forum for car sales less appealing.

## **Comment**

The Ministry of Consumer Affairs considers that the availability of the information on the SIN is very important for the consumer's assessment of the vehicle they are considering purchasing particularly so when buying from motor vehicle traders who are accountable to a higher standard or service than a private seller. This is a sufficient enough need to continue to require this information to be displayed online by motor vehicle traders over concerns about possible information security concerns.

Internationally, it is recognised these risks are inherent within the internet and users are making better use of the security systems that are developing. The recommendation to remove the requirement for private sellers to display a SIN when using a car market will further reduce the potential occurrence of fraudulent activity being conducted towards private individuals.

Given the nature of the SIN it may be more difficult for fraudsters to perpetuate internet crime using the details of a motor vehicle trader rather than using those of an individual.

## **B. Consumer Advice**

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### Recommendation

20. Amend the reverse of the SIN to give clearer meaning to the Consumer Information provided. For example "Your Rights" tightened to "Your Rights as a Consumer" and the security interest information be amended to better reflect the disclosure requirements.

21. Correct the contact details for the Personal Property Securities Register.

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The May 2006 discussion paper sought feedback on what general consumer information should be disclosed on the SIN, what level of detail should be disclosed, where should buyers be told to go to seek further advice, what should be the layout of consumer protection information and what is the single most important contact from which buyers can/should get assistance? Three options were presented -

- Reducing the amount of generic advice
- Limiting information to key messages
- Providing generic advice supplementary to SIN

The options discussed above received little comment from submitters other than the trade associations. They commented that the information currently provided is acceptable given the space available but considered it could be abbreviated to make the points covered more salient.

The trade associations also pointed out that the reverse of the SIN suggests that a security interest must be disclosed if one exists. The Ministry of Consumer Affairs agrees this is not technically correct and recommends this section of the SIN be amended to reflect the consequences of the motor vehicle trader choosing to provide this information.

Another suggestion was the reverse of the SIN should suggest to the consumer to first take any concerns regarding the vehicle purchase to the motor vehicle trader who sold it to them.

The Ministry notes the Review of the Operation of the Motor Vehicle Sales Act highlighted the email address of the Personal Property Securities Register will no longer be used and recommends this be reflected on the SIN.

## **C. Other**

### **Signing and Dating the SIN**

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#### Recommendation

22. Amend the SIN to require both the consumer and trader to sign the SIN. For online sales motor vehicle traders could possibly use a "tick the box" confirmation system to ensure the signing obligations are met and use a mail service or other suitable means to provide the consumer with a copy of the SIN.

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The SIN requires the buyer to sign and date that they have received a copy of the SIN. The 2006 discussion document noted that the Ministry of Consumer Affairs has not identified a need to change this requirement. It was suggested, however, that consideration could be given to requiring both parties to the sale to sign the SIN. The Ministry noted that if the information is provided in written and signed form, the buyer has some record of the transaction and any claims made and is in a stronger position to seek redress if there are disputes about the transaction.

There was strong agreement from submitters that the requirement for the buyer to sign and date that they have received a copy of the SIN be retained. The trade associations also agreed with the suggestion that both parties should be required to sign the SIN.

The Ministry considers that by having the consumer sign the SIN, the consumer, if not already aware of the SIN, has the core information about the vehicle and rights of redress firmly drawn to their attention. The same would apply if the motor vehicle trader was also required to sign the SIN. Such an action also will focus the trader's attention to the requirement that they must provide the SIN to the consumer.

## Notice Title

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### Recommendation

23. The Supplier Information Notice be renamed Consumer Information Notice.

24. Amend the SIN so that references to "you" are amended to reflect the duty or instruction as appropriate for the motor vehicle trader or consumer.

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The purpose of the SIN is to provide individual vehicle details to consumers as well as general consumer protection advice about buying a used vehicle. The legislative instrument is called a *Consumer Information Standard*. However the notice itself is called the *Supplier Information Notice*. In the May 2006 discussion paper, the Ministry of Consumer Affairs suggested this can be confusing for buyers as they can be unsure as to what information is being directed at them. It was also noted that this confusion is compounded by reference to both "you" as the supplier, and "you" as the buyer on the vehicle details page.

Feedback was sought on whether "Supplier Information Notice" is a suitable title for the form.

