



MINISTRY OF CONSUMER AFFAIRS
MANATŪ KAIHOKOHOKO

DISCUSSION PAPER

Review of the Consumer Information Standards (Used Motor Vehicles) Regulations 2003

May 2006

33 Bowen Street, P O Box 1473
Wellington, New Zealand
Phone: +64 4 474 2750
Fax: +64 4 473 9400
Email: motorvehicles@mca.govt.nz

ISBN: 0478284756

Table of Contents

- Foreword 3
- Call for Submissions..... 4**
- 1. Introduction 5**
- 2. Background – Key Elements of the Legal Requirements..... 6**
 - Certain details must be provided 6
 - Traders’ responsibility to provide SIN 6
 - Acknowledgement of SIN 6
 - Keeping records 6
 - Penalties and offences 6
- 3. General Principles of Used Motor Vehicle Information Disclosure 7**
 - Background 7
 - Why information should be provided 7
 - What information should be provided 7
 - How information should be provided 8
 - Who should provide the information 9
- 4. Assessment of Information Required 10**
 - Supplier (seller) details 10
 - Sale and standard vehicle details 11
 - Information about imported used vehicles 19
 - Consumer advice 21
 - Other information 21
- 5. The Form in which Information is Provided..... 23**
 - Supplier sale and vehicle details 23
 - Consumer advice 24
 - Other 25
- 6. Making a submission 27**
 - Next Steps 27
- Appendix 1: Supplier Information Notice..... 28**

Disclaimer

The opinions and proposals in this document are those of the Ministry of Consumer Affairs and do not reflect government policy.

Readers are advised to seek specific legal advice from a qualified professional before undertaking any action in reliance on the contents of this publication. The contents of this paper must not be construed as legal advice. The Ministry does not accept any responsibility or liability whatsoever whether in contract, tort, equity or otherwise for any action taken as a result of reading, or reliance placed on the Ministry because of having read, any part, or all, of the information in this discussion paper or for any error, inadequacy, deficiency, flaw or omission from the discussion paper.

Discussion Paper: Review of the Consumer Information Standards (Used Motor Vehicles) Regulations 2003

Foreword

Motor vehicles are technically complex, and their purchase can be one of the largest financial commitments a consumer makes. It is crucial that consumers receive useful and accurate information to allow them to make good buying decisions.

While the Supplier Information Notice (SIN) is designed to provide such information, the recent Review of the Motor Vehicle Sales Act 2003 identified that SIN could be improved.

The SIN covers many issues including the car's 'birthday', import history, its mileage travelled, its accident record, what fuel it uses, warrant of fitness and licensing details and consumers' rights of redress.

This Review is about determining if that information is meeting the needs of the consumer. It identifies and discusses potential concerns in detail and signals areas where the current information required as part of the SIN could be amended and improved.

For the motor vehicle industry and consumers alike, the SIN is no small issue. Both groups will be affected by any changes to the SIN, the requirements for which are set out in the Consumer Information Standards (Used Motor Vehicles) Regulations.

This paper has been produced to encourage you to consider what information must be on the SIN and also what information should be allowed to be on the SIN.

I invite and indeed welcome comments on this paper. Your views are important to me in determining how consumers can best be assisted when buying motor vehicles.

Hon Judith Tizard
Minister of Consumer Affairs

Call for Submissions

Submissions on this paper should be sent by 14 July 2006 to:

James Ryan
Ministry of Consumer Affairs
33 Bowen Street
PO Box 1473
WELLINGTON

email: motorvehicles@mca.govt.nz

Fax: 04 473 9400

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.

1. Introduction

The Motor Vehicle Sales Act 2003 (MVSA) came into force in December 2003. This legislation made fundamental changes to the way motor vehicle sales were regulated. Registration of motor vehicle traders replaced licensing and eligibility criteria were broadened. Government agencies, rather than the industry itself, were charged with administering and enforcing the regime. Also new information disclosure requirements were introduced in the form of a Consumer Information Standard under the Fair Trading Act 1986. The Supplier Information Notice, commonly known as the SIN, is the major legislative instrument for information disclosure for motor vehicle sales.

Section 163 of the MVSA required the Ministry of Consumer Affairs to undertake a review of the operation of the MVSA within two years, and to report back to the Minister with recommendations on whether any amendments were needed.

The review report of December 2005 found the SIN concept remains sound. It provides consumers with essential and meaningful details about a particular motor vehicle and helps them transact with confidence. There are concerns, however, that the SIN attempts too much and that this makes it less effective as a source of information.

There were also concerns about sellers not complying with the requirement to display a SIN card. This relates mainly to vehicles sold at car fairs and over the internet. The review identified a need to clarify the obligations to display the SIN and where those responsibilities lay.

The review report acknowledged the many different viewpoints and concerns regarding the SIN. It said proposals to address the concerns raised need to be developed more fully and industry and consumer interests consulted. The report recommended an early and comprehensive review of the regulations that govern the SIN: the Consumer Information Standards (Used Motor Vehicles) Regulations 2003.

This paper discusses the concerns raised during the review. It provides an opportunity for interested parties to help improve the information requirements for consumers in relation to the sale of motor vehicles.

A full version of the Ministry's Review of the Operation of the Motor Vehicle Sales Act 2003 can be found at www.consumeraffairs.govt.nz. The other recommendations made in this review not relating to information disclosure will be addressed over the next six months.

2. Background – Key Elements of the Legal Requirements

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 Motor Vehicle Sales Act 2003 (MVSA) and the Consumer Information Standards (Used Motor Vehicles) Regulations 2003 made under the Fair Trading Act 1986, commonly known as the SIN regulations. The regulations say a SIN notice 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.

Certain details must be provided

The SIN relates to used motor vehicles only. It contains detailed information about the particular motor vehicle offered for sale as well as general consumer information about buying a motor vehicle. The SIN includes such details as the vehicle's age, usage, make and model and whether another person has a security interest in it. A sample notice is attached as Appendix One.

Traders' responsibility to provide SIN

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. (This requirement is set out in section 14 of the MVSA and is not under review in this paper. An opportunity to review the specific application of this requirement to motor cycles will be provided in consultation planned to occur later this year dealing with MVSA amendments.)

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.

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.

3. General Principles of Used Motor Vehicle Information Disclosure

Background

Motor vehicle traders have been required to provide certain information to prospective buyers of used motor vehicles for some time. Under the previous regime, the Motor Vehicle Dealers Act 1975, this information was provided on the window card. These requirements were amended and carried over to the new regime. The window card was renamed the Supplier Information Notice (SIN).

Why information should be provided

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.

In addition to the significant financial investment, people rely heavily on access to or the use of a motor vehicle in all aspects of their lives: getting to work, shopping, transporting others and engaging in social and community activities. Consumers risk significant cost and inconvenience if things go wrong.

Motor vehicles are also technically complex and many things can affect their value. Some of these are not obvious to a prospective buyer from a visual inspection at the time of purchase, but become apparent through use or the passage of time.

Buyers therefore need reliable information to help them assess the value of a vehicle and negotiate an appropriate price.

Compulsory information disclosure makes it easier for buyers to 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.

The responsibility to provide this information is placed on suppliers because generally they are better informed about the motor vehicle and can obtain detailed information about it more easily.

The Ministry's recent review of the MVSA shows a continuing need to regulate for the provision of certain information. The focus of this discussion paper therefore is not on whether information disclosure should be compulsory, but rather on what information should be provided and, more particularly, how it should be provided.

What information should be provided

The type of information buyers need when buying a motor vehicle falls into three broad categories:

- **Supplier information**
Information about the supplier, such as their registration status and contact details, helps buyers to seek redress if things go wrong with the deal. Registration status also indicates what additional protections may be available.
- **Specific vehicle information**
This information acts as a reliable indicator of a vehicle's value and includes:
 - price and likely additional costs (such as registration, road user charges)
 - age and vehicle history (year of manufacture, date of first registration, distance travelled, whether a used import)
 - make and model
 - design features
 - vehicle specifications (for example engine capacity/configuration, safety features).

Individually, these indicators may not allow the buyer to make a reliable assessment of a vehicle's value. When displayed together, however, a judgement as to value can be made.

- **Consumer advice relating to motor vehicles**
The MVSA and Consumer Information Standards (Used Motor Vehicles) Regulations require
-

certain information to be provided to consumers via the SIN and establish additional protections for consumers when they buy from motor vehicle traders. These protections are not available, except as may be provided under common law, in the case of private sales.

It is important that consumers know of and understand these various rights and obligations. Non-compliance may affect the value of a particular vehicle (or impose additional unforeseen costs in order to reach compliance) while a failure to disclose may result in consumers being denied access to redress that is lawfully available.

In the Ministry's review, there appeared to be general acceptance that the provision of sale and vehicle details and information about consumer rights was important to consumers.

There were concerns, however, that the way this information had to be provided:

- caused confusion
- unnecessarily increased compliance costs, and
- constrained suppliers from providing other information that consumers valued.

There was also a suggestion that the general consumer information, while valued, was likened to the 'fine print' of a contract and largely ignored.

These points are explored in Chapters 4 and 5.

How information should be provided

Under the previous regime, the window card was used both as the information tool for prescribed information and as a marketing device. In its newer form as the SIN, greater emphasis has been placed on providing information that is considered a reliable indicator of value and can be independently verified.

The prescriptive manner in which information must be provided on the SIN was the central cause of concern relating to information disclosure in the submissions received by the Ministry in its review. No consensus emerged, however, on how the information should be provided.

This discussion paper provides an opportunity to help develop the SIN so it best meets the differing needs of all those who participate in the used motor vehicle market.

Some guiding principles are that the content and format needs to be:

- easy to understand
- limited to key information
- suitable for the medium through which it is provided
- consistent across the market so consumers become more familiar with it and it is easy to enforce
- provided at minimum compliance costs.