There is support from the submissions for a name change. The trade associations and Consumers Institute supported a name change to "Consumer Information Notice". The Ministry agrees that this name would appear to be a suitable choice. By appearing more consistent in name with the Consumer Information Standard the confusion that can exist will be removed. The name change also will immediately alert the consumer that the information is intended for them.

## Making a Submission

This document has been produced to give an opportunity to interested parties to express their views on the Ministry's recommended changes to the Supplier Information Notice (SIN). Your views are welcome on these recommendations. You are encouraged to make a submission to ensure the policy development process takes account of the widest possible range of views and experiences.

Please indicate clearly if your comments are commercially sensitive or, if for some other reason you consider they should not be disclosed. Any request for non-disclosure will be considered in terms of the Official Information Act 1982.

You can make a submission in whatever form is most convenient to you.

Your submissions should be sent to:

James Ryan  
Ministry of Consumer Affairs  
PO Box 1473  
Wellington  
Email: [motorvehicles@mca.govt.nz](mailto:motorvehicles@mca.govt.nz)  
Fax 04-473 9400

Closing date for submissions is **14 May 2007**.

## Appendix One: Supplier Information Notice

Within this section ...

- [Front](#)

[Reverse](#)

- [Your Rights](#)
- [Your Responsibilities](#)

(The [printed version of the SIN \[132 kB PDF\]](#) shows how it would look. The following is the text it contains and is provided for information and accessibility reasons.)

## Front

### Supplier Information Notice

(You must fill in all relevant parts of this card)

Supplier's or auctioneer's name, address, and contact information:

Registered motor vehicle trader: Yes/No

Motor vehicle trader registration number:

### Sale Information

Cash price (incl. GST):

Security interest\*:

Warning: A security interest means that this vehicle could be a security for a loan and could be repossessed. You should check the back of this card for information about the Personal Property Securities Register.

Make and model:

Vehicle year\*:

Engine capacity:

Operating fuel type:

Vehicle identification number or chassis number:

Actual distance the vehicle has travelled\*:

Registered vehicle: Yes/No

Vehicle licence (registration) expiry date:

Registration plate number:

Re-registered vehicle\*: Yes/No

Warrant or Certificate of Fitness: Yes/No

Expiry date:

Year first registered in New Zealand:

Road user charges apply\*: Yes/No

Outstanding road user charges\*: Yes/No

### Information about Used Imported Vehicles

(Not required for "New Zealand new" used vehicles)

Year first registered overseas:

Country where last registered:

Imported as damaged vehicle\*: Yes/No

If you buy this motor vehicle, the supplier must give you a copy of this card to keep

I [ Name of buyer] have received a copy of this card, including a copy of the information on the back of this card.

Signature:

Date:

For information marked \* there is further information on the back of this card

Example "Supplier Information Notice" developed by the Ministry of Consumer Affairs, November 2003.

## Reverse

Supplier Information Notice - Important Information

### Your Rights

The law offers protection if you buy a motor vehicle from a motor vehicle trader. However, your rights depend on the type of motor vehicle trader from whom you buy. You can get further information about your consumer rights from a Citizens Advice Bureau, a Community Law Centre or from [www.consumeraffairs.govt.nz](http://www.consumeraffairs.govt.nz).

### Motor Vehicle Sales Act 2003

This law controls who can trade in motor vehicles. Motor vehicle traders include:

- car auctioneers
- car importers
- car wholesalers
- car dealers
- car market operators.

Under the Motor Vehicle Sales Act:

- a motor vehicle trader must be registered
- a motor vehicle trader must attach this card to a vehicle they display for sale
- a supplier at a car market must attach this card to a vehicle offered or displayed for sale by the supplier
- the motor vehicle trader must provide you with a copy of this card if you buy this vehicle.

You can search the Motor Vehicle Traders Register to find out who is responsible for running a particular motor vehicle trading business and how to contact a motor vehicle trader. You can also search for traders who have been banned.

Visit [www.motortraders.med.govt.nz](http://www.motortraders.med.govt.nz), or email [info@motortraders.med.govt.nz](mailto:info@motortraders.med.govt.nz) or freephone **0508 668 678**.

### \*Security Interest

If a finance company or other person lends money to someone to buy a motor vehicle, the lender can register a security interest over the vehicle on the Personal Property Securities Register (PPSR). A security interest means that the lender has rights over the vehicle. If a security interest is recorded on the PPSR, the supplier must state on the front of this card "There is a security interest registered over this motor vehicle".

If you buy a vehicle from a registered motor vehicle trader and you were not told on the front of this card that a security interest is registered, then you receive the vehicle free of the security interest.

This protection does not apply to private sales at car markets. You should check the PPSR to ensure that the motor vehicle you intend to buy is free of a registered security interest. Visit [www.ppsr.govt.nz](http://www.ppsr.govt.nz), or email [info@ppsr.govt.nz](mailto:info@ppsr.govt.nz) or freephone **0508 777 746**.

**Warning:** If you buy a motor vehicle that has a security interest registered on the PPSR and the motor vehicle trader discloses the security interest on the front of this card, the vehicle could be repossessed!

### Consumer Guarantees Act 1993

This law sets out guarantees that apply to new and used motor vehicles of the kind ordinarily bought for personal, domestic or household use from motor vehicle traders (other than vehicles bought at auctions). Under the Consumer Guarantees Act, the vehicle must:

- be of acceptable quality, taking into account its age, price and condition at the time of purchase
- be fit for any particular purpose you make known to the seller
- match its description
- match any demonstration model
- be free of any undisclosed security interest
- not be stolen.

### Fair Trading Act 1986

This law makes it unlawful for motor vehicle traders to engage in misleading or deceptive conduct, or make false or misleading representations about vehicles that they are offering for sale.

Under the Fair Trading Act, representations made by a motor vehicle trader about the vehicle you are buying must be true and the information on the front of this card must be correct.

Fair trading complaints can be taken to the Motor Vehicle Disputes Tribunal (see details below) or made to the Commerce Commission. To contact the Commerce Commission, email [contact@comcom.govt.nz](mailto:contact@comcom.govt.nz) or freephone **0800 943 600**.

### **Motor Vehicle Disputes Tribunal**

The Motor Vehicle Disputes Tribunal can hear and determine applications or claims made against a motor vehicle trader under the Sale of Goods Act 1908, the Fair Trading Act 1986 and the Consumer Guarantees Act 1993.

The Tribunal can hear claims of up to \$50,000. Visit [www.justice.govt.nz](http://www.justice.govt.nz) or freephone **0800 FOR MVDT (0800 367 6838)**.

### **Checking Vehicle Details**

You can make an application to an authorised agent of the Land Transport Safety Authority to check if a motor vehicle has been reported stolen and to check vehicle registration details. To obtain this information you will have to complete an application, show identification and pay a fee. Visit [www.motochek.co.nz](http://www.motochek.co.nz) or freephone **0800 108 809**.

#### **\*Vehicle Year**

The "vehicle year" can be either the calendar year in which the motor vehicle was manufactured or the model year as designated by the manufacturer.

#### **\*Actual Distance the Vehicle Has Travelled**

You should not place too much importance on the odometer reading when buying a used motor vehicle. There is a risk with any used vehicle that the odometer has been wound back. A vehicle's mechanical condition is a better indicator of its quality. You may wish to have a vehicle checked by a person with mechanical knowledge before you buy.

On the front of this card suppliers must state one of the following:

- the odometer reading; or
- "I [ name of supplier] cannot accurately determine the actual distance this motor vehicle has travelled because the odometer reading may be inaccurate."; or
- "This motor vehicle's odometer reading is inaccurate."

Stating an incorrect odometer reading is a breach of the Fair Trading Act 1986.

#### **\*Re-Registered Vehicle**

Re-registration is necessary if a motor vehicle's registration has been cancelled. Common reasons for cancelling registration include vehicles being "written off" by insurance companies, destroyed or rendered useless, or having been unlicensed for more than one year.

#### **\*Outstanding Road User Charges**

All diesel powered motor vehicles and vehicles over 3,500 kg are subject to road user charges. To pay the charges you must buy a Road User Charge licence. To find out more from the Land Transport Safety Authority, visit [www.ltsa.govt.nz](http://www.ltsa.govt.nz). To find out where to buy a licence, contact the Road User Charge helpdesk on freephone **0800 655 644**.

#### **\*Imported as a Damaged Vehicle**

The Land Transport Safety Authority records whether or not imported used vehicles had obvious structural damage or deterioration identified at the time of import. However, the extent of the damage is not recorded. Neither is any damage that may have occurred in New Zealand. You may wish to have a vehicle checked by a person with mechanical knowledge before you buy.