These issues are explored in more detail in the discussion in Chapters 4 and 5.

Who should provide the information

Section 14(1) of the MVSA establishes that all motor vehicle traders have a responsibility to make sure a SIN is provided with each used motor vehicle they offer for sale, or which they display (or facilitate the display) for sale. A motor vehicle trader is defined in section 7 as any person who carries on the business of motor vehicle trading and includes a car market operator, an importer, wholesaler, and car auctioneer or car consultant. Section 8 states that a person shall be treated as carrying on the business of motor vehicle trading if they hold themselves out to be carrying on this business, or sell more than six vehicles within a 12-month period, or import more than three vehicles within a 12-month period (unless they can prove that such sales or imports were not for the primary purpose of financial gain).

When consumers sell vehicles through a car market operation, the operator must take reasonable steps to make sure the person selling the vehicle provides a SIN. A car market operator under the MVSA means a person who:

- carries on the business of providing any premises or place for a market for the sale by other persons of used motor vehicles, or
- who operates any facility (for example, an internet web page) for the primary purpose of facilitating the sale of used motor vehicles (which sale is completed through, or by means of, that facility).

The MVSA extended the obligation to provide a SIN to consumers selling used motor vehicles through car market operations (essentially display for sale operations, car fairs and the internet auction) because in these venues private sales and trade sales take place side by side.

Different rights are attached to private sales and sales by traders, so it is in the consumer's interest to have the distinction indicated clearly. The SIN provides a tool for making this distinction and makes sure 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.

An individual selling through these venues is availing themselves of the benefit of a market-type venue. Requiring them 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 considered onerous.

This discussion paper does not explore the question of who should provide the SIN. There is some discussion that needs to be held about the 'reasonable steps' requirement and the requirements placed on transactions between traders under the MVSA. These will be explored in the Ministry's consultation later this year on MVSA amendments.

The different sellers required to provide information and their ability to do so has been an important consideration, however, in considering the matters addressed in this paper.

4. Assessment of Information Required

The regulations set out the particular details that are to be supplied to the consumer when buying a motor vehicle and the form in which it is to be provided (i.e. the SIN).

The supplier and standard vehicle information is found on the front of the SIN. It is separated into three categories: supplier or seller details, sale details (including standard vehicle details), and information about imported used vehicles.

Advice about consumer rights in relation to motor vehicles is found on the back of the SIN. This information includes advice about the rights and redress for consumers buying a motor vehicle. It also includes explanatory information about some vehicle-related information marked by an asterisk on the front of the SIN, along with details about where to go for further information.

This chapter looks at the information that is required on the SIN. It assesses the importance of this information in terms of its benefit in helping buyers make informed decisions, and whether the manner in which it is provided supports its value.

Supplier (seller) details

Supplier's name and address and contact information

Currently, the supplier must state 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.

The information gives the buyer the details needed to contact the supplier after the sale to seek redress if things go wrong. No need to change these information requirements has been identified.

Registered motor vehicle trader and registration number

The regulations 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.

The importance of this information to consumers has not been challenged. Consumers are increasingly buying motor vehicles at venues where both traders and private individuals are offering vehicles for sale. They need to be aware of their rights when making their decision.

Buyers have better redress options when buying from traders than from private sellers. A motor vehicle trader is subject to the Consumer Guarantees Act 1993 and Fair Trading Act 1986 and can be taken to the Motor Vehicle Disputes Tribunal. A private seller is not required to comply with this legislation and cannot be taken to the disputes tribunal.

Providing a registration number enables a buyer to look up 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.

It has been suggested that the requirement to leave the blank space when the seller is either a private seller or an unregistered (and illegal) trader, creates confusion.

A suggested alternative (to the yes/no tick box) is to require the seller 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.

There may be concern that, under this option, some traders will take the risk and portray themselves as a private seller regardless of what the regulations say. On the other hand, the consumer entering such a sale does so with a more limited expectation of the redress available and presumably offsets that against the price offered.

Questions

What seller details should be present on the SIN?

Do you support requiring suppliers to provide either their motor vehicle trader registration details or a statement to the effect they are conducting a private sale?

Are there unforeseen dangers that you can think of with this approach?

Sale and standard vehicle details

Cash price

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.

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. They are often unaware this 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). This is potentially misleading for consumers.

The Ministry considers all information about the price of the vehicle should be provided in a manner which gives motor vehicle buyers a clear indication of the total cost of the vehicle.

Suggestions put forward in the review of the MVSA include:

- A cash price that conveys the total price
- An additional 'on road costs' panel (similar to the inclusive or exclusive of GST approach for other products)
- That all costs involved in purchasing the vehicle and making it road worthy be placed in close proximity, so the buyer is able to see clearly that 'cash price' does not include these costs. This would include information relating to registration or licensing, road user charges, and any money owing on the motor vehicle (i.e. any security interests over the vehicle).

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. Some industry participants find this too restrictive as many of their customers have indicated they would like an indication of the expected price range. Any additional charges payable in addition to the auction bid should be clearly indicated.

Question

How should the cash price and additional costs be indicated on the SIN? Should an indicative price for cars at auctions be included on the SIN?

Please indicate the reasons why you hold your views.

Security interest

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.

The importance of this information is not challenged. Motor vehicles are frequently used as a security interest. Every year there are more than 250,000 debts registered on vehicles. At any one time, there could be 255,000 debts hidden on past plates. In addition, each year there are 23,000 vehicles stolen and 55,000 vehicles sold illegally¹. These figures suggest a large part of the used vehicle market involves the sale of vehicles with security interests.

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. If the security interest is declared then the buyer takes on the liability and the vehicle could be repossessed. The Commerce Commission has reported one instance of failure to disclose a security interest and one claim before the Motor Vehicle Disputes Tribunal centred on this issue.

Comments made to the Ministry suggested the requirement to leave the security interest field blank when there is no recorded interest creates confusion. A buyer unfamiliar with the regulations may be unsure whether a registered security interest exists when the entry is left blank. One proposal is that the supplier be required to state either 'there is a security interest registered over this motor vehicle' or 'there is not a security interest registered over this motor vehicle' and remove from the regulations the option of leaving the entry blank.

Questions

Do you support requiring an unequivocal statement as to the registered security interest on a vehicle?

Can you think of any unforeseen dangers to such an approach?

¹ Source: www.motocheck.co.nz

Make and model, engine capacity, and operating fuel type

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.

No need to change these information requirements has been identified. 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.

There appear to be no specific concerns about the manner in which this information is provided.

Question

Should any changes be made to the requirement to disclose make and model, engine capacity and operating fuel type on the SIN? If so, what?

Vehicle identification number or chassis number

The SIN must state the vehicle identification number or chassis number.

No need to change these information requirements has been identified. These are important ways to identify the vehicle if it is stolen or a dispute arises. These identifiers may also be important in verifying the various date attributes (for example, model year or year of manufacture) of a particular vehicle in the future.

Question

What changes, if any, should be made to the requirement to disclose the vehicle identification number or chassis number on the SIN?

Please indicate to us the reasons why you hold your view.

Date attributes

(Vehicle year, year of manufacture and year of first registration)

The supplier must 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.

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 is run by Land Transport New Zealand, under delegation from the Ministry of Transport, and was designed as a register of all vehicles that can be used legally on New Zealand roads. Date attributes such as model year, year of manufacture and year of first registration are significant in terms of sale and resale value. They do not have the same significance in terms of simply registering the vehicle for lawful use.

Information collected during the pre-registration process for motor vehicles, and ultimately shown on the register, includes a field entitled 'vehicle year'. This is the entry which must be used in the SIN. Prior to 15 December 2003, there was no formal definition of 'vehicle year' in legislation. Industry convention followed that the 'year of first registration' (YOFR) was used where the 'year of manufacture' (YOM) or 'model year' (MY) could not be determined. Thus some 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.

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 problem arises mainly with Japanese used imports due to difficulties in obtaining YOM or MY data from the Japanese motor industry. While the YOM or MY data can be determined from hard copy tables provided by the Japanese Automobile Manufacturers' Association (JAMA tables), the tables are extremely difficult to use and it is time consuming to extrapolate the data. Conversely, the YOFR data is readily available from the Japanese deregistration documentation that accompanies exports.

Technically, vehicles placed on the market following December 2003, may have an incorrect 'vehicle year' entry in terms of the SIN 'vehicle year' definition. The entry, however, may not be incorrect in terms of the requirements of the register at the time of being entered. Some 'vehicle year' entries recorded on the register may therefore be in breach of the SIN requirements. While they do not meet the more limited two attribute definition, sellers must continue to use them because the SIN requires the data entered in this field to be as recorded on the register.

The use of the term 'vehicle year' in the SIN needs to be reconsidered. Where certain terms are common to, and relied upon by, different administrative agencies, it is important the definition of those terms is consistent. 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 registration or 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.

The above date attributes have differing significance to various sectors of interest.

Consumers

Consumers use a range of indicators to assess a vehicle's value. Information that acts as a reliable indicator of a vehicle's value includes age, price, use, design features and vehicle specifications (for example, engine capacity/configuration, safety features). Individually, these indicators may not allow the buyer to make a reliable assessment of the vehicle's value and in most instances one indicator alone is unlikely to be the sole factor in a purchase decision. However, when these indicators are brought together and weighed against each other, a judgement as to value can be made.

The YOM, MY and YOFR provide information about the vehicle's age and years of use. Together, these indicators ensure some certainty, whereas singly they are less reliable. For example, a significant difference between the YOM and YOFR dates could signal an 'inventory' vehicle. 'Inventory' vehicles may sit for significant periods of time after manufacture before being registered or exported. They may deteriorate while not being used if left in certain environments (for example, on a wharf and exposed to salt air).