### **Your Responsibilities**

Within seven days of purchasing or obtaining a motor vehicle you must complete a Notice of Change of Ownership and present it, along with the change of ownership fee and the necessary owner identification, to an authorised agent of the Land Transport Safety Authority. To find out more, visit [www.ltsa.govt.nz](http://www.ltsa.govt.nz) or freephone **0800 108 809**.

## **Appendix Two: Extract from the Discussion Paper Recommended Amendments to the Review of the Motor Vehicle Sales Act 2003: Clarification and Tightening of Requirements on Car Market Operators to Provide Supplier Information Notice**

Within this section ...

- [Policy Objectives](#)
- [Discussion](#)
- [Conclusion](#)
- [Public Policy Objectives Summary](#)

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Recommendation

7. Amend section 14(2) to require car market operators to take reasonable steps to ensure all traders display a SIN when using car markets.

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The Review of the Operation of the Motor Vehicle Sales Act 2003 recommended that section 14 of the Act be clarified as to the responsibilities placed on car market operators with regard to providing the SIN, in particular in relation to internet sales, and that consideration be given to removing the section 14 (2) provision that requires car market operators only to take reasonable steps to ensure that a private seller provides a SIN.

As noted above, the information disclosure requirements relating to the sale of used motor vehicles are found in two pieces of legislation. The relevant provisions are sections 14 to 18 and sections 101 to 102 of the MVSA and the Consumer Information Standards (Used Motor Vehicles) Regulations 2003 made under the Fair Trading Act 1986, commonly known as the SIN regulations. In brief, the two pieces of legislation say a SIN notice must be displayed with any used motor vehicle offered for sale by a motor vehicle trader which includes through the facility of a car market operator. Currently car market operators are considered to be motor vehicle traders and therefore have to register as such.

When motor vehicles are physically displayed for sale, the SIN must be attached in a prominent position that makes it clearly visible from outside the vehicle. A SIN is also required for vehicles on display or for sale on the internet (where a contract for sale may be entered into online). The SIN (or access to it, for example, through a hypertext link) must be clearly and prominently displayed on the same web page as the offer, and the contract for sale, relating to that vehicle.

## Policy Objectives

As car market operators are classed as motor vehicle traders, all sales at car markets - both by traders and private sellers (consumers) - require the display of a SIN. The policy objectives underlying the need for a SIN for all sales at a car market appear to have been:

To identify who is a trader and who is selling privately and to stop motor vehicle traders from passing themselves off as private sellers. Despite this side by side trading environment, different rights are still attached to private sales and sales by traders, so it is in the consumer's interest to have the distinction indicated clearly. The SIN was intended to provide a tool for making this distinction by providing a tick box to indicate who was selling.

An individual selling through a car market is taking advantage of a market-type venue. Requiring all sellers to provide basic information about their motor vehicle, and those who carry on the business of facilitating such sales to make sure this information is provided, is not onerous.

Private sales should be comparable to a trade with a motor vehicle dealer when using a car market. This was intended to ensure the consumer choosing a vehicle in a venue that offers a mix of private and trade sales has access to the same kind of information on all the vehicles on display.

The Ministry of Consumer Affairs has revisited this situation to see if the policy objectives are justifiable and are being met. The fundamental question has been posed: if a private sale outside a car market does not require a SIN, does the car market environment change the nature of the transaction enough to require private sellers to be subject to SIN display requirements.

## Discussion

All motor vehicle traders when selling a used motor vehicle, must, at any venue, display a SIN under section 14(1). Failure to do so contravenes the MVSA. Inspectors can check the status of the vehicle seller on the Motor Vehicle Traders Register as all motor vehicle traders are required to be registered.

Due to a concern that people were avoiding their trader obligations when selling at car markets, the MVSA extended the definition of a motor vehicle trader to include car market operators. Effectively, this made it also the car market operator's responsibility to ensure that motor vehicle traders and private sellers (consumers) who use their services display a SIN. To recognise the difficulties of achieving compliance from private sellers, section 14(2) then requires that the car market operator takes reasonable steps to ensure private sellers display a SIN.

The requirements on car market operators, however, are not proving an effective way of monitoring whether traders do not pose as private sellers (and thus avoid their statutory obligations). It was anticipated that having everyone displaying a SIN in a car market would make enforcement easier in that all transactions would occur with a SIN and the consumer could identify who was privately selling and who was a trader. This can only occur if the SIN is honestly completed and displayed. A trader, however, can simply fill in the SIN and claim to be a private seller. Any set-up is extremely difficult to enforce. To determine if the private seller is indeed a private seller the inspector will need to investigate further than what is provided in the SIN.