Similarly, the YOFR may not always indicate the length of time a vehicle has been in use. Some motor vehicles may not have been registered when first used (for example, motor vehicles used in Japanese driving schools and vehicles imported from countries not requiring registration). For others, the full registration history may not be known (for example, used European luxury cars exported into one

country and then re-exported to New Zealand). In these instances, a separate YOM entry provides a secondary indication of likely years of use. The MY date is useful only as a secondary indicator for the likely age and years of use of a vehicle. It has greater value as an indicator of specific model features.

For consumers, the YOM, MY and YOFR information is most useful when provided as separate pieces of information which collectively, and with other information such as the odometer reading and physical condition of the vehicle, can help them judge its value. YOM and YOFR are the more significant indicators in terms of value as an indicator of vehicle age and vehicle use.

Industry participants

For industry participants, the respective values of YOM, MY and YOFR are less clear. As noted above, industry convention allowed these attributes to be used interchangeably for the purposes of motor vehicle registration before December 2003. This practice developed under quite a different vehicle market in New Zealand; most vehicles were New Zealand-new and the gap between YOM and YOFR was insignificant.

Anecdotal evidence suggests that, for suppliers, the date attributes may have significant individual value, or at the least may be ascribed individual value, in certain circumstances. For example, one consumer upgraded their used imported vehicle with the same trader from which it was purchased. At the time of the trade-in, they were informed the vehicle was in fact older than when it was first represented for sale. It had been displayed according to its model year as a 1997 model, but at the time of trade-in it was assessed as a 1995 model – the year of manufacture.

Similarly, there are instances where the 'vehicle year' has been queried by insurance companies because it does not coincide with the vehicle data on which they assess the premium rate. Date attributes, therefore, can be used to manipulate vehicle value, generally to the detriment of consumers. An important factor for suppliers in determining which attributes should be disclosed will be that the information is available for all vehicles and that traders are not placed at a disadvantage if, for some reason beyond their control, they cannot provide the information.

Government agencies

Motor vehicles are regulated for a range of reasons in New Zealand. First, they must meet certain vehicle standards for safety and environmental purposes. Second, they must be registered on the motor vehicle register for use on the road. The owner must maintain a current licence for the vehicle as well as a Warrant of Fitness.

Registration details are used by the relevant enforcement agencies with regard to motor vehicle user infringements (drink driving, speeding, parking etc), car theft, motor vehicle sales and consumer information compliance. Everyone who has a role in implementing and enforcing the various rules, and those who are presumed to benefit from those rules, needs to share a common understanding of the terms used. Inconsistency in the terms used not only gives rise to confusion; it provides an opportunity for data to be manipulated.

The Ministry of Transport recently advised that it has successfully trialled a conversion of the JAMA tables into a format that can be sorted electronically into alphabetical order which will provide a platform for web-based interrogation of the year of manufacture. This will facilitate the use of the JAMA tables so that YOM can be captured correctly. There will continue to be some cases where YOM or MY can not be determined but these instances will be relatively few. Other source documents may also be used to provide the necessary detail.

If the construction of an electronic version of the JAMA tables proves successful, the year of manufacture could be identified for almost all vehicles. Date of first registration would continue to be entered separately.

Conclusions

The incompatibility between the SIN and the motor vehicle register protocols needs to be addressed immediately. The current 'vehicle year' definition in the SIN does not provide reliable information as to the age of the vehicle. Model year information is not a primary indicator of age and therefore its inclusion in this field compromises the usefulness of the data. Moreover, because the 'vehicle year' entry must be 'as recorded on the motor vehicle register', suppliers and the government are left at some risk where that information is incorrect (even though the information may have been entered in the manner required at the time of registration).

The Ministry proposes that the SIN regulations be amended to allow the vehicle descriptor to reflect the 'vehicle year' date attribute on the Motor Vehicle Register. Separate entry fields for year of manufacture and year of first registration would be required on the SIN. YOM and YOFR data provide information about vehicle age and vehicle use respectively and therefore stand as useful counterpoints to each other. Where the year of manufacture is not available an entry of "unknown" could be made. Model year provides information about the vehicle's features and specifications and this could continue to be used in the description of make and model.

Question

Should this information be retained in its current form?

Please indicate to us the reasons why you hold your view.

Actual distance the vehicle has travelled

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.

There is industry concern that the requirement to note solely the 'actual distance the vehicle has travelled' is too strict for certain situations. They point out 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. They contend 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 them from buying what might have been a suitable vehicle.

Consumer and industry concerns regarding odometer tampering are widely documented. There are strict penalties for those who tamper with or misrepresent odometer readings. 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 is not convinced the current requirements need to change. Any variation to the requirement to enter the actual distance travelled could create an avenue for misrepresenting this information. This risk is considered greater than any reason for relaxing the current requirement.

Question

Should there be some change in the wording of the current disclaimer?

Please suggest alternatives and indicate to us the reasons for your view.

Vehicle registration and vehicle licence

The supplier must indicate, 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.

Confusion has arisen as to the meanings of 'registration' and 'licence' and their placement together on the SIN. 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 helps to pay for roading projects and road safety programmes and a card must be displayed in the bottom left corner of the windscreen to confirm current validity. Confusion arises in part because the public commonly refer to this licence as 'registration'.

It is common for registered vehicles to be auctioned without a current licence. This is particularly so for low value vehicles and where the seller is also a prospective buyer and does not want to pay two sets of licence fees. It is equally common for a newly imported used vehicle to be displayed for sale before it has been registered. A buyer, seeing the SIN has been ticked 'yes' indicating the vehicle is registered, may assume the vehicle also has a current licence (even though the date of licence expiration may be noted in the same panel).

Consideration needs to be given to finding a way of avoiding possible confusion.

Options that have been put forward include:

- Separating the vehicle licence details from the vehicle registration details
 - Requiring licence details only where the licence has expired or is due to expire within one month of sale
 - Relying on the information already provided on the windscreen.
 - Placing this information (or the associated costs) in close proximity to the cash price along with other possible road user charges.
-

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 enable this.

Question

What is the best method of notifying a buyer of the vehicle licence and registration status of a motor vehicle?

Please indicate to us the reasons you hold this view.

Registration plate number

The supplier must state the number or distinguishing mark on the registration plate of the vehicle as recorded on the motor vehicle register.

Questions

What is the best method of notifying a buyer of the vehicle licence and registration status of a motor vehicle?

In the case of vehicles not yet registered, should the supplier be required to state 'not yet registered'? If so, why?

Warrant or certificate of fitness

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.

Industry representatives have commented that a WoF will often expire while a vehicle is being displayed for sale in a car yard or waiting for auction. This means the SIN must be updated and, in larger car yards, this can be an onerous compliance cost.

Under Land Transport Rules, the WoF must be displayed on the window screen of any motor vehicle. It is further required that a WoF be no more than 28 days old at point of sale. This is important consumer information about which the SIN is silent.

The current requirements relating to the WoF do not appear to be meeting the needs of either industry or consumers. The Transport Rules 28 day requirement lends weight to the potential importance of this information to consumers. Consideration therefore needs to be given to finding a more effective means of providing the relevant details and obligations that attach to the WoF.

Questions

Is it 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 the date of sale?

How should the warrant of fitness dates be given where the vehicle is sold through the internet?

Please indicate to us the reasons you hold these views.

Road user charges apply and outstanding road user charges

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 3500kg are subject to road user charges. To pay the charges, you must buy a Road User Charge licence.

No need to change these requirements has been identified. These are additional costs the buyer needs to be aware of when making their purchasing decision. However, consideration could be given to requiring this information only for vehicles that require such a licence. It has also been suggested that this information would be better placed either in close proximity to the cash price and other additional cost information entries or to the entry disclosing operating fuel type.

Question

Are there any changes that should be made to the requirement to disclose road user charges and outstanding road user charges? If so, what?

Re-registered vehicle

The supplier must 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.

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.

No need to change these requirements has been identified. This is important information about the history of the vehicle and goes some way to providing a level playing field with regard to the information on damage required for imported vehicles.

Question

Are there any changes that should be made to the requirement to disclose whether or not a motor vehicle has been re-registered?

Please indicate to us the reasons you hold this view.

Information about imported used vehicles

Year first registered overseas and country where last registered

The supplier must state the year the vehicle was first registered overseas as well as the country where it was last registered as recorded on the motor vehicle register.

No need to change these requirements has been identified. These are important indicators of the history of the vehicle.

Question

Are there any changes that should be made to the requirement to disclose the year first registered overseas and country where last registered?

Please indicate to us the reasons why you hold this view.

Imported as a damaged vehicle

The SIN notice has an 'imported as damaged vehicle' panel. Land Transport New Zealand records 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 flag is useful in that it alerts the consumer to additional history of the car and will aid the purchase decision.

The industry viewpoint is 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.

A flag is retained on the motor vehicle register records only in the case of 'obvious structural damage or deterioration of a vehicle'. 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 Ministry is not convinced the current requirements need to be changed. 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. While this paper acknowledges there is some debate as to whether the requirements for deregistering 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.

Question

Are there any changes that should be made to the requirement to disclose that a vehicle has been imported as a damaged vehicle?

Please indicate to us the reasons why you hold this view.

Consumer advice

Advice about relevant legislation

Information must be provided on the SIN about the MVSA, the Consumer Guarantees Act 1993, the Fair Trading Act 1983 and the Motor Vehicle Disputes Tribunal along with details on where to go to get detailed information.

The importance of this information for buyers has not been challenged. However, stipulating the precise information in the regulations, and in particular contact details, has given rise to difficulties when this information changes. Suppliers are placed in the untenable position of having to wait on changes in the regulations before they can provide updated information.

There are concerns within industry and consumer groups that, rather than informing consumers of their rights, the consumer protection information displayed on the SIN creates confusion. These concerns arise from the amount of information provided, the number of different agencies involved in administering and enforcing motor vehicle regulation, and the corresponding diverse range of contact points from which to seek redress. The way in which the information itself is presented is also seen as a problem (likened in comment to the Ministry to the 'fine print' of a contract and thus largely ignored).