With regard to private sellers, when a person enters into a private sale they are not looking for the same kind of deal as that offered by a motor vehicle trader. They are looking for a cheaper price than that offered by a motor vehicle trader and so are accepting that there are possibly risks such as less redress rights with the private sale.

While lack of knowledge of the requirements is no defence for a breach of the law, it is likely given the infrequency with which they participate in the private sale vehicle market that many private sellers are unaware that when they use such a market they are required to produce a SIN. One example is the auction site Trade Me. Even though Trade Me has noted in its terms and conditions of using the site that a SIN must be displayed, the vast majority of private sellers (and detrimentally, motor vehicle traders as well) do not display a SIN.

It also appears that enforcement activity at car markets is being spent on ensuring private sellers understand and complete the SIN as required rather than being directed to identifying traders using car markets and not disclosing they are traders. As well, although a private seller is required to complete and display a SIN, there is no redress or enforcement provisions under the MVSA if the details provided are misleading or incorrect.

Although the SIN notes on its reverse that rights regarding security interests do not apply to private sales, the Ministry has the strong concern that consumers who purchase a vehicle through a car market may be misled as to their redress rights (which go beyond security interests). The Ministry believes people who use a car market, accordingly, may be being led into a sense of false security especially when dealing with generally inexperienced car market sellers and buyers who can reinforce the misconception.

## Conclusion

It is concluded that the current situation where all sellers at a car market have to display a SIN and where car market operators have to take reasonable steps to ensure that all participants display a SIN does not meet the policy objectives. It is anomalous and confusing that private sellers at car markets have to complete a SIN and the current requirement is diverting enforcement activity away from the original intention.

An option that was considered during the development of the MVSA was to require all sellers, private and trader, to be required to display a SIN. This option was considered to be too difficult to enforce and the cost would outweigh the benefits to consumers. It also would increase the chance that information on the SIN would be incorrect if private sellers did not know, or could not access, the required information. Enforcement activity on private sellers would be extremely difficult. It was also felt that it may increase the perception that consumers in private sales have rights they do not have.

The Ministry of Consumer Affairs considers that these arguments are valid for all private sales including those at car markets.

Accordingly, it is concluded that there should not be any obligation for private sellers at car markets to display a SIN. To achieve this outcome will require either that car market operators are exempted from the obligation of needing to ensure SINs are provided for sales at car markets by private sellers (consumers) or that car market operators are no longer classified as motor vehicle traders and thus no longer have the requirement of section 14(1) to ensure a SIN is attached to a used motor vehicle for sale at a car market.

The second option is recommended and this is discussed further below. Complementing this recommendation, it is recommended that section 14(2) of the MVSA be amended to reflect an obligation on the car market operator to take reasonable steps to ensure that a motor vehicle trader displays the SIN when using the car market. This would mean that traders would have to provide a SIN when selling at a car market, but private sellers would not. It should then be clearer to consumers which sellers are traders. As noted, consumers have better protections buying from traders than from private sellers. By amending section 14(2) it would mean that private sellers at car markets are not treated differently from any other private seller of cars or other items. It also would ensure that consumers are not accidentally misled into believing they have greater consumer protection rights. It also meets the policy proposals and concentrates enforcement activity where it is most required.

## Public Policy Objectives Summary

Compliance costs reduced for private sellers and car market operators.

Improved clarity that there are different requirements regarding car sales that apply to traders and private sellers.

- Reduced enforcement costs to government.
- Motor vehicle traders still have obligation to provide a SIN.
- Definition of Motor Vehicle Trader

- Recommendation: Amend section 7 of the MVSA to remove reference to car market operators.

Given that the proposal to change section 14(2) removes the requirement for car market operators to ensure private sellers display a SIN, there is no longer any policy reason for a car market operator to be registered as a motor vehicle trader. This is not a reduction in the obligation of the motor vehicle trader to display the SIN, but a move to a more pragmatic arrangement that reduces business compliance costs to the car market operator.

A car market operator is usually removed from the buyer and seller relationship and is merely the means for initiating the sale. Given the proposals recommend the removal of the sole reason why car market operators be registered as a motor vehicle trader, it is recommended to remove the reference to car market operator from section 7 of the MVSA.