The following chapter explores different options for providing this information.

Explanatory information about standard vehicle details

This information is marked by asterisks on the front of the SIN and generally provides an explanation of the significance of the marked item and where to go for further information. It includes information on:

- Security interest
- Checking vehicle details
- Vehicle year
- Actual distance travelled
- Re-registered vehicle
- Outstanding road user charges
- Imported as damaged vehicle
- Buyer's responsibilities re change of ownership

Again, the value of this information to consumers is not in question. The same concerns arise, however, about maintaining its accuracy, the amount of information and the manner in which it is presented. These issues are explored in the following chapter.

It should be noted that section 15 of the MVSA contains a specific requirement for an explanatory statement about the effect of disclosing or not disclosing a registered security interest. Any new format developed will require such a statement.

Other information

Features and additional information facility

There is demand from traders and buyers for the SIN to include 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.

There may be merit in allowing additional sales information on the SIN. It appears consumers value this information and are prepared to make their own judgements as to its merit. Concerns about the visibility of the prescribed information could be dealt with by a simple requirement that such information is given prominence and by limiting the space allocated to optional information.

Questions

Should additional optional information be allowed on the same form as the prescribed information?

Please indicate to us the reasons why you hold this view.

Should there be any limitations as to the additional information provided? If so, what?

Vehicle fuel efficiency

Vehicle fuel efficiency is increasingly becoming a point of interest for consumers. Information on vehicle fuel efficiency could be provided at point of sale.

Such information could convey the expected fuel consumption of the vehicle per year for a given distance compared with a fuel efficient vehicle. Consumers could then consider this information as part of the vehicle purchase.

The information could be drawn from the recently launched fuelsaver website (www.fuelsaver.govt.nz), which would be modified to provide the required data.

Questions

What is your view on requiring fuel efficiency information on the SIN?

Please indicate to us the reasons why you hold this view

5. The Form in which Information is Provided

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 21cm 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.

These requirements, and whether there are general improvements that could be made to the form as a whole, are the focus of this chapter. In considering the forms of the SIN it is important to take into consideration the guiding principles as discussed in chapter 3, that the context and format need to be:

- easy to understand
- limited to key information
- suitable for the medium through which it is provided
- consistent across the market so consumers become more familiar with it and it is easy to enforce
- provided at minimum compliance costs.

Supplier sale and vehicle details

The SIN seller and standard vehicle information requirements have been variously described as too rigid, inconsistent and confusing in their use of yes/no entries (or the requirement to leave a blank space). Further confusion arises where there are also associated date entry requirements. Particular sections of the form have already been highlighted in the earlier discussion where adjustments are needed to make sure the information is conveyed clearly.

Clearly, the information could be provided in many ways. These range from no prescribed format to the fully prescribed format of the current regime. Some of the options are identified and explored below to help you develop your submissions in this area.

No prescribed format

Under this option, the regulations would establish what information must be provided but would allow the supplier to decide how to present that information.

The advantage of this option is that it allows suppliers free reign to do what they do best, i.e. competitively market the information. A disadvantage is that there would be no consistency across the market in the placement or prominence of the items of information making comparisons more difficult. Another is that enforcing the regulations would be more resource intensive – a burden on the taxpayer.

Broadly stated format requirements

The format could be expressed in general terms, while allowing some freedom for innovation by suppliers. For example, the regulations could require that certain information be grouped together (such as price relevant information, registration details, supplier details), as well as set limits on the amount of space permitted for additional information.

This approach would ensure some consistency in the arrangement of the information. The benefits conferred by consistency in format, both for consumer familiarity and ease of enforcement, would depend on the extent to which the grouping of information was prescribed.

Totally prescribed format

The purpose of the current prescribed approach is for the SIN to be seen clearly as an informational tool. Any marketing information must be provided as separate material. The regulations state what information is required and how that information should be presented.

This approach ensures consumers receive information that looks exactly the same across the market, which makes comparing SINs straightforward. It is also the most easily enforced. A disadvantage of this approach is that it is difficult to respond rapidly if there are changes in the market, in legislation or in information needs. It also assumes all consumers will interpret the information in the same way when it is provided in a particular format. The various interpretations of what a blank space means in the current format show this assumption cannot be relied upon.

A mixed format approach

This approach could require that certain prescribed information be presented in a particular way and/or in a particular placement, for example, that a statement indicating whether or not there is a registered security interest must be placed in a box immediately below the description of the vehicle). It could also stipulate information is grouped in a certain way, but allow the supplier some flexibility in the manner the information is presented.

This option has similar benefits to the fully prescriptive option without its rigidity. Notices would not look exactly the same but should have enough similarity in the most critical areas to make sure comparative information is provided to consumers. As a guide, the critical items of information should be those which, if not disclosed or if misrepresented, directly impact on the value of the consumer's purchase, would have significantly influenced the decision to purchase, or would negatively affect the their right to redress.

Online Security

The display of the SIN online is currently required by section 14 of the MVSA. While access to vehicle and ownership information contained in the SIN is currently also 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. Such an approach may also limit the means by which such activity can be detected and traced.

Consideration must be given to how the provision of SIN information online may affect the consumer's online safety.

Questions

What is the best approach to providing consumers with specific sale and vehicle information?

Are there specific problems with any particular approach in terms of the medium through which the vehicle is offered for sale (for example, internet, car fair, and display for sale operation)?

What items of information should be fully prescribed?

What, if any, items of information should be presented in a manner of the supplier's own choosing?

Please indicate to us the reasons why you hold your views.

Consumer advice

Buying a vehicle is a major purchase, so it is important for buyers to know their rights and obligations. Providing too much information, however, can defeat the purpose for which that information is provided. As noted earlier, there is concern within the industry and from consumer groups that the consumer advice displayed on the SIN creates confusion rather than informing consumers of their rights.

The manner in which consumer advice is provided on the SIN needs to strike a balance between informing consumers and overloading consumers with information. The form should accommodate those consumers who would like to be aware of their rights and responsibilities from the start and those consumers who just want to know where and how to seek advice if needed.

Consideration could be given to the following options to improve the effectiveness of the SIN as an informational tool.

Reducing the amount of generic advice

It might be possible to reduce the amount of generic advice provided by replacing the current detailed information with a simple statement and contact point where more information can be found. Traders, if they wished, could also provide contact details for any industry-based information or disputes resolution avenue.

Limiting information to key messages

Consumer research shows that five to seven key messages are the maximum number for information comprehension and retention. The critical key messages would need to be determined on the basis of their having (or their omission or misrepresentation having) a significant impact on either the decision to purchase or the ability to seek and gain redress.

Providing generic advice supplementary to SIN

Suppliers could be asked to provide some form of generic advice in another form, so that only vehicle advice is provided on the back of the SIN. The requirement could be based on a flyer developed and made available by the Ministry or, alternatively, an industry association or web page.

These options are clearly not exhaustive and your submissions on how to improve the effectiveness of the SIN would be welcome.

Questions

What general consumer information should be disclosed?

What level of detail should be disclosed?

Where should buyers be told to go to seek further advice?

What should the layout of consumer protection information be?

What is the single most important contact from which buyers can/should get assistance?

Other

Signing and dating the SIN

The SIN must contain a space for the buyer to sign and date, acknowledging they have received a copy of the SIN.

No need to change this requirement has been identified. Consideration could be given to requiring both parties to the sale to sign. 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.

Notice title

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*. This can be confusing for buyers.

This confusion is compounded by reference to both 'you' as the supplier, and 'you' as the buyer on the vehicle details page. Both of these issues need to be addressed.

Questions

Should the requirement for the buyer to sign and date the SIN be retained?

Is 'Supplier Information Notice' a suitable name for the form? If not, what would be a more appropriate title?

Please indicate to us the reasons why you hold your views.

6. Making a submission

This discussion document has been produced to give an opportunity to interested parties to express their views on the Supplier Information Notice (SIN). Your views are welcome on both the SIN requirements and the SIN form. You are encouraged to make a submission to ensure the policy development process takes account of the widest possible range of views and experiences.

You can make a submission in whatever form is most convenient to you. The questions throughout the discussion paper are there to help you think about the specific issues. It also helps us in summarising the views in submissions if you are able to discuss your views around the specific questions. You do not need to comment on all the questions. Views on one question or many of the questions are equally welcome.

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.

Your submissions should be sent to:

James Ryan
Ministry of Consumer Affairs
PO Box 1473
Wellington

Email: motorvehicles@mca.govt.nz
Fax 04 473 9400

Next Steps

There will be a summary of submissions produced which will present information in an aggregated form. Please indicate whether you would like to receive a copy of the summary as hard copy or email.

Following the consideration of submissions a further consultation document will be prepared setting out specific proposed changes to the SIN requirements. You will be given an opportunity to comment on the specific proposals prior to any decisions being taken on amending the Consumer Information Standards (Used Motor Vehicles) Regulations. This next consultation paper is expected to be available in early September

Appendix 1: Supplier Information Notice

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: <input type="checkbox"/> Yes <input type="checkbox"/> 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: <input type="checkbox"/> Yes <input type="checkbox"/> No | Registration plate number: |
| Vehicle licence (registration) expiry date: | Re-registered vehicle*: <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | |
|---|---------------------------------------|
| Warrant or Certificate of Fitness: <input type="checkbox"/> Yes <input type="checkbox"/> No | Year first registered in New Zealand: |
| Expiry date: | |

| | |
|--|--|
| Road user charges apply*: <input type="checkbox"/> Yes <input type="checkbox"/> No | Outstanding road user charges*: <input type="checkbox"/> Yes <input type="checkbox"/> 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*: <input type="checkbox"/> Yes <input type="checkbox"/> 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.

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, or email 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, or email 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 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 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 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. 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 or freephone 0800 108 809.